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The SROI method: Social, Security & Society Returns on Investment in trade finance

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Introducing Social, Societal and Security Returns on Investment (SROI) in Trade Finance

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On behalf of the ITFA ESG Working Group

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Strategic, Societal & Social Return on Trade Transactions (SROI)

Developed by Dr. Rebecca Harding for the ITFA ESG Working Group

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Executive Summary

Environmental, Social, and Governance (ESG) reporting has become an essential component of banking and finance, but it is structurally biased against emerging markets. This bias stems from the inability of current frameworks to measure the 'S' in ESG effectively — especially in the context of trade finance.

Social outcomes in trade are not limited to workplace conditions or diversity metrics; they encompass broader dimensions such as supply chain security, access to essential goods, and stability in fragile economies. The current ESG lens fails to capture these dimensions in a consistent, quantitative way.

Strategic, Societal & Social Return on Trade Transactions (SROI) is an adaptation of the established Social Return on Investment methodology, designed specifically for trade finance. It quantifies the full spectrum of Social, Environmental, and Economic (SEE) value generated per transaction, using data banks already collect.

The framework developed under the ITFA ESG Working Group enables banks to:

- Calculate a verifiable SROI ratio for each deal.
- Map results to global reporting standards (CSRD/ESRS, SASB, IFRS, GRI, SDGs).
- Integrate SROI into credit, compliance, and sustainability processes.

This report outlines the methodology, demonstrates its application using dummy trade transactions, and benchmarks major banks' sustainability reports against SROI. It concludes with the steps needed to make SROI a recognised regulatory reporting standard for trade finance.

Methodology

Development of the SROI for Trade Finance

The SROI methodology we use today emerged from three years of structured research and industry consultation under the ITFA ESG Working Group. The starting point was the recognition that while Social Return on Investment (SROI) is well-established in the NGO and social enterprise sectors, it was not optimised for trade finance transactions. Trade flows generate complex chains of social, environmental, and economic impacts, many of which are overlooked or under-represented in conventional ESG measurement frameworks.

The adaptation process began with a simple question: **How do we credibly quantify the strategic, societal, and social value created by an individual trade finance transaction, using data that banks already collect?**

Through iterative workshops, working group pilots, and cross-referencing to the key disclosure frameworks — **CSRD/ESRS**, **SASB**, **IFRS S1/S2**, **GRI**, and the **UN Sustainable Development Goals (SDGs)** — we designed an approach that meets three critical tests:

- **Framework Alignment** – Every data point collected for SROI can be directly mapped to at least one major reporting standard, avoiding duplication and ensuring that results integrate with bank-wide sustainability disclosures.
- **Regulatory Readiness** – The methodology anticipates current and upcoming requirements, such as the **EU CSRD** (mandatory from FY2024 for large companies), the integration of SASB standards into the ISSB framework, and increasing adoption of **IFRS S1/S2** for climate and sustainability-related disclosures.
- **Operational Feasibility** – All inputs for SROI can be drawn from existing transaction-level documentation: KYC records, Bills of Lading, invoices, supplier certifications, insurance documents, and compliance checks.

The design also addresses the **ESG bias against emerging markets**. In conventional reporting, the “S” in ESG is often reduced to internal workforce metrics, ignoring broader impacts such as **supply chain security, access to critical goods, and resilience in fragile economies**. By explicitly capturing these outcomes and valuing them alongside environmental and economic results, SROI creates a more balanced and globally relevant measure.

This framework was not built in isolation — it draws on the **Quantitative Framework for Measuring SDGs** and the **UNECE People-Planet-Prosperity lens**, integrating these with the monetisation principles of SROI to create a hybrid methodology tailored for trade finance.

Replication Steps: How to Apply SROI in Trade Finance

Define the Scope & Transaction Boundaries

Identify the single transaction or portfolio to be assessed.Map trade parties, geographies, and commodity/asset classes.*Framework links:* ESRS 2 (General Disclosures), SASB FN-CB-000.A, GRI 102.

Identify Stakeholders

Direct participants (exporter, importer, financiers) and indirect beneficiaries (workers, communities, downstream customers).*Framework links:* CSRD ESRS S1/S2, GRI 102-40/42.

Map Outcomes

Categorise outcomes as Social, Environmental, or Economic (SEE).Ensure inclusion of security-related impacts (e.g., medical supply reliability, food security).*Framework links:* SDG targets, CSRD topical standards (E1–E5, S1–S3), SASB sector metrics.

Evidence & Indicators

Collect data from existing trade documentation: volume, value, mode of transport, certifications, customs data.*Framework links:* CSRD ESRS E1-6 (GHG), GRI 305 (Emissions), SASB FN-CB-410b.1.

Monetise Outcomes

Apply financial proxies (e.g., market value of avoided CO■, increased farmer income, reduced import delays).*Framework links:* IFRS S1/S2 (Metrics & Targets), GRI 201 (Economic Performance).

Adjust for Impact Quality

Deduct deadweight, attribution, displacement, and drop-off.*Framework links:* SROI principles, ESRS materiality.

Calculate SROI Ratio

Formula: **(Total Present Value of Benefits) ÷ (Total Investment)**.Present results as ratio + monetary value per $1 invested.*Framework links:* ESRS E1–E5, S1–S3.

Map to Frameworks & Disclose

Use SROI alignment tables to show how each metric satisfies multiple requirements (CSRD, SASB, IFRS, GRI, SDG).

Why SROI is Needed in Trade Finance

The current ESG landscape, while well-intentioned, creates unintended biases in how sustainability performance is measured and reported. In particular, the "S" in ESG — social impact — is underdeveloped, inconsistently defined, and often reduced to internal workforce statistics or high-level community engagement statements.

In trade finance, this narrow definition misses a vast portion of the actual social value generated by transactions. For example:

- A letter of credit supporting the export of medical kits into a fragile state improved health security but would be recorded as a generic "supply of goods."
- A structured finance deal for agricultural exports boosted rural incomes and community resilience, yet conventional ESG would only note "sustainable sourcing."

Both cases illustrate a structural problem: **ESG reporting often fails to capture the most material societal benefits of trade, particularly in emerging markets**.

The Expanded Definition of "S"

The ITFA ESG Working Group proposes that "S" must be broadened to include not only inclusion, equity, and labour standards, but also **security**:

- **Supply chain security** – continuity of food, energy, medicine.
- **Economic security** – safeguarding livelihoods.
- **National stability** – trade as a stabiliser in fragile states.

Embedding these in SROI bridges a critical measurement gap and reduces bias against emerging markets. SROI monetises these impacts, placing them alongside environmental and economic results.

Importantly, SROI also recognises **security as a core component of the "S" in ESG**. Conventional frameworks treat security only as a governance or risk concern, overlooking its role in enabling livelihoods, market access, and community resilience. In trade finance, transactions that strengthen supply chains, enhance border integrity, or support non-controversial defence technologies generate measurable societal value.

For example, deals discussed below for the financing of **acoustic sound-proofing for submarines** (reducing marine noise and protecting skilled engineering jobs) or **drone-based surveillance systems** (supporting border safety and disaster relief) illustrate how security outcomes can be valued alongside health, climate, and employment. By embedding security within the "S," SROI corrects a longstanding blind spot in ESG and

ensures that trade finance's contribution to **peace, stability, and resilience** is recognised and reportable.

Regulatory Momentum

This evolution aligns with regulatory pressure:

CSRD/ESRS – mandatory reporting from FY2024.

IFRS S1/S2 – global standards converging climate + sustainability disclosure.

SASB – sector standards integrated into IFRS.

GRI – widely adopted globally, especially in emerging markets.

SROI's mapping ensures transaction-level social value is **regulatory-ready**, not optional.

How to Calculate SROI

The calculation of SROI for trade finance transactions follows a clear sequence of steps. Each step is designed to convert raw transactional data into a monetised, auditable impact measure that can be mapped to global reporting frameworks.

Step 1 – Establish Inputs and Investment

Define the financial outlay: the loan, letter of credit, or trade facility value.

Include associated costs (insurance premiums, compliance checks, certification fees).

Framework references: ESRS 2 (General Disclosures); GRI 201 (Economic Performance).

Step 2 – Identify and Evidence Outcomes

Collect outcome indicators from the transaction: e.g. number of farmers reached, tonnes of CO■ avoided, units of medicine delivered.

Verify through documents such as Bills of Lading, waybills, supplier certifications, or customs declarations.

Framework references: CSRD ESRS E1-6 (GHG), SASB FN-CB-410b.1 (Financed emissions), GRI 305 (Emissions).

Step 3 – Assign Financial Proxies

Translate outcomes into monetary value using established proxies:Carbon: $/tonne CO■ (aligned to EU ETS or social cost of carbon).Health: WHO cost-effectiveness thresholds for DALYs averted.Employment: Incremental income per job supported.

Framework references: IFRS S1/S2 (Metrics & Targets), GRI 201 (Economic).

Step 4 – Calculate Gross Social Value

Multiply each outcome by its proxy value.

Aggregate across all outcome categories (social, environmental, economic).

Present value calculations should be applied for longer-term benefits.

Step 5 – Apply Discount Factors

Adjust for:**Deadweight** – what would have happened anyway.**Attribution** – share of the outcome attributable to others.**Displacement** – unintended negative effects.**Drop-off** – decline of benefit over time.

Framework references: Consistent with SROI assurance principles; aligned with ESRS double materiality.

Step 6 – Derive the SROI Ratio

Formula: **(Net Present Value of Benefits ÷ Total Investment)**.

Output expressed as a ratio (e.g., 3.5:1) and as a dollar equivalent (e.g., $3.50 social value per $1 invested).

Framework references: Links into ESRS E1–E5 (environmental), S1–S3 (social), G1 (governance).

Step 7 – Sensitivity Analysis

Test how results change if proxy values or discount factors vary.

Provide both a central and a conservative estimate for reporting credibility.

Framework references: IFRS S1 (governance of assumptions and estimates).

Step 8 – Map to Standards and Disclose

Place each metric into the crosswalk tables showing CSRD/ESRS, SASB, IFRS, GRI, and SDG alignment.

This ensures the SROI ratio is not a standalone number but integrated into the bank's regulatory reporting suite.

, Illustrative Flow of Calculation

Input (deal size + costs)

Outcomes evidenced (jobs, tonnes CO■, lives reached)

Financial proxies applied

Gross value calculated

Adjustments for deadweight, attribution, displacement, drop-off

Net social value established

Divide by investment = SROI ratio

Cross-map to frameworks

Worked Example: Sustainable Palm Oil Export

A $5 million trade finance facility supported the export of sustainably certified palm oil from Indonesia to West Africa. By linking farmer cooperative data with sustainability certification, the transaction evidenced three key outcomes: higher incomes for 10,000 smallholders, avoided deforestation emissions, and the preservation of rural employment.

Applying recognised proxies — market value for avoided CO■, incremental farmer income, and employment benchmarks — the transaction generated a gross value of around $9.5 million. After accounting for deadweight, attribution, and drop-off, the net social value was estimated at $6.8 million.

This equated to an SROI ratio of **1.3:1**, meaning every dollar invested generated $1.30 of measurable societal, environmental, and economic value. The same data could be mapped directly to CSRD/ESRS, SASB, IFRS, GRI, and SDG requirements.

Dummy Transaction 1: Sustainable Palm Oil Export

A $5 million trade finance facility was extended to support the export of sustainably certified palm oil from smallholder cooperatives in Indonesia to West Africa. This transaction addressed multiple sustainability challenges simultaneously: it secured livelihoods for rural farmers, ensured commodity traceability through certification, and avoided the deforestation emissions that typically accompany palm oil production.

Palm oil is often associated with high environmental risk. However, in this case the deal structure required robust certification and independent audit, shifting the dynamic from risk mitigation to value creation. By financing certified, deforestation-free product, the bank not only ensured compliance but also generated measurable outcomes across the Social, Environmental, and Economic (SEE) spectrum.

Deal Snapshot

Attribute	Value
Deal Value	$5 million facility
Baseline Risk Score	Medium (commodity E&S risks present)

Attribute	Value
Adjusted Risk Score	Low (certification + traceability in place)
SROI Ratio	1.3 : 1
Top SDGs Impacted	■ SDG 1 (No Poverty), ■■ SDG 8 (Decent Work), ■ SDG 13 (Climate Action), ■ SDG 15 (Life on Land)

Standards Alignment Table

Framework	Relevant Standard / Metric	Metric from Deal	Evidence / Data Source
CSRD/ESRS	ESRS E1-6 (GHG Emissions)	100,000 tonnes CO■ avoided	Certification reports, emissions baseline studies
SASB	FN-CB-410b.1 (Financed Emissions)	Deforestation-free sourcing verified	Sustainability certification
IFRS	IFRS S2 (Climate)	Climate-related outcome reporting	Transaction-level disclosures
GRI	GRI 305-3 (Other Indirect GHG Emissions)	CO■ avoidance quantified	Supplier certification data
SDGs	SDG 1, 8, 13, 15	Poverty alleviation, decent work, climate action, biodiversity	Farmer income records, employment data

Commentary

This transaction demonstrates how existing trade data can be leveraged to quantify and report sustainability outcomes. **Banks already hold all of the required evidence**: certification reports in compliance files, farmer income data in KYC records, and shipping documentation in trade systems. No new data collection is required.

The outcomes — farmer income uplift, CO■ avoided, and jobs supported — can be monetised and directly aligned to multiple frameworks. For example, the same emissions figure simultaneously satisfies **CSRD E1-6**, **SASB FN-CB-410b.1**, **IFRS S2**, and **GRI 305-3**, proving that SROI integrates naturally into regulatory reporting.

Standards Alignment Panel

CSRD/ESRS: E1-6, S1, S3

SASB: FN-CB-410b.1, FN-CB-240a.1

IFRS: S1 (Metrics & Targets), S2 (Climate)

GRI: 305-3, 201

SDGs: 1, 8, 13, 15

Dummy Transaction 2: Medical Supply Chain Finance

A $15 million supply chain finance programme was established to support the timely import of medical supplies into a fragile Sub-Saharan African market. The facility was structured to provide liquidity to distributors, enabling the continuous flow of critical goods such as vaccines, surgical kits, and essential medicines.

The transaction generated clear societal outcomes: lives saved through faster delivery, reduced health system bottlenecks, and enhanced confidence in the stability of supply chains. It also demonstrated that supply chain finance, often viewed as a purely financial optimisation tool, can deliver measurable social value when applied to essential goods.

Deal Snapshot

Attribute	Value
Deal Value	$15 million facility
Baseline Risk Score	High (fragile market, supply disruption risk)
Adjusted Risk Score	Medium (guaranteed supplier contracts)
SROI Ratio	2.8 : 1
Top SDGs Impacted	■ SDG 3 (Good Health & Wellbeing), ■■ SDG 8 (Decent Work), ■ SDG 9 (Industry, Innovation & Infrastructure), ■■ SDG 16 (Peace, Justice & Strong Institutions)

Standards Alignment Table

Framework	Relevant Standard / Metric	Metric from Deal	Evidence / Data Source
CSRD/ESRS	ESRS S3 (Affected Communities)	Medical access expanded to 5m people	Customs/shipping records, distributor contracts
SASB	HC-BP-250a.3 (Product Safety)	Timely delivery of essential goods	Supplier audit records
IFRS	IFRS S1 (Sustainability Metrics)	Health outcome disclosure	Distribution reporting
GRI	GRI 416 (Customer Health & Safety)	Critical medicine delivery rates	Supply chain documentation
SDGs	SDG 3, 8, 9, 16	Health, employment, infrastructure, governance	Facility reports, national health statistics

Commentary

This transaction highlights how **trade finance facilities for medical goods create immediate, measurable social benefits**. The bank already held the data needed to quantify outcomes: shipping documentation proving delivery volumes, supplier audit reports ensuring product safety, and distributor payment records linking to local employment.

By monetising the avoided healthcare costs and valuing the improved health outcomes, the SROI ratio reached **2.8:1** — significantly higher than typical trade deals. Importantly, these outcomes mapped directly to **CSRD ESRS S3** and **GRI 416**, proving that societal impacts of supply chain finance can be fully incorporated into existing disclosure frameworks.

Alignment Panel

CSRD/ESRS: S3, S1

SASB: HC-BP-250a.3

IFRS: S1

GRI: 416, 201

SDGs: 3, 8, 9, 16

Dummy Transaction 3: SME Textile Export Facility

A $10 million export facility was arranged for an SME textile manufacturer in South Asia, supporting the shipment of sustainable garments to European buyers. The deal targeted job creation, gender inclusion, and environmental improvements through the adoption of water-efficient dyeing technology.

For the SME, access to trade finance meant the difference between scaling responsibly and losing contracts to less sustainable competitors. The facility preserved more than 2,000 jobs, supported women's participation in the workforce, and delivered measurable environmental gains in water and energy savings.

Deal Snapshot

Attribute	Value
Deal Value	$10 million export facility
Baseline Risk Score	Medium (labour and E&S risks in textiles)
Adjusted Risk Score	Low (verified certifications, ESG covenants)
SROI Ratio	1.9 : 1
Top SDGs Impacted	■■ SDG 5 (Gender Equality), ■ SDG 6 (Clean Water & Sanitation), ■■ SDG 8 (Decent Work), ■ SDG 12 (Responsible Consumption & Production)

Standards Alignment Table

Framework	Relevant Standard / Metric	Metric from Deal	Evidence / Data Source
CSRD/ESRS	ESRS S1 (Own Workforce)	2,000 jobs sustained, 60% women employed	HR and payroll records
SASB	CN0401-15 (Labour Conditions)	Verified gender and labour standards	Supplier certification
IFRS	IFRS S1 (Sustainability Metrics)	Workforce disclosure	Audit/assurance reports
GRI	GRI 405 (Diversity & Equal Opportunity)	Workforce gender ratio	HR system data
SDGs	SDG 5, 6, 8, 12	Gender equality, water efficiency, decent work, sustainable production	HR, certification, factory audit

Commentary

This transaction shows how **SME-focused trade facilities can deliver broad SEE value** while remaining operationally feasible for banks. All relevant data was embedded in the deal documentation: HR systems captured gender and job data, water-efficiency savings were validated through certification, and audit reports confirmed ESG compliance.

The SROI ratio of **1.9:1** was generated primarily from incremental income, gender inclusion benefits, and water savings. These mapped cleanly to **CSRD ESRS S1**, **SASB CN0401-15**, **IFRS S1**, and **GRI 405**, showing how SME-level transactions — often overlooked in ESG — can now be consistently benchmarked.

Alignment Panel

CSRD/ESRS: S1, E2

SASB: CN0401-15

IFRS: S1

GRI: 405, 303

SDGs: 5, 6, 8, 12

Dummy Transaction 4: Submarine Acoustic Covers (Europe)

A €12 million export finance facility was arranged for a European engineering company producing advanced sound-proofing covers for submarines. These acoustic technologies are designed to reduce underwater noise signatures, enhancing naval fleet security while also minimising disruption to marine ecosystems.

The facility supported R&D-intensive manufacturing jobs, safeguarded Europe's industrial base in advanced engineering, and provided indirect environmental benefits by reducing noise pollution in sensitive marine habitats. This illustrates how dual-use technologies in the defence sector can generate measurable social and environmental value when assessed through an SROI lens.

Deal Snapshot

Attribute	Value
Deal Value	€12 million export finance facility
Baseline Risk Score	Medium (defence sector, dual-use technology)
Adjusted Risk Score	Low (no controversial weapons; environmental certification in place)
SROI Ratio	1.6 : 1
Top SDGs Impacted	■■ SDG 16 (Peace, Justice & Strong Institutions), ■ SDG 13 (Climate Action), ■ SDG 14 (Life Below Water), ■■ SDG 8 (Decent Work)

Standards Alignment Table

Framework	Relevant Standard / Metric	Metric from Deal	Evidence / Data Source
CSRD/ESRS	ESRS E2 (Pollution), ESRS S1 (Own Workforce)	Reduced submarine acoustic pollution; 500 skilled jobs maintained	R&D and HR records, technical certification
SASB	RT-IG-130a.1 (Environmental impacts of production)	Noise reduction technology applied	Engineering certification
IFRS	IFRS S1 (Sustainability Metrics)	Workforce and environmental disclosure	Assurance statements
GRI	GRI 303 (Environmental impact), GRI 401 (Employment)	Marine environment outcomes; skilled jobs	HR and environmental audits
SDGs	SDG 8, 13, 14, 16	Decent work, climate/environment, marine protection, peace/security	Certification and reporting

Commentary

This transaction demonstrates how defence-linked financing can yield broad societal and environmental returns. By focusing on **dual-use technologies** that both support security and deliver environmental benefits, the bank can report a balanced narrative. All data — workforce, R&D spend, environmental certification — was available in client and compliance files.

Alignment Panel

CSRD/ESRS: E2, S1

SASB: RT-IG-130a.1

IFRS: S1

GRI: 303, 401

SDGs: 8, 13, 14, 16

Dummy Transaction 5: Drone Surveillance Equipment (Global Supply Chain)

A $20 million supply chain finance programme was provided for a manufacturer of drone-based surveillance equipment used in border monitoring and disaster relief operations. The financing supported the procurement of advanced imaging systems and ensured timely delivery to government clients in Asia and the Middle East.

While surveillance technology raises questions about privacy, this application focused on **security and humanitarian uses**: reducing smuggling and trafficking risks, supporting natural disaster response, and enhancing public safety. The SROI analysis captured both the economic impact (jobs supported in high-tech manufacturing) and the societal outcomes (lives protected, faster emergency response).

Deal Snapshot

Attribute	Value
Deal Value	$20 million supply chain finance
Baseline Risk Score	High (security technology, potential misuse risk)
Adjusted Risk Score	Medium (strict end-use certification and client due diligence)
SROI Ratio	2.1 : 1
Top SDGs Impacted	■■ SDG 16 (Peace, Justice & Strong Institutions), ■ SDG 3 (Good Health & Wellbeing), ■ SDG 9 (Industry, Innovation & Infrastructure), ■■ SDG 8 (Decent Work)

Standards Alignment Table

Framework	Relevant Standard / Metric	Metric from Deal	Evidence / Data Source
CSRD/ESRS	ESRS S3 (Communities), ESRS S1 (Workforce)	Improved border security; 1,200 jobs in high-tech supply chain	Compliance records, HR data
SASB	TC-SI-220a.1 (Data security & integrity), RT-IG-000.B	Surveillance equipment for humanitarian/security use	End-use certifications
IFRS	IFRS S1 (Sustainability Metrics)	Public safety / security disclosure	Audit reports
GRI	GRI 416 (Customer Health & Safety), GRI 201 (Economic Performance)	Emergency response value; manufacturing income	Distribution and HR systems
SDGs	SDG 3, 8, 9, 16	Health, decent work, innovation, security	Operational records

Commentary

This deal highlights the importance of **security-related "S" impacts** in trade finance. By structuring the facility with **strict end-use monitoring**, the bank ensured that the technology was deployed for legitimate and humanitarian purposes. The SROI ratio of 2.1:1 reflects both economic benefits and societal outcomes such as enhanced border safety and disaster resilience.

Alignment Panel

CSRD/ESRS: S3, S1

SASB: TC-SI-220a.1, RT-IG-000.B

IFRS: S1

GRI: 416, 201

SDGs: 3, 8, 9, 16

Portfolio View of Dummy Transactions (Expanded)

Aggregated Impact Snapshot

Transaction	Deal Value	SROI Ratio	Key Outcomes	Top SDGs
Sustainable Palm Oil Export	$5m	1.3 : 1	10,000 farmers supported; 100,000 tonnes CO■ avoided; 1,500 jobs preserved	SDG 1, 8, 13, 15
Medical Supply Chain Finance	$15m	2.8 : 1	5m people reached with medicines; supply chain stability; reduced healthcare costs	SDG 3, 8, 9, 16
SME Textile Export Facility	$10m	1.9 : 1	2,000 jobs sustained (60% women); water efficiency gains; sustainable production	SDG 5, 6, 8, 12
Submarine Acoustic Covers (Europe)	€12m	1.6 : 1	500 skilled engineering jobs; reduced underwater noise pollution; enhanced fleet security	SDG 8, 13, 14, 16
Drone Surveillance Equipment	$20m	2.1 : 1	1,200 high-tech jobs; improved border security; faster disaster response	SDG 3, 8, 9, 16
Portfolio Total	**~$62m**	**~2.0 : 1 (weighted average)**	~11,200 jobs supported; major contributions to security, health, climate, and gender equality	Multiple SDGs (1, 3, 5, 6, 8, 9, 12, 13, 14, 15, 16)

Commentary

The expanded portfolio now spans **agriculture, healthcare, manufacturing, and security-related transactions**, with a total financing volume of approximately **$62 million**. Together, these facilities generated an estimated **$124 million of measurable SEE value**, yielding a weighted average **SROI ratio of ~2:1**.

Key insights:

Security as "S": Defence-linked but non-controversial technologies (acoustic covers, surveillance drones) demonstrate how the SROI framework can measure and monetise contributions to security and stability — areas overlooked in conventional ESG.

Diversity of outcomes: From climate mitigation to gender equality and disaster response, the case studies show that SROI can capture a **broad spectrum of social, environmental, and economic value**.

Scalability: The portfolio view illustrates how transaction-level SROI assessments can be aggregated into a **portfolio metric** that speaks directly to regulators and investors.

Mapping Big Bank Sustainability Reports to SROI

Introductory Note

This section draws only on **publicly available sustainability reports**. It is presented as an **illustration**, not an evaluation of individual institutions and simply maps, using AI tools, current reporting practice against the SROI framework. The purpose is to demonstrate that banks already disclose much of the data required for SROI. What is missing is not the data itself, but the **transaction-level monetisation and alignment across frameworks** that SROI provides.

Comparative Table (12 Banks)

SROI Data Category	ING	Deutsche	Commerzbank	SMBC	Soc Gen	Lloyds	HSBC	BNP	FAB	JP Morgan	Citi	MCB
Environmental: financed emissions, energy, water	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■
Social: workforce diversity, inclusion	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■
Social: supply chain security, essential goods access	■	■	■	■	■	■	■	■	■	■	■	■
Economic: jobs supported, SME growth, income uplift	■	■	■	■	■	■	■	■	■	■	■	■
Governance: reporting standards, assurance	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■	✔■

Legend:
✔■ Fully reported (quantitative, framework-aligned)
■ Partially reported (qualitative or incomplete)
■ Not reported (gap at present)

Commentary

1. Environmental reporting is consistently strong.
All 12 banks disclose financed emissions and portfolio-level climate impacts, typically aligned to **CSRD ESRS E1**, **IFRS S2**, **SASB financed emissions metrics**, and **GRI 305**. Energy and water use are also widely reported.

2. Workforce and diversity data is well covered.
Each bank reports on workforce diversity, inclusion, or employee-related outcomes, mapped to **CSRD S1** and **GRI 405**.

3. Supply chain and essential goods disclosure is limited.
No bank systematically reports on **supply chain security or access to essential goods**. At best, this appears in **case studies** or qualitative narratives (e.g., medical access, food resilience) but not in monetised, auditable form.

4. Economic impact is rarely quantified.
While some banks highlight SME support or jobs sustained, disclosure is inconsistent and not linked to monetised outcomes. There is no standardised method for reporting **jobs supported, SME growth, or household income uplift** from trade transactions.

5. Governance and assurance are universally strong.
All banks disclose governance structures, use international standards (GRI, SASB, TCFD/IFRS), and provide assurance statements.

Alignment Panel

CSRD/ESRS: Strong alignment for environmental and workforce disclosures; weaker coverage for S3 (communities) and transaction-level social outcomes.

SASB: Financed emissions and workforce standards widely applied; trade-specific outcomes underrepresented.

IFRS S1/S2: Climate reporting strong, but sustainability reporting still portfolio-level rather than transaction-specific.

GRI: Comprehensive environmental and workforce metrics; limited on supply chain security and economic inclusion.

SROI: Fills the critical gap by monetising **transaction-level Social, Environmental, and Economic (SEE) outcomes**, particularly supply chain security, community resilience, and SME growth.

Conclusions & Next Steps

This report has set out the rationale, methodology, and worked examples for the application of Social Return on Investment (SROI) in trade finance. Developed over three years under the auspices of the ITFA ESG Working Group, the framework represents the culmination of a structured research process involving industry consultation, regulatory analysis, and practical piloting.

The conclusions are clear. First, SROI does not seek to reinvent sustainability reporting. On the contrary, it builds upon the **data that banks already collect** and aligns it with established disclosure frameworks — CSRD/ESRS, SASB, IFRS S1/S2, GRI, and the SDGs. By monetising outcomes at the level of individual trade transactions, SROI provides a missing link between operational data and regulatory disclosure.

Second, the approach addresses a structural weakness in the current ESG architecture: the underdeveloped "S." Conventional reporting privileges environmental and governance data, leaving social outcomes underdefined, inconsistently measured, and vulnerable to bias against emerging markets. By broadening the "S" to encompass **security, livelihoods, and access to essential goods**, SROI restores balance and recognises the unique social value that trade delivers across global markets.

Third, the analysis shows that the integration of SROI is **operationally feasible**. Banks already hold the necessary information in KYC files, compliance records, shipping documentation, and supplier certifications. What has been lacking is the lens through which these data can be translated into auditable, monetised outcomes.

A Call to Action

To move from research to practice, coordinated action is required on three fronts:

Accreditation and Standards Definition
ITFA is well positioned to act as the convening body for defining measurable audit standards in trade finance. By creating a common accreditation process for SROI, ITFA can ensure that the methodology is applied consistently across institutions and withstands regulatory scrutiny.

Engagement with Regulators
Constructive dialogue is required with regulators and standard-setters to build confidence in SROI as a legitimate disclosure tool. By mapping every step of the methodology to CSRD/ESRS, IFRS, SASB, and GRI, SROI demonstrates that it complements — rather than competes with — existing frameworks. The priority now is to secure regulatory comfort with its application in trade finance.

Piloting with Banks
The next stage is to engage leading trade finance banks in structured pilots. By applying the framework to live

portfolios, institutions can demonstrate the feasibility of extracting and reporting SROI metrics from existing data. Success here will both validate the methodology and create momentum for broader adoption.

Final Reflection

The development of SROI for trade finance represents a significant milestone: the creation of a framework that is academically grounded, operationally feasible, and regulatory-ready. It is not a parallel system, but a bridge between **transaction-level trade data** and **global sustainability disclosure requirements**.

The call to action is clear. ITFA, working with its members and partners, should now lead the process of bringing regulators and banks into alignment. By doing so, SROI can move from a research concept to a recognised accreditation framework, strengthening the credibility of sustainable trade finance and ensuring that its full societal value is measured, reported, and recognised.

Appendix: Data Sources vs Standards Framework

This appendix sets out the main categories of data used in the SROI methodology and shows how they map to existing sustainability reporting standards. It demonstrates that the inputs required for SROI are **already present in banks' trade documentation and compliance systems**.

Table A1: Data Sources vs Standards Mapping

Data Source (Bank Systems / Trade Docs)	Example Metrics	Mapped Frameworks	Notes
KYC and Onboarding Files	Workforce numbers, gender ratios, SME size classification	CSRD ESRS S1, GRI 405 (Diversity & Equal Opportunity), SASB labour metrics	Baseline workforce and inclusion data readily available in client records.
Bills of Lading & Shipping Documents	Volume and type of goods shipped, transport mode, route	CSRD ESRS E1 (Climate), SASB FN-CB-000.A (financed emissions), IFRS S2, GRI 305	Used to evidence carbon footprint, supply chain security, and essential goods access.
Supplier Certifications / Audit Reports	Deforestation-free, labour standards, water/energy efficiency	CSRD ESRS E2 (Pollution), ESRS S2 (Workers in the Value Chain), GRI 303 (Water), SASB CN0401-15	Provides assurance of compliance and sustainability covenants in trade contracts.
Invoices & Payment Records	Transaction value, SME turnover, incremental income	CSRD ESRS S3 (Communities), GRI 201 (Economic Performance), IFRS S1	Allows calculation of income uplift, jobs supported, and SME growth impacts.
Insurance & Compliance Files	Risk scores, geopolitical/security assessments	CSRD ESRS S3, GRI 416 (Customer Health & Safety), IFRS S1	Evidences supply chain security and continuity of essential goods.
Customs & Border Records	Delivery volumes of critical goods (food, medicine, energy)	CSRD ESRS S3, SDG 2 (Zero Hunger), SDG 3 (Health)	Supports valuation of access-to-essential-goods outcomes.
HR & Payroll Data (SME Clients)	Jobs supported, wages, gender inclusion	CSRD ESRS S1, GRI 401/405, SASB workforce standards	Enables direct calculation of employment and inclusion impacts.
Environmental Baseline Studies	Tonnes CO■ avoided, water saved, biodiversity protected	CSRD ESRS E1/E2, IFRS S2, GRI 305/303, SDG 13/15	Links trade transactions to environmental outcomes.

Commentary

The table shows that **no new data infrastructure is required** to implement SROI. All of the necessary metrics are already embedded in bank systems and trade documentation: KYC, compliance, audit, HR, and shipping records. The SROI methodology simply provides a structured way to monetise these outcomes and map them consistently across **CSRD/ESRS, SASB, IFRS, GRI, and SDGs**.

This makes SROI a **low-friction enhancement**: a method that unlocks the full value of data already collected, and translates it into a regulatory-ready format.