

Sustainable Reporting Standards

SASB Conceptual Framework

SASB's mission is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. SASB standards are designed for voluntary use in disclosures required by existing U.S. regulations in filings with the Securities and Exchange Commission (SEC), such as Forms 10-K and 20-F. SASB is now merged with International Sustainability Standards Board (ISSB).



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SASB's sustainability topics are organized under five broad sustainability dimensions:

1. Environment. This dimension includes corporate impacts on the environment, either through the use of nonrenewable, natural resources as inputs to the factors of production (e.g., water, minerals, ecosystems, and biodiversity) or through harmful releases into the environment (such as air, land, and water) that may negatively affect natural resources and result in impacts to the company's financial condition or operating performance.

2. Social Capital. This dimension relates to the perceived role of business in society, or the expectation that a business will contribute to society in return for a social license to operate. It addresses the management of relationships with key outside parties, such as customers, local communities, the public, and the government. It includes issues related to human rights, protection of vulnerable groups, local economic development, access to and quality of products and services, affordability, responsible business practices in marketing, and customer privacy.

3. Human Capital. This dimension addresses the management of a company's human resources (employees and individual contractors) as key assets to delivering long-term value. It

includes issues that affect the productivity of employees, such as employee engagement, diversity, and incentives and compensation, as well as the attraction and retention of employees in highly competitive or constrained markets for specific talent, skills, or education. It also addresses working conditions and the management of labor relations in industries that rely on economies of scale and compete on the price of products and services, and in industries with legacy pension liabilities. Finally, it includes the management of the health and safety of employees and the ability to create a safety culture for companies that operate in dangerous working environments.

4. Business Model and Innovation. This dimension addresses the impact of sustainability issues on innovation and business models. It addresses the integration of environmental, human, and social issues in a company's value-creation process, including resource recovery and other innovations in the production process; as well as in product innovation, including efficiency and responsibility in the design, use phase, and disposal of products. It also includes management of environmental and social impacts on tangible and financial assets—either a company's own or those that it manages as the fiduciary for others.

5. Leadership and Governance. This dimension involves the management of issues that are inherent to the business model or common practice in the industry and that are in potential

conflict with the interest of broader stakeholder groups (e.g., government, community, customers, and employees), and therefore create a potential liability or, worse, a limitation or removal of a license to operate. This includes regulatory compliance, and regulatory and political influence. It also includes risk management, safety management, supply-chain and materials sourcing, conflicts of interest, anticompetitive behavior, and corruption and bribery.

In developing its provisional standards, the SASB identified sustainability topics from an initial set of 30 broadly relevant sustainability issues organized under these five sustainability dimensions.

Environment

- GHG emissions
- Air quality
- Energy management
- Fuel management
- Water and wastewater management
- Waste and hazardous materials management
- Biodiversity impacts

Social capital

- Human rights and community relations
- Access and affordability
- Customer welfare
- Data security and customer privacy
- Fair disclosure and labeling
- Fair marketing and advertising

Human capital

- Labor relations
- Fair labor practices
- Diversity and inclusion
- Employee health, safety, and wellbeing
- Compensation and benefits
- Recruitment, development, and retention

Business model and innovation

- Lifecycle impacts of products and services
- Environmental and social impacts on assets and operations
- Product packaging
- Product quality and safety

Leadership and governance

- Systemic risk management
- Accident and safety management
- Business ethics and transparency of payments
- Competitive behavior
- Regulatory capture and political influence
- Materials sourcing
- Supply chain management

