

Sustainable Reporting

SASB Introduction

The Sustainability Accounting Standards Board (SASB) is an independent nonprofit organization. SASB's mission is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. That mission is accomplished through a rigorous process that includes evidence-based research and balanced stakeholder participation.



SASB Structure

The SASB Foundation was founded in 2011 as a not-for-profit, independent standards-setting organization. The SASB Foundation's mission is to establish and maintain industry-specific standards that assist companies in disclosing financially material, decision-useful sustainability information to investors.

The SASB Foundation operates in a governance structure similar to the structure adopted by other internationally recognized bodies that set standards for disclosure to investors, including the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). This structure includes a board of directors ("the Foundation Board") and a standards-setting board ("the Standards Board" or "the SASB"). The Standards Board develops, issues, and maintains the SASB standards. The Foundation Board oversees the strategy, finances and operations of the entire organization, and appoints the members of the Standards Board.

The Foundation Board is not involved in setting standards, but is responsible for overseeing the Standards Board's compliance with the organization's due process requirements. As set out in the SASB Rules of Procedure, the SASB's standards-setting activities are transparent and follow careful due process, including extensive consultation with companies, investors, and relevant experts.

The Standards Board

The Standards Board is charged with developing, issuing, and maintaining SASB standards. The Standards Board operates in accordance with its primary governance documents, including the SASB's Conceptual Framework and Rules of Procedure. The Conceptual Framework sets out the basic concepts, principles, definitions, and objectives that guide the Standards Board in its approach to setting standards. The Rules of Procedure establishes the due process followed by the Standards Board and staff in their standard-setting activities. The standard-setting process is designed to ensure each industry

standard reflects the core objectives established in the Conceptual Framework to facilitate companies' cost-effective reporting of financially material and decision-useful sustainability information to investors.

SASB's Sustainability Dimensions

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.

Details on SASB would be published in subsequent posts.