



Sustainability Accounting Standards Board (SASB)

Sustainability Accounting Standards Board (SASB) is a voluntary reporting framework that provides guidance for 77 industries. It identifies sustainability-based topics within an industry, provides accounting guidance for these topics, and translates them to financially material information that can be used to make better investment decisions. SASB has been generally accepted by and incorporated into larger reporting frameworks.

<https://www.sasb.org/>

THE BASICS

Voluntary disclosure guidance of financially material information. SASB Standards provide guidance for companies to disclose **financially material** sustainability information – meaning companies report on the environmental, social, and governance (ESG) issues likely to affect financial performance and firm value.¹

Standards are industry-based, with 77 industries represented. Standards vary by industry to account for the subset of ESG issues most relevant to financial performance within each industry. These industry-specific standards allow for easier comparison between companies within an industry.

Disclosure topics are organized into five issue areas, with industry-agnostic General Issue Areas under each issue area. ESG disclosure topics fall under five issue areas: **Environment, Social Capital, Human Capital, Business Model & Innovation, and Leadership & Governance.** Under each area are a set of General Issue Categories that are industry agnostic – for example, under Human Capital are the three issue areas of Labor Practices, Employee Health & Safety, and Employee Engagement, Diversity, & Inclusion.

After selecting the relevant industry for a company, SASB displays the subset of issue categories deemed materially relevant in that industry. For example, the graphic on the next page shows the five issue areas deemed materially relevant for the Hotels & Lodging Industry. The full industry standard then details the specific guidance for disclosing information within these topics for companies operating in this industry. The second graphic on the next page shows an example snapshot of the metrics under each topic.

Issues deemed materiality relevant for the Hotels & Lodging industry

The 5 (out of 26) disclosure topics bolded are deemed materially relevant for this industry.

Environment	Social Capital	Human Capital	Business Model & Innovation	Leadership & Governance
GHG Emissions	Human Rights & Community Relations	Labor Practices ②	Product Design & Lifecycle Management	Business Ethics
Air Quality	Customer Privacy	Employee Health & Safety	Business Model Resilience	Competitive Behavior
Energy Management ①	Data Security	Employee Engagement, Diversity & Inclusion	Supply Chain Management	Management of the Legal & Regulatory Environment
Water & Wastewater Management ②	Access & Affordability		Materials Sourcing & Efficiency	Critical Incident Risk Management
Waste & Hazardous Materials Management	Product Quality & Safety		Physical Impacts of Climate Change ③	Systemic Risk Management
Ecological Impacts ②	Customer Welfare			
	Selling Practices & Product Labeling			

Source: [SASB Materiality Finder](#). Accessed 11/3/2022.

Snapshot of disclosure topics within the Hotels & Lodging industry standard

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	SV-HL-130a.1
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m ³), Percentage (%)	SV-HL-140a.1
Ecological Impacts	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	Quantitative	Number	SV-HL-160a.1
	Description of environmental management policies and practices to preserve ecosystem services	Discussion and Analysis	n/a	SV-HL-160a.2
Labor Practices	(1) Voluntary and (2) involuntary turnover rate for lodging facility employees	Quantitative	Rate	SV-HL-310a.1
	Total amount of monetary losses as a result of legal proceedings associated with labor law violations ²	Quantitative	Reporting currency	SV-HL-310a.2
	(1) Average hourly wage and (2) percentage of lodging facility employees earning minimum wage, by region	Quantitative	Reporting currency, Percentage (%)	SV-HL-310a.3
	Description of policies and programs to prevent worker harassment	Discussion and Analysis	n/a	SV-HL-310a.4
Climate Change Adaptation	Number of lodging facilities located in 100-year flood zones	Quantitative	Number	SV-HL-450a.1

Source: [Hotels & Lodging Standard](#). Accessed 11/3/2022.

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Companies seeking compliance or competitive advantage. Companies can develop better ESG strategies around material issues and seek ways to outperform their competitors.² Companies may also benefit from adopting a standard process for reporting on ESG issues that is recognized by investors and others in their industry.

Investors comparing companies within an industry. Investors can compare ESG disclosures between companies in a common industry on an “apples-to-apples” basis, helping to realize better long-term portfolio performance. Each SASB standard provides disclosure topics, accounting metrics, technical protocols and activity metrics that are specifically identified to better manage and communicate financially material sustainability information to investors.

Fulfilling guidelines of complementary standards. SASB itself is not a mandatory disclosure under any comprehensive reporting framework. However, other frameworks do generally recognize SASB as a suitable disclosure compliance standard.³ For example, the Task Force on Climate-Related Financial Disclosures (TCFD) has referenced SASB as an appropriate framework for implementing TCFD guidelines, and the European Union’s Non-Financial Reporting Directive has developed supplementary material for how to best integrate SASB into its reporting frameworks.

IMPLEMENTATION & IMPACT

SASB helps identify the most materially important impact outcomes and risks a company should manage. Considering the [five dimensions of impact](#), SASB helps define the *WHAT* dimension, particularly with its focus on material impacts by industry. SASB also has its own industry guide to the SDGs that can be used by investors to provide evidence for their SDG mapping decisions.⁴ In addition to *WHAT*, SASB can also be used to define *RISK* dimensions. SASB provides information about the likelihood of risks occurring across different impact categories.

Other impact reporting frameworks have drawn linkages to SASB. Impact tools, such as the Global Impact Investing Network’s (GIIN’s) impact management and measurement tool IRIS+, have specific guidance for how to use SASB and IRIS+ in coordination to better inform investment decisions.⁵

SASB manages the Fundamentals of Sustainability (FSA) Credential. The FSA Credential is designed for professionals to learn and demonstrate their understanding of SASB standards and the link between financially material sustainability information and enterprise value. Individuals must pass both the Level I and Level II exam to earn the FSA Credential. The FSA Credential is not required to perform SASB disclosures.

Consolidation of standards, frameworks, and guidance is happening, and SASB is now under the International Sustainability Standards Board (ISSB).

In June 2021 SASB and the International Integrated Reporting Council (IIRC) merged to form the Value Reporting Foundation (VRF). Further, in 2022 the IFRS Foundation consolidated with the Value Reporting Foundation. This merger followed commitments after COP26 to consolidate sustainability disclosure initiatives in support of the IFRS Foundation’s new International Sustainability Standards Board (ISSB).⁶ The ISSB now governs SASB Standards.

CURRENT GAPS

Voluntary disclosure without evaluation. The choice of industry or multiple industries, the application of standards within that industry, and the choices of whether to disclose reports and where to disclose reports is entirely up to the company to determine and perform. SASB does not offer compliance evaluations or certifications.⁷

Disclosures focus on only financially material impacts. SASB is not intended to be a comprehensive set of standards for full sustainability or impact reporting. The industry-specific standards identify the issues deemed most likely to be *financially* material, without considering how certain issues could affect a broader set of stakeholders (beyond owners and investors) in non-financial ways. As the graphic at right shows, SASB provides companies a way of going beyond financial reporting to consider how certain sustainability issues could affect enterprise value, but does not provide a broader framework for full reporting of positive and negative impacts on people and planet.



Source: SASB Materiality Finder. Accessed 11/3/2022.

¹ <https://www.sasb.org/about/>

² <https://www.gobyinc.com/breakdown-of-sasb-framework-and-benefits/>

³ <https://www.sasb.org/implementation-primer/deciding-where-to-disclose/>

⁴ <https://www.sasb.org/wp-content/uploads/2020/06/Whitepaper-SDGMapping-060920.pdf>

⁵ https://s3.amazonaws.com/giin-web-assets/iris/assets/files/iris-use-cases/2021-07-21-IRIS-HT%20Alignments%E2%80%93SASB_r4.pdf

⁶ <https://www.ifrs.org/groups/international-sustainability-standards-board/>

⁷ <https://www.sasb.org/blog/dispelling-the-top-11-sasb-myths/>