



# CONNECTING BUSINESSES AND INVESTORS ON THE FINANCIAL IMPACTS OF SUSTAINABILITY



**Financially Material:** SASB's mission is to help businesses around the world identify, manage, and report on the sustainability topics that are critical to investors.



**Market Informed:** SASB standards are developed based on extensive feedback from companies, investors, and other market participants as part of a transparent, publicly documented process.



**Industry Specific:** SASB standards are tailored to specific industries, enabling investors and companies to compare peer performance within each industry.

## How Does SASB View Sustainability In Business?

- › For beverage manufacturers, effective water management—especially in certain regions—is essential to ensure the availability and cost-stability of a critical input.
- › For a consumer finance firm, safeguarding the privacy of customers' data is critical for driving revenue growth and avoiding legal or regulatory action.
- › For a producer of containers and packaging, innovative use of recyclable, reusable, and compostable materials can capture shifting consumer preferences and create competitive advantage.

Learn more at the [SASB Materiality Map](#)<sup>®</sup>

## SASB for Companies

Businesses today face unique challenges to their long-term sustainability, from climate change and resource constraints to urbanization and technological innovation.

And investors increasingly want companies to identify how they are managing these risks and opportunities and how sustainability issues impact corporate value creation.

### SASB standards are helping companies ...

- › identify, assess, manage, and monitor the handful of sustainability factors most likely to impact their ability to create value over the long term
- › communicate consistent, comparable, and reliable sustainability data to investors
- › implement principles-based reporting frameworks including Integrated Reporting and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

SASB standards can be a core part of any robust reporting system. Whether used alone or alongside other reporting frameworks, SASB standards and metrics enable companies to communicate with investors in a detailed, powerful way.

**Find your SICS industry and download the standards at [SASB.org](https://www.sasb.org)**



# HOW CAN SASB STANDARDS HELP BOARDS OF DIRECTORS?

## Sharpen Your Focus

As companies wrestle with a growing array of Environmental, Social and Governance (ESG) demands from ever-widening groups of stakeholders, boards of directors face increasing tension between sustainability and their fiduciary responsibilities. SASB standards can add a valuable investor-focused lens to the board's ESG oversight.

### Questions to ask yourself:

- › Is the board conversant with the company's approach to sustainability and is it well-aligned with the company's business strategy?
- › Who owns sustainability reporting at the company? Is that person's work integrated with other relevant business functions?
- › Have the board and management identified the sustainability issues that are most relevant to the company's long-term financial performance?
- › Has the company conducted a thorough review of sustainability disclosure among peer companies?
- › Is the board (or risk committee) satisfied that the company's approach to risk management incorporates business-relevant sustainability matters?
- › Is the nominating committee satisfied that the board's competencies include sufficient fluency in the sustainability issues most likely to impact the company's financial condition or operating performance?
- › Has the company engaged with its investors to better understand their sustainability-related areas of concern and information needs?
- › Does the board or its key committees regularly review KPIs tracking the company's performance on financially material sustainability issues? Are these KPIs integrated into executive compensation plans?
- › Has the audit committee reviewed the effectiveness of the company's internal control over sustainability information gathering and reporting to ensure it is comfortable with the quality and reliability of the data?
- › Has the audit committee considered the costs and benefits of obtaining independent, third-party assurance of the company's ESG reporting?

### Other Resources:

- Canadian Coalition for Good Governance, [\*The Directors' E&S Guidebook\*](#)
- Ceres/KKS Advisors, [\*Systems Rule: How Board Governance Can Drive Sustainability Performance\*](#)
- Crowe, [\*Want to Get Serious About Sustainability? Use SASB's Standards to Inform ERM\*](#)
- NACD BoardTalk, [\*"SASB Standards Help With Risk Oversight—and Insight"\*](#)
- NACD BoardTalk, [\*"Think You Know Sustainability? Think Again"\*](#)
- PwC, [\*ESG in the boardroom: What directors need to know\*](#)
- PwC, [\*Sustainability/ESG Reporting—Why Audit Committees Need to Pay Attention\*](#)
- Robert H. Herz, Brad J. Monterio, and Jeffrey C. Thomson, [\*Leveraging the COSO Internal Control – Integrated Framework to Improve Confidence in Sustainability Data\*](#)
- SASB, [\*SASB Engagement Guide for Asset Owners & Asset Managers\*](#)



[\*\*Visit SASB.org for sector resources and to download the standards.\*\*](#)

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