



# Enabling Continuous Improvement



## KEY ACTIONS

### Track the internal and external drivers of ESG risks and opportunities

#### Key considerations include:

- **Internal factors:** The likelihood that a SASB topic will have financially material impacts may change along with aspects of the company's strategy, its business model, and its operations. Such changes may include:
  - » Changes in the company's product mix or service offerings; or
  - » Adjustments to the scale or scope of the company's operations (including geographic footprint).
- **External factors:** Financially material impacts related to a SASB topic also may become more or less likely due to factors outside the company. These may include:
  - » Macroeconomic factors (e.g., population growth, commodity prices, climate change);
  - » Business climate (e.g., competition, technological innovation);
  - » Regulatory developments and political climate (often regional in nature); or
  - » Societal trends (e.g., shifting consumer preferences).

### Monitor peer and best-practice disclosure for benchmarking - Regular monitoring of peer disclosure, such as annual reports to shareholders, sustainability reports, and investor presentations, can help a company better understand evolving expectations—among investors and other stakeholders—of:

- Which topics should be disclosed; and
- How they can be reported to ensure companies across an industry provide comparable information.

### Seek regular feedback from investors and other key stakeholders, for example:

- Shareholder engagement: A company can solicit feedback from shareholders and track issues raised during engagements with shareholders to monitor evolving issues of interest to investors.
- Disclosure requirements and recommendations: A company should also monitor the evolving disclosure landscape, including:
  - » Mandatory disclosure requirements related to sustainability disclosure; and
  - » Sustainability disclosures that may be required or suggested by the exchange on which the company's securities are listed.

Of the world's top 10 stock exchanges, representing more than US\$60 trillion in market cap:

- 4 require ESG disclosure
- 8 provide ESG disclosure guidance
- 5 recommend SASB standards as a helpful resource



Source: SASB analysis, January 2020

continued >>



### Enabling Continuous Improvement (cont.)

- Keep up with emerging and evolving disclosure requirements and recommendations** - SASB utilizes a [project-based model](#) to enable focused standard-setting to address key issues and ensure the standards remain relevant and responsive to evolving market needs. Thus, SASB may periodically issue updates to the topics, metrics, and/or underlying technical protocols included in an industry's SASB standard
- Periodically review SASB standards for relevant updates**
- Monitor company performance on SASB disclosure topics**