To: Sustainable Accounting Standards Board (SASB)

From: Alex Rapp and Pranav Ghai, Co-Founders of Calcbench, Inc.

Dear SASB,

It is our pleasure to submit a comment letter to you in support of your development of a taxonomy. As consumers of financial data through the XBRL mandate issued by the U.S. Securities and Exchange Commission and maintained under U.S. GAAP by the FASB, we believe that we are in a unique position to provide some concrete feedback.

Calcbench was founded in 2012 and has been providing access to financial statements commercially since about late 2013. We count tens of thousands of users from across the globe. Our users come from prominent asset management and brokerage firms, large accounting and advisory firms (Big Four plus), government / regulatory groups and outstanding academic institutions.

As stated above, we rely heavily on the FASB’s US-GAAP taxonomy so any comments about the SASB taxonomy are made because of our experience in dealing with the current XBRL framework and the associated taxonomy. This is all done to support the practice of improving corporate financial analysis. With that in mind, we will get directly to the point. A taxonomy should be designed with two primary goals. The first is to support the supplier of the information (i.e., ‘the filer’) with the tools to effectively and efficiently communicate their message. The second is to allow the user of the information to effectively query a system to obtain information efficiently.

In our view, the SASB taxonomy is over-specified and is inefficient as it is currently written. In addition, it doesn’t appear to support the ability to do a simple cross-sectional analysis. If we are correct, this becomes a scenario where companies complain about the associated costs to file this information along with a typical, and highly corrosive statement, ‘No one is using the data!’ . Clearly, ALL of us wish to avoid this outcome.

What do we mean?

We studied a definitions file that was given to us. That file has over twenty-four thousand rows or definitions, as we understand it. To give some context, US-GAAP has around twenty thousand standard definitions. By that measure, the SASB taxonomy is already larger than US-GAAP!
Further, we went down the ‘rabbit hole’ and found that many of the definitions in the SASB taxonomy are specific to an industry. While we clearly understand the importance of economic sectors and industries, we believe this implementation to be sub-optimal.

Allow us to explain what we mean with a specific example. Within the aforementioned definitions table of twenty-four thousand rows, there is a concept named “RecordableIncidentRateTable”. There are over 334 versions of a “RecordableIncidentRateTable”. Digging a little further we found that 9 instances were related to the industry ‘Agricultural Products’ and another 14 related to the Waste Management Industry.

This is precisely what we mean when we say “over-specified”. We did not deeply examine other examples of this repetition, but we are certain that we could point more out if needed.

In our humble opinion, a better approach would be to allow for one Recordable Incident Table and let the firms report their industry or sector separately. This way the taxonomy is simplified but allows for extensibility.

If we are mistaken, and the 9 instances of the Agricultural Product data are related to specific data items that reside within a table, the specification is needlessly complex and needs to be revised.

What we can say is that for a concept like this, users of data like to group industry peer companies together to ask questions. A simple query by a user might be expressed as “Over the last 2 years, how many reportable incidents per 1000 employees are there for all companies in the Waste Management Industry?” A user might expect to see a list generated with a ranking of best to worst, for example. The outcome of that query might be able to inform the company about best practices. It would inform an investor of best and worst outcomes and allow the investor to engage more thoughtfully with management and even their own customers! Think of the benefits!

As we view the SASB taxonomy in its present form, it would take a substantial amount of work to allow users to be able to access and use the data with those outcomes in mind. If that is the case, we believe that it would, at best, handicap users from accessing this information, and, at worst, cause them not to use the information defeating the entire purpose of the project.

We would strongly urge the SASB to appoint users of the data in designing the next iteration of the taxonomy.

Thank you for the opportunity to contribute this letter.

Sincerely,

Alex Rapp, CTO and President, Calcbench, Inc.

Pranav Ghai, CEO Calcbench, Inc.