



SUSTAINABILITY ACCOUNTING STANDARD
SERVICES SECTOR

LEISURE FACILITIES

Sustainability Accounting Standard

Sustainable Industry Classification System™ (SICS™) #SV0204

Prepared by the
Sustainability Accounting Standards Board®

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Provisional Standard

LEISURE FACILITIES

Sustainability Accounting Standard

About SASB

The Sustainability Accounting Standards Board (SASB) provides sustainability accounting standards for use by publicly listed corporations in the U.S. in disclosing material sustainability information for the benefit of investors and the public. SASB standards are designed for disclosure in mandatory filings to the Securities and Exchange Commission (SEC), such as the Form 10-K and 20-F. SASB is an independent 501(c)3 non-profit organization. Through 2016, SASB is developing standards for more than 80 industries in 10 sectors.

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INTRODUCTION

Purpose & Structure

This document contains the SASB Sustainability Accounting Standard (SASB Standard) for Leisure Facilities.

SASB Standards are comprised of **(1) disclosure guidance and (2) accounting standards on sustainability topics** for use by U.S. and foreign public companies in their annual filings (Form 10-K or 20-F) with the U.S. Securities and Exchange Commission (SEC). To the extent relevant, SASB Standards may also be applicable to other periodic mandatory filings with the SEC, such as the Form 10-Q, Form S-1, and Form 8-K.

SASB's disclosure guidance identifies sustainability topics at an industry level, which may be material— depending on a company's specific operating context— to a company within that industry.

Each company is ultimately responsible for determining which information is material and is therefore required to be included in its Form 10-K or 20-F and other periodic SEC filings.

SASB's accounting standards provide companies with standardized accounting metrics to account for performance on industry-level sustainability topics. When making disclosure on sustainability topics, companies adopting SASB's accounting standards will help to ensure that disclosure is standardized and therefore useful, relevant, comparable, and auditable.

Industry Description

The Leisure Facilities industry is made up of companies that operate entertainment, travel, and leisure facilities and services. Companies in this industry operate amusement parks, movie theaters, ski facilities, sports stadiums, and leisure clubs and facilities. Leisure Facilities companies mainly generate revenue by providing live or digital entertainment to millions of guests and customers annually. Industry players usually operate any one type of facility across various locations in the U.S.

Guidance for Disclosure of Material Sustainability Topics in SEC Filings

1. Industry-Level Sustainability Disclosure Topics

For the Leisure Facilities industry, SASB has identified the following sustainability disclosure topics:

- Energy Management
- Customer & Worker Safety

2. Company-Level Determination and Disclosure of Material Sustainability Topics

Sustainability disclosures are governed by the same laws and regulations that govern disclosures by securities issuers generally. According to the U.S. Supreme Court, a fact is material if, in the event such fact is omitted from a particular disclosure, there is “a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of the information made available.”^{1,2}

SASB has attempted to identify those sustainability topics that it believes may be material for all companies within each SICS industry. SASB recognizes, however, that each company is ultimately responsible for determining what is material to it.

Regulation S-K, which sets forth certain disclosure requirements associated with Form 10-K and other SEC filings, requires companies, among other things, to describe in the Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of Form 10-K “any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.”²

Furthermore, Instructions to Item 303 state that the MD&A “shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.”²

In determining whether a trend or uncertainty should be disclosed, the SEC has stated that management should use a two-part assessment based on probability and magnitude:

- First, a company is not required to make disclosure about a known trend or uncertainty if its management determines that such trend or uncertainty is not reasonably likely to occur.
- Second, if a company’s management cannot make a reasonable determination of the likelihood of an event or uncertainty, then disclosure is required unless management determines that a material effect on the registrant’s financial condition or results of operation is not reasonably likely to occur.

¹ TSC Industries v. Northway, Inc., 426 U.S. 438 (1976).

² C.F.R. 229.303(Item 303)(a)(3)(ii).

3. Sustainability Accounting Standard Disclosures in Form 10-K

a. Management's Discussion and Analysis

Companies should consider making disclosure on sustainability topics as a complete set in the MD&A, in a sub-section titled "Sustainability Accounting Standards Disclosures."³

b. Other Relevant Sections of Form 10-K

In addition to the MD&A section, companies should consider disclosing sustainability information in other sections of Form 10-K, as relevant, including:

- **Description of business**—Item 101 of Regulation S-K requires a company to provide a description of its business and its subsidiaries. Item 101(c)(1)(xii) expressly requires disclosure regarding certain costs of complying with environmental laws:

Appropriate disclosure also shall be made as to the material effects that compliance with Federal, State and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, may have upon the capital expenditures, earnings and competitive position of the registrant and its subsidiaries.

- **Legal proceedings**—Item 103 of Regulation S-K requires companies to describe briefly any material pending or contemplated legal proceedings. Instructions to Item 103 provide specific disclosure requirements for administrative or judicial proceedings arising from laws and regulations that target discharge of materials into the environment or that are primarily for the purpose of protecting the environment.
- **Risk factors**—Item 503(c) of Regulation S-K requires filing companies to provide a discussion of the most significant factors that make an investment in the registrant speculative or risky, clearly stating the risk and specifying how a particular risk affects the particular filing company.

c. Rule 12b-20

Securities Act Rule 408 and Exchange Act Rule 12b-20 require a registrant to disclose, in addition to the information expressly required by law or regulation, "such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading."

More detailed guidance on disclosure of material sustainability topics can be found in the **SASB Conceptual Framework**, available for download via <http://www.sasb.org/approach/conceptual-framework/>.

³ SEC [Release Nos. 33-8056; 34-45321; FR-61] [Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations](#): "We also want to remind registrants that disclosure must be both useful and understandable. That is, management should provide the most relevant information and provide it using language and formats that investors can be expected to understand. Registrants should be aware also that investors will often find information relating to a particular matter more meaningful if it is disclosed in a single location, rather than presented in a fragmented manner throughout the filing."

Guidance on Accounting of Material Sustainability Topics

For sustainability disclosure topics in the Leisure Facilities industry, SASB identifies accounting metrics.

SASB recommends that each company consider using these sustainability accounting metrics when disclosing its performance with respect to each of the sustainability topics it has identified as material.

As appropriate—and consistent with Rule 12b-20⁴—for each sustainability topic, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following, related to the topic:

- The registrant's **strategic approach** to managing performance on material sustainability issues;
- The registrant's competitive positioning;
- The **degree of control** the registrant has;
- Any measures the registrant has undertaken or plans to undertake to improve performance; and
- Data for the registrant's **last three completed fiscal years** (when available).

SASB recommends that registrants use SASB Standards specific to their primary industry as identified in the [Sustainable Industry Classification System \(SICS™\)](#). If a registrant generates significant revenue from multiple industries, SASB recommends that it consider the materiality of the sustainability issues that SASB has identified for those industries and disclose the associated SASB accounting metrics.

Users of the SASB Standards

The SASB Standards are intended for companies that engage in public offerings of securities registered under the Securities Act of 1933 (the Securities Act) and those that issue securities registered under the Securities Exchange Act of 1934 (the Exchange Act),⁵ for use in SEC filings, including, without limitation, annual reports on Form 10-K (Form 20-F for foreign issuers), quarterly reports on Form 10-Q, current reports on Form 8-K, and registration statements on Forms S-1 and S-3. Nevertheless, disclosure with respect to the SASB Standards is not required or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

⁴ SEC Rule 12b-20: "In addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading."

⁵ Registration under the Securities Exchange Act of 1934 is required (1) for securities to be listed on a national securities exchange such as the New York Stock Exchange, the NYSE Amex, and the NASDAQ Stock Market or (2) if (A) the securities are equity securities and are held by more than 2,000 persons (or 500 persons who are not accredited investors) and (B) the company has more than \$10 million in assets.

Scope of Disclosure

Unless otherwise specified, SASB recommends:

- That a registrant disclose on sustainability issues and metrics for itself and for entities in which the registrant has a controlling interest and therefore are consolidated for financial reporting purposes (controlling interest is generally defined as ownership of 50% or more of voting shares);⁶
- That for consolidated entities, disclosures be made, and accounting metrics calculated, for the whole entity, regardless of the size of the minority interest; and
- That information from unconsolidated entities not be included in the computation of SASB accounting metrics. A registrant should disclose, however, information about unconsolidated entities to the extent that the registrant considers the information necessary for investors to understand its performance with respect to sustainability issues (typically, this disclosure would be limited to risks and opportunities associated with these entities).

Reporting Format

Activity Metrics and Normalization

SASB recognizes that normalizing accounting metrics is important for the analysis of SASB disclosures.

SASB recommends that a registrant disclose any basic business data that may assist in the accurate evaluation and comparability of disclosure, to the extent that they are not already disclosed in the Form 10-K (e.g., revenue, EBITDA, etc.).

Such data—termed “activity metrics”—may include high-level business data such as total number of employees, quantity of products produced or services provided, number of facilities, or number of customers. It may also include industry-specific data such as plant capacity utilization (e.g., for specialty chemical companies), number of transactions (e.g., for Internet media and services companies), hospital bed days (e.g., for health care delivery companies), or proven and probable reserves (e.g., for oil and gas exploration and production companies).

Activity metrics disclosed should:

- Convey contextual information that would not otherwise be apparent from SASB accounting metrics.
- Be deemed generally useful for users of SASB accounting metrics (e.g., investors) in performing their own calculations and creating their own ratios.
- Be explained and consistently disclosed from period to period to the extent they continue to be relevant. However, a decision to make a voluntary disclosure in one period does not obligate a continuation of that disclosure if it is no longer relevant or if a better metric becomes available.

⁶ See US GAAP consolidation rules (Section 810).

Where relevant, SASB recommends specific activity metrics that—at a minimum—should accompany SASB accounting metric disclosures.

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Attendance ⁷	Quantitative	Number	SV0204-A
Number of customer-days ⁸	Quantitative	Number	SV0204-B

Units of Measure

Unless specified, disclosures should be reported in International System of Units (SI units).

Uncertainty

SASB recognizes that there may be inherent uncertainty when disclosing certain sustainability data and information. This may be related to variables such as the imperfectness of third-party reporting systems or the unpredictable nature of climate events. Where uncertainty around a particular disclosure exists, SASB recommends that the registrant should consider discussing its nature and likelihood.

Estimates

SASB recognizes that scientifically-based estimates, such as the reliance on certain conversion factors or the exclusion of *de minimis* values, may be necessary for certain quantitative disclosures. Where appropriate, SASB does not discourage the use of such estimates. When using an estimate for a particular disclosure, SASB expects that the registrant discuss its nature and substantiate its basis.

Timing

Unless otherwise specified, disclosure shall be for the registrant's fiscal year.

Limitations

There is no guarantee that SASB Standards address all sustainability impacts or opportunities associated with a sector, industry, or company, and therefore, a company must determine for itself the topics—sustainability-related or otherwise—that warrant discussion in its SEC filings.

Disclosure under SASB Standards is voluntary. It is not intended to replace any legal or regulatory requirements that may be applicable to user operations. Where such laws or regulations address legal or regulatory topics, disclosure under SASB Standards is not meant to supersede those requirements. Disclosure according to SASB Standards shall not be construed as demonstration of compliance with any law, regulation, or other requirement.

⁷ Note to **SV0204-A** - Attendance is the total number of customers who visited the leisure facility.

⁸ Note to **SV0204-B** - Customer-days is the aggregate total amount of time customers spent visiting the leisure facility, calculated as the sum of the visitation time of each customer. For facilities that sell day passes (e.g., amusement parks), but do not track entry and exit times, the hours of operation open to guests can be used for estimation. For facilities that sell single unit entry passes (e.g., movie theaters), the average visitation time can be used for estimation.

SASB Standards are intended to be aligned with the principles of materiality enforced by the SEC. However, SASB is not affiliated with or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

Forward-looking Statements

Disclosures on sustainability topics can involve discussion of future trends and uncertainties related to the registrant's operations and financial condition, including those influenced by external variables (e.g., environmental, social, regulatory, and political). Companies making such disclosures should familiarize themselves with the safe harbor provisions of Section 27A of the Securities Act and Section 21E of the Exchange Act, which preclude civil liability for material misstatements or omissions in such statements if the registrant takes certain steps, including, among other things, identifying the disclosure as "forward-looking" and accompanying such disclosure with "meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements."

Assurance

In disclosing to SASB Standards, it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they apply to all other information contained in their SEC filings.

SASB encourages registrants to use independent assurance (attestation); for example, an Examination Engagement to AT Section 101.

The following sections contain the disclosure guidance associated with each accounting metric such as guidance on definitions, scope, accounting, compilation, and presentation.

The term "shall" is used throughout this document to indicate those elements that reflect requirements of the Standard. The terms "should" and "may" are used to indicate guidance, which, although not required, provides a recommended means of disclosure.

Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Energy Management	Total energy consumed, percentage grid electricity, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	SV0204-01
Customer & Worker Safety	Customer (1) fatality rate and (2) injury rate ⁹	Quantitative	Rate	SV0204-02
	Employee (1) Total Recordable Injury Rate and (2) Near Miss Frequency Rate	Quantitative	Rate	SV0204-03
	Percentage of facilities inspected for safety, percentage of facilities that failed inspection	Quantitative	Percentage (%)	SV0204-04

⁹ Note to **SV0204-02** - Disclosure shall include a description of serious incidents, outcomes, and corrective actions implemented in response.

Energy Management

Description

Leisure Facilities operate large outdoor and indoor facilities that consume large quantities of energy. A significant portion of the industry's electricity usage is commercially purchased. This purchased electricity indirectly leads to the release of greenhouse gas (GHG) emissions, which is a significant contributor to climate change. Companies in the industry are implementing energy management best practices in order to reduce operating expenses and environmental impacts while improving their reputation with guests.

Accounting Metrics

SV0204-01. Total energy consumed, percentage grid electricity, percentage renewable

- .01 The registrant shall disclose total energy consumption from all sources as an aggregate figure in gigajoules or their multiples.
- The scope includes energy purchased from sources external to the organization or produced by the organization itself (self-generated).
 - The scope includes only energy consumed by entities owned or controlled by the organization.
 - The scope includes energy from all sources including direct fuel usage, purchased electricity, and heating, cooling, and steam energy.
- .02 In calculating energy consumption from fuels and biofuels, the registrant shall use higher heating values (HHV), also known as gross calorific values (GCV), which are directly measured or taken from the Intergovernmental Panel on Climate Change (IPCC), the U.S. Department of Energy (DOE), or the U.S. Energy Information Administration (EIA).
- .03 The registrant shall disclose purchased grid electricity consumption as a percentage of its total energy consumption.
- .04 The registrant shall disclose renewable energy consumption as a percentage of its total energy consumption.
- The scope of renewable energy includes renewable fuel the registrant consumes and renewable energy the registrant directly produces, purchases through a renewable power purchase agreement (PPA) that explicitly includes renewable energy certificates (RECs), or for which Green-e Energy Certified RECs are paired with grid electricity.
 - For any renewable electricity generated on-site, any RECs must be retained (i.e., not sold) and retired on behalf of the registrant in order for the registrant to claim them as renewable energy.
 - For renewable PPAs, the agreement must explicitly include and convey that RECs be retained and retired on behalf of the registrant in order for the registrant to claim them as renewable energy.

- The renewable portion of the electricity grid mix that is outside of the control or influence of the registrant is excluded from disclosure.¹⁰

.05 Renewable energy is defined as energy from sources that are capable of being replenished in a short time through ecological cycles, such as geothermal, wind, solar, hydro, and biomass.

- For the purposes of this disclosure, the scope of renewable energy from hydro and biomass sources is limited to the following:
 - Energy from hydro sources that are certified by the Low Impact Hydropower Institute.
 - Energy from biomass sources is limited to sources that are considered “eligible renewables” according to the Green-e Energy National Standard Version 2.4 or that are eligible for a state Renewable Portfolio Standard.

.06 The registrant shall apply conversion factors consistently for all data reported under this disclosure, such as the use of HHVs for fuel usage (including biofuels) and conversion of kWh to gigajoules (including for electricity from solar or wind energy).

¹⁰ SASB recognizes that RECs reflect the environmental attributes of renewable energy that have been introduced to the grid, and that a premium has been paid by the purchaser of the REC to enable generation of renewable energy beyond any renewable energy already in the grid mix, absent the market for RECs.

Customer & Worker Safety

Description

Leisure Facility companies operate parks and facilities that expose guests and employees to potentially unsafe conditions that may result in injury and even death. Safety management therefore includes managing the safety of amusement park rides and ski slopes as well as operating buildings where large crowds of people may be present. The industry is mainly subject to low-probability but high-magnitude safety concerns, particularly at amusement parks. Ensuring the highest standards of safety will help companies reduce reputational damage and contingent liabilities from costly lawsuits.

Accounting Metrics

SV0204-02. Customer (1) fatality rate and (2) injury rate

.08 The registrant shall disclose the customer (1) fatality rate and (2) injury rate, where:

- Fatality shall exclude death by natural causes.
- Injury is defined as harm to people requiring professional medical treatment beyond first aid, consistent with OSHA Form 300.
- The scope of disclosure includes and fatalities or injuries that were sustained by patrons when entering, exiting, riding, or otherwise involved with the registrant's facility and any features therein.
- The rates are calculated as the number per million customers.

Note to **SV0204-02**

.09 The registrant shall describe serious incidents, including their root causes, outcomes, and any corrective actions implemented in response.

.10 A serious safety incident is defined as any event that results in:

- One or more deaths;
- A serious injury, defined as an injury requiring immediate admission and hospitalization in excess of 24 hours for purposes other than medical observation, consistent with IAAPA and NSC;
- Damage to property in excess of \$100,000.

SV0204-03. Employee (1) Total Recordable Injury Rate and (2) Near Miss Frequency Rate

- .11 For registrants whose workforce is entirely U.S.-based, the registrant shall disclose its total recordable injury rate (TRIR), as calculated and reported in the Occupational Safety and Health Administration's (OSHA) Form 300.
 - OSHA guidelines provide details on determination of whether an event is a recordable occupational incident as well as definitions for exemptions for incidents that occurred in the work environment but are not occupational.
- .12 For registrants whose workforce includes non-U.S.-based employees, the registrant shall calculate its total recordable injury rate according to the U.S. Bureau of Labor Statistics guidance and/or using the U.S. Bureau of Labor Statistics calculator.
- .13 The registrant shall disclose its near miss frequency rate (NMFR), where a near miss is defined as an incident in which no property or environmental damage or personal injury occurred, but damage or personal injury easily could have occurred but for a slight circumstantial shift.
- .14 The registrant should refer to organizations such as the National Safety Council (NSC) for guidance on implementing near miss reporting.
- .15 The registrant should disclose its process for classifying, identifying, and reporting near miss incidents.
- .16 The scope includes all employees, domestic and foreign.
- .17 Rates shall be calculated as: $(\text{statistic count} / \text{total hours worked}) * 200,000$.

SV0204-04. Percentage of facilities inspected for safety, percentage of facilities that failed inspection

- .18 The registrant shall disclose the percentage of facilities that were inspected for facility safety by a relevant regulatory oversight authority during the fiscal year and the percentage of facilities that failed safety inspections.
- .19 Facility safety inspections refers to those relating to the physical condition and appropriate design of buildings and structures with respect to sufficiency of entry or exit areas, capacity of space consistent with use, and adequacy of sprinkler systems and other fire suppression equipment, among other aspects related to the safety of the facility.
 - The scope of facility safety also includes the safe and proper functioning of any features contained within facilities, such as rides, ski lifts, or monorails, in accordance with applicable standards and with respect to the following:
 - Design and Manufacture
 - Testing
 - Operation
 - Maintenance

- Inspection
 - Quality Assurance
 - Facility and feature safety are inspected for compliance with relevant standards. Examples of amusement park standards for mechanical safety include the U.S. Consumer Product Safety Commission and National Safety Council park safety standards set forth by ASTM International (e.g., ASTM F24 Standards), as well as local building code standards for permanent rides. Examples of standards for ski lift safety include the American National Standards Institute (ANSI) B77 and the Canadian equivalent (Z98 standards). For monorails, the International Monorail Association recommends the American Society of Civil Engineers (ASCE) standards for Automated People Movers (APM).
- .20 Relevant regulatory oversight authorities include, but are not limited to, federal agencies, state agencies (such as a state tramway board), or local agencies (such as local fire and building departments).
- .21 For the purpose of this disclosure, a safety inspection is considered “passing” if no restrictions were placed on the registrant’s operations and no follow-up inspections were required following the initial inspection.
- .22 The scope of disclosure includes any facilities owned or operated by the registrant.
- .23 The percentage inspected is calculated as the total number of facilities that were inspected for safety, divided by the total number of facilities.
- .24 The percentage failed is calculated as the total number of facilities that failed a safety inspection, divided by the total number of facilities that were inspected for safety.
- .25 The registrant may choose to discuss its approach to assuring facility safety within its operations in regions where inspections are not routinely conducted.

Additional References

[Fixed-Site Amusement Ride Injury Survey, 2011 Update](#), IAAPA and NSC, March 2013

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