SUSTAINABILITY ACCOUNTING STANDARD
SERVICES SECTOR

PROFESSIONAL SERVICES
Sustainability Accounting Standard

Sustainable Industry Classification System™ (SICS™) #SV0102
Prepared by the
Sustainability Accounting Standards Board®

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Provisional Standard

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PROFESSIONAL SERVICES

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 Professional Services.

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 Professional Services industry includes companies that rely on the unique skills and knowledge of their employees to provide services to a range of clients. The services are often provided on an assignment basis, where an individual or team is responsible for the delivery of services to clients. Offerings include, but are not limited to, management and administration consulting services, such as staffing and executive search services; legal, accounting, and tax preparation services; and financial and non-financial information services. Non-financial information service providers differentiate based on an array of topics such as energy, healthcare, real estate, technology, and science. Financial information service companies include credit and rating agencies as well as data and portfolio analytics providers. Customers of professional service providers range from private and public for-profit institutions to non-profit organizations.

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Guidance for Disclosure of Material Sustainability Topics in SEC Filings

1 . Industry-Level Sustainability Disclosure Topics

For the Professional Services industry, SASB has identified the following sustainability disclosure topics:

- Professional Integrity
- Data Security
- Workforce Diversity & Engagement

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.

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

[2] C.F.R. 229.303(Item 303)(a)(3)(ii).

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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 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 Professional Services 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-20[4]—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 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 Form10-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.

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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 such 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)

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

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Quantitative	Number	SV0102-A
Employee hours worked, percentage billable	Quantitative	Hours, Percentage (%)	SV0102-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.

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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.

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Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Professional Integrity	Description of management approach to assuring professional integrity and duty of care	Discussion and Analysis	n/a	SV0102-01
	Amount of legal and regulatory fines and settlements associated with professional integrity or duty of care[7]	Quantitative	U.S. Dollars ($)	SV0102-02
Data Security	Discussion of management approach to identifying and addressing data security risks	Discussion and Analysis	n/a	SV0102-03
	Discussion of policies and practices relating to collection, usage, and retention of customer information	Discussion and Analysis	n/a	SV0102-04
	Number of data security breaches and percentage involving customers' confidential business information or personally identifiable information	Quantitative	Number, Percentage (%)	SV0102-05
Workforce Diversity & Engagement	Percentage of gender and racial/ethnic group representation for: (1) executives, (2) all other non-contingent staff, and (3) contingent staff	Quantitative	Percentage (%)	SV0102-06
	(1) Voluntary and (2) involuntary turnover rate	Quantitative	Percentage (%)	SV0102-07
	Employee engagement as a percentage[8]	Quantitative	Percentage (%)	SV0102-08

[7] Note to **SV0102-02**: Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.
[8] Note to **SV0102-08**: Disclosure shall include a description of the methodology employed.

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Professional Integrity

Description

The business model of professional services companies is dependent on the development of trust and loyalty with clients. To ensure long-term, mutually beneficial relationships, companies need to provide services that satisfy the highest professional standards of the industry. Professional integrity is an important governance issue in this industry, as the collective organization of professionals inside a single organization can make the detection and prevention of conflicts of interest, bias, or negligence more challenging. Therefore, companies in this industry should take measures to avoid conflicts of interest and negligence, including training employees adequately, and should provide advice and distribute data free from bias and error. These measures are important both for strengthening a company's license to operate as well as for attracting and retaining clients.

Accounting Metrics

SV0102-01. Description of management approach to assuring professional integrity and duty of care

.01 The registrant shall discuss its policies to assure professional integrity, where:

- The scope of disclosure includes aspects of professional integrity relating to conflict of interest, accuracy of data, and corruption.

.02 Assurance of professional integrity may include, but is not limited to, policies, training, and implementation of codes of ethics as well as investigations, enforcement, and disciplinary procedures relating to:

- Avoidance of conflicts of interest, including mitigation and transparency of potential or perceived conflicts
- Oversight of advisory services and recommendations
- Maintenance and reporting of accurate data
- Protection of confidential business information, including accuracy, retention, and destruction of business records and documents
- Prevention of billing fraud
- Avoidance of corruption, including identification of suspicious activities and whistleblower protection programs
- Privacy guidelines and security clearances for gaining access to sensitive and classified data
- Employee training on relevant regulations
- Mechanisms for internal reporting about violations or concerns regarding business ethics or compliance
- Processes for internal investigations for malpractice or negligence
- Disciplinary actions for violations of professional integrity policies

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.03 The registrant may choose to discuss compliance with industry best practices, including codes of conduct and codes of ethics, as a measure of its management approach to ensuring quality of work and professional integrity. Examples include, but are not limited to, the CFP Board's Code of Ethics & Professional Responsibility and the Institute of Management Consultants' Code of Ethics.

SV0102-02. Amount of legal and regulatory fines and settlements associated with professional integrity or duty of care

.04 The registrant shall disclose the amount in U.S. dollars (excluding legal fees) of all fines or settlements associated with professional integrity or duty of care, including, but not limited to, those related to negligence and malpractice.

.05 Disclosure shall include civil actions (e.g., civil judgment, settlements, or regulatory penalties) and criminal actions (e.g., criminal judgment, penalties, or restitutions) taken by any entity (government, businesses, or individuals).

Note to **SV0102-02**

.06 The registrant shall briefly describe the nature (e.g., guilty plea, deferred agreement, or non-prosecution agreement) and context (e.g., negligence) of fines and settlements.

.07 The registrant shall describe any corrective actions it has implemented as a result of each incident. This may include, but is not limited to, specific changes in operations, management, processes, products, business partners, training, or technology.

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Data Security

Description

Companies in every segment of the Professional Services industry are entrusted with customer data. Employment and temp agencies as well as data providers and consulting companies store, process, and transmit increasing amounts of sensitive personal data about employees, clients, and candidates. Clients of financial and non-financial services providers are likely to handle sensitive information of individuals. Personal data may be shared with professional services companies, and as third-party users, they need to ensure that strict policies and procedures are in place to prevent data breaches. Compromise of sensitive customer information through cybersecurity breaches, other malicious activities, or employee negligence may have a significant social externality. Data breaches may compromise perception of the effectiveness of a service provider's security measures, which could result in reputational damage and the inability to attract and retain clients. As hackers get more sophisticated, companies' security systems will also need to continuously evolve.

Accounting Metrics

SV0102-03. Discussion of management approach to identifying and addressing data security risks

.08 The registrant shall identify vulnerabilities in its information systems that pose a data security threat, where:

- A data security threat is defined as any circumstance or event with the potential to adversely impact organizational operations (including mission, functions, image, or reputation), organizational assets, individuals, other organizations, or the nation through an information system via unauthorized access, destruction, disclosure, or modification of information, and/or denial of service.

- Vulnerability is defined as a weakness in an information system, system security procedures, internal controls, or implementation that could be exploited by a data security threat source.

.09 The registrant shall describe how it addresses the threats and vulnerabilities it has identified, including, but not limited to, through operational procedures, management processes, structure of products, selection of business partners, employee training, or use of technology.

.10 The registrant should discuss trends it has observed in type, frequency, and origination of attacks to its data security and information systems.

.11 Disclosure shall be additional but complementary to the disclosure of preparation, detection, containment, and post-incident activity according to the SEC's CF Disclosure Guidance: Topic No. 2, Cybersecurity.

.12 At a minimum, this includes when the costs or other consequences associated with one or more known incidents—or the risk of potential incidents—represents a material event, trend, or uncertainty that is reasonably likely to have a material effect on the registrant's results of operations, liquidity, or financial condition, or would cause reported financial information not to be necessarily indicative of future operating results or financial condition (e.g., reduced revenue, increased cybersecurity protection expenditure, litigation costs, etc.).

.13 All disclosure shall be sufficient such that it is specific to the risks the registrant faces but disclosure itself would not compromise the registrant's ability to maintain data privacy and security.

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.14 The registrant may choose to describe the degree to which its management approach is aligned with an external standard or framework for managing data security such as:

- ISO/IEC 27001:2013—Information technology—Security techniques—Information security management systems— Requirements

.15 "Framework for Improving Critical Infrastructure Cybersecurity, Version 1.0," February 12, 2014, National Institute of Standards and Technology (NIST).

SV0102-04. Discussion of policies and practices relating to collection, usage, and retention of customer information

.16 The registrant shall describe the nature, scope, and implementation of its policies and practices related to customer privacy, with a specific focus on how it addresses the collection, usage, and retention of customer information, including demographic data, confidential business information, and personally identifiable information, where:

- Customer information includes information that pertains to a customer's attributes or actions, including, but not limited to, records of communications, content of communications, demographic data, personally identifiable information, or confidential business information.

- Demographic data is defined as the quantifiable statistics that identify and distinguish a given population. Examples of demographic data include gender, age, ethnicity, knowledge of languages, disabilities, mobility, home ownership, and employment status.

- Confidential Business Information (CBI) is defined as information that concerns or relates to the trade secrets, processes, operations, identification of customers, inventories, or other information of commercial value, the disclosure of which is likely to cause substantial harm to the competitive position of the person, firm, partnership, or corporation from which the information was obtained.[9] The term "confidential business information" includes "proprietary information" within the meaning of section 777(b) of the Tariff Act of 1930 (19 U.S.C. 1677f(b)).

- Personally Identifiable Information (PII) is defined as any information about an individual that is maintained by an entity, including (1) any information that can be used to distinguish or trace an individual's identity, such as name, Social Security number, date and place of birth, mother's maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information.[10]

.17 The registrant shall describe the information "lifecycle" (i.e., collection, use, retention, processing, disclosure, and destruction of information) and how information-handling practices at each stage may affect individuals' privacy.

[9] 19 CFR 201.6
[10] *Privacy: Alternatives Exist for Enhancing Protection of Personally Identifiable Information*, GAO Report 08-536, May 2008.

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- With respect to data collection, it may be relevant for the registrant to discuss which data or types of data are collected without the consent of an individual, which require opt-in consent, and which require opt-out action from the individual.

- With respect to usage of data, it may be relevant for the registrant to discuss which data or types of data are used by the registrant internally, and under which circumstances the registrant shares, sells, rents, or otherwise distributes data or information to third parties.

- With respect to retention, it may be relevant for the registrant to discuss which data or types of data it retains, the length of time of retention, and what practices are used to ensure that data is stored securely.

.18 The registrant shall discuss the degree to which its policies and practices address similar issues as outlined in the OMB Guidance for Implementing the Privacy Provisions of the E-Government Act of 2002 (M-03-22), including use of Privacy Impact Assessments (PIAs), where:

- A PIA is an analysis of how information is handled that ensures handling conforms to applicable legal, regulatory, and policy requirements regarding privacy; determines the risks and effects of collecting, maintaining, and disseminating information in identifiable form in an electronic information system; and examines and evaluates protections and alternative processes for handling information in order to mitigate potential privacy risks.

- As outlined by OMB M-03-22, PIAs must analyze and describe: (a) what information is to be collected, (b) why the information is being collected, (c) the intended use of the information, (d) with whom the information will be shared, (e) what opportunities individuals have to decline to provide information (i.e., where providing information is voluntary) or to consent to particular uses of the information (other than required or authorized uses), including how individuals can grant consent, and (f) how the information will be secured, among other government-specific requirements.

SV0102-05. Number of data security breaches and percentage involving customers' confidential business information or personally identifiable information

.19 The registrant shall calculate and disclose the total number of data security breaches, which are defined as instances of unauthorized acquisition, access, use, or disclosure of protected information.

.20 The scope of disclosure shall be limited to data security breaches, cybersecurity risks, and incidents that resulted in the registrant's business processes deviating from its expected outcomes for confidentiality, integrity, and availability.

- The scope of disclosure shall include incidents of unauthorized acquisition or acquisition without valid authorization, resulting from deficiencies or failures of people, processes, or technology.

- The scope of disclosure shall exclude disruptions of service due to equipment failures.

.21 The registrant shall disclose the percentage of data security breaches in which customers' confidential business information or personally identifiable information was breached, where:

- Confidential Business Information (CBI) is defined as information that concerns or relates to the trade secrets, processes, operations, identification of customers, inventories, or other information of commercial value, the disclosure of which is likely to cause substantial harm to the competitive position of the person,

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firm, partnership, or corporation from which the information was obtained.[11] The term "confidential business information" includes "proprietary information" within the meaning of section 777(b) of the Tariff Act of 1930 (19 U.S.C. 1677f(b)).

- Personally Identifiable Information (PII) is defined as any information about an individual that is maintained by an entity, including (1) any information that can be used to distinguish or trace an individual's identity, such as name, Social Security number, date and place of birth, mother's maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information.[12]

- The scope of disclosure is limited to breaches in which customers were notified of the breach, either as required by state law or voluntarily by the registrant.

- Disclosure shall include incidents when encrypted data were acquired with an encryption key that was also acquired.

- The registrant may delay disclosure if a law enforcement agency has determined that notification impedes a criminal investigation until the law enforcement agency determines that such notification does not compromise such investigation.

.22 Disclosure shall be additional but complementary to the SEC's CF Disclosure Guidance: Topic No. 2, Cybersecurity.

- At a minimum, this includes instances in which the costs or other consequences associated with one or more known incidents—or the risk of potential incidents—represents a material event, trend, or uncertainty that is reasonably likely to have a material effect on the registrant's results of operations, liquidity, or financial condition, or would cause reported financial information not to be necessarily indicative of future operating results or financial condition (e.g., theft of intellectual property, reduced revenue, increased cybersecurity protection expenditure, litigation costs, etc.).

Note to **SV0102-05**

.23 The registrant shall describe the corrective actions taken in response to specific incidents, such as changes in operations, management, processes, products, business partners, training, or technology.

.24 All disclosure shall be sufficient such that it is specific to the risks the registrant faces, but disclosure itself will not compromise the registrant's ability to maintain data privacy and security.

[11] 19 CFR 201.6
[12] *Privacy: Alternatives Exist for Enhancing Protection of Personally Identifiable Information*, GAO Report 08-536, May 2008.

Workforce Diversity & Engagement

Description

Developing a broad base of employees that are valued, respected, and supported throughout an organization is essential for the long-term growth prospects of professional services companies. Human capital is the major source of revenue generation, contributing knowledge, talent, advice, and various technical skills. While financial and non-financial information services companies may have high diversity among lower-level employees, there may still be a lack of diversity among senior management. Enhancing workforce diversity, particularly among management positions, is likely to be an essential component of attracting and developing the best talent. However, an increase in diversity in terms of numbers alone may not improve a company's performance, but should be combined with improved employee engagement, fair treatment, and equal levels of pay and advancement opportunities for all workers. This may be necessary in the attempt to promote increased productivity and performance through all levels of the company.

Accounting Metrics

SV0102-06. Percentage of gender and racial/ethnic group representation for: (1) executives and (2) all others.

.25 The registrant should summarize and disclose employee representation by employee category in the following table format:

Employee Category	Gender (%)			Race and Ethnicity (%)					
	Male	Female	NA*	White	Black or African American	Hispanic or Latino	Asian	Other^	NA*
Executives/Sr. Managers									
All Others									

*NA = not available/not disclosed

^Other includes American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, and "two or more races" classifications

.26 The registrant shall classify its employees according to the U.S. Equal Employment Opportunity Commission EEO-1 Job Classification Guide into the following two categories: Executives/Sr. Managers and All Others (i.e., other EEO-1 categories, including mid-level managers, professionals, technicians, sales, admin support, and service workers).

- For staffing agencies, the scope of disclosure for All Others shall additionally be broken down by (a) non-contingent staff and (b) contingent workforce (i.e., those workers who are placed at client sites, but who remain employees of the staffing agencies).

.27 The registrant shall categorize the gender of its employees as: male, female, or not disclosed/available.

.28 The registrant shall classify the racial/ethnic group of its employees in the following categories, using the same definitions employed for the registrant's EEO-1 Report: White, Black or African American, Hispanic or Latino, Asian, and Other (which includes American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, and "two or more races" classifications), or not disclosed/available.

.29 Where racial/ethnic group and/or gender representation percentages are significantly influenced by the country or region where the workforce is located, the registrant shall provide contextual disclosure to ensure proper interpretation of results.

.30 Where relevant, the registrant may provide supplemental breakdown of gender and racial/ethnic group representation by country or region.

SV0102-07. (1) Voluntary and (2) involuntary turnover rate

.31 The registrant shall disclose employee turnover as a percentage, where:

- Turnover shall be calculated and disclosed separately for voluntary and involuntary departures.

.32 The registrant shall calculate the voluntary turnover percentage as the total number of employee-initiated voluntary separations (such as resignation, retirement, etc.) during the fiscal year, divided by the total number of unique workers employed during the fiscal year.

.33 The registrant shall calculate the involuntary turnover percentage as the total number of registrant-initiated separations (such as dismissal, downsizing, redundancy, non-renewal of contract, etc.) during the fiscal year, divided by the number of unique workers employed during the fiscal year.

.34 For staffing agencies, the scope of disclosure excludes the contingent workforce (i.e., those workers who are placed at client sites, but who remain employees of the staffing agencies).

SV0102-08. Employee engagement as a percentage

.35 The registrant shall disclose employee engagement as a percentage (i.e., the percentage of employees deemed "actively engaged" as opposed to "not engaged," "passive," or "actively disengaged"). If engagement is measured as an index (e.g., strength of employee agreement with a survey statement), it shall be converted into a percentage for this disclosure.

.36 The disclosure shall be calculated based on the results of an employee-engagement survey or research study conducted by the registrant, an external entity contracted to perform such a study by the registrant, or an independent third party.

Note **to SV0102-08**

.37 The registrant shall briefly describe the:

- Source of its survey (e.g., third-party survey or registrant's own),
- Methodology used to calculate the percentage (e.g., a simple average of individual employees' survey responses in which a numerical value is assigned to the strength of agreement or disagreement with a survey statement),
- Summary of questions or statements included in the survey or study (e.g., those related to goal-setting, support to achieve goals, training and development, work processes, and commitment to the organization).

.38 Where the survey methodology has changed compared to previous reporting years, the registrant shall indicate results based on both the old and new methods for the year in which the change is made.

.39 If results are limited to a subset of employees, the registrant shall include the percentage of employees included in the study or survey and the representativeness of the sample.

.40 The registrant may choose to disclose results of other survey findings such as the percentage of employees who are proud of their work/where they work, are inspired by their work/co-workers, and are aligned with corporate strategy and goals, etc.

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