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# An update from the International Sustainability Standards Board

Better Information, Better Decisions

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# Overview

1. Introduction

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2. S1 – General requirements

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3. S2 – Climate

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4. Application support

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5. How to prepare and next steps

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# Introduction



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## ISSB objectives



Develop standards for a global baseline of sustainability-related disclosures to **meet information needs of investors** globally

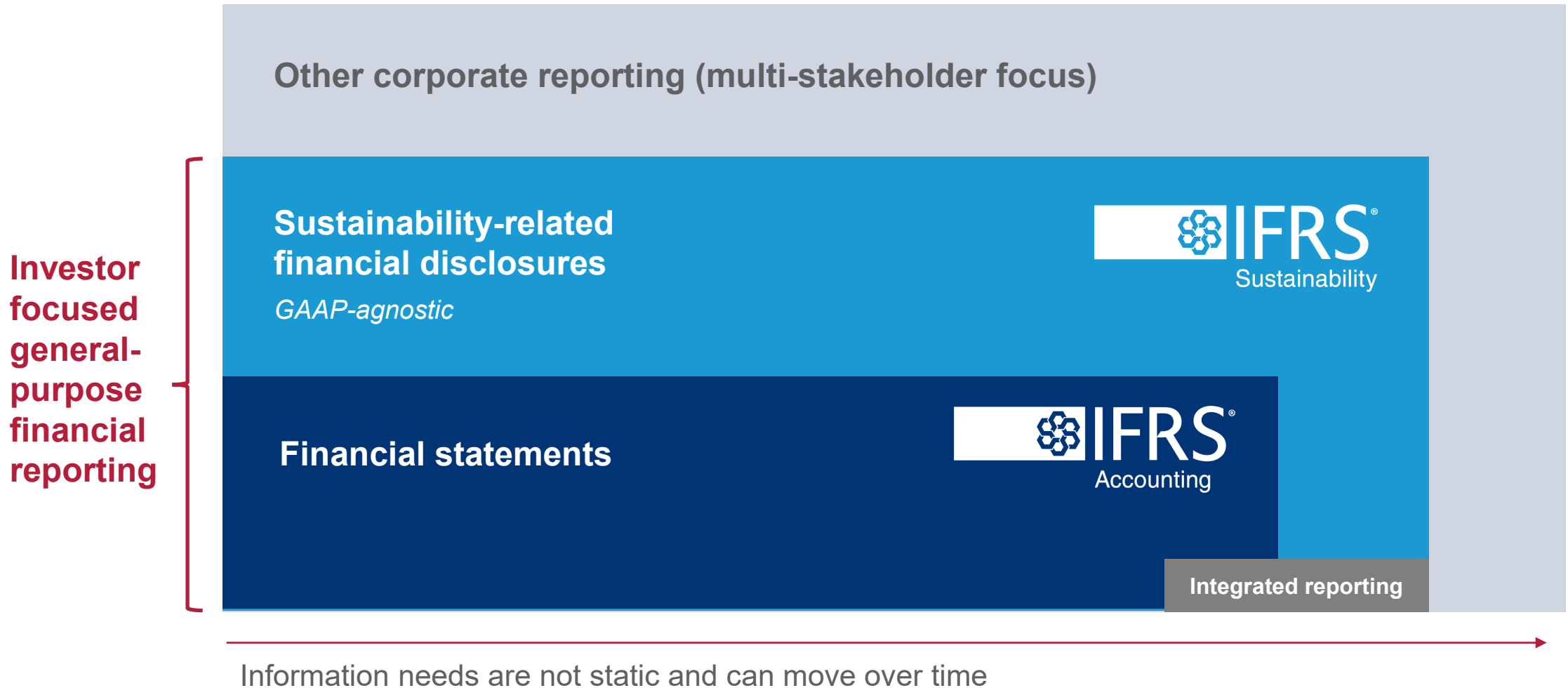


**Enable companies** to provide comprehensive, decision-useful sustainability information to global capital markets



Deliver a **common language of sustainability-related disclosures**, with the flexibility for regional **'building blocks'** to be added by regulators when necessary to meet local and multi-stakeholder information needs.

# Sustainability information tailored to audience needs



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# Building on investor-focused standards and frameworks

Consolidated into the IFRS Foundation



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# Towards a comprehensive global baseline for disclosure



- May be added to meet jurisdiction-specific requirements (eg ESRS)
- May be adopted to meet broader multi-stakeholder needs (eg GRI Standards)

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## ISSB Standards



### BASELINE

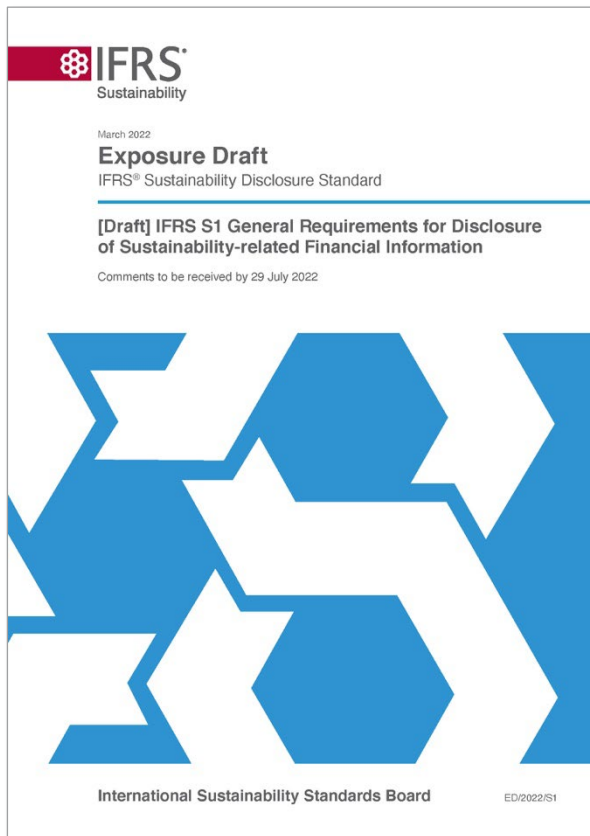
- Provides a comprehensive foundation of disclosure
- Common language for comparable, cost effective, decision-useful disclosures
- Designed to meet investor needs across global capital markets

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## S1: General Requirements for Sustainability-related Disclosure



# S1: General Requirements for Sustainability-related Disclosure



- Asks for disclosure of **material information** about **sustainability-related risks and opportunities** to meet investor information needs
- Applies **TCFD structure** (four pillars) whenever providing information about sustainability
- Requires **industry-specific disclosures** referring preparers to the **SASB Standards**.
- For matters other than climate (S2), refers to **sources to help companies** identify sustainability-related risks and opportunities and disclosures
- Can be used by companies that report to **any GAAP**

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## S1: Key concepts



Emphasises need for **consistency and connections** between financial statements and sustainability disclosures



Financial statements and sustainability disclosures published **at the same time**, but with transitional relief



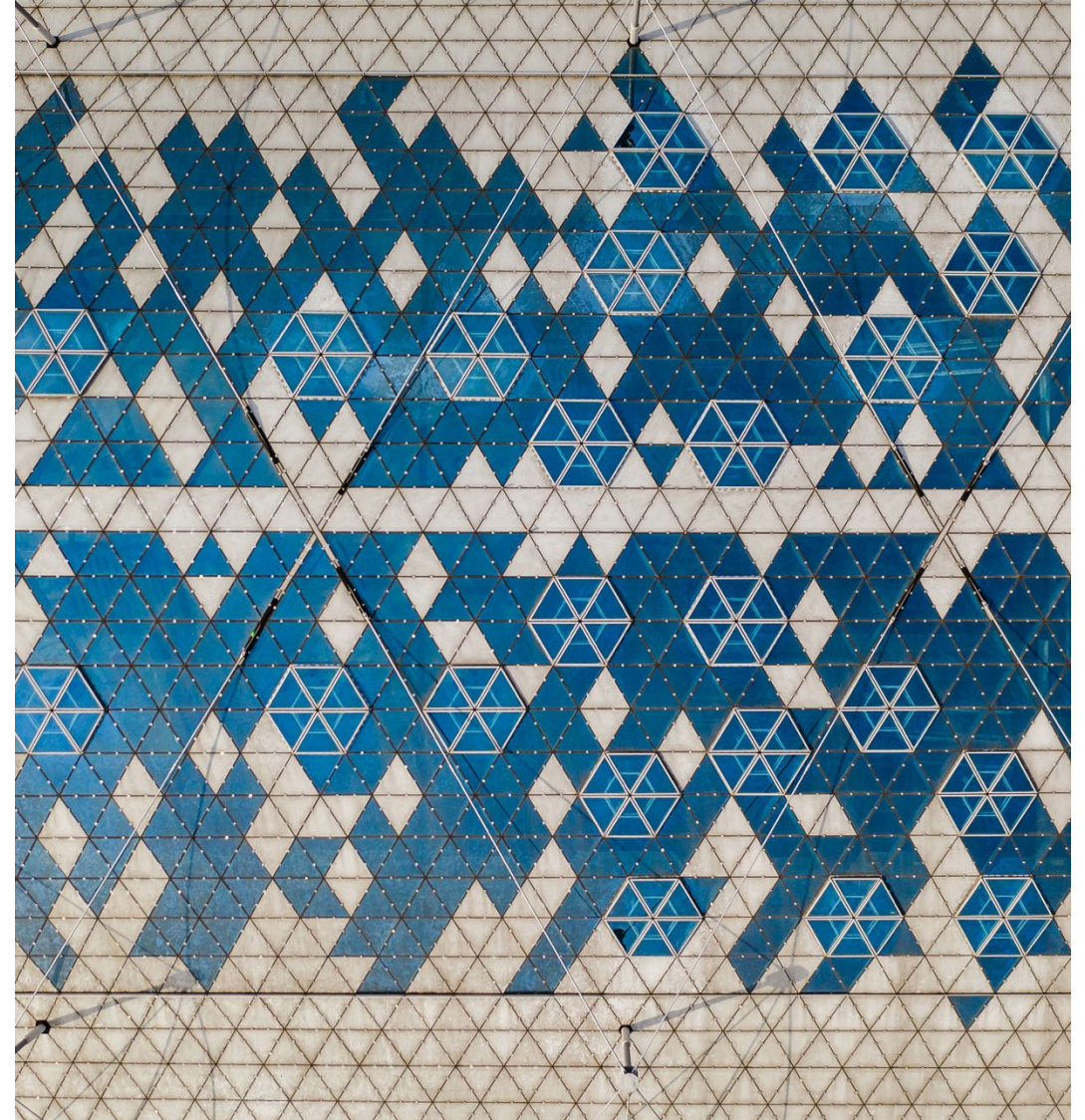
Does **not specify a location** for disclosure within general purpose financial reporting and **allows for additional information**, to facilitate application in different jurisdictions

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## Identifying material sustainability information

*“Information is material if omitting, misstating or obscuring it could reasonably be expected to **influence investor decisions.**”*

IFRS Sustainability Disclosure Standards use the same definition of ‘material’ as IFRS Accounting Standards.



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# S1: Links sustainability and financial value creation

A company's ability to deliver financial value for **investors is inextricably linked to:**

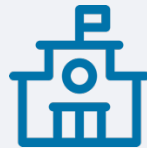
## Stakeholders

with whom it works  
and serves



## Society

in which it  
operates



## Natural

resources upon  
which it draws



Builds on concepts from the **Integrated Reporting Framework**

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## S1: Applies TCFD structure to report on sustainability issues



### Governance

Governance processes, controls and procedures a company uses to monitor sustainability-related risks and opportunities



### Strategy

A company's strategy for managing sustainability-related risks and opportunities



### Risk management

The process a company uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities



### Metrics and targets

A company's performance in relation to sustainability-related risks and opportunities



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## S2: Climate

## S2: Climate-related Disclosures



Illustrative  
Industry-based  
Guidance

- Used in accordance with S1, S2 requires disclosure of **material information** about **climate-related risks and opportunities** to meet investor information needs
- Incorporates **TCFD Recommendations** fully and adds verifiability
- Requires disclosure of material information about **physical risks**, **transition risks**, and **climate-related opportunities**
- Requires **industry-specific disclosures**
- Provides illustrative guidance for **industry-specific metrics** built on SASB Standards to help companies identify sustainability-related risks and opportunities and disclosures

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## S2: Key concepts



### **Transition planning**

Emissions targets and use of carbon credits



### **Climate resilience**

Resilience of business strategy in multiple scenarios



### **Scope 1-3 emissions**

Requirement to disclose GHG emissions in accordance with the GHG Protocol

*S2 requires these disclosures if the reporting company determines they are material information.*



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## S2: Climate-related scenario analysis

Companies will need to use climate-related scenario analysis when reporting on climate resilience



### S2 includes application guidance on how to undertake scenario analysis

Building on TCFD materials

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The guidance requires:

- a method of climate-related scenario analysis **commensurate** with a company's circumstances
- consideration of the **degree of the company's exposure** to climate-related risks and opportunities
- the use of **reasonable and supportable information** that is available at the reporting date without **undue cost or effort**
- consideration of **skills, resources and capabilities** available to the company.

Companies may consider publicly available, off-the-shelf scenarios most relevant to their circumstances and most likely to support disclosure.

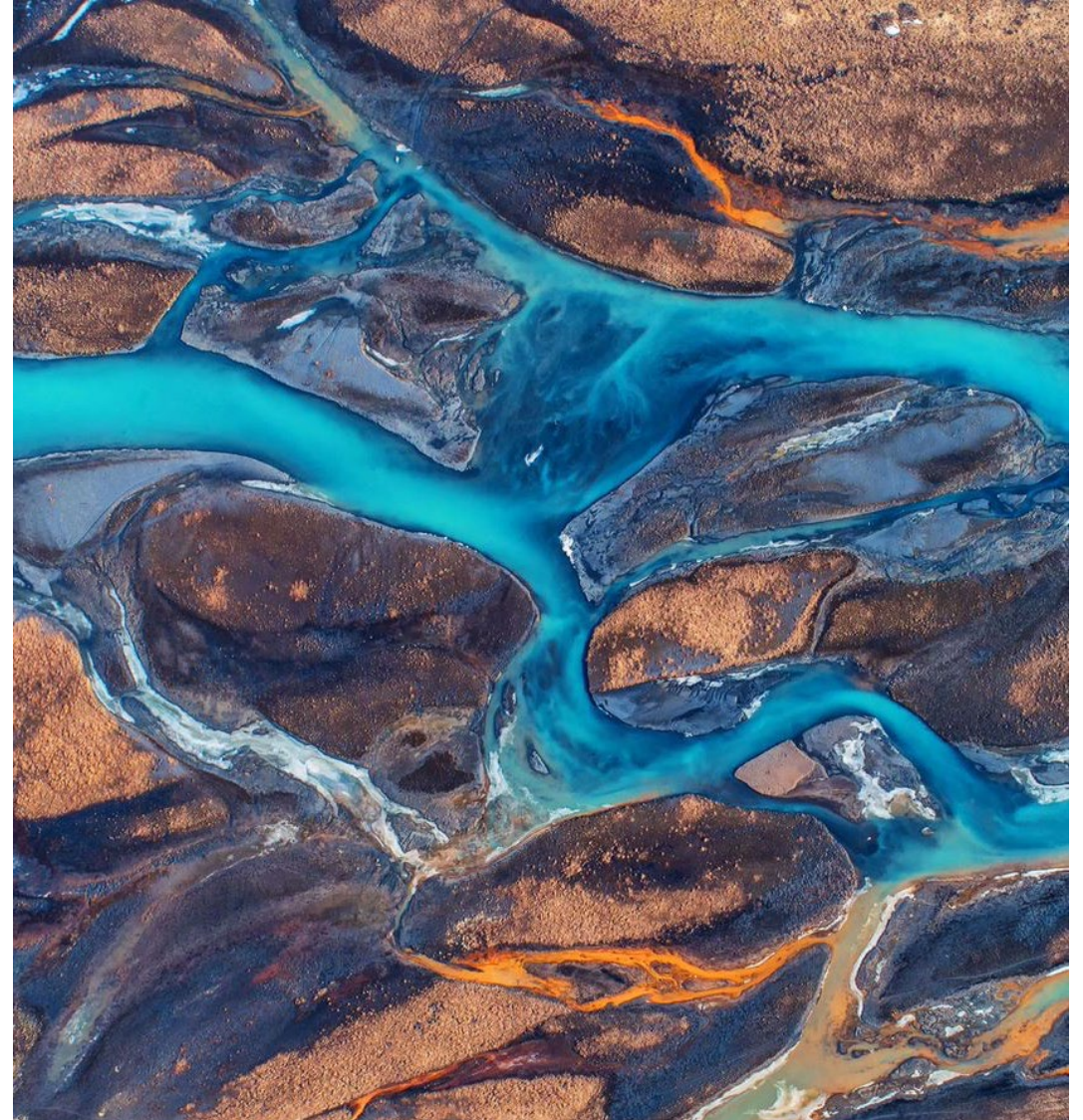
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# Application support

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## Capacity building with and through partners

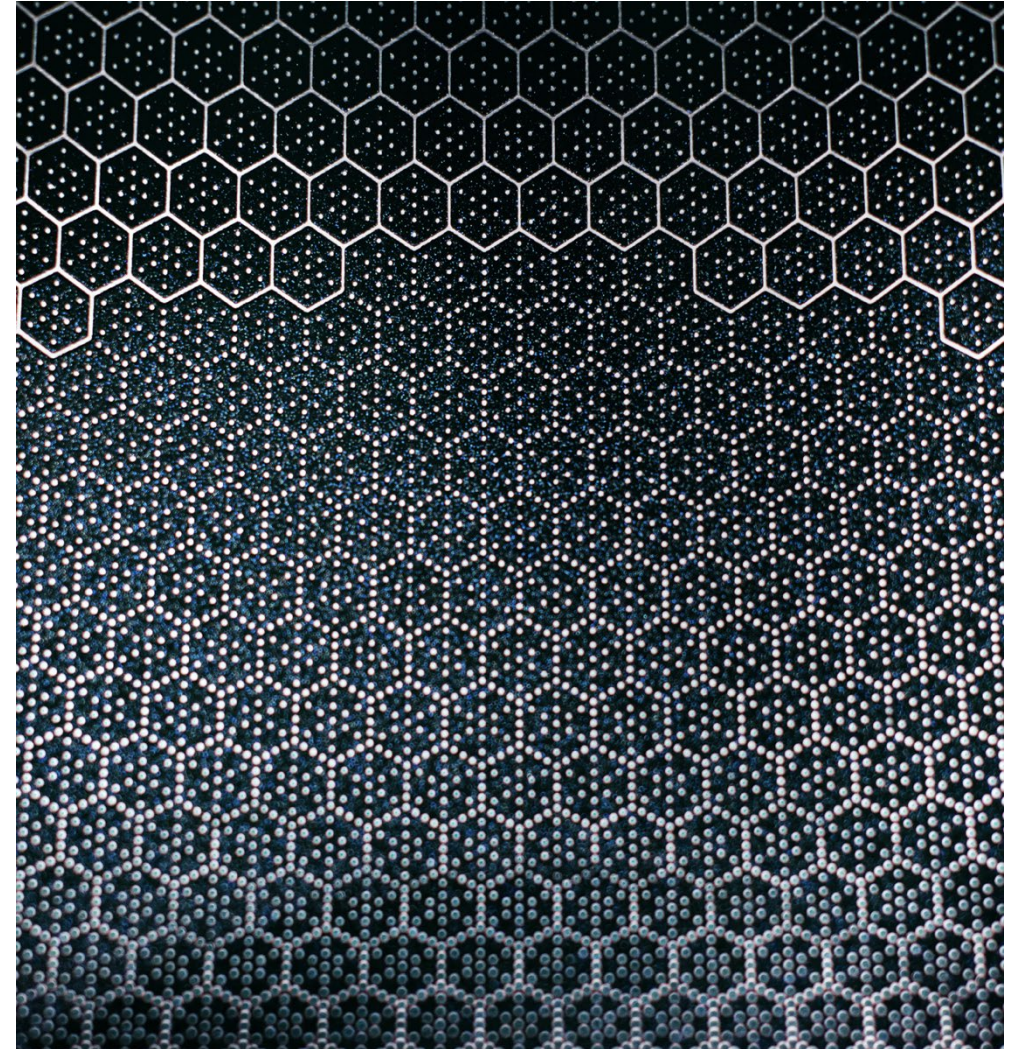
- ~30 partners - global and local - committed to ensuring readiness through our Partnership Framework
- Together, considering specific circumstances of emerging and developing economies and smaller companies
- Focused on enabling consistent and comparable high-quality disclosures to bring benefits of sustainability-related disclosures to all



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# Mechanisms that support application

- Use of well-known **terminology and concepts**
- Provides **transitional reliefs**
- Proportionality:
  - the instruction to **use reasonable and supportable** information that is available without **undue cost or effort**
  - consideration of a company's **skills, capabilities and resources**
- Provides:
  - **guidance** within the Standards and educational materials
  - **sources of guidance** to identify sustainability-related risks and opportunities, and metrics
  - other clarifications, such as permitting **qualitative** scenario analysis and qualitative information on financial effects (rather than quantitative)
- Focussed exemption for competitive advantage concerns



# Types of guidance



## Application Guidance

Guidance, sometimes presented as an appendix of a Standard, with the same authority as the main part of the Standard – ie applying it is required



## Illustrative Guidance

Guidance issued alongside a Standard to assist companies, demonstrating how the requirements in the Standard could be applied and sharing examples



## Educational materials

Separate materials developed to help companies apply the Standards

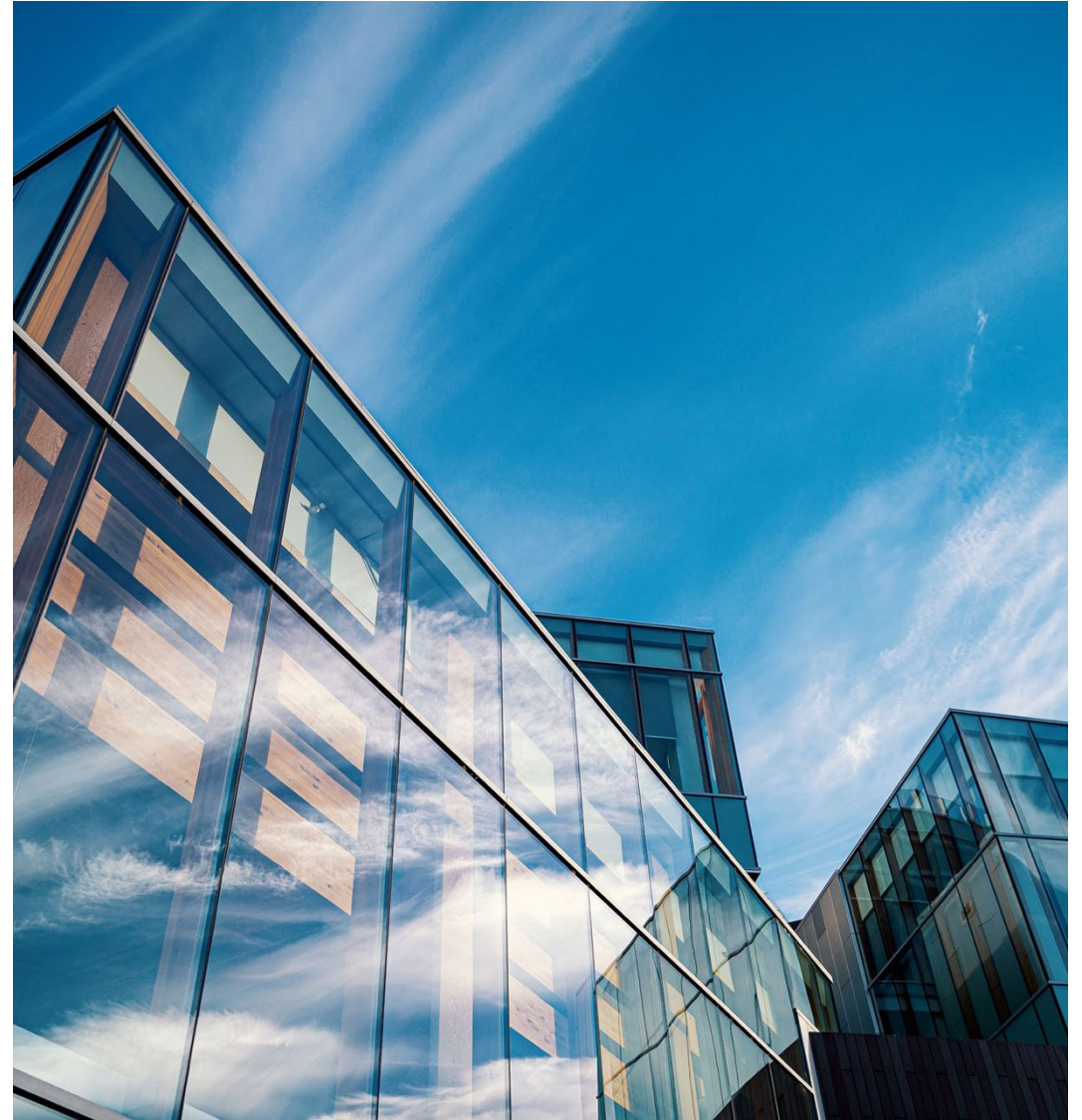
*Published with the Standards.*

*Published over time to meet preparer needs.*

# Reliefs for first year of application

- provide disclosures about sustainability-related risks and opportunities beyond climate-related information
- Timing of reporting
- Scope 3 disclosure
- Applying Greenhouse Gas Protocol (in specific circumstances)
- Comparative reporting\*

*\*companies that only report on climate-related risks and opportunities in the first year need not provide comparative information about their sustainability-related risks and opportunities beyond climate in their second year.*



## S2: Scope 3 GHG emissions

### Reliefs and support



**Relief:**

Temporary exemption from this disclosure when first applying S2



**Relief:**

Permission to include information obtained from companies in the value chain with a different reporting cycle



**Relief:**

Use of reasonable and supportable information available without undue cost or effort



**Guidance:**

Framework for Scope 3 measurement that incorporates use of estimation



*We recognise that companies need help, as best practice develops, in measuring Scope 3 GHG emissions. These reliefs and guidance provide companies with time to get their processes in place, and the guidance to support this disclosure.*

**Sue Lloyd**  
Vice-Chair, ISSB

# S1: Guidance for developing sustainability disclosures



## Which risks & opportunities?

To identify **risks and opportunities** to report, a company uses ISSB Standards and **shall consider:**

- **SASB Standards**

A company also **may consider:**

- CDSB Framework application guidance
- industry practice
- materials of investor-focused standard setters



## Which metrics?

To identify what information to disclose, a company uses ISSB Standards, and for matters other than climate, **shall consider:**

- **SASB Standards**

A company also **may consider**, to the extent it meets investor information needs:

- CDSB Framework application guidance
- industry practice
- materials of investor-focused standard setters
- GRI Standards
- European ESRS





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# How to prepare and next steps



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## Call to action



Get acquainted with Exposure Drafts [IFRS S1](#) and [IFRS S2](#), and expect the publication of the official ISSB Standards in late-June 2023.



Adopt the [TCFD Recommendations](#), the [Integrated Reporting Framework](#) and the [SASB Standards](#) to facilitate implementation of S1 and S2.



[Subscribe](#) to ISSB Updates.



Listen to our monthly [podcast](#).

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# ISSB priorities for 2023

## Steps to deliver, strengthen and enhance adoption and application of IFRS S1 and IFRS S2:

- balloting process
- digital taxonomy
- capacity building
- regulatory adoption, working with IOSCO and jurisdictions
- voluntary application, working with companies and investors

## Work to:

- enhance international applicability of SASB Standards
- research disclosures that highlight nature and social aspects of climate-related risks and opportunities in IFRS S2

## Focus on:

- connections with financial statements
- interoperability with GRI Standards



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## Q2 Agenda consultation

Public consultation on four projects to further understand standard-setting priorities:

- biodiversity, ecosystems and ecosystem services
- human capital
- human rights
- integration in reporting



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# Questions and Answers

ISSB Standards



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# Industry-based disclosure using the SASB Standards

The SASB Standards, a resource to disclose industry-based sustainability-related financial information

Arturo Rodríguez Trejo  
Manager for Ibero-American Relationships

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# Overview

1. Introduction to the SASB Standards

2. Market support for the SASB Standards

3. SASB Standard Implementation Primer

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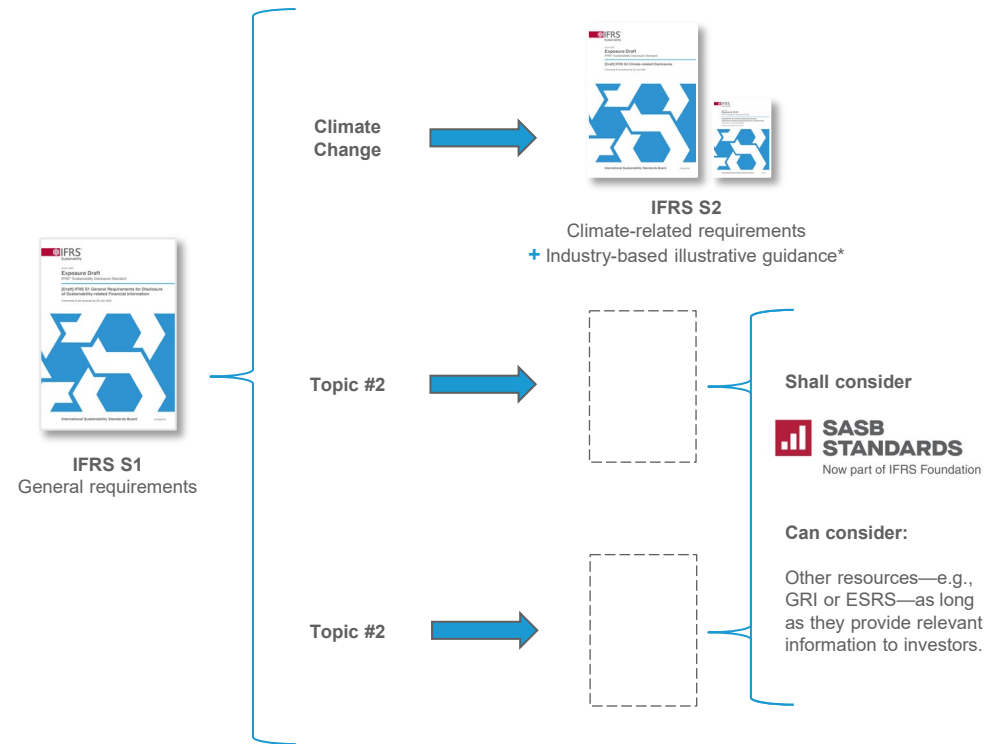
## Key takeaways from first hour re: SASB Standards

- 1 The ISSB Standards build upon existing frameworks and standards, including the TCFD Recommendations, the Integrated Reporting Framework, and the SASB Standards.
- 2 *IFRS S1: General Requirements* references the SASB Standards as priority material to identify sustainability risks and opportunities that could impact an organization's ability to create value.
- 3 *IFRS S2: Climate* is accompanied by industry-based guidance which incorporate climate-related metrics from the SASB Standards.
- 4 The IFRS Foundation encourages organizations adopt the SASB Standards to get prepared to implement IFRS S1 and IFRS S2.



# IFRS S1, IFRS S2 and the SASB Standards

- **IFRS S1** requires disclosure of all sustainability-related risks and opportunities that are relevant for investors.
- If an organization determines that climate change is one of them, it should use **IFRS S2** which is accompanied by illustrative industry-based guidance\*.
- For other topics, an organization **“shall” consider** the **SASB Standards** topics and metrics.
- An organization **“may” consider** other resources—e.g., the **GRI standards** or the European Sustainability Reporting Standards—as long as they provide relevant information to investors.



\*Note: In order to facilitate the use of ISSB Standards, the illustrative industry-based guidance will not be mandatory in the short term; however, the ISSB has made it clear that these will be mandatory later on.



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# Introduction to the SASB Standards

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## The SASB Standards

The SASB Standards connect businesses and investors on the **financial impacts of sustainability in an industry** and are a key component of the **ISSB Standards**.

-  Investor-relevant
-  Industry-specific
-  Market-informed
-  Evidence-based
-  Decision-useful
-  Cost-effective

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# Investor-relevant



Identify sustainability topics that are reasonably likely to affect the **financial condition, operating performance or risk profile** of organizations **within an industry.**

# Industry-specific



## FOOD & BEVERAGE

- Agricultural Products
- Meat, Poultry & Dairy
- Processed Foods
- Non-Alcoholic Beverages
- Alcoholic Beverages
- Tobacco
- Food Retailers & Distributors
- Restaurants



## EXTRACTIVES AND MINERALS PROCESSING

- Oil & Gas – Exploration & Production
- Oil & Gas – Midstream
- Oil & Gas – Refining & Marketing
- Oil & Gas – Services
- Coal Operations
- Metals & Mining
- Iron & Steel Producers
- Construction Materials



## HEALTH CARE

- Biotechnology & Pharmaceuticals
- Medical Equipment & Supplies
- Health Care Delivery
- Health Care Distributors
- Managed Care
- Drug Retailers



## TRANSPORTATION

- Automobiles
- Auto Parts
- Car Rental & Leasing
- Airlines
- Air Freight & Logistics
- Cruise Lines
- Marine Transportation
- Road Transportation
- Rail Transportation



## CONSUMER GOODS

- Household & Personal Products
- Apparel, Accessories & Footwear
- Appliance Manufacturing
- Building Products & Furnishings
- Toys & Sporting Goods
- Multiline and Specialty Retailers & Distributors
- E-Commerce



## INFRASTRUCTURE

- Electric Utilities & Power Generators
- Gas Utilities & Distributors
- Water Utilities & Services
- Waste Management
- Engineering & Construction Services
- Home Builders
- Real Estate
- Real Estate Services



## SERVICES

- Education
- Professional & Commercial Services
- Hotels & Lodging
- Casinos & Gaming
- Leisure Facilities
- Advertising & Marketing
- Media & Entertainment



## TECHNOLOGY & COMMUNICATIONS

- Hardware
- Electronic Manufacturing Services & Original Design Manufacturing
- Software y IT Services
- Semiconductors
- Internet Media & Services
- Telecommunication Services



## FINANCIALS

- Commercial Banks
- Investment Banking & Brokerage
- Asset Management & Custody Activities
- Consumer Finance
- Mortgage Finance
- Security & Commodity Exchanges
- Insurance



## RENEWABLE RESOURCES & ALTERNATIVE ENERGY

- Biofuels
- Solar Technology & Project Developers
- Wind Technology & Project Developers
- Fuel Cells & Industrial Batteries
- Forestry Management
- Pulp & Paper Products



## RESOURCE TRANSFORMATION

- Chemicals
- Aerospace & Defense
- Electrical & Electronic Equipment
- Industrial Machinery & Goods
- Containers & Packaging

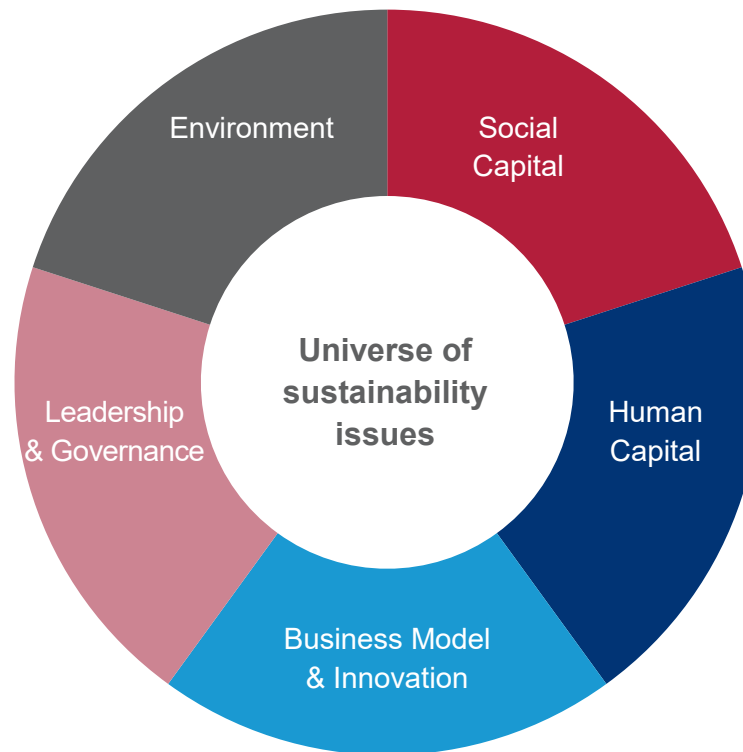
# Determination of material sustainability topics

## Environment

- GHG Emissions
- Air Quality
- Energy Management
- Water & Wastewater Management
- Waste & Hazardous Materials Management
- Ecological Impacts

## Social Capital

- Human Rights & Community Relations
- Customer Privacy
- Data Security
- Access & Affordability
- Product Quality & Safety
- Customer Welfare
- Selling Practices & Product Labeling



## Human Capital

- Labor Practices
- Employee Health & Safety
- Employee Engagement, Diversity & Inclusion

## Business Model & Innovation

- Product Design & Lifecycle Management
- Business Model Resilience
- Supply Chain Management
- Materials Sourcing & Efficiency
- Physical Impacts of Climate Change

## Leadership & Governance

- Business Ethics
- Competitive Behavior
- Management of the Legal & Regulatory Environment
- Critical Incident Risk Management
- Systemic Risk Management

Investor-relevant

Industry-specific

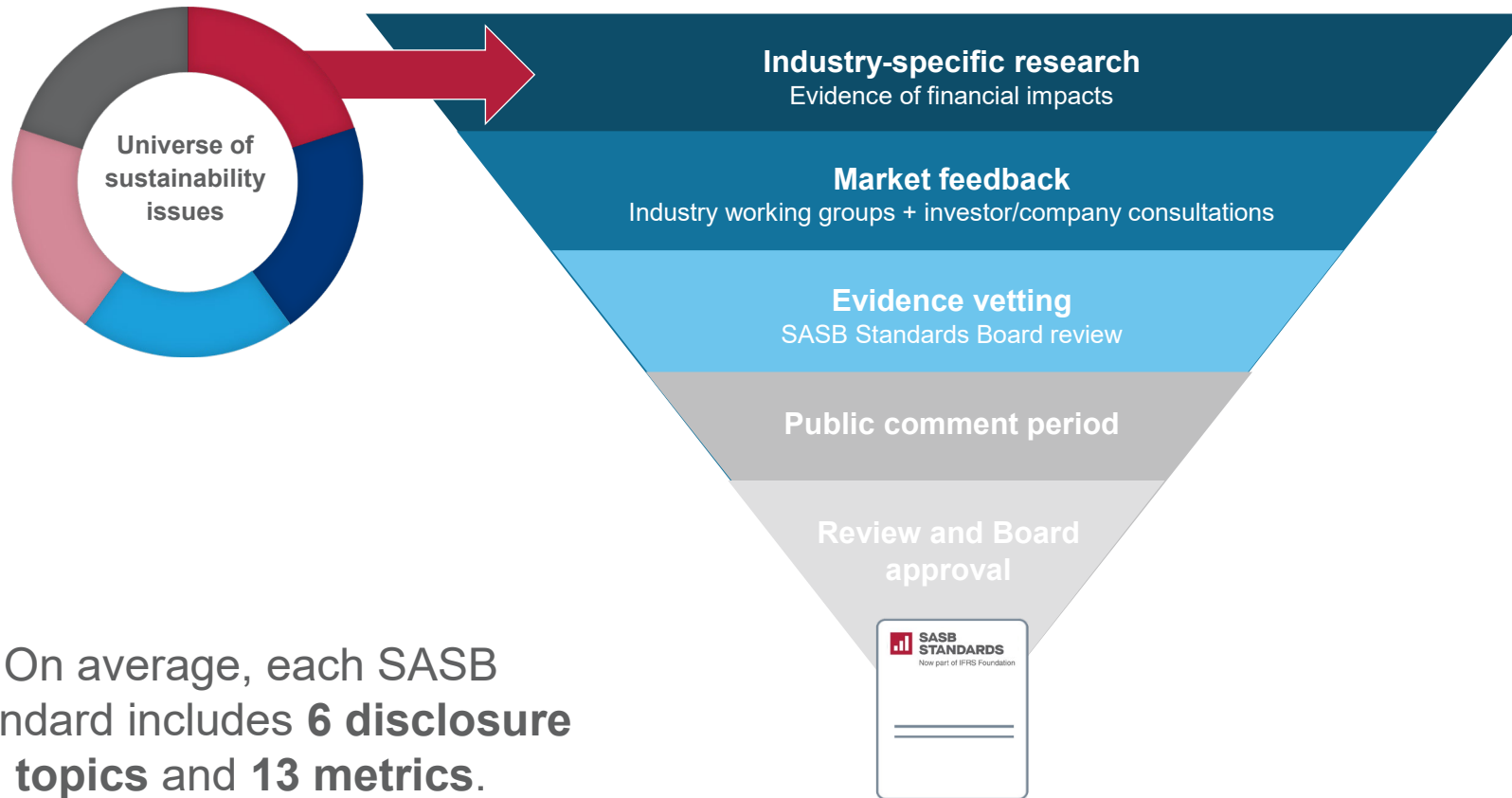
Market-informed


Evidence-based


Decision-useful

Cost-effective


# Market-informed and cost-effective




 Investor-relevant

 Industry-specific

 Market-informed

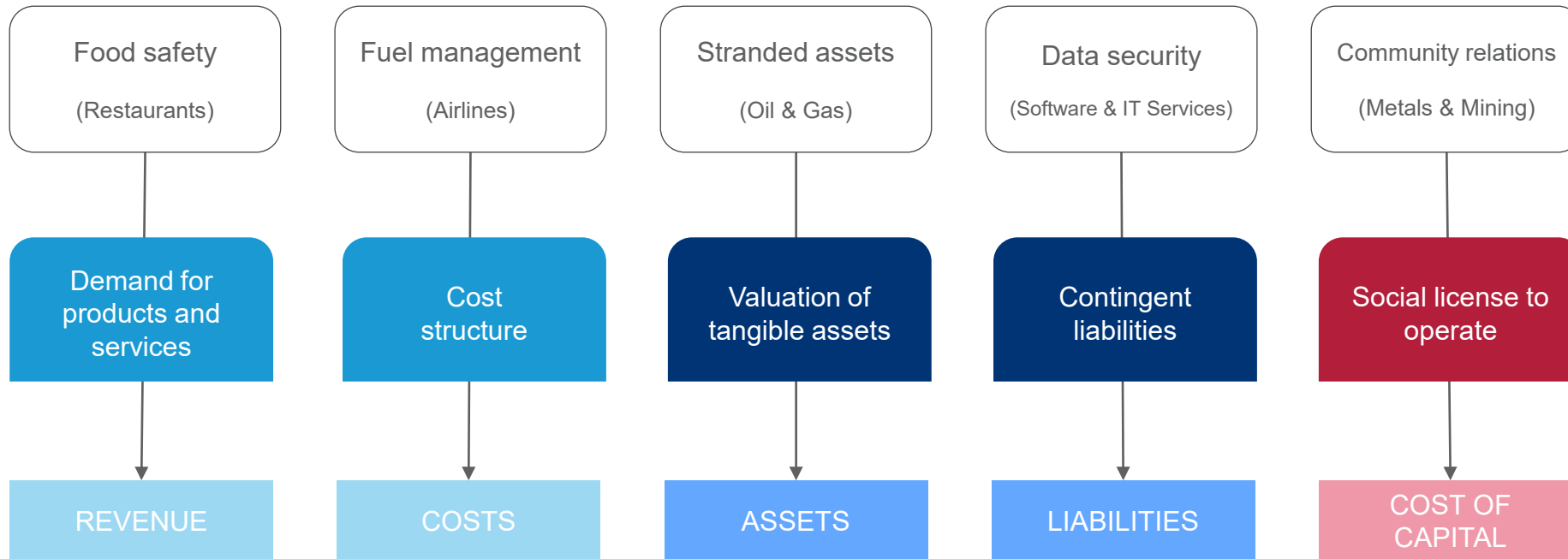
 Evidence-based

 Decision-useful

 Cost-effective

# Evidence-based and decision-useful

*Disclosure topic examples from SASB Standards*



■ *Income statement*

■ *Balance sheet*

■ *Cash flow*

▶ Investor-relevant

▶ Industry-specific

▶ Market-informed

▶ Evidence-based

▶ Decision-useful

▶ Cost-effective



# The result: 77 industry-specific standards

Sustainability disclosure topics for each industry

**Table 1. Sustainability Disclosure Topics & Accounting Metrics**

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	Quantitative	Metric tons CO <sub>2</sub> -e (t), Percentage (%)	EM-EP-110a.1
Air Quality	Air emissions of NO <sub>x</sub> , (e) organic particulates			
Water Management	(1) Total water region Water Volume generated, injected, discharged Percentage which fracturing			

**EM-EP-110a.1. Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations**

1 The entity shall disclose its gross global Scope 1 greenhouse gas (GHG) emissions to the atmosphere of the seven GHGs covered under the Kyoto Protocol—carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>).

1.1 Emissions of all GHGs shall be consolidated and disclosed in metric tons of carbon dioxide equivalent (CO<sub>2</sub>-e), and calculated in accordance with published 100-year time horizon global warming potential (GWP) values. To date, the preferred source for GWP values is the Intergovernmental Panel on Climate Change (IPCC) Fifth

**Table 2. Activity Metrics**

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas	Quantitative	Thousand barrels per day (Mbbbl/day), Million standard cubic feet per day (MMscf/day)	EM-EP-000.A
Number of offshore sites	Quantitative	Number	EM-EP-000.B
Number of terrestrial sites	Quantitative	Number	EM-EP-000.C

Metrics to measure performance on each topic

Technical protocols to aid data collection

Activity metrics to normalize sustainability disclosure

To download any of the SASB Standards (for free), please visit: <https://www.sasb.org/standards/download/>

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## Example: Industry-specific metrics for ecological impacts



**Industry:** Oil & Gas – Exploration & Production

**SASB Disclosure Topic:** Biodiversity Impacts

**SASB Metric (1 of 3):** Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat.



**Industry:** Cruise Lines

**SASB Disclosure Topic:** Discharge Management & Ecological Impacts

**SASB Metric (1 of 4):** Percentage of fleet implementing ballast water (1) exchange and (2) treatment.



**Industry:** Meat, Poultry & Dairy

**SASB Disclosure Topic:** Land Use & Ecological Impacts.

**SASB Metric (1 of 4):** (1) Amount of animal litter and manure generated, (2) percentage managed according to a nutrient management plan.

Investor-relevant

Industry-specific

Market-informed

Evidence-based

Decision-useful

Cost-effective

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## Example: Industry-specific metrics physical impacts of climate change

These metrics are part of S2's illustrative industry-based guidance



**Industry:** Insurance

**SASB Disclosure Topic:** Environmental Risk Exposure

**SASB Metric (1 of 3):** Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment.



**Industry:** Real Estate

**SASB Disclosure Topic:** Climate Change Adaptation

**SASB Metric (1 of 2):** Area of properties located in 100-year flood zones, by property subsector.



**Industry:** Health Care Delivery

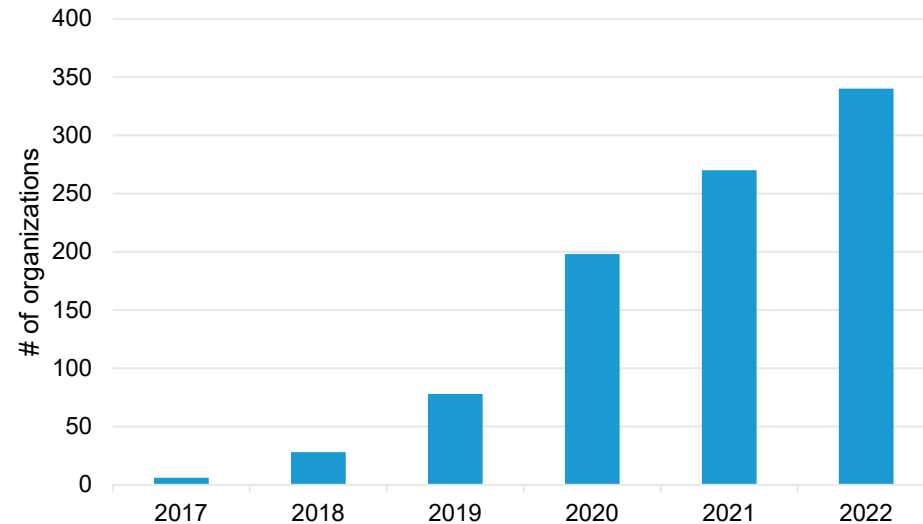
**SASB Disclosure Topic:** Climate Change Impacts on Human Health & Infrastructure

**SASB Metric (1 of 2):** Description of policies and practices to address: (1) the physical risks due to an increased frequency and intensity of extreme weather events and (2) changes in the morbidity and mortality rates of illnesses and diseases, associated with climate change.

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## Market support for the SASB Standards

# Investor support



# Jurisdictions represented	2017	2018	2019	2020	2021	2022
	6	9	14	21	24	31

**+340 investors** from 31 jurisdictions with **USD +\$81 trillion** in assets under management.

Global investors with USD +\$81 trillion in assets under management are part of the IFRS Sustainability Alliance.

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## Corporate use



**+2,750** organizations since 2021

Asia Oceania	521
Europe	581
Latin America & the Caribbean	249
Middle East & Africa	36
North America	1363

To access full list of reporters, please visit: <https://www.sasb.org/company-use/sasb-reporters/>

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# SASB Standards Implementation Primer

# SASB Standards Implementation Primer (1)



Establish a **foundation** to start the path towards the disclosure of sustainability information.



Choose the right **tools** to develop reports tailored to the needs of each audience.



Determine the best **channel** for the disclosure of sustainability information.



Understand the structure of the **SASB Standards** and their different components.



Assess the availability of current and future sustainability **information** and conduct a gap analysis.



Develop a **report** with sustainability information aligned to the SASB Standards.

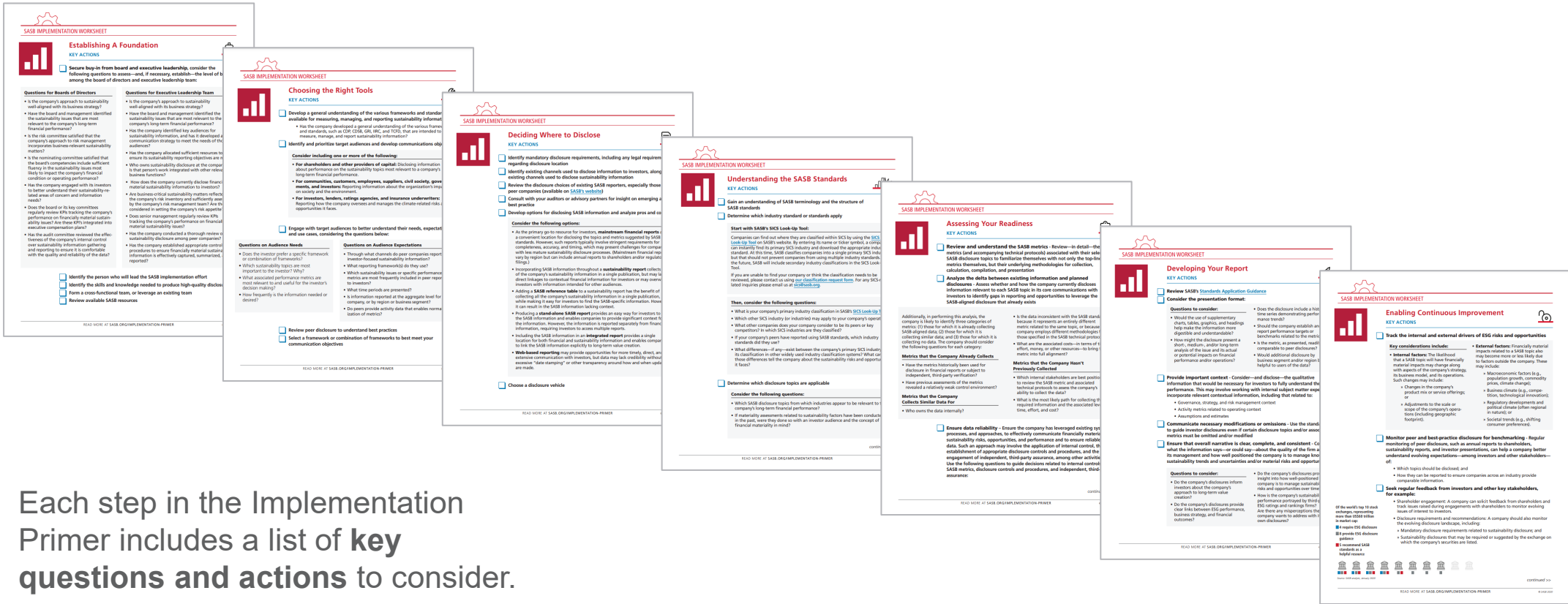


Continue the disclosure process to enable continuous **improvements**.

To access the SASB Standards Implementation Primer, please visit: [www.sasb.org/implementation-primer](https://www.sasb.org/implementation-primer)



# SASB Standards Implementation Primer (2)



**Establishing A Foundation**  
**KEY ACTIONS**  
 Secure buy-in from board and executive leadership, consider the following questions to assess—and, if necessary, establish—the level of support from the board of directors and executive leadership team.

**Questions for Board of Directors**  
 • Is the company's approach to sustainability well aligned with its business strategy?  
 • Have the board and management identified the sustainability goals that are most relevant to the company's long-term financial performance?  
 • Is the risk committee satisfied that the company's approach to risk management incorporates business-relevant sustainability issues?  
 • Is the remaining 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?  
 • Has the audit committee evaluated 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?

**Questions for Executive Leadership Team**  
 • Is the company's approach to sustainability well aligned with its business strategy?  
 • Have the board and management identified the sustainability goals that are most relevant to the company's long-term financial performance?  
 • Has the company identified key audiences for sustainability information, and has it developed a communication strategy to meet the needs of its audience?  
 • How does the company allocate sufficient resources to ensure its sustainability reporting objectives are met?  
 • How does the company ensure sufficient and timely in the sustainability issues most likely to impact the company's financial condition or operating performance?  
 • Are business or CSR/sustainability matters reflected by the company's risk management team? As to, considered in setting the company's risk register?  
 • Does senior management regularly review KPIs tracking the company's performance on financial material sustainability issues?

**Identify the person who will lead the SASB implementation effort**  
 • Identify the skills and knowledge needed to produce high-quality disclosures from a cross-functional team, or leverage an existing team  
 • Review available SASB resources

**Read more at SASB.ORG/IMPLEMENTATION-PRIMER**

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**Choosing the Right Tools**  
**KEY ACTIONS**  
 Develop a general understanding of the various frameworks and standards available for measuring, managing, and reporting sustainability information. Review the disclosure choices of existing SASB reporters, especially those peer companies (available on SASB's website). Consult with your auditors or advisory partners for insight on emerging best practice.

**Consider the following questions:**  
 • For disclosure and other providers of capital: Disclosing information about performance on the sustainability topics most important to a company's long-term financial performance.  
 • For communities, customers, employees, suppliers, civil society, government, and investors: Reporting information about the organization's impact on society and the environment.  
 • For investors, lenders, rating agencies, and insurance underwriters: Reporting how the company measures and manages the climate-related risks opportunities it faces.

**Engage with target audiences to better understand their needs, expectations and use cases, considering the questions below:**

**Questions on Audience Needs**  
 • Does the investor prefer a specific framework or combination of frameworks?  
 • Which sustainability topics are most important to the investor? Why?  
 • What associated performance metrics are most relevant and useful for the investor's decision making?  
 • How frequently is the information needed or desired?

**Questions on Audience Expectations**  
 • Through what channels do peer companies report financial material sustainability information?  
 • What reporting frameworks do they use?  
 • Which sustainability issues or specific performance metrics are most frequently included in peer reports to investors?  
 • What time periods are presented?  
 • Is information reported at the aggregate level for companies or by region or business segment?  
 • Do peers provide activity data that enables normalization of metrics?

**Review peer disclosures to understand best practices**  
 Select a framework or combination of frameworks that is best suited to your communication objectives

**Read more at SASB.ORG/IMPLEMENTATION-PRIMER**

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**Deciding Where to Disclose**  
**KEY ACTIONS**  
 Identify mandatory disclosure requirements, including any legal requirement regarding disclosure location. Identify existing channels used to disclose information to investors, along with channels used to disclose information to other stakeholders. Review the disclosure choices of existing SASB reporters, especially those peer companies (available on SASB's website). Consult with your auditors or advisory partners for insight on emerging best practice. Develop options for disclosing SASB information and analyze pros and cons.

**Consider the following options:**  
 • As the primary go-to resource for investors, mainstream financial reports is a convenient location for disclosing the topics and metrics suggested by SASB standards. However, and depending on the company's industry, it may not be the most effective channel for disclosing the information. Mainstream financial reports may be subject to more scrutiny and may not be the most effective channel for disclosing the information. Mainstream financial reports may be subject to more scrutiny and may not be the most effective channel for disclosing the information. Mainstream financial reports may be subject to more scrutiny and may not be the most effective channel for disclosing the information.

**Choose a disclosure vehicle**

**Read more at SASB.ORG/IMPLEMENTATION-PRIMER**

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**Understanding the SASB Standards**  
**KEY ACTIONS**  
 Gain an understanding of SASB terminology and the structure of SASB standards. Determine which industry standard or standards apply.

**Start with SASB's SASB Look-Up Tool:**  
 Companies can find out where they are classified within SASB by using the SASB Look-Up Tool on SASB's website. By entering the name of their entity, a company can identify their primary SASB industry and download the appropriate industry standard. At this time, the SASB Look-Up Tool is only available for SASB industry standards. It does not include information on other industry standards. For more information on the SASB Look-Up Tool, please visit [www.sasb.org/standards](https://www.sasb.org/standards).

**Then, consider the following questions:**  
 • What is your company's primary industry classification in SASB's SASB Look-Up Tool?  
 • What other SASB industry (or industries) may apply to your company's report?  
 • What other companies does your company consider to be its peers or key competitors? Which SASB industries are they classified in?  
 • If your company's peers have reported using SASB standards, which industry standards did they use?  
 • What differences—if any—exist between the company's primary SASB industry classification in other widely used industry classification systems? What can those differences tell the company about the sustainability risks and opportunities it faces?

**Determine which disclosure topics are applicable**  
**Consider the following questions:**  
 • Which SASB disclosure topics from which industries appear to be relevant to your company's long-term financial performance?  
 • If materiality assessments related to sustainability factors have been conducted in the past, were they done so with an investor audience and the concept of financial materiality in mind?

**Read more at SASB.ORG/IMPLEMENTATION-PRIMER**

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**Assessing Your Readiness**  
**KEY ACTIONS**  
 Review and understand the SASB metrics. Review in detail the metrics (and accompanying technical protocols) associated with each SASB disclosure topic to familiarize themselves with not only the topic, calculation, units, and presentation. Analyze the details between existing information and planned disclosures. Assess whether and how the company currently discloses information relevant to each SASB topic. In close communications with investors to identify gaps in reporting and opportunities to leverage the SASB-aligned disclosures that already exist.

**Additionally, in performing this analysis, the company is likely to identify three categories of metrics (1) those which it is already collecting company-wide (different methodologies) those specified in the SASB technical protocol; (2) those which it is collecting in data, but the company should consider the following questions for each category:**

**Metrics that the Company Already Collects**  
 • How the metrics historically been used for disclosure in financial reports or other public disclosures.  
 • Which internal stakeholders are best positioned to review the metrics and associated technical protocols to ensure the company's ability to collect the data?  
 • What are the associated costs—in terms of effort, money, or other resources—to bring metrics into full alignment?

**Metrics that the Company Hasn't Previously Collected**  
 • Which internal stakeholders are best positioned to review the metrics and associated technical protocols to ensure the company's ability to collect the data?  
 • What are the associated costs—in terms of effort, money, or other resources—to bring metrics into full alignment?

**Metrics that the Company Collects Similar Data For**  
 • How the metrics historically been used for disclosure in financial reports or other public disclosures.  
 • Which internal stakeholders are best positioned to review the metrics and associated technical protocols to ensure the company's ability to collect the data?  
 • What are the associated costs—in terms of effort, money, or other resources—to bring metrics into full alignment?

**Read more at SASB.ORG/IMPLEMENTATION-PRIMER**

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**Developing Your Report**  
**KEY ACTIONS**  
 Review SASB Standards Application Guidance. Consider the presentation format.

**Questions to consider:**  
 • Would the use of supplementary charts, tables, graphics, and headings help make the information more digestible and understandable?  
 • How might the disclosure present a short-, medium-, and/or long-term analysis of the issue and its actual or potential impacts on financial performance and/or operations?  
 • Does the disclosure include a link to more detailed information on the company's website?  
 • Should the company establish an investor performance target or benchmark related to the metric?  
 • Is the metric, as presented, easily comparable to peer disclosures?  
 • Will additional disclosure by business segment and/or region help to users of the data?

**Provide important context—Context—and disclose—the qualitative information that would be necessary for investors to fully understand the performance. This may involve working with internal subject matter experts to incorporate relevant contextual information, including that related to:**  
 • Governance, strategy, and risk management context  
 • Activity metrics related to operating context  
 • Assumptions and estimates

**Communicate necessary modifications or omissions. Use the standards to guide investor disclosures even if certain disclosure topics and/or associated metrics must be omitted and/or modified.**  
 Ensure that overall narratives is clear, complete, and consistent. Co-what the information says—or could say—about the quality of the firm's management and how well positioned the company is to manage key sustainability trends and uncertainties and/or material risks and opportunities.

**Questions to consider:**  
 • Do the company's disclosures inform investors about the company's performance in the long term value?  
 • How is the company's sustainability performance being tracked and reported by third-party ESG rating and tracking firms?  
 • Are there any discrepancies between the company's disclosures and third-party ESG ratings, and if so, how are they addressed with investors?  
 • Do the company's disclosures provide clear links between ESG performance, business strategy, and financial outcomes?

**Read more at SASB.ORG/IMPLEMENTATION-PRIMER**

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**Enabling Continuous Improvement**  
**KEY ACTIONS**  
 Track the internal and external drivers of ESG risks and opportunities. 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 what 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:  
 • A customer engagement: A company can solicit feedback from shareholders and investors about the company's sustainability reporting.  
 • A disclosure requirements and recommendations: A company should also monitor the evolving disclosure landscape, including:  
 • Mandatory disclosure requirements related to sustainability disclosure, and  
 • Sustainability disclosure that may be required or supported by the exchange on which the company's securities are listed.

**Read more at SASB.ORG/IMPLEMENTATION-PRIMER**

Each step in the Implementation Primer includes a list of key questions and actions to consider.

To access the SASB Standards Implementation Primer, please visit: [www.sasb.org/implementation-primer](https://www.sasb.org/implementation-primer)

# Modular use of TCFD Recommendations and SASB Standards

TCFD



 **SASB  
STANDARDS**  
Now part of IFRS Foundation



The ISSB Standards (IFRS S1 and IFRS S2) build upon the principles and concepts of the TCFD Recommendations and the industry-based metrics of the SASB Standards.



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Standards



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Report



Improvements

# Different channels for sustainability disclosure



## Annual Report

**Pros:** It is the main channel to communicate with investors.

**Cons:** Involves more stringent requirements for completeness, accuracy, and timing.



## Sustainability Report

**Pros:** Collects all sustainability information in a single publication,.

**Cons:** May lack direct linkages to contextual financial information for investors or may overwhelm investors with information intended for other audiences.



## Integrated Report

**Pros:** Connects sustainability and financial information in a single location.

**Cons:** Requires more time and effort to connect financial and non-financial information.



## SASB Report

**Pros:** Provides an easy way for investors to find SASB-aligned information and provide significant context.

**Cons:** Information is reported separately from financial information, requiring investors to access multiple reports.

Each organization—or its regulator—shall decide the best channel for reporting sustainability information to its investors.



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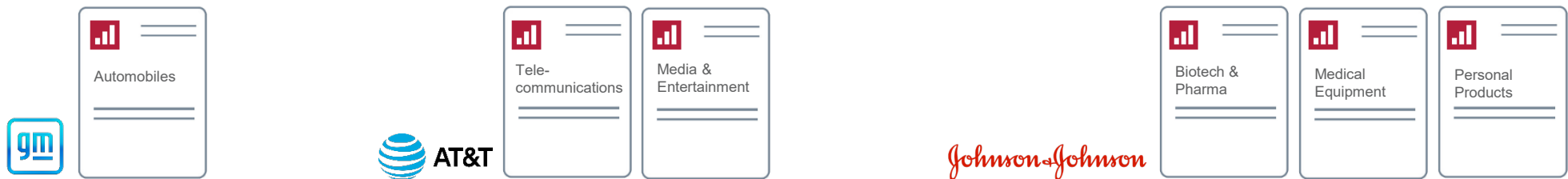
Improvements

# Selection of Standards

- 1 Identify the primary industry for each organization using the **Sustainable Industry Classification System (SICS)**. <https://www.sasb.org/find-your-industry/>

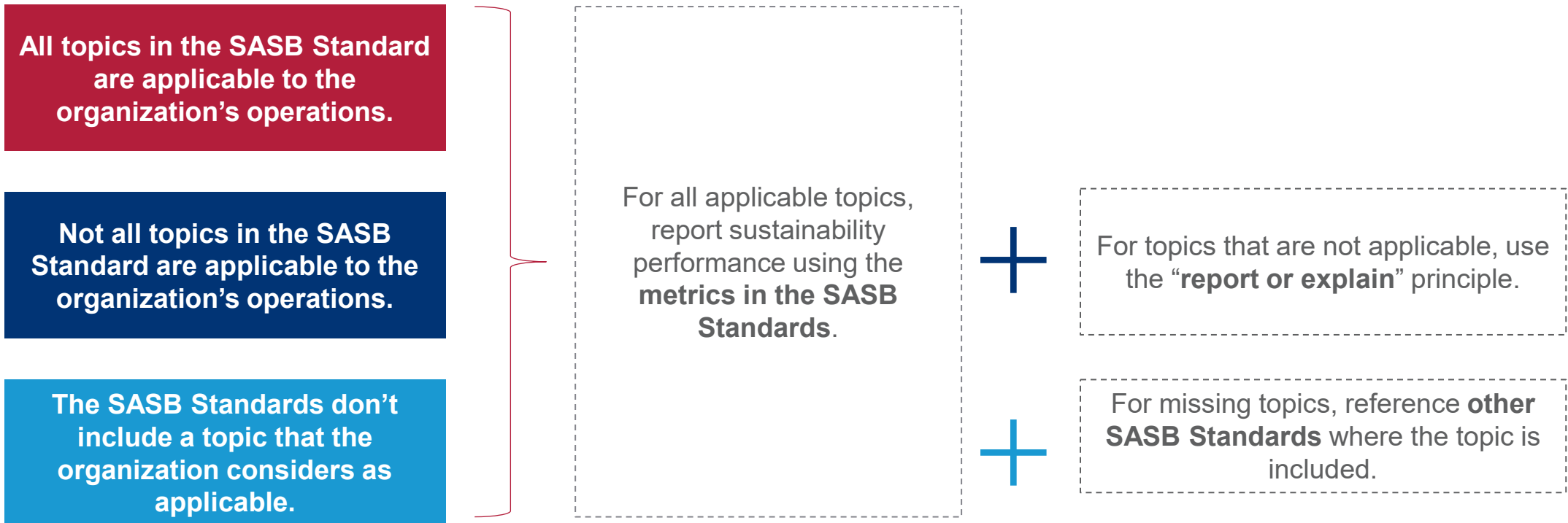
General Motors					JNJ				
Ticker	ISIN	Company Name	Primary SICS Sector	Primary SICS Industry	Ticker	ISIN	Company Name	Primary SICS Sector	Primary SICS Industry
GM	US37045V1008	General Motors Company	Transportation	Automobiles	JNJ	US4781601046	Johnson & Johnson	Health Care	Biotechnology & Pharmaceuticals

- 2 Consider if **multiple standards** apply to an organization's operations.



Depending on its own operations, each organization must determine how many and which SASB Standards to use in their report.

# Selection of Topics



The decision on which topics in the SASB Standards to report—or not—depends on each organization's own materiality analysis.



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# Information availability



## Original alignment

From their inception, the SASB Standards include concepts and metrics aligned to other sustainability disclosure frameworks and standards.

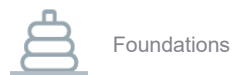
## Organic differences

However, the industry-specific nature of the SASB standards creates organic, and justified differences, relative to other frameworks and standards.

## Interoperability

ISSB Standards (IFRS S1 and IFRS S2) seek to simplify the sustainability reporting landscape by incorporating principles, concepts and indicators from existing frameworks and standards.

To the extent possible, metrics in the SASB Standards are aligned with other standards; organizations might already be reporting them.



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# The IFRS Foundation and the GRI

## Memorandum of Understanding

The IFRS Foundation and GRI announced a Memorandum of Understanding on 24 March 2022.

## High-level collaboration

The ISSB and GRI have joined each other's consultative bodies related to sustainability reporting activities.

## Work Plan

Align—where possible—terminology, architecture and metrics, helping to reduce the reporting burden for organizations.

The IFRS Foundation and the GRI are collaborating to increase alignment between ISSB Standards and GRI Standards.



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# Report development: format

GENERAL MOTORS 2019 SUSTAINABILITY REPORT SASB RESPONSE

### Sustainability Accounting Standards Board Response (SASB)

METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE/COMMENT																				
Activity Metrics	Number of vehicles manufactured	Quantitative Number	TR-AU-000.A	7,332,373																				
	Number of vehicles sold	Quantitative Number	TR-AU-000.B	7,718,000 (2019 10-K page 2)																				
Product Safety	Percentage of vehicle models rated by NCAP programs with an overall 5-star safety rating, by region	Quantitative Percentage (%) of rated vehicles	TR-AU-250a.1	US — 51% China — 83% Australia — 100% South Korea — 07% Asian Region — 50%																				
	Number of safety-related defect complaints, percentage investigated	Quantitative Number, Percentage (%)	TR-AU-250a.2	There were 4,755 submissions to our internal Speak Up For Safety program in 2019. All submissions are investigated.																				
	Number of vehicles recalled	Quantitative Number	TR-AU-250a.3	8.58 million																				
Labor Practices	Percentage of active workforce covered under collective bargaining agreements	Quantitative Percentage (%)	TR-AU-310a.1	64% global																				
	Number of (1) work stoppages and (2) total days idle	Quantitative Number, Days	TR-AU-310a.2	Collective bargaining agreement with the United Team of Workers went on strike September 16, 2019, causing subsequent stoppages to most vehicle production and parts distribution across our North America facilities. The stoppage spanned 29 working days resulting in a cumulative loss of 1,334,000 work days. For more information on the cause of the stoppage, impact on production and corrective actions taken, see 2019 10-K, page 23.																				
Fuel Economy & Use-phase Emissions	Sales-weighted average passenger fleet fuel economy, by region	Quantitative Mpg, L/km, gCO2/km, km/l	TR-AU-410a.1	<table border="1"> <thead> <tr> <th></th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>USA</td> <td>195 gCO2/km</td> <td>191 gCO2/km</td> <td>189 gCO2/km</td> <td>193 gCO2/km</td> </tr> <tr> <td>China</td> <td>6.38 L/km</td> <td>6.42 L/km</td> <td>6.46 L/km</td> <td>6.13 L/km</td> </tr> <tr> <td>Brazil</td> <td>122 gCO2/km</td> <td>121 gCO2/km</td> <td>121 gCO2/km</td> <td>121 gCO2/km</td> </tr> </tbody> </table>		2016	2017	2018	2019	USA	195 gCO2/km	191 gCO2/km	189 gCO2/km	193 gCO2/km	China	6.38 L/km	6.42 L/km	6.46 L/km	6.13 L/km	Brazil	122 gCO2/km	121 gCO2/km	121 gCO2/km	121 gCO2/km
		2016	2017	2018	2019																			
USA	195 gCO2/km	191 gCO2/km	189 gCO2/km	193 gCO2/km																				
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Brazil	122 gCO2/km	121 gCO2/km	121 gCO2/km	121 gCO2/km																				
Number of (1) zero emission vehicles (ZEV) sold, (2) hybrid vehicles sold, and (3) plug-in hybrid vehicles sold	Quantitative Vehicle units sold	TR-AU-410a.2	<table border="1"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>ZEV</td> <td>29,345</td> <td>61,471</td> <td>111,950</td> </tr> <tr> <td>Hybrid</td> <td>34,596</td> <td>24,697</td> <td>22,575</td> </tr> <tr> <td>Plug-in Hybrid</td> <td>34,276</td> <td>29,208</td> <td>6,868</td> </tr> </tbody> </table>		2017	2018	2019	ZEV	29,345	61,471	111,950	Hybrid	34,596	24,697	22,575	Plug-in Hybrid	34,276	29,208	6,868					
	2017	2018	2019																					
ZEV	29,345	61,471	111,950																					
Hybrid	34,596	24,697	22,575																					
Plug-in Hybrid	34,276	29,208	6,868																					
Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities	Discussion and Analysis	TR-AU-410a.3	Reducing Carbon Impact — Climate Change Management, Vehicle Emissions, Regulatory Engagement <a href="#">CDP Climate Change 2019</a>																					

Inclusion of all topics and metrics within the SASB Standard.

Activity metrics to normalize sustainability information

Inclusion of performance data (vs. links and page references).

Identification of the codes for each metric.

Presenting historical data to understand trends.

Limited use of links to other sections and / or documents.

The report format should facilitate the identification and consumption of sustainability-related financial information by investors.



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# Report development: context

**Employee Diversity & Inclusion**

**FN-AC-330a.1**

**Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees**

BlackRock is committed to cultivating and advancing diversity in all forms. We believe that a strong culture – one in which inclusion and belonging are paramount – creates room for all employees to contribute the ideas that will shape BlackRock’s success over the long term.

**Our History**

Eight founders – 6 men, 2 women – started BlackRock 32 years ago with the commitment to do things differently, to constantly push ourselves to do better for our clients and employees. BlackRock knew early on that if we wanted to succeed, we had to avoid groupthink. That is why we pay so much attention to building a strong culture where all BlackRock citizens strive to be open and inclusive leaders and teammates. Representation alone is not enough – we need every member of our firm to feel empowered to speak up and make their best contribution.

**Transparency & Accountability**

Transparency and accountability are critical as BlackRock seeks to create a more inclusive and diverse workforce – we use both to inform and improve our recruiting and development practices. We track and monitor voluntarily disclosed diversity data to review hiring, promotion, and attrition at the firm, regional, and functional levels. We also review performance data, promotion, and compensation to seek to ensure fair and objective decision-making. During the firm’s Quarterly Business Reviews of each business unit, senior management has focused conversations with each business about their plans and progress with respect to diversity and inclusion.

The Management Development and Compensation Committee of BlackRock’s Board of Directors (the “Board”) oversees our Global Executive Committee’s (“GEC”) compensation and bonus pools, which are determined, in part, based on how members of the GEC

deliver against annual Talent and Diversity objectives. Further, our 2020 [Proxy Statement](#) discusses how organizational strength objectives, such as attracting talent and developing a more diverse and inclusive culture, are factored into performance assessments of BlackRock’s Named Executive Officers. BlackRock’s Board plays a critical role in the oversight of talent and culture and annually engages in an in-depth review of the Company’s culture, talent development, retention and recruiting initiatives, inclusion and diversity strategy, leadership and succession planning, and employee feedback. BlackRock’s specific talent initiatives are executed by our employee-led Human Capital Committee, which is comprised of over 35 senior leaders who help design, drive, and sponsor initiatives relating to talent and culture in partnership with Human Resources.

**Leadership Development Programs**

We believe that a critical driver of our firm’s future growth is our ability to grow leaders. We are committed to identifying and developing diverse talent to help those employees accelerate their growth and achieve their career goals. Select employees are invited to participate in our flagship leadership programs, which include assessments, executive coaching, in person and virtual learning, and senior management sponsorship. We track participants’ engagement and success throughout the programs, as well as their growth following the program through promotion rates and role expansions. Examples of our leadership programs include the Women’s Leadership Forum, Enterprise Leadership Acceleration at BlackRock, and Leadership Excellence and Development. See our [Learning & Development](#) page on [www.blackrock.com](http://www.blackrock.com) for more information.

**Employee Feedback**

We value continuous dialogue with our employees about their experiences. We have several employee feedback mechanisms including our annual Employee Opinion Survey, which has more than 90% participation annually and provides us with actionable feedback for each team and for BlackRock as a whole. Employee feedback has informed many firm-wide decisions, such as the introduction of our Flexible Time Off (“FTO”) policy, casual dress code and expanded employee networks. In addition, initiatives including

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Same metric

Context (qualitative)

Metrics (quantitative)

**FN-AC-330a.1 (continued)**

**Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees**

The tables below provide breakdowns of gender representation globally and racial/ethnic group representation for US employees. We have enhanced this year’s disclosure from our 2018 SASB disclosure to include year-over-year change as well as a breakdown of racial/ethnic group representation among new hires. The  $\pm$  symbols and associated percentages represent absolute year-over-year change in representation in percentage points.

**Gender Representation of Global Employees (%)**

	Female	Male	N/A <sup>a</sup>
<b>Executive Management<sup>a</sup></b>	22% $\Delta +1.7%$	78% $\Uparrow (1.7%)$	0%
<b>Non-Executive Management<sup>a</sup></b>	29% $\Delta +0.4%$	71% $\Uparrow (0.4%)$	$\Delta -0.1%$
<b>Senior Leaders<sup>a</sup></b>	29% $\Delta +0.4%$	71% $\Uparrow (0.5%)$	$\Delta -0.1%$
<b>Professionals<sup>a</sup></b>	44% $\Delta +2.0%$	55% $\Uparrow (2.1%)$	$\Delta -0.1%$
<b>All Other Employees<sup>a</sup></b>	90% $\Uparrow (0.3%)$	10% $\Delta +0.3%$	-
<b>Total</b>	42% $\Delta +1.6%$	58% $\Uparrow (1.6%)$	$\Delta -0.1%$
<b>% of New Hires<sup>f</sup></b>	49%	51%	-1%

**Racial / Ethnic Group Representation of US Employees (%)**

	Asian	Black or African American	Hispanic or Latino	White	Other <sup>g</sup>	N/A <sup>a</sup>
<b>Executive Management<sup>a</sup></b>	22% $\Delta +1.1%$	4% $\Delta +1.2%$	3% $\Uparrow (0.8%)$	69% $\Uparrow (4.5%)$	0%	2% $\Delta +1.0%$
<b>Non-Executive Management<sup>a</sup></b>	18% $\Delta +0.9%$	3% $\Uparrow (0.4%)$	3%	72% $\Uparrow (1.9%)$	2%	2% $\Delta +1.0%$
<b>Senior Leaders<sup>a</sup></b>	18% $\Delta +1.0%$	3% $\Uparrow (0.3%)$	3% $\Uparrow (0.1%)$	72% $\Uparrow (2.0%)$	2%	2% $\Delta +1.0%$
<b>Professionals<sup>a</sup></b>	31% $\Delta +0.3%$	6% $\Delta +0.4%$	6% $\Delta +0.9%$	52% $\Uparrow (3.3%)$	2%	3% $\Delta +1.6%$
<b>All Other Employees<sup>a</sup></b>	11% $\Delta +0.9%$	15% $\Uparrow (0.7%)$	15% $\Delta +2.4%$	53% $\Uparrow (3.3%)$	5%	1% $\Delta +1.0%$
<b>Total</b>	26% $\Delta +0.5%$	5% $\Delta +0.1%$	6% $\Delta +0.6%$	58% $\Uparrow (2.8%)$	2%	3% $\Delta +1.4%$
<b>% of New Hires<sup>f</sup></b>	30%	8%	10%	43%	4%	5%

Data as of January 1, 2020.  
a) Represents Executives/Senior Officers & Managers as defined in the EEO-1 Job Classification Guide.  
b) Represents First/Mid Officers & Managers as defined in the EEO-1 Job Classification Guide.  
c) Represents a weighted average of executive management and non-executive management.  
d) Represents Professionals and Sales Workers as defined in the EEO-1 Job Classification Guide.  
e) Represents Administrative Support Workers as defined in the EEO-1 Job Classification Guide.  
f) Represents new employees hired between January 1, 2019 and January 1, 2020.  
g) N/A represents not available or not disclosed.  
h) Other includes Native American or Alaska Native, Native Hawaiian or Pacific Islander, and Two or More Races.  
See EEO-1 Job Classification Guide, available at <https://www.eeoc.gov/employees/eeo1survey/jobclassification.cfm> for additional information.

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Complementing quantitative metrics with qualitative information for additional context is a common and encouraged practice.



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## Other available resources



- [Membership program](#) to explore best practices in the integration of industry-based sustainability topics in company and investor decision-making. Members receive:
  - Educational resources
  - Invitations to exclusive events and discounts to public events.
  - Discounts on the FSA Credential.
  - Access to the Licensing Program
- [Licensing](#) rights for investors interested in integrating the intellectual property of the SASB Standards into their decision-making, including:
  - SASB Topics and Metrics by Industry
  - Sustainable Industry Classification System (SICS)
  - Connectivity maps with other organizations, frameworks and standards
- [Certification program](#) designed for consultants, sustainability professionals, and financial analysts interested industry-based sustainability risks and opportunities.

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## What to expect in Days 2 and 3?

### Day 2 7 June 2023

- **Oil & Gas sector deep-dive**  
*3.00pm – 4.00pm WAT*
- **Telecommunication Services industry deep-dive**  
*4.00pm to 5.00pm WAT*

### Day 3 8 June 2023

- **Financials sector deep-dive**  
*3.00pm – 4.00pm WAT*
- **Food & Beverage and Consumer Goods sector deep-dives**  
*4.00pm to 5.00pm WAT*

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# Questions and Answers

SASB Standards



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Standards Board](https://www.linkedin.com/company/ifrs-foundation)