

In brief

The latest news in financial reporting



No. US2017-29
October 4, 2017

At a glance

The SASB is seeking feedback on its proposed sustainability disclosures for 11 major sectors.

SASB issues Exposure Drafts for public comment

What happened?

On October 2, 2017, the Sustainability Accounting Standards Board (SASB) [proposed changes](#) to its Provisional Standards for 79 industries in 11 major sectors.

The Exposure Drafts, along with their supporting “Basis for conclusions,” propose changes to the Provisional Standards intended to improve the quality of the standards, including with regard to the assessment of materiality and their cost-effectiveness and decision-usefulness. Some of the changes relate to content, including adding, removing, or reframing a topic or adding, removing, or revising a metric. Other changes are technical in nature, including updates to metrics’ scope, definitions, third-party references, or harmonization across the SASB’s standards or with external initiatives.

The proposed changes to the SASB’s Provisional Standards were driven by market feedback obtained during the SASB’s stakeholder engagement process, a six-month consultation period during which 141 companies (along with 19 industry associations representing hundreds of companies) and 38 institutional investors provided feedback.

The SASB encourages feedback that addresses:

- *Topic-Level Proposed Updates:* The extent to which the proposed change to add, remove, or reframe a topic adheres to the SASB’s Principles for Topic Selection.
- *Metric-Level Proposed Updates:* The extent to which the proposed change to add, remove, or revise a metric adheres to the SASB’s Criteria for Accounting Metrics.
- *Technical Protocol Proposed Updates:* The extent to which the proposed change to revise a technical protocol enables the technical protocols to serve as the basis for “suitable criteria.”

Why is this important?

While voluntary, SASB standards can be used to facilitate the distribution of decision-useful sustainability information to investors and other stakeholders. The SASB standards are designed to be integrated into existing reporting mechanisms, such as SEC filings. The SASB standards are also recognized by the European Commission as a suitable framework for companies to provide information required to be disclosed to investors pursuant to a European Union directive on non-financial reporting (Directive 2014/95/EU).

The standard for each industry includes disclosure guidance and suggested accounting metrics, designed to communicate performance on sustainability topics that are reasonably likely to have material impacts on the financial condition or operating

performance of companies in that industry. Sustainability topics range widely depending on the industry and can include, for example, operational safety, emergency preparedness and response, greenhouse gas emissions, material sourcing, data privacy and freedom of expression, intellectual property protection and competitive behavior, product safety, recruiting and managing a global diverse skilled workforce, and fair labor practices.

What's next?

Interested parties are encouraged to review the proposed changes and respond to the SASB's request for comment. They may want to consider recent product innovations, customer and employee expectations, regulatory requirements and technological improvements to inform their suggestions about the disclosures they believe will be most useful for their stakeholders.

Comments are due by December 31, 2017. This process will culminate in the codification of the SASB standards, scheduled for early 2018.

To have a deeper discussion, contact:

Sara DeSmith
Partner
Email: sara.desmith@pwc.com

Don Reed
Managing Director
Email: donald.j.reed@pwc.com

Liz Logan
Partner
Email: liz.logan@pwc.com

Follow @CFODirect on Twitter.