

# Why we need standards

We're in a time of incredible change, when corporate executives, investors, regulators, policy-makers and accounting professionals are finally working together to truly connect ESG with financial risk and opportunity. And one more crucial player: the standard-setter, bringing ESG to a similar level of maturity as the financial reporting ecosystem, with ESG data that is consistent across time periods and comparable across companies and geographies. That is the mission of the SASB Standards.

By Neil Stewart

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MULTIPLE ESG STANDARDS & FRAMEWORKS - A REPORTING CHALLENGE

Center for Corporate Reporting CCR

CCR Roundtable

Which standards and frameworks should you consider in the future? What are the latest and upcoming developments? Discuss with experts from EY, Capitals Coalition, Value Reporting Foundation (Merger SASB/IIRC), EFRAG and GRI at the next CCR Roundtable.

SASB, or the Sustainability Accounting Standards Board, was founded a decade ago in response to the need of the capital markets for industry-specific, decision-useful ESG data, allowing companies and investors globally to communicate about the financial impacts of sustainability.

What differentiates SASB Standards from others is this laser focus on needs of providers of capital, across asset classes. While all stakeholders are tremendously important to a business's success, their information needs are different. SASB Standards meet the needs of investors with tailored, industry-specific information, allowing them to direct capital to where it will help business most in facing ESG risks and opportunities.

Clear standards allow investors and management to better integrate ESG factors and make more informed decisions. And clear standards give businesses control over their story – focusing investors on what really matters.

As a result, we are seeing the number of SASB reporters grow quickly, almost doubling just in the first six months of 2021. We're now at over 1,200 SASB reporters globally, 50% of them outside the US. More than 250 asset managers and asset owners representing upwards of USD 73 tril-

lion in assets under management license SASB Standards and/or are in the SASB Alliance. And regulators, too, are turning to SASB Standards, with IOSCO considering how they may fit into a future global corporate reporting system under the IFRS Foundation. The UK's Financial Reporting Council has instructed companies: for climate risk, use TCFD, and for industry-specific ESG factors, use SASB Standards.

In June we announced the merger of SASB and the International Integrated Reporting Council, or IIRC, into the Value Reporting Foundation (VRF), with three key resources: Integrated Thinking Principles, the Integrated Reporting Framework and SASB Standards.

This merger was a direct response to the call for clarity and simplicity in corporate reporting, simplifying the field and creating a strong, global player to support key bodies such as the IFRS Foundation. We believe a "building block" approach is the way forward, with the foundational building block being a baseline set of global standards focused on how sustainability issues impact enterprise value, for disclosure to investors. We believe the resources developed by both IIRC and SASB over the last ten years can contribute to this solution.



NEIL STEWART is the Value Reporting Foundation's New-York-based Director of Corporate Outreach, advancing awareness of the SASB Standards and the International Integrated Reporting Framework and helping companies worldwide with implementation.

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