



Master's in Accounting

Sustainability, Accountability and Ethics

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Class 5

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Sustainability Accounting Standards



On 31 March 2022 the International Sustainability Standards Board (ISSB) published its first proposed standards. SASB Standards enable organizations to provide industry-based sustainability disclosures about risks and opportunities that affect enterprise value. In August 2022, the IFRS Foundation assumed responsibility for SASB Standards.



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Sustainability Accounting Standards



SASB Standards identify the subset of environmental, social and governance issues most relevant to financial performance and enterprise value for 77 industries. The Standards were developed using a rigorous and transparent [standard-setting process](#) that included:

- evidence-based research;
- broad and balanced participation from companies, investors and subject-matter experts; and
- oversight and approval from the independent [SASB Standards Board](#).

[Global investors](#) recognise SASB Standards as essential requirements for companies seeking to make consistent and comparable sustainability disclosures.



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Sustainability Accounting Standards



Environment

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

Leadership & Governance

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



Business Model & Innovation

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

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



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Sustainability Accounting Standards



- 1.Environment.** Environmental impacts
- 2.Social Capital.** Expectation that a business will contribute to society
- 3.Human Capital.** Management of human resources (employees and individual contractors) as key assets to delivering long-term value
- 4.Business Model and Innovation.** Integration of environmental, human, and social issues in a company's value-creation process
- 5.Leadership and Governance.** Issues that are inherent to the business model or common practice in the industry and that are in potential conflict with the interest of broader stakeholder groups

<https://www.sasb.org/standard-setting-archive/>



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What to report as non-financial information?

DISCLOSURE RECOMMENDATIONS from Financial Stability Board



The Task Force developed **four widely-adoptable recommendations** on climate-related financial disclosures that are applicable to organizations across sectors and jurisdictions.

The recommendations are structured around four thematic areas that represent core elements of how organizations operate:



Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities



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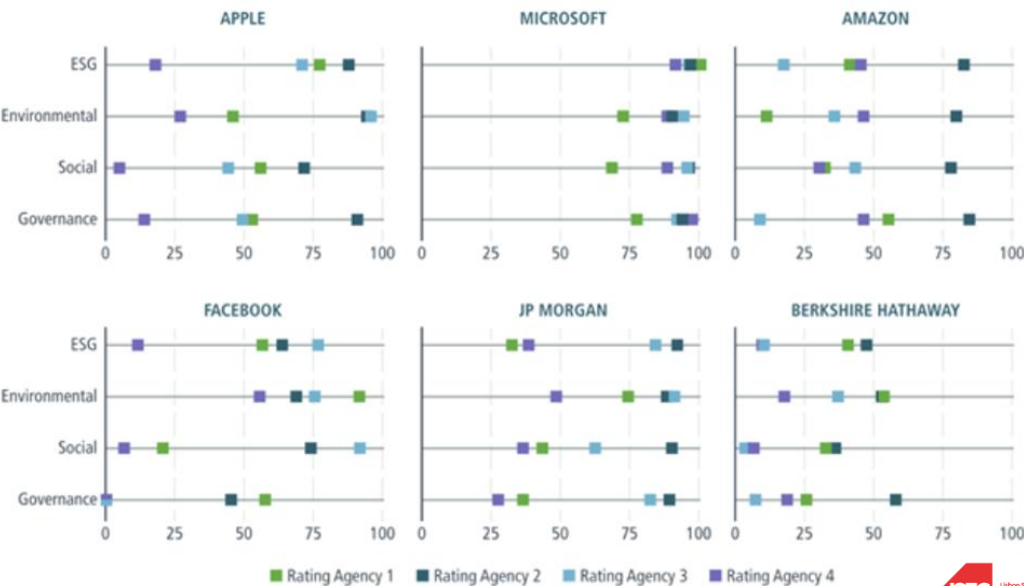
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Sustainability Rankings

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Sustainability rankings



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MEMBER OF

Dow Jones Sustainability Indices

In collaboration with  a RobecoSAM brand

RobecoSAM - Corporate Sustainability Assessment DJSI 2016 - Industry
CSV Test Company RobecoSAM

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CH-8005 Zurich
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Fax +41 44 6531050
www.robecosam.com
info@robecosam.com

Questionnaire with 97 pages

Company Name: CSV Test Company RobecoSAM

Registration Data:

Main contact person: _____
(Person to be contacted in the case of questions)

Function/position: _____

Department: _____

Address: _____

Town/Vcity: _____

Zip: _____

Country: _____

Phone: _____

Fax: _____

E-mail: _____

Web: _____



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Dow Jones Sustainability Indices

ROBECOSAM
We are Sustainability Investing.

Financial Materiality Framework

RobecoSAM's Definition of Materiality of Sustainability

RobecoSAM defines Materiality as "Any factor which might have a present or future impact on companies' value drivers, competitive position, and thus on long-term shareholder value creation"

Key Question: How do different forms of capital impact financial performance?

Forms of Capital:

- Intellectual capital
- Customer capital
- Manufactured capital
- Human capital
- Environmental capital
- Social capital
- Financial capital & business model

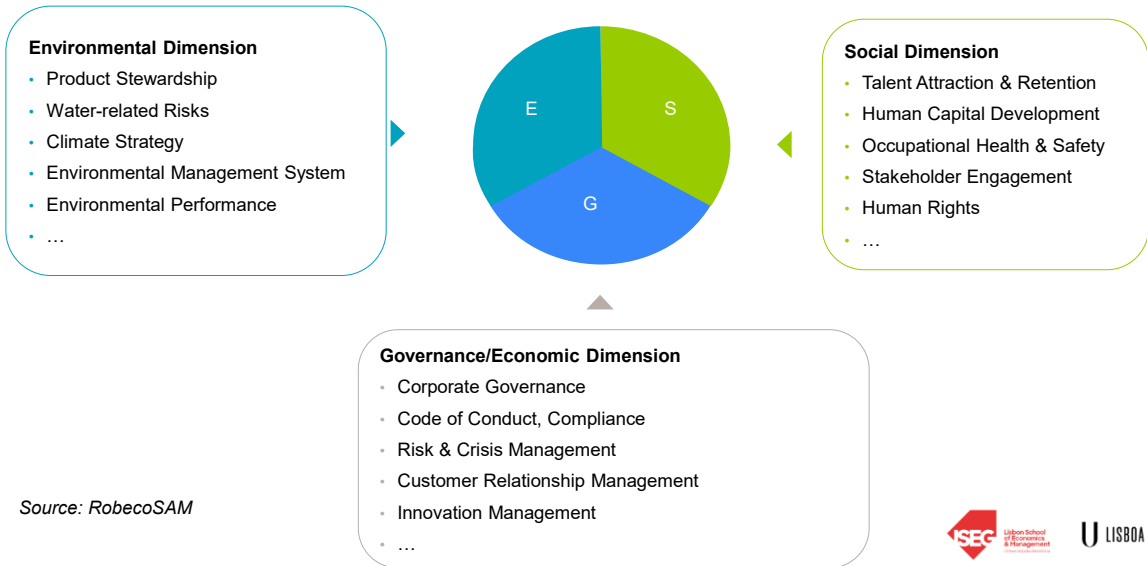
Impact on Financials:

- Growth (Revenue)
- Profitability (Costs)
- Capital Efficiency
- Risk profile



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In general, the company has to collect varied information on:



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Stakeholder Engagement principles

(AA1000 Stakeholder Engagement Standard)



Inclusion principle: stakeholder participation in the development and implementation of a strategic and responsible response in relation to sustainability.



Relevance principle: determining relevance is necessary to ensure balanced information that influences the decisions of the organization and its stakeholders.



Accountability and transparency



Responsibility principle: an organization must respond to the concerns of **stakeholders** that affect its sustainable performance. Stakeholders participate in the development of responses.



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Sustainability Rating Methodology: How to Assess the Long Term Viability of Business Models

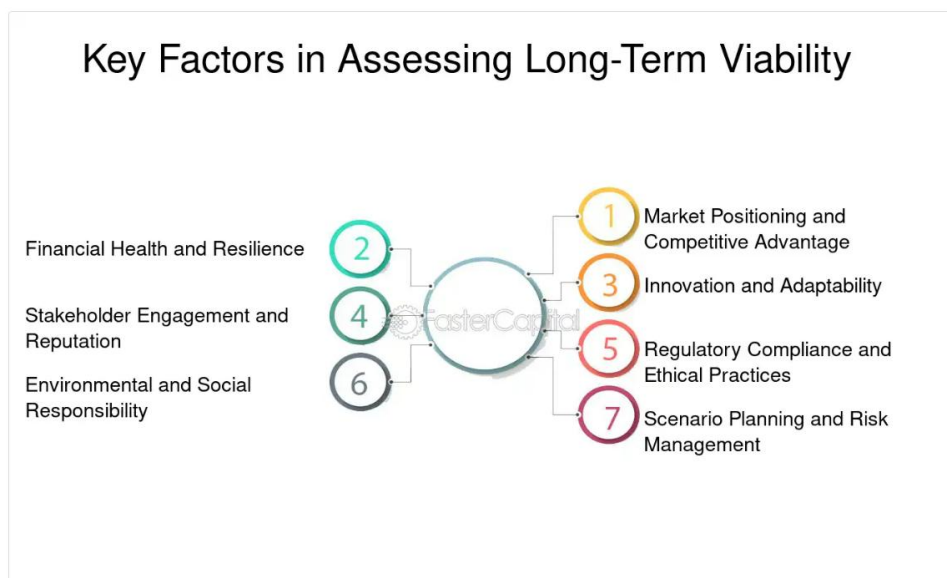


[Sustainability Rating Methodology: How to Assess the Long Term Viability of Business Models - FasterCapital](#)



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Sustainability Rating Methodology: How to Assess the Long Term Viability of Business Models



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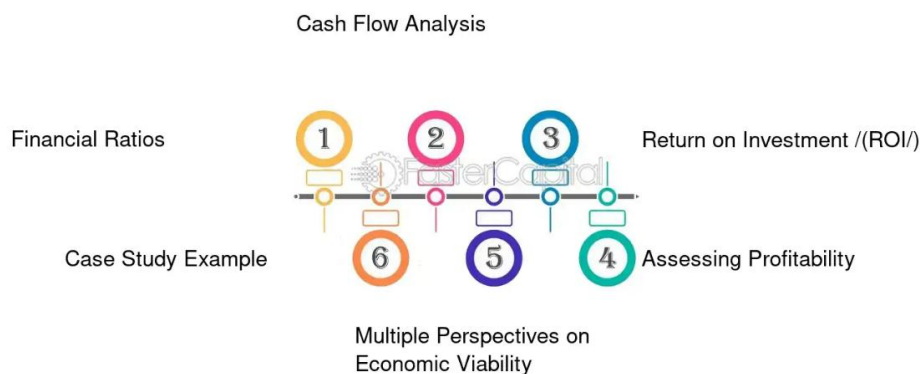
Sustainability Rating Methodology: How to Assess the Term Viability of Business Models

Analyzing Ethical and Social Impact



Sustainability Rating Methodology: How to Assess the Term Viability of Business Models

Assessing Financial Stability



Sustainability Rating Methodology: How to Assess the Term Viability of Business Models

Examining Corporate Policies and Practices



Sustainability Rating Methodology: How to Assess the Term Viability of Business Models

Involving and Empowering Key Stakeholders



Behind ESG Ratings (2025)



This is one of the strongest recent comparative studies. The OECD examines more than 2,000 metrics from eight major ESG rating products covering more than 80% of the estimated ESG data-provider market. The report identifies several important sources of divergence:

- **Scope divergence:** providers assess different sustainability topics.
- **Measurement divergence:** providers measure the same topic using different indicators.
- **Weight divergence:** providers assign different importance to the same topics.

The OECD reports that measurement divergence accounts for approximately **56%** of rating divergence, scope divergence for **38%**, and weighting divergence for only **6%**.

[Behind ESG ratings \(EN\)](#)



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Behind ESG Ratings (2025)



Figure 7. Variance in metric characteristics between rating products



Note: The above side-by-side dot charts illustrate, for each ESG topic, the share of quantitative and output-based metrics across rating products. Each rating product is represented by a single dot to illustrate the varying prevalence of metric characteristics in the assessment of ESG performance.

■ Environmental topics
■ Social topics
■ Governance topics

[Behind ESG ratings \(EN\)](#)



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Exercise

What was considered the most sustainable company in 2025?

According to what index?



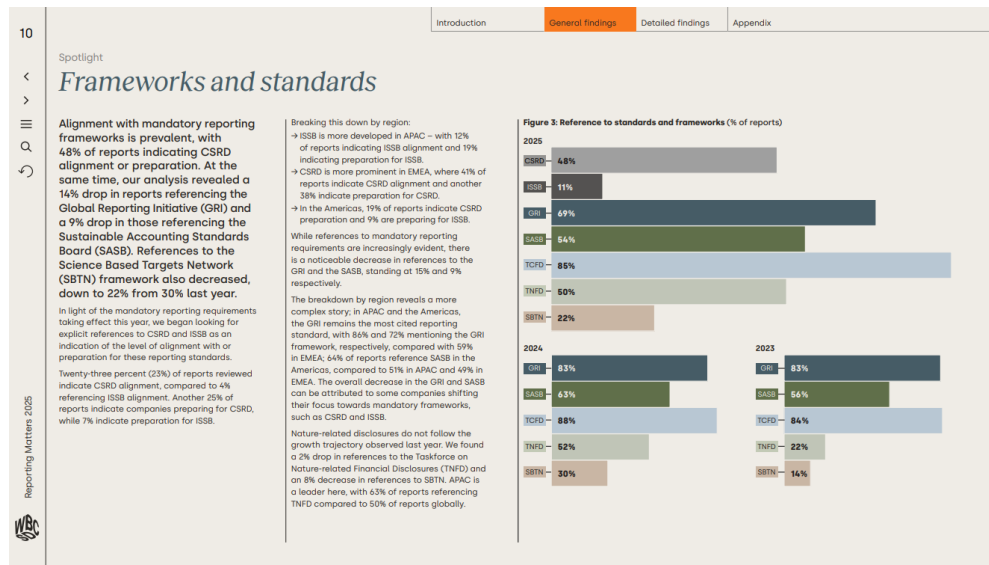
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The Global Reporting Initiative (GRI)

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Frameworks and Standards



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The Global Reporting Initiative



Global Sustainability Standards Board (GSSB)



About half of all reports apply this guidelines. The GRI's publicly accessible registry currently lists 13.528 organizations, 53.098 reports and 31.991 GRI reports.

https://www.youtube.com/watch?v=AGqE4OO0_7g

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The Global Reporting Initiative



The GRI Standards are issued by the Global Sustainability Standards Board (GSSB), an independent multi-stakeholder standard setting body created by GRI.

The role of the GSSB is to ensure that the GRI Standards are developed in the public interest, through a multi-stakeholder, transparent and independent process. The Standards are developed according to due process and all meetings are recorded and available on GRI's website.

The Global Reporting Initiative

The GRI Standards are developed through a multi-stakeholder process:

Expert Working Groups are formed to develop draft content on specific topics, for the GSSB to review and approve.

Each Working Group represents a balanced mix stakeholder groups.

In addition, each draft GRI Standards is released for public comment before the final Standard can be approved.



The Global Reporting Initiative

GRI's Framework is the **most widely used and recognized** multi-stakeholder approach for disclosing economic, environmental, social, and governance information about a company's performance and impact

The GRI guidelines have been rebranded in 2016 and are now called the GRI standards. While in the early years, the GRI guidelines offered a list of indicators, now the standards prescribe more precisely how companies have to approach the reporting process.

Another important change is that the **concept of materiality has increased in importance**, and that companies have to more clearly define which topics are material, which are those aspects that reflect the organization's significant economic, environmental, and social impacts or that really influence stakeholders' assessments and decisions.

The Global Reporting Initiative

Main features

The GRI Standards:

Have a modular structure.

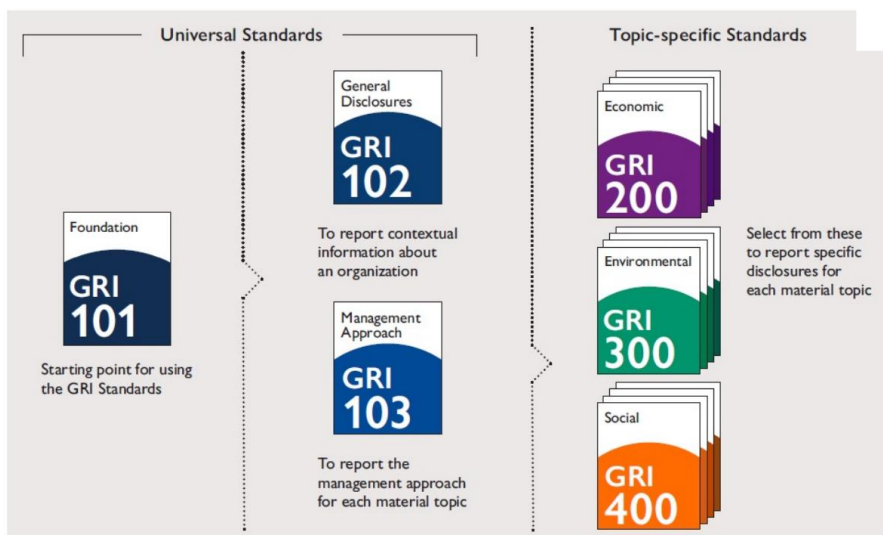
Developed primarily to be used as a set, but can also be used individually.

Organize content into requirements ('shall'), recommendation ('should') and guidance.

Include a set of Reporting Principles to guide the selection and quality of content

Require organizations to identify and report on material topics.

The Global Reporting Initiative



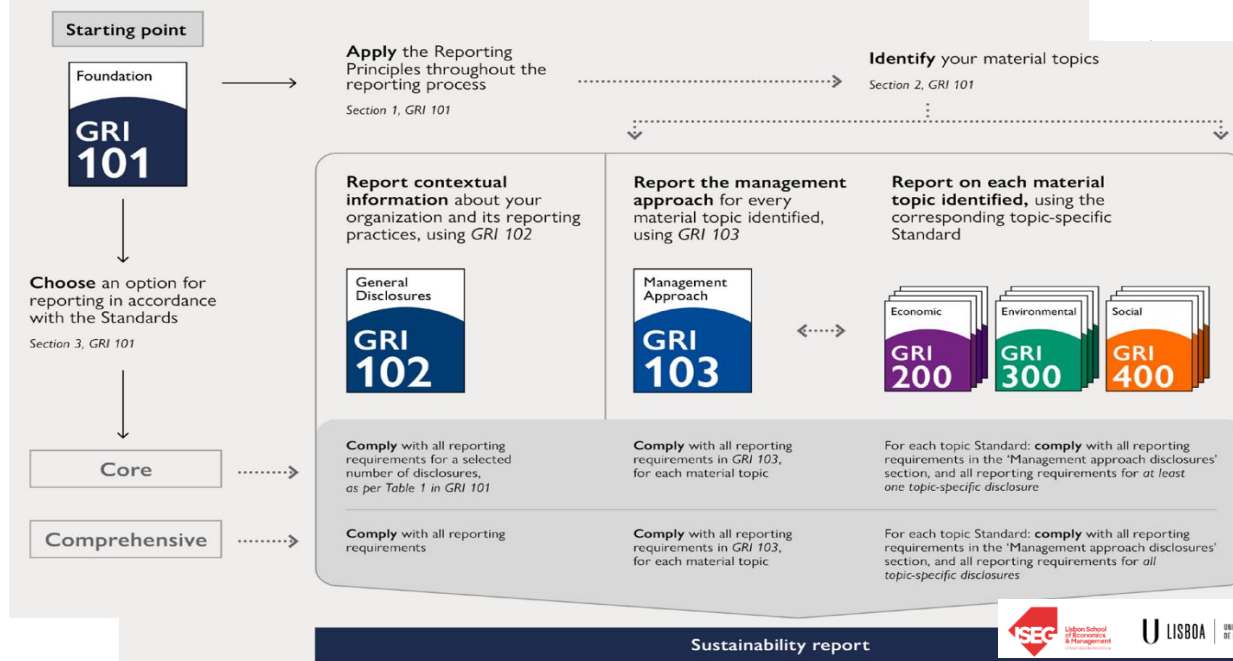
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Using the GRI Standards for sustainability reporting



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What to report as non-financial information?

Standards e indicators from GRI

SRS 101:
Foundation
includes a
consolidated table
with all criteria
for both 'in
accordance'
options

See **SRS 101:**
Foundation, Section 3,
Table 2 (line 725-
734)

Claim that can be made about the use of the GRI Standards		Type of claim	
		'In accordance': core option	'In accordance': comprehensive option
Requirements to make the claim	SRS 101: Foundation	<i>'This report has been prepared in accordance with the GRI Standards: core option'</i>	<i>'This report has been prepared in accordance with the GRI Standards: comprehensive option'</i>
	SRS 201: General disclosures	Comply with all requirements in Section 2 of this Standard, 'Using the GRI Standards for sustainability reporting'	Same as for 'core'
	SRS 301: Management approach	Report Disclosures 201-1 to 201-14, 201-16, 201-18, 201-22, and 201-41 to 201-56 Comply with all reporting requirements for the disclosures reported	In addition to the disclosures required for 'core', report Disclosures 201-15, 201-17*, 201-19 to 201-21*, and 201-23 to 201-40*
	Topic-specific Standards (SRS 400, 500, and 600 series), for those topics identified as material.	For each material topic identified, report Disclosures 301-1, 301-2*, 301-3* Comply with all reporting requirements for the disclosures reported	Same as for 'core'
		Report at <u>least one</u> topic-specific disclosure for each material topic* Comply with all reporting requirements for the disclosures reported	Report <u>all</u> topic-specific disclosures for each material topic* Comply with all reporting requirements for the disclosures reported

* Reasons for omission can apply



What to report as non-financial information?

3 'categories' of content:

- **Requirements:** denoted using 'shall' – these are mandatory instructions
- **Recommendations:** denoted using 'should' – not mandatory but advised
- **Guidance:** denoted using 'can' and by a shaded background. Not mandatory but it helps reporters understand and apply the requirements

Defining report content and topic Boundaries

Reporting requirements ←

6.2 The reporting organization shall report the following information for Disclosure 201-46:

Disclosure 201-46

a. An explanation of the process for defining the report content and the topic Boundaries.

b. An explanation of how the reporting organization has implemented the Reporting Principles for defining report content.

Reporting recommendations ←

6.3 When compiling the information specified in Disclosure 201-46, the reporting organization should include an explanation of:

6.3.1 the steps taken to define the content of the report and to define the topic Boundary;

6.3.2 at which steps in the process each of the Reporting Principles for defining report content were applied;

6.3.3 any assumptions and subjective judgements made in this process; and

6.3.4 any challenges the organization encountered when applying the Reporting Principles for defining report content.

Guidance 6.2 and 6.3 ←

This disclosure asks the reporting organization to explain the process it has gone through to determine the content to include in its sustainability report. This disclosure can be used to explain how the organization identified relevant sustainability topics and prioritized them using the Materiality and Stakeholder Inclusiveness principles. The explanation can also include how stakeholders' views were sought throughout this process, although this can also be covered in the general disclosures related to stakeholder engagement of this Standard.



Reporting process using the GRI Standards

GRI 101: Foundation

Section 1: Reporting Principles

An organization is required to apply all the Reporting Principles if it wants to claim that its sustainability report has been prepared in accordance with the GRI Standards.

10 Reporting Principles	
CONTENT	QUALITY
• Stakeholder Inclusiveness • Sustainability Context • Materiality • Completeness	• Accuracy • Balance • Clarity • Comparability • Reliability • Timeliness

Report content principles:

1. Stakeholder Inclusiveness

The reporting organization shall identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.

2. Sustainability Context

The sustainability report should present the reporting organization's performance in the wider context of sustainability.

3. Materiality

The report should cover topics that:

- Reflect the reporting organization's significant economic, environmental, and social impacts; or
- Substantively influence the assessments and decisions of stakeholders. .

4. Completeness

The report should include coverage of material topics and their Boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable stakeholders to assess the reporting organization's performance in the reporting period.

Reporting process using the GRI Standards

Section 2: Using the GRI Standards for sustainability

Sets out the basic process for sustainability reporting using the GRI Standards and includes the following content:

Applying the Reporting Principles

Reporting general disclosures (using GRI 102)

Identifying material topics and their Boundaries

Reporting on material topics (GRI 103: Management Approach and topic-specific Standards)

Presenting information in a report (including how to use references to other sources)

Complying with all requirements in this section is mandatory to claim that a report has been prepared in accordance with the GRI Standards.



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Reporting process using the GRI Standards

Section 3: Making claims related to the use of the GRI Standards

1. Using GRI Standards as a set to prepare a sustainability report.
2. Using selected Standards, or parts of their content, to report specific information.

Either way, the organization needs to notify GRI of the use of the Standards and using reasons for omission.

Key Terms

This section defines selected terms and definitions that are useful for understanding *GRI 101: Foundation*



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Reporting process using the GRI Standards

GRI 102: General Disclosures

Disclosures about the organization and its reporting practice

Disclosures in *GRI 102* provide an overview of the reporting organization, including its organizational profile, strategy, ethics and integrity, stakeholder engagement, governance structure and sustainability reporting practice.

This information is important as it provides stakeholders with important context to understand the nature of the reporting organization and other disclosures

Reporting process using the GRI Standards

GRI 103: Management Approach

Management approach disclosures enable an organization to report about their impacts on the economy, the environment and society.

This provides important narrative information about how the organization identifies, analyzes, and responds to its actual and potential impacts.

Reporting process using the GRI Standards

Topic-specific Standards

Each topic-specific Standard follows the same format:

Introduction

Management approach and disclosures

Topic-specific disclosures

Glossary

References

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Overview of the GRI Standards

A report that has been prepared in accordance with the GRI Standards:

Covers all of the organization's material topics.

Applies the 10 Reporting Principles for defining report content and quality.

Can include information published in different places and formats (e.g. on the website and in PDF) – but must have a GRI context index to help users locate information.

Meets specific criteria to be considered either 'Core' or 'Comprehensive'.

Complies with all requirements for disclosure included in the report.

Includes a specific claim about how the GRI Standards have been applied.

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Reporting process using the GRI Standards

GRI definition of stakeholder

“Entity or individual that can reasonably be expected to be significantly affected by the reporting organization’s activities, products and services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.”

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Stakeholder Profile	
Stakeholder group	
Stakeholder objective	
Preferred level of engagement with this group	
Stakeholder group representative	
Specific representative/representing organization	
Internal contact person	
Stakeholder’s general view on the issue(s)	
Expectations towards the business regarding the issue(s)	
Engagement history & current highest level of and approaches to engagement	
Relationships/conflicts of interest with other stakeholders	
Knowledge of the Issue (Specialist Knowledge, Good Knowledge, Medium Knowledge, Lacking Knowledge, No Knowledge)	
Willingness to engage (Willing, Moderately Interested but friendly, Uninterested, Hostile)	
Actual and/or potential impacts of stakeholder on business – associated risks and opportunities	Positive impacts/Opportunities:
	Negative impacts/Risks:
Other comments	

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ESG Reporting - Research

Internal benefits for companies (GRI)

- Increased understanding of risks and opportunities
- Emphasizing the link between financial and nonfinancial performance
- Influencing long-term management strategy and policy, and business plans
- Streamlining processes, reducing costs and improving efficiency
- Benchmarking and assessing sustainability performance
- Avoiding being implicated in publicized environmental, social and governance failures
- Improving competitiveness and innovation of business.

<https://www.globalreporting.org/information/sustainability-reporting/Pages/reporting-benefits.aspx#sthash.9h6fx0hd.dpuf>



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ESG Reporting - Research

External benefits for companies (GRI)

- Mitigating—or reversing—negative environmental, social, and governance impacts
- Improving reputation and brand loyalty
- Enabling external stakeholders to understand the organization's true value
- Ability to attract new customer base (and retain existing), investors and best-quality employees
- Improved shareholder value
- Increased profitability
- Ability to identify and manage reputational risks
- Better quality products and processes
- Improved relations with regulators/legislators

<https://www.globalreporting.org/information/sustainability-reporting/Pages/reporting-benefits.aspx#sthash.9h6fx0hd.dpuf>



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Integrated Reporting Framework

Used to accelerate the adoption of integrated reporting across the world with an aim to:

- Improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital
- Promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of an organization to create value over time
- Enhance accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship, and natural) and promote understanding of their interdependencies
- Support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term.

