

Scorecard

# Sustainability Accounting Standards Board (SASB)

## About SASB

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COVERAGE OF COMPANIES

**Global**

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LAUNCH DATE

**2006**

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LINK:

<https://sasb.ifrs.org/standards/>

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# Sustainability Accounting Standards Board (SASB) Score

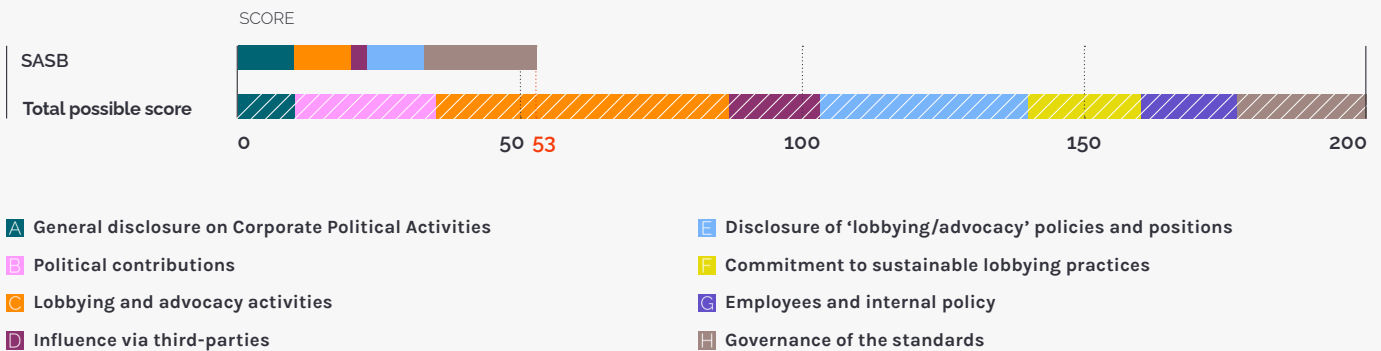


Rank 17 /27

## Tracker Rank and Score for SASB

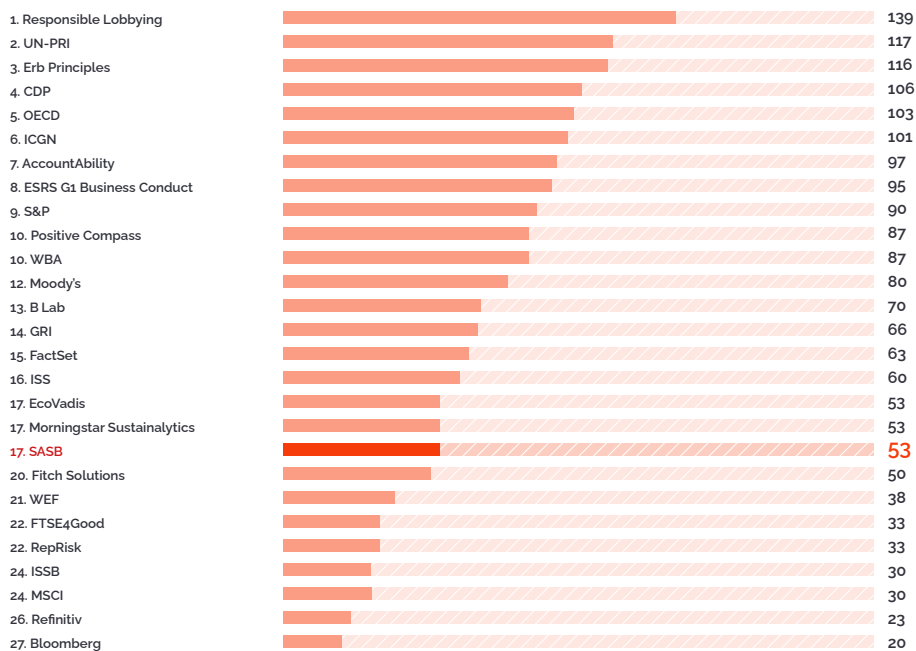
The score is out of a total of 200 and the rank describes the standards position in the 27 standards assessed by the Tracker.

## Category scores of SASB



\*Categories where the standard received no points do not appear in the colour-coded graph

## Rank and scores for all standards



# Description

The SASB Standards are a set of 77 industry-specific sustainability accounting standards (referred to as “SASB Standards” or “Industry Standards”), categorised based on the Sustainable Industry Classification System (SICS) industry classification system. Published in 2006, the SASB Standards were based on six years of research and extensive market input. To maintain the SASB Standards, the technical staff conducted research, engaged with corporate professionals, investors and subject matter experts, and monitored existing, evolving and emerging sustainability issues. The standards are important as they both guide corporate reporting and also inform investment strategy, investor dialogue with portfolio companies, and investment index design by a number of index providers.

Since their launch, regular updates to the Standards have occurred following evidence-based research, broad and balanced stakeholder participation, public transparency and independent oversight and direction from the SASB Standards Board.<sup>1</sup> As a complement to the governance of the SASB Standards Board, the SASB Standards Advisory Group was a committee of volunteer industry experts that provided ongoing feedback on the implementation of SASB standards and emerging sustainability issues.<sup>2</sup>

As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards and administers an archive of standard updates.<sup>3</sup> The ISSB has committed to maintain, enhance and evolve the SASB Standards and has opened them up for further revisions. The SASB Standards play an important role as an input for the first two IFRS Sustainability Disclosure Standards, IFRS S1 General Requirements for Sustainability-related Disclosures,<sup>4</sup> and IFRS S2 Climate-related Disclosures.<sup>5</sup> The importance of the adoption of the SASB Standards by the IFRS is that the IFRS is one of the global accounting standards setting bodies, so wields major influence over global corporate reporting norms and regulations.

The SASB Standards include: (a) industry descriptions, intended to help entities identify applicable industry guidance by describing the business models, associated activities and other common features that characterise participation in the industry; (b) Disclosure topics, which describe specific sustainability-related risks or opportunities associated with the activities conducted by entities within a particular industry; (c) metrics, which accompany disclosure topics and are designed to, either individually or as part of a set, provide useful information regarding an entity’s performance for a specific disclosure topic; (d) technical protocols, which provide guidance on definitions, scope, implementation and presentation of associated metrics; and (e) activity metrics, which quantify the scale of specific activities or operations by an entity and are intended for use with metrics to normalise data and facilitate comparisons across companies, industries and geographies.

The SASB Standards are industry based, assessing industry-specific sustainability-related risks and opportunities that are most likely to affect cash flows, access to finance and cost of capital. SASB Standards were designed this way as industry-based disclosure was considered to reduce costs and minimise reporting noise by surfacing only the most relevant information for investors. The Sustainable Industry Classification System® (SICS®) was designed to group companies based on shared sustainability-related risks and opportunities to enhance comparability for investor decision-making. As a result, the number of relevant

sustainability-related risks and opportunities vary by industry.

According to SASB, using the standards enables organisations to provide industry-based disclosures about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance or cost of capital over the short, medium or long term. The SASB Standards identify the sustainability-related issues most relevant to investor decision-making across 77 industries. Global investors recognise SASB Standards as essential requirements for companies seeking to make consistent and comparable sustainability disclosures.<sup>6</sup>

## Score Summary

The SASB Standards are scored for the first time in the 2025 edition of the The Good Lobby Tracker. SASB received a Tracker score of 53 out of a total possible score of 200. The SASB Standards have significant room for improvement to better assess financially material corporate political activities and other forms of lobbying. The SASB Standards are industry specific and the assessment looked at the fossil fuel Exploration & Production and Commercial Banking industry guides, two industries where lobbying and influence over government policy is fundamental to business success.

The SASB Standards acknowledge that firms in the Exploration & Production industry “regularly participate in the regulatory and legislative process on a wide variety of environmental and societal issues, and they may do so directly or through representation by an industry association. Entities may participate in these processes to ensure industry views are represented in the development of regulations affecting the industry, as well as to represent shareholder interests.” Yet the standards do not provide detailed guidance on lobbying disclosure expectations or on political finance. The standards acknowledge that lobbying conduct may give rise to reputational and legal risks, but do not articulate expectations for internal systems or board or management oversight of these activities to ensure lobbying risks and opportunities are properly understood. Rather than providing more detailed expectations, the Standard acknowledges that “attempts to influence environmental laws and regulations may have an adverse effect on entities’ reputations with stakeholders and ultimately affect the entity’s social licence to operate. Entities that can balance these tensions may be better positioned to respond to medium-to-long-term regulatory developments.”<sup>7</sup>

The SASB Standards score points in Tracker Category A ‘General disclosure on corporate political activities,’ for highlighting the existence of lobbying related risks and opportunities. It also scores points as the SASB Standards methodologies are all public and open for feedback. Now that SASB is part of the global accounting standards body, the IFRS Foundation, and administered by the International Sustainability Standards Board, there should be opportunities for further updates.

# Opportunities for improvement

**The development process and function of the SASB standards should provide opportunities to update the standards to reflect market and investor expectations for better, more consistent data on corporate political activities.** The SASB Standards define sustainability as “corporate activities that maintain or enhance the ability of the company to create value over the long term” while sustainability accounting refers to “the measurement, management, and reporting of such corporate activities.”<sup>8</sup> In the Leadership & Governance dimension of the Standards, there are four sustainability topics that could more fully consider lobbying and highlight the importance of this information in investor decision making and for company boards and senior management. These four sustainability topics are business ethics, competitive behaviour, systematic risk management, and most significantly management of the legal and regulatory environment.

The SASB Management of the Legal & Regulatory Environment category addresses a company’s approach to engaging with regulators in cases where conflicting corporate and public interests may have the potential for long-term adverse direct or indirect environmental and social impacts. The category addresses a company’s level of reliance upon regulatory policy or monetary incentives, such as subsidies and taxes, and the company’s actions to influence industry policy through direct lobbying and other means. It is intended to assess a company’s overall reliance on a favourable regulatory environment for business competitiveness, and the company’s ability to comply with relevant regulations. It may relate to the alignment of management and investor views of regulatory engagement and compliance at large.

The Business Ethics SASB category addresses a company’s approach to managing risks and opportunities surrounding ethical conduct of business, including fraud, corruption, bribery and facilitation payments, fiduciary responsibilities, and other behaviour that may have an ethical component. This includes sensitivity to business norms and standards as they shift over time, jurisdiction, and culture. It addresses the company’s ability to provide services that satisfy the highest professional and ethical standards of the industry, which means to avoid conflicts of interest, misrepresentation, bias, and negligence through training employees adequately and implementing policies and procedures to ensure employees provide services free from bias and error. This is an important area covered in the Tracker, with a focus on employee conduct and internal governance controls for lobbying.

**The Tracker research looked at each of the categories in the Leadership & Governance group, including Competitive Behaviour.** The Competitive Behaviour category covers social issues associated with the existence of monopolies, which may include, but are not limited to, excessive prices, poor quality of service, and inefficiencies. This is an area of intensive lobbying, so it is surprising to not see more analysis from SASB on this.<sup>9</sup> According to SASB, the ‘Competitive Behaviour’ category covers a company’s management of legal and social expectation around monopolistic and anti-competitive practices, including issues related to bargaining power, collusion, price fixing or manipulation, and protection of patents and intellectual property.

Finally, the SASB Systematic Risk Management category addresses company contributions to, or management of, systemic risks resulting from large-scale weakening or collapse of systems upon which the economy and society depend. This includes financial systems, natural resource systems, and technological

systems. It addresses the mechanisms a company has in place to reduce its contributions to systemic risks and to improve safeguards that may mitigate the impacts of systemic failure. For financial institutions, the category also captures the company's ability to absorb shocks arising from financial and economic stress and meet stricter regulatory requirements related to the complexity and interconnectedness of companies in the industry. Each of these SASB categories could be further developed by the ISSB to be more consistent and complete in their coverage of corporate political activities and other forms of lobbying.

## Endnotes

- 1 <https://sasb.ifrs.org/about/governance-archive/>
- 2 <https://sasb.ifrs.org/standards/standards-advisory-group/#1630019079550-f8fb4d46-da8c>
- 3 <https://sasb.ifrs.org/standards/archive/>
- 4 <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements.html/content/dam/ifrs/publications/html-standards-issb/english/2023/issued/issbs1/>
- 5 <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures.html/content/dam/ifrs/publications/html-standards-issb/english/2023/issued/issbs2/>
- 6 'Why investors use SASB standards:' <https://sasb.ifrs.org/investor-use/>
- 7 <https://sasb.ifrs.org/standards/materiality-finder/find/?company%5B0%5D=ARDEUT110152>
- 8 'SASB conceptual framework:' [sasb.ifrs.org/wp-content/uploads/2019/05/SASB-Conceptual-Framework.pdf?source=post\\_page](https://sasb.ifrs.org/wp-content/uploads/2019/05/SASB-Conceptual-Framework.pdf?source=post_page)
- 9 'Apple ramped up lobbying as antitrust lawsuits and legislation loomed' (01.09.2022): <https://www.opensecrets.org/news/2022/09/apple-ramped-up-lobbying-as-antitrust-lawsuits-and-legislation-loomed/>

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