



Assessing Your Readiness



KEY ACTIONS

- Review and understand the SASB metrics** - Review—in detail—the metrics (and accompanying technical protocols) associated with their selected SASB disclosure topics to familiarize themselves with not only the top-line metrics themselves, but their underlying methodologies for collection, calculation, compilation, and presentation
- Analyze the delta between existing information and planned disclosures** - Assess whether and how the company currently discloses information relevant to each SASB topic in its core communications with investors to identify gaps in reporting and opportunities to leverage the SASB-aligned disclosure that already exists

Additionally, in performing this analysis, the company is likely to identify three categories of metrics: (1) those for which it is already collecting SASB-aligned data; (2) those for which it is collecting similar data; and (3) those for which it is collecting no data. The company should consider the following questions for each category:

Metrics that the Company Already Collects

- Have the metrics historically been used for disclosure in financial reports or subject to independent, third-party verification?
- Have previous assessments of the metrics revealed a relatively weak control environment?

Metrics that the Company Collects Similar Data For

- Who owns the data internally?

- Is the data inconsistent with the SASB standard because it represents an entirely different metric related to the same topic, or because the company employs different methodologies from those specified in the SASB technical protocols?
- What are the associated costs—in terms of time, effort, money, or other resources—to bring the metric into full alignment?

Metrics that the Company Hasn't Previously Collected

- Which internal stakeholders are best positioned to review the SASB metric and associated technical protocols to assess the company's ability to collect the data?
- What is the most likely path for collecting the required information and the associated level of time, effort, and cost?

- Ensure data reliability** – Ensure the company has leveraged existing systems, processes, and approaches, to effectively communicate financially material sustainability risks, opportunities, and performance and to ensure reliable data. Such an approach may involve the application of internal control, the establishment of appropriate disclosure controls and procedures, and the engagement of independent, third-party assurance, among other activities. Use the following questions to guide decisions related to internal controls over SASB metrics, disclosure controls and procedures, and independent, third-party assurance:

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SASB IMPLEMENTATION WORKSHEET

Assessing Your Readiness (cont.)

Consider the following questions to evaluate internal control over SASB metrics:

- Has the company established a strong internal control environment with robust processes, standards, and discipline around financially material sustainability information?
- Has the company incorporated SASB topics into its approach to risk management? Has it established specific objectives for managing the topics and reporting the data, and identified and assessed risks to achieving those objectives?
- What control activities—if any—has the company designed, implemented, and maintained at the entity level, the transaction level, or the information technology level to mitigate key ESG-related risks?
- Does the company have access to timely, relevant, and reliable information to help it assess the effectiveness of its sustainability reporting systems and processes?
- How does the company monitor the effectiveness of how it is managing SASB disclosure topics? How does it monitor the effectiveness of its related disclosures?

When examining disclosure controls consider the following questions:

- Which individual(s) or function(s) are responsible for preparing the information needed for each SASB disclosure topic?
- How do individuals or business units within the company collect the information to be disclosed? Does each SASB metric have a formal accounting policy that provides clear definitions and guidance for assumptions to ensure consistent data collection, analysis, and reporting across the organization?
- How is the collected information communicated to those responsible for preparing the disclosures? Are these processes well documented, including key risks for misstatements and associated controls to prevent or detect misstatements?
- How is information reviewed and revised for publication? What external parties—such as outside counsel, an independent assurance provider, or other advisory partners—are involved?
- What is the timeline of all disclosure activities?
- What governance processes apply, or should be applied, to the disclosures? Should the SASB information be reviewed by a disclosure committee and/or a board committee?

When considering independent, third-party assurance consider the following questions:

- What are the relevant laws and standards—if any—related to the assurance of sustainability disclosures?
- What steps might the company take with internal audit and/or third-party advisors to establish internal confidence in data quality before investing in an external assurance engagement?
- Have the company's investors expressed an interest in obtaining assurance over all financially material sustainability information or only with respect to key data points?
- What level of assurance is appropriate in the context of the company's sustainability reporting objectives—reasonable (exam) or limited (review)? How might the company's selection of a disclosure channel influence this decision?