



SASB Standards

What is it?

SASB Standards identify the subset of Environmental, Social, and Governance (ESG) issues reasonably likely to materially impact financial performance of the typical company in an industry. SASB Standards, which have been adopted by more than 1,000 companies worldwide, are maintained by the Value Reporting Foundation.

Where?

Top 3 countries by number of companies adopting SASB standards:



How does it work?

SASB Standards are available for 77 industries split across 11 sectors. Each standard includes specific disclosure requirements around areas that are deemed financially material to the industry. Each disclosure requirement identifies narrative and/or a numerical indicator that is deemed relevant. Total disclosure requirements range from 6 to 30 depending on the specific industry standard. Many companies use multiple standards to reflect their specific business model. The standards are supported by an overall conceptual framework and implementation guidance.

Do investors support SASB standards?

SASB has identified 232 institutional investors representing \$72T Assets under management and 23 countries that support SASB and/or use SASB Standards to inform their investment decision-making. UK investors signed up to the SASB Standards include Man Group, Schroders, RPMI Railpen and Brunel Pensions Partnership amongst many others.

Sector standards



1. Consumer Goods
2. Extractives & Mineral Processing
3. Financials
4. Food & Beverage
5. Health Care
6. Infrastructure
7. Renewable Resources & Alternative Energy
8. Resource Transformation
9. Services
10. Technology & Communications
11. Transportation

<https://www.sasb.org/>

Practice in the UK

How many in the UK use SASB Standards?*



*Using 2020/21 reporters identified as Britain/UK per SASB website as at 01/06/21

Growth (2020 to 2021)

200+%

What is its status in the UK?

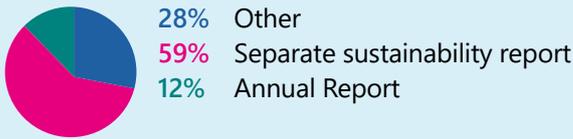
The use of SASB Standards is voluntary for UK organisations. In November 2020 the **FRC issued a statement on non-financial reporting that encouraged companies** to use the SASB standards.

Why we encourage use of SASB Standards

The FRC considers that to support the users of annual reports in understanding the long-term success of a business, companies need to provide high quality, relevant ESG disclosure. Whilst the FRC supports the development of International Sustainability Standards, this will take time and the demand exists for information now. We see SASB Standards as a key building block in the pathway to ESG disclosure. We consider that the industry-specific SASB Standards meet the needs of many investors. We encourage UK companies to explore, consider and adopt the relevant SASB Standards as part of their commitment to quality, decision-useful disclosure.

Across the 54 UK SASB reporters

Where is the disclosure located?



Which industries mostly use SASB in the UK?

Number of companies (top 4 industries)



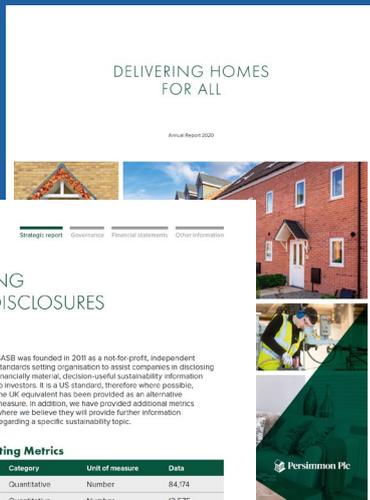
What other frameworks are these reporters using?



Examples



Persimmon has incorporated its SASB disclosures into the annual report. The location aids users by anchoring the disclosure into the group's wider strategy and business model and thereby provides useful context for the metrics.



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Our sustainability approach

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) DISCLOSURES

The Group has chosen to evolve its sustainability reporting further by disclosing sustainability topics and certain accounting metrics in line with the HOME BUILDERS Sustainability Accounting Standard, where possible.

SASB was founded in 2011 as a not-for-profit, independent standards setting organisation to assist companies in disclosing financially material, decision-useful sustainability information to investors. It is a US standard, therefore where possible, the UK equivalent has been provided as an alternative measure. In addition, we have provided additional metrics where we believe they will provide further information regarding a specific sustainability topic.

Activity metric	Code	Category	Unit of measure	Data
Number of owned and controlled plots	IF-HB-000.A	Quantitative	Number	84,174
Number of homes delivered	IF-HB-000.B	Quantitative	Number	13,575
Number of active selling communities	IF-HB-000.C	Quantitative	Number	c.300

Topic	Accounting metric	2020 data	SASB code
Land use and ecological impacts	(1) Number of (1) plots and (2) homes delivered on redevelopment sites	(1) 21,979 plots (2) 3,414 homes	IF-HB-950a.1
	(1) Number of (1) plots and (2) homes delivered in regions with high or extremely high Baseline Water Stress	(1) 2,842 plots (2) 598 homes	IF-HB-950a.2
	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	£Nil	IF-HB-950a.3
	Discussion of process to integrate environmental considerations into site selection, site design and site development and construction	The Group performs a 'Planning and Environmental Risk Assessment' for each potential site identified covering matters including contaminated land, water contamination and biodiversity impacts. This assessment is used to plan and design the site and put in place appropriate measures to mitigate adverse environmental impacts. The Group's technical and construction teams are involved in site planning and development from an early stage in the planning process through 'hard technical team meetings' and 'pre-start meetings' to discuss progressing the scheme and ensure the environmental conditions are effectively implemented on-site.	IF-HB-950a.4
	Public open spaces and gardens provided for families*	635 acres	Additional information
Workforce Health and Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	(1) (a) Annual Injury Incidence Rate of 1.7 per 1,000 workers (reported in line with UK Health and Safety Executive (HSE) methodology) (2) (a) 0, (b) 0	IF-HB-320a.1
	Construction work related incidents per 1,000 workers	3.4	Additional information
	Health and safety training days delivered	1,029 days	Additional information

Diageo has created a Sustainability & Responsibility Performance Addendum to the Annual Report that brings together all its reporting under GRI, SASB and the UN Global Compact. The SASB disclosures build upon and cross-refer to the detailed GRI disclosures and other documents that are publicly available on the company's website.

Diageo explains how it uses its annual report, website and sustainability report to report on different aspects of the business.



Our response to the Sustainability Accounting Standards Board (SASB)

The US-based SASB sets out sustainability reporting standards for various sectors. The following table summarises our response to the sector-specific standard for alcoholic beverage companies.

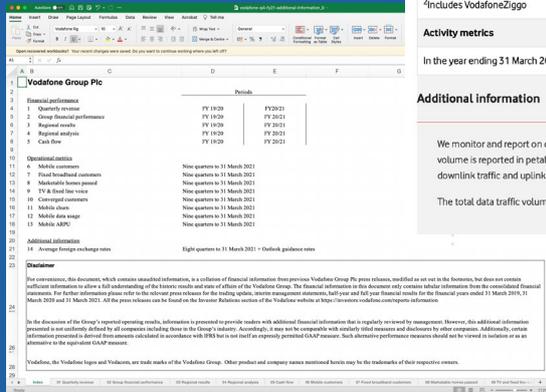
ENERGY MANAGEMENT	Our response
SASB metric: (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable energy	See GR 303 in this document
WATER MANAGEMENT	Our response
SASB metric: (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with high or extremely high baseline water stress	See GR 303 in this document
Discussion of water management risks and description of management strategies and practices to mitigate those risks	See page 42 of the Annual Report See GR 303 in this document See 28-29 and 42-43 of the Annual Report See our Water Blueprint
RESPONSIBLE DRINKING AND MARKETING	Our response
SASB metric: Percentage of advertising impressions made on individuals above the legal drinking age	All advertising impressions are targeted to those above the legal drinking age; see the Diageo Marketing Code for more details See page 25 of the Annual Report for breaches of our Marketing Code
Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	See GR 417-03 in this document See page 25 of the Annual Report
Total amount of monetary losses as a result of legal proceedings associated with labelling and/or marketing practices	See Note 18 of the Financial Statements, pages 163-166 of the Annual Report, for details of contingent liabilities and legal proceedings See page 25 of the Annual Report for details of breaches of marketing practices
Description of efforts to promote responsible consumption of alcohol	See pages 24-25 of the Annual Report See www.diageo.com
PACKAGING LIFECYCLE MANAGEMENT	Our response
SASB metric: (1) Total weight of packaging, (2) percentage made from recycled or renewable materials, (3) percentage that is recyclable or compostable	See GR 303 in this document See pages 13-35 of the Annual Report
Description of strategies to reduce the environmental impact of packaging throughout its lifecycle	See GR 303 in this document See pages 28-37 of the Annual Report See the sustainable packaging section of our website

All the Lab's work is available on our website: <https://www.frc.org.uk/investors/financial-reporting-lab>

The Lab is planning further snapshots on TCFD and Streamlined Energy and Carbon Reporting. These will be available on the FRC's website later in the year.



Vodafone has created a separate web based report for its SASB disclosures. The report provides descriptions of the key elements of performance and provides direct page links to further information, metrics and detailed disclosure breakdowns (in Excel). The web format works well for a user allowing them to explore the material easily.



Topic	Code	Accounting Metric	Supporting Disclosures
Activity metrics	TC-TL-000.A	Number of wireless subscribers	2021 Web Spreadsheet
	TC-TL-000.B	Number of wireline subscribers	
	TC-TL-000.C	Number of broadband subscribers	
<p>Vodafone is the largest mobile and fixed network operator in Europe and a leading global IoT connectivity provider. We operate mobile and fixed networks in 21 countries¹ and partner with mobile networks in 49 more.</p> <p>On 31 March 2021, we had 315 million¹ mobile customers across 21 markets, 22 million¹ fixed line voice customers across 11 markets and 28 million¹ broadband customers across 17 markets.</p> <p>¹Includes VodafoneZiggo and Safaricom ²Includes VodafoneZiggo</p>			
Activity metrics	TC-TL-000.D	Network traffic	2021 Web Spreadsheet
<p>In the year ending 31 March 2021, data traffic volumes across our mobile and fixed network totalled 84,301 petabytes.</p>			
<p>Additional information</p> <p>We monitor and report on data traffic volumes carried on our mobile and fixed network across all markets where such services are provided. Data traffic volume is reported in petabytes according to industry standard definitions using decimal values and conversion factors. Data usage represents the sum of downlink traffic and uplink traffic, all APNs (for example web, wap, corporate APNs, MMS), inbound roams and MVNOs.</p> <p>The total data traffic volumes reported above exclude Associates, Joint Ventures and Investments.</p>			

LAB top tips



As part of our review of UK SASB filers we noted a number of tips to improve the useability and quality of reporting.

If you are using SASB Standards tell people – We found a number of examples of SASB reporting which were provided as a separate appendix on the company’s website with little sign-posting from other documents (such as the Annual Report) or the website. We also noted that some companies have not communicated their use of SASB standards to the Value Reporting Foundation. This misses an opportunity to be included in the organisation’s database.

Silence isn’t golden – We found a number of companies that did not report under all SASB metrics for their sector. Whilst the metrics might not be relevant, it is better practice to explain why the disclosure is not applicable, otherwise it is not clear to investors why they are not included.

Cross references – We note that many companies extensively cross-reference from their SASB disclosure to where metrics are contained in other reports, documents or on webpages. This can be an efficient way of reducing the effort for the preparer. However, we often found that the references were not specific enough to be of value (e.g. ‘See Governance section of the annual report’) and in certain circumstances referenced documents that might not be in the public domain (e.g. CDP questionnaires).

Assurance – Many companies obtained independent assurance on aspects of their SASB disclosures, often as part of a wider ESG assurance programme. However, often the assurance reports themselves are not appropriately linked to the actual disclosure, which reduces the ability of users to understand exactly what is and isn’t covered by assurance. Distinguishing assured metrics with an icon, for example, would help the user.

Where to go for more on ESG reporting

The FRC has released an ESG statement of intent. The statement identifies a number of roadblocks that exist in our journey towards a fully effective and efficient system of ESG reporting. The statement also identifies a number of actions that the FRC plans to undertake to support the market.

Last year the FRC undertook a climate thematic which identified key areas of focus for companies, boards, and investors.

The statement and the thematic reports are available on the FRC’s website.

