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## **SUSTAINABILITY REPORTING FRAMEWORKS: A GUIDE FOR CIOS**

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## Foreword

Over the past two decades, sustainability reporting frameworks have proliferated around the world, aiming to improve company transparency and comparability on environmental, social and governance (ESG) practices relevant to investors and, to a varying extent, other stakeholders. This report focuses on four of the most commonly cited ESG reporting frameworks: the Climate Disclosure Project (CDP), the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). The report provides chief investment officers (CIOs) of U.S. pension funds and investors more generally a basic understanding of the frameworks and their fundamental differences.<sup>1</sup>

As investors increasingly coalesce around the notion that ESG factors can influence long-term financial performance, demand has grown for ESG information that is useful to investment decision-making, proxy voting, engagement or a combination of all three.<sup>2</sup>

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<sup>1</sup> Readers may also want to consider the Climate Disclosure Standards Board (CDSB), which is committed to "reporting environmental information with the same rigour as financial information." See <https://www.cdsb.net/>. Similarly, the International Integrated Reporting Council (IIRC) has established principles to assist companies in producing reports that integrate both financial and non-financial information. See <http://integratedreporting.org/>. See also Future-Fit's "Methodology Guide," Release 2.1, April 2019, which establishes 23 "Break-Even Goals" at the core of its "Benchmark," supported by 24 "Positive Pursuits," for an example of a newer methodology that aims to help businesses become more sustainable, with resources for both companies and investors, at <https://futurefitbusiness.org/resources/>.

<sup>2</sup> It has been stated that "more than 80% of mainstream investors now consider" ESG information "when making their investment decisions." See quote from GRI's CEO Tim Mohan, in Susan

Specifically, investors seek ESG data that is publicly available, accurate, relevant and comparable. But there are numerous challenges, extending from inconsistencies in measurement to how the data gets used.<sup>3</sup> ESG frameworks seek to address those challenges. How these frameworks evolve, and the willingness of long-term investors to help shape and embrace them, will be pivotal to defining their ultimate benefits.

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McPherson, "Corporate Responsibility: What to Expect in 2019," *Forbes.com*, January 2019, at <https://www.forbes.com/sites/susanmcpherson/2019/01/14/corporate-responsibility-what-to-expect-in-2019/#18785d8a690f>; and Amir Amel-Zadeh and George Serafeim, "Why and How Investors Use ESG Information: Evidence from a Global Survey," *Financial Analysts Journal*, July 2017, 12, 30, at

<https://poseidon01.ssrn.com/delivery.php?ID=66002908206707212711210706912608611300705905608802004512611802209709009210409311500501311705310201806300711911300402712007201911203807801306511700212709411212006402607604209911909911511119089125098125090005087003022031086008091087110095078001004114&EXT=pdf>.

<sup>3</sup> See Sakis Kotsantonis and George Serafeim, "Four Things No One Will Tell You About ESG Data," *Journal of Applied Corporate Finance* 31 (2), Spring 2019, 50-58, at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3420297](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3420297).

## Fundamental Differences Among Frameworks

The major frameworks have emerged in different ways over an extended period of time—giving some considerable advantage over others in obtaining companies' adoption. See Figure 1 below for a timeline of primary historical developments and the Appendix at the end for a summary of the four significant regimes highlighted in this report.

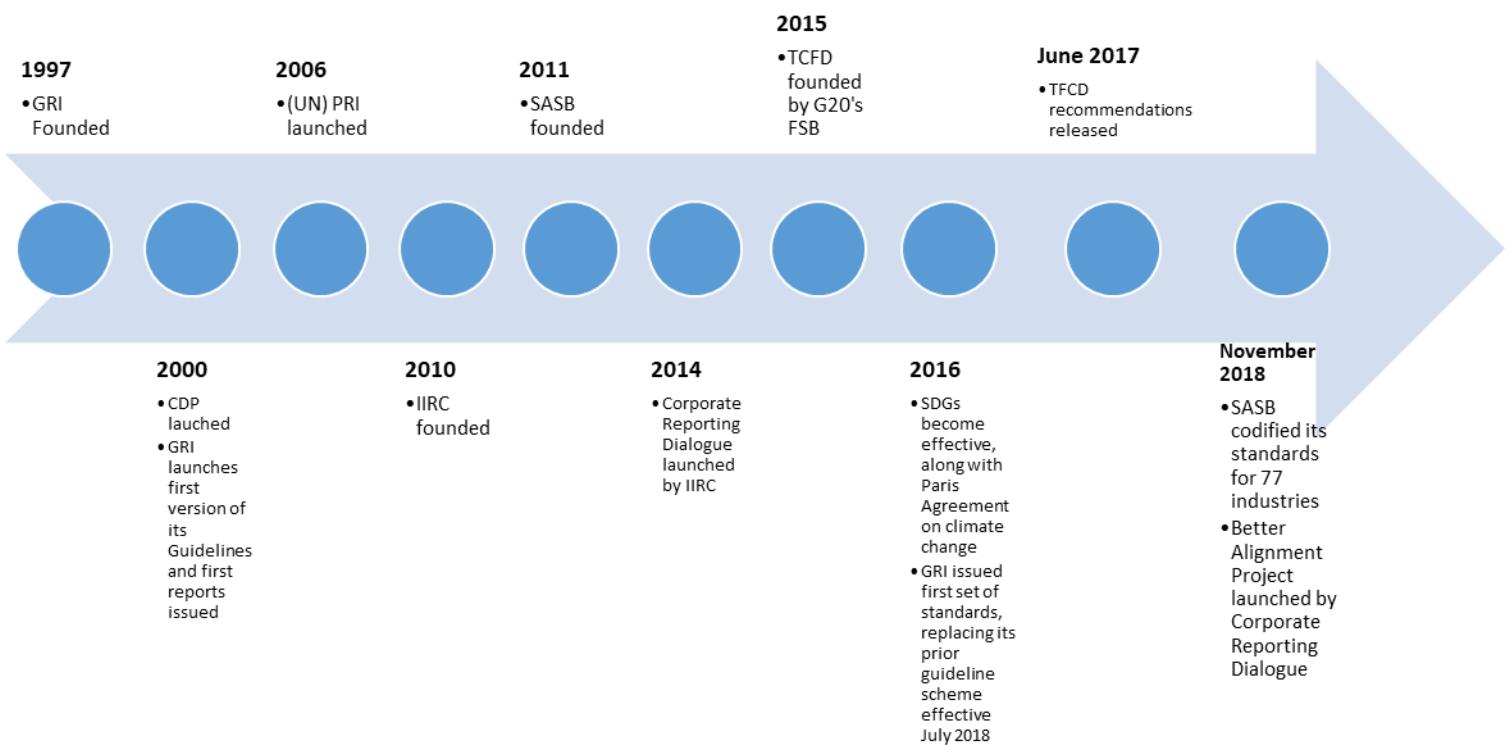


Figure 1. Timeline for Sustainability Initiatives

## Audience, Scope and Definition of Materiality

The main differences among the frameworks are their primary audience, the scope of their disclosures and their conception of materiality. GRI's Sustainability Reporting Standards and, to some extent, CDP's questionnaires (which focus on both investors and customers/procurement decision-makers), aim to illuminate the company's impact on a broad range of stakeholders, with particular attention to the environment and society. Broadly speaking, SASB and TCFD focus chiefly on the relevance of ESG matters to shareholders<sup>4</sup> and other financial market participants, and address how external conditions – specifically "climate-related" ones, in the case of TCFD – could impact a company's future financial condition or operating performance and thereby the long-term returns to shareholders.

Although several of the frameworks use a materiality screen to determine relevant disclosures, these screens reflect different ideas of materiality, both with respect to each other and to materiality as defined by accounting standard setters such as the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB).<sup>5</sup> Each framework's working

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<sup>4</sup> In the remainder of this publication, while we refer in the main to "shareholders," the disclosures discussed are intended for various financial market participants, including bondholders, lenders and insurance underwriters.

<sup>5</sup> The FASB approach to materiality centers on "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement." See "Statement of Financial Accounting Concepts No. 2," *FASB*, 2008, 7, at

[https://www.fasb.org/jsp/FASB/Document\\_C/DocumentPage?cid=1218220132599&acceptedDisclaimer=true](https://www.fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1218220132599&acceptedDisclaimer=true). In 2017 the FASB agreed to preserve this definition after exploring alternative definitions and considering input from, among others, the CFA Institute and CII; see  
<https://www.fasb.org/cs/BlobServer?blobkey=id&blobnocache=true&blobwhere=1175832674224&blobheader=application%2Fpdf&blobheadername2=Content-Length&blobheadername1=Content-Disposition&blobheadervalue2=533025&blobheadervalue1=filename%3DDISFR->

definition of materiality is closely linked to the framework's intended scope and audience.

SASB and TCFD adhere most closely to the accounting standard setters' concepts of materiality. SASB asks which sustainability issues are most financially material to investors, and identifies financially material ESG/sustainability issues organized around five "dimensions:" (1) environment, (2) social capital, (3) human capital, (4) business model and innovation, and (5) leadership and governance.<sup>6</sup> After extensive research, back-testing and feedback from investors, companies and other financial market participants, SASB currently identifies, on average, six disclosure topics and 13 related "accounting" and "activity" metrics for each of 77 industries.<sup>7</sup> TCFD's recommendations are intended to focus on climate-related issues determined in a manner consistent with how the reporting organization determines "materiality" in the context of its annual financial filings.<sup>8</sup>

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[C.ED.0010.COUNCIL\\_OF\\_INSTITUTIONAL\\_INVESTORS\\_AMY\\_BORRUS.pdf&blobcol=urldata&blobtable=MungoBlobs;](https://www.fasb.org/cs/BlobServer?blobkey=id&blobnocache=true&blobwhere=1175832307297&blobheader=application%2Fpdf&blobheadername2=Content-Length&blobheadername1=Content-Disposition&blobheadervalue2=580175&blobheadervalue1=filename%3DDISFR-C.ED.0010.COUNCIL_OF_INSTITUTIONAL_INVESTORS_AMY_BORRUS.pdf&blobcol=urldata&blobtable=MungoBlobs;)

For the IASB, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." See "IASB clarifies its definition of 'material,'" October 31, 2018, at <https://www.ifrs.org/news-and-events/2018/10/iasb-clarifies-its-definition-of-material/>.

<sup>6</sup> See <https://www.sasb.org/standards-overview/materiality-map/>.

<sup>7</sup> See SASB's "Materiality Map" for the "material" issues that it has identified for 77 industries across 11 sectors, *SASB*, at <https://materiality.sasb.org/>; and "Downloading the Standards" for how to download the SASB standards for each of the 77 industries, *SASB*, at <https://www.sasb.org/standards-overview/download-current-standards/>

<sup>8</sup> See "TCFD Recommendations Report Annex," *infra* note 15.

In contrast, GRI looks at how the actions of companies may or may not move the global economy to become more sustainable. GRI generally relies on each company to determine which of its activities may have a “material” impact on the larger world and sustainable development, taking into account internal and external factors such as an organization’s overall mission, competitive strategy, concerns expressed by its stakeholders (including customers and suppliers), and “broader societal expectations.”<sup>9</sup> CDP, which solicits information via company responses to questionnaires, does not ask responders to assess materiality. From CDP’s perspective, the questionnaires implicitly include what is material based on input and requests to CDP from investors and companies acting as customers in their respective supply chains.

In considering the different materiality definitions, readers may want to review the academic studies on the impact of ESG performance on investor outcomes. These studies draw varying conclusions; however, the research generally finds that factors that would be deemed financially material by SASB or TCFD correlate with superior financial results, which benefit long-term investors.<sup>10</sup>

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<sup>9</sup> See GRI Standard 101, at <https://www.globalreporting.org/standards/gri-standards-download-center/?q=2bb2a6d2-4645-4ebb-a2b9-63a63ff415c2>; and “Questions about Materiality and topic Boundary”, at <https://www.globalreporting.org/standards/questions-and-feedback/materiality-and-topic-boundary/>

<sup>10</sup> See Roy Henriksson, Joshua Livnat, Patrick Pfeifer, Margaret Stumpp, and Gloria Zeng, “ESG Literature Review,” *QMA (Quantitative Management Associates LLC) and Stern School of Business Administration, New York University*, June 2018, at [https://www.qma.com/assets/pdf/QMA\\_ESG\\_Literature\\_Review\\_June2018.pdf](https://www.qma.com/assets/pdf/QMA_ESG_Literature_Review_June2018.pdf). This recent survey of the ESG literature supports the view that “good ESG firms may have lower cost of capital, higher valuations, but at best comparable future returns to bad ESG firms.” The same review notes a “positive association between ESG ratings and firms’ accounting measures, mostly those related to profitability.” See also Mozaffar Khan, George Serafeim, and Aaron Yoon, “Corporate Sustainability: First Evidence on Materiality,” *The Accounting Review*, Vol. 91, No. 6, 2016., 1697-1724, at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2575912](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2575912), which focuses on SASB guidance to “classify sustainability issues as material or immaterial according to industry membership” to

## Formats for Soliciting and Disclosing ESG Data

SASB has detailed, research-driven standards within its framework, and identifies the financially material ESG disclosure topics and metrics that each company should disclose. Companies report information in accordance with those standards. While SASB solicits input on the development of its standards, it does not use questionnaires or surveys. None of the frameworks requires disclosures to be made in the audited financial statements. Initially, SASB's stated goal was for its disclosures to appear in companies' filed documents, such as the annual report on Form 10-K for U.S. public companies. SASB now takes a more flexible approach, emphasizing the importance of providing information in filed documents, stand-alone SASB reports or a SASB-referenced table or index in company sustainability or corporate social responsibility (CSR) reports.<sup>11</sup>

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conclude that "firms with strong ratings on material sustainability issues have better future performance" and "outperform" firms with poor ratings; and Gordon Clark, Andreas Feiner, and Michael Viehs's review of over 190 studies and sources in "From the Stockholder to the Stakeholder: How Sustainability can Drive Financial Outperformance," *University of Oxford and Arabesque Partners*, September 2014, at

[https://www.smithschool.ox.ac.uk/publications/reports/SSEE\\_Arabesque\\_Paper\\_16Sept14.pdf](https://www.smithschool.ox.ac.uk/publications/reports/SSEE_Arabesque_Paper_16Sept14.pdf).

<sup>11</sup> See Matthew Welch, "Lessons from the Market," *SASB*, August 16, 2018, at

<https://www.sasb.org/blog/lessons-from-the-market/>; and Tom Riesenber and Alan Beller, "Sustainability Accounting Standards and SEC Filings," *Harvard Law School Forum on Corporate Governance and Financial Regulation*, June 5, 2019, at

<https://corpgov.law.harvard.edu/2019/06/05/sustainability-accounting-standards-and-sec-filings/>. The Travelers Companies, Inc. is a recent example of a company that provides its sustainability disclosures on its corporate website and not in its regulatory filings, with separate links for each of its SASB Report, its TCFD Report, and a Content Index to help readers looking for disclosures associated with the GRI and IIRC frameworks, at <https://sustainability.travelers.com/>. Etsy, Inc. is one of the few companies to date that has incorporated SASB disclosures in its annual report on Form 10-K, most recently for the year ended December 31, 2018, at

<https://www.sec.gov/Archives/edgar/data/1370637/000137063719000028/etsy1231201810k.htm>, 21-22. Vornado Realty took a somewhat hybrid approach by filing a current report on Form 8-K, dated April 8, 2019, that attached a press release and a copy of its 2018 ESG report, under a provision that allowed the information to be considered "furnished" not "filed," which may limit its potential

GRI, the oldest of the frameworks, has evolved over the years from guidelines to a set of sustainability standards, with work beginning on the development of sector standards starting with oil, gas, coal and agriculture.<sup>12</sup> While GRI has no prescribed format, GRI reporting generally appears in corporate sustainability reports with a "GRI Index" tied to the standards that companies have selected based on their respective materiality assessments.<sup>13</sup> With the support of designated third-party "GRI Data Partners" around the world and self-reporting by companies, GRI has assembled a data base that it generally makes free to the public and that contains the data points gathered from each known GRI-based report.

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securities law liability, at

[https://www.sec.gov/Archives/edgar/data/899689/000089968919000021/vnoform8k\\_4-2019.htm](https://www.sec.gov/Archives/edgar/data/899689/000089968919000021/vnoform8k_4-2019.htm).

<sup>12</sup> See <https://www.globalreporting.org/information/about-gri/Pages/default.aspx>.

<sup>13</sup> See, e.g., three examples prepared "in accordance with the core [GRI] option:" The Gap, Inc.'s "Global Reporting Initiative (GRI) Table" to its "Global Sustainability Report, 2017" and Global Sustainability website, at <https://www.gapincsustainability.com/gri-table> (which also notes a SASB-referenced Table); The Southern Company's "Corporate Responsibility Report 2018," at [https://www.southerncompany.com/content/dam/southern-company/pdf/corpresponsibility/2018\\_Corporate\\_Responsibility\\_Report.pdf](https://www.southerncompany.com/content/dam/southern-company/pdf/corpresponsibility/2018_Corporate_Responsibility_Report.pdf), 62 (which is followed by a SASB-referenced Index, 66); and Prudential Financial's "2018 Sustainability Report", at [https://www.prudential.com/wps/wcm/connect/42037e97-ff79-4c61-a3d9-8f920808bd/2018\\_Sustainability+Report\\_v4.pdf?MOD=AJPERES&CVID=mKeFbIR&CVID=mJMYKfh](https://www.prudential.com/wps/wcm/connect/42037e97-ff79-4c61-a3d9-8f920808bd/2018_Sustainability+Report_v4.pdf?MOD=AJPERES&CVID=mKeFbIR&CVID=mJMYKfh), 44-46, which also has a SASB-referenced index (43) and footnote references throughout to TCFD's recommendations (*also see* Prudential Financial's CDP disclosures at <https://www.prudential.com/wps/wcm/connect/31092c7c-1258-494f-be1d-239c1fdc8d39/2018-Climate-Change-Prudential-Financial.pdf?MOD=AJPERES&CVID=myFdYtn&CVID=myBx0Tm>). Intel Corp.'s 2018-2019 Corporate Responsibility Report is an example of one prepared in accordance with the "comprehensive" GRI option, at <http://csrreportbuilder.intel.com/pdfbuilder/pdfs/CSR-2018-Full-Report.pdf> (which also has a unique "Report Builder" link on page 2, pursuant to which readers can build their own reports based on the reporting frameworks and issues, about which they wish to learn more).

CDP sends annual online questionnaires to companies, cities, states and regions to measure and understand how they manage their “environmental impacts,” particularly in relation to climate change, water security and forests. A related questionnaire enables companies to make similar inquiries of their suppliers through the CDP framework. Companies may choose to make their disclosures public or non-public. Public disclosures are available to all users on CDP's website. Non-public responses are shared with CDP's investor signatories and corporations that have requested responses from their suppliers.<sup>14</sup>

TCFD's recommendations for disclosure are not as prescriptive as other frameworks and focus narrowly on climate. They involve four principal areas: (1) governance (particularly around the oversight and management of climate-related risks and opportunities), (2) strategy (for dealing with actual and potential impact of climate-related risks and opportunities), (3) risk management (relating to processes used to identify, assess and manage climate-related risks) and (4) metrics and targets (used to assess and manage relevant climate-related risks and opportunities). The latter two areas depend on an assessment of financial materiality. TCFD notably also recommends organizations disclose the resilience of their strategies, taking into consideration different climate-related scenarios, including a global warming scenario of 2° Celsius or lower.

TCFD recommends that “climate-related financial disclosures” generally be made in an organization's “mainstream (*i.e.*, public) annual financial filings,” although it recognizes that organizations are currently also making these disclosures in other formats, such as sustainability reports. For those organizations in the four non-financial groups most responsible for greenhouse gas emissions—energy;

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<sup>14</sup> See <https://www.cdp.net/en/info/about-us>.

transportation; materials and buildings; and agriculture, food and forest products—TCFD suggests that they also consider disclosing information related to the strategy and metrics and targets recommendations “in other reports when the information is not deemed material and not included in financial filings.” Illustrative examples in TCFD’s implementation resources suggest, in particular, that where reporting would align with public disclosures recommended by other reporting frameworks (*e.g.*, CDP, GRI and SASB), such reporting could be included instead in a readily publicly available format.<sup>15</sup> As a result, several of the other frameworks report or plan to report on how they help companies comply with TCFD recommendations.<sup>16</sup>

### Historical and Future Coverage

The current geographic reach of the different frameworks is another important lens. Market-wide use is critical for consistency, comparability and measurability of disclosures across companies in given sectors. These factors help investors determine how to allocate their capital most efficiently and effectively to companies with the best long-term and sustainable prospects.

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<sup>15</sup> See “Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures,” *TCFD*, June 2017, at <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf>; “TCFD Recommendations Report Annex - Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures,” *TCFD*, June 2017, at <https://www.fsb-tcfd.org/wp-content/uploads/2017/12/FINAL-TCFD-Annex-Amended-121517.pdf>; and other resources at <https://www.tcfdhub.org/>. Also see TCFD’s “2019 Status Report,” *infra* note 17.

<sup>16</sup> See, *e.g.*, “TCFD Implementation Guide: Using SASB Standards and the CDSB Framework to Enhance Climate-Related Financial Disclosures in Mainstream Reporting,” *CDSB* and *SASB*, May 1, 2019, at [https://library.sasb.org/tcfd-implementation-guide/?utm\\_source=Press%20Release&utm\\_campaign=TCFD%20Guidance](https://library.sasb.org/tcfd-implementation-guide/?utm_source=Press%20Release&utm_campaign=TCFD%20Guidance).

As might be expected, GRI and CDP, the frameworks that have been in existence the longest, have greater market penetration. But TCFD and SASB are gaining momentum in the United States and abroad with both companies and investors.<sup>17</sup>

Since companies choose which GRI disclosures to include – generally by cross-reference in an index – in their sustainability reports, their voluntary disclosures may not be consistent and comparable across industry sectors. The same holds true for the CDP questions that companies choose to answer, so CDP grades may not always be consistent and comparable.

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<sup>17</sup> For SASB's global growth, see Jeff Hales, "Global Issues Call for Global Standards," *SASB*, October 9, 2018, at <https://www.sasb.org/blog/global-issues-call-for-global-standards/>; "SASB Expands Investor Advisory Group," *SASB*, May 22, 2019, at <https://www.globenewswire.com/news-release/2019/05/22/1840845/0/en/SASB-Expands-Investor-Advisory-Group.html> (noting that the Investor Advisory Group (IAG) added representatives from Canada, France, Japan, Norway and the United Kingdom, such that roughly 40% of the IAG members are now based outside the U.S.); and "How Bloomberg LP has Led the Way in Supporting Material ESG Data: An interview with Curtis Ravenel," *SASB*, November 29, 2018, at <https://www.sasb.org/blog/how-bloomberg-has-lead-the-way-in-supporting-material-esg-data/> ("...Although SASB was founded in the United States, the work that SASB has done to identify ESG factors that have evidence of materiality does not stop at the US border..."). SASB attributes its growing global reach to (1) at least half of its standards downloads originating outside the U.S., (2) its change of stance on disclosure location (from regulatory filings to, more broadly, communications with investors) and (3) global investors increasingly wanting and using a global standard for the communication of financially material ESG information by companies.

For TCFD's global growth, see "Second TCFD Status Report Shows Steady Increase in TCFD Adoption," *TCFD*, June 5, 2019, at [https://www.fsb-tcfd.org/wp-content/uploads/2019/06/Press-Release-2019-TCFD-Status-Report\\_FINAL.pdf](https://www.fsb-tcfd.org/wp-content/uploads/2019/06/Press-Release-2019-TCFD-Status-Report_FINAL.pdf). (This status report follows the first one released in September 2018 and will be followed by a third one to be submitted (also to the Financial Stability Board) in September 2020.)

Relative newcomer SASB is specific about which disclosure topics and metrics that it expects from companies – and that it suggests investors consider -- in each of its 77 industry standards. More companies are beginning to use the SASB standards for their disclosures. In the meantime, more investors are able to use SASB's framework to analyze companies in the same industry by building in-house investment decision-making tools and then pulling the relevant data and metrics from existing company reports and from databases to which they subscribe, such as MSCI, Sustainalytics, and Bloomberg. In a similar way, although focused on climate-related issues, the TCFD recommendations can provide helpful guidance for considering all company environmental and social (E&S) reporting through TCFD's four thematic areas: governance, strategy, risk management, and metrics and targets.

## Other Key Considerations for CIOs

Given the key differences among the primary sustainability reporting frameworks, how can pension fund CIOs use these frameworks in their day-to-day work? Three primary considerations are discussed below: fulfilling fiduciary obligations, staff development and influencing the marketplace.

### Fulfilling Fiduciary Obligations

Regardless of the amount of investment management and stewardship that a pension fund does in-house, understanding the current marketplace for sustainability standards can be a powerful tool in fulfilling fiduciary obligations. The reporting frameworks are especially relevant to risk oversight and other considerations regarding the long-term sustainability of portfolio investments.

Funds that manage investments internally can use the frameworks to apply materiality analyses to their investment decisions, valuation analyses, and risk management. Some investors incorporate one or more frameworks into their own proprietary ESG frameworks,<sup>18</sup> while also relying on their in-house financial valuation skills and business sector knowledge. Others use one or more frameworks more directly.

For funds that rely primarily or solely on outside investment managers, the frameworks can provide a basis for holding managers accountable. For example, the frameworks can be used to understand how those managers integrate ESG analysis into their overall investment management analysis for their pension fund clients.<sup>19</sup>

Investors with active stewardship teams can use the frameworks as a basis for creating or supplementing meaningful engagement agendas with their portfolio companies. SASB, for example, has created a list of questions for engaging companies within each of its 77 industries that are aligned with the standards for those industries. (Investors interested in a topic not yet covered by a SASB

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<sup>18</sup> See, e.g., State Street Global Advisors' R-Factor™, which is "an ESG scoring system ... that leverages multiple data sources and aligns them to widely accepted, transparent materiality frameworks [including SASB] to generate a unique ESG score for listed companies," in Rakhi Kumar, "R-Factor™: Reinventing ESG Investing Through a Transparent Scoring System," SSGA, July 2019, at <https://www.ssga.com/investment-topics/environmental-social-governance/2019/04/inst-r-factor-reinventing-esg-through-scoring-system.pdf>.

<sup>19</sup> See also *infra* at "Influencing the Marketplace: What CIOs Can Do."

standard, such as political activity, may want to refer to the relevant GRI standard.)<sup>20</sup>

It can also be important for CIOs to educate their pension fund's trustees about the sustainability frameworks, as part of periodic updates to explain responsible investment decision-making.

Finally, the frameworks are useful for investors that have signed on to initiatives such as the Principles for Responsible Investment (formerly known as the UN PRI, now PRI). PRI signatories must explain in their annual PRI reporting how they have incorporated ESG into investment analyses and decision-making processes, to demonstrate "progress toward implementing the Principles." As noted in a recent PRI report, the quality of corporate reporting on ESG and sustainability/Sustainable Development Goals (SDGs)<sup>21</sup> is the top issue of concern for PRI.<sup>22</sup> To address such concerns, some reporting frameworks, researchers and

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<sup>20</sup> See "Engagement Guide for Asset Owners & Asset Managers," SASB, February 2019, at <https://www.sasb.org/wp-content/uploads/2019/01/SASB-EngagementGuide2.pdf?hsCtaTracking=eab5b6dd-eb37-4f42-afe9-50f94117f626%7C6ba62f83-276a-4db3-8f28-2455280628da>. For, e.g., political activity and contribution disclosures, see GRI Standard 415 "Public Policy," GRI, at <https://www.globalreporting.org/standards/gri-standards-download-center/>.

<sup>21</sup> SDGs refer to the United Nations' 17 Sustainable Development Goals, which are set forth in "Transforming our World: The 2030 Agenda for Sustainable Development," United Nations, 2015, at <https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>.

<sup>22</sup> "PRI Corporate Reporting Reference Group (CRRG) Terms of Reference," PRI, 2019, citing the "outcome of PRI's 2018 asset owner consultation process as well as three regional PRI/CFA projects," at [https://www.unpri.org/Uploads/c/k/d/pricorporatereportingreferencegroup\\_920398.pdf](https://www.unpri.org/Uploads/c/k/d/pricorporatereportingreferencegroup_920398.pdf).

at least one investor have begun to map out certain frameworks against the SDGs.<sup>23</sup>

In addition, for its 2020 reporting cycle, PRI will begin requiring signatories to include certain "TCFD-aligned indicators" in one of PRI's annual reporting modules; such reporting is currently voluntary.<sup>24</sup>

## Staff Development

Some of the reporting frameworks offer educational programs, some of which provide sustainability certifications for investment staff. These programs can be useful for staff at funds that do their own internal investment analyses and corporate engagement or that interview, hire and monitor outside investment managers to do some or all of the same.

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<sup>23</sup> See, e.g., "The Sustainable Development Goals and the future of corporate reporting," *Corporate Reporting Dialogue*, February 2019, at <http://integratedreporting.org/wp-content/uploads/2019/02/The-Sustainable-Development-Goals-and-the-future-of-corporate-reporting-1.pdf> (assesses how six frameworks address the SDGs, including CDP, GRI and SASB); Gianni Betti, Costanza Consolandi and Robert G. Eccles, "The Relationship between Investor Materiality and the Sustainable Development Goals," April 15, 2018, available at SSRN: <https://ssrn.caom/abstrct=3163044> or <http://dx.doi.org/10.2139/ssrn.3163044> (with a focus on mapping to SASB); Himani Phadke and Laurèn DeMates, "Investing with the Sustainable Development Goals: How to apply the SASB Framework on Insight360™ to track company progress on the SDGs," *TruValue Labs*, December 2017, at <https://www.truvaluelabs.com/wp-content/uploads/2017/12/SDG-whitePaperFinal.pdf>; and "Incorporating the UN Sustainable Development Goals into ESG Investment Research via SASB Tools," *Calvert Research and Management*, May 2018, at <https://www.calvert.com/includes/loadDocument.php?fn=28860.pdf&dt=fundpdfs%27>.

<sup>24</sup> See "TCFD-based reporting to become mandatory for PRI signatories in 2020," *PRI*, February 18, 2019, at <https://www.unpri.org/news-and-press/tcfd-based-reporting-to-become-mandatory-for-pri-signatories-in-2020/4116.article>, which includes links to a "resource page" to help signatories with such reporting.

For example, SASB has created a two-part "Fundamentals of Sustainability Accounting" (FSA) Credential to help professionals better understand the "link between material sustainability information and a company's financial performance."<sup>25</sup> The online Level I curriculum and exam cover how "sustainability factors impact financial performance" and provide a "common language to describe the materiality of sustainability information to finance, legal, and accounting professionals." Level II covers more in-depth application and interpretation of industry-specific sustainability information, to help "inform corporate strategies or investor recommendations." Interested CIOs may want to review the list of individuals from 22 countries who have earned or signed up to take the FSA exams since they were first offered in 2016.<sup>26</sup>

SASB has also co-presented with CDSB programs to help organizations prepare TCFD-aligned disclosures such as the "Masterclass in implementing the TCFD recommendations."<sup>27</sup>

GRI provides a variety of training programs to facilitate different levels of understanding of its standards. Its Standards Certified Training Course is the most common and provides a Certificate of Achievement for those who successfully complete the related exam.<sup>28</sup> GRI also has other courses tailored to GRI-related topics (such as sustainability reporting, materiality and stakeholder

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<sup>25</sup> See "About the FSA Credential," SASB, at <https://fsa.sasb.org/credential/>.

<sup>26</sup> See <http://sasb.force.com/fsa>, <https://fsa.sasb.org/first-cohort/>, and <https://fsa.sasb.org/infographic/>.

<sup>27</sup> See <https://www.sasb.org/event/webinar-masterclass-in-implementing-the-tcfd-recommendations/>. These are acknowledged, but not officially endorsed, by TCFD, which otherwise has no sponsored training.

<sup>28</sup> See [https://www.globalreporting.org/information/FAQs/Pages/GRI\\_Standards\\_Exam.aspx](https://www.globalreporting.org/information/FAQs/Pages/GRI_Standards_Exam.aspx).

engagement), that offer a Certificate of Attendance.<sup>29</sup> Unlike SASB's FSA Credential that is generally aimed at providing a common language among investment professionals (particularly in its Level 1 program), GRI's programs are provided by GRI-selected training organizations around the world and are focused on facilitating the use of GRI's specific framework. GRI also provides a link to those individuals who have successfully completed its Standards Exam (or its immediate predecessor exam).<sup>30</sup>

CDP has a similar global network of "accredited solutions providers" to help guide companies, cities and other localities through its disclosure process; however, CDP does not offer a certification or exam associated with its training programs.<sup>31</sup>

### Influencing the Marketplace: What CIOs Can Do

CIOs can influence the evolution of the sustainability framework market in significant ways, in addition to building one or more of the frameworks into their own in-house frameworks.

For example, CIOs and their professional staffers can participate in stakeholder groups that the different framework sponsors have organized and can discuss the frameworks with outside managers and portfolio companies.

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<sup>29</sup> See <https://www.globalreporting.org/services/training/certified-training-partners/Pages/default.aspx>.

<sup>30</sup> See [https://www.globalreporting.org/services/training/GRI\\_Standards\\_Exam/Pages/GRI\\_Exam\\_Successful\\_Candidates.aspx.aspx](https://www.globalreporting.org/services/training/GRI_Standards_Exam/Pages/GRI_Exam_Successful_Candidates.aspx.aspx).

<sup>31</sup> See <https://www.cdp.net/en/info/accredited-solutions-providers>.

SASB, GRI and CDP each has opportunities for direct investor involvement, for both asset owners and asset managers, in several cases alongside corporate and subject-matter representatives. SASB opportunities, which are open to all types of representatives, include the SASB Alliance (membership fee required) and the SASB Standards Advisory Group (no fee but selected members volunteer their time to participate in related calls and other activities).<sup>32</sup> GRI opportunities include investor and corporate memberships (for a fee) in the GRI Community, as well as volunteer appointee participation (non-fee-based) in its Global Sustainability Standards Board, its Board of Directors and its Stakeholder Council.<sup>33</sup> CDP offers opportunities for investors only to become fee-paying Members or Signatories.<sup>34</sup>

CIOs can also influence the marketplace by asking their portfolio companies to begin or to continue making disclosures aligned with one or more frameworks. In cases where portfolio companies are more comfortable with ESG disclosures, they may specifically seek engagement with their investors to determine preferred frameworks. As noted above, to assist investors even further, SASB has developed an investor guide for using its standards to inform company engagements.<sup>35</sup>

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<sup>32</sup> See <https://www.sasb.org/alliance-membership/>; and <https://www.sasb.org/provide-feedback/standards-advisory-group/>.

<sup>33</sup> See <https://www.globalreporting.org/network/Community/Pages/default.aspx>; <https://www.globalreporting.org/information/about-gri/governance-bodies>; and <https://www.globalreporting.org/information/about-gri/governance-bodies/stakeholder-council/Pages/default.aspx>.

<sup>34</sup> See [https://6fefcbb86e61af1b2fc4-c70d8ead6ced550b4d987d7c03fcdd1d.ssl.cf3.rackcdn.com/comfy/cms/files/files/000/000/788/origin/al/2017\\_investor\\_brochure\\_pages\\_web\\_v2.pdf](https://6fefcbb86e61af1b2fc4-c70d8ead6ced550b4d987d7c03fcdd1d.ssl.cf3.rackcdn.com/comfy/cms/files/files/000/000/788/origin/al/2017_investor_brochure_pages_web_v2.pdf).

<sup>35</sup> See *supra* note 20, as well as other SASB materials developed for investors at <https://www.sasb.org/investor-use/key-resources-for-investors-2/>.

Indirectly, investors also can have a significant impact by asking prospective or current asset managers how they integrate ESG issues into the products and investments they provide to clients, how they use ESG data, and how they ensure the quality of this data and their methodologies for using it. For asset owners with little or no dedicated staff, simply asking such questions will have an impact, because asset managers will want to have thoughtful answers for their current and potential clients.

## Pending Issues

Regulatory, private and other initiatives could affect the future of sustainability frameworks. Below are a few potential developments to consider.

### Disclosure Regulations

A recent CFA Institute survey of quantitative analysts and portfolio managers found that a large majority of respondents believe securities regulators should either support an independent standard setter or develop ESG disclosure standards themselves.<sup>36</sup>

Going back to at least 2010,<sup>37</sup> the U.S. Securities and Exchange Commission (SEC) has considered whether additional guidance or regulation is necessary for company ESG disclosures. In 2016, the SEC issued a Concept Release seeking

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<sup>36</sup> See Mohini Singh and Sandra Peters, "The Case for Quarterly and Environmental, Social and Governance Reporting," *CFA Institute*, 2019, 43, at <https://www.cfainstitute.org/-/media/documents/survey/financial-reporting-quarterly-and-esg-2019.ashx>.

<sup>37</sup> See "Commission Guidance Regarding Disclosure Related to Climate Change," *SEC*, effective February 8, 2010, at <https://www.sec.gov/rules/interp/2010/33-9106.pdf>, which provided guidance to companies on how existing disclosure rules "apply to climate change matters."

feedback on “which, if any, sustainability and public policy disclosures are important to an understanding of a registrant’s business and financial condition and whether there are other considerations that make these disclosures important to investment and voting decisions.”<sup>38</sup>

The agency has received numerous petitions for rulemaking on the matter. Most recently, in October 2018, two law school professors, a group of like-minded investors and associated organizations filed a petition with the SEC asking the agency to “bring coherence to this area” through a comprehensive framework that incorporates ESG matters.<sup>39</sup>

The SEC has not acted on the petition beyond statements such as those in a March 2019 speech by William Hinman, director of the Division of Corporation Finance. After citing the 2010 guidance, Hinman noted the development of “market-led approaches” and voluntary company disclosures on sustainability issues, which he acknowledged were generally not contained in SEC filings. He indicated that the SEC would continue to monitor these developments.<sup>40</sup>

Over the short term, further SEC guidance or rulemaking or Congressional action seems unlikely.<sup>41</sup> Arguably the SASB disclosures already are required in SEC

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<sup>38</sup> See <https://www.sec.gov/rules/concept/2016/33-10064.pdf>, SEC, 2016, 205.

<sup>39</sup> See <https://www.sec.gov/rules/petitions/2018/petn4-730.pdf>, SEC, October 1, 2018.

<sup>40</sup> See William Hinman, “Applying a Principles-Based Approach to Disclosing Complex, Uncertain and Evolving Risks,” SEC, March 15, 2019, at <https://www.sec.gov/news/speech/hinman-applying-principles-based-approach-disclosure-031519>.

<sup>41</sup> Nevertheless, among other recent Congressional activity, on April 2, 2019, the U.S. Senate Committee on Banking, Housing, and Urban Affairs held a hearing on “The Application of Environmental, Social, and Governance Principles in Investing and the Role of Asset Managers, Proxy Advisors, and Other Intermediaries.” For a video of the hearing and written statements and testimony therefrom, see <https://www.banking.senate.gov/hearings/the-application-of->

filings, given the standards' focus on financial "materiality." However, with a few exceptions such as Etsy,<sup>42</sup> most U.S. corporate issuers are putting their SASB disclosures in separate annotated sustainability reports, with disclosure topics similar to those included in SEC-filed reports – particularly those concerning "risk factors."

Eventually, SASB could fill a role in some ways similar to that of FASB or the IASB. The SEC authorized FASB to set standards to enhance Generally Accepted Accounting Principles (GAAP) in the United States, while the IASB was established to create a "single set of high-quality, understandable, enforceable and globally accepted accounting standards—IFRS Standards." SASB, FASB and IASB are independent non-profit standard-setting bodies. Notably SASB's standards "are intended to complement financial accounting standards, allowing for side-by-side evaluation of financial fundamentals and sustainability fundamentals to provide a more complete view of a corporation's performance."<sup>43</sup> If SASB were to fill a formally authorized role, however, that would disrupt the market for the other sustainability frameworks.

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[environmental-social-and-governance-principles-in-investing-and-the-role-of-asset-managers-proxy-advisors-and-other-intermediaries.](#)

<sup>42</sup> See *supra* note 11. Also see the annual report on Form 10-K for the year ended December 29, 2018, for Intel Corp., which used the six "Capitals" of the IIRC framework to explain how they deploy their various forms of "capital," with a Form 10-K Cross-Reference Index, 118, at <https://www.sec.gov/Archives/edgar/data/50863/000005086319000007/a12292018q4-10kdocument.htm>; see also Intel's 2019 Proxy Statement, 13 and 39-44, for similar disclosure of the IIRC "capitals," at <http://d18rn0p25nwr6d.cloudfront.net/CIK-0000050863/660fdcf1-fe62-4cf0-8045-03f20b6365d8.pdf>.

<sup>43</sup> See "SASB Industry Standards: A field guide," *SASB*, August 2017, 8, which notes that FASB was created in 1973 (40 years after the SEC was established, to set "standards for accounting information that is decision-useful for investors and other users of financial statements"), at [https://www.sasb.org/wp-content/uploads/2018/09/SASB\\_FieldGuide-web-080817.pdf](https://www.sasb.org/wp-content/uploads/2018/09/SASB_FieldGuide-web-080817.pdf); and "About the FASB," *FASB*, at <https://www.fasb.org/facts/>; and "About Us," *IFRS*, at <https://www.ifrs.org/about-us/who-we-are/>.

In the meantime, reporting companies – on their own and/or at the request of their investors – may seek external assurance of some or most of the data that they are providing in their sustainability reports. Along these lines, all SASB's standards already include technical protocols used by the accounting profession to develop suitable criteria for assurance of SASB-based disclosures. (Engineering firms are also auditing some of the scientific disclosures.)

### Private Industry-Led Initiatives

In the absence of regulation and/or more effective framework alignments (as discussed below), private industry groups are taking action on their own. In the United States, the best-known example is the Edison Electric Institute (EEI). The EEI, founded in 1933, is a trade association that represents all U.S. investor-owned electric companies.<sup>44</sup>

EEI's ESG/sustainability reporting template aims to help member companies "provide the financial sector with more uniform and consistent ESG/sustainability data and information." Although a private-sector initiative, the EEI template is based in part on feedback from other stakeholders, including institutional investors, framework institutions (such as SASB, CDP and TCFD), third-party data providers, credit rating agencies, proxy advisory firms and ESG advocacy groups (such as Ceres).<sup>45</sup>

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<sup>44</sup> See "Our Mission," EEI, at <http://www.eei.org/about/mission/Pages/default.aspx>.

<sup>45</sup> See "ESG/SUSTAINABILITY," EEI, at <http://www.eei.org/issuesandpolicy/finance/Pages/ESG-Sustainability.aspx>, which includes links to both the qualitative and quantitative portions of the template, as well as to member websites where the template has been used for corporate disclosure purposes; and EEI's "ESG/Sustainability White Paper," November 2018, at [http://www.eei.org/issuesandpolicy/finance/Documents/EEI%20ESG%20White%20Paper\\_Nov2018.pdf](http://www.eei.org/issuesandpolicy/finance/Documents/EEI%20ESG%20White%20Paper_Nov2018.pdf), which also includes additional background.

## Alignment of Frameworks

The CFA Institute has observed that ESG disclosure and data "require further standardization and refinement to improve the quality, consistency and compatibility of key ESG factors across industry sectors."<sup>46</sup>

While regulatory and legislative action, at least in the United States, is on hold, there is ongoing movement by sponsors of sustainability frameworks to better align their frameworks, in view of "framework fatigue" and frustration with the lack of consistent, comparable and measurable ESG data.

In 2014, IIRC first convened eight global standard setters as the "Corporate Reporting Dialogue"—the best known of the alignment initiatives—to collaborate on projects to "promote greater coherence, consistency and comparability between corporate reporting frameworks, standards and related requirements."<sup>47</sup>

In November 2018, the Corporate Reporting Dialogue began a two-year "mapping effort" known as the "Better Alignment Project," aimed at improving the alignment between ESG reporting frameworks (SASB, GRI and CDP) and frameworks promoting integration between non-financial and financial reporting (IIRC, CDSB); refining overlapping metrics, while respecting each organization's due process procedures; and mapping SASB, GRI, CDP and CDSB against the TCFD recommendations.<sup>48</sup>

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<sup>46</sup> See "Positions on Environmental, Society, and Governance Integration," *CFA Institute*, 2018, at <https://www.cfainstitute.org/-/media/documents/article/position-paper/cfa-institute-position-statement-esg.ashx>.

<sup>47</sup> See <https://corporatereportingdialogue.com/about/>. The eight standard setters are CDP, CDSB, GRI, IASB, IIRC, International Organization for Standardization (ISO), and SASB, with FASB serving in an "observer" capacity.

<sup>48</sup> See "Frequently Asked Questions -- What do we mean by 'better alignment'?", *Corporate Reporting Dialogue*, at <https://corporatereportingdialogue.com/better-alignment-project/> and

This last goal is emerging as the most apparent unifying driver of these efforts. Several of the participants have collaborated to provide materials for complying with TCFD's recommendations.<sup>49</sup>

The Better Alignment Project's initial report is expected in September 2019.<sup>50</sup> While the goals are laudatory, there does not currently appear to be meaningful movement toward merging any frameworks, despite the IIRC chair's May 2019 speech in which he urged Corporate Reporting Dialogue participants to be "selfless" in ending ESG framework confusion, and not to care if "our system" is the "winner."<sup>51</sup>

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<http://corporatereportingdialogue.com/wp-content/uploads/2018/11/Corporate-Reporting-Dialogue-Better-Alignment-Project.pdf>.

<sup>49</sup> See, e.g., "TCFD Implementation Guide: Using SASB Standards and the CDSB Framework to Enhance Climate-Related Financial Disclosures in Mainstream Reporting," *The SASB Foundation and CDP Worldwide on behalf of CDSB*, 2019, at [https://www.cdsb.net/sites/default/files/sasb\\_cdsb-tcfid-implementation-guide-a4-size-cdsb.pdf](https://www.cdsb.net/sites/default/files/sasb_cdsb-tcfid-implementation-guide-a4-size-cdsb.pdf), and Liz Enochs, "SASB and GRI step up project to align reporting standards," *Green Biz*, September 20, 2018, at <https://www.greenbiz.com/article/sasb-and-gri-step-project-align-reporting-standards> ("The joint effort is aimed at simplifying reporting standards to align with the recommendations of the" TCFD.).

<sup>50</sup> See "Consultation findings on better alignment announced," *Corporate Reporting Dialogue*, June 26, 2019, for an interim update, at <https://corporatereportingdialogue.com/consultation-findings-on-better-alignment-announced/>; and "Understanding the value of transparency and accountability," *Corporate Reporting Dialogue*, July 2019, at <https://corporatereportingdialogue.com/wp-content/uploads/2019/07/Understanding-the-value-of-transparency-and-accountability-paper-1.pdf> (an interim "position paper" that clarifies the key reporting principles that underlie the transparency and accountability, which the framework participants maintain are common among their frameworks).

<sup>51</sup> See Speech from Dominic Barton, Chair, IIRC, to the IIRC Global Conference "Inspiring Alignment through Value-Creation," London, May 17, 2019, at <http://integratedreporting.org/news/dominic-barton-speech-iirc-conference/>.

## Conclusion

Enshrined in CII's member-approved policies is the principle that effective disclosure on company policies, practices and results should be "accurate, prompt and useful."<sup>52</sup> The current marketplace for information on ESG is still unsettled. Numerous initiatives to streamline this data – both from the frameworks noted in this report and from third-party data providers and ratings firms – have resulted in "survey fatigue" and frustration by both investors and companies.<sup>53</sup> But there remain compelling reasons for investors and other market participants to stay engaged on framework developments, understand the landscape and advocate for the form of evolution that helps them perform at a higher level.

Investors increasingly view ESG factors as an expansion of their traditional risk management processes and complementary to their fiduciary duties to their beneficiaries and clients. They see ESG information as a means to more effectively understand a company's businesses, strategy and the related risks and opportunities, which in turn helps them make better investment decisions. Mainstream corporate and investment management organizations are

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<sup>52</sup> See "Corporate Governance Policies: Preamble," *Council of Institutional Investors*, October 24, 2018, at [https://www.cii.org/files/10\\_24\\_18\\_corp\\_gov\\_policies.pdf](https://www.cii.org/files/10_24_18_corp_gov_policies.pdf).

<sup>53</sup> For an example of such frustration, see Ulrika Hasselgren, Bonnie Saynay and Henning Stein, "Lost in Translation: In Search of Authenticity in ESG Integration," *Danske Bank and Invesco Asset Management*, May 2018, at <https://theasset.nl/wp-content/uploads/2018/05/Lost-in-Translation-whitepaper.pdf> ("... Taken individually, many of these initiatives might be perfectly well intentioned and potentially useful. Taken together, they present an image of a sector whose practices have become fragmented and convoluted and which has somehow lost sight of what truly matters...," 04).

increasingly taking a similar view, demonstrating more widespread appetite for ESG disclosures relevant to company performance.<sup>54</sup>

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<sup>54</sup> See, e.g., *supra* note 46 ("...More thorough consideration of ESG factors by financial professionals can improve the fundamentals analysis they undertake and ultimately the investment choices they make..."); and "NIRI Policy Statement – ESG Disclosure," *National Investor Relations Institute*, January 2019, at <https://www.niri.org/NIRI/media/NIRI/Advocacy/ESG-Policy-Statement-final.pdf> ("...IR professionals should recognize the growing importance of ESG considerations in company communications regarding long-term strategy...For many investors, ESG factors are becoming a crucial component when they assess whether a company has a well-thought-out plan for long-term shareholder value..."). The Society for Corporate Governance recently formed a "Sustainability Practices Committee," which "serves as the principal member forum for monitoring and benchmarking best practices for sustainability policy, practice and disclosure and for monitoring and influencing any legislative, regulatory or standard setting-related developments;" see <https://www.societycorpgov.org/about76/nationalcommittees77>.

## Appendix

### Summary of Four Sustainability Reporting Frameworks



Name	Launch Year	Purpose/Information to Report	Primary Intended Audience	Approach on "Materiality"	Reporting Format
<b>CDP (f/k/a Carbon Disclosure Project)</b> <a href="http://www.cdp.net">www.cdp.net</a>	2000	Through its questionnaire (not standards), "want to see a thriving economy that works for people and planet in the long term. To do this we focus investors, companies and cities on taking urgent action to build a truly sustainable economy by measuring and understanding their environmental impact." CDP programs include "Climate Change" (focused on the largest public companies globally), "Water Security" and "Forests" (the latter two focused only on companies in sectors that are impacted by and/or that have an impact on commodity-driven deforestation and/or water security). Additional "Supply Chain" program enables companies to request similar information from their suppliers. Moving to "sector based reporting" starting with 19 sectors in 2018, and adding more high-impact sectors over the next two years.	Stakeholders (with a focus on investors and customers)	No "materiality" assessment is involved by responders to CDP's questionnaires, since the questionnaires implicitly include what is material, based on input/requests to CDP from investors and customers.	CDP uses an annual online questionnaire to create its "global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impact" and report this information to stakeholders in a comparable and standardized format. Companies may choose to make their disclosure public or non-public. Public disclosures are available to all users on CDP's website. Non-public responses are shared with the investor signatories and/or customers requesting the response.
<b>GRI (Global Reporting Initiative)</b> <a href="http://www.globalreporting.org">www.globalreporting.org</a>	Established 1997, first version of Guidelines launched in 2000, and GRI Standards launched in 2016, effective July 2018	GRI wants to "empower decisions that create social, environmental and economic benefits for everyone" through the GRI Sustainability Reporting Standards (GRI Standards), which help organizations to publicly communicate their impact and contributions toward sustainable development. The GRI Standards help an organization prepare a sustainability report, with disclosures focused on the organization and specific topics that deal with economic, environmental and social topics. GRI more recently began working to develop Sector Standards, starting with Oil & Gas, Coal, and Agriculture.	Stakeholders	Organizations should report on "material" topics, as they determine, based on their "economic, environmental and social impacts" (GRI 101: Foundation). Internal and external factors can be considered in this determination, including an organization's overall mission, competitive strategy, concerns expressed by its stakeholders (including customers and suppliers), and broader societal expectations.	While there is no prescribed format, GRI reporting generally appears in corporate sustainability reports, often with a "GRI Index" tied to GRI's different standards. Depending on the extent to which an organization applies the GRI Standards, GRI requests that the organization refer to its report as prepared "in accordance with" the GRI Standards (for more extensive disclosure, which can be either "core" or "comprehensive") or "GRI-referenced" for more selected disclosure.
<b>SASB</b> (Sustainability Accounting Standards Board) <a href="http://www.sasb.org">www.sasb.org</a>	2011, first codified standards in 2018	Organizes financially "material" ESG/sustainability issues around 5 Dimensions: (1) Environment, (2) Social Capital, (3) Human Capital, (4) Business Model and Innovation, and (5) Leadership and Governance. SASB standards are developed based on extensive feedback from companies, investors, and other market participants via a transparent, publicly-documented process. SASB codified 77 industry standards across 11 sectors, enabling investors and companies to compare performance from company to company within an industry. On average, 6 disclosure topics are identified for each industry and 13 related accounting and activity metrics. See SASB's Materiality Map at <a href="https://materiality.sasb.org/">https://materiality.sasb.org/</a> .	Investors	Focused on financial materiality, i.e., issues that are reasonably likely to impact the financial condition or operating performance of a company and, therefore, are most important to investors.	SASB has moved away from focusing on disclosure in filed documents. SASB standards are intended for use in corporate communications with investors, which includes, but is not limited to, regulatory filings. Early SASB adopters have used annual reports, stand-alone SASB reports, and a SASB-referenced table or index in sustainability/Corporate Social Responsibility (CSR) reports.
<b>TCFD</b> (Task Force on Climate-related Financial Disclosures) <a href="http://www.fsb-tcfd.org">www.fsb-tcfd.org</a> (official site) and <a href="http://www.tcfdhub.org">www.tcfdhub.org</a> (additional resource/knowledge-base site)	Created in late 2015, recommendations released in June 2017	Framework, not set of standards, as the Financial Stability Board (FSB, which established it) directed TCFD not to add to the already well developed body of existing disclosure schemes, but instead to develop a coordinated assessment of what constitutes efficient and effective disclosure. TCFD made explicit recommendations in four areas of focus: (1) Governance, (2) Strategy, (3) Risk Management and (4) Metrics and Targets. It notably also recommends organizations disclose the resilience of their strategies, taking into consideration different climate-related scenarios, including a 2° Celsius or lower scenario. The overall goal is for companies to improve their disclosure of decision-useful, climate-related financial information to support more appropriate pricing of risks and allocation of capital in the global economy.	Investors	"Organizations should determine materiality for climate-related issues consistent with how they determine the materiality of other information included in their annual <b>financial</b> filings." (Annex for "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures", 4, emphasis added)	Per the "Annex", organizations should provide "climate-related financial disclosures... in their mainstream (i.e., public) annual financial filings", although TCFD recognizes that organizations are also making disclosures in other formats such as sustainability reports. For those non-financial organizations most responsible for Scope 1 and Scope 2 GHG (Greenhouse Gas) emissions, the Annex (at 3) also suggests they "consider disclosing information related to the Strategy and Metrics and Targets recommendations in other reports when the information is not deemed material and not included in financial filings." Illustrative examples in the Annex suggest, in particular, that where reporting would align with other reporting frameworks (e.g., CDP, GRI and SASB), such reporting -- in a readily publicly available format -- could be included instead.

Name	Geographic Reach	Data Bases that Use Their Data	Funding Sources	Sponsored Training
<b>CDP</b> (f/k/a Carbon Disclosure Project) <a href="http://www.cdp.net">www.cdp.net</a>	Global reach, as companies, cities/states/regions from 90+ countries disclose through CDP.	(1) Data providers, such as Bloomberg terminals, S&P Global Trucost, ISS, and MSCI, and (2) Environmental/climate change-tracking index creators, including S&P, Dow Jones, Euronext, and STOXX.	Three primary sources: (1) Philanthropic (approximately 2/3) and Government (approximately 1/3) grants: 50.6%, with large grant from Bloomberg Philanthropies for the cities program; (2) Service-based memberships and activities, principally supply chain, reporter services, investor memberships, and corporate partnerships and sponsorships: 34.6%; and (3) Other income, including data sales, and company responder and investor signatory administrative fees: 14.8%.	CDP has education and training through "accredited solutions providers", which provide training to help to guide cities, other localities, and companies through its disclosure process; no official CDP certification or exam is associated with these programs.
<b>GRI</b> (Global Reporting Initiative) <a href="http://www.globalreporting.org">www.globalreporting.org</a>	Global reach through long-established offices and relationships with local training partners, data partners, standards experts, stock exchanges, and other international organizations.	With the support of GRI's worldwide "Data Partners" and self-reporting by companies, GRI updates its data base that it generally makes available as a free public good, meant to be used anywhere in the world.	Three primary sources, with approximately one-third organizational revenue from each: (1) Membership in GRI Community (core companies/organizations that actively support GRI's activities and pay a membership fee); (2) Service provision, including licensing, training, and reporter support; and (3) grants from governments (biggest funder) and foundations (of all sizes).	GRI-selected training partners around the world provide GRI-related courses to facilitate use of the GRI Standards. These include (1) the GRI Standards Certified Training course (which is the more commonly taken course and which provides a Certificate of Achievement for successful exam takers) and (2) other tailored courses on GRI-related issues (including sustainability reporting, and materially and stakeholder engagement), which provide only a Certificate of Attendance.
<b>SASB</b> (Sustainability Accounting Standards Board) <a href="http://www.sasb.org">www.sasb.org</a>	Growing global reach, due to (1) at least half of its standards downloads originating outside the U.S., (2) SASB's change of stance on disclosure location (from regulatory filings to, more broadly, communications with investors), and (3) global investors increasingly wanting and using a global standard for the communication of financially material ESG information by companies.	Per SASB, as of June 2019, there were roughly 45 organizations licensing SASB intellectual property (IP), including asset managers and service providers, such as Glass Lewis, Bloomberg Terminal, MSCI, Sustainalytics, and Thomson Reuters. Some asset managers also mention SASB in their voting policies, e.g., Blackrock, Goldman Sachs Asset Management, Neuberger Berman, SSGA.	Two primary sources: (1) Foundations and other donors that believe in the power of the capital markets to support change in the economy and that like the broad-based alignment of the SASB standards with materiality concepts, including Bloomberg Philanthropies and the Big 4 accounting firms, among others: approximately 80%; and (2) Other sources including annual Symposium sponsorships and attendance fees, SASB Alliance Memberships, licensing of IP to asset managers and data service providers, and FSA (Fundamentals of Sustainable Accounting): approximately 20% and increasingly growing.	SASB has its own two-part "Fundamentals of Sustainability Accounting (FSA) Credential", to help professionals better understand the "link between material sustainability information and a company's financial performance."
<b>TCFD</b> (Task Force on Climate-related Financial Disclosures) <a href="http://www.tsb-tcfd.org">www.tsb-tcfd.org</a> (official site) and <a href="http://www.tcfdhub.org">www.tcfdhub.org</a> (additional resource/knowledge-base site)	Growing global reach, as supporters are already located in 49 countries on six continents. The use of existing frameworks and initiatives to implement recommended disclosures is also expanding TCFD's reach.	To be determined, as more companies begin such disclosure. However, it may be difficult to identify what is "TCFD data", since TCFD does not recommend a specific format for reporting and instead encourages reporting in financial filings and other official company reports.	Bloomberg L.P.	Not applicable. However, there are programs not officially endorsed by TCFD that are organized by other reporting initiatives, e.g., "Masterclass in implementing the TCFD recommendations" online on June 20, 2019, co-organized by SASB and CDSB.