Part I: The Need for Sustainability Accounting Standards

1. Introduction
2. A Growing Demand
   2.1. Changing Valuations
   2.2. Sustainability Issues Are Business Issues
   2.3. Existing, Evolving, and Emerging Regulation
   2.4. Increasing Investor Interest
3. Historical and Legal Basis
   3.1. The Aftermath of the Stock Market Crash of 1929
   3.2. Disclosure as the Basis of the Securities Acts
   3.3. The SEC and Its Work
4. The Role of Accounting
   4.1. Early Statements on Generally Accepted Accounting Principles
   4.2. Historical Cost Accounting and the Rise of the APB
   4.3. Decision-Usefulness Enters the Lexicon
   4.4. The Founding of the FASB
   4.5. The FASB’s Conceptual Framework Project
   5.1. Foundational Cases: TSC v. Northway and Basic v. Levinson
   5.2. The SEC’s and FASB’s Views of Materiality
   5.3. The NRDC’s Rule-Making Petition
6. SEC Disclosure Requirements
   6.1. Periodic Filing Requirements
   6.2. Regulation S-K Requirements for Form 10-K
   6.3. MD&A Section Disclosure
   6.4. The SEC’s Climate Change Guidance
   6.5. Consequences of Inadequate Disclosure
   6.6. The Sarbanes-Oxley Act and Controls
   6.7. The SEC’s Disclosure Effectiveness Initiative
7. Sustainability Accounting
   7.1. Pointing the Way Forward: the AICPA, the FASB, and the CFA Institute
   7.2. Sustainability Accounting and the Accounting Profession
   7.3. External Reporting
   7.4. Internal Decision-Making
   7.5. Current Initiatives
8. The State of Sustainability Disclosure
   8.1. Voluntary Sustainability Reporting
   8.2. Disclosure Overload
   8.3. Securities Law, Not Semantics
   8.4. Sustainability Ratings
   8.5. Benefits of Improved Sustainability Disclosure

Part II: Understanding SASB Standards

9. The Importance of Standards
   9.1. Financial and Non-financial Accounting
   9.2. State of Sustainability Disclosure in SEC Filings
10. Introduction to SASB Standards
    10.1. U.S. Capital Markets
    10.2. Likely to Be Material
    10.3. Decision-Useful
    10.4. Cost-Effective
    10.5. Industry-Specific
11. Identifying Industry-level Disclosure Topics
    11.1. The Reasonable Investor Revisited
    11.2. Evidence-Based Research
    11.3. Stakeholder Consensus
    11.4. Evolving with the Marketplace
12. Components of a Standard
    12.1. Disclosure Guidance
    12.2. Disclosure Topics and Accounting Metrics
    12.3. Technical Bulletins and Interpretations
13. Emerging Themes
    13.1. Climate Change: Ubiquitous But Differentiated
    13.2. It’s Not Climate Change Alone
    13.3. Unique Sector Sustainability Profiles

Part III: Using SASB Standards

14. Corporate Use
    14.1. Considerations for Corporate Use
    14.2. Collecting Data
    14.3. Managing
    14.4. Reporting
15. Investor Use
    15.1. Overview
    15.2. Portfolio Construction
    15.3. Industry Analysis
    15.4. Company-Level Analysis
    15.5. Active Ownership

Conclusion
Prepare for the Exam
Appendix I – SASB Provisional Disclosure Topics
Appendix II – Resources for Enhanced Understanding
FSA Level I Learning Objectives

- Describe the trends driving demand for the disclosure of sustainability information.
- Explain why sustainability information is increasingly important to investors for investment decisions (e.g., reduced ratio of net assets to enterprise value, increased risks and opportunities).
- Discuss the challenges that investors face in integrating sustainability information into investment decisions (e.g., information is available, but often its quality varies, it is not comparable, and/or it lacks obvious financial implications).
- Describe the current state of disclosure of sustainability topics in the 10-K.
- Distinguish SASB’s approach (sustainability accounting) from other approaches to sustainability tracking and reporting.
- Discuss the Supreme Court definition of materiality and the implications of this definition.
- Recognize key elements of Regulation S-K and other prominent legislation and what is required for disclosure (i.e., financial and nonfinancial information that alters the total mix of information).
- Discuss the utility of SASB standards in investment decisions (e.g., portfolio allocation, risk/return profile).
- Discuss the stages of 10-K preparation where sustainability information could be incorporated.
- Discuss the role of SASB standards in helping companies develop strategies for long-term value creation, and benchmark and improve operational performance.
- Explain the cross-functional nature of preparing sustainability disclosures in the 10-K.