



FSA Level I Curriculum Outline

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. **Materiality: The Guiding Principle of Disclosure**
 - 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.
- Explain the timeline and process for 10-K disclosure.
- Explain why the MD&A section was added to the 10-K and why it is an appropriate place for the disclosure of sustainability information.
- Explain the influences of internal controls and third-party assurance on the data quality of sustainability information and disclosures.
- Explain the purpose and role of requiring public companies to disclose material information in SEC filings.
- Explain the current state of financial accounting (codified, standardized, decision-useful) given the history and efforts of the FASB.
- Explain the organization of SICSTTM and the implications of a sustainability-based industry classification.
- Distinguish SICSTTM sectors based on their distinct sustainability profiles.
- Explain the evidence basis that supports the identification of SASB disclosure topics.
- Describe the principles that guide the selection of SASB's industry-specific topics for disclosure.
- Describe the criteria that guide the selection of SASB's accounting metrics.
- Explain the stakeholder consensus that supports the identification of SASB disclosure topics.
- Describe the components of a sustainability accounting standard and their purpose for supporting disclosure.
- Discuss the implications of making statements about materiality outside of SEC filings.
- Describe the special disclosure considerations for multinational and diversified companies.