Exploring the Updated FSA Credential

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Overview of the FSA Credential
- Value of the FSA Credential
- Test taker experiences

Overview of the FSA Updates
- Why did we undertake this update?
- Content updates
- Testing availability

What Has Stayed the Same?

Q&A
FSA Credential

Fundamentals of Sustainability Accounting Credential
fsa.sasb.org

Level I  Principles

- How sustainability information can be financially material
- The implications for companies and investors

Level II  Practices

- How to gain an enhanced understanding of a company’s performance and value from material sustainability information
Meaningful Education Without Excessive Time Commitment
Level I and Level II supplement existing professional credentials

• Over half of the candidates have a CFA, CPA, or MBA when they sign up

• Most candidates spend 20-30 hours studying per exam

• Candidates are in various stages of their careers:
  • 30% have 20+ years experience
  • 20% have 10-20 years
  • 30% have 5-10 years
  • 20% have 2-5 years

• Approved for CFA and CMA continuing education credits
Level I Curriculum Details
The curriculum provides insight on an overarching theme in three key areas

Gain an common language to identify the intersection of materiality and sustainability

1. How sustainability information can be material in the same way as financial information
2. How SASB’s methodology for standardizing material sustainability information improves the information’s usefulness and comparability
3. How material, standardized information impacts companies and investors
Level II Curriculum Details

The curriculum provides insight on an overarching theme, with three key skills

Gain an enhanced analysis of a company’s performance and value

1. Identifying how a company’s operations or operating context influence the materiality of sustainability

2. Comparing peer companies’ sustainability performance with normalization and additional contextual information

3. Evaluating the connection between performance on SASB topics and financial value
Developed by Subject Matter Experts
Experts in investment analysis/asset management, sustainability, and corporate management

Volunteer subject matter experts wrote/reviewed exam items and set the pass/fail score. Participants included:

**Lance Garrison, CFA**
Portfolio Manager
Atlanta Capital Management

**Chris Hagler**
Southeast Practice Leader, Climate and Sustainability
EY

**Keith Johnson, JD**
Chair, Institutional Investor Services
Reinhart Boerner Van Deuren

**Will Krause, CFA**
VP & Portfolio Manager
Moody, Lynn & Lieberson

**Alyssa Rieder**
VP, CIO
Dignity Health

**Michael Greis, CFA**
Principal
Riverbend Advisors

**Ramsay Huntley**
Sr Manager, Sustainability Reporting & Strategy
AT&T

**Mandy Kirby**
Associate Director, Reporting & Assessment
PRI

**Bridgette Malone, CFA**
Investment Officer II
CalPERS

**Tom Raymond, JD**
Director of Sustainability
Hormel Foods
What We Know About FSA Credential Holders

**OUR CANDIDATES**

- **500+** have signed up for Level I
- **150+** have earned FSA Credential
- **22** countries are represented
- **50%** are 10+ years into their career

**CREATING A COMMON LANGUAGE ABOUT SUSTAINABILITY & MATERIALITY**

- **Over 1/2** have either
  - **CFA** 17%
  - **CPA** 15%
  - **MBA** 20%
  - **JD** 3%

**TOP THREE TEST TAKER JOB ROLES**

- INVESTORS
- CONSULTANTS
- CORPORATE SUSTAINABILITY PROFESSIONALS

**PASS RATES**

- Level I **80%**
- Level II **65%**

"YOUR EDUCATIONAL PROGRAM IS A GAME CHANGER, I AM PROUD TO BE PART OF IT."

- LUCA GRASSADONIA, CFA
Test Taker Experiences

Marie-Josee Privyk
Associate
Millani

John Thigpen
Manager, Energy & Sustainability Services
JLL

Lily Bowles
Sustainability Officer
Aspiration.com
Why an FSA Update Was Needed

Keep Up with Industry Developments
• There have been a lot of developments in the profession since January 2015
• SASB has published new standards (5 sectors) and new governance documents

Align with Other Exams
• Other credentials offer similar testing blocks
• Will help people plan out their year with FSA Credential studying in mind

Response to Test-Taker Feedback
• Desire for study aids, question explanations
• Wanted up-to-date content in a fast-changing industry

To Allow Creation of Study Groups if Desired
• New testing blocks will facilitate cohorts of test takers, making study groups possible

Thoughts from panelists?
What Changed?

Level I study guide content
• Updated with key events from past 2 years
• Updated with SASB standards

Level II sample questions and “bridge content”
• Giving more support to help you prepare for the exam

How we report feedback to those who don’t pass
• We’ve added more details to the feedback that you receive if you do not pass the exam to help you know where you have room to improve
3. **Most relevant Learning Objective: 12**

**EXPLANATION:**

A. Although Company B is more energy efficient than Company A, energy is not one of the top sources of operating costs so the risk profile of investing in Company B (and the subsequent cost of capital) is not likely to be more predominant than the impact on expense projections. This answer is incorrect.

B. Energy management practices impact operating costs predominantly, not growth projections. This answer is incorrect.

C. This is CORRECT because Company B is more efficient with its energy use, which is to say it consumed less energy per average number of occupied rooms (and per total number of rooms). Additionally, paragraph two identifies that the cost of electricity is projected to grow so Company B’s performance on energy management would predominantly reduce expense projections relative to Company A.

D. Although Company B is more energy efficient, the case study and data table do not indicate whether that efficiency is due to building design (which could have an impact on book value of assets) or operating practices (which are not likely to impact book value of assets). There is not enough information in the case study to suggest this is a correct answer to the question about the predominant impact of energy management. This answer is incorrect.

4. **Most relevant Learning Objective: 12**

**EXPLANATION:**

A. There’s no information in the case study to suggest this.

B. Like the earlier question, there’s nothing in the case study to suggest that reclaiming hotel room keys has a material impact.

C. If anything, it’s likely to have the opposite effect because of the risk of rising sea levels or shifting weather patterns along the coast.

D. CORRECT answer because of the importance of employee competence and retention to the success of the business.
Test Your Understanding

Below is a sample case study with sample exam questions. This "Test Your Understanding" section is designed to synthesize the concepts identified in Part I and demonstrate how they will appear in an exam, with explanations about why the sample question answer is correct and why the other answer choices are not.

Industry: Chemicals
Sector: Resource Transformation
SASB Disclosure Topic: Safety & Environmental Stewardship of Chemicals & Genetically Modified Organisms

Companies in the Chemicals industry transform organic and inorganic chemicals into diverse products with a range of applications, including industrial, pharmaceutical, agricultural, and consumer uses. The industry manufactures and sells products globally, and is typically segmented into three sub-industries: basic, agricultural, and specialty chemicals. Companies primarily sell their products to other manufacturing and chemical companies, while demand is driven in large part by economic conditions, industrial production, construction, and consumer spending.
Exam Availability Has Shifted to Annual Testing Blocks

Block testing opportunities

- There is now a window of time (Jan/Feb; May/June; Sept/Oct) when you can take an exam
When Will the Changes Be Made?

These changes were implemented January 1, 2018

- Existing candidates who are not scheduled during the testing blocks keep their test dates
- If you signed up after December 31, 2017, you can choose a test date during an available testing blocks
Questions for the panelists?

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