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SASB Releases ESG Disclosure Standards: Public Companies and Private Equity Industry Take Note

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The Sustainability Accounting Standards Board (SASB) released this Monday its **draft standards for Environmental, Social and Governance (ESG)** disclosure, launching a 90-day public comment period which ends on December 31, 2017. These standards set forth ESG topics covering 11 different sectors and 79 industries for public companies to disclose annually.

The draft standards, over four years in the making, were created by SASB working groups open to the public, including registrants, investors and service providers to public companies. The 90-day public comment period provides registrants and other stakeholders another opportunity to shape these disclosure frameworks before they are finalized. This opportunity is important as certain observers expect these standards will have some meaningful uptake. Already, at least one public company has prepared a SASB-compliant ESG report and certain institutional investors have thrown their support behind SASB (SASB's Investor Advisory Group is composed of asset managers with over $20 trillion in assets under management). In addition to the standards' usefulness to public company stakeholders, private equity firms may also find them useful, because the standards may help indicate which ESG topics are potentially material to private equity firms' limited partners (and thus, which topics the limited partners may ask firms to track, measure and report on).

Further, in a move that may narrow the currently crowded ESG disclosure frameworks market, SASB recently announced its intention (along with the Climate Disclosure Standards Board) to align its climate change disclosure standards with those released this summer by the FSB's Task Force on Climate-Related Financial Disclosure which we describe **here**. Any such narrowing of the ESG disclosure frameworks market may also help to increase the adoption of SASB's standards.

SASB intends to incorporate the public feedback it receives on its draft ESG standards and release finalized standards in Q1 of 2018. SASB is holding its public symposium to discuss the standards in New York on November 30, 2017. The Exposure Draft Standards are available **here**, with more information about SASB **here**.

The firm gratefully acknowledges the assistance of law clerk James Eland in preparing this post.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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