

# LEVEL II CURRICULUM OUTLINE

## **PART I. IDENTIFYING THE MATERIAL FINANCIAL IMPACTS OF SUSTAINABILITY FACTORS**

- Evaluating How a Company's Circumstances Influence Material Sustainability Factors
- The Influences of Operations (Internal Factors) on Material Sustainability Factors
- The Influences of the Operating Environment (External Factors) on Material Sustainability Factors
- Assessing Sustainability Topics
- Applying the Five Factors
- Making Use of the Findings
- Summary

## **PART II. EVALUATING THE COMPARABILITY OF SUSTAINABILITY INFORMATION**

- Normalizing Data for More Effective Comparisons
- Selecting Appropriate Measures for Use in Normalization
- Normalizing to Gain Insight into Performance Over Time
- Normalizing to Improve Peer Comparisons
- Analyzing the Spread of Industry Performance
- Recognizing Data Types
- Looking at the Distribution of Data
- Summarizing the Data
- Analyzing Data Dispersion
- Dealing with Outliers and Non-normal Distributions
- Considering Company-specific Context in the Analysis
- Considering a Company's Operating Context
- Considering a Company's Performance Context
- Summary

## **PART III. THE CONNECTION BETWEEN SUSTAINABILITY PERFORMANCE AND VALUATION**

- Assessing the Timing, Duration, and Intensity of Impacts
- Key Characteristics of Impacts
- Acute and Progressive Impacts
- Risks and Opportunities
- Accounting for the Interrelatedness of Impacts
- Using Material Sustainability Data in Financial Valuation
- Interrelated Impacts and Contextual Considerations
- Channels of Impact
- Integrating Sustainability into Valuation Models
- Summary

## **CONCLUSION**

# LEVEL II LEARNING OBJECTIVES

- 1 **EVALUATE** the influence of external factors on whether a company is exposed to sustainability topics likely to have material financial impacts in its SICSTM industry (e.g., mining companies with mines in countries with weak rule of law vs. mining companies in countries with robust rule of law)
- 2 **EVALUATE** the influence of operational factors on whether a company is exposed to sustainability topics likely to have material financial impacts in its SICSTM industry (e.g., chemicals companies that produce genetically modified organism vs. those that don't)
- 3 **EVALUATE** a sustainability topic using the five factors
- 4 **ASSESS** whether information from a SASB metric provides insight into a risk or an opportunity
- 5 **ASSOCIATE** SASB metrics with the type of impact they are designed to provide insight on (near-term or medium- to long-term impacts, low probability and acute impacts, or progressive impacts)
- 6 **EVALUATE** if information about the dispersion of an industry's sustainability performance influences interpretations of a company's performance
- 7 **DIFFERENTIATE** options for normalizing sustainability information to improve insight into a company's performance relative to its industry peers
- 8 **DIFFERENTIATE** options for normalizing sustainability information to improve insight into a company's year-on-year performance over time
- 9 **COMPARE** industry peers' sustainability performance information in light of external contextual factors (e.g., business climate, economic climate, societal trends, and geographical segmentation)
- 10 **COMPARE** industry peers' sustainability performance information in light of operational contextual factors (e.g., the company's historical performance, strategic decisions/actions)
- 11 **EVALUATE** the connection between a company's performance on a SASB metric and the associated financial impact linked to the SASB topic (e.g., increased revenue or market share, cost savings, and fines)
- 12 **TRANSLATE** a company's performance on a SASB metric(s) to adjustments to a valuation model