

SUSTAINABILITY ACCOUNTING STANDINGS SERIES



PERFORMANCE TRENDS
IN THE SASB SICSTM

APPAREL, ACCESSORIES, & FOOTWEAR INDUSTRY

ABOUT THIS REPORT

This report is part of the Sustainability Accounting Standings Series (SASS). CSRHub and EKOS International have produced it based on the standards of the Sustainability Accounting Standards Board (SASB). This report analyzes the Apparel, Accessories & Footwear companies that have a Sustainable Industry Classification System (SICS™) code of CN0501 using the specific disclosure topics identified for this industry by SASB. The report compares CSRHub's performance ratings and the individual data elements it has gathered for companies in this industry against 4 SASB disclosure topics and 9 metrics. The report covers issues in the areas of Environment, Social Capital, Human Capital, Leadership and Governance.

SASB has identified 280 Apparel, Accessories & Footwear companies that are subject to US Securities and Exchange Commission (SEC) reporting rules. These rules require companies to include information that a reasonable investor would consider material in their SEC filings. In 2015, SASB released a standard for the Apparel, Accessories & Footwear industry that described 9 metrics in 4 topic areas that may constitute material information for companies in the industry.

This report examines each of the 9 metrics for the 4 topics in the SASB standard for the Apparel, Accessories & Footwear industry and seeks to determine:

1. How many companies in the industry are currently reporting the disclosure topics for each SASB metric.
2. How many companies in the industry may be ready to report the disclosure topics, based on related other items they currently disclose.
3. Which accounting metrics might be gathered but not yet publicly disclosed.

We expect it will take time for every company in the Apparel, Accessories & Footwear industry to use SASB's standard. And some topics may receive more attention and better disclosure sooner than others. We seek to help sustainability reporting practitioners understand the current state of reporting for this industry and to indicate the relative readiness of the industry's companies to properly report each of the standard's metrics.

CSRHub's database contains 1.6 million facts and opinions on Apparel, Accessories & Footwear industry companies. CSRHub has gathered these data elements from 442 different sustainability rating sources over the past eight years. Some of these data elements reflect ratings that are based on disclosures companies have made about themselves through direct routes such as regulatory filings, press releases, and public statements. Other CSRHub data elements capture information from sources assigning ratings based on indirect routes such as discussions with analysts, not-for-profit organizations, business and industry organizations, and surveys of employees, suppliers, customers and other stakeholders.

CSRHub covers the four categories of Employee, Environment, Community and Governance, with three subcategories of ratings per category. (See summary in sidebar below and details at <http://www.csrhub.com/content/csrhub-data-schema/>) CSRHub has mapped the twelve subcategories schema to SASB topics and used our schema as a proxy for determining the extent of disclosure. It tracks and aggregates a wide range of non-financial, sustainability-related metrics. The fact that many sources rate a company on items related to a topic area covered by SASB does not guarantee that a company has disclosed the exact information that SASB has specified. In fact, there is not yet any database that captures SASB-reported metrics and none yet that checks to be sure that each report was made in a format that is useful for

investors. Even when a company has the required information, it may not have the internal compliance and audit processes in place that are required to integrate this information into its SEC filings.

Still, when a company reveals to ratings groups many items of information that relate to a SASB topic area, we believe it is reasonable to assume that the company has defined methods for measuring and reporting the type of information that the standard specifies. Further, we know from industry experts that there are areas where Apparel, Accessories & Footwear companies should be gathering data about a SASB topic in order to satisfy a regulatory or internal business management requirement.

Our report summarizes the available information about each metric for this industry, so that sustainability reporting practitioners will be able to understand:

CSRHub Ratings Categories & Sub-Categories

Employees

- Compensation & Benefits
- Diversity, Labor rights
- Training, Safety & Health

Environment

- Energy & Climate Change
- Environment Policy & Reporting
- Resource Management

Community

- Community Development & Philanthropy
- Human Rights & Supply Chain
- Product

Governance

- Board
- Leadership Ethics
- Transparency & Reporting

- A. Which topics (and metrics within a topic) companies in the industry already report on.
- B. Which topics and metrics could be reported soon, using already available information.

There is no guarantee that a company that has gathered data on a topic area will be ready to disclose data on that topic in the correct format, using the metrics SASB has described. Further, the fact that a company discloses more information does not necessarily mean that it is disclosing more information that is material to investors. However, “scientia potential est”—“Knowledge is power.” We hope this report will provide practitioners with evidence and guidance that will improve their ability to adopt the SASB standard and report the material information that reasonable investors require to make informed investment decisions.

SASB

The Sustainability Accounting Standards Board (SASB) is an independent 501(c)3 non-profit. SASB’s mission is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. That mission is accomplished through a rigorous process that includes evidence-based research and broad, balanced stakeholder participation. More information about SASB can be found at www.SASB.org.

CSRHub

CSRHub LLC is the world's leading Environment Social Governance (ESG)/Sustainability 'big data' platform, aggregating ratings from more than 400 sources, including 8 major investor research services: ASSET4 (Thomson Reuters), CDP (Carbon Disclosure Project), IW Financial, ET Global Index, MSCI (GovernanceMetrics, Intangible Value Assessment, Impact Monitor, and Carbon Metrics), RepRisk, Trucost and Vigeo EIRIS. CSRHub has published data on more than 15,000 companies in 132 countries. It provides ratings on both public and private companies, and on government entities and not-for-profits. More information about CSRHub can be found at: www.csrhub.com.

EKOS International

EKOS International is a leading strategic sustainability consultancy with 20 years' experience helping organizations integrate Corporate Social Responsibility (CSR) for business development, competitive advantage and innovation. EKOS partners with clients in many industries to benchmark global leading practices in CSR/Sustainability, build a customized strategy to fit their unique situation, and improve sustainability performance, engagement, reporting and brand. More information about EKOS can be found at www.ekosi.com/.

Disclaimer

This report represents the findings, conclusions, and opinions of CSRHub and EKOS. SASB is an independent standards setting organization. While the report discusses SASB standards, this report does not represent the findings, conclusions, or opinions of SASB.

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