

Sustainability Accounting Standards Board (SASB) Level 1 Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is the role of examinations in data collection?**
 - A. They primarily audit the company's external financial statements.**
 - B. They provide no assurance and focus only on narrative disclosures.**
 - C. Examinations are audit-level engagements designed to provide a high level of assurance on information other than historical financial statements.**
 - D. They provide limited assurance on reliability of financial statements.**

- 2. Which of the following is NOT listed as a SASB reporting channel?**
 - A. Integrated reports (both financial and sustainability information)**
 - B. Sustainability Reports**
 - C. A stand-alone SASB report**
 - D. Industry-specific annual sustainability report**

- 3. What archetype does the SEC's 2010 Guidance on climate change issues fall under?**
 - A. Interpretive Guidance**
 - B. Principles-based Disclosure Guidance**
 - C. Comply-or-Explain Disclosure Guidance**
 - D. Line-item Disclosure Guidance**

- 4. What is the difference between frameworks and standards?**
 - A. Frameworks offer detailed, apples-to-apples data; standards are broad**
 - B. Standards enable apples-to-apples comparison; frameworks provide high-quality disclosure**
 - C. They are the same**
 - D. Frameworks are only for investors; standards only for regulators**

- 5. Integrated reports include which type of information?**
- A. A report that includes both financial and sustainability information**
 - B. A standalone financial report**
 - C. A legal filing only for regulators**
 - D. An internal memo**
- 6. What is the role of audits in reliable data collection?**
- A. Audits involve only financial statements.**
 - B. Audits are the most well-known assurance services; they involve examination of both financial statements and internal controls by CPAs.**
 - C. Audits are performed only for tax purposes.**
 - D. Audits are conducted by internal staff.**
- 7. What is the role of corporate governance codes?**
- A. They set accounting standards for financial reporting.**
 - B. They help communicate how boards make decisions and provide investors insight into board oversight of issues with potential enterprise value impact.**
 - C. They regulate management salaries.**
 - D. They replace the need for independent auditors.**
- 8. What is the difference between Accounting Metrics and Activity Metrics?**
- A. Accounting metrics are a set of quantitative and/or discussion and analysis metrics intended to measure performance on a sustainability topic. Activity metrics, on the other hand, quantify the scale of a company's business and are used to normalize data and facilitate comparison.**
 - B. Accounting metrics measure financial performance; Activity metrics measure environmental impact.**
 - C. Accounting metrics are qualitative; Activity metrics are numerical.**
 - D. Accounting metrics apply to one topic; Activity metrics apply to multiple topics.**

- 9. Which standards and frameworks cater to investors?**
- A. CDSB Framework, the Framework, SASB Standards, and the TCFD recommendations**
 - B. GRI and IIRC**
 - C. TCFD only**
 - D. SASB only**
- 10. Which category of information includes corruption and bribery or supply chain management?**
- A. Environmental Information**
 - B. Operational governance information**
 - C. Social Information**
 - D. Intellectual assets**

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Answers

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1. C
2. D
3. A
4. B
5. A
6. B
7. B
8. A
9. A
10. B

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Explanations

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1. What is the role of examinations in data collection?
 - A. They primarily audit the company's external financial statements.
 - B. They provide no assurance and focus only on narrative disclosures.
 - C. Examinations are audit-level engagements designed to provide a high level of assurance on information other than historical financial statements.**
 - D. They provide limited assurance on reliability of financial statements.

Examinations provide a high level of assurance on information other than historical financial statements. In this context, they're audit-level engagements applied to non-financial data—such as sustainability metrics and related disclosures—so that investors and stakeholders can rely on the accuracy and reliability of that information. The examiner tests data collection processes, validates underlying records, and issues an opinion stating that the information is fairly stated in all material respects according to the applicable criteria. This is different from auditing the external financial statements themselves or giving only limited assurance on financial statements. While reviews or limited assurance might apply to financial statements or provide less assurance, examinations target non-financial information with a rigorous, audit-like level of scrutiny.

2. Which of the following is NOT listed as a SASB reporting channel?
 - A. Integrated reports (both financial and sustainability information)
 - B. Sustainability Reports
 - C. A stand-alone SASB report
 - D. Industry-specific annual sustainability report**

SASB identifies three primary reporting channels for presenting SASB-aligned information: integrated reports that combine financial and sustainability data, sustainability reports focused on environmental, social, and governance topics, and stand-alone SASB reports dedicated to SASB disclosures. The option described as an industry-specific annual sustainability report isn't listed as one of SASB's recognized channels. You can still include industry-relevant SASB content within the allowed channels, but the named channel itself isn't a designated SASB option.

3. What archetype does the SEC's 2010 Guidance on climate change issues fall under?

- A. Interpretive Guidance**
- B. Principles-based Disclosure Guidance**
- C. Comply-or-Explain Disclosure Guidance**
- D. Line-item Disclosure Guidance**

The main idea here is understanding how the guidance fits into the SEC's framework for disclosures. Interpretive guidance is used to explain and clarify how existing securities laws and disclosure rules should be applied to specific issues, without creating new requirements. The SEC's 2010 Climate Guidance clarifies that climate-related risks can be material and should be considered under the current disclosure rules (like MD&A and risk factors), but it does not introduce new line-item requirements or a formal rulemaking. It's about interpreting how to apply existing rules to climate-related information, which is why it's categorized as interpretive guidance. It's not a principles-based framework, and it's not a comply-or-explain or line-item directive.

4. What is the difference between frameworks and standards?

- A. Frameworks offer detailed, apples-to-apples data; standards are broad**
- B. Standards enable apples-to-apples comparison; frameworks provide high-quality disclosure**
- C. They are the same**
- D. Frameworks are only for investors; standards only for regulators**

Understanding the difference between frameworks and standards starts with how prescriptive they are. A framework provides the structure and guidance for disclosure—the topics to cover, how to present them, and the overall approach to reporting—so disclosures are clear, complete, and useful for decision-makers. It sets quality expectations but doesn't lock in every metric or calculation method. A standard, on the other hand, specifies exact metrics, definitions, units, and calculation methods so everyone reports in the same way. That uniformity makes it possible to do apples-to-apples comparisons across companies and over time. So standards enable apples-to-apples comparison, while frameworks guide high-quality disclosure. For example, a framework might outline which sustainability topics to report and how to structure the narrative; a standard would require using a consistent method and unit for a given metric across all reporters. This distinction isn't about who uses them or implying they're the same—frameworks and standards serve different, complementary roles in reporting.

5. Integrated reports include which type of information?

- A. A report that includes both financial and sustainability information**
- B. A standalone financial report**
- C. A legal filing only for regulators**
- D. An internal memo**

Integrated reports bring together financial performance with sustainability information in a single document, giving a clear view of how environmental, social, and governance factors influence value creation over time. This holistic approach connects strategy, governance, risks, and outcomes with both financial results and non-financial impacts, providing stakeholders with a fuller picture of the organization's prospects. It isn't just a financial report, a regulator-focused filing, or an internal memo, which would each cover narrower or different purposes.

6. What is the role of audits in reliable data collection?

- A. Audits involve only financial statements.**
- B. Audits are the most well-known assurance services; they involve examination of both financial statements and internal controls by CPAs.**
- C. Audits are performed only for tax purposes.**
- D. Audits are conducted by internal staff.**

Audits provide independent verification that data is credible by examining both the information reported and the controls that support its collection. They are a formal assurance service where external professionals assess financial statements and, importantly, the internal controls over reporting. This independent review helps confirm that data are accurate, complete, and produced consistently, which reduces information risk for users of the data. By focusing on both the numbers and the processes behind them, audits enhance trust in reliability, making them the most well-known and relied-upon form of assurance—and they're performed by independent CPAs rather than internal staff.

7. What is the role of corporate governance codes?

- A. They set accounting standards for financial reporting.**
- B. They help communicate how boards make decisions and provide investors insight into board oversight of issues with potential enterprise value impact.**
- C. They regulate management salaries.**
- D. They replace the need for independent auditors.**

Corporate governance codes describe how boards should operate and how their governance practices are disclosed to investors. They provide guidance on board composition, independence, oversight of risk and strategy, and accountability, helping investors understand how decisions are made and how the board oversees issues that could affect enterprise value. They are not about setting accounting standards, not primarily about regulating salaries, and do not replace the need for independent auditors. The best choice reflects how governance codes communicate board decision processes and oversight to investors.

8. What is the difference between Accounting Metrics and Activity Metrics?

- A. Accounting metrics are a set of quantitative and/or discussion and analysis metrics intended to measure performance on a sustainability topic. Activity metrics, on the other hand, quantify the scale of a company's business and are used to normalize data and facilitate comparison.**
- B. Accounting metrics measure financial performance; Activity metrics measure environmental impact.**
- C. Accounting metrics are qualitative; Activity metrics are numerical.**
- D. Accounting metrics apply to one topic; Activity metrics apply to multiple topics.**

Accounting metrics capture how a company performs on a sustainability topic, and they can be either numerical results or involve management discussion and analysis. Activity metrics, on the other hand, measure the size or scale of the business (like production volume, revenue, or employee count) and are used to normalize data so you can compare performance across companies. This distinction matters because you need both: the actual performance on a topic, and a sense of the company's scale to put that performance in context. For example, you might report total emissions (an accounting metric) and emissions per unit of production (an accounting metric that uses an activity metric for normalization). The option that describes this combination—accounting metrics for topic-specific performance and activity metrics for normalization of scale—best reflects the concept.

9. Which standards and frameworks cater to investors?

- A. CDSB Framework, the Framework, SASB Standards, and the TCFD recommendations**
- B. GRI and IIRC**
- C. TCFD only**
- D. SASB only**

Investors need disclosures that translate sustainability into financial risk and value. SASB Standards focus on financially material topics that matter for specific industries, helping investors compare potential financial impacts across companies. The TCFD recommendations center on climate-related risks and opportunities and how these could affect financial statements and risk management, enabling scenario planning and decision-useful disclosures. The CDSB Framework provides a way to present climate information within mainstream financial reports, so investors can find relevant data in familiar documents. The Integrated Reporting Framework (the Framework) links governance, strategy, performance, and resource use to value creation over time, giving investors a holistic view of how the business sustains value. GRI emphasizes broad stakeholder concerns, and the option that limits to only one framework misses the breadth investors rely on. Together, these four frameworks specifically address investor needs for financially relevant, decision-useful information.

10. Which category of information includes corruption and bribery or supply chain management?

A. Environmental Information

B. Operational governance information

C. Social Information

D. Intellectual assets

Corruption and bribery, along with supply chain management, are governance topics. They concern how a company is run, including ethics, compliance, risk management, and oversight of day-to-day operations. In SASB's framework, environmental information covers environmental impacts; social information covers topics like labor practices and community relations; intellectual assets covers IP and brand-related topics. Governance information specifically addresses how the company governs itself, including anti-corruption policies, governance structures, and supplier governance. So issues like corruption/bribery and how the company manages its supply chain fit squarely under operational governance information.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://sasblevel1.examzify.com>

We wish you the very best on your exam journey. You've got this!

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