SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) LEVEL 1 PRACTICE TEST (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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

1. Stewardship codes were first introduced in which country and year?

A. United States, 2005

B. United Kingdom, 2010

C. Canada, 2012

D. Australia, 2008

2. Which of the following is an example of an intangible asset?

A. Intellectual capital, customer relationships, brand value, and other soft assets.

B. Cash and inventory.

C. Machinery and land.

D. Accounts payable.

3. Which risk category is associated with changes in the shape of the yield curve?

A. Credit risk

B. Yield curve risk

C. Liquidity risk

D. Interest rate risk

4. Among reporting channels, which is described as a web-based format?

A. A web-based report

B. A press release

C. A physical booklet

D. A quarterly earnings call

5. What is the IASB's relationship to IFRS?

A. It is an independent standard-setting organization with governance and due process for IFRS Standards.

B. It is a regulatory body within the US.

C. It is a private auditing firm.

D. It is a branch of the IMF.

6. Which of the following is listed as a major sustainability disclosure standard?

A. ISO 9001

B. GAAP

C. SASB Standards

D. IFRS

7. What are some examples of Disclosure Guidance Issuers? What is their typical role?

A. CDSB, GRI, US SEC

B. TCFD, CDSB, ISO

C. CDSB, GRI, IIRC, SASB, TCFD

D. GRI, SASB

8. What is one stated risk if a company does not release sustainability data?

A. ESG data aggregators may assume poor performance

B. Regulators will shut down the company

C. Investors will always stay engaged

D. The company will automatically improve

9. Which seven characteristics help categorize sustainability disclosure frameworks and standards?

A. Market share; governance structure; materiality; time horizon

B. Stakeholder engagement; Reporting frequency; Data accuracy; Verification standards

C. International reach; Audit requirements; Data granularity; Risk exposure

D. Scope of information; Type of guidance; Primary audience; Scope of materiality; Industry agnostic or industry-specific; Time horizon; Governance model

10. In the banking sector, which emission focus does SASB emphasize?

A. Financed emissions

B. Emissions from branches

C. Direct emissions from office buildings

D. Emissions from suppliers

Answers

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

Explanations

1. Stewardship codes were first introduced in which country and year?

A. United States, 2005

B. United Kingdom, 2010

C. Canada, 2012

D. Australia, 2008

Stewardship codes set expectations for institutional investors to actively oversee the companies they invest in—engaging with management on governance and sustainability, using voting rights, and reporting on stewardship activities to promote long-term value and accountability. Among the options given, the first formal stewardship code introduced is in Canada in 2012, making it the earliest in this set. This code helped establish a framework for how asset owners and managers should monitor and engage with companies on governance and ESG matters. The other choices either refer to different jurisdictions or later dates within the provided list, so Canada 2012 is the best choice here.

2. Which of the following is an example of an intangible asset?

A. Intellectual capital, customer relationships, brand value, and other soft assets.

B. Cash and inventory.

C. Machinery and land.

D. Accounts payable.

Intangible assets are non-physical resources that still contribute to a company's value and future earnings. They include items like intellectual capital, customer relationships, brand value, and other soft assets because these lack physical form but have identifiable value and can be controlled by the company. Cash and inventory are tangible assets, machinery and land are tangible assets, and accounts payable is a liability. Thus, listing non-physical assets best represents an intangible asset.

3. Which risk category is associated with changes in the shape of the yield curve?

A. Credit risk

B. Yield curve risk

C. Liquidity risk

D. Interest rate risk

Changes in the shape of the yield curve occur when short-, medium-, and long-term rates move differently relative to each other, altering the curve's slope and curvature. This affects the value of assets and liabilities with different maturities in ways that aren't captured by a simple overall level shift. Yield curve risk specifically captures this sensitivity to non-parallel movements in rates, making it the best fit for changes in curve shape. Credit risk is about the possibility of default by a borrower, and liquidity risk concerns how easily assets can be bought or sold without significantly affecting price. Interest rate risk is broader and includes price changes from rate moves in general, but the distinctive concern about how the curve's shape changes is what defines yield curve risk.

4. Among reporting channels, which is described as a web-based format?

A. A web-based report

B. A press release

C. A physical booklet

D. A quarterly earnings call

A web-based report is the one described as a web-based format. This means the report is published online and accessed through a web browser, typically hosted on a company's website or sustainability portal, allowing easy online distribution and updates. The other options describe different channels or formats: a press release is a news-type announcement, a physical booklet is printed on paper, and a quarterly earnings call is a live audio/video event, not a web-based document.

5. What is the IASB's relationship to IFRS?

A. It is an independent standard-setting organization with governance and due process for IFRS Standards.

B. It is a regulatory body within the US.

C. It is a private auditing firm.

D. It is a branch of the IMF.

The IASB is an independent standard-setting body that develops and approves IFRS Standards. It operates under the IFRS Foundation, which provides governance, funding, and the due process framework—ensuring transparency and broad public input through public consultations and exposure drafts. It is not a regulatory body within the US, a private auditing firm, or a branch of the IMF; enforcement and adoption of IFRS are handled by national regulators and local standard-setters in each jurisdiction.

6. Which of the following is listed as a major sustainability disclosure standard?

A. ISO 9001

B. GAAP

C. SASB Standards

D. IFRS

Sustainability disclosures are about reporting information that helps investors understand how non-financial factors could affect a company's value. SASB Standards provide industry-specific, financially material metrics for sustainability reporting, meaning they focus on topics that truly matter for a company's economic performance and risk. This makes them a leading framework for communicating sustainability information in a way investors can compare across companies in the same industry. In contrast, ISO 9001 is about quality management, and GAAP or IFRS govern traditional financial accounting and reporting—not the sustainability topics that can impact long-term value. So SASB Standards are the major sustainability disclosure standard because they specifically target the sustainability information that is most relevant to financial decision-making.

7. What are some examples of Disclosure Guidance Issuers? What is their typical role?

A. CDSB, GRI, US SEC

B. TCFD, CDSB, ISO

C. CDSB, GRI, IIRC, SASB, TCFD

D. GRI, SASB

The main idea here is that Disclosure Guidance Issuers are organizations that publish guidance and frameworks to help organizations report sustainability information in a consistent, decision-useful way. The best choice lists five well-known issuers: CDSB, GRI, IIRC, SASB, and TCFD. Each contributes a different angle of guidance: CDSB provides a framework that aligns climate-related information with financial reporting; GRI offers broad, widely used sustainability reporting standards across environmental, social, and governance topics; IIRC (International Integrated Reporting Council) promotes integrated reporting that connects financial results with broader value creation and sustainability context; SASB delivers sector-specific, financially material sustainability standards; and TCFD presents recommendations focused on climate-related financial risk disclosures. Together, they illustrate how guidance issuers shape what to disclose, how to measure it, and how to present it so stakeholders can compare and assess performance and risk across organizations.

8. What is one stated risk if a company does not release sustainability data?

A. ESG data aggregators may assume poor performance

B. Regulators will shut down the company

C. Investors will always stay engaged

D. The company will automatically improve

Not releasing sustainability data creates information gaps that external evaluators must fill with assumptions. ESG data aggregators rely on disclosed metrics to compare companies and gauge performance. When data isn't released, they often infer weaker performance or higher risk, which can lead to lower ESG scores, negative investor sentiment, and potential impacts on access to capital or financing terms. Regulators shutting down the company isn't a universal or automatic consequence of non-disclosure; enforcement varies by region and by whether there are mandatory disclosure rules in place. The idea that investors will always stay engaged ignores that many investors rely on transparent data to assess risk and may reduce engagement or demand more information when disclosure is lacking. The notion that the company will automatically improve from not releasing data isn't supported—the absence of information doesn't by itself create better performance.

9. Which seven characteristics help categorize sustainability disclosure frameworks and standards?

A. Market share; governance structure; materiality; time horizon

B. Stakeholder engagement; Reporting frequency; Data accuracy; Verification standards

C. International reach; Audit requirements; Data granularity; Risk exposure

D. Scope of information; Type of guidance; Primary audience; Scope of materiality; Industry agnostic or industry-specific; Time horizon; Governance model

When comparing sustainability disclosure frameworks, the key is recognizing the seven dimensions that define how a framework organizes and communicates information. These dimensions describe what the framework asks for and how it guides reporting. Scope of information describes which topics are covered—environmental, social, governance, or broader sustainability issues—and how deeply those topics are required. Type of guidance differentiates between prescriptive rules and more flexible, principles-based guidance. Primary audience indicates who the disclosures are intended to inform, such as investors, regulators, or general stakeholders. Scope of materiality clarifies whether the framework considers materiality at the entity level, across industries, or with a broader lens. Industry agnostic versus industry-specific shows whether the framework applies universally or is tailored to particular sectors. Time horizon refers to whether the framework focuses on current-period reporting, forward-looking disclosures, or multi-year outlooks. Governance model covers who oversees and maintains the standards, including oversight bodies, revision processes, and assurance approaches. These seven dimensions together capture how a framework is structured, who it serves, and how it expects information to be reported, enabling meaningful comparisons across frameworks. Other features like market reach or audit requirements may be important, but they don't constitute the core seven criteria used to categorize sustainability disclosure frameworks.

10. In the banking sector, which emission focus does SASB emphasize?

A. Financed emissions

B. Emissions from branches

C. Direct emissions from office buildings

D. Emissions from suppliers

The main idea being tested is which emissions focus SASB expects banks to prioritize. For banks, the most material climate impact comes from the emissions tied to the activities of their borrowers and investees—the emissions generated by projects, companies, and individuals that the bank finances. This is called financed emissions, and SASB highlights it because it directly reflects the bank's influence through lending and investment decisions. In practice, the bank's own direct emissions from branches or offices, and emissions from its suppliers, are typically smaller in scale and represent internal operations (and procurement) rather than the broader climate impact of the bank's business model. Emphasizing financed emissions allows banks to assess, disclose, and manage the climate risk embedded in their portfolios and to pursue portfolio decarbonization targets.

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!