



**SASB
STANDARDS**

Now part of IFRS Foundation

Toys & Sporting Goods

Sustainability Accounting Standard

CONSUMER GOODS SECTOR

Sustainable Industry Classification System® (SICS®) CG-TS

Under Stewardship of the International Sustainability Standards Board

INDUSTRY STANDARD | VERSION 2023-12



sasb.org

ABOUT THE SASB STANDARDS

As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards. The ISSB has committed to maintain, enhance and evolve the SASB Standards and encourages preparers and investors to continue to use the SASB Standards.

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) requires entities to refer to and consider the applicability of disclosure topics in the SASB Standards when identifying sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects. Similarly, IFRS S1 requires entities to refer to and consider the applicability of metrics in the SASB Standards when determining what information to disclose regarding sustainability-related risks and opportunities.

In June 2023, the ISSB amended climate-related topics and metrics in the SASB Standards to align them with the industry-based guidance accompanying IFRS S2 *Climate-related Disclosures*. In December 2023, the ISSB amended the non-climate-related topics and metrics in connection with the International Applicability of SASB Standards project.

Effective Date

This version 2023-12 of the Standard is effective for all entities for annual periods beginning or after January 1, 2025. Early adoption is permitted for all entities.

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INTRODUCTION

Overview of SASB Standards

The SASB Standards are a set of 77 industry-specific sustainability accounting standards (“SASB Standards” or “Industry Standards”), categorised pursuant to the [Sustainable Industry Classification System[®] \(SICS[®]\)](#).

SASB Standards include:

1. **Industry descriptions** – which are intended to help entities identify applicable industry guidance by describing the business models, associated activities and other common features that characterise participation in the industry.
2. **Disclosure topics** – which describe specific sustainability-related risks or opportunities associated with the activities conducted by entities within a particular industry.
3. **Metrics** – which accompany disclosure topics and are designed to, either individually or as part of a set, provide useful information regarding an entity’s performance for a specific disclosure topic.
4. **Technical protocols** – which provide guidance on definitions, scope, implementation and presentation of associated metrics.
5. **Activity metrics** – which quantify the scale of specific activities or operations by an entity and are intended for use in conjunction with the metrics referred to in point 3 to normalise data and facilitate comparison.

Entities using the SASB Standards as part of their implementation of ISSB Standards should consider the relevant ISSB application guidance.

For entities using the SASB Standards independently from ISSB Standards, the [SASB Standards Application Guidance](#) establishes guidance applicable to the use of all Industry Standards and is considered part of the Standards. Unless otherwise specified in the technical protocols contained in the Industry Standards, the guidance in the SASB Standards Application Guidance applies to the definitions, scope, implementation, compilation and presentation of the metrics in the Industry Standards.

Historically, the [SASB Conceptual Framework](#) set out the basic concepts, principles, definitions and objectives that guided the SASB Standards Board in its approach to setting standards for sustainability accounting.

Use of the Standards

SASB Standards are intended to aid entities in disclosing information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. An entity determines which Industry Standard(s) and which disclosure topics are relevant to its business, and which associated metrics to report. In general, an entity should use the SASB Standard specific to its primary industry as identified in [SICS[®]](#). However, companies with substantial business in multiple SICS[®] industries should refer to and consider the applicability of the disclosure topics and associated metrics in additional SASB Standards.

The disclosure topics and associated metrics contained in this Standard have been identified as those that are likely to be useful to investors. However, the responsibility for making materiality judgements and determinations rests with the reporting entity.

Industry Description

The Toys & Sporting Goods industry comprises two distinct segments that produce leisure products: entities that manufacture toys and games, and entities that manufacture sporting and athletic goods, such as bicycles, golf clubs, fitness equipment and similar products. Entities in this industry primarily sell their products to consumers through retail stores. The degree of manufacturing integration in the industry varies significantly.

SUSTAINABILITY DISCLOSURE TOPICS & METRICS

Table 1. Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Chemical & Safety Hazards of Products	(1) Number of recalls and (2) total units recalled ¹	Quantitative	Number	CG-TS-250a.1
	Total amount of monetary losses as a result of legal proceedings associated with product safety ²	Quantitative	Presentation currency	CG-TS-250a.3
	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	Discussion and Analysis	n/a	CG-TS-250a.4
Labour Conditions in the Supply Chain	Number of facilities audited to a social responsibility code of conduct	Quantitative	Number	CG-TS-430a.1
	Direct suppliers' social responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances ³	Quantitative	Rate	CG-TS-430a.2

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Annual production	Quantitative	Number of units	CG-TS-000.A
Number of manufacturing facilities, percentage outsourced ⁴	Quantitative	Number, Percentage (%)	CG-TS-000.B

¹ Note to **CG-TS-250a.1** – The entity shall discuss notable recalls such as those that affected a significant number of units of one product or those related to serious injuries or fatalities.

² Note to **CG-TS-250a.3** – The entity shall briefly describe the nature, context and any corrective actions taken because of monetary losses.

³ Note to **CG-TS-430a.2** – The entity shall disclose the social responsibility standards or codes of conduct to which it has measured social responsibility audit compliance.

⁴ Note to **CG-TS-000.B** – The number of manufacturing facilities shall include those owned and operated by the entity as well as those directly contracted by the entity. The percentage outsourced shall account for those manufacturing facilities directly contracted by the entity.

Chemical & Safety Hazards of Products

Topic Summary

Consumers and regulators expect the Toys & Sporting Goods industry to ensure its products are safe. Whether introduced by design or poor oversight of supply chains, the presence of harmful chemicals in products can have long-term effects on children's development and health. Faulty or poorly designed products can also create choking, fire or other hazards, which can result in injury or death. The Toys & Sporting Goods industry is subject to extensive product safety regulation to protect children, and evolving science on the safety of certain chemicals will probably lead to additional restrictions. Failure to create products that are safe for consumers may lead to increased regulatory oversight and affect an entity's social licence to operate. Furthermore, improper product safety testing or evaluation can result in costly recalls, litigation or reputational damage that can affect sales. Entities that effectively manage the design and manufacturing phases to reduce the use of harmful chemicals while eliminating others can mitigate safety risks, potentially improving brand reputation and reducing the cost of capital.

Metrics

CG-TS-250a.1. (1) Number of recalls and (2) total units recalled

- 1 The entity shall disclose (1) the total number of product recalls it issued during the reporting period, including voluntary and involuntary recalls.
 - 1.1 A recall is defined as the removal of alleged, potentially or known defective or hazardous products from the distribution chain and from the possession of consumers.
 - 1.2 Involuntary recalls are those requested or mandated by applicable jurisdictional legal or regulatory authorities, and they are issued when a product does not comply with regulatory safety standards, or when a safety-related defect in a product is identified.
 - 1.3 Voluntary recalls are those initiated by the entity to remove products from the market for safety-related concerns.
- 2 The entity shall disclose (2) the total number of units subject to product recalls.
- 3 The entity may separately disclose the percentage of recalls that were (a) voluntary and (b) involuntary.

Note to CG-TS-250a.1

- 1 The entity shall discuss notable recalls, such as those that affected a significant number of products or those related to potential or actual serious injuries or fatalities.
 - 1.1 A recall may be considered notable if it is mentioned in periodic jurisdictional recall reports.
- 2 For such recalls, the entity may provide:
 - 2.1 description and cause of the recall issue;

- 2.2 total number of units recalled;
- 2.3 cost to remedy the issue;
- 2.4 whether the recall was voluntary or involuntary;
- 2.5 corrective actions; and
- 2.6 any other significant outcomes (for example, legal proceedings or fatalities).

CG-TS-250a.3. Total amount of monetary losses as a result of legal proceedings associated with product safety

- 1 The entity shall disclose the total amount of monetary losses incurred during the reporting period resulting from legal proceedings associated with incidents relating to product safety.
- 2 The legal proceedings shall include any adjudicative proceeding involving the entity, whether before a court, a regulator, an arbitrator or otherwise.
- 3 The losses shall include all monetary liabilities to the opposing party or to others (whether as the result of settlement, verdict after trial or otherwise), including fines and other monetary liabilities incurred during the reporting period as a result of civil actions (for example, civil judgements or settlements), regulatory proceedings (for example, penalties, disgorgement or restitution) and criminal actions (for example, criminal judgements, penalties or restitution) brought by any entity (for example, governmental, business or individual).
- 4 The scope of monetary losses shall exclude legal and other fees and expenses incurred by the entity in its defence.
- 5 The entity shall include legal proceedings associated with the enforcement of applicable jurisdictional laws or regulations.

Note to CG-TS-250a.3

- 1 The entity shall briefly describe the nature (for example, judgement or order issued after trial, settlement, guilty plea, deferred prosecution agreement or non-prosecution agreement) and context (for example, inadequate testing or certification) of all monetary losses resulting from legal proceedings.
- 2 The entity shall describe any corrective actions implemented in response to the legal proceedings. This may include specific changes in operations, management, processes, products, business partners, training or technology.

CG-TS-250a.4. Discussion of processes to assess and manage risks or hazards associated with chemicals in products

- 1 The entity shall discuss the business and operational processes employed to assess and manage potential risks and hazards associated with the use of materials, chemicals and substances (hereafter 'chemicals') in its products.

- 1.1 The entity may discuss the management of chemicals used during manufacturing and production of its products or chemicals associated with the production of raw materials or components of its products, but that are not present in finished products.
- 2 The entity shall describe whether its approach to chemicals management is characterised by a hazard-based, risk-based or alternative approach.
 - 2.1 A hazard-based approach to chemicals management is defined as the process of identifying and managing the use of chemicals based on the toxicological characteristics of chemical ingredients as they relate to human health and the environment, including specific exposure routes (for example, oral, dermal or inhalation) and dosages (quantities) of a substance required to cause an adverse effect.
 - 2.2 A risk-based approach to chemicals management is defined as the process of managing the use of chemicals by integrating chemical hazard information with an assessment of chemical exposure (route, frequency, duration and magnitude) to assess the probability and magnitude of the exposure harming a given population.
 - 2.3 Other approaches may include the mixed use of hazard- and risk-based approaches depending on the particular chemical, product category, business segment, operating region or intended product user.
- 3 The entity shall discuss the operational processes it employs for chemicals management, such that:
 - 3.1 relevant operational processes that characterise hazard-based approaches include limiting or restricting specific chemicals in its products because the chemicals may be prohibited by a regulation, or because they have known toxicity levels at or below amounts detectable in finished products (for example, use of a restricted substances list (RSL) for chemicals banned where the entity operates or for chemicals that the entity has chosen to limit or eliminate);
 - 3.2 relevant operational processes that characterise risk-based management include evaluating chemical hazard data, conducting assessments of exposure pathways and identifying potential corresponding health risks using screening methods and chemical risk framework tools, such as the World Health Organization's (WHO) *Human Health Risk Assessment Toolkit: Chemical Hazards* and the International Council of Chemical Associations (ICCA) *Guidance on Chemical Risk Assessment*; and
 - 3.3 additional frameworks for hazard- and risk-based chemical assessments include those compiled by the Organisation for Economic Co-operation and Development (OECD).
- 4 The entity shall describe its approach to chemicals management at each stage in its products' lifecycles, such as product design and planning, materials and chemicals procurement, manufacturing, finished-goods testing, and product labelling and marketing.
- 5 The entity shall describe how it prioritises chemicals for reduction or elimination from its products, and how it integrates alternative chemicals into product formulation and design, including through materials substitution assessments such as GreenScreen® For Safer Chemicals.
- 6 The entity shall disclose if it conducts testing or pursues third-party certification to verify the chemical content of its finished products, including which certifications apply to which products.

- 6.1 The scope of the disclosure excludes discussion of mandatory product certification.
- 7 If chemicals management policies and practices vary significantly by business, unit, product category or region, the entity shall describe those variations.
- 8 The entity may identify chemicals in its finished products for which it has a policy to reduce, eliminate or assess, for reasons such as:
- 8.1 incomplete or insufficient toxicity information such that the entity cannot determine if the chemical is safe for use;
 - 8.2 pending or anticipated regulations may limit or restrict the use of the chemical in the future;
 - 8.3 potential environmental harm, but not harm to human health, the entity wishes to limit; and
 - 8.4 being 'of concern' to consumers, customers, regulators or others (for example, non-governmental organisations or scientific researchers), even if the specific chemical or class of chemicals is unregulated.
- 8.4.1 Specific chemicals to discuss may include those found on the Chemical Footprint Project's Chemicals of High Concern List.
- 9 If the entity has identified specific chemicals for elimination or substitution, it may discuss the time line to achieve its goals, identify which products or product lines will be affected by the elimination or substitution, and provide an analysis of progress towards achieving its goals.
- 10 The entity may discuss its use of chemicals classified as Group 1 carcinogens by the International Agency for Research on Cancer's (IARC) *Monographs on the Evaluation of Carcinogenic Risks to Humans* and substances listed in the European Council's *Regulation, Evaluation, Authorisation and Restriction of Chemicals* (REACH) regulation, Annex XVII, including its policy for labelling such products.

Labour Conditions in the Supply Chain

Topic Summary

Labour conditions and the treatment of workers in the industry's manufacturing supply chain are points of concern for consumers, regulators and entities. Labour issues include worker health and safety standards, compensation, excessive working hours and risks related to discrimination and forced labour. The industry is exposed to these issues because of its reliance on third-party manufacturing where labour standards and regulation enforcement may be weak. Entities also contract with numerous suppliers, adding complexity and transparency challenges. Failure to manage labour conditions can result in supply disruptions, reputational damage and increased regulation and enforcement in response to high-profile safety or labour incidents, strikes and work stoppages, and shifts in consumer demand. Entities that engage with suppliers through audits, partnerships and increased oversight may be better able to pre-empt and react more quickly to labour issues. Entities that effectively manage this issue can protect brand value and reduce their cost of capital.

Metrics

CG-TS-430a.1. Number of facilities audited to a social responsibility code of conduct

- 1 The entity shall disclose the total number of facilities audited to a social responsibility code of conduct during the reporting period.
 - 1.1 Audits are defined as visits to a facility and review of records to ensure compliance with a code of conduct. Audits can be conducted by an internal corporate representative or by a third-party auditor.
 - 1.2 Social responsibility code of conduct criteria shall include, at a minimum, an assessment of worker hours; excessive overtime; wages and compensation; underage labour; forced labour; disciplinary practices; discrimination; freedom of association; worker treatment and development; termination, harassment, anti-abuse and retrenchment policies; and health and safety policies and conditions.
 - 1.3 A code of conduct is a corporate policy, standard or contract that outlines a set of working conditions, labour practices, and safety and environmental requirements for suppliers and contractors. At a minimum, a code of conduct ensures that suppliers comply with regulations.
- 2 The scope of facilities includes those owned and operated by the entity as well as third-party vendors.
- 3 Facilities audited as part of the International Council of Toy Industries' (ICTI) Ethical Toy Program shall be considered to have been audited to a social responsibility code of conduct. ICTI audit requirements are outlined in the ICTI's *Ethical Toy Program Audit Checklist*.
- 4 The entity may disclose audit frequency for each facility and the number of facilities shown to be at risk as well as discuss practices and processes for at-risk facilities.

CG-TS-430a.2. Direct suppliers' social responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances

- 1 The entity shall disclose (1) the rates of its direct suppliers' non-conformance with external social responsibility audit standards or internally developed supplier codes of conduct for (a) priority non-conformances, and separately, (b) other non-conformances.
 - 1.1 Priority non-conformances are defined as the highest severity of non-conformance and require escalation by auditors. Priority non-conformances may arise from a significant risk to safety or the environment, non-compliance with relevant regulatory requirements or failure to adequately correct prior minor non-conformances. These may also be referenced as 'zero tolerance' issues or 'core violations'.
 - 1.2 Other non-conformances are defined as violations of applicable jurisdictional laws or regulations, or one or more aspects of a code of conduct corroborated by more than one source (for example, staff interview, payroll review or on-site observation). Other non-conformances also include violations for which only a single source is given, if it is incriminating.
 - 1.3 The entity shall calculate the non-conformance rates as the number of non-conformances (in each respective category) identified among its direct suppliers divided by the total number of direct supplier facilities audited.
- 2 The entity shall disclose (2) the corrective action rates associated with its direct suppliers' (a) priority non-conformances, and separately, (b) other non-conformances.
 - 2.1 A corrective action is defined as the timely completion of a corrective action plan designed to eliminate the cause of a detected non-conformance, including the implementation of practices or systems to eliminate any non-conformance and prevent reoccurrence, as well as verifying that the supplier has taken corrective action.
 - 2.2 The entity shall calculate the corrective action rates as the number of corrective actions that address non-conformances (in each respective category) divided by the total number of non-conformances identified (in each respective category).
- 3 The scope of the disclosure includes facilities audited against external social responsibility audit standards, such as the International Council of Toy Industries (ICTI) Ethical Toy Program, as well as internally developed supplier codes of conduct.

Note to CG-TS-430a.2

- 1 The entity shall disclose the social responsibility standards or codes of conduct to which it has measured social responsibility audit compliance.
 - 1.1 For internally developed supplier codes of conduct, the entity shall disclose the publicly available source in which its codes can be found.
- 2 If relevant, the entity may disclose the number of supplier contracts terminated as a result of non-conformances.



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