STANDARDS OUTCOME REPORT

Financials

June 27, 2013

Contents

Executive Summary

The following report provides a reference and framework for the SASB Standards Council 'Financials Content Review' on June 27, 2013. Included are a brief description of SASB's research process (Part I), an account of the Industry Working Group and Public Comment participation rates (Part I), a description of the Standard Council's role (Part II), examples of how SASB responded to stakeholder feedback (Part III), and a list of issues that warrant special consideration by the Standards Council (Part IV). Although feedback on all content is welcome, SASB encourages the Standards Council to focus on the issues identified in Part IV of this report.

Introduction

In the first quarter of 2013, SASB's research team identified the current and emerging material sustainability topics (or disclosure topics) that will impact shareholder value in seven industries (Commercial Banks, Investment Banking and Brokerage, Asset Management and Custody Activities, Consumer Finance, Mortgage Finance, Security and Commodity Exchanges, and Insurance)[1] across the Financials sector. These issues and the associated accounting metrics or key performance indicators (KPIs) have subsequently been vetted by external stakeholders through the Industry Working Group (IWG) and Public Comment Period (PCP). These processes allowed for each issue and KPI to be evaluated on the basis of materiality, investor interest, and cost-benefit analysis.

The goal of this 'Content Review' is for the Standards Council to assess the feedback received during the financials IWG and PCP, and SASB's response to these comments.

Part I: Description of SASB's Process for Issue Identification, Disclosure Topic Determination, and Response to Stakeholder Comments

In an effort to develop industry-specific sustainability accounting standards, SASB identifies issues that are material, of interest to investors, and cost-beneficial. These issues are identified through an analysis of corporate reporting (10-Ks, annual reports, and social responsibility reports), news articles, and academic journals. The disclosure items reflect what the research team determined to be the most cost-effective, comparable, and direct method of reporting on the risks and opportunities associated with each issue.

After the standards are developed, each disclosure topic and item is vetted by market participants, corporate representatives, and third party stakeholders through the IWG on the basis of the same criteria (A materiality assessment of each disclosure topic by the IWG appears in Appendix III). A 'Process Review' by the Standards Council subsequently examined the strength and representativeness of the stakeholders who participated in the IWG, and performed an initial assessment of the overall feedback. Disclosure topics that were determined to be material by less than 75 percent of IWG respondents received additional consideration. The research team then responded to the IWG comments and integrated those that represent a consensus opinion or provide significant evidence for inclusion. A list of all IWG comments on Issues and SASB actions taken or planned in appear in Appendix I.

When assessing the feedback on the key performance indicators, the research team generally found a correlation with the feedback on issues (i.e. strong issues were accompanied by strong KPIs or vice versa).

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[1] The financials sector initially included a specialized finance industry. After careful consideration this industry was removed and companies were re-classified for inclusion in other industries.

SASB focused its initial revisions on areas where there was a discrepancy between the feedback on the issue and KPIs. In cases with a strong issue but weak KPIs this meant addition, removal, or significant revision to KPIs. In cases with a weak issue but strong KPIs this sometimes meant retaining the KPIs under a more suitable or revised issue (SASB, however, removed KPIs accompanying issues that were completely removed). Cutting across the entire KPI review, SASB incorporated specific improvements/suggestions wherever necessary. More detailed explanations of feedback received and actions taken in each industry are in Appendix VI.

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It is important to note that there was a considerable increase in the number of IWG participants between health care and financials sector. Although there is room for improvement, the IWG again provided valuable insight into how companies, market participants, and third party stakeholders view materiality. In sum, 240 IWG (56 commercial banks, 54 investment banking and brokerage, 56 asset management and custody activities, 17 security and commodity exchanges, 24 insurance, 14 consumer finance, and 19 mortgage finance) surveys were completed throughout the seven financials industries compared to 72 in health care. Issues and KPIs were analyzed on the basis of several factors including: relevance, usefulness, comparability, and cost-effectiveness.

In an effort to improve the quality of the feedback received during the PCP, SASB revised the format of its request for the Financials sector. Rather than using a survey based instrument, two[2] open-ended questions provided the guidance for responses. In sum, four comment letters were completed during this process, and two open letters were received. In general, the PCP comments were of limited usefulness.

Part II: Role of the Standards Council in Reviewing the Content of SASB's Proposed Sustainability Accounting Standards for Financials

The goal of the 'Content Review' by the Standards Council is to assess the feedback received during the IWG and PCP. Similar to the assessment conducted by these external stakeholders, this review should focus on three inter-related dimensions: materiality, investor interest, and cost-benefit.

- **Material information.** 'Material information' is defined by the U.S. Supreme Court as presenting a substantial likelihood that disclosure of the omitted fact would have been viewed by the 'reasonable investor' as significantly altering the 'total mix' of information made available.
- **Investor interest**. Related to the concept of material information, SASB seeks to create industry specific accounting standards, and therefore relies heavily on interest from the hypothetical 'reasonable investor'. This interest is largely determined by the market participants who contribute to the IWG, and engage in investing primarily as an economic activity (mainstream, SRI, and others).

[2] See 'Appendix III' for a list of questions that were used to prompt comments from the public.

- **Cost-benefit**. Cost-benefit is an essential element of SASB's proposed sustainability accounting standards. The elements of this analysis that SASB considers include costs to companies for incremental additional reporting and auditing, the current availability of the information, the cost savings to companies from more streamlined communication with investors on material issues. The benefits considered include not only the benefits to companies from improving performance on these issues that will improve operational and/or financial performance and the related attractiveness to the capital markets, but the benefits to investors from having readily available decision useful information with which to assess portfolio risks and opportunities, and the broader benefits to society from improved market stability and more sustainable outcomes.

Note: as part of the analysis suggested above, members of the Standards Council should pay particular attention to the total volume of disclosure implied by the proposed standards, at the industry level.

Part III: Examples of IWG and Public Feedback and Action Taken by SASB Research Team

The following section provides examples of the comments received during the IWG and PCP along with SASB's rationale for including or excluding the feedback, and the final action taken. Disclosure items are also included in cases where they can provide additional context. Lists of all comments appear in Appendix I (IWG) and II (PCP) of this report, and a materiality assessment of each disclosure topic by the IWG appears in Appendix III. Appendix V provides a list of the disclosure topics that were developed during SASB's initial research, and a revised list of disclosure topics that incorporates the feedback received during the IWG.

Example 1: Removing 'Resource Efficiency' from Consumer Finance and Security & Commodity Exchanges, and Renaming the Disclosure Topic to 'Environmental Footprint of Branch Networks' in Commercial Banks.

Comment and Topic: Remove 'Resource Efficiency' from Consumer Finance, Security & Commodity Exchanges, and Commercial Banks.

Source and Timing: IWG participants indicated that 'Resource Efficiency' was of limited interest. The issue was determined to be material by 65, 66, and 79 percent of Security and Commodities and Exchanges, Commercial Banking, and Consumer Finance IWG respondents respectively.

Rationale for Inclusion / Exclusion: 'Resource Efficiency' was initially included in these three industries to address the material impact of energy use associated with a growing dependence on data centers. Specifically, research indicated that an economy wide shift to cloud computing could save U.S. companies $12.3 billion per year in costs. However, a lack of specific evidence relating to the these industries coupled with a low materiality assessment by IWG participants suggested that the topic should be removed from the Consumer Finance and Security & Commodity Exchange industries.[3] Given the Commercial Banking industry's reliance on physical infrastructure for its network of branches, this topic was maintained, and, following a suggestion during the IWG process, renamed to address the risks and opportunities relating to physical capital.

[3] The decision to remove the disclosure topic from Consumer Finance despite an overall materiality assessment of 79 percent by IWG participants reflects a lack of specific evidence demonstrating financial impact.

Action Taken: The disclosure topic was removed from the set for both the Consumer Finance and Security & Commodity Exchanges industries, and the topic was renamed, 'Environmental Footprint of Branch Networks' for the Commercial Banking industry.

Accounting Metrics for Commercial Banking:

-Total annual energy consumption (gigajoules) - amount of renewable energy (gigajoules).

-Ratio of cost ($ per GJ) of non-renewable energy to renewable energy.

Example 2: Merging 'Environmental Products and Services' with other existing Disclosure Topics for Commercial Banking, Investment Banking and Brokerage, and Insurance.

Comment and Topic: Remove 'Environmental Products and Services' from Commercial Banking, Investment Banking and Brokerage, and Insurance.

Source and Timing: This topic received low materiality scores (70 percent in Commercial Banking, 75 percent in Investment Banking & Brokerage, and 64 percent in Insurance) from IWG participants.

Rationale for Inclusion / Exclusion: 'Environmental Products and Services' was included in the initial list of disclosure topics in an effort to encourage disclosure on the opportunities for value creation associated with products and services that generate positive externalities. For example, the Brookings Institute found that if all automobile drivers adopted usage-based insurance plans, the incentives for customers to drive less would result in an eight percent decrease in mileage, resulting in annual savings of $52 billion from reduced traffic, oil consumption, and pollution. IWG participants from all three industries indicated that this topic was too prescriptive, and that these new products and services would not present a material impact on the relevant companies.

Action Taken: The topic was merged with 'Integration of Environmental and Social and Governance Factors' for Commercial Banking and Investment Banking and Brokerage. Evidence and accounting metrics associated with the Insurance industry were incorporated into 'Incentivizing Environmental and Social Performance'.[4]

Example 3: Remove 'Financial Inclusion' from Insurance

Comment and Topic: Remove 'Financial Inclusion' from list of disclosure topics for Insurance.

Source and Timing: 'Financial Inclusion' received a low materiality score (73 percent) from IWG participants for the Insurance industry. The associated disclosure items also received low scores relating to cost-effectiveness, auditability, usefulness, and relevance.

Rationale for Inclusion / Exclusion: The topic was initially included to capture how companies in the industry were addressing the opportunities associated with global growth in the demand for insurance products that target low income populations. Specifically, the market for microinsurance is predicted to bring upwards of three billion additional insurance customers worldwide. 'Financial Inclusion' as presented in the industry brief attempted to address this global opportunity as well as efforts to provide services to underserved populations in the U.S. However, this was determined to be of limited interest to IWG participants.

[4] The issue was also included in and will be retained in the Asset Management and the Security & Commodity Exchanges industries (see the discussion in Part IV of this report).

Action Taken: 'Financial Inclusion' was removed from the list of disclosure topics for the Insurance industry.

Part IV: Disclosure Topics for Special Consideration of the Standards Council

The following section identifies several disclosure topics that warrant additional consideration by the Standards Council. Each topic has been evaluated following comments that arose during the IWG or PCP. A description of the topic, the associated KPIs, and SASB's proposed action are included below.

Systemic Risk Management

Comment and Topic: There is a need to strengthen the link between the topic as described in the briefs (which includes several aspects of systemic risks such as being too interconnected to fail and too big to fail), and the disclosure items, and consider narrowing the scope of disclosure.

Source and Timing: It is worth reviewing 'Systemic Risk Management' and its KPIs based on some specific feedback outside of the IWG survey and PCP, and internal SASB discussions. However, note that over 90 percent of IWG respondents agreed this is a material topic for each of the following industries: Commercial Banking, Asset Management & Custody Activities and Investment Banking & Brokerage. The qualitative KPIs received low "comparable" and "auditable" feedback from the IWG, which SASB acknowledges will be inherent to most qualitative metrics.

Topic Description for Investment Banking and Brokerage: The size, quality and stability of the firm's capital need to be managed not only to protect shareholder value, but also to prevent systemic market disruption. Failure of, or losses at, investment banks can generate systemic risks due to their size, complexity, interconnectedness with other financial market participants, or central function in the capital markets. Apart from capital risk management, business continuity risks could also affect the value of the firm and create systemic disruption. Some key risks include: damage to, or security breaches of, IT systems resulting in intellectual property losses and misappropriation of information or breach of client confidentiality

Rationale for Inclusion / Exclusion: Based on the IWG and PCP feedback, this topic is material to the industries mentioned above. However, regulatory changes in the U.S. and internationally following the financial crisis of 2008 require financial sector companies to provide lengthy disclosures on risk management in their annual reports as well as directly to regulators. Regulatory requirements for risk management and related disclosure are often complex and sometimes inconsistent across jurisdictions. Some of our stakeholders raised the concern that SASB KPIs for the topic would be duplicative of or inconsistent with other regulations.

Managing the complex regulatory environment is a material topic in itself for these industries; however, SASB's research indicates that despite new regulations there is potential for systemic risks to develop that could have societal impacts, and therefore, a need for additional actions by companies. The concerns of stakeholders could be allayed were we to develop brief and specific KPIs that provided transparency and clarity to investors about the governance of companies in relation to the minimization of, preparedness for, and response to systemic risks created by companies or affecting them. The question remains about what KPIs would be most useful to investors and capture the topic adequately.

An additional consideration is whether this falls under SASB's purview or whether it should be left to FASB's U.S. GAAP and other financial accounting standards.

Proposed Action: Retain systemic risk management as a disclosure topic. Identify the specific characteristics of the topic that relate to social impacts or inherent conflict of interest between the company's management and shareholders or other stakeholders. Seek inputs from financial accounting experts to develop specific disclosure items to highlight systemic impacts, or to identify existing accounting metrics that best represent the topic.

Accounting Metrics for Investment Banking & Brokerage:

- Identify the registrant's systemic risks and describe the specific actions taken to manage and govern them. Risk topics should include, but are not limited to, bank interconnectedness (e.g. repurchase agreements, interbank lending), geopolitics (e.g. non-domestic assets), complex financial products (e.g. notional derivatives), information technology (e.g. technical or programming errors, risks with algorithmic and high-frequency trading), and emerging environmental or social trends (e.g. climate change).

- Description of the centralized business function to ensure consistent or harmonized risk management and governance across all business units for the following: accounting, assessments of risk, management of conflicts of interest, compliance, and confidentiality of non-public information.

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Integration of ESG Factors in Disclosure Requirements

Comment and Topic: Remove 'Promoting ESG Disclosure of Listed Companies / Integration of ESG Factors in Disclosure Requirements' from the disclosure topics for the Securities and Commodity Exchanges industry.

Source and Timing: 71 percent (five corporations, six market participants) of IWG participants determined this topic to be material.

Topic Description for Securities and Commodity Exchanges: Exchanges have the potential to use their unique position at the center of financial markets to enhance transparency on material ESG risks and opportunities that listed companies face through disclosure guidelines and requirements. 57 percent of respondents to a 2012 global industry survey by the UN Sustainable Stock Exchanges (SSE) initiative agreed that strong sustainability requirements for listed companies made good business sense for the exchange, with only 14 percent disagreeing.

Rationale for Inclusion / Exclusion: IWG participants indicated that the 'Integration of ESG Factors in Disclosure Requirements' was of interest to a limited pool of people, and that the financial impact would also be small. Those who disagreed about the materiality of the topic felt that it was of interest only to a limited pool of people, and one person thought it does not have a significant financial impact on companies. Of the two "Other" responses, one person said it would be a good standard to adopt, but thinks that it does not have a material financial impact on Exchanges. However, Corporations responding to the IWG survey ranked this as the second most important topic for Exchanges. SASB's research found strong evidence of interest for the topic from Exchanges and Market Participants, and indications of possible financial impact on Exchanges. In addition, there is a potential confusion that arose from the title of the topic, as it relates to disclosure requirements and addresses general ESG factors. Instead the topic as described and captured in the accounting metrics relates to the promotion of transparency on material sustainability topic. Nevertheless, while the evidence of financial impact on listed companies is strong, the evidence of financial impact on exchanges is likely to be felt in the future, and is limited at this stage.

Proposed Action: Re-name the topic to "Promotion of Transparency on Material Sustainability Issues" and re-categorize topic as Emerging Issue, and monitor financial impact from new ESG disclosure requirements that Exchanges are proposing and implementing in the U.S. and other countries.

Accounting Metrics for Security and Commodity Exchanges:

-Description of exchange's policy to encourage or require listed companies to publicly disclose material ESG information.

-Percentage of issuers by market cap (and number) of issuers that publically disclose detailed GHG emissions according to an established protocol.

-Percentage of issuers by market cap (and number) with current, published sustainability or integrated reports.

Talent Recruitment, Development, and Retention

Comment and Topic: Remove Talent, Recruitment, Development, and Retention from Insurance, and retaining it in Commercial Banking, Asset Management, Investment and Banking & Brokerage

Source and Timing: Talent Recruitment, Development, and Retention received relatively low scores on the materiality assessment by IWG participants. The topic was determined to be material by 77 percent of Commercial Banking respondents, 75 percent of Asset Management respondents, 59 percent of Investment Banking & Brokerage respondents, and 77 percent of Insurance respondents.

Topic Description for Asset Management: Firms in the industry face a high degree of competition for skilled employees, not just from other asset managers but also from investment banks. Attracting employees with relevant skills, strong industry expertise, and in some cases, established client relationships is becoming an important strategic consideration.

Rationale for Inclusion / Exclusion: SASB continues to evolve its framework on this topic. Although the topic was believed to be essential in protecting and enhancing shareholder value in several of the financial industries, the IWG responses suggested that that this topic was not material.

Proposed Action: Remove the disclosure topic from Insurance and maintain it in Commercial Banking, Asset Management, and Investment Banking & Brokerage.

Accounting Metrics for Asset Management:

- Training and development expenditure per full time employee by:
(1) expenditures for industry or professional qualification and advanced industry education;
(2) all other.

- Employee turnover by voluntary and involuntary for: Executives/Sr. Managers, Mid-level Managers, Professionals, All others (EEO-1 categories technicians, sales, admin support, service workers).

Environmental Products and Services

Comment and Topic: Remove 'Environmental Products and Services' from Asset Management and Security & Commodity Exchanges disclosure standards.

Source and Timing: 77 and 65 percent of respondents in the Asset Management and Security & Commodity Exchanges IWG indicated that this topic was material.

Topic Description for Asset Management: There is increasing demand from clients for new investment products to finance market-based solutions for ESG topic. As the industry continues to seek new sources of innovation and a wider variety of asset investments innovative social and environmental investment products are likely to have a direct positive value impact.

Rationale for Inclusion / Exclusion: This disclosure topic addresses the opportunities associated with environmental products and services. Specifically companies that engage in this market have the ability to enhance shareholder value while generating positive externalities. For example, between 2007 and 2012, global renewable energy-focused infrastructure funds experienced an 81.25 percent increase in the number of deals. The latest estimates from Bloomberg New Energy Finance suggest that annual spending on clean energy projects may rise to $630 billion at the end of the next decade from $190 billion last year, 37 percent more than estimated in November 2011. UBS launched an Equity Fund focused on Eco Performance in 1997, which has been a segment leader and within four years had total assets of close to $250 million, making it one of the world's largest 'green' investment funds at the time. The fund invested in promising opportunities in eco-innovation, including those related to fuel cell technology, organic supermarkets and water quality improvements.

Proposed Action: Retain the disclosure topic in Asset Management as 'Environmental and Social Investment Products and in Security & Commodity Exchanges as 'Promoting Environmental and Social Markets Through New Products and Services'.

Accounting Metrics for Asset Management:

-Asset value and annual rate of return of funds and other investment products with a focus on environmentally or socially beneficial businesses (e.g. clean tech funds, social enterprise fund, green bonds, project finance for renewable and energy efficient projects, microfinance).

Appendix I: IWG Comments on Disclosure Issues and SASB Action

The following table provides a brief description of all the comments received during the IWG including: the industry, disclosure topic, feedback type, interest group, comment(s), and the action taken by SASB.

Industry	ESG Topic	Feedback Type	Interest Group	Comment	Proposed SASB Action
Consumer Finance	regulatory constraints	Add Issue	Market Participant	regulatory constraints: to indicate how much regulatory pressure is on a bank/finance provider. institutions with a lot of scrutiny (i.e., large banks) likely have a lower score as they are relatively constrained vs. non-banks (cfpb, fed, etc).	This issue is also already addressed in 'Legal and Regulatory Compliance'. However, emphasis on this issue will be added during the next revision.
Consumer Finance	Labor relations and compensation policies	Add Issue	Market Participant	Labor relations and compensation policies: as the need for efficiency increase, banks tend to pressure workers and set unreal goals and misleading compensation policies that decrease life quality at work and incentivize a less ethical treatment of clients.	A KPI related to compensation structures for sales representative was added pre-PCP to the 'Transparent Information and Fair Advice' issue
Consumer Finance	Exposure to climate risk	Add Issue	Market Participant	Exposure to climate risk: credit portfolios that contain higher climate risk (carbon intensity) tend to have a poor long-term performance	This was determined not to relate to the Consumer Finance industry.
Consumer Finance	Transparency in reporting on resource use and reduction targets	Add Issue	Market Participant	Requiring transparency in reporting resource use allows investors to know that the institution is utilizing energy, water, and other resources efficiently and explicitly detailing ways to improve and progress towards improvement. In this instance, also the "human" resource and issues surrounding people, such as diversity, satisfaction, education, advancement, safety, should all be explicitly outlined as well, with improvement targets and benchmarks. This gives the investor the ability to know if an organization is managing ALL of its resources well to stay profitable. Resource efficiency alone is not enough; you must require a standard of transparency in the reporting as well.	No action taken. The 'Resource Efficiency' issue will be removed, per general IWG feedback.
Consumer Finance	Portfolio loss and past due rates by multiple metrics	Add Issue	Market Participant	Portfolio performance is of material interest to borrowers because it is indicative of overall and comparative quality of lender. Information should be provided clearly and on a timely basis.	This comment appears to relate to a different industry. The issue of loan portfolio strength is captured in the 'Responsible Lending and Debt Prevention' issue.

Consumer Finance	fair/responsible product design	Add Issue	Corporation	so many financial products are designed to "trick" the consumer into purchasing. Financial products have become exceptionally complex for the average consumer. It's not just a question of financial education - but some of these products should not have existed in the first place.	No action taken. This issue is already addressed in 'Transparent Information and Fair Advice' and 'Responsible Lending and Debt Prevention'
Consumer Finance	Consumer financing linked to productive credit for micro-enterprises	Add Issue	Intermediary	I have conducted studies of impact of consumer financing in private banks and have found evidence of null change in the welfare of consumers of credits of the bank but positive impact when there is a mix of credit for consume and production at a micro-enterprise level (1% increase in the reduction of poverty).	No action taken.
Consumer Finance	Not Applicable	Inaccuracy in Brief	Corporation	Nothing major, but comparisons to 2010-2011 taht show growth are somewhat misleading since those were very low points in consumer borrowing due to bad economic times.	This comment will be addressed in the industry brief revisions.
Insurance	Customer satisfaction - especially proportion of mis-selling	Add Issue	Market Participant	SD-KPI 3 for the insurance industry in the SD-KPI Standard 2010-2014.	SASB addresses customer satisfaction by proxy in three KPIs: one related to clear communication about products, one about "insurance bad faith", and one about timeliness of claims processing. SASB feels these adquately address the concepts in SD-KPI 3.
Insurance	environmental impacts of claims management	Add Issue	Intermediary	Environmental impacts of claims management - with increasing government regulation and increasing resource scarcity, the cost of claims settlement will increase. What are insurance companies doing to manage the ESG impacts of the claims process?	This issue is addressed in 'Environmental Risk Exposure'. Otherwise, the claims process was determined not to have a significant impact on the environment.
Insurance	Board sustainability competency and sustainability oversight	Add Issue	Intermediary	Boards need competency in ESG matters - to what degree does the board possess this knowledge?; boards also need to be providing oversight over the company's ESG performance - is this practice embedded in the board's mandate?	Traditional corporate governance issues such as board oversight are not directly addressed through SASB metrics. Recognition of the importance of ESG issues is inherent to reporting SASB metrics and managing their performance.
Insurance	ESG risk management practices of customers	Add Issue	Intermediary	With the materiality of ESG risks growing for all sectors and populations, to what degree is the company assessing the ESG risk management practices of its clients in both the property and casualty and health/life business?	This is addressed in KPIs in "Environmental Risk Exposure" and "Incentivizing Social and Environmental Performance"

Insurance	Env. risk exp. as affects mortality, morbidity & liability	Add Issue	Corporation	Brief seems to focus on property/casualty lines rather than how environmental perils affect life, disability, health and other types of insurance requiring medical underwriting. Liability and wilful negligence don't seem to be covered either.	This issue was considered, but there was no evidence of materiality. The KPIs in 'Environmental Risk Exposure' are not limited to property/casualty.
Insurance	Adherence to corporate social responsibility frameworks	Add Issue	Corporation	Engagement in corporate social responsibility frameworks (e.g., GRI, CDP, DJSI). Clearly DJSI questionnaire completion is material.	No action taken. This is addressed throughout the brief and specifically in 'ESG Integration'
Insurance	Social Return On Investment	Add Issue	Corporation	SROI calculation to answer the question are community investments making significant returns to the community and the company.	No action taken. Not material to investors. This would require a determination that community investments are material in the first place.
Insurance	Global aging	Add Issue	Corporation	The world is going through an enormous demographic shift that will put large stresses on (state) pension systems across the world. This shift also creates large demand for funded retirement solutions provided by life insurance and pension companies	Global Aging' was considered, but this was determined not to be a material sustainability issue for this industry
Insurance	Code of Conduct Compliance / Integrity Management	Add Issue	Intermediary	this is the "behavioral" part of compliance, oncl issues like fraud, bribery, discrimination etc etc	A KPI related to legal and regulatory violation is included in the "Mgmt of Legal and Regulatory Environment" issue; SASB will specify in the Technical Guidance that fines and settlements should include those related to fraud, bribery, etc.
Insurance	Customer satisfaction	Add Issue	Corporation	Customer satisfaction: One of the most important goals for a bank.	No action taken. This comment appears to be specific to banks, and this issue is already addressed in 'Plan Performance'.
Insurance	Reputation	Add Issue	Corporation	Reputation: Can be measured and is also one of the most important goals for a bank - in addition to delivering results.	No action taken. This comment is not relevant to insurance.
Insurance	Discussions with companies/active ownership	Add Issue	Corporation	Active ownership: Number of company meetings with companies we invest in directly or indirectly is important information to our investors. Says much about our engagement.	No action taken. This issue is addressed in 'Integration of Environmental and Social Factors in Investment Management'
Insurance	Not Applicable	Comment on Brief	Corporation	The industry brief had a definite bias towards the environmental impacts of sustainability. Since the insurance industry is a service business, emphasis should have been placed on the minimum human capital issues relevant to insurance beyond actuaries and underwriters. For someone without the sustainability background and knowledge of environmental, social and goverance issues, the information provided was limited.	Talent Recruitment, Retention, and Development' will be removed. This issue was determined not to be material.

Insurance	Not Applicable	Comment on Brief	Corporation	Environmental emphasis is solely on climate change and natural disasters, with no mention of polluters and the consequences of their actions upon health-based and other forms of underwriting.	KPI will be added under 'Environmental Risk Exposure'.
Insurance	Not Applicable	Inaccuracy in Brief	Intermediary	In the summary, paragraph 2, the brief states that a majority of revenue is generated through the investment of premiums. I suspect that the author intended to refer to net income instead of revenue. The brief and KPIs might benefit from delineating the various lines of insurance in more detail and describing how the specific underwriting models by line of coverage might be as influential as ESG factors are for investments if insurers include ESG factors in their applications and premium models. I would suggest a few additional KPIs that might allow investors to better judge how well insurers are anticipating and pricing environmental risks that might affect not just losses but the sustainability of its clients and revenues.	The KPI relating to "percentage of products susceptible to environmental risk exposure" under 'Environmental Risk Exposure' adequately addresses this comment. SASB continues to look into how to better incorporate different types of insurance into the standards.
Insurance	Not Applicable	Inaccuracy in Brief	Corporation	In the brief, and also in some of the questions above, it struck me that the writer was only partially familiar with the insurance industry and how it functions. Would probably have been useful to have a team of long-time experts be there the whole way through to help make it totally reflect the prevailing views of the average industry professional. This merits a longer discussion with the IWG group. Among the questions that seemed out of place - one that seemed to lump earthquake with weather events that may be influenced by climate change (earthquakes would fall in another peil categories, including volcanoes and asteroids.) Also, the entire section about the "underserved" population suggests that insurers, or someone, tracks who buys insurance products by race or ethnicity, or some other way that would purportedly describe such an "underserved" population. This information is not relevant to the sale of insurance and is therefore not tracked.	Financial Inclusion' will be removed, and language surrounding earthquakes will be clarified.
Insurance	Not Applicable	Inaccuracy in Brief	Corporation	Typo Page 3, 2nd paragraph 3rd sentence should read: 'PRESENTED significant implications for the insurance industry.' [not present]	This will be addressed in the revisions.

Insurance	Not Applicable	Inaccuracy in Brief	Corporation	Perhaps not so much an inaccuracy, but a question of scope: brief appears focused on domestic operations of US-based insurers (Is the intention to create a US or a Global standard?) and life insurance issues seem to be underweighted.	The intention is to create a U.S. standard. SASB continues to determine ways to better incorporate other types of insurance in the standard.
Insurance	Not Applicable	Inaccuracy in Brief	Intermediary	Inaccuracies is probably not the right word but some points I would offer for consideration. The insurance industry regularly changes products, which can lead to immaterial amounts of particular products being sold. If the products were grouped in categories it would help but comparable amounts for other companies may not be relevant. Complaint definition may need to be clarified, is it complaints to a regulator, is it all written complaints, is it complaints captured in phone calls. This definition varies by company and will need a common frame of reference. Lastly, I would like to make a point on auditability of process or other qualitative disclosures. While it is true that auditors today include a Company's MD and A I think it important to understand the limits of such review as it relates to the tradeoff of cost	No action taken.
Insurance	Not Applicable	Inaccuracy in Brief	Intermediary	With regard to PRI, Insurance industry has formed additional industry-specific principles called the Principles for Sustainable Insurance (PSI) at Rio20+, you should mention it.	This language will be added to the revised briefs.
Mortgage Finance	Community building & volunteer information	Add Issue	Corporation	Being closely linked to real estate, mortgage financing can demonstrate real community building statistics by showing foreclosed homes renovated & sold to owner occupants, volunteer hours to build and finance new construction, and giving back to local groups via monetary donations, etc.	No action taken.
Mortgage Finance	Responsible origination and processing	Add Issue	Market Participant	Underwriting criteria at origination should require that a borrower has sufficient income to service the debt. The process and paperwork should be accurate and complete.	No action taken.

Mortgage Finance	Level of Innovation / Risk Mgmt / Risk Horizon versus Incentives / Strategic Leadership risks	Add Issue	Intermediary	It is the level of innovation (business model, Originate to Distribute and financial new products) and the mismatch in risk horizons and incentive designs that materially brought down the global financial system - these are all Governance Related Risks - including Bank Director selection	Language to this effect will be incorporated in the revised standards.
Mortgage Finance	Improve access to mortgages for COOP, TIC.	Add Issue	Intermediary	COOP, TIC, condo, etc. forms of ownership are usually for multifamily properties, that are not only much more efficient, they also allow for higher density, with its own efficiency and social benefits.	No action taken.
Mortgage Finance	1st lien subordination to efficiency improvement mortgages	Add Issue	Intermediary	Efficiency improvement mortgages or government financing that has an economic payoff greater than the cost of financing should be able to assume a 1st lien position.	No action taken.
Mortgage Finance	Tiered incentives	Add Issue	Corporation	The industry needs to be absolutely clear on what improvements create value and lower level improvements should be valued less than higher levels of improvements i.e.higher discounts/lower fees etc for higher levels of efficiency. Green certifications are not all the same, so test in/test out third party energy audits could provide the data for the lender to assign value accordingly.	No action taken.
Mortgage Finance	Process of continual improvement of underwriting/ eligibility information, including data related to energy expenses / Lender/investor access to information about energy expenses	Add Issue	Intermediary	Today, mortgage lenders do not collect information about many borrower expenses that could be material to certain borrowers' ability to repay the loan. As a result, investors are deprived of the ability to assess the data and to use it in pricing.	No action taken.

Mortgage Finance	Net impact enabled by the loan (eg borrower's) on environment, the economy (jobs, ripple effect etc) and health & well-being (eg borrower's impact)	Add Issue	Market Participant	Instead of pertaining only to one specific type of product (eg energy efficient mortgages) or risk, materiality includes all risks and impacts (that are significant) caused by the externalities enabled by the loan. Externalities might be grouped into environmental, economic and health-related types. As such I have proposed three such categories of impacts that should be considered: risks associated with the three types of externalities also should be considered. Again, the test of materiality should be applied to any externality- if it is not important it should not be included, but that would have to be a case-specific analysis.	No action taken. This comment is too vague, and additional externalities would be impossible to measure.
Mortgage Finance	Lending in economically disadvantaged communities	Add Issue	Corporation	where a company makes its loans is material, i think. obviously the ability of a mortgage company to make loans in low income communities is limited because of the credit but some measure of trying to lend in those areas or develop products to cater to those markets is relevant	No action taken. This issue is addressed in 'Inclusion and Capacity Building'.
Mortgage Finance	Not Applicable	Comment on Brief	Market Participant	I expected more information on normal business practices in the "responsible" section rather than a focus on the predatory ones.	No action taken.
Mortgage Finance	Not Applicable	Inaccuracy in Brief	Intermediary	small typo on page 1 last paragraph before bullets notes "managed care industry" I think you mean mortgage finance industry. One other point is you have correctly noted the most recent issues that have caused crises. It is important to note that this is probably the third time the sector has had similar problems although the severity was much higher this time than any other because of the size and scale of the players. The next time it happens the we may not be able to recover which is why we need to ensure the accountability is achieved.	This typo will be addressed in the revision process. Language to this effect will be incorporated in the revised briefs.
Asset Management & Custody Activities	Formal Stakeholder Engagement Process	Add Issue	Market Participant	This derives from personal experience, but is also backed by recently published academic research (Eccles, Ioannou, Serafeim: "The Impact of Corporate Sustainability on Organizational Processes and Performance" Revised Feb 2013). In my view,it is not a key factor for the Asset Management Industry only, but it is relevant across all sectors. This is better described in the working paper available from the link below.	See response to the same comment for Investment banking.
Asset Management & Custody Activities	Scoping of natural capital risk exposure	Add Issue	Intermediary	With commodity price spikes and climate change, businesses need to know if natural capital risk might impact their business model	Covered under the Environmental category issues.

Asset Management & Custody Activities	ESG Position compared to other businesses in sector	Add Issue	Intermediary		Unclear comment. What SASB is doing as an organization is what the survey respondent seems to be saying. Not an additional material ESG issue for this industry.
Asset Management & Custody Activities	Research: size of research staff / budget relative to assets	Add Issue	Market Participant	Asset management is a know-how business, I believe that the size of the research staff is indicative of the ability to gather information and deploy it.	Article provided with the survey response had good evidence of skill, already discussed in the brief as Talent issue, but not evidence that size matters. Article was reviewed for applicable KPIs for the Talent issue but no additional ones were found to be relevant.
Asset Management & Custody Activities	Minimize footprint of ownership	Add Issue	Intermediary	According to the GHG Protocol, Scope 3 for Asset Managers includes investments - this makes companies like BlackRock the most environmentally intense. Happy to discuss in case this isn't clear. See Accounting For Risk by WRI & GHGProtocol.org + Newsweek Green Rankings bottom performers	This has been considered and framed as an Integration of ESG factors in Investment Management and Advisory issue. See responses to similar comments for other industry briefs.
Asset Management & Custody Activities	More time for ESG research	Add Issue	Market Participant	The complexity of researching ESG key performance indicators is sometimes not fully understood by senior management	No evidence that time for ESG research is material. See Integration of ESG factors in Investment Management and Advisory for our framing of the issue.
Asset Management & Custody Activities	Negative / positive screening policies	Add Issue	Intermediary	This may be seen as subcomponent of the 1st, integrating ESG in investment analysis & decision-making... but explicit policies for exclusion / inclusion based on ESG criteria are important to know.	Considered for KPI on issue of Integration of ESG factors in Investment Management and Advisory. Action taken: Technical Guidance for KPI will include explicit guidance to include disclosure on inclusion/exclusion criteria. As commenter noted, SASB views this as a subcomponent of the issue
Asset Management & Custody Activities	Economic Rent--extraction of economic value w/o econ. cont.	Add Issue	Intermediary	Rent is an economic term that describes the taking of rent in any financial transaction without commensurate contribution of value. IE: Many financial transactions do not contribute economic value, they simply extract value.	No evidence of materiality for Asset Management. Societal value of products is discussed in the Investment Banking brief.
Asset Management & Custody Activities	ESG Analysis in Lending Portfolio	Add Issue	Market Participant	Maybe my suggestion is covered in 'Systemic risk management', and I know this issue was analyzed in the industry brief, but if I'm thinking about which companies' stock to buy, A or B, and I'm an institutional investor, I'd like to know when ESG is captured in criteria that underpin lending activities.	ESG criteria for lending is applicable to commercial banks not asset management. For the latter, we have included this in the issue of Integration of ESG factors in investment management and advisory.

Asset Management & Custody Activities	Measures of organizational culture of risk management and cust respect	Add Issue	Intermediary	Knowing the culture of risk management is the best leading indicator of trading and inventory losses	Elements of this are covered in various issues such as systemic risk management, talent recruitment, development and retention etc. Not clear what measures of organizational culture would be useful, comparable and cost-effective.
Asset Management & Custody Activities	Integration of ESG aspects in compensation for Analysts, PM and Management	Add Issue	Market Participant	Integration of ESG aspects in compensation for analysts, PMs and espec. company management. Without a proper governance structure the integration progress will be limited.	SASB has considered adding a KPI to the Employee Incentives and Compensation issue but there is no evidence to show that such efforts drive performance. Anecedotal evidence shows that when present this measures are "givens" in remuneration decisions insofar as most employees automatically get the full amount for those factors.
Asset Management & Custody Activities	Employee engagement, energy & enablement	Add Issue	Corporation	Talent recruitment, development and retention is only part of the story. Employees need to be engaged, energized and enabled to do a quality job, not only in client service, but in ethical aspects as well	Employee engagement and enablement are part of the 'development' and 'retention' pieces of the Talent issue. SASB agrees that there is value in the issues raised by the commenter, but there is no indication of clear metrics, other than the KPIs SASB has already proposed, to indicate engagement, 'energy' and enablement.
Asset Management & Custody Activities	Energy Intensity & Waste	Add Issue	Corporation	Most commercial office environments have huge amounts of energy waste. However, energy costs are not a significant part of the business costs structure, so there is little regard for this input cost and little incentive for efficiency.	We found no evidence for including Resource Efficiency as a material issue for Asset Managers. See proposed action to evaluate materiality of this issue, discussed under Commercial Banking below.
Asset Management & Custody Activities	Governance	Add Issue	Intermediary	governance of these institutions themselves is a critical issue, including issues of fiduciary duty in the investment chain (or lack of it)--also a policy issue.	Already covered under Legal and Regulatory Compliance issue (The issue is called Management of Legal and Regulatory Environment in the PCP brief). Considered adding KPI specific to fiduciary duty. Action taken: SASB specifies in Technical Guidance that the intersection of ESG integration with fiduciary duty should be discussed. Lastly, fiduciary duty of asset managers is the driver for integration of ESG in investment management processes – this is captured in our integration issue.
Asset Management & Custody Activities	customer/client privacy protection	Add Issue	Market Participant	Protecting customer privacy is essential in financial services; people can lose assets if others can access their accounts.	We have included the issue in other briefs, such as Commercial Banking, but there is little evidence as of now of the channel and magnitude of value impact for this industry. Can re-evaluate if additional evidence is obtained.
Asset Management & Custody Activities	Board Governance Procedures	Add Issue	Intermediary	Board Governance Procedures and Proxy Access are critical to changing corporate behavior.	Proxy voting is discussed under Active ownership and shareholder engagement. Board governance procedure is not within the scope of SASB's specific approach to governance.

Asset Management & Custody Activities	Investor transparency	Add Issue	Market Participant	Transparency is required not just for customers but for investors as well. The FATCA regulation for example seeks to document foreign holdings which is a great step in determining systemic importance of entities. At the same time it has to be seen at what cost this transparency comes.	Discussed new FATCA regulations in the Regulatory Trends section, and also it was added under the Management of Legal and Regulatory Environment issue and KPIs in the PCP (post IWG) version of the briefs.
Asset Management & Custody Activities	Internal disclosure to LPs and Members (pensions) of ESG processes, procedures, overall impact of all ESG issues	Add Issue	Corporation	Internal disclosure to asset owners is more than just "transparent information or advice." It addresses specific strategies and actions that incorporate ES&G into the investment "DNA" of the asset managers' approach. This may include confidential strategies and specific results that reinforce asset owners' understanding and confidence that material ES&G issues are being addressed.	No evidence that this should be a separate material issue or that it is a social issue. For example, not related to protecting customers that may have lower negotiating power than the asset management firm. In addition, our disclosure and accounting standards are meant for public disclosure to investors of publicly listed companies. To the extent that it is relevant for investors, incorporation of ESG in investment strategies is dealt under that issue.
Asset Management & Custody Activities	Conformance to PRI principles via Global AO Disclosure Project.	Add Issue	Corporation	External disclosure to the public and organizations such as the Asset Owner Disclosure Project is more than just being a signatory to CDP and/or PRI. It providing specific non-confidential evidence that the asset manager is conforming with the obligations of being a signatory to ES&G efforts such as CDP and/or PRI.	Our KPIs do not ask simply about asset managers being signatories of PRI/CDP, though PRI is mentioned in the briefs. In the briefs for the IWG we asked about implementation of PRI and for more specific KPIs to get at performance on ESG efforts. For the PCP, we removed the KPI asking specifically about PRI implementation, as this would be covered by the other indicator relating to integration of ESG factors.
Asset Management & Custody Activities	Government Affairs/Lobbying	Add Issue	Corporation	Government Affairs and Business Ethics: as it pertains to governance in our operations	Included in political lobbying as Industry Watch List issue.
Asset Management & Custody Activities	Business Ethics (standard of conduct)	Add Issue	Corporation	Government Affairs and Business Ethics: as it pertains to governance in our operations	Business ethics is a generic term applicable to any industry. For the Asset Management industry, it relates to the specific issues we have identified and discussed in the brief, for example, Transparent information and fair advice.
Asset Management & Custody Activities	Layoffs/Outsourcing	Add Issue	Corporation	Layoffs and Outsourcing: as it pertains to our community in our marketplaces	No evidence provided that it is relevant for this industry in particular. We have discussed this for Commercial and Investment banking.
Asset Management & Custody Activities	Fiduciary Duties of Stewardship Institutions	Add Issue	Market Participant	Stewardship institutions like pensions are different from other investors in their fiduciaries duties to protect principal, pay benefits and manage costs for successive generations of beneficiaries. Performance metrics that focus on asset prices do not properly grade adherence to these fiduciary duties. A better set metrics is needed.	This is an issue of Integrating ESG factors in Investment Management and Advisory, discussed in the brief.

Asset Management & Custody Activities	Not Applicable	Comment on Brief	Intermediary	Brief was excellent. However, it would have been helpful to understand: a) what indicators were considered, but not included in the final brief; and, b) what is the negative evidence acting against inclusion of the KPI's listed in Appendix III. All evidence presented was in support of their inclusion. In addition, I noted some comments that I would have liked to see referenced, for example "ESG issues are increasingly becoming material to investment performance itself" (pg. 4)	The comment mentioned (p.4) is referenced. The reference is provided at the end of the paragraph. Research team will consider the rest of the feedback in thinking about the structure and content of the industry briefs.
Asset Management & Custody Activities	Not Applicable	Comment on Brief	Intermediary	The technicalities of employee incentives (eg special clauses) could be better explained in the text itself. Also, can the text give a sense of the level of active vs passive investment in the industry, active asset allocation & stock selection vs indexed and electronic trading... the latter seems to be a growing trend, leaving little space for applying ESG policies & analysis?	Will consider including additional context of active vs passive investment in future versions of the brief. Final industry standards will discuss details related to special clauses - ex ante and ex post adjustments to remuneration.
Asset Management & Custody Activities	Not Applicable	Comment on Brief	Market Participant	As with the insurance industry briefing, only environmental issues related to climate change/natural disasters were covered and not man-made ones (i.e. polluters). Employee retention is viewed only in terms of higher compensation and not factors such as workplace diversity, ESG mission, etc. It seemed to me that many issues set forth in the briefing were not viewed through the ESG lens. We all know about the many instances of fraud and negligence in the industry. How does this specifically relate to ESG in the briefing? What of the measurable consumer/institutional demand for SRI funds, etc.?	The Environmental Capital section does discuss polluting industries, and even broader impacts. Diversity angle was added to Talent issue for the PCP version of briefs. Other items mentioned in this comment have in fact been discussed at various points in the brief.
Asset Management & Custody Activities	Not Applicable	Comment on Brief	Market Participant	There were several KPIs that really weren't discussed much in the issue brief, such as (but not limited to) Basel. Which is mostly about banking, not asset management. I'll send a longer set of comments offline, but in general I found the issue brief often inaccurate, misleading, and at times just plain wrong. I think this needs much more work before it will stand up to public scrutiny.	Comments sent separately were addressed in the PCP version of the briefs, to the extent that they were constructive and applicable.
Asset Management & Custody Activities	Not Applicable	Comment on Brief	Corporation	The brief wasn't as applicable to alternative asset management.	We did discuss some instances of alternative asset management playersand most issues (eg systemic risk management) are applicable to alternative AMHowever, the industry has several segments with different investment strategies, which makes it difficult to cover niche issues. We feel we have covered all the main issues as they relate to materiality and sustainability adequately.

Asset Management & Custody Activities	Not Applicable	Comment on Brief	Corporation	The survey seemed light on the level of participation of asset managers/owners as a group in organizations such GICCC, CDP and PRI as well as ranking organizations such as Asset Owners Disclosure Project. Also there was no mention that I recall of GRI as a source of ES&G information, trends, etc. for portfolio companies. Lastly, it is important to revisit the definition of "material" ESG issue. Following the FASB definition fails to recognize accepted alternative definitions such as GRI's.	Level of investor participation in PRI was mentioned in brief. SASB's Conceptual Framework will provide further details on our approach to materiality and how SASB's work relates to other initiatives.
Asset Management & Custody Activities	Not Applicable	Inaccuracy in Brief	Intermediary	At times, it is not clear where generic statements about "the impact of ESG issues on investment" refer to implications for investee companies / industries / projects or implications for asset management companies themselves. Also, considering the PRI reporting indicators, it may be good to hear more about collabortation (incl capacity building, ESG briefings) between asset owners and asset managers - between the investm value chain players incl intermediaries.	The version of the brief for the PCP provided additional clarity on impact. On collaboration between asset owners and asset managers, see response to similar comment above.
Asset Management & Custody Activities	Not Applicable	Inaccuracy in Brief	Market Participant	first, this document should have been proof read, and there are way too many sweeping generalities. p1:hedge funds are a disproportionate % of trading not because of leverage per se, but investment and trading strategies p1: there are a variety of new European regulations impacting both custodians and assets mgrs p2: Volker rule: believe you're misinterpreting/overstating the impact disagree that ESG rptg makes companies more comparable or that these items alone cause positive future positioning #4 bullet: "incentives are aligned w/both short and long term value" of what? bullet #5: what do you mean by "transparent info"? p3: last bullet: not all companies are active managers - you need to change this not everyone wants to delever p4: fiduciary duty doesn't require avoidance of conflicts "a focus on long term value" is not the goal of many investors, esp. hedge funds with a very short term time horizon Dodd Frank doesn't ensure market stability Volker rule limitation I believe is as a % of a bank's capital base "legislation has the potential to align interests of society with those of long term investors"?! What?! p5: population growth isn't an emerging trend, it's been a concern since Thos. Malthus p6: para beginning "an example": no proof of connection improves investment performance next para: primary mandates are not equal to the duration of liabilities "failure to consider social and environmental impacts of investees" what does that mean? large asset mgrs seldom "own" the assets	Many of these comments were addressed in the version of the brief for the PCP. Others were disregarded as based on a misunderstanding or misinterpretation of the discussion in the briefs, or based on personal opinions.

				they manage p7: investees? p9: comp as % of operating expenses is also a function of business mix para "with criticism"? Many companies have invited and/or required employees to invest in their own funds for years p10: para "lastly" says lagged customer behaviour on changing investment managers encourages crazy risk taking. I don't believe that drives manager behaviour. "investee companies" who is that? define "fair" "excessive fees" -- that is a much larger subject. At this point, tends to move $ to other mgrs, rather than inhouse institutional investor funds are not called "capital" inadequately understanding of risk/return prefs may lead to defections, but may not impact risk adjusted performance p11: don't use "capital" when talking about AUM hedge funds MAY use high levels of leverage; not all do list of regulations: you ignore those impacting custodians or requiring independent administration and recordkeeping. Bernie Madoff ring a bell? p12: " investee companies"?! 2009 study showing active ownership causes outperformance: way overstated; define active ownership failure of asset mgrs MAY POTENTIALLY generate systemic risk geopolitical and macro trends are std considerations in securities analysis and portfolio management Appendix 2: talent: why not an indicator of mgmt quality? Active ownership - if it aids investment performance, will enhance revenue growth	
Asset Management & Custody Activities	Not Applicable	Inaccuracy in Brief	Market Participant	Not inaccuracies so much as incomplete. The piece wasn't critical enough in my opinion. What i mean is, i felt like the author assumed much of what they were trying to show. Some examples: I do NOT think slow but steady progress is being made on the global climate change regulatory front; it is well-known in the industry that KKR's environmental and cost savings numbers are inflated; it is well known that only 1-3% of AUM of PRI sigs currently comply with principle # 1; it is well known the Freshfields report was ridiculed. On the other hand, I don't think author gave sufficient attention to 'Social Impact Bonds', one of the most exciting upside opportunities.	Considered comments and made edits to the brief for the PCP, as needed.
Asset Management & Custody Activities	Not Applicable	Inaccuracy in Brief	Intermediary	see written comments separately submitted by Jim Hawley	
Asset Management & Custody Activities	Not Applicable	Inaccuracy in Brief	Market Participant	I have a great many comments on accuracy. It's a six page document, so I'll send that to Katie separately.	Addressed comments where constructive and applicable, for the PCP version of the brief.

Asset Management & Custody Activities	Not Applicable	Inaccuracy in Brief	Market Participant	--Your evidence tests do not take into account all relevant U.S. financial regulatory requirements for asset managers, which pertain to the G in ESG. --There is another level of analysis that should be done, taking into account these additional U.S. financial regulatory requirements for asset managers. --Lastly, I would add factors to your "Evidence of Financial Impact".	Respondent has not specified which additional regulations are relevant that we have missed. Reviewed Regulatory Trends section and made additions as needed, for the PCP version of the brief.
Asset Management & Custody Activities	Talent recruitment, development and retention	Remove issue	All	Cusp issue. 75% (42) agreed it is material, 18% (10) disagreed, and 4 don't know. However, only 50% of corporations agreed it is material. Most of the agreement came from market participants (85% of which agreed the issue is material). In general, the issue ranks low compared to other issues. 6 responses (out of 10 people) said the issue does not represent a significant risk for companies. The 4 comments that related to "Other" reasons were not related so much to the materiality of the issue as the difficulty in measuring the issue, or said the issue not as material as others, or that it is not a bad thing necessarily to have a high employee turnover ratio.	Retained the issue for the PCP version of the brief, given that out of those who said the issue is not material, there were 4 who, based on their comments, did not necessarily dispute the materiality of the issue as they discussed the difficulty of measuring it, and there were 4 who responded saying they do not know whether the issue is material.
Commercial Banking	Human rights	Add Issue	Intermediary	Human Rights: specially due diligence in investment loan, where indigenous groups and vulnerable locations.	Part of issue on integration of ESG factors in credit risk analysis. As for human rights-specific KPI, we ask for use of Equator Principles, which include human rights considerations.
Commercial Banking	financial education for vulnerable groups	Add Issue	Intermediary	Financial education for vulnerable groups, making responsible and informed consumer.	Already included in Financial Inclusion and Capacity Building - both in issue description and KPIs.
Commercial Banking	Supply Chain	Add Issue	Intermediary	Chain sumistro on corruption, security, human rights, labor practices and environmental management, community and other	Not clear how supply chain issues apply to commercial banks and how they are material. At best, supply chain considerations would be included in the issue on Integration of ESG factors in credit risk analysis.
Commercial Banking	Executive compensation	Add Issue	Market Participant	executive compensation and incentives	This issue is discussed under the issue of Systemic Risk Management, SASB considered including specifically in KPIs but ultimately did not identify executive compensation as a material issue for this industry.
Commercial Banking	Reputation risk management	Add Issue	Market Participant	The sector has suffered a significant impact on its reputation and managing this impact is important to win future business.	Generic statement. Reputational damage is considered as a channel of value impact (loss of future business/market share) from poor performance on other issues such as Transparency etc. Not a material sustainability issue in itself.

Commercial Banking	workforce diversity	Add Issue	Corporation	Commercial banks have the opportunity to better reflect society in its Board of Directors, Executive Suite and employee base. Known to be a white, male dominated industry, commercial banks would benefit from a diverse and inclusive leadership team and workforce	Addressed this under the Talent issue for the PCP version of the Asset Management and Investment Banking briefs, for which we found related evidence. SASB need to consider relevant KPIs for next version of Financials briefs as this issue is prevalent across the Sector.
Commercial Banking	Indirect exposure to carbon risk from lending and financial services	Add Issue	Intermediary	Exposure to indirect carbon risk through financed emissions: I think this issue would make sense as a component of "integration of social and environmental factors in credit risk analysis" although it's also relevant to bank asset management, underwriting, and other products as well. The GHG Protocol will be rolling out new quantitative tools to measure the indirect carbon footprints of financial institutions through their lending, underwriting, and asset management businesses. Emissions-intensive bank clients face material long-term carbon risks, which, in turn, pose credit and investment risks for banks. Qualitative risk management guidelines and green financing commitments by banks are good first steps toward addressing these risks. But as we argue in our "Bankrolling Climate Disruption" report, investors would benefit from consistent, quantitative measurements of bank exposure to carbon-related risks from their financed emissions.	We looked at the RAN report during our research and considered including their GHG metrics. We agree that the issue is material, and this is reflected in the issue and KPIs on Integrating ESG factors in credit risk analysis (and similar issues for other industries in the sector). We had concluded that it would not be decision-useful or cost-effective for banks to calculate their financed emissions. Instead, we focused on $ value of loans to specific sectors and process for understanding, pricing and advising clients on ESG risks in loan and other financial products
Commercial Banking	regulatory burden	Add Issue	Market Participant	regulatory burden: need to show how much regulatory burden these institutions are under so that bank results are scaled comparably with non-banks	Already included in our Legal and Regulatory Compliance issue. Also banks already discuss relevant regulations applicable to them in their 10-Ks.
Commercial Banking	Corporate Stewardship-of the environment, ethical behavior	Add Issue	Intermediary	Today's exploitive corporate culture-of customers, flagrant disregard for law, lack of responsibility, can be measured (operational risk, etc.) and is VERY material. If Citi had had a metric on this, investors would have bailed out long before the financial crisis destroyed their share price. It can be restored, and measured.	Already discussed in our various issues.
Commercial Banking	Governance and ethics	Add Issue	Market Participant	Quality of leadership and sense of ethics in this intermediary industry is key - thus corporate governance as directing leadership and not simply tick the box compliance.	The comment is relevant to our "Governance" issues, but this is not an additional issue.
Commercial Banking	Stakeholder engagement and trust	Add Issue	Market Participant	Transparency and talent of staff will impact this, but systematic engagement with expert stakeholders on market developments is key to rebuild trust and understand new risks better.	Not material issue. Need evidence.

Commercial Banking	Customer satisfaction / employee satisfaction	Add Issue	Intermediary	Customer satisfaction and employee engagement are key drivers of corporate performance	Already covered under other issues e.g. Transparent information and customer responsibility. Employee satisfaction is covered indirectly through talent issue
Commercial Banking	Employee engagement	Add Issue	Intermediary	Customer satisfaction and employee engagement are key drivers of corporate performance	Already covered under other issues e.g. Talent
Commercial Banking	Board ESG competency and oversight	Add Issue	Intermediary	Board ESG competency and oversight refers to which the board is equipped to understand emerging ESG risks in the sector and able to perform its fiduciary responsibility in this area.	Not industry-specific. Also, the issues we have raised and the company's performance on them, should reflect this.
Commercial Banking	Integration of social and environmental factors in investment risk analysis	Add Issue	Intermediary	It´s vital that commercial baking integrate ESG issues in investment risk analysis	Integration in investment management is covered in Asset Management industry.
Commercial Banking	SOCIAL products and services: New market opportunities	Add Issue	Intermediary	Social products are not only related to Financial Inclusion and Capacity Building.	We have a specific KPI for this under Financial inclusion. Ultimately it is about lending/services to all businesses, including those creating positive social impacts. Commercial banks are intermediaries.
Commercial Banking	Global freshwater use	Add Issue	Market Participant	Global freshwater use materially impacts manufacturing and production within many industries, agricultural production, municipality water management writ large, and obviously human health.	This aspect is covered under the issue of “Integration of Environmental and Social Factors in Credit Risk Analysis
Commercial Banking	Interference with global phosphorus and nitrogen cycles	Add Issue	Market Participant	Interference within the global phosphorus and nitrogen cycles are materially impacting costs associated with the agriculture and land-use management sectors. There are significant long-term litigation issues associated with financing nitrogen and phosphorus loading within watersheds and its impact on valuation.	This falls under Integration of ESG in credit risk analysis. Specific reference will be added in evidence section of briefs.

Commercial Banking	Chemical pollution	Add Issue	Market Participant	Chemical pollution clearly is considered material see: REACH is the European Community Regulation on chemicals and their safe use (EC 1907/2006). (Not enough space for additional issue #4) Global biodiversity loss. Given that according to A New Blueprint for the Green Economy, global extinction rates are about 1,000 times normal geologic extinction rates. While at the same time from 1981 to 2006, 47% of discovered and developed cancer drugs were sourced from natural products. What is the firm's approach, management, and implementation strategy to mitigate biodiversity loss?	Not relevant to this industry.
Commercial Banking	Management of intangible assets (brands, IT, retail networks...)	Add Issue	Market Participant	Intangible assets are key as economies are more and more services and numeric oriented.	See response to the same comment for Investment banking.
Commercial Banking	Innovation capacity	Add Issue	Market Participant	Innovation capacity is key as we see a strong and positive corelation between innovation and sustainability	See response to the same comment for Investment banking.
Commercial Banking	Corporate governance	Add Issue	Market Participant	Corporate governance is necessary to integrate a key stakeholder: the sharedolder	See response to the same comment for Investment banking.
Commercial Banking	governance structure	Add Issue	Intermediary	These are major risk factors and potential misalignment between owners and managers/traders	Covered by our Governance issues.
Commercial Banking	compensation of top 5	Add Issue	Intermediary	These are major risk factors and potential misalignment between owners and managers/traders	Incomplete comment. Compensation was considered and we found no evidence of materiality for this industry (other than Executive compensation), but it is material for the investment banking industry.
Commercial Banking	compensation of major traders	Add Issue	Intermediary	These are major risk factors and potential misalignment between owners and managers/traders	Pure play commercial banking doesn't involve trading.
Commercial Banking	Anti-corruption	Add Issue	Market Participant	Numerous countries have anti-corruption/bribery laws, most applicable to banks as well as to companies. Board involvement in this issue.	Discussed under issue of Legal and Regulatory compliance. Added corruption-related KPI for PCP version of brief.

Commercial Banking	Anti-corruption	Add Issue	Intermediary	Anti-corruption as defined by the UN Global Compact is a major concern in many emerging markets. Banks need to ensure that their relationships with business partners and governments meet high standards.	Discussed under issue of Legal and Regulatory compliance. Added corruption-related KPI for PCP version of brief.
Commercial Banking	Stakeholder engagement	Add Issue	Intermediary	Stakeholder engagement is an important strategy for ensuring license to operate and gaining insights into emerging ESG risks and opportunities. Effective stakeholder engagement, including with investors, is a key differentiator for well-run banks.	This is just one strategy (and may even be the most successful one) to perform well on the issues we have highlighted as material. Not a material issue in itself.
Commercial Banking	Contribution to local/national economic development	Add Issue	Intermediary	Banks profit when the economies in which they operate are healthy and profitable. Banks should be actively assessing how their lending practices contribute to local economic development. This ensures license to operate, builds reputation among customers, and contributes to sustained profitability, particularly in SME lending portfolios.	This is covered under the issue of Inclusion and capacity building.
Commercial Banking	Succession Plan	Add Issue	Market Participant	A clear, yet comprehensive succession plan that delineates who would be at the institution's helm in case of various scenarios.	Not a sustainability issue in itself. Related to systemic risk management.
Commercial Banking	Setting Targets/Goals	Add Issue	Market Participant	1) Setting Targets/Goals: Set well-designed targets and goals to drive long-term sustainable performance, such as reductions in emissions, waste, and water use, and improvements in productivity, health and safety, and community investing.	See response to the same comment for Investment banking.
Commercial Banking	Strategic Planning for Sustainable Development/CSR	Add Issue	Market Participant	Strategic Planning for Sustainable Development / Corporate Responsibility: The Company's sustainable development strategy provides a framework to integrate economic, environmental and social performance throughout our business planning and asset management lifecycle. Developed and deployed at both the enterprise-level and business-level, the strategy and tactics align with a governance structure, of policies, programs, procedures, leadership accountability and remuneration designed to embed sustainable development principles into the capital planning and asset management across the Company's value chain.	Not an issue per se. Relates to other issues, which we have already covered. E.g. Integration of ESG in credit risk analysis, which is the core business activity of the company.

Commercial Banking	Compensation Disclosure	Add Issue	Market Participant	Compensation Disclosure: Transparent reporting and disclosure of the CEO's compensation, performance based pay for executives (i.e., linked to Total Shareholder Return) and the ratio of average compensation of female to male executives, managers, and employees.	Discussed under the issue of Systemic Risk Management, SASB considered including specifically in KPIs but ultimately did not identify executive compensation as a material issue for this industry.
Commercial Banking	Sustainable Asset Under Management	Add Issue	Market Participant	% of AUM that is under the bank's clear definition of sustainable management.	Standards written for pure-play commercial banks. Issue Covered under Asset Management industry.
Commercial Banking	Tax Transparency	Add Issue	Market Participant	Disclosure of taxes paid in each jurisdiction of the bank's operation, and information on vehicles established in offshore locations.	The attached evidence is not related to the issue discussed. We have not come across this issue in our research specific to this industry. This is of course a legal and regulatory compliance issue.
Commercial Banking	Policy on Responsible Investment	Add Issue	Market Participant	Formal policy on responsible investment, and indication on whether the policy applies company-wide or only on certain areas of the bank's assets.	Applicable to asset management not commercial banks.
Commercial Banking	Compensation policy for all risk-taking employees	Add Issue	Market Participant	Company filings typically go into some depth on compensation policy as relates to top management. In banking, however, there are often a large number of mid-level employees who are interested with risk-taking roles that can have the potential to significantly impact the bank's financial performance. Knowing how these employees are compensated/incentivized is essentially to judging the riskiness of the bank's operations.	Relevant for investment banking more than commercial banks, and is covered in that brief.
Commercial Banking	tax policies (fair tax)	Add Issue	Corporation	Stakeholders and governments are concerned that banks pay their fair share of taxes. In the UK Barclays recently closed its tax advisory unit. The G8 countries are now all looking at this issue.	Covered under Management of Legal and Regulatory Environment issue in the PCP version of the brief.
Commercial Banking	social usefulness	Add Issue	Corporation	Social usefulness - a bit of a nebulous term but can be summarized as a clear articulation of the beneficial impacts thank banks have on society. As a term it has wide currency following the banking crisis. It probably covers a wide range of ESG issues, but banks will need to be clearer about what this means and be able to articulate to stakeholders. It will be fundamental to regaining trust.	Societal value of products is more applicable to the complex products originated by investment banks, and is discussed in that brief. Positive social impacts are captured in issues like Financial inclusion.

Commercial Banking	GHG emissions, waste and water management.	Add Issue	Intermediary	Commercial banks usually control large amounts of real estate space, hence accounting for significant amounts of GHG and waste produced; and the energy and water used. Therefore small policy changes or physical investments such as building RCx programs at corporate level can provide big benefits for the environment, while helping banks to save money in the long-run. Although "resource efficiency" can refer to some of these measures, disclosure of "GHG emissions, waste and water usage" under a separate or sub-category would create a standard through which comparison of environmental footprint of banks would be possible.	No evidence provided of whether water and waste from commercial banks' real estate are significant. Evidence on this issue is not readily available. For the next version of the briefs, one approach would be to look at percentage of real estate owned or leased by commercial banks in the US (and maybe globally) and if relatively significant, we could estimate whether their commercial energy consumption/waste generation/water consumption is high, and therefore whether this is a material issue.
Commercial Banking	Transparency Regarding Government relations	Add Issue	Market Participant	1)Transparency Regarding Government Relations.This issue bears on the problem of regulatory capture and influence. Disclosures regarding lobbying, political spending and employment relationships with former/present/future Government officials should be made. Disclosure of consulting and other relationships with regulators and academics/think tanks should be made.	Discussed as an Industry Watch List issue for the PCP version of the briefs.
Commercial Banking	MD&A of the Social utility of Bank products and Services	Add Issue	Market Participant	MD&A of the social utility of bank products and services.Many bank activites and services have proven to have large social disutilities. Management ought to reflect on the social utility of the banks products and services in order to ensure the banks mandate to operate.	Societal value of products is more applicable to the complex products originated by investment banks, and is discussed in that brief. Positive social impacts are captured in issues like Financial inclusion.
Commercial Banking	Ethics	Add Issue	Intermediary	Ethics - There has been a tremendous increase in the number of lawsuits and allegations relating to ethical concerns, including insufficient disclosure to investors and other stakeholders (especially relating to mortgage backed security risks) and market manipulation (LIBOR etc).	Covered under other issues like Transparent information and customer responsibility, and legal and regulatory compliance.
Commercial Banking	Not Applicable	Comment on Brief	Intermediary	I'm not sure the extent of what will eventually be released as guidance to companies. If publication will be limited to a list of KPI's and mgmt disclosures, comparability will become difficult. Without more detailed guidance, many of the KPIs and disclosures will rely heavily on companies crafting their own definitions and procedures and being audited against them. I don't disagree with moving away from GRI-style descriptive procedures, but we'll need to consider the balance.	Additional guidance will be included in final disclosures.

Commercial Banking	Not Applicable	Comment on Brief	Market Participant	It did provide everything I needed to complete the survey, but I wanted a space to leave a comment. In reading the KPIs, I got a little concerned in terms of how much reporting SASB is considering to recommend. I think that there are too many KPIs and that this would result in a lot of pushback in the industry (that already discloses a lot in their financial statements). I am also a bit concerned about the cost of reporting these KPIs. It struck me that the cost benefit of the KPI disclosures might not necessarily fully have been taken into consideration?	SASB recognizes the concern regarding number of KPIs and will work to hone them to the essential few with its piloting and public release.
Commercial Banking	Not Applicable	Inaccuracy in Brief	Market Participant	I wouldn't endorse the tone of much of the brief. p1: not sure regional bank ROEs are higher than 'larger more complex' banks p2: ESG reporting won't make disclosures more comparable. You are overstating the value of information on 'nonfinancial' forms of capital. p3: already have strict capital requirements: they are just being made moreso p5: the banks listed as adopting carbon principles are mostly not those covered in this survey pp6-7: cost effectiveness of energy costs -- the amount of space devoted to this is way out of proportion to the importance to any given bank. Also does not take into account the payback periods; the fact that many banks have leaseholds vs own property. pp8-9: those who don't know the % on their credit cards is not due to lack of disclosure. p9: no such thing as a negative CRA rating: use the proper term. If it is true that 6% of banks had an unsatisfactory rating, it implies that the vast majority are at least acceptable. p9: talent section should be rewritten p10: information transparency, first 3 para should be rewritten p13: discussion of level 3 assets doesn't fit. These are marked: you can say there's risk in the stated valuation, but that is already disclosed in a table each bank publishes on level 1,2,3 assets. Further G-SIFI banks (probably your 'glamour banks', most of which don't fit this survey) are required to have higher capital ratios because of the difference in perceived risk. Appendix 2: why is customer privacy a revenue growth issue? Why aren't talent and info transparency not a management quality issue?	Most of the comments made have either misinterpreted or misunderstood the purpose of the issue descriptions and evidence provided, or are personal opinions. One specific comment that we reviewed is on the CRA Rating, for which in the PCP version of the brief we provided clarification.

Commercial Banking	Not Applicable	Inaccuracy in Brief	Market Participant	Not an inaccuracy... but a confusing point. On page 7, in the first column in the evidence section: "EnergyStar's commercial building net value provides an estimate that a building with an investment of $0.80 per square feet to upgrade to a 20% (...) will provide a $12 million energy cost savings" I got confused by the units. The first part is per square feet and the second part is in total savings not per square feet... and therefore not really comparable.	For the PCP version of the briefs, the Resource Efficiency issue was renamed as Environmental Footprint of Branch Networks, and more pertinent evidence was provided. The specific quote mentioned here has been removed.
Commercial Banking	Not Applicable	Inaccuracy in Brief	Market Participant	There are gaps in the legal/regulatory analysis (the "G" in ESG): --no mention of several highly relevant laws that apply to banks (as well as other entities); --no mention of discrete highly relevant regulatory requirements for the C-Suite, the Board, and Auditors	Reviewed and edited Regulatory Trends section for the PCP version of the briefs.
Commercial Banking	Not Applicable	Inaccuracy in Brief	Market Participant	Page 16 - last KPI, "health" is misspelled pg. 15, The Top 5 Banks by Revenue does not look right, typically BofA, Chase, & Citi are in the Top 3 but missing here. Page 9, it says that since 2011, financial services firms have announced more than 300,000 job cuts across their global operations (including investment banking and commercial banking businesses). At the beginning of this report it says the Commercial Banking is being viewed through a pure play lens, thus this reference should only state the number of jobs (people) that are being let go for the Commercial Banking industry. The reference is to an article on Citi and points to a Bloomberg article, not easy to check for people w/o a terminal.	Corrected spelling and re-checked top 5 banks list. For page 9, the evidence is from a Bloomberg article which is freely available online to everyone, not from the Terminal. The article does not show the break down of commercial versus investment banking employees.
Commercial Banking	Environmental products and services: new market opportunities	Remove issue	IWG Aggregate Feedback	70% (39) agreed the issue is material, 25% (14) disagreed, 3 didn't know. (percentage for people agreeing is lower among corporations, but for both them and for market participants, percentage is less than 75%). 9 responses said the issue does not have a significant financial impact on companies. The two comments for the issue said that while this may be material for some banks, or may be useful to understand, it must be considered as one of the many possible products from banks. Banks can choose different strategies to increase value.	Removed issue as a separate material issue. For commercial banks, the upside is from lending to clean energy or other areas that have positive environmental impacts, but this is now covered under the Integration issue (and KPIs), where we more explicitly discuss both risks and opportunities related to ESG in credit analysis. NOTE: Selected for special consideration of Standards Council

Commercial Banking	Resource efficiency	Remove issue	IWG Aggregate Feedback	66% (37) people agreed the issue is material, 30% (17) disagreed, and 2 didn't know. Percentage agreeing was less than 50% for corporations, and around 70% for market participants. A majority of those disagreeing felt the issue does not have a significant financial impact on companies. Those who left comments felt that the Scope 1 and 2 impacts of banks are less important than the portfolio risks from environmental issues. The issue also ranks low compared to other issues, for all respondents.	For the PCP version of the briefs, we renamed this as Environmental Footprint of Branch Networks, and provided additional evidence to support it.
Commercial Banking	Financial inclusion and capacity-building	Remove issue	IWG Aggregate Feedback	73% (41) agreed the issue is material, 11% (6) disagreed, and a high 16% (9) didn't know. Response %s were roughly the same for corporations and market participants, and the issue received a relatively low rank from both groups, compared to other issues. One of the respondents who said the reason is "Other" thinks this is an issue for the smallest banks. The other said "Other external actors (government, non-profits) increase financial literacy, so there may not be a direct link between a bank's capacity building efforts and value. Financial inclusion (of historically underserved customers) is material to the extent that it is a key component of the bank's strategy and meets regulatory requirements. As long as a bank does the latter (reported elsewhere). However, more financial inclusion does not necessarily imply a positive impact on financial results if credit analysis and management is" (the response was cut off).	We retained this issue given the high percentage who don't know whether it is material compared to the low number (6 people) disagreeing that it is material, and the fact that 41 people agreed.
Investment Banking & Brokerage	Responsible supply chain management/ Direct environmental impacts from operations	Add Issue	Corporation	#1&2: while the operational footprint of financial sectors companies may not have the same impact that other industries, e.g. manufacturing or mining, the scale of the industry is significant enough to make these issues relevant. On a scale, financial sector companies tend to operate globally, employ tens to hundreds of thousands of staff and have billions of procurement spending. These factors make for a significant impact on human rights and the environment.	This is a broad point covering all Financials sector industries. No evidence of materiality.
Investment Banking & Brokerage	Diversity and inclusion	Add Issue	Corporation	#3: this sector has historically been among the least diverse and in recent years, has moved toward becoming more inclusive with recognition of it as a business imperative. Much of the trust issues spring from its perception of exclusivity. Because of these issues, factors such as customer trust, recruitment and retention, product and service innovation are relevant to the industry.	For the PCP version of the brief, we included a discussion of Diversity as part of the Talent issue, and provided supporting evidence. SASB will work to incorporate relevant KPIs for future versions of the brief.

Investment Banking & Brokerage	Microfinance (could be included in integration of social factors	Add Issue	Market Participant	Microfinance is a way that financials can contribute to society.	This falls under ESG opportunities for Investment banks. We removed the separate issue of Environmental and Social Products and Services and instead discussed ESG-related upsides/opportunities as part of the issue of Integration of Environmental and Social Factors in Services, Lending and Proprietary Investments
Investment Banking & Brokerage	Indirect exposure to carbon risk from lending and financial services	Add Issue	Intermediary	Exposure to indirect carbon risk through financed emissions: I think this issue would make sense as a component of "integration of social and environmental factors in credit risk analysis" although it's also relevant to bank asset management, underwriting, and other products as well. The GHG Protocol will be rolling out new quantitative tools to measure the indirect carbon footprints of financial institutions through their lending, underwriting, and asset management businesses. Emissions-intensive bank clients face material long-term carbon risks, which, in turn, pose credit and investment risks for banks. Qualitative risk management guidelines and green financing commitments by banks are good first steps toward addressing these risks. But as we argue in our "Bankrolling Climate Disruption" report, investors would benefit from consistent, quantitative measurements of bank exposure to carbon-related risks from their financed emissions.	Issue already discussed under Integration of environmental and social factors in services, lending and proprietary investments. Our research already included the report from the Rainforest Action Network on financed emissions. We also considered asking firms to disclose their financed emissions in terms of CO2e amounts, but did not think it would be cost-effective for firms to do so for the purposes of the 10-K.
Investment Banking & Brokerage	Economic contribution of the enterprise (employees, taxes)	Add Issue	Corporation	The economic contribution of the enterprise articulates how the organization contributes to a healty economy through the employment of people, contractors and suppliers as well as the payment of taxes to governmental entities.	The link between asking for such a KPI and the performance of an investment bank related to it is unclear. Furthermore, this would have to be considered as a cross-cutting issue across all industries, and is unlikely to be of interest to investors.
Investment Banking & Brokerage	Detailed disclosures for market making and advisory services activities	Add Issue	Market Participant	I-banks make relatively larger profits on indirect or incidental activities related to client activities. For example, the profitability of the green shoe option on an IPO underwriting can dwarf the IPO commission. Understanding where all profits are made will help clarify motivations and possible conflicts.	No action. Profit sources should be captured by existing 10-k financial disclosures.
Investment Banking & Brokerage	Management of intangible assets (brands, IT...)	Add Issue	Market Participant	Intangible assets are key as economies are more and more services and numeric oriented.	This comment is not specific to the Financials sector. Where relevant and material for an industry we consider intangible assets already (e.g. human capital - Talent recruitment issue).
Investment Banking & Brokerage	Innovation capacity	Add Issue	Market Participant	Innovation capacity is key as we see a strong and positive correlation between innovation and sustainability	This comment is not specific to the Financials sector. Where relevant and material for an industry we consider innovation opportunities.

Investment Banking & Brokerage	Corporate governance	Add Issue	Market Participant	Corporate governance is necessary to integrate a key stakeholder: the shareholder	Corporate governance is considered in our briefs where it applies to specific issues but not in its own right, under current SASB thinking on Governance.
Investment Banking & Brokerage	Employee engagement or a Measure of organizational culture	Add Issue	Market Participant	It's my belief that practically all of the issues addressed in the list of materiality are outcomes of the type of culture that is present within the organization. It's clear that culture can be measured and that certain cultures are more successful than others. Both in terms of the organizations ability to outperform competitors as well as the levels of care and empathy displayed by the organization. The ESG issues are all an indication of how the company views its role in society and nothing tells an investor more about this than a measure of culture.	Non-industry specific. Not obvious how culture can be measured beyond a discussion of policies and practices, which we have incorporated in KPIs for specific issues.
Investment Banking & Brokerage	Ethical practices	Add Issue	Corporation	Ethical practices was not sufficiently and distinctly oovered in the other issues and is an area that is key to establishing trust in the industry (that is so needed for it to serve society). Firms need to have solid polices, practices, training, monitoring and discipline in place to ensure that not only employees behave ethically, but, more importantly, that firms are creating and delivering products and practices that are ethical. The mortgage crisis, where lending was done when it was not truly in the interest of the end client, is an example of unethical business practices.	The example given applies to mortgage lending and is covered under responsible lending.
Investment Banking & Brokerage	Linking significant portion of executive comp to performance	Add Issue	Market Participant	Executive compensation is a very important controller of risk management in the financial industry, and many observers have pointed out that the CDO mess would not have happened in the days when the investment banks were largely partnerships. Since they're now publicly owned, risk control is much less stringent.	Already discussed under Employee incentives and compensation issue. KPI for variable remuneration now is organized by employee category. In addition comment refers to structure of ownership rather than exec comp.
Investment Banking & Brokerage	inside ownership of new or innovative securities sold by co.	Add Issue	Market Participant	For shareholders to do this, they need to know (1) how much of any innovative new type of security is owned by insiders (e.g., if this is so great, are you saying so with your own money, or just that of clients? Or are you hedging it?), (2) is a significant portion of the incentive pay of the NEOs and other senior executives effectively linked to performance?	Point (1) is covered under the issue of Managing Conflicts of Interest. Point (2) is covered under the issue of Employee Incentives and Compensation.

Investment Banking & Brokerage	Shareholder engagement	Add Issue	Market Participant	Shareholder engagement is the proactive engagement with the management of investee companies to promote better ESG performance. This can be done in collaboration with other investors and on behalf of institutional investors, depending on the investment mandate provided by the client.	This is an issue for the Asset Management industry, and is discussed as a separate issue there. Attached evidence is useful for that.
Investment Banking & Brokerage	Adoption of ESG metric and reporting systems (not KPI syst)	Add Issue	Market Participant	ESG metric systems allow to translate ESG factors in dollars and actual impact. In this they differ from KPI-systems. For private companies there have been metric systems in place, like IRIS, which allow rating systems like GIIRS to rate companies that are materially different on ESG than its peers. These systems are increasingly applied to public companies and financial institutions. Transparency on the use of ESG metric and rating systems a company or financial institution uses can be material information to an investor	Generic statement on KPIs, not related to material issues specific to industry. No evidence of materiality.
Investment Banking & Brokerage	Adoption of ESG reporting systems	Add Issue	Market Participant	Transparency on which reporting system a company or financial institution uses to report on its financial & ESG performance	Generic statement on reporting, not related to material issues specific to industry. No evidence of materiality.
Investment Banking & Brokerage	Redefinition of "fiduciary duty"	Add Issue	Market Participant	A financial institution that includes ESG factors in its definition of fiduciary duty is materially different from its peer that defines fiduciary duty traditionally as "maximizing financial returns to shareholders"	In its Technical Guidance SASB asks for a company to disclosure whether company's definition of fiduciary duty or other responsibility towards clients explicitly includes an integration of ESG issues, in a KPI related to the Integration of ESG factors or Transparent information issues.
Investment Banking & Brokerage	Sustainability in business operations, e.g., energy use	Add Issue	Market Participant	Just like other industries, profitability and overall risk management demand a sustainability oriented assessment of business operations in the financial industry including resource use and efficiency; and as a risk factor in assessing new proprietary investments in respect of capital allocated; or new product offerings or services.	Although this comment does not relate to investment banking specifically, we have already included the issues mentioned in our briefs. Risk factors in assessing proprietary investments is covered under the Integration of ESG factors issue. Resource efficiency was not found to be material for this industry.
Investment Banking & Brokerage	Executive Compensation Disclosure	Add Issue	Market Participant	Compensation Disclosure: Transparent reporting and disclosure of the CEO's compensation, performance based pay for executives (i.e., linked to Total Shareholder Return) and the ratio of average compensation of female to male executives, managers, and employees.	Already discussed under Employee Incentives and compensation issue. For the PCP, we edited the KPI so that remuneration is disclosed by employee category, including Executives.
Investment Banking & Brokerage	Diversity & Opportunity	Add Issue	Market Participant		For the PCP version of the brief, we included a discussion of Diversity as part of the Talent issue, and provided supporting evidence. SASB will need to incorporate relevant KPIs for future versions of the brief.

Investment Banking & Brokerage	Setting Targets & Goals	Add Issue	Market Participant	1) Setting Targets/Goals: Set well-designed targets and goals to drive long-term sustainable performance, such as reductions in emissions, waste, and water use, and improvements in productivity, health and safety, and community investing	Not a material issue.
Investment Banking & Brokerage	Customer relationship management	Add Issue	Intermediary		No evidence of material issue in its own right, separate from issues like Transparent information and customer responsibility.
Investment Banking & Brokerage	Ethical conduct	Add Issue	Intermediary		No additional evidence/comments provided.
Investment Banking & Brokerage	Formal Stakeholder Engagement Process	Add Issue	Market Participant	This derives from personal experience, but is also backed by recently published academic research (Eccles, Ioannou, Serafeim: "The Impact of Corporate Sustainability on Organizational Processes and Performance" Revised Feb 2013). In my view,it is not a key factor for the Invesment Banking Industry only, but it is relevant across all sectors. This is better described in the working paper available from the link below.	Not an industry-specific material issue. See response to similar comment above.
Investment Banking & Brokerage	Carbon footprint	Add Issue	Market Participant	Carbon: Lack of disclosure for the biggest polluters is now material according to the reinsurance industry. To the public it is increasingly material even for lesser polluters.	The industry does not have a material direct carbon footprint. Indirect/financed emissions are discussed under other issues.
Investment Banking & Brokerage	Water footprint	Add Issue	Market Participant	Water: In the not too distant future this will be equally important as carbon as a factor in risk assessment due to population growth and the limited fresh water supply.	The industry does not have a material direct water footprint. Indirect/financed unsustainable water extraction is discussed under other issues.
Investment Banking & Brokerage	Other material environmental and social impacts generated	Add Issue	Market Participant	Other impacts: Certain businesses have material social and environmental impacts that can be measured and as such will be identifiable and made material for the company by the public via the ubiquity of social media.	Generic comment not related to industry and touches upon a broader theme of ESG reporting.

Investment Banking & Brokerage	Transparency regarding Government Relations	Add Issue	Market Participant	Transparency Regarding Government Relations. This would include such matters as the disclosure of political spending/contributions and lobbying/PR efforts to affect legislation impacting the industry. Disclosure regarding efforts to influence regulatory bodies and initiatives. Disclosures regarding polices for past/present/ and future employee's who have worked or intend to work in a material Governmental capacity.	For the PCP version of the brief, this was included as an Industry Watch List issue. See similar comments above.
Investment Banking & Brokerage	MD&A of the Social Utility of IB Products and Services	Add Issue	Market Participant	Management Discussion and Analysis of the Social utility of various IB products and services.For example, the CDS market has been hugely profitable, but yet is controlled by only a few major investment banks. It is widely understood that the CDS market played a large role in the financial crisis but yet only a small percentage of the activity of this market can be said to encompass bonafide risk transfer, with the great majority(80%) of CDS activity being mere speculation. Discussion and analysis of the social utility of IB products will allow for a better appreciation of the positive/negative externalities that may be realized by their use.	This issue has been discussed under the issue of Integration of environmental and social factors in services, lending and proprietary investments.
Investment Banking & Brokerage	Assessment and management of long term risks	Add Issue	Intermediary	In addition to "Integration of social and environmental factors in services, lending and proprietary investments" which I agree is a major ESG issue, the industry is exposed to long terms risks such as climate change and water scarcity which needs to be managed today. Investment banks need to assess, manage and explain how they are dealing with these risks.	Same as Integration issue. KPIs related to the integration issue specifically discuss sell-side research and other examples that are mentioned in the attached report.
Investment Banking & Brokerage	Not Applicable	Comment on Brief	Corporation	It would have been helpful to receive a PDF copy of the survey along with the brief to review both documents together. While the brief did a good job of discussing the relevant issues at a high level, we had to speak with a few colleagues internally to get their input on responses to some of the survey questions. I don't think there's anything that could have been included in the industry brief to avoid this, but I would suggest making both readily available at the start of the process.	For IWG team.

Investment Banking & Brokerage	Not Applicable	Comment on Brief	Market Participant	Additional information on how ESG factors are broken down in measurable metric units and how those units then can be used to vet, select, compare, rate and monitor investments across asset classes, would have enriched the survey, in my view. Additionally, information on all the various ways companies and financial institutions can choose to report on ESG factors to share- and stakeholders would have been helpful. There is a material difference between firms that report through a perfunctory, customary CSR or 'Sustainability Report', giving a descriptive report on their activities around ESG factors, and firms that report with hard metrics or, for example, those that lead the charge toward 'integrated reporting'. The omission of a KPI around the use of various metric, rating and reporting systems by financial institutions would be, in my view, a missed opportunity by SASB to encourage and lead the financial industry towards improved 'best practices' by implementing and further developing such systems. Ultimately, ESG is only 'material' to an investor if it is measured and reported on, well, in a 'material' way. Thank you for the opportunity to participate	The comment seems to be related to previous comments for adding issues, a couple of which were about ESG metric systems like IRIS. This comment is not about the brief or the issues discussed in it, but rather about different reporting systems.
Investment Banking & Brokerage	Not Applicable	Inaccuracy in Brief	Market Participant	I think this needs review by someone who really understands both sustainability and investment banking.	
Investment Banking & Brokerage	Not Applicable	Inaccuracy in Brief	Intermediary	Not so much inaccuracies as there was certain superficial implications - a lot of hindsight bias in the examples that would suggest bad behavior was foreseeable; also, implied that settlement was acknowledgement of bad behavior	It was not the intention of the briefs to suggest that bad behavior was foreseeable. Settlements and other examples simply show what happens if the issue is managed poorly, either in terms of actual performance on the issue, or in terms of communicating about it to the government or public. We ask for outcome indicators that tell an investor that there was some 'bad behavior' or that there was a perception of 'bad behavior' that led to litigation/regulatory action.
Investment Banking & Brokerage	Not Applicable	Inaccuracy in Brief	Intermediary	I wouldn't say there are inaccuracies, but rather some overstatements. For example, on environmental and social products and services, I don't think there is a tangible / meaningful market for I-banks, as evidenced by the exiting of some from certain businesses (see Deutsche Bank's axing of its climate advisors group). Happy to discuss further.	Reviewed comment and made edits for the PCP brief as needed.

Investment Banking & Brokerage	Not Applicable	Inaccuracy in Brief	Market Participant	On page 11, I don't believe market-makers have a "suitability" standard. The suitability standard is most commonly discussed in relation to wealth management advisors. "Systematic risk" is a specific term used to describe the risks associated with being a part of an interconnected financial system. It seems like it's being used too broadly in the brief and survey. The talent recruitment, development, and retention KPI part of the survey has more answer fields than questions.	The comment on the suitability standard was considered, and relevant edits were made for the PCP version of the brief. On systemic risks, the focus in the briefs and KPIs is indeed on the interconnectedness and TBTF nature of some banks. On the last point, we will review this for future surveys.
Investment Banking & Brokerage	Not Applicable	Inaccuracy in Brief	Market Participant	Mention of interchange. While recent regulatory changes (Durbin amendment of Dodd-Frank) to regime will have a significant impact on the P&L of these institutions, they are primarily the issue of consumer/retail banking P&Ls (vs i-banking ones).	Edited PCP version of the brief based on this comment and further research.
Investment Banking & Brokerage	Not Applicable	Inaccuracy in Brief	Intermediary	On page 6, there is a reference to the "UN Principles for Responsible Investment" which is incorrect. The PRI is NOT an UN organization and it is to the "Principles for Responsible Investment" that the asset owners and asset managers are signed up to.	Edited wording in the PCP version of the brief to say UN-backed PRI. However, this is a UN initiative, and even the website is www.unpri.org.
Investment Banking & Brokerage	Talent recruitment, development and retention	Remove issue	All	30 for and 20 against this issue (59% for). Reasons against - majority (45%) reason is that the issue does not represent a significant risk for companies, 5 think it is not of interest to the reasonable investor, and 6 each think the issue is of interest to a limited pool of people or that the reason is "Other" than the ones mentioned. On Other, one thinks it is important but doesn't meet the materiality threshold. Other comments relate to the fact that additional disclosure may not be useful to investors because they would be lagging indicators, it is difficult to compare firms on this basis, or "Should be left to company and industry." One of the comments thinks the issue is more compensation related.	Investment banking 10-Ks discuss the importance of talent recruitment and retention to the operations of the business. Given this, the low 59 percent acceptance rate is surprising. We retained the issue for the PCP to seek additional comments on it.

Investment Banking & Brokerage	Environmental and social products and services: new market opportunities.	Remove issue	All	75% (38) agree it is material, 22% (11) disagree and 4% don't know. The issue is also ranked lowest among all issues, across all respondents, lower than the Talent issue, which only 59% think is a material issue. Major reason for disagreeing (55%) is that the issue does not have a significant financial impact on companies, and 5 have given "Other" responses. 4 feel the issue does not represent a significant risk for companies. The "Other" category feels that while this is a business generation opportunity (versus risk management) highlighting new opportunities only in the area of environmental and social benefits would be pushing banks into certain markets over others, or should not be the only new opportunities discussed (i.e. there could be new opportunities in other areas).	Similar to the Commercial Banking brief, this issue was removed as a separate material issue for the PCP and instead discussed in terms of upsides/opportunities as part of the Integration issue.
Investment Banking & Brokerage	Integration of social and environmental factors in services, lending and proprietary investments	Remove issue	All	71% (36) felt this was material, versus 22% (11) disagreeing and 8% (4) who don’t know. On the other hand, the issue was ranked above employee incentives and compensation, which received an 88% approval. Of reasons against the issue, main reasons were that the issue does not have a significant financial impact on companies or does not represent a significant risk for companies. "Other" reasons varied: one said as intermediaries, investment banks are one step removed from these risks; another said "All information might be considered "decision-useful" or "important to disclose" so, although it may be of interest to the reasonable investor, it is not sufficiently risk critical to warrant a checkmark. Compliance with obligations and systemic risk factors (including portfolio breakdown) in this area are important and are already checked via those boxes." Someone mentioned that performance on this issue would be reflected in the company's financial performance and another raised a concern that this could have a negative impact if it reduces the number of customers they will work with.	The higher importance given to this issue than to employee incentives suggests there is some materiality to it. This issue was retained for the PCP, as we think there is sufficient evidence for it.
Security and Commodity Exchanges	Best Practices	Add Issue	Corporation	Best Practices and Benchmarking to ensure ESG Compliance. Unfortunately the lack of issue awareness and how to best address them is concerning. I think it would significantly help if a method or technique that has consistently shown results superior to those achieved with other means is used as a benchmark, not only to incentivize corporations who do "good" business, but also increases competition and performance amongst others.	None. We are already discussing this as part of the issues of Promoting ESG disclosure (renamed as Integration of ESG Factors in Disclosure Requirements for the PCP) and Environmental and Social products and services.

Security and Commodity Exchanges	Own ESG disclosure	Add Issue	Corporation	Ensuring ESG disclosure of themselves, if not self-listed on their own exchange: I just want to be sure we are capturing the exchanges own responsibility, in addition to them promoting ESG issues for their listed companies. In addition, for exchanges to do not list companies, such as commodities exchanges, we will need to find how to capture this approach via the products that they trade - e.g. if a commodity exchange trades futures on agricultural products, how do they incorporate the concept of ESG? I don't know the answer to this right now.	The issues and KPIs for this industry are meant to cover Exchanges' own ESG disclosure, so the first point is moot. On the second point, we reviewed commodities trading, but found no concrete evidence of how this issue would apply to it and whether it is material.
Security and Commodity Exchanges	Information on commodities contracts	Add Issue	Market Participant	For physical commodities contracts, specifications should include more information like origin, type of extraction, carbon footprint, etc. Corn ethanol vs sugar cane ethanol, energy usage and real efficiency, investor should be informed. Oil footprint, fraking vs well extraction. Grass fed vs corn fed beef, irrigation vs rain crops (wheat, etc)	See response to similar comment above.
Security and Commodity Exchanges	Financial innovation risks	Add Issue	Intermediary	Financial Business Model Innovation Risks. See the documents we already provided for the Mortgage Banking Sector	N.A. Unclear comment.
Security and Commodity Exchanges	Financial innovation risks	Add Issue	Intermediary	Financial New Products Risks - See the documents we already provided for the Mortgage Banking Sector	N.A. Unclear comment. If the comment is talking about financial sector companies disclosing risks related to financial products or their business model, then this is covered for specific industries in the Financials sector, and for Exchanges would fall under the issue of Promoting ESG disclosure of listed companies.
Security and Commodity Exchanges	Corporate Governance	Add Issue	Intermediary	Board structure and NEO Incentives - See the documents we already provided for the Mortgage Banking Sector	None. SASB Approach to Governance is not based on Board structure etc. (traditional metrics of corporate governance), but on issues such as systemic risk management.
Security and Commodity Exchanges	Supply chain disclosure	Add Issue	Market Participant	The listing requirements that promote ESG disclosure focus on the resource needs and emissions of the company. For many companies, it is the supply chain that holds the material environmental risks and so promoting disclosure of supply chain risk for example sensitivity to commodity price volatility would be of use to investors.	This is part of Promoting ESG disclosure of listed companies (renamed as Integration of ESG factors in disclosure requirements, for the PCP).
Security and Commodity Exchanges	Stakeholder involvement	Add Issue	Market Participant	Stakeholder groups are those towards whom the organization feeld a duty or obligation to perform in a sustainable manner. Therefore, they need to be involved in defining that duty or obligation and to provide feedback about the organization's performance. This also serves as proper governance.	None. Generic comment, could apply to any industry. Not an issue per se. Also, for Exchanges, diversity of voices of different stakeholders on the Board is discussed in the issue of Managing conflicts of interest as an SRO.

Security and Commodity Exchanges	Not Applicable	Comment on Brief	Intermediary	I could not download / read due to SW problem it needs to be saved in earlier version of acrobat	For IWG team.
Security and Commodity Exchanges	Not Applicable	Comment on Brief	Corporation	We could not access the brief	For IWG team.
Security and Commodity Exchanges	Not Applicable	Comment on Brief	Corporation	Another appendix of key definitions would be beneficial.	
Security and Commodity Exchanges	Not Applicable	Inaccuracy in Brief	Market Participant	(p3) Update the NYSE Deutsche Borse descriptions with the NYSE ICE merger.	Merger happened after briefs were finalized for the IWG. Mentioned in the PCP version of the brief.
Security and Commodity Exchanges	Promoting ESG disclosure of listed companies	Remove issue	Market Participant	71% (12) agreed it is material (5 are corporations, 6 are Market Participants), 24% (4) disagreed (all Market Participants), and 6% (1) didn't know. Corporations ranked it as the second most important issue for Exchanges. Those who disagreed felt that it was of interest only to a limited pool of people, and one person thought it does not have a significant financial impact on companies. Of the 2 "Other" responses, one person said it would be a good standard to adopt, but thinks that it doesn't have a material financial impact on exchanges. The other person said "This should be promoted and requested by investors to the companies in their annual report with standards for each industry as today financials are requested, not by exchanges. Information companies like bloomberg should also serve as a window for the criteria to the investors not exchanges."	This issue was retained for the PCP. All corporations agree it is material, and provide it a high rank. Will consider whether this should be framed as an emerging issue for the future. At this point, the materiality is more related to brand value than direct financial impact on tangibles.
Security and Commodity Exchanges	Environmental and social products and services: new market opportunities.	Remove issue	All	65% (11) agreed it is material, 24% (4) disagreed, 12% (2) didn't know. It is the lowest ranked issue across all types of survey respondents. 2 respondents felt this was not a significant risk for companies, 1 felt it does not have a significant financial impact on companies, and 1 felt it was of interest only to a limited pool of people.	The total % including the people who responded "don't know" and the people who agreed the issue is material is 76%. The issue was retained for the PCP with some additional evidence on carbon exchanges, and was renamed as "Promoting environmental and social markets through new products and services". Will re-evaluate the issue if the PCP comments or additional research indicate it is not material.

Security and Commodity Exchanges	Resource efficiency	Remove issue	All	65% (11) agreed it is material, 35% (6) disagreed (4 of these were Market Participants). 0% responded saying "Don't know." 83% (5) corporations felt this was material and ranked the issue higher than the issue of Business continuity risks (Resource efficiency got a rank of 4 out of 6 issues). Reasons for disagreeing: 3 people attributed to not having a significant financial impact on companies, 2 to not being of interest to the reasonable investor and 2 to it being of interest to a limited pool of people. One person responding with "Other" said "Exchanges have never disclosed this information, but I believe it doesn't have a material financial impact. If they were to disclose it and it turned out to be a material portion of expenses, then I would change my answer." The corporation that said the issue is not material attributed this to not having a significant financial impact on companies.	This issue was removed for the PCP.

Appendix II: PCP Comments and SASB Action

The following table provides a brief description of all the comments received during the PCP including: the industry, disclosure topic, feedback type, interest group, comment(s), and the action taken by SASB.

Industry	ESG Topic	Interest Group	Comment	Proposed SASB Action
All	Training and Professional Development	Market Participant	Recommend for description and $ value and number of staff trained in ESG issues relevant to the industry	SASB addresses employee training from a general perspective as indicator of employee retention and development. It did not view training with respect to ESG to be specifically relevant to this issue.
All	Systemic Risk Management	Market Participant	Reference to harmonization is good, but should require harmonized risk management across all business lines including asset management, insurance, banking and corporate enterprise risk management	SASB intended that harmonization be across and amongst business verticals. SASB will provide clarifying language in the Technical Disclosure Protocols.
Asset Management & Custody Activities	Employee Incentives and Compensation	Market Participant	include disclosure of non-financial metrics in performance compensation; if not why not	SASB was unable to identify non-financial metrics for remuneration decisions that meaningfully drive performance on this issue.
Asset Management & Custody Activities	Transparent information and fair advice for customers	Market Participant	include data privacy and security and measures/programs to support financial literacy	SASB's KPIs related to transparent information and fair advice for customers adequately address this issue. Data privacy and security was considered for inclusion as a material issue for this industry following the Industry Working Groups, but sufficient evidence of materiality was not found for this at the time.
Asset Management & Custody Activities	Assets in management invested in companies that have a high climate risk exposure	Market Participant	include % of portfolio along with $	SASB intends that all disclosures allow for normalization with respect to traditional metrics such as size of AUM. Clarifying guidance will be provided in SASB documents upon release of Standards.
Asset Management & Custody Activities	Environmental and social investment products	Market Participant	include % of portfolio along with 4	SASB intends that all disclosures allow for normalization with respect to traditional metrics such as size of AUM. Clarifying guidance will be provided in SASB documents upon release of Standards.

Asset Management & Custody Activities	Employee turnover	Market Participant	include %	Turnover will be reported as a percentage; the unit of measure of "#" was in error.
Insurance		Market Participant	· Integration of ESG: $ and % of assets	SASB intends that all disclosures allow for normalization with respect to traditional metrics. Clarifying guidance will be provided in SASB documents upon release of Standards.
Insurance		Market Participant	· Investment in companies with a high climate risk exposure: $ and %	SASB intends that all disclosures allow for normalization with respect to traditional metrics. Clarifying guidance will be provided in SASB documents upon release of Standards.
Insurance		Market Participant	· Add social risk exposure to environmental risk exposure (e.g. infectious diseases, obesity and diabetes, air pollution, aging, advances in medical technology, gender and genetic discrimination, food security and safety, terrorism)	Social risk was considered, but was ultimately determined not to be cost effective for reporting. Many of these issues are addressed in Managed Care.
Insurance		Market Participant	· Describe measures to promote access to and affordability of insurance to underinsured individuals, businesses, sectors, communities and regions	An issue of 'financial inclusion' was included in the initial set of disclosure topics, but was removed after IWG feedback.
Insurance		Market Participant	· % of insured products susceptible to environmental and social risks - % and $ value	The first of these is already captured in the SASB standard
Insurance		Market Participant	· PML from environmental and social risks: $ and %	The first of these is already captured in the SASB standard
Insurance		Market Participant	· Total insurance payout: $ and %	Companies report on this currently.
Insurance		Market Participant	· Incentivizing social and environmental performance – describe products/programs to incentivize responsible behavior or minimize social and environmental risks for businesses and retail customers; # and % of clients which used the program	SASB will consider incorporating a quantitative aspect into this KPI.

Insurance		Market Participant	· Describe insurance products to incentivize environmental and social responsibility : $ and %	SASB will consider incorporating a quantitative aspect into this KPI.
Insurance		Market Participant	· Describe insurance products to support innovative energy, low-carbon and social purpose business models: # and % of portfolio	SASB will consider incorporating a quantitative aspect into this KPI.
Insurance		Market Participant	· Customer privacy measures	No action taken.
Insurance		Market Participant	· Measure to improve the social and environmental impacts of the claims process	The claims process was determined not to have a material impact.
Insurance		Market Participant	· # and % of premium of companies denied insurance coverage due to not meeting ESG criteria	This issue is already addressed.
Insurance		Market Participant	· Include employee incentives and compensation KPIs from assessment management, and include disclosure of non-financial metrics in performance compensation and if not why not	This will be considered for inclusion in the final standard.
Consumer Finance		Market Participant	· Revenue from products and services targeting minority groups: $ and % of portfolio	SASB intends that all disclosures allow for normalization with respect to traditional metrics. Clarifying guidance will be provided in SASB documents upon release of Standards.
Consumer Finance		Market Participant	· Revenue received from emerging markets: $ and % of portfolio	SASB intends that all disclosures allow for normalization with respect to traditional metrics. Clarifying guidance will be provided in SASB documents upon release of Standards.
Consumer Finance		Market Participant	· Include employee incentives and compensation KPIs from assessment management, and include disclosure of non-financial metrics in performance compensation and if not why not	Employee Incentives and Compensation was not identified as a material issue for this industry. Without additional evidence of interest or financial impact, SASB will continue to consider it not material at this time.

Commercial Banks		Market Participant	· Report on $ value and % of loan portfolio turned down due to not meeting ESG criteria	SASB intends that this be addressed in disclosure to "Describe how ESG factors are incorporated into lending process, including credit risk analysis, valuation of underlying secured assets, interest rates, leverage ratios and ultimate decision to extend a loan. Include discussion of implementation of Carbon Principles, where applicable. Report percentage of transactions by dollar amount, that are subject to this analysis and integration." SASB will provide language in its Technical Disclosure Guidance that it is relevant for the registrant to discuss situations in which it turned down business due to ESG considerations.
Commercial Banks		Market Participant	· Amount of lending to companies or projects with a high climate risk exposure: $ value and % of portfolio	SASB intends that all disclosures allow for normalization with respect to traditional metrics. Clarifying guidance will be provided in SASB documents upon release of Standards.
Commercial Banks		Market Participant	· Number of EP projects screened: # and %	SASB will consider disclosure of the total number of projects eligible for EP screening.
Commercial Banks		Market Participant	· Number and % of projects turned down which did not meet EP criteria	SASB will build into Technical Disclosure Guidance that disclosure of # of projects screened should include an indication of which were accepted and which were rejected.
Commercial Banks		Market Participant	· Amount of lending $ and % of portfolio	Unclear comment.
Commercial Banks		Market Participant	· Energy consumption per FTE	SASB intends that all disclosures allow for normalization with respect to traditional metrics. Clarifying guidance will be provided in SASB documents upon release of Standards.
Commercial Banks		Market Participant	· % of renewable energy	This number would easily be calculated based on disclosure to the existing metric, so SASB declines to request specific disclosure of this metric.
Commercial Banks		Market Participant	· Employee turnover: %	Turnover will be reported as a percentage; the unit of measure of "#" was in error.

Commercial Banks		Market Participant	· Include employee incentives and compensation KPIs from assessment management, and include disclosure of non-financial metrics in performance compensation and if not why not	Employee Incentives and Compensation was not identified as a material issue for this industry. Without additional evidence of interest or financial impact, SASB will continue to consider it not material at this time.
All	General Comment	Market Participant	The environmental metrics proposed by SASB should address a company's environmental performance in context: a) in context to the external environment in which a company operates and b) in context to its sales and earnings. For example, the gallon of water a company uses from a water scarce region is more material than the gallon of water it uses from a water-rich region. As another example, a company that uses a unit of energy from a region where electricity is generated from coal-fired power is more at risk of greenhouse gas-related legislation than one that draws energy from natural gas. Putting a price on natural capital and measuring a company's dependence on natural capital provides this context and is a more relevant assessment of material risk than the measures of resource efficiency that are proposed in the standards. More background information on the relevance and tools for valuing natural capital is found here.	Where relevant SASB creates contextual metrics (e.g. for water consumption). SASB does not specify traditional normalization factors, assuming that analysts will create their own "multiples" using SASB indicators and financial metrics, as necessary. SASB will consider this feedback as important as it continues to revise metrics.

All	General Comment	Market Participant	The proposed SASB standard should address the environmental risks embedded in company's supply chains. On average, 60% of a company's most material environmental risks are in their supply chains rather than direct operations. For the Financial Services industry, this extends to its lending and investments. The chart below illustrates the percentage of environmental risks, on average, embedded in supply chains by industry sector. For the health care sector, over 90% of environmental risks are supply chain risks. Trucost would be pleased to discuss this information with SASB and provide additional details by industry segment, as well as technical details on how greenhouse gas emissions, water usage, waste, etc. are embedded within company supply chains.	Supply chain risks for companies to which financials companies lend to or invest in should be considered by the lender/investor as part of Integration of ESG Factors. I don't see how supply chain risks are a direct issue for Financials companies. We can say something like: SASB is aware of significant supply chain risks due to environmental and social factors, and will use Trucost data where relevant to identify and support material issues for specific industries to which supply chain risks apply.

All	General Comment	Market Participant	The proposed SASB standards are exclusively related to risk from climate change for the Financials sector, whereas the Healthcare standards specify that water risks should be evaluated. It is not clear whether SASB includes water risk within climate risks. Ideally, the standard should be written to include water risk for Financials as well and to specify a quantitative threshold of performance as water poses a significant, material risk to investors. If SASB intends to specify a prescriptive methodology to measure conformance then we request that all equivalent tools and datasets, including Trucost's water risk analysis and tools, be included in the standard as examples of acceptable approaches. We would be pleased to provide additional information or technical details as to the equivalency of our approach.	Water risks would need to be considered by the Financials companies when they integrate ESG factors in lending or investment decisions. We are asking them to discuss how they integrate all relevant ESG issues, which would include water where material. We do ask for a specific climate risk KPI, may be worth considering a specific water risk one for financial companies' investments etc., but we may have to keep expanding to the list if people keep demanding that new risks be considered, so we need to draw the line somewhere Previously this was more general in nature, but we made it specific to climate riks to make it more decision useful; climate change risks were decided to be the marquee issue and one that poses significant risk

Insurance		Corporation	In looking at how ESG factors have been integrated, the focus seems to be on the investment management process rather than the overall corporate strategy. The indicators selected in the research briefing focus more on environmental factors than social or governance issues and so may be of more use to assessing risks and opportunities for companies in property and casualty insurance rather than life insurance or pensions.	This will be considered for inclusion in the final standard.
Insurance	Incentivizing Social and Environmental Performance	Corporation	Perhaps there is an opportunity to incorporate governance issues by asking companies to describe how they are using products such as directors and officers insurance products to promote responsible corporate governance.	This will be considered for inclusion in the final standard.
Insurance	Plan Performance	Corporation	One area that could also be considered would be asking companies describe their processes to ensure that they are selling appropriate products and services to their customers. Such information would help investor in assessing the quality of products that are being sold, how companies are keeping up with changing customers, needs, matching the complexity of their products with the ability of their customers to understand the features and benefits of what is being sold to them.	This will be considered for inclusion in the final standard.
Insurance	Governance / Regulatory	Corporation	Some indicators that would help investors assess management's commitment to improveing corporate governance and incorporating a broader range of factors into decision making rather than just financial results could be worth considering.	This will be considered for inclusion in the final standard.
Insurance		Corporation	The performance indicators that are reported externally should be closely aligned and matched with those that are used internally to manage the business, that way investors are making decisions based on the same information as management, resulting in greater alignment.	This will be considered for inclusion in the final standard.

General		Market Participant	The KPI that may require additional cost even for larger organizations is the following: Describe procedure or programs to provide adequate, clear, and transparent information about products and services, including risks, suitability, alternatives, conflict of interest (e.g. inside information or firm positions), and role and legal responsibility for specific engagements (e.g. in origination or structuring of products with complex liens or risks, where the bank plays a market-making role, where it is using over-the-counter platforms). This is not typically disclosed by banks and doing so would require more resources for the company and will generate concerns that disclosure can lead to more regulatory scrutiny.	This will be considered for inclusion in the final standard.

Asset Management & Custody Activities, Investment Banking & Brokerage, and Commercial Banking			We recommend an additional indicator to the section on Governance (Systemic Risk) that emphasizes the Board's oversight and the capacity building efforts to facilitate compliance with the new regulatory framework in the United States (e.g., Dodd-Frank regulation) and other international standards (e.g., Basel rules). Bearing in mind the stringent requirements of such new regulations, we believe that a mere description of risks and legal penalties is insufficient in addressing the soundness of business practices and the ethics of operations in investments and commercial banking. As a result, we believe that providing more information about companies' efforts to improve risk processes and their preparedness (e.g., "Action Plans") to mitigate future risks across operations is material to investors. In this regard, we believe that a qualitative disclosure of the Board's oversight of risk management practices would allow investors to better understand the quality of management and would help to enhance the transparency and accountability of governing structures and mechanisms. In conditions of post-financial crisis, such disclosures would also show how financial companies are working towards promoting a company-wide culture of risk mitigation and how they are raising awareness about those issues among their employees and managerial staff. We view such governance disclosure as material to investors as it signals business continuity and crisis prevention efforts of a well-governed business. All of these factors would help to provide greater value to society and shareholders.	This will be considered for inclusion in the final standard.

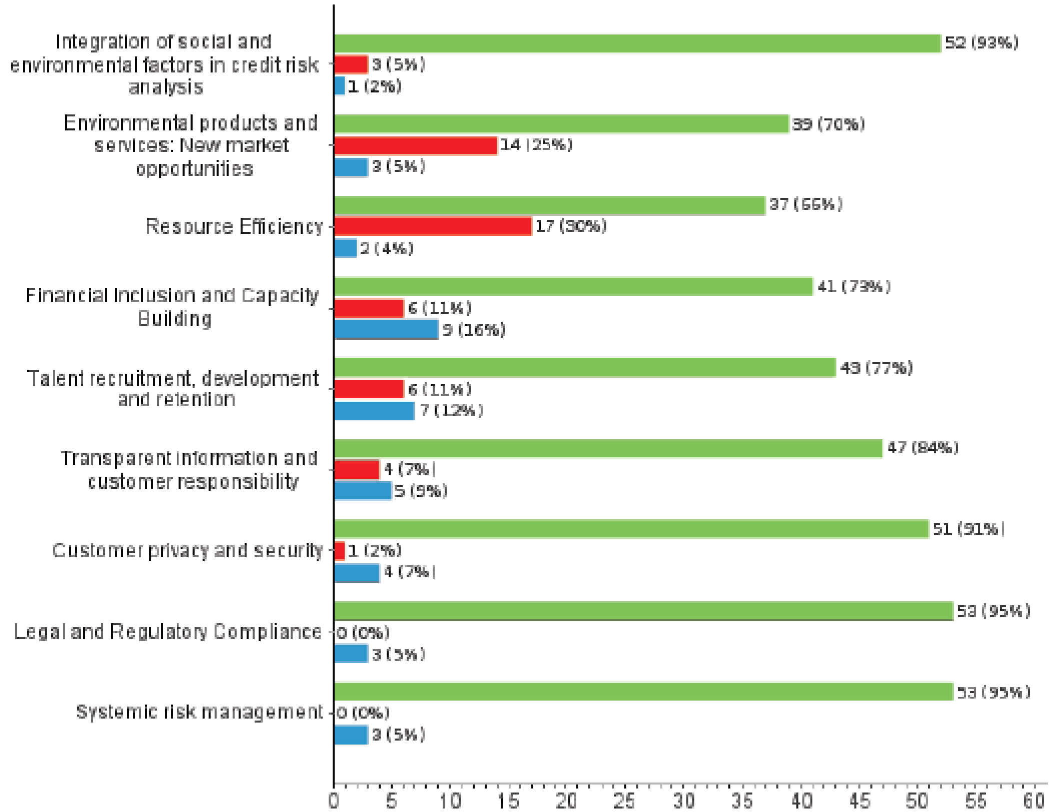
Asset Management & Custody Activities, Investment Banking & Brokerage, and Commercial Banking			We recommend an addition to the sections Social and/or Governance of a qualitative indicator that addresses the promotion of a proper alignment between executive compensation structures and long-term shareholder value. We believe that a company's remuneration structures should give consideration to the integration of risk management with executive compensation. It would be helpful for financial services companies to provide information on the motivation that is behind their remuneration policies and practices. Such compensation disclosure should reference the level of long-term risk involved in generating profits so that investors have a better understanding of the steps that companies are taking to combat inappropriate risk taking and promote financial stability. It is material for investors to know how companies are complying with emerging regulations and requirements, and how they consider them as a benchmark for good business practices.	This will be considered for inclusion in the final standard.
Consumer Finance and Mortgage Finance		Market Participant	We recommend an additional indicator to the Social section that stresses the role of consumer education and how companies seek to educate customers and the broader public on the risks and opportunities of their financial products and services. In consumer finance, such disclosure refers to educational efforts on risks and opportunities of debt-protection/insurance products, prepaid card products, including fees and interest charged. In mortgage finance, in addition to efforts to provide clear, transparent, and timely communication to customers on risks, terms and fees, companies should also report on how they facilitate educational activities for customers on the risks and opportunities in undertaking different kinds of mortgages. We recommend an additional indicator to the section on Governance that emphasizes the Board's oversight over governance of the public policy agenda with regard to existing and emerging consumer finance industry regulations (state and federal) and with regard to existing and emerging mortgage industry regulations.	This will be considered for inclusion in the final standard.

Insurance		Market Participant	We recommend an additional indicator to the Social section that stresses the role of consumer education and how insurance companies seek to educate customers and the broader public on climate change risks and opportunities. These include efforts to raise awareness on the economic and social impacts of climate change, and how insurance products and services can help build environmental and economic resilience and adaptation.	This will be considered for inclusion in the final standard.
Security & Commodity Exchanges		Market Participant	We recommend an additional indicator to the section on Governance that emphasizes the Board's efforts in implementing the exchange's policy for listing requirements on sustainability disclosures, and what actions they are taking to prepare issuers to comply with the new listing requirements. Such disclosure focuses on training and capacity-building among issuers, employees and managerial staff, as well as reporting on building multi-stakeholder and collaborative efforts by working with investors and regulators in seeking to achieve those goals.	This will be considered for inclusion in the final standard.

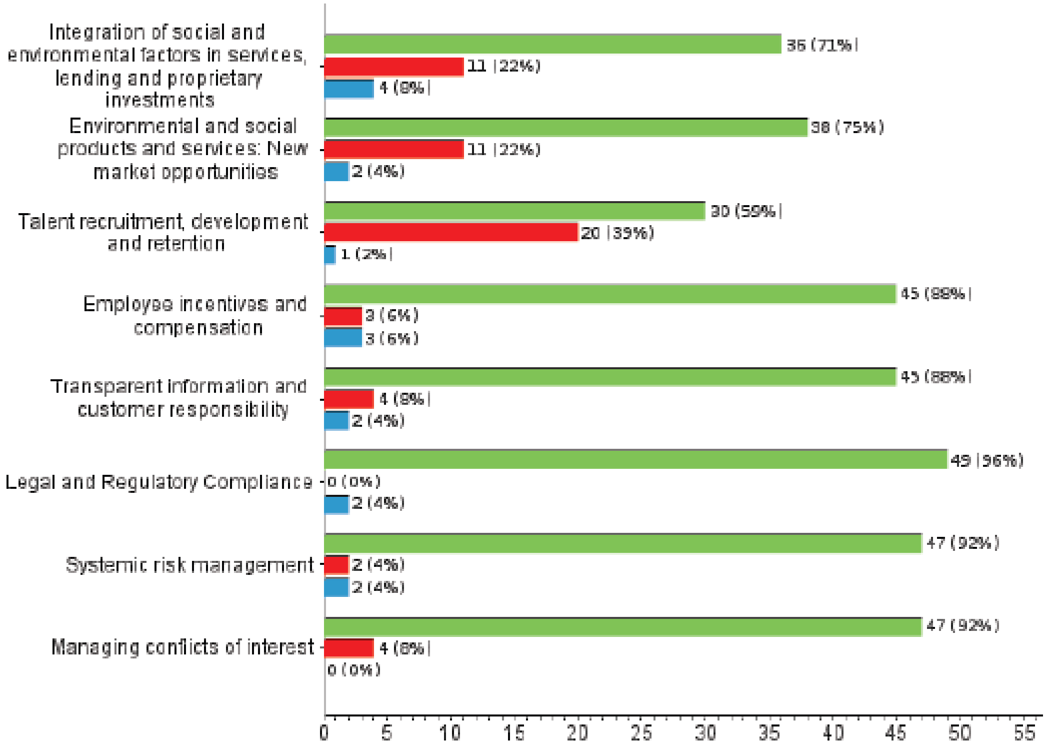
Appendix III: IWG Assessment of Materiality

The following tables provide a summary (by industry) of each issue, and the percentage of IWG members that determined it to be material. (Green = material, Red = not material, Blue = maybe material).

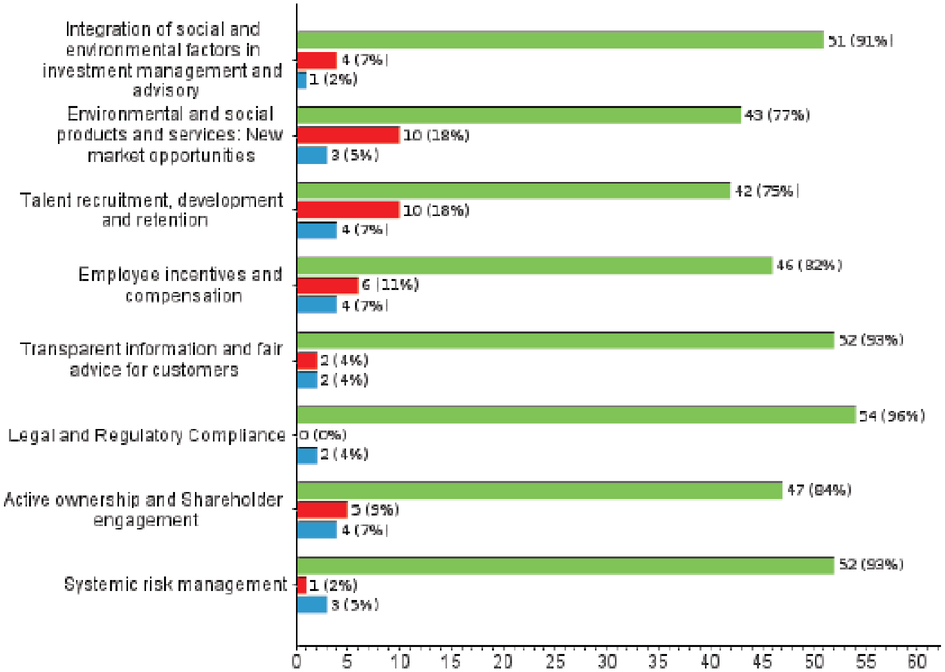
<u>Commercial Banking</u>



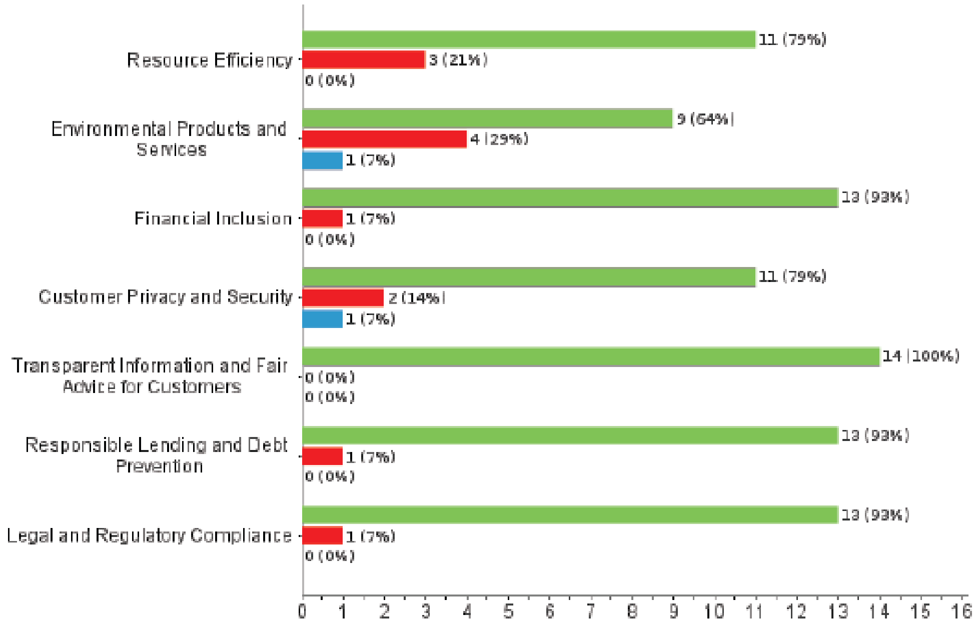
Investment Banking and Brokerage



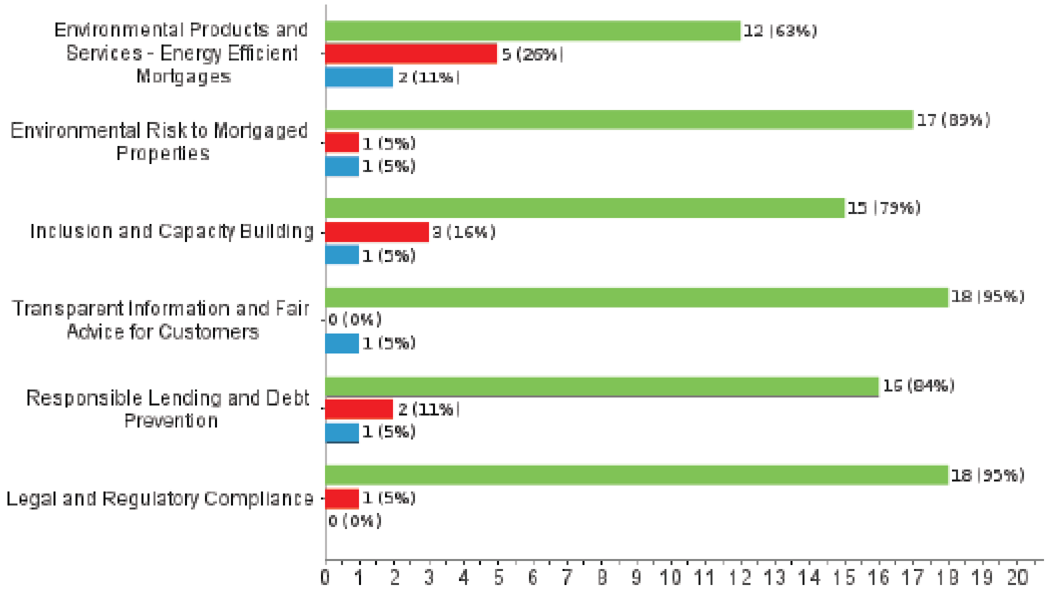
Asset Management and Custody Activities



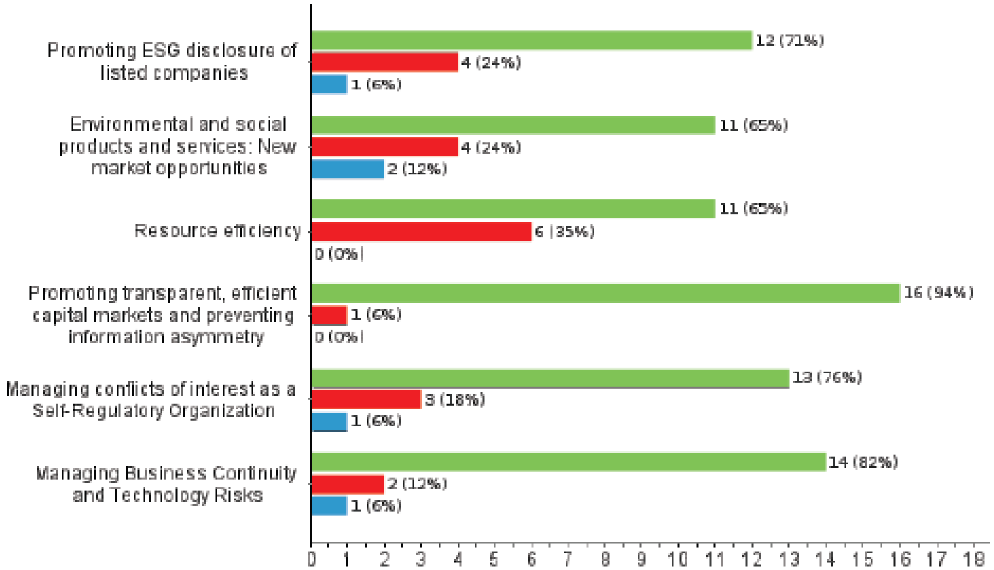
Consumer Finance



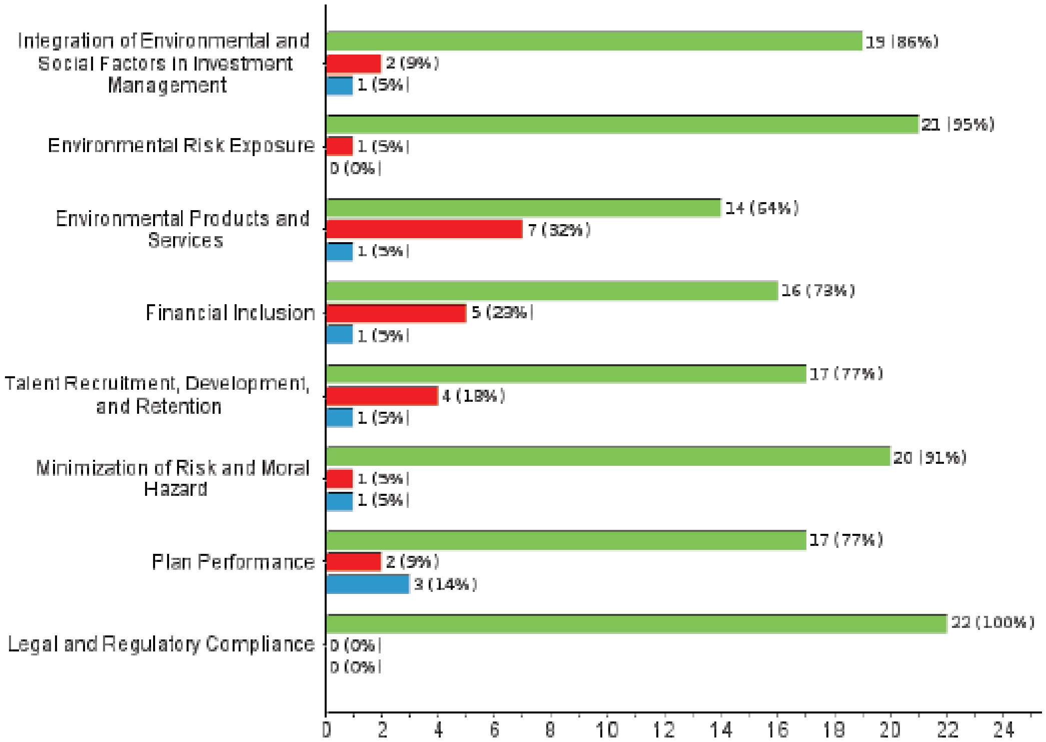
Mortgage Finance



Security & Commodity Exchanges



Insurance



Integration of Environmental and Social Factors in Investment Management
19 (86%)
2 (9%)
1 (5%)
Environmental Risk Exposure
21 (95%)
1 (5%)
0 (0%)
Environmental Products and Services
14 (64%)
7 (32%)
1 (5%)
Financial Inclusion
16 (73%)
5 (23%)
1 (5%)
Talent Recruitment, Development, and Retention
17 (77%)
4 (18%)
1 (5%)
Minimization of Risk and Moral Hazard
20 (91%)
1 (5%)
1 (5%)
Plan Performance
17 (77%)
2 (9%)
3 (14%)
Legal and Regulatory Compliance
22 (100%)
0 (0%)
0 (0%)
0
2
4
6
8
10
12
14
16
18
20
22
24

Appendix IV: Request for Public Comment Questions

The following questions provided the basis for the Public Comment Period. Commenters were asked to specify which industry their comments related to, and to provide feedback on letterhead.

Question 1: Are the disclosure items material to a reasonable investor? Do the suggested accounting metrics accurately represent performance with respect to the associated sustainability issue? How would reported accounting metrics be used in making investment decisions? How would the metrics be useful for internal company management?

Question 2: How costly would it be for companies to collect, analyze, and report information required for the proposed accounting metrics? Do you anticipate this cost to be a barrier to reporting, adoption, or usage of the proposed accounting metrics? What aspects of reporting, if any, would you foresee being most costly for reporting organizations?

Appendix V: Changes Made to Disclosure Topic Post IWG and PCP

The following tables indicate how the list of sustainability topics evolved as a result of the IWG feedback. The first table indicates the list of issues that were identified by SASB in the initial research phase. The second table indicates a revised list of topics, which was developed on the basis of IWG feedback.

<u>Initial List of Sustainability Topics by Industry</u>

	Commercial banks	**Investment banking and brokerage**	**Asset management and custody activities**	**Consumer finance**	**Mortgage finance**	**Security and commodity exchanges**	**Insurance**
Environmental	Integration of environmental, social and governance factors in credit risk analysis	Integration of social and environmental factors in services, lending and proprietary investments	Integration of environmental, social and governance factors in investment management and advisory				Integration of Environmental and Social Factors in Investment Management
	Environmental products and services: New market opportunities	Environmental and social products and services: New market opportunities	Environmental and social products and services: New market opportunities	Environmental Products and Services	Environmental Products and Services – Energy Efficient Mortgages	Environmental and social products and services: New market opportunities	Environmental Products and Services

	Resource efficiency			Resource Efficiency		Resource Efficiency	
						Promoting Environmental, Social and Governance disclosure of listed companies	
					Environmental Risk to Mortgaged Properties		Environmental Risk Exposure
Social	Financial inclusion and capacity-building			Financial Inclusion	Inclusion and Capacity Building		Financial Inclusion
	Talent recruitment, development and retention	Talent recruitment, development and retention	Talent recruitment, development and retention				Talent Recruitment, Development, and Retention
		Employee incentives and compensation	Employee incentives and compensation				
	Transparent information and customer responsibility	Transparent information and customer responsibility	Transparent information and fair advice for customers	Transparent Information and Fair Advice for Customers	Transparent Information and Fair Advice for Customers		
				Responsible Lending and Debt Prevention	Responsible Lending and Debt Prevention		
						Promoting transparent, efficient capital markets and preventing information asymmetry	
							Minimization of Risk and Moral Hazard
							Plan Performance

	Customer privacy and security			Customer Privacy and Security			
Governance	Legal and regulatory compliance	Legal and regulatory compliance	Legal and regulatory compliance	Legal and Regulatory Compliance	Legal and Regulatory Compliance		Legal and Regulatory Compliance
	Systemic risk management	Systemic risk management	Systemic risk management				
			Active ownership and shareholder engagement				
						Managing business continuity and technology risks	
		Managing conflicts of interest				Managing conflicts of interest as a Self-Regulatory Organization	

<u>List of Post-IWG Sustainability Topics by Industry</u>

	Commercial banks	**Investment banking and brokerage**	**Asset management and custody activities**	**Consumer finance**	**Mortgage finance**	**Security and commodity exchanges**	**Insurance**

Environmental	Integration of environmental, social and governance factors in credit risk analysis	Integration of social and environmental factors in services, lending and proprietary investments	Integration of environmental, social and governance factors in investment management and advisory			Integration of Environmental and Social Factors in Disclosure Requirements	Integration of Environmental and Social Factors in Investment Management
			Environmental and social Investment Products		Energy Efficient Mortgages		Incentives for Social and environmental performance
	Environmental footprint of branch networks						
					Environmental Risk to Mortgaged Properties		Environmental Risk Exposure
Social	Financial inclusion and capacity-building			Financial Inclusion	Inclusion and Capacity Building		
	Talent recruitment, development and retention	Talent recruitment, development and retention	Talent recruitment, development and retention				
		Employee incentives and compensation	Employee incentives and compensation				
	Transparent information and customer responsibility	Transparent information and customer responsibility	Transparent information and fair advice for customers	Transparent Information and Fair Advice for Customers	Transparent Information and Fair Advice for Customers	Promoting transparent, efficient capital markets and preventing information asymmetry	

				Responsible Lending and Debt Prevention	Responsible Lending and Debt Prevention		Plan Performance
	Customer privacy and security			Customer Privacy and Security			
Governance	Legal and regulatory compliance	Management of Legal and Regulatory Environment	Management of Legal and Regulatory Environment	Management of Legal and Regulatory Environment	Management of Legal and Regulatory Environment		Management of Legal and Regulatory Environment
	Systemic risk management	Systemic risk management	Systemic risk management				
			Active ownership and shareholder engagement				
						Managing business continuity and technology risks	
		Managing conflicts of interest				Managing conflicts of interest as a Self-Regulatory Organization	

Appendix VI: IWG Comments on Accounting Metrics (KPIs) and SASB Action

The following questions provided the basis for the Public Comment Period. Commenters were asked to specify which industry their comments

Commercial Banking

Issue	Strong Materiality / Strong KPIs	Strong Materiality / Weak KPIs	Weak Materiality / Strong KPIs	Weak Materiality / Weak KPIs	Actions
Integration of social and environmental factors in credit risk analysis	x				SASB added a quantitative aspect to KPI on description of how ESG factors are incorporated into lending, asking for disclosure of the percentage of transactions that are subject to analysis and integration based on specific feedback and low comparability score.
Environmental products and services: New market opportunities			x		This issue has been removed, but the KPIs relating to "environmental products" and "lending for environmentally beneficial purposes" have been added to Integration of ESG factors into credit risk analysis" KPI.
Resource Efficiency			x		This issue has been refocused to specifically relate the impact of the branch network; the KPI related to data center usage was deemed non-relevant after IWG feedback and thus removed.
Financial Inclusion and Capacity Building			x	x	Issue has been retained, added a KPI related to "loan to deposit ratio", removed low scoring KPI related to "lending to socially beneficial companies"; retained KPI related to "promoting financial literacy and attracting underbanked/unbanked/underserved" despite low score
Talent recruitment, development and retention	x	x			SASB retained its KPI related to employee training despite low score because of evidence that higher training expenditure is correlated to financial performance, and because it is only KPI that addressed talent development aspect of the issue.
Transparent information and customer responsibility	x				The qualitative KPIs received low comparable and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics.
Customer privacy and security	x				The qualitative KPIs received low comparable and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics.
Legal and Regulatory Compliance	x				The qualitative KPIs received low comparable and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics.
Systemic risk management	x				The qualitative KPIs received low cost-effective, comparable, and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics. The one quantitative KPI relating to off balance sheet assets was rated highly. All KPIs were re-worked based on other feedback, but topically remain similar.

Investment Banking & Brokerages

Issue	Strong Materiality / Strong KPIs	Strong Materiality / Weak KPIs	Weak Materiality / Strong KPIs	Weak Materiality / Weak KPIs	Actions
Integration of social and environmental factors in services, lending and proprietary investments			x	x	SASB added a quantitative aspect to KPI on description of how ESG factors are incorporated into services specifying disclosure of "the percentage of revenue by business segment that includes integration" based on specific feedback and low comparability score. The "ethical risks" KPI was removed (low cost-effective, comparable, auditable) as it was considered to be part of the general ESG integration KPI.
Environmental and social products and services: New market opportunities			x		The KPIs were moved to the "Integration..." issue and combined to be more concise and address the fact that the "Description of services" KPI had low cost-effective, comparable, auditable feedback while "Associated revenue" KPI has high values in these areas.
Talent recruitment, development and retention			x	x	The "Internal Redeployment" KPI was removed due to very low score feedback and comments. SASB retained its KPI related to employee training despite low score because of evidence that higher training expenditure is correlated to financial performance, and because it is only KPI that addressed talent development aspect of the issue.
Employee incentives and compensation	x				SASB revised the KPIs to focus on "ex ante" and "ex post" adjustments; the KPI that mentioned "risk adjusted metrics" had low comparable and low auditable score that hopefully will be clarified by this additional specificity.
Transparent information and customer responsibility	x				The qualitative KPIs received low comparable and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics.
Legal and Regulatory Compliance	x				The issue name was changed but no significant modifications to KPIs.
Systemic risk management	x				KPIs were deemed highly relevant and useful but low in terms of being cost-effective, comparable, and auditable presumably due to their qualitative nature. SASB acknowledges will be inherent to all qualitative metrics.
Managing conflicts of interest	x				KPIs were deemed highly relevant and useful but low in terms of being cost-effective, comparable, and auditable presumably due to their qualitative nature. SASB acknowledges will be inherent to all qualitative metrics.

Consumer Finance

Issue	Strong Materiality / Strong KPIs	Strong Materiality / Weak KPIs	Weak Materiality / Strong KPIs	Weak Materiality / Weak KPIs	Actions
Resource Efficiency		x			This issue was removed; associated KPIs had low relevant and useful but high cost-effective, comparable, and auditable
Environmental Products and Services				x	This issue was removed.
Financial Inclusion	x				The KPI for "participants in education/outreach/engagement program" had very low scores in all categories and was therefore removed.
Customer Privacy and Security	x				The qualitative KPIs received low cost-effective, comparable, and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics
Transparent Information and Fair Advice for Customers	x				No actions.
Responsible Lending and Debt Prevention	x				The qualitative/quantitative KPI, "Description of debt-protection/insurance products, including payout conditions and payout ratio" had relatively low cost-effective, comparable, and auditable, but was retained unchanged. The "Median credit limit for customers with FICO scores above and below 640 (subprime)" had low useful and cost-effective, but was high in terms of relevancy and thus was retained.
Legal and Regulatory Compliance	x				The qualitative KPI received low comparable and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics.

Mortgage Finance

Issue	Strong Materiality / Strong KPIs	Strong Materiality / Weak KPIs	Weak Materiality / Strong KPIs	Weak Materiality / Weak KPIs	Actions
Environmental Products and Services: Energy Efficient Mortgages			x	x	The issue retained despite low materiality feedback; the KPI related to "number and value" of services was retained, but the KPI related to quantifying impacts of these products removed.
Environmental Risk to Mortgaged Properties	x	x			The qualitative KPI received low comparable and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics. SASB removed the low scoring KPI related to "physical appraisals of mortgage properties".
Inclusion and Capacity	x				Feedback was strong in terms of relevancy and usefulness for "description of initiatives to extend services to underserved", but low in these areas for "# and value of mortgages for underserved"; no changes have been made thus far. The foreclosure rate KPI was moved and realigned with Responsible Lending and Debt Prevention Issue.
Information and Fair Advice for Customers	x	x			There was low cost-effective and comparable feedback for KPI related to compensation of loan officers, but the KPI was retained. There was low relevant and useful feedback for "force-place insurance" KPI, but the KPI was retained. All other KPIs received high scores.
Responsible Lending and Debt Prevention		x			SASB realigned the KPI to clarify that "principal reduction: foreclosure" applies to first mortgages (had very low scores previously). Of note that other KPIs had around 75% in many categories, which was less strong affirmation than other KPIs.
Legal and Regulatory Compliance	x				The KPI "Discussion of strategic positioning and viability of core business model with respect to the regulatory environment" was removed (it only had high relevant score, with low score is all other categories).

Security and Commodity Exchanges

Issue	Strong Materiality / Strong KPIs	Strong Materiality / Weak KPIs	Weak Materiality / Strong KPIs	Weak Materiality / Weak KPIs	Actions
Promoting ESG Disclosure of listed companies	x				This issue was renamed. The qualitative KPIs received low comparable and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics.
Environmental and social products and services			x		This issue was slightly re-framed; the qualitative KPI has low cost-effective, comparable, and auditable, but was combined with quantitative KPI for better completeness.
Resource Efficiency			x		This issue was removed.
Promoting transparent, efficient capital markets and preventing information asymmetry meets the criteria		x			There was low relevant, useful, comparable, and auditable feedback (right at 75% threshold) for "% of algorithmic /HFT on exchange" KPI, but no changes made. There was low relevant, comparable, and auditable for "Discussion of business risks related to algorithmic trading" KPI but no changes made/
Managing conflicts of interest as a Self-Regulatory Organization	x				All KPIs had low auditable feedback, but are all qualitative in nature; no changes were made.
Managing business continuity and technology risks	x				There was low auditable feedback for the two KPIs related to counting incidents, breaches, and market disruptions. SASB hopes that work from Tech & Comm Sector can help strengthen those aspects of these indicators.

Insurance

Issue	Strong Materiality / Strong KPIs	Strong Materiality / Weak KPIs	Weak Materiality / Strong KPIs	Weak Materiality / Weak KPIs	Actions
Integration of Environmental and Social Factors in Investment Management	x				SASB removed the KPI relating to "investments in companies w/ innovative ESG solution" which had relatively low (73%) cost-effective, comparable, auditable feedback.
Environmental Risk Exposure	x	x			There was very low feedback for two KPIs: "climate risk into Cat risk models", which was retained because it was supported by CERES evidence and for "% of properties visited physically" which was removed.
Environmental Products and Services			x	x	Combined "Moral Hazard" issue with this one and renamed "Incentivizing Social and Environmental Performance" ; all are quantitative in nature and had relatively low relevant and useful and low comparable and auditable
Financial Inclusion				x	This issue was removed.
Talent Recruitment, Development, and Retention		x			This issue was removed (at 77% for issue materiality)
Minimization of Risk and Moral Hazard		x			KPIs were revised and combined, where relevant, into "Incentivizing Social and Environmental Performance" issue.
Plan Performance	x	x			KPI related to "clear/concise communication" had a very low score, but was not modified because no stronger KPI was identified at this time. The KPI relating to "bad faith" insurance had low comparable, auditable, cost-effective; it was also retained.
Legal and Regulatory Compliance	x	x			The KPI relating to "strategic positioning KPI with respect to regulatory environment" was removed, as was done in other industries.

Asset Management

Issue	Strong Materiality / Strong KPIs	Strong Materiality / Weak KPIs	Weak Materiality / Strong KPIs	Weak Materiality / Weak KPIs	Actions
Integration of social and environmental factors in investment management and advisory	**x**				The qualitative KPIs received low comparable and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics.
Environmental and social products and services: New market opportunities	**x**				No actions
Talent recruitment, development and retention			**x**	**x**	SASB retained its KPI related to employee training despite low score because of evidence that higher training expenditure is correlated to financial performance, and because it is only KPI that addressed talent development aspect of the issue.
Employee incentives and compensation	**x**				The KPI related to "variable remuneration and risk adjusted metrics" had low cost-effective, comparable, and auditable; it was revised to align with the same KPI is in other industries and to focus more specifically on ex ante and ex post adjustments.
Transparent information and fair advice for customers	**x**				No actions
Legal and Regulatory Compliance	**x**				No actions
Active ownership and Shareholder engagement	**x**				All strong KPIs, except for "ESG-related shareholder engagement" which had low cost-effective, comparable, and auditable feedback; no actions taken.
Systemic risk management	**x**				The qualitative KPIs received low comparable and auditable feedback from the IWG, which SASB acknowledges will be inherent to all qualitative metrics.