



SASB Industry Working Groups Due Process Report

SERVICES SECTOR

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BOARD

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Introduction

SASB develops and disseminates industry-specific accounting standards for material sustainability information for use by U.S. publicly-listed corporations and their investors, such that sustainability performance can be evaluated alongside financial performance. SASB standards identify, prioritize, and describe material non-financial risks and opportunities and provide decision-useful information for the benefit of companies, investors, and the public.

SASB was accredited by the American National Standards Institute (ANSI) as a national standard developer in December 2012, and follows ANSI best practices for standards development, summarized below:

- Consensus on a proposed standard by a group or “consensus body” that includes representatives from materially affected and interested parties
- Broad-based public review and comment on draft standards
- Consideration of and response to comments submitted by voting members of the relevant consensus body and by public review commenters
- Incorporation of approved changes into a draft standard
- The right to appeal by any participant that believes that due process principles were not sufficiently respected during the standards development in accordance with the ANSI-accredited procedures of the standards developer¹

SASB Industry Working Group Overview

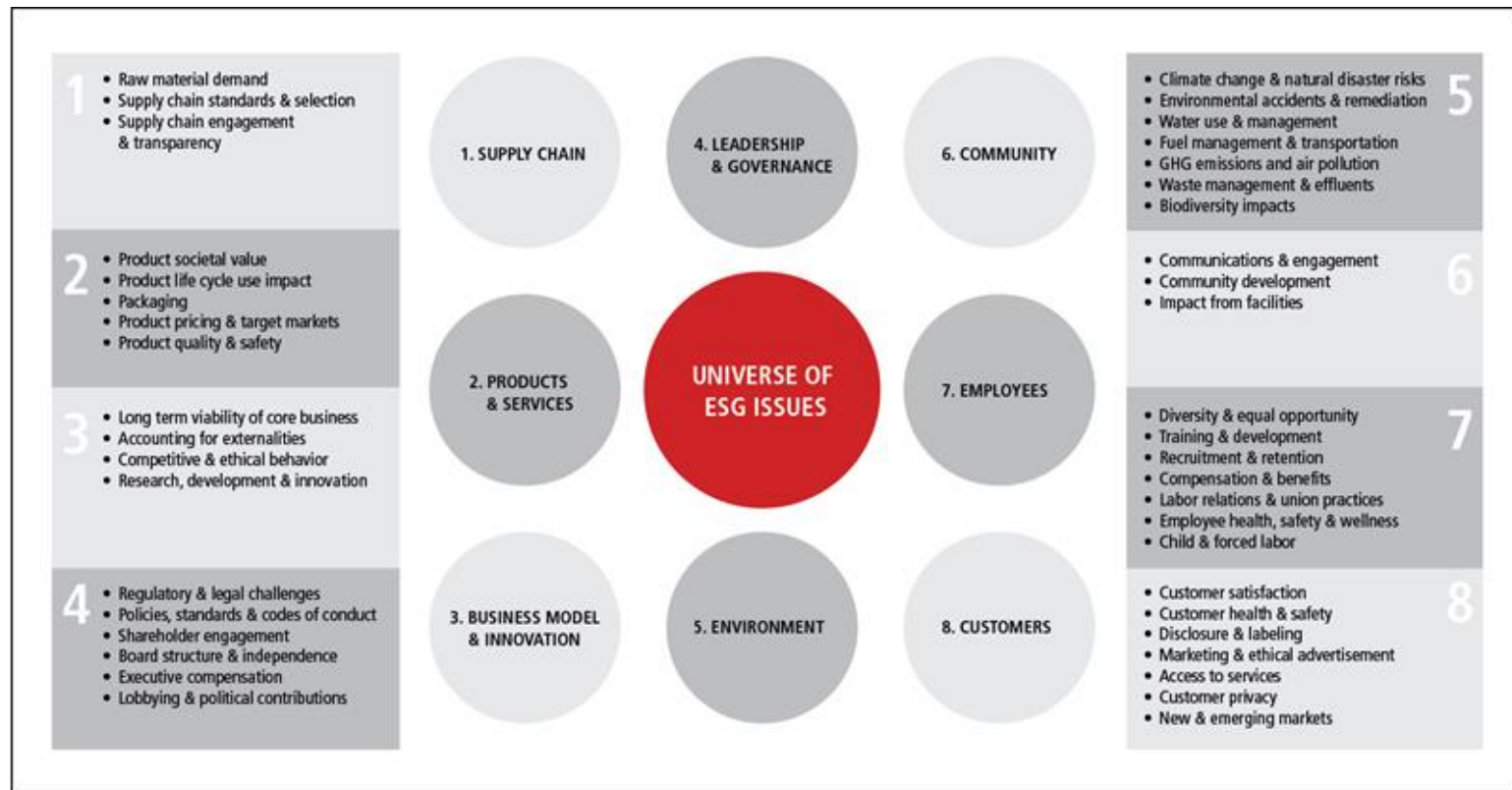
SASB Industry Working Groups (IWGs) play a critical role in helping achieve SASB’s mission. IWG members are industry experts with at least five years of experience in the industry for which they are reviewing SASB Standards. They are recruited across the following interest groups: reporting entities (corporations); market participants (investors and analysts), and; public interest/intermediaries (NGOs, academics, government officials, NGOs, etc.). IWGs convene to review SASB’s evidence-based research of ESG factors that are determined to be material for their industry and accounting metrics for the disclosure of those issues. IWGs provide important feedback on these material issues and metrics, providing additional evidence of financial impact and/or evidence of interest, as well as suggesting others for which they have evidence of interest and/or financial impact.

¹http://www.ansi.org/standards_activities/domestic_programs/overview.aspx?menuid=3

OBJECTIVE & APPROACH

SASB Standards refine the set of Environmental, Social and Governance (ESG) issues (shown in Exhibit A) into a minimum set of ESG issues that are material to each industry through evidence-based research focused on evidence of financial impact and evidence of interest. Simply stated, SASB IWG objectives are to solicit technical feedback on material ESG issues identified by SASB for the industry in question – as well as suggested accounting metrics for the disclosure of those issues – from interest groups that will be affected by the standards (issuers), and those who will use the standards (market participants).

Exhibit A – Universe of ESG Issues Researched by SASB for Materiality



SASB's IWGs help ensure that the draft standards address only issues of interest and with a strong likelihood of financial impact in each industry. The IWGs provide feedback on whether SASB's proposed metrics for each issue are: applicable, auditable, complete, cost-effective, directional, useful, and relevant. In other words, the standards are designed to be *decision-useful to preparers and users of SASB standards*.

THEMATIC SECTORS AND INDUSTRY WORKING GROUP RECRUITING

SASB categorizes industries into thematic sectors and industry working groups based on their resource intensity as well as their sustainability innovation potential. The system by which SASB groups industries into thematic sectors and IWGs is known as SASB's Sustainable Industry Classification System™ (SICS™). SICS™ ties back to standard classification systems, such as Bloomberg's Industry Classification and Global Industry Classification Systems, so users don't have to learn another system.

Open Enrollment

Enrollment in IWGs is open to all qualified participants and industry experts register to join IWGs via [SASB's online registration form](#). Applicants' suitability for IWGs is screened by SASB's Stakeholder Engagement Team (SET) to ensure that they have sufficient experience and expertise in their fields and are actively involved in US capital markets. SET also monitors enrollment in IWGs to ensure that participation balanced across the following three interest groups:

1. Corporations (reporting entities)
2. Market Participants (investors, analysts and exchanges)
3. Public Interest/Intermediaries (NGOs, academics, government officials, NGOs, others not included in groups 1 and 2 above)

Active Outreach

SASB also conducts active outreach to recruit IWG participants via a variety of channels to ensure that interest groups are balanced across all industries in the thematic sector covered each quarter.

Targeted Outreach – Phase I

IWG recruiting begins with broad outreach across a variety of channels roughly two-months prior to the kick-off of each working group.

Referrals

Referrals are by far the best source for recruiting IWG members. During Phase I of targeted outreach, SET leverages SASB's Board of Directors, Advisory Council, past IWG members and subscribers to SASB's newsletter through an email blast requesting referrals to industry experts in upcoming IWGs.

Prospecting

When referrals are not available, contact information is obtained through publicly-available channels. SET engages in a prospecting process that involves developing contact lists of qualified professionals in the top fifteen publicly-traded companies. These prospecting lists are developed using LinkedIn, Hoovers, and leveraging the team's personal networks. This prospecting phase serves as an important pipeline to streamline and scale the recruiting efforts in order to meet target numbers. (See Appendix I for a list of companies targeted in Phase I outreach for the Services IWGs). Ads and articles are also placed through SASB media partners (including Bloomberg, Responsible Investor, and GreenBiz), as well as through channels relevant to the industries being covered that quarter.

Bloomberg Terminal

SET also utilized the Bloomberg terminal to identify analysts and portfolio managers to participate in the investor interest groups of the Services IWGs. Starmine was also used to identify top sell-side analysts covering the industries in the Services sector.

Contractors

The SET deployed the help of strategic contractors who have been selected based on their strong networks within the target interest groups. The recruiters were very helpful in registering strategic IWG members to the process for the Services Sector.

Strengthening IWG Responses

The SET has been fostering stronger IWG corporate participation by promoting broader internal participation to the survey. This approach has allowed for a more collaborative approach with key internal decision makers (sustainability, finance, legal, IR, etc.). The enrolled IWG member can receive a pdf copy of the survey so that the responses can be vetted amongst the internal team. The online survey has a placeholder to add the names of survey respondents who participated in the process. This transparency is helpful for SASB to show that participation extends beyond sustainability leadership.

Targeted Outreach – Phase II

As registrants begin to populate SASB IWGs, more narrowly-focused outreach becomes necessary. This targeted approach focuses on areas in which open enrollment and Phase I Outreach results are not well balanced.

Targeted outreach in specific industry and interest groups involves: a second approach to Board and Advisory Council members, highly targeted media and LinkedIn outreach, and referrals from IWG registrants.

Industry and trade associations are also important vehicles through which SASB conducts outreach. SET conducted outreach to the following industry groups:

- International Tourism Partnership
- American Hotel & Lodging Association
- National Restaurant Association
- Sustainable Restaurant Association
- Council of PR Firms
- America Gaming Association
- Boston College Center for Corporate Citizenship
- John Edelman Professional Services Contacts

Outreach and Advertising Channels

SASB's media partners are Responsible Industries (RI), Sustainable Industries Journal (SIJ), and GreenBiz. Although not an official media partner, Bloomberg Sustainability continues to be a tremendous media resource for SASB. These media partners helped publicize IWG recruiting for the Services sector through the placement of banner ads on their sites. GreenBiz continues to feature a quarterly article on SASB, recapping the sector just covered, and announcing the sector for which we are recruiting. The Stakeholder Engagement Team also benefits from SASB's growing notoriety and related media coverage.

IWG PROCESS, TOOLS AND MATERIALS

IWG participants provide vital feedback on proposed SASB Standards during a one-month period of structured engagement. During this time, IWG participants review SASB Industry Briefs for their industry and are encouraged to contribute evidence supporting or refuting the financial impact of and/or interest in material issues and related KPIs drafted by SASB.

IWGs commence with an introductory webinar through which IWG participants become familiar with SASB and the IWG work flow (shown in Exhibit B). Participants are provided with the following tools and materials through which to conduct their work:

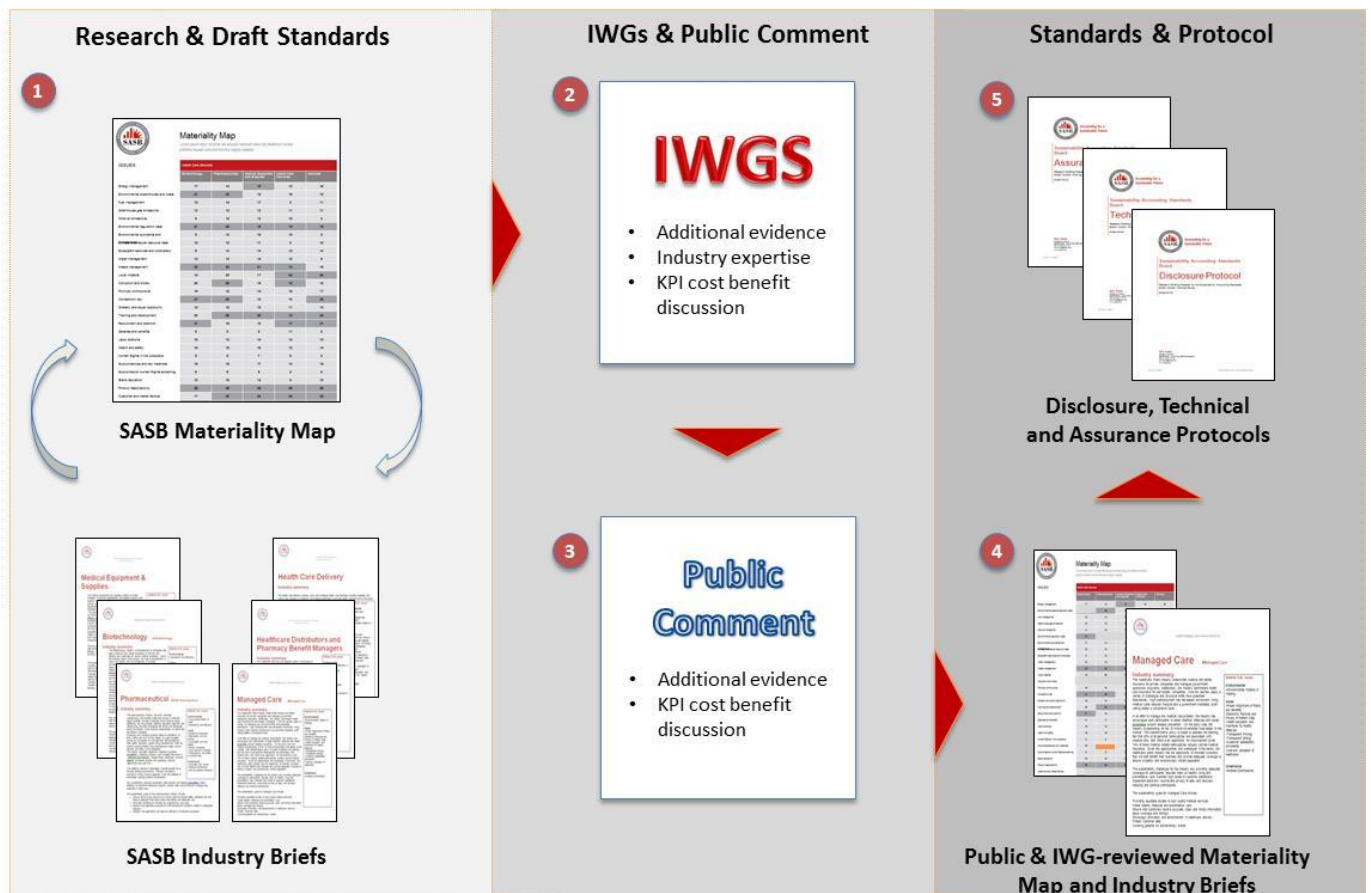
- Orientation materials outlining SASB's evidence-based standards-setting approach and the SEC's "lens of materiality"
- An optional orientation webinar (of which a recording is distributed to IWG members who cannot participate in the live broadcast)
- A SASB Industry Brief for their industry
- Access to a LinkedIn Group for their sector, through which industry experts are able to share evidence related to issues material to their industry and can communicate through an open forum with other group members and SASB

- A self-paced, electronic survey designed to capture detailed feedback on SASB Standards
- A mid-point “check-in” webinar during which members of the Research Team are made available to answer questions from IWG members

Minimum levels of participation in SASB’s IWGs require that participants: 1) read the SASB Industry Brief for the industry in which they are enrolled, and; 2) complete the online survey providing feedback on the material issues and accounting metrics. Participation in online discussions, attendance on webinars, and follow up conferences are optional.

Survey results, as well as comments made via LinkedIn and through email, are compiled by SASB’S research team for review for consideration. All IWG communication with SASB is retained to document the standards development process. IWG members may also suggest other issues for which they have evidence of materiality, and issues they believe should be included in SASB Standards.

Exhibit B – SASB’s Work Flow, One Sector per Quarter



Industry Working Groups for the Services Sector

SASB's working groups (IWGs) covering the Services sector were convened for a period of structured engagement from February 19th through March 21st, 2014². Industries covered in this sector are as follows:

Thematic Sectors		Industry Working Groups		Industries	
SV0000	Services	SV0100	Consumer Services	SV0101	Education
				SV0102	Professional Services
		SV0200	Hospitality & Recreation	SV0201	Hotels & Lodging
				SV0202	Casinos & Gambling
				SV0203	Restaurants
				SV0204	Leisure Facilities
				SV0205	Cruise Lines
		SV0300	Media	SV0301	Advertising & Marketing
				SV0302	Media Production & Distribution
				SV0303	Cable & Satellite

² Periods of Structured Engagement for SASB Industry Working Groups generally span a 1-month period. Services Sector IWGs were extended through April 7th to encourage higher survey completion rates.

SERVICES SECTOR IWG COMPOSITION

Recruiting – Planned vs. Actual

Ideal target levels are set for participation in SASB IWGs as follows: twelve experts per interest group per industry. With ten industries in this sector, use of the above-mentioned methodology would have resulted in a gross target of 360 working group survey registrants. In total, 270 IWG members were enrolled in the services sector. Despite active recruiting efforts, certain industries proved challenging to achieve the ideal targets.

We believe this is due to a combination of factors:

1. Industries in this sector had fewer material issues than in other SICs industries.
2. Most of the issues that were proposed by SASB in these industries were in the category of Social Capital, many of which are not typically associated with Corporate Sustainability.
3. The working group members for many of the industries felt insufficiently qualified to respond to the proposed issues because the scope of the proposed topics fell outside of their expertise and/or responsibility.
4. Time constraints with thinly resourced sustainability staff that have limited “reach” into their organizations (restaurants, cable and satellite, leisure facilities, and advertising).
5. Heavy litigation issues in the Education industry associated with marketing practices and education quality served as a key barriers for participation.

In total, 148 out of 270 (55%) survey commitments were received for SASB Services working groups. As was the case with SASB working groups to date, many registrants committed to complete more than one survey. Exhibit C shows SASB’s targeted vs. actual IWG survey commitments based on interest group. Exhibit D provides details on Services industry working group participants.

Exhibit C: Composition of Services Working Groups – Targeted vs. Actual Survey Commitments

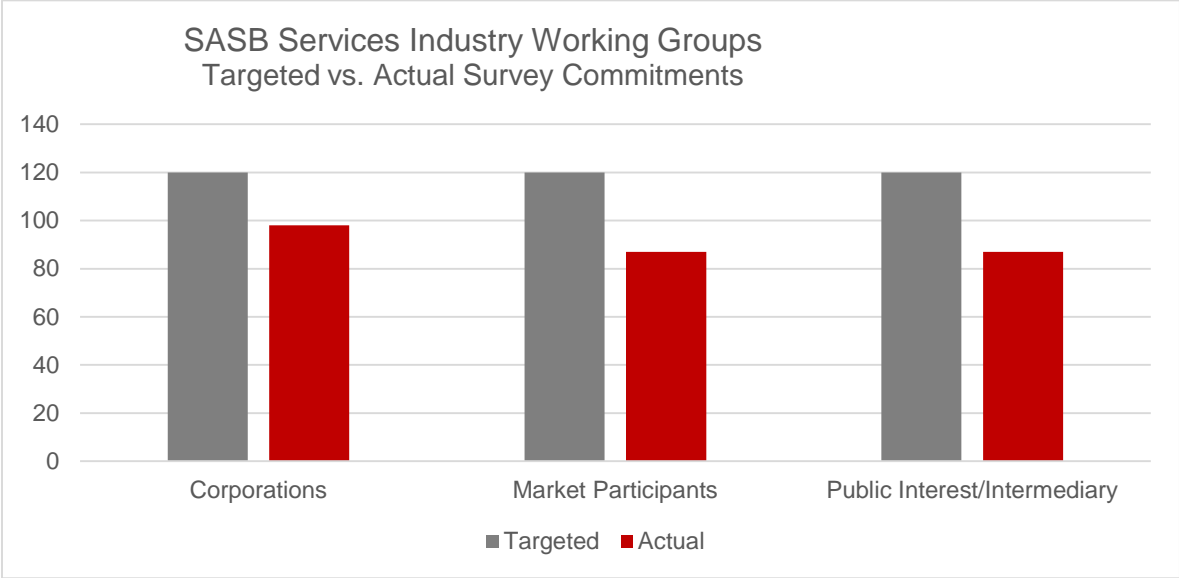
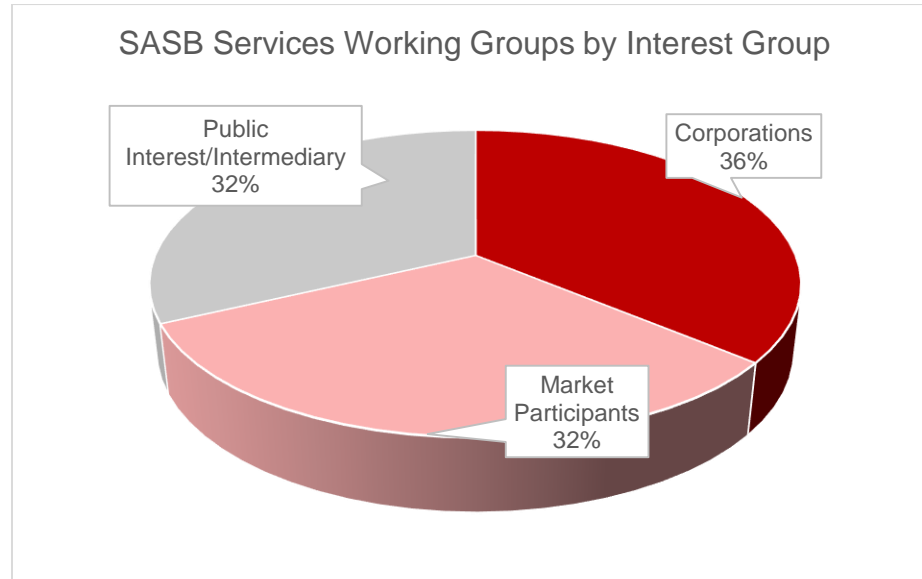


Exhibit D: Composition SASB Services IWG Members*



**The list below excludes people who wish to remain anonymous. Organizations are listed for affiliation purposes only.*

First Name	Last Name	Title	Organization Name
Chirag	Amin	Product Development	Labor Voices
Gregg	Anderson	Director	Crowe Horwath LLP
Kelly	Anderson	Director of Regulatory Affairs	Tangoe
Brett	Andress	Associate - Consumer & Leisure	KeyBanc
Christopher	Andress	Asst. VP, Equities	Washington Capital Management
Peter	Appert	Managing Director	Piper Jaffray
Melissa	Arostegui	Sustainability Coordinator	VICINI

Neal	Austria	Vice President	ClearBridge Investments
Dwayne	Baraka	CEO	Value CSR
Matthew	Barg	Associate Analyst	Sustainalytics
Aleen	Bayard	Adjunct Faculty	University of Chicago
Elsa	Ben Dassonville	Analyst	RobecoSAM
Eric	Bergstrom	President	Bergstrom Capital Advisors
Nicholas	Bernhardt	Managing Director	EcoBizCheck
Rajiv	Bhatia	Director, Environmental Health	San Francisco Department of Public Health
Julie	Bogas	Director	PwC
Steve	Bolton	Sustainability Program manager	CFA Institute
Jeroen	Bos	Head of Global Equity Research	ING Investment Management
Trey	Bowers	Senior Research Analyst	The Boston Company
Jessica	Bramhall	Senior	Ernst & Young
Joshua	Brau	Sustainability Program Manager	Chipotle Mexican Grill
Kara	Brewster	President & Founder	K2B Sustainability Corp.
Sebastian	Brinkmann	Senior Associate	MSCI
Chris	Brophy	VP Environmental Compliance	MGM Resorts International
Valerie	Brown	Senior Research Analyst	Alliance Bernstein
Barbara	Brown	Principal	BrownFlynn
Hanne	Brown	VP Environmental Sustainability	Pearson
Peter	Burgess	Founder CEO	Tr-Ac-Net TrueValueMetrics
Nathaniel	Butler	Director, Operations and Engineering	SMG

Rick	Campbell	Vice President Casino Marketing	CMS Group Inc
Carol	Casazza Herman	Climate Change and Sustainability Services	Ernst & Young
Natalie	Chan	Director, Corp. Resp. & Sustainability	HK & Shanghai Hotels (The Peninsula)
Robert	Chappell	Senior Director, Standards	Sustainable Travel International
Ted	Cheeseman	Owner	Cheeseman Ecology Safaris/IAATO
Jeffrey	Cherry	CEO/Managing Partner	The Porter Group, LLC
Sean	Conboy	Energy Manager	Vail Resorts
Michael	Connor	Executive Director	OpenMic
Joseph	Coplans	Assoc VP // Revenue Generation, Strategy	AMA // Ink Stain Inc.
Kim	Culig	SEC Sr. Mgr.	DISH Network
Rebecca	Darr	Sr Fellow/ Co-Founder	Aspen Institute/ Atayne LLC
John	DeRose	Executive Director	EY
Nicolas	Desolino	Energy & Sustainability Advisor	KPMG (former Westin and Ritz)
Maria Julia	Diaz Ardaya	CSR Manager	Grupo Clarin
Neal	Drawas	Senior Consultant	Marsh & McLennan Companies
Tim	Dueck	Director	The Green Grid
John	Edelman	Managing Director, Global Engagement	Edelman
Paul	Ellis	Owner	Paul Ellis
Petra	Erkkola	Consultant/Operations	Consultant/Former RCL
Paula	Eylar-Lauzon	Vice President Internal Audit / Sustaina	BOYD GAMING CORPORATION
John	Finisdore	Principal	Sustainable Flows
Holly	Fowler	Managing Director	Northbound Ventures

Aaron	Frank	Director, Corporate Responsibility	Walt Disney Corporation
Gunnar	Friede	Director/Senior Portfolio Manager	Deutsche Bank
Mark	Friedlich	Director of Publishing	Wolters Kluwer
Yoshihiro	Fujii	Columbia Business School	Sophia University
Marie	Fukudome	Environmental Affairs Manager	Hyatt
Charles	Gates	Managing Director	eDelta Consulting
Susan	Goldberg	Executive Editor	National Geographic
Liz	Golden	Analyst	JP Morgan
Marta	Górska	Chief Executive Officer	CSR Profit
Julie	Gorte	SVP for Sustainable Investing	Pax World Investments
Thomas	Gosselin	Sustainability Director	DNV KEMA
Corey	Greendale	VICE PRESIDENT	First Analysis
James	Gross	Equity analyst	Barrington Research
Ellen	Guise	Self	Self
Sara	Gutterman	CEO	Green Builder Media
Victoria	Hack	Associate	Ernst & Young, LLP
Matthew	Haigh	Dr.	University of London
Eric	Hansel	CEO	Navantas
Mike	Hartman	Hospitality Assets Specialist	Douglas Elliman Real Estate
Tom	Helling	VP Advertising Operations	The New York Times
Daniel	Hicks	PRESIDENT	Florida Sustainability Partners
Buzz	Hofford	District Manager	Bon Appetit

Jeffrey	Hogue	Sr. Director of Sustainability	McDonalds Corporation
Fran	Hughes	Head of Programmes	International Tourism Partnership
Ramsay	Huntley	Sustainability Manager	DIRECTV
Neel	Inamdar	Independent	Impact Investor/Hotel Equity
Daniel	Jacobs	Senior Director, Strategy	Saatchi & Saatchi S
Pranav	Jampani	Assistant Director of Sustainability	Las Vegas Sands Corp
Marilyn	Johnson	Director, Sustainability	IHS
Christopher	Jones	MD	Telsey Group
Carole	Judd	Thinking Ahead Group Team	Towers Watson
Manjit	Jus	Sustainability Operations Manager	RobecoSAM
Oleg	Kafarov	Director of Public Affairs	Jumeirah Group
Carolyn	Kaplan	Chief Sustainability Officer	Nixon Peabody LLP
Ida	Karlsson	Head Sustainability Application & Operat	RobecoSAM AG
Amy	Kaser	Portfolio Manager	Walden Asset Management
John	Kells	VP	ADP
Phyllis	Kennedy	Senior Manager, Marketing & Communication	Accenture
Ellen	Kennedy	Manager, Environment, Climate, Water	Calvert Investments
Katelin	Kennedy	Manager, Strategic Partnership, CSR	Hilton
Julie	Klein	Principal	Confluence Sustainability
Sedef	Koktenturk	Director	Generation Investment
David	Krantz	Director of Programs	Center for Responsible Travel
Henrike	Kulmann	ESG Anlayst	Allianz Global Investors

Mark	L. Anonymous	Analyst - Hotels & Lodging	anonymous
Ludovic	Laine	Managing Partner & President	La Paz Group
Alex	Lamb	Senior Consultant	EY
Esteban	Lecumberri	Manager of Business Valuation	KPMG
Jonathan	Lee	President	Neighborly Energy
Caitlin	Leibert	Sustainability Manager	Chipotle
Stephanie	LeNguyen	Manager	Sustainalytics
Shari	Littan	Editor/Author: Financial Accounting, U.S	Thomson Reuters
Linda	Lowson	CEO, Esq General Manager, Communications and External Relations	CSR Insight, LLC
Andrew	MacLeod		Rio Tinto
Jane	Madden	Partner	ERM
Pat	Maher	Partner	The Maher Group/ AHLA
Francis	Maher	President	Verasiti
Andrew	Maldonado	Sr Dir, Internal Controls & Compliance	DIRECTV, Inc
Maia	Matshikiza	Manager, Business Transformation	Deloitte
Matt	Mattila	Environmental Attorney	Miller & Martin PLLC
Kate	McCarthy	Environmental Sustainability Manager	Pearson
Michael	McCauley	Senior Officer, Investor Prgms & Gvrnc	State Board of Administration, Florida
Graham	McLaughlin	Senior Director, Community Impact	The Advisory Board Company
Jane	Meacham	research analyst	Sustainable Investments Institute
Todd	Megrath	Director of Sustainability Strategies	MGM Resorts International
Cindy	Mehallow	Principal	CRM Communications

Steve	Mezzio	Professor, Accouyning	Pace University
Gwen	Migita	VP, Sustainability and Community Affairs	Caesars Entertainment Corporation
Nicole	Miller Regan	Analyst - Consumer, Non-cyclical	Piper Jaffray
Keith	Mills	Head of Research and Analyst	Trillium Asset Management, LLC
Andy	Mims		Sustainability Group - Loring, Wolcott
Devika	Modak	Sr. Consultant, Financial Services	Navigant Consulting LLC
Reed	Montague	Sustainability Analyst	Calvert Investments
Cynthia	Motz	Global Advisory Council	Cornerstone Capital
Marcy	Murningham	Co-Founder, Editor and Writer	The Murningham Post
Akshaya	Murthy	Senior Consultant	Deloitte
Denise	Naguib	VP, Sustainability and Supplier Diversit	Marriott International
Pallavi	Nambiar	Founder	Boundless
Yumi	Narita	VP	BlackRock
Sean	Naughton	Senior Research Analyst	Piper Jaffray
Anna	Nefedova	Sr Manager - Sustainability	Deloitte & Touche LLP
David	Newman	Director, Environmental, Health, Safety	Comcast
Bill	Newman	Managing Principal	Newport Consulting Group
Sarah	Nicholls	Head of Global Corporate Sustainability	Jones Lang LaSalle
Michael	Nicholus	Global Operations Environment Director	Accenture
Susan	Nickbarg	Principal	SVN Marketing
Nnena	Nkongho	Director	Lache Management Services
Sabina	Nyckowski	VP	Guggenheim Partners

Arnfinn	Oines	Social & Environmental Conscience	Soneva
Yannick	Ouaknine	Senior ESG Analyst	Société Générale CIB
Michael	Pacini	Consultant	Advanced Onion
Miguel	Pena	Senior Analyst, Sustainability Programs	Royal Caribbean Cruises Ltd
Jacqueline	Peterson	SVP Corporate Communications	Live Nation
Luis	Piacenza	Partner	Crowe Horwath
Andrea	Pinabell	Director Sustainability, Global Citizens	Starwood Hotels & Resorts Worldwide, Inc
Charles	Prescott	Board Member // Executive Director	DMA // GADA
Francis	Rabuck	Principal Technology Analyst	Rabuck Associates
Elizabeth	Rae Rosenstein	Principal	Deloitte
Geetha	Ranganathan	Analyst - US Media	Bloomberg LP
Randle	Reece	Senior Analyst	Avondale Partners LLC
Eric	Ricaurte	Principal	Greenview Advisors
Grant	Roden	Dir. Of Environmental Resources	The California Parks Company
Victoria	Rose	Director	Sustainable Hotels Association
Shailesh	Sachdeva	Director	PwC
Robert	Samuels	Executive Director, Investment Analyst	USB
Russell	Savrann	Attorney - Counselor	Sandman Savrann PLLC
Thomas	Scheiwiller	Director	AccountAbility
Charles	Scholes	Analyst	SunTrust Robinson Hunphrey
Raimund	Schwendner		Raimund Schwendner
Sukrit	Sehgal	Director, Sustainability	Quality Technology Services

Gregg	Sgambati	President	New Jersey Captive Insurance Association
Suzanne	Sheuerman	SVP-Portfolio Management Director	Morgan Stanley
Yoshiko	Shibasaka		KPMG
Sweta	Singh	Vice President	Brekinridge Capital Advisors
Mark	Spalding	President and Board Chair	The Ocean Foundation
Tanya	Starr	Associate Director Sustainability and En	Hewlett Packard
John	Staszak	Equity analyst	Argus Research
Colman	Stephenson	CFO	Supponor Inc
Kristin	Sterling	Senior associate	Ernst & Young, LLP
Will	Stevens	Senior Accountant	The Hobbs Group, PA
Greg	Stine	President & CEO	SustainEdge
Jonathan	Storper	Partner	Hanson Bridgett
Coro	Strandberg	Principal	Strandberg Consulting
JoAnn	Strickon	Global CSR & Sustainability Manager	Manpower Group
Faith	Taylor	Chief Sustainability Officer	Wyndham
David	Templeman	President	Risk Associates, LLC
Kevin	Teng	Director of Sustainability	Marina Bay Sands
Katarina	Tesarova	Executive Director	Las Vegas Sands Corp.
Georg	Tichy	CEO	FinComm Unternehmensberatung
Brandon	Tidwell	Manager of Sustainability	Darden Restaurants
Erik	Tilkemeier	Senior Associate	JKA Group
Leigh	Todd	Managing Director	The Boston Company

Tessie	Topol	Vice President, CSR	Time Warner Cable
Kal	Trinkner	Senior, CCaSS	Ernst & Young, LLP
Mark	Ubelhart	Retired Practice Leader	Aon Hewitt
Trace	Urdan	Managing Director, Senior Analyst	anonymous
Margot	Uszakiewicz	IPC Mbr/Proxy Solicitation/IR Consultant	Independent Consultant
James	Van Langen	VP Management Systems	Carnival Corporation & plc
Hernan	Vargas	Budget Manager	AC Transit
Suparna	Vashisht	Director	Sustainable Silicon Valley
Victor	Velezmoro	Regional Finance Director/Peru CFO	Cinemark
Steve	Voien	Principal	Voien Consulting
Jane	Warren	Research Strategist	Goodby Silverstein & Partners
Elizabeth	Wayt	Manager of Sustainability PMO	Booz Allen Hamilton
Colleen	Webster	Manager	Ernst & Young
Nicole	Wilson	Supplier Sustainability	The Walt Disney Company
Stephanie	Wolcott	Principal	Clareo
Brent	Woodford	SVP, Planning and Control	Walt Disney Corporation
Glen	Yelton	Research Manager	IW Financial
Kristin	York	Professor	Presidio Graduate School
Jeff	Yorzyk	Sr. Program Manager	Cardno, Ltd.
Jenny	Yu	Director Global Sustainability	Las Vegas Sands
Niki	Zoli	Director Social Responsibility	Marriott International

SERVICES IWG SURVEYS

Survey Composition & Administration

Composition

Services IWGs were structured to solicit feedback on the ESG issues identified by SASB as likely being material for industries in this sector, and the proposed accounting metrics for disclosure of these issues in the Forms 10-K and 20-F. Material issues identified by SASB's research team for industries in the Services sector are shown by industry in Exhibit E.

Surveys were dynamic; responses provided early in the surveys determined questions that follow. All Services industry Surveys followed the same general format:

- Section 1: Material ESG Issues (10 – 15 minutes)
- Section 2: Accounting Metrics (15 – 20 minutes)
- Section 3: Comments on Industry Brief (5 minutes)

Section 1: Material Issues

Material Issue Evaluation and Ranking

Respondents were asked to review the material issues identified by SASB and answer the question, "is this a material issue" by checking a box to indicate, "Yes. It is material", "No. It is not material" or "I don't know."

Importance of Disclosure

The survey also asked participants to force rank the importance the material issues identified for their industries.

Additional Material Issues

Respondents were also given the opportunity to identify up to three issues they believed were material to their industry but that had not been included in SASB's minimum set. For every material issue suggested for inclusion, participants were prompted to provide a contextual explanation of why the issue should be added to the minimum set. They were also prompted to upload documents as evidence to support the inclusion of the new issue and/or provide URLs linking to evidence to support the inclusion of the issue.

Exhibit E: SASB Material Issues Table – Services Sector

Consumer & Business Services			Hospitality & Recreation					Media		
	Education	Professional Services	Hotels & Lodging	Casinos & Gambling	Restaurants	Leisure Facilities	Cruise Lines	Advertising & Marketing	Media Production & Distribution	Cable & Satellite
Environment			<ul style="list-style-type: none"> Resource Efficiency 	<ul style="list-style-type: none"> Resource Efficiency 	<ul style="list-style-type: none"> Energy management Waste management Water management 	<ul style="list-style-type: none"> Energy Management 	<ul style="list-style-type: none"> Air Emissions & Fuel Management Ecological Impacts 	<ul style="list-style-type: none"> Sustainable Marketing & Advertising Practices 	<ul style="list-style-type: none"> Sustainable Publishing Practices 	<ul style="list-style-type: none"> Energy Management & Vehicle Efficiency
Social Capital	<ul style="list-style-type: none"> Quality of Education 			<ul style="list-style-type: none"> Community Relations Responsible Gambling 	<ul style="list-style-type: none"> Food Safety Nutritional Content 	<ul style="list-style-type: none"> Customer Safety 	<ul style="list-style-type: none"> Passenger Safety Community Relations 	<ul style="list-style-type: none"> Consumer Privacy & Data Security Cultural Influence Advertising Integrity 	<ul style="list-style-type: none"> Content Guardianship Cultural Influence Journalistic Integrity 	<ul style="list-style-type: none"> Data Privacy & Security Diversity of Content
Human Capital		<ul style="list-style-type: none"> Fair Labor Practices Employee Diversity & Inclusion 	<ul style="list-style-type: none"> Fair Labor Practices 		<ul style="list-style-type: none"> Fair Labor Practices 	<ul style="list-style-type: none"> Fair Labor Practices 	<ul style="list-style-type: none"> Fair Labor Practices 	<ul style="list-style-type: none"> Employee Diversity & Inclusion 	<ul style="list-style-type: none"> Labor Relations Employee Diversity & Inclusion 	
B. Model & Innovation			<ul style="list-style-type: none"> Responsible Lodging 							<ul style="list-style-type: none"> Product Stewardship
Leadership & Governance	<ul style="list-style-type: none"> Transparent Marketing Practices 	<ul style="list-style-type: none"> Professional Integrity 	<ul style="list-style-type: none"> Competitive behavior 	<ul style="list-style-type: none"> Regulatory Capture & Political Influence Business Ethics & Payments Transparency 	<ul style="list-style-type: none"> Supply Chain Management 		<ul style="list-style-type: none"> Accident & Safety Management 			<ul style="list-style-type: none"> Pricing Transparency & Fair Marketing

Section 2: Accounting Metrics

The second section of each industry survey sought feedback on the accounting metrics delineated in the SASB Briefs for disclosure of material ESG issues in that industry. Participants were asked to first comment on the individual accounting metrics based on the following criteria:

- **Relevance** – Does the accounting metric adequately describe performance related to the material issue, or is it a proxy for performance?
- **Usefulness** – Does it provide decision-useful information to companies? To investors?
- **Cost-effectiveness** – Is the data already collected by most companies or can it be collected in a timely manner and at a reasonable cost?
- **Comparability** – Will the data allow for peer-to-peer benchmarking within the industry?
- **Auditability** – Can the data underlying this accounting metric be verified?

Respondents were provided an opportunity to discuss the accounting metrics, to suggest alternatives, and to provide input on how each accounting metric is presented (units, aggregated and/or normalized). Respondents were also asked if they would like to suggest content for the Disclosure Notes (technical guidance) that will accompany accounting metrics for each material issue.

Section 3 – Comments

The surveys also provided participants the opportunity to inform SASB of errors and omissions, as well as to provide general comments on the industry briefs

Administration

IWG members received links to unique, user-specific URLs to launch digital surveys hosted via FluidSurveys. URLs were associated with participant email addresses which allowed us to monitor which participants were actively engaged in the surveys and follow up with others who were not.

Survey Participation

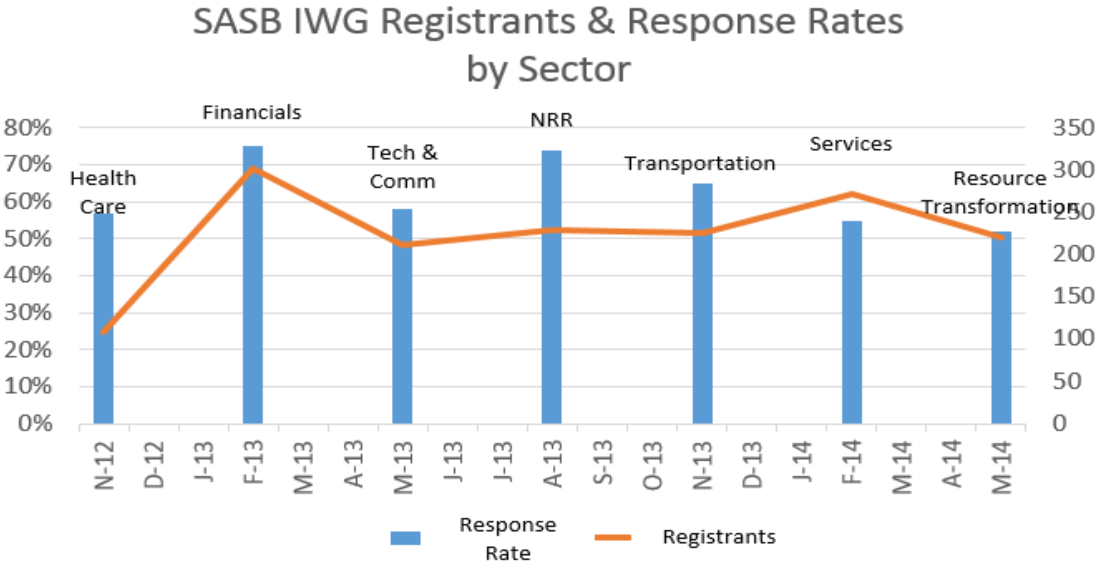
In total, 55% of Services IWG surveys were completed. The completion rates by industry are shown in Exhibit F.

Exhibit F: Services Survey Completion Rates by Industry

The response rates are comparable with the working group survey completion status from previously-convened IWGs as shown in Exhibit G. Although the average participation rate across the past 6 sectors was 67%, it is important to note that 4 out of 6 sectors had survey response rates ranging from 52-57%. Response rates for the Financial and NRR Sector were much higher than the average response rate despite a similar approach to the SET process. Therefore, the response rate of 55% is in line with that of most sectors. The tight timelines for IWG responses along with the narrow bandwidth by participants continues to be challenging.

IWG	% Complete
Restaurants	54%
Professional Services	62%
Media Production & Distribution	56%
Leisure Facilities	35%
Hotels	53%
Education	41%
Cruise Lines	53%
Casinos	65%
Advertising & Marketing	43%
Cable	71%
TOTAL	67%

Exhibit G: SASB IWG Registrants and Response Rates by Sector



Extension of the initial IWG deadline from March 19th to April 7th improved survey completion rates in most IWGs, with the exception of the Education and Restaurant industries. The reasons for the response rates were previously mentioned in the section titled “Recruiting- Planned vs. Actual. In addition, one of the key IWG participants, McDonalds, provided written comments indication that the wording on the survey made it difficult for their internal team to response. Since McDonalds involved members of their Finance, Legal, and IR staff, they paid closer attention to the language of the survey and provided SASB with important comments detailed in Appendix I. This feedback was used to reshape the wording in the survey to help IWG members have a clear understanding of SASB’s intention for each question.

Survey Results

Please see the *Standards Outcome Review* report, presented to the Standards Council by the Standards Development Team, for analysis of working group feedback.

APPENDIX I – Top Companies in Services Sector by Revenue

TOP COMPANY LIST FOR SERVICES SECTOR

Top 15 US-listed, non OTC, companies - primary industry definition (ticker app)

List represents the top companies that will appear in our ticker lookup tool.

Education	Professional Services	Hotels & Lodging	Restaurants	Casinos & Gambling	Leisure Facilities	Cruise Lines	Advertising & Marketing	Media Production & Distribution	Cable & Satellite
APOLLO GROUP INC US	MANPOWERGROUP US	MARRIOTT INTERNA US	MCDONALD'S CORP US	LAS VEGAS SANDS US	LIVE NATION ENTER US	CARNIVAL CORP US	OMNICOM GROUP US	TIME WARNER INC US	COMCAST CORP US
EDUCATION MANA US	THOMSON REUTERS CN	WYNDHAM WORLD US	YUM! BRANDS INC US	CAESARS ENTERTAIN US	REGAL ENTERTAINM US	ROYAL CARIBBEAN C US	WPP PLC-SPONSOR GB	WALT DISNEY CO/TH US	DIRECTV US
WASHINGTON POST US	BOOZ ALLEN HAMIL US	HYATT HOTELS COR US	STARBUCKS CORP US	MGM RESORTS INTE US	CINEMARK HOLDIN US	NORWEGIAN CRUIS US	INTERPUBLIC GROU US	TWENTY CENTURY F US	TIME WARNER CABL US
DEVRY INC US	NIELSEN HOLDINGS US	CHINA LODGING GR CH	DARDEN RESTAURA US	WYNN RESORTS LTD US	SEAWORLD ENTERT, US		CLEAR CHANNEL OL US	CBS CORP US	DISH NETWORK COF US
AMBOW EDUCATIO CH	ROBERT HALF INTL I US	STARWOOD HOTELS US	BLOOMIN' BRANDS US	MELCO CROWN ENT HK	LIFE TIME FITNESS II US		VALASSIS COMMUN US	NEWS CORP US	LIBERTY GLOBAL INC GB
CORINTHIAN COLLE US	KELLY SERVICES INC US	INTERCONTINENTAL GB	ARCOS DORADOS H AR	PENN NATIONAL GA US	SIX FLAGS ENTERTA US		LAMAR ADVERTISIN US	PEARSON PLC-SPON GB	CHARTER COMMUN US
CAREER EDUCATION US	MCGRAW HILL FINA US	MARRIOTT VACATIC US	BRINKER INTERNATI US	INTL GAME TECHN US	CEDAR FAIR LP US		HARTE-HANKS INC US	REED ELSEVIER NV-S NL	CABLEVISION SYSTE US
BRIGHT HORIZONS F US	TOWERS WATSON & US	CHOICE HOTELS INT US	CHIPOTLE MEXICAN US	BOYD GAMING COR US	VAIL RESORTS INC US		VALUECLICK INC US	VIACOM INC-CLASS US	SIRIUS XM RADIO IN US
BRIDGEPOINT EDUC US	IRON MOUNTAIN IN US	ORIENT EXPRESS HC BD	WENDY'S CO/THE US	AMERISTAR CASINO US	MADISON SQUARE C US		NATIONAL CINEMEL US	GANNETT CO US	VIRGIN MEDIA INC US
NEW ORIENTAL EDUC CH	H&R BLOCK INC US	MORGANS HOTEL G US	CRACKER BARREL O US	PINNACLE ENTERTA US	INTL SPEEDWAY CO US		DIGITAL GENERATIO US	DISCOVERY COMMU US	ECHOSTAR CORP-A US
K12 INC US	INSPIRETY INC US	MONARCH CASINO US	BURGER KING WOR US	ISLE OF CAPRI CASIN US	CARMIKE CINEMAS US		QUINNSTREET INC US	PRISA ES	TIVO INC US
STRAYER EDUCATIO US	MOODY'S CORP US	INNSUITES HOSPITA US	PANERA BREAD CON US	SCIENTIFIC GAMES C US	TOWN SPORTS INTE US		SHUTTERSTOCK INC US	GRUPO TELEVISA -A MX	
GRAND CANYON ED US	EQUIFAX INC US		DOMINO'S PIZZA IN US	BALLY TECHNOLOGI US	SPEEDWAY MOTOR US		HARRIS INTERACTIV US	LIONS GATE ENTERT US	
CAPELLA EDUCATIO US	DUN & BRADSTREET US		CHEESECAKE FACTO US	CHURCHILL DOWNS US	MANCHESTER UNIT GB		MARCHEX INC-CLAS US	LIBERTY MEDIA COR US	
UNIVERSAL TECHN US	GARTNER INC US		JACK IN THE BOX IN US	WMS INDUSTRIES IN US	MARCUS CORPORA US		SPAR GROUP INC US	NEW YORK TIMES C US	

APPENDIX II – LETTER FROM MCDONALDS



McDonald's Corporation
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Katie Schmitz-Eulitt
Director of Stakeholder Engagement
Sustainability Accounting Standards Board
75 Broadway, Suite 202
San Francisco, CA 94111

March 28, 2014

Dear Ms. Schmitz-Eulitt,

Thank you very much for inviting McDonald's to participate in the SASB Restaurant Industry Questionnaire. We appreciate the opportunity to do so. As discussed with you, while we planned to participate, the survey format and structure prevent us from submitting a response.

For example, with respect to Section 1, the format and absence of organizational context do not allow us to effectively address the relative priority, importance or materiality of the specified sustainability issues. Although these issues may be material for some organizations depending on their facts and circumstances at any given time, it would be misleading to characterize them as material for an entire industry.

Similarly, in section 2, the first criterion regarding relevance and usefulness of specified metrics encompasses both companies and investors, rendering the survey format unsuitable. In our experience, the relevance and usefulness of these issues can vary for companies and investors. Further, the specified accounting metrics are of limited importance for many investors because, as a general matter, those metrics do not measure the impact on the company's financial performance.

Finally, with respect to section 3, we would like to offer a conference call to discuss further. Generally speaking, the provided information does not support the conclusion that the issues and accounting metrics are material for the industry. In addition, the brief does not provide an adequate representation of the restaurant industry or categorize the issues accurately.

Notwithstanding our concerns with the survey format, we look forward to sharing our perspective on sustainability topics with you in the future. Please feel free to contact me at jeffrey.hogue@us.mcd.com if you have any questions or comments related to this response.

Best Regards,

A handwritten signature in black ink that reads "Jeffrey Hogue".

Jeffrey Hogue
Senior Director of Global CSR & Sustainability
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