



**Subject:** Minutes, SASB Standards Board Meeting – June 29-30, 2017

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**Meeting Date:** June 29 – 30, 2017  
**Meeting Location:** Bloomberg LP, San Francisco  
**Attendees:** The SASB Standards Board

Verity Chegar, Vice President and ESG Strategist, BlackRock  
Jeffrey Hales\*\*, PhD, Professor of Accounting, Georgia Institute of Technology  
Robert Hirth, Jr., Chairman, COSO & Senior Managing Director, Protiviti  
Kurt Kuehn, Former CFO, UPS  
Lloyd Kurtz, CFA, Senior Portfolio Manager and Head of Social Impact Investing, Wells Fargo Private Bank  
Daniel L. Goelzer, JD, Senior Counsel, Baker & McKenzie LLP  
Jean Rogers\*, PhD, Founder and Former CEO, SASB  
Elizabeth Seeger, Director, KKR  
Stephanie Tang, JD, Senior Corporate Counsel and Assistant Corporate Secretary, The Clorox Company

\* *Chair*

\*\* *Vice Chair*

**Observers/Presenters:** Henrik Cotran, Sector Analyst, Renewable Resources & Alternative Energy and Resource Transformation, SASB  
Bryan Esterly, Sector Analyst, Infrastructure and Interim Sector Analyst, Food & Beverage, SASB  
Anton Gorodniuk, Sector Analyst, Financials, SASB  
Sonya Hetrick, Sector Analyst, Services, SASB  
Eric Kane, Sector Analyst, Health Care, SASB  
Nashat Moin, Sector Analyst, Transportation and Interim Sector Analyst, Consumer Goods, SASB  
David Parham, Sector Analyst, Extractives & Minerals Processing, SASB  
David Post, Director of Research, SASB  
Tom Riesenbergh, Head of Legal Policy and Outreach, SASB  
Ananta Sen, Investor Outreach Associate & Executive Assistant, SASB  
Quinn Underriner, Sector Analyst, Technology & Communications, SASB  
Claire Veuthey, Head of ESG Research, Wells Fargo Private Bank (Advisor)  
Sten White, Operations Manager, SASB

On June 29-30 the SASB Standards Board met to review and approve the items for inclusion on the Technical Agenda for 11 sectors and 79 industries. These items were proposed by staff based on changes that would improve the quality of the standard, including the materiality, cost-effectiveness, and/or decision-usefulness. Specifically, the proposed items arose from (i) significant new stakeholder input from the consultation phase, (ii) a recent regulation/event/scientific advancement that highlights the need for change to the standards, and/or (iii) a need to rationalize the approach for a cross-cutting topic that affects multiple industries or sectors. Each sector was taken in turn, with the board discussing the proposed items and voting at the end of each session.

June 29<sup>th</sup>

### Approval of Minutes

Jean Rogers, Chair of the Standards Board of the Sustainability Accounting Standards Board (“SASB”), called the regular meeting of the members of the Board to order at 7:50am on Thursday, June 29, 2017.

The Chair called attention to agenda item to approve minutes. All Board members agreed to approve minutes of the meeting. Chair noted no more formal resolutions will be brought to the table.

An hour was allotted for each sector’s overview. At the start of each sector’s overview, the Chair and Sector Chair for each sector introduced the format & objectives and any items that needed discussion. The objective of each sector overview was to discuss issues that improve the quality of standards, improve materiality of the standards, and capture company performance on a given topic at the metric level. The purpose of the convening was to review items under consideration for the SASB’s Technical Agenda, which captured the proposed changes to the provisional standards that are under review prior to finalization for all 79 industries in Q1 2018. The Technical Agenda is slated for publishing in July 2017. The Chair began each sector’s session introducing SASB’s Director of Research, David Post, and the respective Sector Analyst.

Broadcast began at 8:00am.

## FOOD & BEVERAGE

### Board Committee

Stephanie Tang, Sector Chair  
Elizabeth Seeger  
Lloyd Kurtz

### Sector Analyst

Bryan Esterly (Interim)  
Levi Stewart

At 8:00am, the Chair opened the discussion on the Food and Beverage Sector. Interim Sector Analyst Bryan Esterly was present and Former Sector Analyst, Levi Stewart joined the conference call for the session. The Chair turned the floor to the Sector Chair, Stephanie Tang. The Sector Chair opened a discussion on agenda items 8-7 and 8-8 under Labor Practices and addressed concerns of audit conformance rates. A discussion was also raised on inconsistency in language used between sectors. The Board discussed whether to make any changes to the specified metric. At 8:14am, the Chair asked the Sector Committee Chair, Stephanie Tang for a motion to approve all items proposed for the Technical Agenda. Verity seconded, the board unanimously approved. The Chair adjourned the Food and Beverage Sector session at 8:15am.

## RENEWABLE RESOURCES AND ALTERNATIVE ENERGY SECTOR

### Board Committee

Stephanie Tang, Sector Chair  
Jeff Hales  
Kurt Kuehn

### Sector Analyst

Henrik Cotran

At 9:02am, the Chair opened the discussion on the Renewable Resources and Alternative Energy Sector. The Chair turned the floor to the Sector Chair, Stephanie Tang. The Sector Analyst Henrik Cotran was present for the session. The Sector Analyst discussed that engagement from issuers had been minimal, possibly because most of the listed companies in this sector are relatively small and do not have significant resources devoted to sustainability. Investors provided input on issues pertaining to several industries. Third party engagement was strong for technical comments, especially on topics in the Pulp & Paper Products and Forestry Management industries. The Sector Chair opened a discussion on agenda item 10-2, which suggested splitting battery and fuel cell efficiency into two topics. The Board discussed making this change to better reflect the nature of the industry for clarity on the relevant topic in addition to the integration of the topics within the industries. The Sector Chair opened a discussion on agenda items 10-4, 10-6 and 10-8 regarding the solar, wind and industrial batteries industries. The Board discussed current language that refers to “conflict” minerals, and conformance to SEC language. The Board discussed that it would like to see further explanation of what factors, other than conflict, give rise to scarcity of an important material. The issue is a cross-cutting issue. At 9:13am, the Chair asked the Sector Committee Chair, Stephanie Tang for a motion to approve all items proposed for the Technical Agenda. Verity seconded, the board unanimously

approved. The Chair adjourned the Renewable Resources & Alternative Energy sector session at 9:14am.

## CONSUMER GOODS SECTOR OVERVIEW

### Board Committee

Elizabeth Seeger, Sector Chair  
Stephanie Tang  
Lloyd Kurtz

### Sector Analyst

Nashat Moin (Interim)

At 10:00am, the Chair opened a discussion on the Consumer Goods Sector. The Chair turned the floor to the Sector Chair, Elizabeth Seeger. The Interim Sector Analyst, Nashat Moin, was present for the session. The Sector Analyst discussed that the former Sector Analyst Gabriella Vozza reached out to 69 influencers and experts; there was good engagement with the sector during the consultation phase. The first topic discussed was about metric CN0501-03 in the apparel industry, regarding supply chain risks from materials sourcing. The provisional standard metric asks for disclosure of certain raw materials by weight, which was not found to be an adequate way of capturing the risks posed by materials whose sourcing may be most exposed to supply chain risks. The analyst worked with subject matter experts to come up with more appropriate metrics. Another issue discussed during the consultation period related to metric CN0501-06 on labor conditions in the supply chain, specifically the metric on audit compliance rates, which was not considered sufficiently specific. The analyst incorporated his guidance by specifying reporting on additional context around supply chain auditing, such as audit criteria, relationship with suppliers, timeline to resolve priority non-conformances, efforts to increase supply chain transparency. The Sector Chair opened a discussion on agenda items 9-6 and 9-7 on metrics CN05-04 and CN0404-12 related to workforce diversity. The issue is a cross-cutting issue. No changes were made to the committee's decisions for this sector, but the Board suggested that the analyst look at a more qualitative disclosure guidance for agenda item 9-6 and 9-7. The Board opened a discussion on appropriate metrics to capture the diversity of an issuer's employee base globally. The Board discussed the guidelines suggested for US listed companies to disclose the gender and ethnicity of their employees, both domestically and globally. The Board asked if 20-F files were incorporated into the research, and how to improve the cost-effectiveness of the standards by potentially using international disclosure frameworks. The Board suggested including a different disclosure to see how risk is being managed. The Sector Chair opened a discussion on the cross cutting issue on agenda item 9-9 under Data Privacy. The Board suggested aligning the topic name with the general issue categories consistently used across the SASB standards. At 10:34am, the Chair asked the Sector Committee Chair, Elizabeth Seeger for a motion to approve all items proposed for the Technical Agenda. Verity seconded, the board unanimously approved. The Chair adjourned the Consumer Goods Sector session at 10:35am.

## EXTRACTIVES & MINERALS PROCESSING SECTOR

### Board Committee

Verity Chegar, Sector Chair  
Elizabeth Seeger  
Bob Hirth

### Sector Analyst

David Parham

At 11:04am, the Chair opened a discussion on the Extractives and Minerals Processing Sector. The Chair turned the floor to the Sector Chair, Verity Chegar. The Sector Analyst David Parham was present for the session. The Sector Analyst said that both issuers and investors were significantly involved in providing extensive, high-quality feedback during the consultation phase. The Board noted that the TCFD's recommendations were published the day of the session, and asked the Sector Analyst to comment on the relationship between the TCFD's recommendations and SASB's standards. The Board particularly asked for comment on the TCFD's recommended approach regarding the use of scenario analysis. The Sector Chair opened a discussion on agenda items 4-17 and 4-18 under Oil and Gas Services industry, on the topics of Water and Chemicals Management. The Board discussed whether the revised metric better reflected the amount and type of Water and Chemical mix companies use in their operations. The Sector Chair opened a discussion on agenda item 4-7 under the topic Business Ethics and Payments Transparency for the Exploration and Production industry. The Board discussed the evidence and consultation regarding adequacy of using the total sum of fines as a suitable proxy for company performance on this topic. The Board discussed the distinction between the terms "fines" and "settlements". The Sector Chair opened a discussion on agenda item 4-9 on Reserves Valuation and Capital Expenditures. The Board discussed the issue of disclosing the number of dollars invested in Alternative Energy and Renewables, and suggested strengthening the evidence in favor of this metric in the interest of representation, applicability and comparability. The Board suggested reviewing the topic name to accurately reflect the inclusion of revenues in addition to capital expenditures. The Sector Chair opened a discussion on agenda item 4-26 regarding Water Management in the Metals and Mining industry. The intent of the proposed technical agenda item was clarified. At 11:57am, the Chair asked the Sector Committee Chair, Verity Chegar for a motion to approve all items proposed for the Technical Agenda. Lloyd seconded, the board unanimously approved. The Chair adjourned the Extractives & Minerals Processing Sector session at 11:58am

## HEALTH CARE SECTOR OVERVIEW

### **Board Committee**

Lloyd Kurtz, Sector Chair  
Jean Rogers  
Bob Hirth

### **Sector Analyst**

Eric Kane

At 12:59pm, the Chair opened a discussion on the Health Care Sector. The Chair turned the floor to the Sector Chair, Lloyd Kurtz. The Sector Analyst Eric Kane was present for the session. The Sector Analyst addressed challenges in the sector, the first for which SASB issued a provisional standard. The Sector Analyst addressed regulatory challenges since the provisional standards were issued, as well as the impact of the changing number of uninsured patients on the Managed Care and Health Care Delivery industries in particular. The Sector Chair opened a discussion on the opioid epidemic and their over-prescription, and whether it is an issue that can be addressed in SASB's standards. The Sector Analyst addressed concerns of the growth of opioid abuse and the role that different industries play in this issue. The Sector Analyst agreed to conduct research with the objective of putting forth a proposal in the exposure draft for the Health Care Delivery industry. The Sector Chair opened a discussion on agenda item 1-5 under the topic Employee Health and Safety in the Biotechnology and Pharmaceuticals industry. The Board recommended that the Sector Analyst work on developing a qualitative metric in the absence of a good quantitative metric on this topic in the research agenda. The Sector Chair opened a discussion on the Climate Change Impacts on Human Health within the Managed Care industry. The Sector Chair opened a discussion on the proposal made in agenda item 1-15 to split the quantitative and qualitative metrics under this topic. The Board also discussed the impact of changing regulation on this sector, namely around payment for care of the uninsured. The Board also asked if any changes were needed based on the TCFD guidelines, and the Sector Analyst responded that no changes were warranted at this time. At 1:43pm, the Chair asked the Sector Committee Chair, Lloyd Kurtz for a motion to approve all items proposed for the Technical Agenda. Bob Hirth seconded, the board unanimously approved. The Chair adjourned the Health Care Sector session at 1:44pm.

## SERVICES SECTOR

### Board Committee

Dan Goelzer, Sector Chair  
Jeff Hales  
Bob Hirth

### Sector Analyst

Sonya Hetrick

At 2:00pm, the Chair opened a discussion on the Services Sector. The Chair turned the floor to the Sector Chair, Dan Goelzer. The Sector Analyst Sonya Hetrick was present for the session. The Sector Analyst provided a summary of the consultation phase, which saw uneven participation rates among the different industries. The Sector Chair opened a discussion on agenda item 6-4 relating to the topic of Professional Integrity in the Professional and Commercial Services industry. The Board discussed the appropriateness of calling for the dollar amount of regulatory fines and civil liabilities as a metric to measure performance on professional integrity, and discussed adding fine frequency as an additional disclosure. The Board also discussed the aggregation of different sized penalties and the use of the word 'settlement.' The Board then moved to discuss proposals 6-16 and 6-17 concerning how Worker Harassment is addressed in the provisional standard for the hotel and casinos industries. The Board discussed the proposal to modify a quantitative metric in the Hotels & Lodging industry and recommended also adding a qualitative metric for companies to discuss the measures they are taking to prevent worker harassment. The Board also discussed looking at future implications of "the Airbnb model" in the Hotels & Lodging industry and whether it could be tied to a sustainability issue in the Research Agenda. At 2:56pm, the Chair asked the Sector Committee Chair, Dan Goelzer for a motion to approve all items proposed for the Technical Agenda. Verity seconded, the board unanimously approved. The Chair adjourned the Services Sector session at 2:57pm.

## INFRASTRUCTURE SECTOR OVERVIEW

### Board Committee

Verity Chegar, Sector Chair  
Kurt Kuehn  
Jean Rogers

### Sector Analyst

Bryan Esterly

At 3:01pm, the Chair opened a discussion on the Infrastructure Sector session. The Chair turned the floor to the Sector Chair, Verity Chegar. The Sector Analyst Bryan Esterly was present for the session. The Sector Analyst discussed two key themes from the consultation period: 1) Successful engagement with the real estate industry prior to the consultation period, one of the largest industries in the sector, and with investors, who were very actively and constructively engaged. This clearly benefitted the provisional standards, and as a result there are no significant TA items for this industry. 2) The complexity of the electric and gas utilities industries, as they are heavily regulated, and differ from state to state in terms of company performance and opportunities. The Sector Chair opened a discussion on agenda items 11-3, 11-7 and 11-9 under the topics Energy Affordability and Fair Pricing & Access in the industries Electric Utilities &



Power Generation, Gas Utilities & Distributors and Water Utilities & Services, related to the structure of affordability metrics- energy, gas, water - cost /unit delivered, and year over year increases compared to CPI. The Board agreed with the first part of the suggested metric, but had questions about the second part. The Sector Analyst explained that utility companies often disclose one or the other component of the metric, but rarely both, and that each spoke to different components of company performance. The Board also discussed the materiality of the topic of affordability with the Sector Analyst. The Board then discussed the issue of deferred maintenance and the link to safety, noting that the standards do not currently cover this issue directly. The Analyst explained that grid resiliency, which is covered by the provisional standard, is another way to assess system maintenance. Next, the Sector Chair opened a discussion on agenda item 11-1 under the topic Greenhouse Gas Emissions & Energy Resource Planning in the Electric Utilities & Power Generators industry to understand standard industry practice for disclosure, and SASB's alignment with other frameworks. The Sector Chair opened a discussion on agenda item 11-12 under the topic GHG Emission in the industry Gas Utilities & Distributors. The Analyst explained that addressing Fugitive Emissions was one of the most challenging topics for the industry, as assessing financial impacts is extremely complex, as the end customer ends up paying for these emissions, not the company. The Board made the point that different types of incentives for industry underline the need for a standard. The Analyst noted that disclosing fugitive emissions would be challenging, as many different methodologies are currently used by industry. The Committee discussed whether the proposal should be placed on the exposure draft or whether more issuer vetting was needed in spite of the abundant indication of the topic's materiality. At 4:00pm, the Chair asked the Board for a motion to approve all items in the Technical Agenda. Jeff seconded. 8 members voted in favor, one was opposed. The opposing vote was held by Verity Chegar on the basis that she is interested in seeing additional issuer voting due to concerns on a revised approach on GHG emissions. The Chair adjourned the Infrastructure Sector session at 4:02pm.

The Chair closed the SASB Standards Board meeting for the day at 4:03pm.

## **June 29<sup>th</sup>**

Chair Jean Rogers called the regular meeting to order at 7:55am. The Chair began by calling attendance and discussing the format of the day's sessions. Elizabeth Seeger and Stephanie Tang were absent.

## **FINANCIALS SECTOR OVERVIEW**

### **Board Committee**

Jeff Hales, Sector Chair  
Dan Goelzer  
Verity Chegar

### **Sector Analyst**

Anton Gorodniuk

At 8:00am, the Chair opened a discussion on the Financials Sector session. The Chair turned the floor to the Sector Chair Jeff Hales. The Sector Analyst Anton Gorodniuk was present for the session. The Sector Analyst discussed systemic risk management as a key topic raised in discussions with industry. The Sector Analyst also discussed industry engagement on the topic



of integration of ESG factors as it applies to multiple industries in the sector. During the consultation, investors had raised concerns that the current state of disclosure on the topic makes it challenging to make informed investment decisions. Specifically, even when issuers disclose quantitative data around their ESG integration efforts, the data is not directly linked to financial performance. Moreover, companies fail to provide detailed information on what is implied by their ESG integration, i.e. what are the specific processes they employ and what policies they follow. The Analyst stated that SASB has addressed many of these concerns in the appropriate Technical Protocols. The Sector Chair opened a discussion on agenda items 2-6, 2-16, 2-19, 2-30 under the topics Management of the Legal & Regulatory Environment and Professional Integrity on the use of the aggregate dollar amount of fines and settlements as decision-useful indicators. The Sector Analyst discussed that the effect of fines is often reflected in company stock price immediately, and that the amount paid in fines would be an indicator of the quality of corporate governance and riskiness of the company rather than a cost of non-compliance measure. The metric could be also a forward-looking indicator of potential future fines. Discussions were raised on the clarification of the words “fines,” “settlements,” “penalties”, among others, as well as a potential split between civil and regulatory liabilities. The Board recommended that the language most easily implementable by companies be prepared and used for the Exposure Draft. The Sector Chair opened a discussion on the agenda items 2-7, 2-17 and 2-31 under the topic Management of the Legal & Regulatory Environment within the industries Commercial Banks, Investment Banking & Brokerage, and Asset Management & Custody Activities. The Board inquired whether the metrics suggested were too focused on the number of completed cases and/or number of claims filed, regardless of outcome or the legal and regulatory environment at the time. The Analyst explained that the metric in the provisional standard may not be comparable across companies, and that the proposed metric aligns to FINRA guidelines. The analyst stated that the metric included on the Technical Agenda references all the elements disclosed on the FINRA website. The analyst stated that an additional research and consultation will be conducted to determine whether all of the elements will end up being included in the final version of the metric. Cost-effectiveness and decision-usefulness of the data will be considered and potential changes to the metric are likely. The Board discussed the limitations of the scope of FINRA. The Chair opened a discussion on agenda item 2-34, which the Committee recommended excluding from the final Technical Agenda. The Sector Analyst described that the current quantitative metric was not found to be decision-useful, and that asset managers do not control several of this metric’s components. The Board agreed to change its recommendation on technical agenda item 2-34 from “exclude” to “include with reservations,” and to arrange a further conversation at the Sector Committee level. The Sector Chair opened a discussion on agenda items 2-11, 2-23, 2-24 on whether companies would define industries in the same way, which would be necessary for the disclosures to be comparable to investors, or whether SASB should offer an industry classification of reference, or request that the methodology used to define industries be described when disclosing ESG integration strategies. The analyst stated, that per feedback received during the consultation period, it was determined that the current state of disclosure on the industry breakdown of loan portfolios is not comparable, and that the industry would benefit from the use of a well-recognized classification system in such disclosure. SASB is likely to reference a well-recognized classification system in the technical protocol of the relevant metric. The analysts stated that based on the company disclosure analysis and the feedback received, issuers already collect and report such information even at a greater detail than SASB includes in the standard, which speaks to decision-usefulness and cost-effectiveness of the metrics. At 8:57am, the Chair asked the Sector Committee Chair, Jeff Hales for a motion to approve all items proposed for the Technical Agenda. Verity seconded, the board unanimously approved.

The Chair adjourned the Financials Sector session at 8:58am.

## TECHNOLOGY & COMMUNICATIONS SECTOR OVERVIEW

### Board Committee

Bob Hirth, Sector Chair  
Lloyd Kurtz  
Verity Chegar

### Sector Analyst

Quinn Underriner

At 9:04am, the Chair opened a discussion on the Technology and Communications sector. The Chair turned the floor to the Sector Chair Bob Hirth. The Sector Analyst Quinn Underriner was present for the session. The Sector Analyst described strong interest from investors on data security and data privacy, and a high level of engagement with industry during consultation. The Sector Chair opened a discussion on agenda items 3-1 and 3-5 under the topic Water & Waste Management in Manufacturing in the Electronic Manufacturing Services & Original Design Manufacturing and Semiconductors industries on the use of international standards vs. US definitions as references in the standards. Discussions were raised on the use of the EPA definition of hazardous waste and the applicability of an international framework like Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. The Sector Chair opened a discussion on data security, a cross cutting issue, in proposal 3-4. The Analyst said that companies may be reluctant to disclose meaningfully information on this topic for fear of revealing their protection mechanisms to the public. The Analyst noted they have been working to identify metrics of company management of the issue, for example, via 3rd party security certifications. The Board discussed the AICPA's guidance to companies on how they should be disclosing its data security processes, referring to the SEC's "suitable framework" definition. The Sector Chair opened a discussion on agenda items 3-8 and 3-12 under the topic Data Security within the Telecommunications Services and Internet Media & Services industries. The Board recommended that the analyst include more industry-specific evidence in their Exposure draft proposal. At 9:39am, the Chair asked the Sector Committee Chair, Bob Hirth for a motion to approve all items proposed for the Technical Agenda. Verity seconded, the board unanimously approved. The Chair adjourned the Technology & Communications Sector session at 9:40am.

## TRANSPORTATION SECTOR OVERVIEW

### Board Committee

Kurt Kuehn, Sector Chair  
Jean Rogers  
Jeff Hales

### Sector Analyst

Nashat Moin

At 10:02am, the Chair opened a discussion on the Transportation sector. The Chair turned the floor to the Sector Chair Kurt Kuehn. The Sector Analyst Nashat Moin was present for the session. The Sector Analyst addressed two main themes in the sector, fuel efficiency and

greenhouse gas emissions, and the safety of passengers and workers. The Sector Chair opened a discussion on agenda item 5-1 under the topic Fuel Economy & Use-phase Emissions within the Automobiles industry, and asked whether fuel impacts are relevant for all industries. The Board discussed addressing quality of underlying disclosure and the metrics need to be synced up across industries to be complete, up to date, and aligned with the TCFD guidelines. The Analyst noted that the provisional standards had focused only on greenhouse gas emissions but not on other pollutants, which had come to light as important to investors during consultation. The Board agreed to keep agenda item as is but proposed to improve metrics. The Sector Chair opened a discussion on agenda item 5-6 within the Product Life Cycle Management topic in the Auto Parts industry. The Board raised concerns about the definition of products aimed at reducing fuel emissions, given the wide range of products in the industry. The Sector Chair opened a discussion on agenda items 5-9, 5-12 and 5-13 under the topics Environmental Footprint of Fuel Use & Supply Chain Management within the Air Freight & Logistics industry. The Board discussed the importance of nomenclature consistency and alignment across sectors in the final standards. The Sector Chair opened a discussion on agenda item 5-10 under the topic Customer Welfare in the Airlines industry. The Board agreed to change its recommendation on technical agenda item 5-10 from “include with reservations” to “exclude” with the suggestion to the analyst to conduct further research on the suitability of this topic in the Airlines industry. At 10:57am, the Chair asked the Sector Committee Chair, Kurt Kuehn for a motion to approve all items proposed for the Technical Agenda. Verity seconded. 6 members voted in favor and one was opposed. The opposing vote was held by Jean Rogers on the basis that many of the proposed items were focused on nomenclature rather than substantive issues. The Chair adjourned the Transportation Sector session at 10:58am.

## RESOURCE TRANSFORMATION SECTOR OVERVIEW

### **Board Committee**

Lloyd Kurtz, Sector Chair  
 Dan Goelzer  
 Jean Rogers

### **Sector Analyst**

Henrik Cotran

At 11:04am, the Chair opened the discussion on the Resource Transformation sector, The Chair turned the discussion to the Sector Chair Lloyd Kurtz. The Sector Analyst Henrik Cotran was present for the session. The Sector Analyst described the significant involvement of industry through the participation of a few large and important industry associations, especially for the Chemicals and Containers and Packaging industries. He described a key theme of the consultation as the use of international and domestic references in the standards, but that investors were generally supportive on SASB's approach and suggested metrics. The Sector Chair opened a discussion on agenda item 7-3 on the Community Relations metric and its alignment with GRI guidelines. The Sector Analyst discussed that GRI metric 4-13-1 and 4-13-2 cover some of the same issues, and that the reference to GRI will be incorporated in the Technical Protocol. The GRI metric 4-13-2 includes a topic on operations with significant negative impact on communities. The Sector Analyst noted that SASB's own Metals and Mining sector includes similar disclosure. The Sector Chair opened a discussion on the agenda item 7-6 under the topic Hazardous Waste Management in the Chemicals industry to move to the

Basel Convention definition of hazardous waste from the EPA definition of the term, The Analyst noted that this shift in reference would also align the SASB standards with the GRI guidelines, which already refer to the Basel Convention definition. The Sector Chair opened a discussion on agenda item 7-16 under the topic Data Security in the Aerospace & Defense industry. The Analyst noted the lack of an industry-specific third-party certification that would serve as a reference. The Board discussed referring to the AICPA's framework under development. The Board deliberated the proposal of including agenda item 7-7 under the topic Health, Safety and Emergency Management in the Chemicals industry, which would remove a metric on tier 3 "near miss" incidents not considered useful or comparable, as it refers to internal systems that would not be comparable across an industry. The Board recommended that the Analyst develop a forward-looking metric on the topic Health, Safety and Emergency Management in the Chemicals industry. The Sector Analyst agreed to carry out additional research. At 11:45am, the Chair asked the Sector Committee Chair, Lloyd Kurtz for a motion to approve all items proposed for the Technical Agenda. Dan seconded, the board unanimously approved. The Chair adjourned the Resource Transformation Sector session at 11:46am.

The Chair adjourned the SASB Standards Board meeting at 11:47am.

### Executive Session

At 12:15PM PST the Board went into executive session. The executive session ended at 1:00PM and the meeting was concluded.

Minutes prepared and submitted,

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Ananta Sen and Sten White, Meeting Secretaries

Respectfully submitted for the record,

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Jean Rogers, Chair of the Board