



Summary of Consultation with Key Stakeholders

Renewable Resources Sector

Biofuels Industry

Solar Technology & Project Developers Industry

Wind Technology & Project Developers Industry

Fuel Cells & Industrial Batteries Industry

Forestry Management Industry

Pulp & Paper Products Industry



Contents

- INTRODUCTION..... 2
 - SASB CONSULTATION PERIOD OVERVIEW..... 2
 - OBJECTIVE & APPROACH 2
 - RECRUITING 3
 - CONSULTATION CLASSIFICATION 3
- BIOFUELS INDUSTRY 4
- SOLAR TECHNOLOGY & PROJECT DEVELOPERS INDUSTRY 6
- WIND TECHNOLOGY & PROJECT DEVELOPERS INDUSTRY 7
- FUEL CELLS & INDUSTRIAL BATTERIES INDUSTRY 8
- FORESTRY MANAGEMENT INDUSTRY 9
- PULP & PAPER PRODUCTS INDUSTRY 10

Introduction

Although evidence-based research provides a foundation for the Sustainability Accounting Standards Board's (SASB's) standard-setting process, its outcomes are shaped in large part by feedback from participants in the capital markets—primarily corporate issuers and mainstream investors. By providing ongoing and meaningful opportunities for communication and input, the SASB leverages the expertise of its stakeholders and facilitates a collaborative approach to establishing a market standard that more effectively responds to the needs of market participants.

The SASB actively solicits input and carefully weighs all stakeholder perspectives in considering which aspects of a sustainability topic warrant standardized disclosure and in determining how to frame, describe, and measure those aspects for the purposes of standardization. This market feedback helps the SASB better meet its core objectives of delivering material, decision-useful, cost-effective disclosures to the users and providers of financial capital. Furthermore, as changes occur in an industry's competitive context, in the broader sustainability landscape, or in the interests of the reasonable investor, this bottom-up, market-informed approach is key to ensuring that the SASB standards evolve to support market needs.

Such stakeholder engagement was instrumental not only to the development of the SASB's provisional standards, but also to its work to update and codify the standards, which will culminate in 2018. This document details how market feedback informed the latter effort, through deep, focused consultation with key issuers, investors, and other market participants.

SASB Consultation Period Overview

In April 2016, the SASB marked a pivotal point in its standard-setting work when it issued the last of its provisional sustainability accounting standards for all 79 [Sustainable Industry Classification System \(SICS™\)](#) industries. Having completed its provisional standards development, the SASB turned its attention to updating the standards for codification, thereby establishing the first complete authoritative set of sustainability accounting standards for use in the capital markets. In service of this objective, the SASB began a period of consultation and stakeholder engagement in Q4 2016 to gather additional input regarding the materiality of its disclosure topics and the usefulness of the associated performance metrics. This consultation period continued through the end of Q1 2017. Following this period, the SASB revised its standards and has since opened them for public comment before they are codified in 2018.

Codification Timeline

2016	2017				2018	
Q4	Q1	Q2	Q3	Q4	Q1	Q2
Consultation		SASB Research	Public Comment		Codification	

Objective & Approach

The goal of the consultation phase was to elicit and gather feedback on the provisional standards for each industry and the accompanying “hypothesis for change” developed by the SASB's sector analysts. The hypothesis for change put forth initial proposals for modifications to the standards; and stakeholders were then invited to

respond to these proposals, provide comments on other disclosure topics and metrics in the provisional standards but not specified in the hypothesis for change, or to suggest additional topics not yet considered by the SASB. The SASB staff incorporated the responses from this consultation process and proposed changes for each industry standard, which will receive additional input during a 90-day public comment period (with 30-day extension), ending on January 31, 2018. Comments received during this period will inform the deliberations of the SASB when the updated standards are put to a vote in 2018. Upon approval by the SASB, the updated standards will form the SASB Code.

Recruiting

Prior to engaging in consultation, the SASB's sector analysts developed consultation plans targeting companies, analysts, industry associations, and subject matter experts from whom they would seek feedback during the period. The SASB actively recruited consultation participants through a variety of channels, including:

- Referrals from previous individuals who had engaged with the SASB
- Outreach through the SASB's Investor Advisory Group (IAG)
- Presentation to and participation in conferences, panels, and industry events
- Michael Bloomberg and Mary Schapiro's outreach to the CEOs and CFOs of Fortune 500 companies
- Use of the Bloomberg Professional terminal to identify the leading publicly traded companies by market capitalization
- Use of the Thomson Reuters platform to identify analysts and portfolio managers
- Sector-specific webinars
- The general SASB email list and sector-specific email lists
- Announcements on the SASB website
- Other means, such as cold calls and emails, Twitter, and LinkedIn

Consultation Classification

The SASB classified engagements during consultation according to three categories. These categories and associated statistics apply within the context of the consultation phase only and do not include prior engagement, such as participation in an Industry Working Group (IWG) or Public Comment Period (PCP) prior to the release of the provisional standards.

- **Contacted:** The SASB sent a personalized invitation to participate in the consultation process to a company, investor, industry association, or subject matter expert (SME).
- **Briefing Held:** The SASB had a briefing meeting with a company, investor, industry association, or SME.
- **Consultation Feedback Received:** The SASB received consultative feedback (through a meeting, email, or other form of communication) from a company, investor, industry association, or SME.

Biofuels Industry

Feedback was received from three stakeholders during consultation for the Biofuels industry, as shown in the table below categorized by stakeholder type. The limited number of stakeholders consulted generally supported the proposed disclosure topics and metrics; the most important comments concerned the applicability of the topics to U.S. operators. Investors generally supported the disclosure topics and voiced some concerns with the relevance of the accounting metrics.

Consultation Feedback Received for the Biofuels Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	9	0	n/a	9
# of Briefings Held	n/a	2	0	n/a	2
# of Feedback	2	1	0	0	3

Consultation focused on the inclusion of the Product Formulation and Impact on Food Markets topic, which issuers believed to be outside the control of U.S.-based producers; and how much emphasis to place on the supply chain topic, where companies similarly have little control over feedstock production.

Additionally, stakeholders provided feedback on the specific topics below.

- **Air Quality** – Investors suggested that the SASB review the use of the provisional metric for the number of incidents of non-compliance with air quality permits, standards, and regulations, because they do not consider air quality violations a significant risk and because normalized emissions values, which are included under another metric in the provisional standard, already provide relevant information about performance. Additionally, since the incidents of non-compliance provisional metric is not used in most industries where air quality is identified as a disclosure topic, investors suggested that the SASB consider aligning across SASB sectors.
- **Product Formulation & Impact on Food Markets** – Issuers commented that the Product Formulation & Impact on Food Markets topic, which addresses crop-based biofuel feedstock use and the potential impact on food prices, was not likely to be relevant or material to companies. In support of this view, issuers noted that feedstock production is outside the control of U.S.-based producers and that regulations are not likely to change in response to food market impacts from biofuels production. Investors agreed that the topic is not likely to be material.

- **Sourcing & Environmental Impacts of Feedstock Production** – Issuers expressed concern about the relevance of the Sourcing & Environmental Impacts of Feedstock Production topic because companies typically source commodity-type feedstocks from suppliers that produce domestically. Therefore, most feedstocks are produced in the United States, where significant environmental or social externalities of production are less likely given significant regulatory oversight. Issuer feedback suggested that this risk is greatest for companies that operate in Brazil, because of the potential for deforestation or other unsustainable agriculture practices. However, Brazilian biofuel production represents a small share of industry revenues.

Solar Technology & Project Developers Industry

Feedback was received from two stakeholders during consultation for the Solar Technology & Project Developers industry, as shown in the table below categorized by stakeholder type. Consultation in the Solar Energy industry consisted primarily of discussions with one large integrated manufacturer and project developer. The discussion focused on a review of the materiality of the provisional disclosure topics and associated metrics. The company generally supported the existing disclosure topics and metrics. Investors generally supported the proposed topics and metrics and did not have significant concerns.

Consultation Feedback Received for the Solar Technology & Project Developers Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	5	1	n/a	6
# of Briefings Held	n/a	1	1	n/a	2
# of Feedback	1	1	0	0	2

Feedback was provided by stakeholders on the specific topics below.

- Management of Energy Infrastructure Integration & Related Regulations** – The product lifecycle of solar energy systems is a key competitive issue for the industry versus traditional energy sources. Issuers commented that the SASB standard's provisional metric for cost of energy systems is not feasible to report on, and that the SASB replace its metric describing price with a metric describing the cost of solar systems per unit. The SASB had initially proposed price as an indicator of potential demand for systems.

Wind Technology & Project Developers Industry

Feedback was received from two stakeholders during consultation for the Wind Technology & Project Developers industry, as shown in the table below categorized by stakeholder type. Consultation was limited in this industry, with one company and one investor providing feedback on the standards. The company provided detailed input on the relevance, cost-effectiveness, and likelihood that companies would report the proposed metrics. While feedback was supportive in general, the company suggested that certain topics might not be relevant to most companies in the industry. The investor supported the proposed topics and decision-usefulness of the metrics.

Consultation Feedback Received for the Wind Technology & Project Developers Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	4	1	n/a	5
# of Briefings Held	n/a	1	0	n/a	1
# of Feedback	1	1	0	0	2

Feedback was provided by stakeholders on the specific topics below.

- Materials Efficiency** – The Materials Efficiency topic addresses the use of raw input materials such as steel and fiberglass in wind turbine manufacturing. An issuer commented that SASB’s metrics are not likely decision-useful for investors; instead, the company recommended disclosure of the lifecycle carbon intensity of turbines per kilowatt-hour of power generated.
- Design to Mitigate Community & Ecological Impacts** – An investor suggested that the ecological impacts metric may not be relevant because project developers have traditionally not experienced backlog cancellations due to ecological impact concerns.
- Materials Sourcing** – An issuer commented that critical materials are typically readily available, but some issuers may be more exposed to critical materials constraints, depending on their sourcing strategies, which could impact manufacturing.

Fuel Cells & Industrial Batteries Industry

Feedback was received from two stakeholders during consultation for the Fuel Cells & Industrial Batteries industry, as shown in the table below categorized by stakeholder type. No pure-play fuel cells companies were engaged during consultation; however, the battery industry was discussed with a major conglomerate. Investor engagement focused on the decision-usefulness and comparability of the metrics; investors were supportive of the proposed metrics as being decision-useful, with some concern about comparability.

Consultation Feedback Received for the Fuel Cells & Industrial Batteries Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	5	0	n/a	5
# of Briefings Held	n/a	1	0	n/a	1
# of Feedback	1	1	0	0	2

Feedback was provided by stakeholders on the specific topic below.

- **Product Lifecycle Impacts** – An investor supported the use of energy efficiency metrics as relevant indicators that are competitive drivers within the industry.

Forestry Management Industry

Feedback was received from five stakeholders during consultation for the Forestry Management industry, as shown in the table below categorized by stakeholder type. Feedback from two subject matter experts was important for this. These experts provided highly technical input on the standards, including some proposals for alternative metrics and opinions on the cost-effectiveness and feasibility of implementing the metrics. Investors were supportive of the proposed topics and metrics.

Consultation Feedback Received for the Forest Management Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	3	0	n/a	3
# of Briefings Held	n/a	1	0	n/a	1
# of Feedback	2	1	0	2	5

Feedback was provided by stakeholders on the specific topics below.

- **Ecosystem Services & Impacts** – Subject matter experts gave detailed technical feedback on how to improve the metrics and technical protocols to make disclosure more relevant for U.S. companies, especially with respect to the inclusion and consideration of forest certification standards. Investors generally supported the topic and associated metrics as relevant indicators of operating risk.
- **Rights of Indigenous Peoples** – Subject matter experts expressed concern about the relevance of some of the metrics because forest certification requirements address the issue of indigenous people's rights. An investor agreed with the relevance of the metrics.

Pulp & Paper Products Industry

Feedback was received from nine stakeholders during consultation for the Pulp & Paper Products industry, as shown in the table below categorized by stakeholder type. The SASB received feedback from one industry association on behalf of its member companies. The engagement included a review of how the SASB incorporated the previous feedback they had provided during the pre-provisional public comment period into the provisional standard. Investors were generally supportive of the proposed disclosure topics and metrics.

Consultation Feedback Received for the Pulp & Paper Products Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	4	1	n/a	5
# of Briefings Held	n/a	1	1	n/a	2
# of Feedback	2	1	1	5	9

Key areas of discussion included the cost-effectiveness and comparability of environmental metrics data and the supply-chain metrics. Investor engagement focused on the decision-usefulness and comparability of the air quality, water management, and wood fiber sourcing metrics.

Feedback was provided by stakeholders on the specific topics below.

- Greenhouse Gas Emissions & Air Quality** – An industry association and a subject matter expert provided technical comments on the scope of the Greenhouse Gas (GHG) Emissions and Air Quality metrics. The comments suggested that the SASB remove the requirement to report de minimis emissions and narrow the scope of air emissions to reflect current industry practices to improve the cost-effectiveness of reporting. Investors, however, were supportive of the existing metrics.
- Energy Management** – An industry association and a subject matter expert commented that the SASB include an additional metric on self-generated energy to reflect the fact that many pulp and paper products companies self-generate a significant amount of energy from biomass residuals. Self-generated energy can reduce the reliance on purchased electricity and fuels, possibly mitigating the impacts of energy price increases, among other benefits. Investors, were supportive of the existing energy management metrics.
- Water Management** – An issuer and a subject matter expert provided feedback that additional tools should be allowed to measure water stress and that water recycling and withdrawals are not cost effective to measure for all companies. Investors, however, were supportive of the existing metrics.