



Summary of Consultation with Key Stakeholders

Financials Sector

Commercial Banks Industry
Investment Banking & Brokerage Industry
Asset Management & Custody Activities Industry
Consumer Finance Industry
Mortgage Finance Industry
Security & Commodity Exchanges Industry
Insurance Industry



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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.

Commercial Banks Industry

Feedback was received from 19 stakeholders during consultation for the Commercial Banks industry, as shown in the table below categorized by stakeholder type. Several issuers provided feedback for multiple industries in the sector that applied to their businesses; where similar topics or metrics appeared in multiple applicable standards, issuers often provided similar feedback. Overall, feedback from different stakeholder groups was in alignment as pertains to topics proposed by the SASB. Stakeholders were in general agreement with revisions to the provisional standards that were proposed by the SASB during consultation. Particularly, in instances where the SASB proposed to move from quantitative measures to a discussion-and-analysis approach that describes companies' policies and procedures, feedback from issuers was very supportive. Moreover, several issuers and investors proposed additional topic- and metric-level changes to improve the materiality and decision-usefulness of the standards. The key issues raised by issuers in the Commercial Banks industry were concerns around disclosing a company's competitive information and concerns around potential misinterpretation of performance by analysts.

Consultation Feedback Received for the Commercial Banks Industry

	Investor ¹	Issuer	Industry Association	Subject Matter Expert ²	Total
# Contacted	n/a	13	0	n/a	13
# of Briefings Held	n/a	6	0	n/a	6
# of Feedback	11	4	0	4	19

The SASB sought feedback to revise metrics included in the Commercial Banks industry to more closely align them with those currently collected and reported by companies in various regulatory filings. Most stakeholders agreed that the proposed revisions to provisional metrics would improve such alignment and, therefore, the cost-effectiveness of the SASB Standards. The consultation was largely focused on the updates proposed by the SASB, whereas a number of investors also provided unsolicited feedback suggesting a broader inclusion of governance-related topics into the standards.

Feedback was provided by stakeholders on the specific topics below. Several stakeholders noted that, for the industry, topics may have differing significance or impact depending on the organization's size and its geographic and segment breakdown.

¹ Investors were typically engaged directly through SASB's Investor Advisory Group and agreed to provide consultative feedback; therefore, the first row is marked "not applicable." Furthermore, those engaged during consultation either had sufficient familiarity with SASB that briefing meetings were deemed unnecessary or briefings were conducted by members of the Capital Markets Policy and Outreach team; therefore, the second row is marked "not applicable."

² Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked "not applicable."

- **Customer Privacy & Data Security** – The SASB consulted with stakeholders on splitting the angles of Customer Privacy and Data Security into two stand-alone disclosure topics given the fact that they represent two distinct and likely material sustainability issues. Feedback received on the issue from all stakeholders supported the SASB hypothesis to split the disclosure topic. Feedback from several issuers further indicated that the Customer Privacy element is relevant to the credit card segment of banks’ operations and irrelevant to the Commercial Banks industry.
- **Financial Inclusion & Capacity Building** – A number of issuers and investors noted that the provisional metrics associated with the topic do not fully align with the metrics currently used by issuers to measure performance on the topic and report to regulators. The general feedback suggested refining the scope and definitions used in the technical protocols of the accounting metrics in the provisional standard to include references to federal programs that are already widely used by the industry, such as the Community Reinvestment Act.
- **Integration of Environmental, Social & Governance (ESG) Factors in Credit Risk Analysis** – The SASB sought feedback regarding the potential to broaden the scope of disclosure associated with ESG integration efforts from the current focus—measuring exposure to carbon-intensive industries—to a broader measurement of an issuer’s total portfolio exposure by industry. Feedback from several issuers and investors was supportive of the proposal but raised concerns about the challenges in standardizing industry reporting across companies. Additionally, the consulted issuers unanimously suggested aligning the metrics with the recommendations by the Task Force on Climate-Related Financial Disclosures, CDP, and other climate-related frameworks.
- **Management of the Legal & Regulatory Environment** – Several issuers with geographically diversified operations suggested broadening the scope of the metrics to make them less U.S.-centric. The SASB further consulted on changing the structure of the disclosure metrics to make them more decision-useful and cost-effective. A number of issuers raised concerns over using fines and settlements as an indicator of performance, as well as stated that the existent SEC guidance may be sufficient for reporting of material cases. Furthermore, several investors and a subject matter expert pointed out that a quantitative measure of fines and settlement coming from whistleblower actions is not a decision-useful indicator, and a qualitative approach was suggested as an alternative.
- **Systemic Risk Management** – The SASB consulted on its proposal to remove several quantitative metrics in the provisional standard associated with the topic that are already widely reported in financial filings and to replace them with a discussion-and-analysis metric around a company’s strategy to manage systemic risk. The SASB received uniformly positive feedback on the proposal from both issuers and investors, highlighting an improvement in cost-effectiveness and decision-usefulness of the revision. An investor further recommended inclusion of a quantitative indicator to measure performance on the topic in a more decision-useful manner than the provisional metrics.

Investment Banking & Brokerage Industry

Feedback was received from 19 stakeholders during consultation for the Investment Banking & Brokerage industry, as shown in the table below categorized by stakeholder type. Several issuers provided feedback for multiple industries in the sector that applied to their businesses; where similar topics or metrics appeared in multiple applicable standards, issuers often provided similar feedback. Overall, feedback from different stakeholder groups was in alignment as it pertains to topics proposed by the SASB during consultation. Particularly, in instances where the SASB proposed to move from quantitative measures to a discussion-and-analysis approach that describes companies' policies and procedures, feedback from issuers was very supportive. Stakeholders were in general agreement with revisions to the provisional standards that were proposed by the SASB during consultation. Further, several issuers and investors proposed additional metric-level changes to improve the materiality and decision-usefulness of the standards. The key areas of issues raised by issuers in the Investment Banking & Brokerage industry were concerns around disclosing a company's competitive information and a potential misinterpretation of performance by analysts.

Consultation Feedback Received for the Investment Banking & Brokerage Industry

	Investor ³	Issuer	Industry Association	Subject Matter Expert ⁴	Total
# Contacted	n/a	13	0	n/a	13
# of Briefings Held	n/a	9	0	n/a	9
# of Feedback	8	7	0	4	19

The SASB sought feedback to revise metrics included in the Investment Banking & Brokerage industry to more closely align them with those currently collected and reported by companies in various regulatory filings. Most stakeholders agreed that potential revisions to provisional metrics proposed by the SASB during consultation would improve such alignment and, therefore, the cost-effectiveness of the SASB standards. The SASB consulted with stakeholders to ensure that the standards fully capture the scope of activities performed by companies in the industry, including underwriting, advisory services, and proprietary investing and lending.

Feedback was provided by stakeholders on the specific topics below. Several stakeholders noted that for the industry, topics may have differing significance or impact depending on the organization's size and its geographic and segment breakdown.

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- **Employee Inclusion** – While issuers and investors were generally supportive of the Employee Inclusion disclosure topic, the main concern was about challenges in obtaining the required data for global operations. Additionally, feedback received from issuers and investors indicated that, to achieve decision-usefulness of disclosure on employee diversity, the provisional metric should provide a sufficient level of detail, such as the diversity at various levels of management in an organization. Several issuers suggested aligning the employee categories referred to in the provisional metric with those currently disclosed in sustainability reports (i.e., increasing the number of employee categories). Further, several non-U.S.-domiciled issuers stated that it would be challenging to provide a racial breakdown of their workforce for non-U.S. operations, as such data is collected primarily in the U.S.
- **Integration of Environmental, Social & Governance Factors in Investment Banking Activities** – The SASB sought feedback regarding the potential to broaden the scope of disclosure associated with ESG integration efforts from measuring exposure to only carbon-intensive industries to measuring the total portfolio of investment banking services exposure by industry. Issuers generally agreed on not zeroing in on a subset of “bad” industries, while, similar to the feedback received on the proposal in the Commercial Banks industry, pointing out the challenges in standardizing the industry classification approach. An issuer also raised a concern about potential competitive business information being disclosed on some of the proposed metrics. Additionally, the SASB sought feedback regarding the potential to broaden the scope of the topic by including a metric measuring the level of ESG integration in investing and lending activities, which also found support from issuers and investors. In general, a number of issuers raised concerns about the challenges in standardizing disclosure on ESG integration efforts across companies.
- **Management of the Legal & Regulatory Environment** – Several issuers with geographically diversified operations suggested broadening the scope of the metrics to make them less U.S.-centric. The SASB further sought feedback during consultation regarding the potential to change the structure of the disclosure metrics to make them more decision-useful and cost-effective. As with feedback in the Commercial Banks industry, several issuers in the Investment Banking & Brokerage industry raised concerns over using fines and settlements as an indicator of performance, as well as stated that the existent SEC guidance may be sufficient for reporting material cases. Furthermore, several investors and a subject matter expert pointed out that a quantitative measure of fines and settlement coming from whistleblower actions is not a decision-useful indicator, and a qualitative approach was suggested as an alternative.
- **Professional Integrity** – The SASB sought feedback regarding the potential to create a separate topic discussing how companies ensure that clients are being provided with transparent information and fair advice about products and services. The angle was captured as part of the Management of the Legal & Regulatory Environment topic in the provisional standard. The SASB research suggested that the issue should be covered as a stand-alone Professional Integrity disclosure topic. Feedback received from issuers and

investors was supportive of the topic-level split. In addition, the SASB sought feedback on potential metrics associated with the proposed topic, including a metric measuring the percentage of employees with a record of violations of professional standards. While issuers and investors agreed with the relevance of the metric to the topic, some issuers raised concerns around its applicability to the global workforce.

- **Systemic Risk Management** – The SASB sought feedback on the potential to remove several quantitative metrics that are already widely reported in financial filings and to replace them with a discussion-and-analysis metric. The SASB received uniformly positive feedback on the proposal from both issuers and investors, highlighting an improvement in the cost-effectiveness and decision-usefulness of the revision. An investor further recommended the inclusion of a quantitative indicator, a G-SIB score, which measures performance on the topic in a concise yet relevant and decision-useful manner.
- **Employee Incentives & Risk Taking** – The SASB sought feedback on the potential to change the scope of the provisional metrics associated with the topic from including all of an issuer’s employees to including only those employees involved in activities that may materially impact an organization’s overall riskiness—material risk takers (MRTs). All the consulted stakeholders agreed with the scope revision, and several pointed out that the data is currently reported for European operations where regulations addressing MRT compensation already exist.

Asset Management & Custody Activities Industry

Feedback was received from 18 stakeholders during consultation for the Asset Management & Custody Activities industry, as shown in the table below categorized by stakeholder type. Several issuers provided feedback for multiple industries in the sector that applied to their businesses; where similar topics or metrics appeared in multiple applicable standards, issuers often provided similar feedback. Overall, feedback from different stakeholder groups was in alignment. The SASB proposed a significant amount of changes to the provisional standards in this industry given the issues with relevance and the applicability of the provisional topics and metrics. Stakeholders were in general agreement with the revisions, indicating that the proposed set of disclosure topics and metrics better reflects sustainability issues faced by companies in the Asset Management & Custody Activities industry.

Consultation Feedback Received for the Asset Management & Custody Activities Industry

	Investor ⁵	Issuer	Industry Association	Subject Matter Expert ⁶	Total
# Contacted	n/a	22	0	n/a	22
# of Briefings Held	n/a	13	0	n/a	13
# of Feedback	5	10	0	3	18

The SASB sought feedback to revise metrics included in the Asset Management & Custody Activities industry to more closely align them with those currently collected and reported by companies in various regulatory filings. Most of the consulted stakeholders agreed that the proposed revisions to provisional metrics would improve such alignment and, therefore, the cost-effectiveness of the SASB standards. The SASB further consulted with stakeholders to ensure that the standards fully capture asset management, wealth management, and custody activities. As some of the largest publicly listed companies in the industry have global operations, several issuers raised concerns about potential limitations of the provisional metrics as being too U.S.-centric.

Feedback was provided by stakeholders on the specific topics below. Several stakeholders noted that for the industry, topics may have differing significance or impact depending on the organization's size and its geographic and segment breakdown.

- **Employee Inclusion** – Feedback received from issuers and investors indicated that, to achieve decision-usefulness of disclosure on the employee diversity, the metric should

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provide a sufficient level of detail, such as the diversity at various levels of management at an organization. Therefore, issuers suggested expanding the number of categories included in the provisional metric, while referencing the categories specified by the Department of Labor to ensure cost-effectiveness. Several issuers suggested aligning the employee categories in the metric with those currently disclosed in sustainability reports. Further, several non-U.S. domiciled issuers stated that it would be challenging to provide a racial breakdown of their workforce for non-U.S. operations.

- **Integration of Environmental, Social & Governance Factors in Investment Management & Advisory** – The SASB sought feedback on the removal of the metric measuring asset manager exposure to embedded carbon through its portfolio of assets under management. Feedback from issuers and investors overwhelmingly supported the removal of that quantitative metric given its lack of relevance and decision-usefulness. The consulted issuers, operating in this and other industries in the Financials sector, suggested aligning disclosure on the ESG integration, and climate change risks specifically, to that recommended by the TCFD, CDP, and other climate-related frameworks. As it pertains to companies' proxy voting and engagement strategies, the SASB proposed aligning disclosure with the United Nation–supported Principles for Responsible Investment guidance, which found unanimous support from the consulted issuers. Several issuers indicated the lack of usefulness of a quantitative measure of proxy voting and engagement policies, which was covered by the provisional metric. In general, a number of issuers raised concerns about the challenges in standardizing disclosure on ESG integration efforts across companies.
- **Management of the Legal & Regulatory Environment** – Several issuers with geographically diversified operations suggested broadening the scope of the metrics to make them less U.S.-centric. While feedback from issuers was supportive of the topic as relevant to the industry, there was a lack of consensus around how performance should be reported. Specific suggestions were in favor of a qualitative approach. The SASB further consulted on changing the structure of the fines and settlements metric to make it more decision-useful. Issuers and investors were in favor of removing the quantitative element of whistleblower actions and covering it as a discussion and analysis metric.
- **Systemic Risk Management** – The SASB consulted on replacing accounting metrics included in the disclosure topic. It received feedback from multiple issuers and investors citing the lack of applicability of provisional metrics to the industry given the different manner in which systemic risk impacts asset managers, as compared with its impact on other industries in the Financials sector. Investors and subject matter experts provided several alternatives for accounting metrics to measure and communicate performance on the key elements of issuer management of systemic risk in the industry, including metrics related to liquidity, leverage, and interconnectedness.
- **Employee Incentives & Risk Taking** – The SASB sought consultative input on the potential removal of the disclosure topic, noting a lack of evidence of materiality based on

internal research. Two issuers and an investor provided feedback that the topic is applicable to the Investment Banking & Brokerage industry but not to the Asset Management & Custody Activities industry.

Consumer Finance Industry

Feedback was received from 11 stakeholders during consultation for the Consumer Finance industry, as shown in the table below categorized by stakeholder type. Several issuers provided feedback for multiple industries in the sector, which applied to their businesses; where similar topics or metrics appeared in multiple applicable standards, issuers often provided similar feedback. In the Consumer Finance industry, most of the consulted issuers were integrated banks, hence their feedback was provided in the context of consumer finance activities relative to the commercial banking activities. Overall, feedback from different stakeholder groups was in alignment. Stakeholders were in general agreement with the revisions to the provisional standards proposed by the SASB. Further, several issuers, investors, and subject matter experts proposed additional metric-level changes to improve the materiality and decision-usefulness of the standards. The key concerns raised by issuers in the Consumer Finance industry revolved around disclosing a company’s competitive information and a potential misinterpretation of performance by analysts.

Consultation Feedback Received for the Consumer Finance Industry

	Investor ⁷	Issuer	Industry Association	Subject Matter Expert ⁸	Total
# Contacted	n/a	15	0	n/a	15
# of Briefings Held	n/a	7	0	n/a	7
# of Feedback	5	3	0	3	11

The SASB sought feedback to revise metrics included in the Consumer Finance industry to more closely align them with those currently collected and reported by companies in various regulatory filings. Most of consulted stakeholders agreed that the proposed revisions to the provisional metrics improve such alignment and, therefore, the cost-effectiveness of the SASB standards. The SASB further consulted with stakeholders to ensure that the structure of disclosure topics in the standard is appropriate to capture the different sustainability issues companies in the industry are exposed to. Some of the concerns raised by an issuer were around the very businesslike focus of the topics and metrics in the standard and the lack of sustainability argument behind them.

Feedback was provided by stakeholders on the specific topics below. Several stakeholders, particularly those diversified across multiple financial services industries, noted that for the Consumer Finance industry, topics

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⁸ Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked “not applicable.”

may have differing significance or impact depending on the organization's size and its geographic and segment breakdown.

- **Customer Privacy & Data Security** – The SASB consulted with stakeholders on combining the Customer Privacy & Data Security topic into two stand-alone disclosure topics given the conceptual differences between the two sustainability issues. All stakeholder feedback received on the potential revision supported splitting the disclosure topic. As a part of the SASB consultation on cybersecurity as a cross-cutting topic, feedback from subject matter experts suggested revising the metric measuring the number of data security breaches to capture the number of customers impacted by the breaches. An investor stated that while the Customer Privacy topic was relevant, getting companies to report quantitative metrics may be challenging for competitive reasons.
- **Financial Inclusion** – The SASB sought feedback on the potential to remove the topic, and its corresponding metrics, based on a lack of evidence of the topic's potential to materially affect the value of companies in the industry and its lack of systematic relevance across the industry. Feedback received from an investor indicated that Financial Inclusion is not a relevant disclosure topic to the Consumer Finance industry but, rather, relevant only for the Commercial Banks industry.
- **Selling Practices** – The SASB sought feedback on merging the angles covered in the provisional disclosure topics Transparent Information & Fair Advice for Customers and Responsible Lending & Debt Prevention into a single disclosure topic called Selling Practices. Related to this potential change, the SASB sought feedback on the appropriateness of using the compensation structure of sales employees as a measurement of performance on the topic. Feedback from issuers and investors supported merging the provisional disclosure topics. Further, several investors suggested aligning metrics included in the new topic with those reported by companies, such as breakdown of credit card portfolio by FICO scores. One investor highlighted the importance of the availability of appropriate normalization factors for scaling disclosures to compare relative company performance. One issuer raised concerns about the lack of sustainability rationale behind the topic and its proposed metrics.

Mortgage Finance Industry

Feedback was received from seven stakeholders during consultation for the Mortgage Finance industry, as shown in the table below categorized by stakeholder type. Several issuers provided feedback for multiple industries in the sector that applied to their businesses; where similar topics or metrics appeared in multiple applicable standards, issuers often provided similar feedback. In the Mortgage Finance industry, most of the consulted issuers were integrated banks. Overall, feedback from different stakeholder groups was in alignment. Stakeholders were in general agreement with the revisions to the provisional standards proposed by the SASB. Investors proposed additional metric-level changes to improve the materiality and decision-usefulness of the standards. Relative to the other industries in the sector, the SASB received less feedback on the proposals in the Mortgage Finance industry.

Consultation Feedback Received for the Mortgage Finance Industry

	Investor ⁹	Issuer	Industry Association	Subject Matter Expert ¹⁰	Total
# Contacted	n/a	8	0	n/a	8
# of Briefings Held	n/a	3	0	n/a	3
# of Feedback	5	1	0	1	7

The SASB sought feedback to revise the metrics included in the Mortgage Finance industry to more closely align them with those currently collected and reported by companies in various regulatory filings. Most consulted stakeholders agreed that the proposed revisions to provisional metrics improve such alignment and, therefore, the cost-effectiveness of the SASB standards. The SASB further consulted with stakeholders to ensure that the structure of disclosure topics in the standard is appropriate to capture the different sustainability issues to which companies in the industry are exposed.

Feedback was provided by stakeholders on the specific topics below. Several stakeholders, particularly those diversified across multiple financial services industries, noted that for the Mortgage Finance industry, topics may have differing significance or impact depending on the organization's size and its geographic and segment breakdown.

- **Environmental Risk to Mortgaged Properties** – An issuer that is evaluating performance on the topic as part of the Task Force on Climate-related Financial Disclosures recommendations suggested that the SASB incorporate these recommendations into the

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¹⁰ Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked "not applicable."

accounting metrics included in the Environmental Risk to Mortgaged Properties topic. An investor also raised concerns about the risk of misinterpreting performance on a provisional metric that measures exposure to FEMA-designated areas, suggesting that this may penalize companies based on their geographic breakdown of operations.

- **Lending Practices** – The SASB sought feedback on merging the angles covered in the provisional disclosure topics Transparent Information & Fair Advice for Customers and Responsible Lending & Debt Prevention into a single disclosure topic called Lending Practices. Feedback from an issuer and several investors indicated the appropriateness of merging the provisional disclosure topics. Further, several investors suggested aligning metrics included in the new topic with those already reported by companies, such as the breakdown of mortgage loan portfolios by FICO scores, debt-to-income ratio, and loan-to-value ratio. Issuer feedback was also supportive of such an approach to metric selection.
- **Discriminatory Lending** – The SASB sought feedback on including a new disclosure topic capturing company performance on nondiscriminatory mortgage origination. Feedback from an issuer and several investors supported the relevance and materiality of the topic to the industry.
- **Management of the Legal & Regulatory Environment** – The SASB sought feedback on the proposal to remove the topic, and its one corresponding metric, based on the fact that material information related to legal and regulatory issues is sufficiently addressed by several other topics in the standard, including the proposed Lending Practices topic. Neither issuers nor investors made any comments regarding the proposal.

Security & Commodity Exchanges Industry

Feedback was received from three stakeholders during consultation for the Security & Commodity Exchanges industry, as shown in the table below categorized by stakeholder type. In this industry, feedback was received only from investors, who overall were supportive of the materiality of included topics and the decision-usefulness of selected accounting metrics.

Consultation Feedback Received for the Security & Commodity Exchanges Industry

	Investor ¹¹	Issuer	Industry Association	Subject Matter Expert ¹²	Total
# Contacted	n/a	4	0	n/a	4
# of Briefings Held	n/a	0	0	n/a	0
# of Feedback	3	0	0	0	3

The SASB did not propose significant changes to the Security & Commodity Exchanges industry standard and therefore did not seek major input from issuers or investors on the standard. No significant changes were proposed, as the SASB had received constructive feedback from stakeholders during the development of the provisional standard, and additional research did not reveal major issues with the topics and metrics included in the standard.

Feedback was provided by stakeholders on the specific topics below.

- Managing Business Continuity & Technology Risks** – As a part of a cross-cutting review and consultation on the data security topic, the SASB received feedback from subject matter experts who suggested revising the metric measuring the number of data security breaches to capture the number of customers impacted by the breaches. As noted above, no issuer feedback was received on this potential change to the standard.
- Promoting Transparent & Efficient Capital Markets** – While the SASB had not proposed any changes to the topic and the associated metrics, investors stated that there is an opportunity to improve disclosure from companies in the industry on their efforts to provide ESG-focused products to clients. The recommendation included both discussion and analysis of companies’ policies as well as quantitative measures of the number and value of investable ESG products offered by exchanges.

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¹² Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked “not applicable.”

Insurance Industry

Feedback was received from eight stakeholders during consultation for the Insurance industry, as shown in the table below categorized by stakeholder type. Overall, feedback from different stakeholder groups was in alignment. Stakeholders were in general agreement with the revisions to the provisional standards proposed by the SASB. Moreover, several issuers and investors proposed additional topic- and metric-level changes to improve the materiality and decision-usefulness of the standards.

Consultation Feedback Received for the Insurance Industry

	Investor ¹³	Issuer	Industry Association	Subject Matter Expert ¹⁴	Total
# Contacted	n/a	23	1	n/a	24
# of Briefings Held	n/a	5	0	n/a	5
# of Feedback	6	2	0	0	8

The SASB sought feedback regarding metrics that were already collected and reported by companies in various regulatory filings, and whether such metrics would be appropriate for inclusion in the SASB Standard. Most of the consulted stakeholders agreed that the proposed revisions to provisional metrics improve such alignment and, therefore, the cost-effectiveness of the SASB Standards. The SASB further consulted with stakeholders to ensure that topics and accounting metrics equally address risks and opportunities faced by insurance companies operating in both Property and Casualty (P&C) segment and the Life segment. While issuers were supportive of the SASB intention to improve the applicability of the standard, no actionable recommendations were provided during the consultation period. Additionally, an issuer pointed out that the human capital element may not be as adequately addressed in the Insurance industry as it is in other industries in the Financials sector.

Feedback was provided by stakeholders on the specific topics below. Several stakeholders noted that for the industry, topics may have differing significance or impact depending on the organization’s size, its geographic and segment breakdown, and the insurance segment in which it operates.

- Environmental Risk Exposure** – The SASB received feedback from an issuer and several investors that the provisional metric measuring probable maximum loss (PML) from extreme weather events should be updated to reflect the format in which it is commonly disclosed by companies in their SEC filings. One investor raised a concern that the PML metric, as

¹³ Investors were typically engaged directly through SASB’s Investor Advisory Group and agreed to provide consultative feedback; therefore, the first row is marked “not applicable.” Furthermore, those engaged during consultation either had sufficient familiarity with SASB that briefing meetings were deemed unnecessary or briefings were conducted by members of the Capital Markets Policy and Outreach team; therefore, the second row is marked “not applicable.”

¹⁴ Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked “not applicable.”

currently reported by companies, is not providing comparable information and stated that standardizing disclosure on this topic from a quantitative standpoint may be challenging. One issuer pointed out that the proposed metrics are heavily focused on the P&C segment and may not be as applicable to companies operating in the Life insurance segment. An issuer also raised a concern that a metric asking for markets where a company chooses not to underwrite policies may be challenging to disclose for competitive reasons.

- **Transparent Information & Fair Advice for Customers** – The SASB received feedback from several investors that the standard should address companies’ ability to provide clients with transparent information and fair advice about the insurance products sold to them. They pointed out that the narrative of the provisional topic Plan Performance may not adequately capture sustainability challenges faced by companies in the industry. The investors suggested that the name and the narrative of the topic should focus on transparency rather than firm accountability, and that certain metrics need to be updated accordingly. The SASB further received feedback from issuers, which was aligned with comments received from investors, about redefining the scope of the disclosure topic. At the same time, issuers and investors pointed out that some of the provisional metrics, including customer-retention ratio and complaints-to-claims ratio, from the Plan Performance topic were still relevant to measuring performance on the proposed angle.
- **Integration of Environmental, Social & Governance Factors in Investment Management** – The SASB sought feedback on the potential addition of a new accounting metric describing the breakdown of a company’s investment portfolio by industry and whether such a metric would provide decision-useful information with respect to issuer exposure to industry-specific sustainability risks and opportunities. Feedback received from an issuer and several investors was supportive of the SASB’s proposal and highlighted that the metric would be relatively cost-effective to disclose as investment portfolio information is already reported in regulatory filings in significant detail. Investors further confirmed that the metric would yield decision-useful information to assess performance on the topic.
- **Policies Designed to Incentivize Responsible Behavior** – The SASB consulted on the relevance of the disclosure topic and a potential removal of it. Feedback from stakeholders was mixed. Some investors stated that the topic is not as relevant to the assessment of an insurance company’s performance. While other investors stated that certain products in the P&C segment which incentivize responsible behavior may have a material impact on a company’s performance, hence making the disclosure topic relevant. Feedback from issuers highlighted that the topic is also relevant to the Life Insurance segment, where policy pricing incentives linked to healthy behavior may be revenue drivers as well as a risk-minimization strategy.
- **Systemic Risk Management** – The SASB consulted on replacing accounting metrics included in the disclosure topic. Feedback received from several issuers and investors suggested that the provisional metrics were not applicable to the industry and therefore did not provide decision-useful information. Investors stated that all the provisional metrics,

among other relevant metrics, are already available in company filings. The general feedback suggested shifting the focus from picking a sample of metrics relevant to measuring systemic risk to addressing the topic more holistically.