



Summary of Consultation with Key Stakeholders

Food & Beverage Sector

Agricultural Products Industry

Meat, Poultry & Dairy Industry

Processed Foods Industry

Non-Alcoholic Beverages Industry

Alcoholic Beverages Industry

Tobacco Industry

Food Retailers & Distributors Industry

Restaurants 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.

Agricultural Products Industry

Feedback was received from eight stakeholders during consultation for the Agricultural Products industry, as shown in the table below categorized by stakeholder type. Overall, feedback from different stakeholder groups was in alignment, except for disclosure on genetically modified organisms (GMO), as discussed below. Feedback from stakeholders was generally supportive of the provisional standards and the SASB's proposed revision to redefine the industry scope.

Consultation Feedback Received for the Agricultural Products Industry

	Investor ¹	Issuer	Industry Association	Subject Matter Expert ²	Total
# Contacted	n/a	5	0	n/a	5
# of Briefings Held	n/a	4	0	n/a	4
# of Feedback	5	2	0	1	8

The SASB sought feedback to revise the scope of the Agricultural Products industry to more accurately reflect industry operations, which generally do not involve, or have limited control of, on-farm operations. All consulted stakeholders agreed with the proposed revision to the industry scope, and with revisions to provisional topics and metrics resulting from the revised industry scope, which includes removing the provisional metrics on biogenic carbon emissions and on-farm wastewater management and removing the provisional topic of Land Use & Ecological Impact.

Feedback was provided by stakeholders on the specific topics below. Several stakeholders commented that for the industry, topics may have differing significance or impact for specific regions, countries, and/or crop types, posing challenges to data availability and comparability.

- **Greenhouse Gas Emissions** – The SASB consulted with stakeholders on a proposed metric on carbon emissions from biofuel and biomass. Issuers stated that emissions from biofuel and/or biomass are not likely to generate material information at current scale.
- **Water Withdrawal** – Issuers and a subject matter expert provided feedback that water management for the industry expands beyond withdrawal to wastewater and water quality;

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thus, it would be appropriate to rename the Water Withdrawal provisional topic as Water Management.

- **Land Use & Ecological Impacts** – The SASB consulted with stakeholders on the addition of metrics on a pesticide and fertilizer use topic. All feedback received on the topic noted that the ability to trace, monitor, or control these inputs are likely beyond issuer operations and therefore should not be added to align with the proposed revision to the industry scope. An issuer did note that there may be more opportunities in the future to quantify farming practices as more big data and farm management tools are being used by farmers.
- **Fair Labor Practices & Workforce Health & Safety** – An investor recommended adding a metric on the number of violations of working standards and labor practices in facilities. The investor noted that adding a metric on the percentage of workers under collective bargaining agreements would not be helpful because there could still be poor working conditions even with union representation.
- **Climate Change Impacts on Crop Yields** – An issuer and an investor noted that this provisional topic is difficult to measure quantitatively as crop yield is largely impacted by weather, location, and other variables beyond issuer or farmer control.
- **GMO Management** – Issuers and investors differed regarding the appropriateness of GMOs within the standard. A metric focused on GMOs in the provisional standard associated with the topic Product Labeling & Marketing generated significant discussion with both issuers and investors. Investors indicated interest in better understanding corporate strategies related to GMOs given their view that GMOs are a meaningful and increasingly crucial factor in customer demand, especially in some regions such as Europe. Issuers questioned including GMOs as a topic, as they believe there is no scientific consensus on whether GMOs pose risks to consumer safety.

Meat, Poultry & Dairy Industry

Nine stakeholders provided feedback during consultation for the Meat, Poultry & Dairy industry, as shown in the table below categorized by stakeholder type. Feedback from issuers and investors was in alignment regarding the topics that SASB sought feedback on and discussed. Subject matter experts and an investor provided additional feedback on the complex topic of antibiotics use within the industry.

Consultation Feedback Received for the Meat, Poultry & Dairy Industry

	Investor ³	Issuer	Industry Association	Subject Matter Expert ⁴	Total
# Contacted	n/a	6	1	n/a	7
# of Briefings Held	n/a	3	1	n/a	4
# of Feedback	4	1	0	4	9

Feedback was provided by stakeholders on the specific topics below.

- Water Withdrawal** – An issuer and investors agreed that incorporating wastewater in the Water Withdrawal disclosure topic would be appropriate. An issuer pointed out that it would be challenging to gather data on the amount of wastewater since different plants have different types of source and discharge locations (e.g., municipality, river, etc.).
- Land Use & Ecological Impacts** – The SASB sought feedback to expand the scope of the Land Use & Ecological Impacts topic to include contracted growers. An issuer and subject matter expert commented that depending on the type of animal protein, it would be challenging for companies to manage and gather information on contract growers. The issuer added that they have seen growing interest from their customers (i.e., food retailers) for this information. A subject matter expert recommended benchmarking metrics to “best in class” within this topic.
- Workforce Health & Safety** – An issuer and an investor provided feedback that the predominant labor issue for the industry is the health and safety of workers, and they did not support adding a rate of unionization metric to the topic proposed by the SASB.
- Antibiotic Use in Animal Production** – Subject matter experts and an investor provided feedback on the SASB’s provisional disclosure topic on Antibiotic Use in Animal Production. Stakeholders noted

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that there is an inherent link between antibiotic use and the Animal Care & Welfare topic, and there is still controversy for going “antibiotic-free.” One subject matter expert commented that splitting the supply chain into “regular” and antibiotic-free operations could lead to worse animal welfare issues.

Subject matter experts and an investor also noted that company reduction and elimination targets for antibiotic use have so far mainly been only in the poultry supply chain, with the long-term goal that the same policies will be applied eventually to other animal protein supply chains (e.g., pork and beef). All stakeholders who provided feedback on the topic also commented on the importance of defining the accurate terminology (e.g., “medically important,” “nontherapeutic usage,” etc.) within the SASB Standards and being aware of how SASB’s metric may align or differ from the U.S. Food and Drug Administration’s definitions and guidance on the topic.

Processed Foods Industry

Feedback was received from 13 stakeholders during consultation for the Processed Foods industry, as shown in the table below categorized by stakeholder type. Feedback from different stakeholder groups was generally in alignment. Several issuers and investors emphasized the importance of cost-effectiveness as the SASB considers revisions or additions to the industry standards. Both groups noted that brand reputation is a main driver of financial impact for the industry and, in turn, drives disclosure on ESG topics.

Consultation Feedback Received for the Processed Foods Industry

	Investor ⁵	Issuer	Industry Association	Subject Matter Expert ⁶	Total
# Contacted	n/a	8	1	n/a	9
# of Briefings Held	n/a	6	1	n/a	7
# of Feedback	6	2	1	4	13

During consultations on the Health and Nutrition disclosure topic, investors and an issuer raised a question on SASB’s methodology in determining what consumer-interested health and nutrition topics (e.g., antibiotic usage, organic, non-GMO, cage-free eggs, sustainable seafood, fair trade, gluten-free, no added sugar, low fat, sustainably sourced, locally sourced, etc.) to include in the standard. Investors mentioned they would be interested in some of the topics, given high consumer interest and especially the link to brand reputation. However, one investor also noted that it has concerns around companies addressing health and nutrition topics as the definitions around “health” and “nutrition” are often subjective.

Issuers and investors provided feedback that, because issuers in the industry produce a wide range of products, ingredient use varies vastly among companies. In turn, exposure to certain ingredients referenced in the SASB standard (e.g., for cage-free eggs and animal proteins) would vary significantly. An issuer and an investor who both operate on an international scale provided feedback that regulations and the significance of many topics also vary widely based on specific regions and countries. Furthermore, it would be helpful for the SASB Standards to include foreign-equivalent regulations for the U.S. regulations referenced in the metrics.

In addition to overarching feedback above on the standards, stakeholders provided feedback on the specific topics below.

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- **Health & Nutrition** – The SASB sought feedback on removing the provisional metric on revenue from products that meet Smart Snacks in School Standards (CN0103-11). Issuers and investors agreed with the proposal to remove the metric as the industry view is that this would not be a useful performance indicator.
- **Environmental & Social Impacts of Ingredient Supply Chains** – A subject matter expert recommended the addition of a topic and metric on antibiotic use for the ingredient supply chain as a systemic supply disruption can affect the entire industry. An issuer stated that tracking antibiotic use in the supply chain would not be cost-effective.

Investors, issuers, and subject matter experts provided varying and often conflicting views on the animal welfare disclosure topic. An investor commented that product responsibility claims, not the cost of goods sold, is the main driver for them around the topic. The same investor also noted that it is already a significant topic being addressed by a majority of large European companies in the industry. An issuer said that there is sometimes a broken link between what is communicated to consumers on animal welfare and sustainable sourcing initiatives undertaken by companies, and that undertaking such initiatives do not necessarily increase salable value. Issuers and a subject matter expert reiterated that the materiality of the information generated by this topic will vary for companies depending on the ingredient inputs required in their supply chain.

Non-Alcoholic Beverages Industry

Feedback was received from eight stakeholders during consultation for the Non-Alcoholic Beverages industry, as shown in the table below categorized by stakeholder type. An issuer and an industry association expressed concerns regarding the financial cost, operational challenges, and legal concerns of implementing the SASB Standards. Investors and subject matter experts recommended how to improve to the metrics within the Health & Nutrition and Product Labeling & Marketing provisional disclosure topics.

Consultation Feedback Received for the Non-Alcoholic Beverages Industry

	Investor ⁷	Issuer	Industry Association	Subject Matter Expert ⁸	Total
# Contacted	n/a	4	3	n/a	7
# of Briefings Held	n/a	3	2	n/a	5
# of Feedback	4	1	2	1	8

Members from a beverage industry association representing both non-alcoholic and alcoholic beverages issuers provided general feedback on the SASB Standards, noting that there could be operational challenges and financial burdens for issuers to collect data and report on metrics not already aligned with internal and/or third-party reporting frameworks (e.g., GRI, CDP, DJSI, etc.). Members did not provide feedback to add or remove specific disclosure topics, but they did note that not all the topics in the provisional standard are likely to generate material information for all firms within the industry.

One issuer expressed strong concerns with the content of the provisional standard and SASB's standard development process. The issuer identified areas of concerns as (a) the SASB's push for SEC Form 10-K disclosure and the corresponding shift to companies to explain why the SASB Standards are or are not material to be reported in the SEC Form 10-K, (b) assurance and audit needs required to report to the SEC Form 10-K, (c) lack of broad feedback from companies and investors in the standard-development process, (d) operational and data collection concerns to disclose to the SASB Standard, and (e) lack of objectivity in the standard development process in the early days.

Feedback was provided by stakeholders on the specific provisional disclosure topics below.

- **Water Management** – Members of the beverages industry group recommended refining the scope of definitions for provisional water management metrics on water withdrawal and water consumption. An

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issuer fundamentally disagreed with the SASB's Water Management metrics. The issuer provided feedback to consider efficiency metrics in lieu of absolute metrics for water use and recommended a more comprehensive perspective on water risk disclosures encompassing water quality, sustainability of resources available, policy, infrastructure, pricing, and other issues versus only available quantity.

- **Health & Nutrition** – Investors and an issuer provided feedback on the revenue metric by calorie and sweetener levels (CN0201-05). An investor commented that these nutritional categories are widely talked about, but issuers are very sensitive about disclosing information by these categories. One investor recommended additional categories to consider (e.g., high fructose versus sugar) and cautioned to make sure the categories do not result in double counting. One investor recommended an alternative to disclose product categorization based on the percentage of product portfolio instead of on a revenue basis.

An issuer did not agree with the provisional disclosure topic citing that it is subjective, as there are no conclusive scientific findings on the health impact of artificially sweetened and low- or no-calorie beverages, and that disclosing by these categories would support a bias. The issuer also disagreed with the term “ingredients of concern” used in the topic, citing that it is subjective and has industry-wide implications.

- **Product Labeling & Marketing** – An investor noted that advertising impressions on children is a widely talked-about topic for the industry and the SASB's proposed revision to update the metric from number of impressions to the percentage of impressions would still fulfill investor needs. An issuer expressed strong concerns that the metric significantly distorted and incorrectly applies the Children's Food and Beverage Advertising Initiative's Uniform Nutritional Criteria and instead recommended that a more appropriate metric would be to look at a company's compliance with its own responsible marketing commitments.
- **Packaging Lifecycle Management** – Members of the beverages industry group recommended refining the scope definitions for the provisional packaging metrics on the percentage of recyclable and compostable packaging. They also noted that there may be difficulties reporting on some of the packaging provisional metrics given the lack of current data collection systems at some member companies.
- **Environmental & Social Impacts of Ingredient Supply Chains** – An issuer expressed concerns that disclosures may be estimates as supply chains are complex and would require coordination with suppliers that include their consent because of contractual confidentiality requirements.

Alcoholic Beverages Industry

Feedback was received from five stakeholders during consultation for the Alcoholic Beverages industry, as shown in the table below categorized by stakeholder type. Consultation feedback encompassed both general feedback regarding financial, operational, and legal concerns of implementing the SASB Standards, as well as technical feedback on water and packaging disclosure topics. Stakeholders generally expressed similar sentiments on topics and provided specific evidence from their operations and experiences.

Consultation Feedback Received for the Alcoholic Beverages Industry

	Investor ⁹	Issuer	Industry Association	Subject Matter Expert ¹⁰	Total
# Contacted	n/a	4	2	n/a	6
# of Briefings Held	n/a	2	1	n/a	3
# of Feedback	1	1	2	1	5

Members from a beverage industry association representing both non-alcoholic and alcoholic beverages issuers provided general feedback on the SASB Standards, noting that there could be operational challenges and financial burdens for issuers to collect data and report on metrics not already aligned with internal and/or third-party reporting frameworks (e.g., GRI, CDP, DJSI, etc.). Members did not provide feedback to add or remove specific disclosure topics, but did note that not all topics in the provisional standard are likely to generate material information for all firms within the industry.

Feedback was also provided by stakeholders on the specific provisional disclosure topics below.

- Activity Metrics** – A subject matter expert provided input on the activity metric in the provisional standard focused on the volume of product sold. The stakeholder noted that, given differences in the production process of different alcoholic beverages where certain products require a long aging process, the volume of product produced versus sold may be a more appropriate normalization metric for the industry.
- Water Management** – Members of the beverages industry group recommended refining the scope of definitions for provisional water management metrics on water withdrawal and water consumption.

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- **Responsible Drinking & Marketing** – An issuer recommended clarifying metrics within the Responsible Drinking and Marketing provisional disclosure topic to (a) provide clarifications whether the marketing violations referenced within the technical protocols refer to only externally published marketing violations versus violations to internal guidelines; and (b) provide clarifications on the fines and settlement metric to be for incidences with breach of duty versus for all settlements, which may arise from complaints without merit. Additionally, an investor recommended adding a metric for issuer programs on responsible drinking.
- **Packaging Lifecycle Management** – Members of the beverages industry group recommended refining the scope of definitions for the provisional packaging metrics on the percentage of recyclable and compostable packaging. They also expressed concern regarding the ability to report on packaging metrics given the lack of current data collection systems and standards at some member companies.

Tobacco Industry

A limited amount of feedback was received on the Tobacco industry, as shown in the table below. Feedback from the stakeholders was in alignment on potential revisions for the topics in the provisional standard and on additional topics that should be added to the Tobacco industry provisional standards.

Consultation Feedback Received for the Tobacco Industry

	Investor ¹¹	Issuer	Industry Association	Subject Matter Expert ¹²	Total
# Contacted	n/a	3	0	n/a	3
# of Briefings Held	n/a	1	0	n/a	1
# of Feedback	2	1	0	0	3

All stakeholders raised the following two issues during consultation about the tobacco industry. First, the development of reduced-risk products (e.g., heat-not-burn cigarettes and non-tobacco nicotine products) is a large trend for the industry for the upcoming years. Second, stakeholders noted that environmental and social impacts of the tobacco supply chain are actively managed by companies in the industry. Feedback was also provided by stakeholders on the specific provisional disclosure topics below.

- Marketing Practices** – An issuer provided guidance on the application of the World Health Organization Framework Convention on Tobacco Control (WHO FCTC) regarding marketing practices at country versus issuer levels, including why the two relevant metrics in the provisional standard were inappropriately structured.
- Environmental & Social Impacts of the Supply Chain** – Stakeholders proposed the addition of an environmental and social impacts of tobacco supply chain topic to the SASB Tobacco standards as labor practices and farm management are both issues actively managed by issuers in the industry, and they are viewed as significant from a financial impact perspective.
- Reduced Risk Products** – An issuer provided recommendations on how to more accurately structure the SASB activity metric and provisional standard to align with industry-accepted categories and subcategories of combustible versus non-combustible tobacco products. Further, one investor and one issuer recommended the SASB consider the addition of a metric on research and development of

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reduced-risk products as an indicator of an issuer's commitment to developing products that aim to address the health risks of smoking.

Food Retailers & Distributors Industry

Feedback was received from 12 stakeholders during consultation for the Food Retailers & Distributors industry, as shown in the table below categorized by stakeholder type. Feedback from different stakeholder groups agreed with the importance and relevance of most of the topics included in the provisional standards. Several issuers and investors raised significant concerns on the cost-effectiveness and operational feasibility of certain disclosure topics.

Consultation Feedback Received for the Food Retailers & Distributors Industry

	Investor ¹³	Issuer	Industry Association	Subject Matter Expert ¹⁴	Total
# Contacted	n/a	7	0	n/a	7
# of Briefings Held	n/a	2	0	n/a	2
# of Feedback	7	2	0	3	12

Several issuers indicated concern regarding the cost, time, and feasibility of collecting data to disclose metrics on certain SASB topics due to the number of products and store locations that it would entail. Issuers noted that the types of data required for SASB disclosure are not all currently captured by existing data collection systems. Different data is collected at country, region, or county levels; thus, not all data is always collected or available for all operations, and furthermore, it would be challenging to aggregate.

A global retail issuer noted that its controller does not view the information generated by the provisional standard to be financially material and is thus inappropriate for disclosure in the Form 10-K. The issuer also expressed concerns related to tracking data that meets Sarbanes-Oxley Act (SOX) internal controls compliance. However, the issuer generally expressed support for disclosure of SASB metrics in a stand-alone report.

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One investor suggested convenience stores be recategorized from the Drug Retailers & Convenience Stores industry¹⁵ to the Food Retailers & Distributors industry. The investors noted more operational similarities between convenience stores and food retailers versus health care compliance issues specific to drug retailers. Additionally, two investors recommended revisions and/or additions of several provisional disclosure topics, discussed further below, that they believe are material topics for the food distributor segment of the industry.

Feedback on specific disclosure topics is discussed below.

- **Air Emissions from Refrigeration** – There was a general ambivalence and lack of interest in this provisional topic from both investors and issuers. Investors commented that they saw little performance variation among industry issuers on this topic. An issuer shared that after switching to lower-ozone depletion potential refrigerants, they have not identified opportunities that would result in significant additional emissions reduction.
- **Food Waste Management** – A subject matter expert recommended the SASB more clearly define what constitutes edible and recoverable food. Issuers expressed concern that food waste data is still difficult to gather, but the subject matter expert shared that new software products to collect and manage this data are being developed.
- **Food Safety** – Issuers and investors questioned the appropriateness of using “number of recalls” as a metric to measure performance on food safety while agreeing there needs to be more and better disclosure on food safety management by companies. Investors shared that while the number of recalls provides information on supplier compliance, it does not necessarily reflect issuer performance on food safety, because while the number of food recalls has increased, the number of food-borne illnesses has gone down in the same period. An issuer commented that recalls do not typically generate material financial impacts unless it’s a recall of a retailer’s private-label product, because manufacturers bear all costs of recalls. An investor recommended a traceability disclosure metric (e.g., GFSI certification) or number of food-borne illnesses metric in lieu of the recall metric, but did note that the latter would likely be a difficult data point for issuers to gather.
- **Product Health & Nutrition** – An issuer provided feedback that the provisional metric to identify ingredients of concern and dietary preferences (CN0401-11) would be cumbersome to report with the hundreds of thousands of products that the retailer carries. Additionally, the issuer, which is a private company, commented that it does not ever publicly share revenue/sales data, so it would not be a metric it would report.
- **Fair Labor Practices** – An issuer commented that labor laws are different among states within the U.S. and that disclosure on this topic would not be material because of the fragmentation. Separately, two investors believed there should be a Worker Health & Safety topic pertaining to food distributors.
- **Management of Environmental & Social Impacts in the Supply Chain** – Several subject matter experts recommended including a metric on antibiotics in animal proteins sold at retailers and

¹⁵ Drug Retailers & Convenience Stores is an industry within the Health Care sector provisional standard.

expanding animal welfare disclosure within this SASB disclosure topic. Antibiotic use was identified as a significant topic by subject matter experts since a systemic disruption to the animal supply chain would affect the entire industry. Subject matter experts and an investor noted the complexity in communicating to consumers the difference of using medically important versus non-therapeutic antibiotics. Furthermore, an investor cautioned that a metric on the percentage of products sold may be competitive information that retailers may not want to share. One issuer commented that an antibiotics usage metric used by issuers would be significantly different depending on the demographics and regions that their stores serve. The same issuer also requested clarity on whether such a metric would encompass all protein products (e.g., fresh, frozen, canned, etc.), as it would significantly impact the scope and feasibility of disclosure.

- **Sustainable Integrated Pest Management** – An investor recommended the SASB consider adding a disclosure topic on integrated pest management. The investor commented that it would be helpful to understand how pesticides are used on the products that retailers sell and cited one food retailer and one food distributor already implementing IPM programs.
- **Water Management** – An investor recommended Water Management be considered as an additional disclosure topic, as it is especially relevant for distributors who have a lot of equipment as well as retailers who have kitchen operations.

Restaurants Industry

Feedback was received from seven stakeholders during consultation for the Restaurants industry, as shown in the table below categorized by stakeholder type. There was a consensus of views expressed by different stakeholder groups on disclosure topics as discussed in detail below.

Consultation Feedback Received for the Restaurants Industry

	Investor ¹⁶	Issuer	Industry Association	Subject Matter Expert ¹⁷	Total
# Contacted	n/a	20	0	n/a	20
# of Briefings Held	n/a	3	0	n/a	3
# of Feedback	2	1	0	4	7

In addition to topic-specific feedback highlighted below, stakeholders provided feedback on the overall industry standard. A subject matter expert recommended the Energy and Water Management and Packaging Management disclosure topics be disclosed as efficiency metrics versus absolute metrics to increase comparability between large and small operations, as well as to reduce tracking and reporting burdens.

Feedback on specific disclosure topics is discussed below.

- **Food Safety** – An issuer expressed concern that disclosing the number of recalls does not necessarily reflect food safety and that the number of recalls does not reflect the amount of food involved.
- **Nutritional Content** – An issuer and a subject matter expert commented that plant-based protein alternatives are gaining traction within the industry and may be a new metric for future consideration.
- **Fair Labor Practices** – An investor and an issuer questioned the appropriateness of the metric on tax credit received for hiring through enterprise-zone programs (SV0203-14). The same investor recommended adding a Worker Health and Safety disclosure topic for the Restaurants industry given that the work involves occupational hazards, including lifting heavy boxes, using knives and other machinery, and being exposed to cleaning chemicals. A subject matter expert commented that reporting the number of employees is both challenging and not a meaningful metric, given the high turnover and seasonality of restaurant workers. The type of employee (e.g., full-time, part-time, and/or

¹⁶ 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.”

¹⁷ 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.”

by function) would be helpful information to include with this metric to allow for comparability among restaurants.

- **Supply Chain Management & Food Sourcing** – Several stakeholders provided feedback on updating or reconsidering the provisional metric on the “percentage of food purchased that meets environmental and social sourcing standards” (SV0203-15). Several subject matter experts expressed concerns that certifications may not be the best metric pending the rigor of the underlying audits to the certification.

An issuer indicated that it would be challenging to report the provisional metrics because it would be difficult to obtain information for certain raw materials from suppliers. The issuer also commented that there is a lack of industry standards within the Restaurants industry compared with food manufacturers. It would require significant resources to establish a third-party certification for the industry, as there aren't as many standards and certifications for restaurants versus for food manufacturers, and it would be challenging to obtain this information for certain raw materials. Furthermore, a subject matter expert cautioned that it would be challenging for issuers to report to the SASB Standard if the standard will be frequently updated to shifting social changes.

Discussion regarding the addition of a disclosure topic on antibiotics use in the supply chain to the industry standards was also discussed with several stakeholders. An investor commented that disclosure on antibiotics is a way for companies to differentiate themselves. Subject matter experts and issuers noted the importance to distinguish between medically important and non-therapeutic use of antibiotics.