



Sustainability Accounting Standards Board

Standards Board Meeting, Quarter 3, 2019, Public Session

Thursday, September 19, 2019

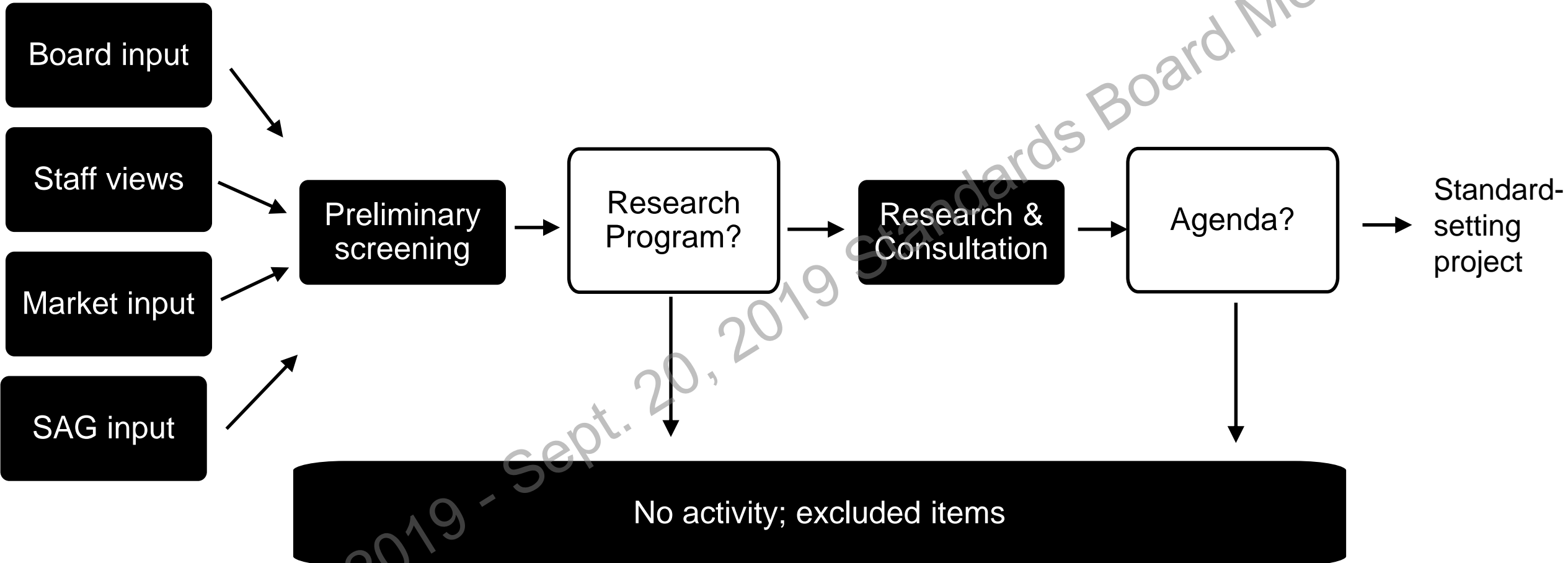
Sept. 19, 2019 - Sept. 20, 2019 Sustainability Accounting Standards Board Meeting

Staff Report Back



- Overview
- Implementation Status
- SAG Survey Feedback Report
- Global GAP Analysis
- Materiality Map Consistency Review
- Corporate Reporting Dialogue Report Back

Process Overview



Criteria for Agenda Items

Mission alignment

- ▶ Is there an opportunity to significantly improve communication by companies to investors of decision-useful sustainability information

Feasibility

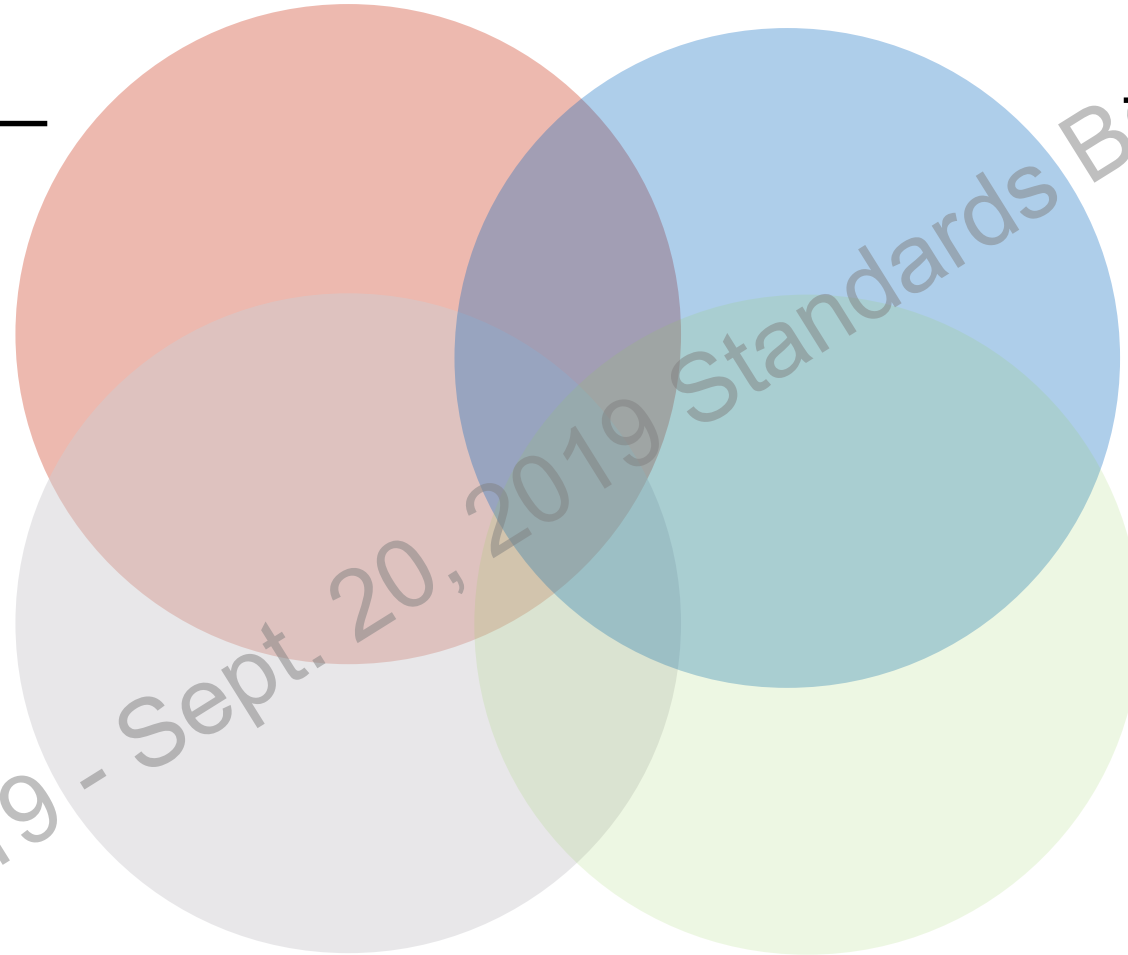
- ▶ What is the likelihood that there would be a proposed solution to put to the Board in a timely fashion.

Scope/prevalence

- ▶ Is the issue pervasive, including scope of industries or geographies impacted.

Capacity

- ▶ Does Staff (and the Board) have sufficient capacity to formally address the issue; and does the issue warrant prioritization of resources over alternatives.



Possible Standards-Setting Project

The Research Project may suggest a need for a Standard-Setting Project covering the following categories:

1. Governance Documents
2. Thematic Issue – materiality
3. Thematic Issue – measurement
4. Industry Standard: reevaluating existing content – materiality
5. Industry Standard: reevaluating existing content – measurement
6. Industry Standard: evaluating new or emerging issues
7. Industry scope and structure issues, including new industry standards
8. Globalization
9. Technical Protocol Issues
10. Standards Application Guidance
11. Alignment

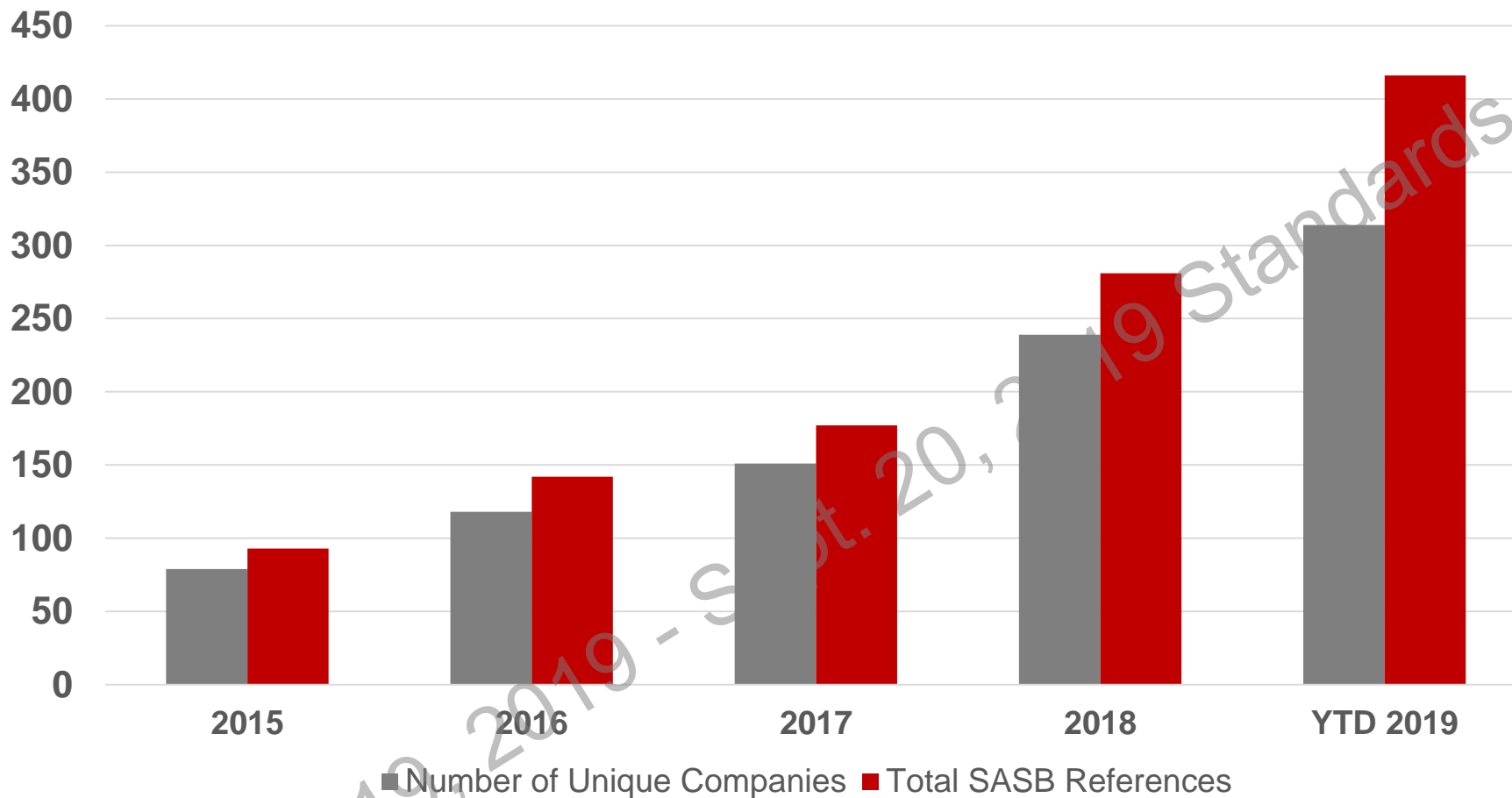
Implementation Status



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SASB References – Global

SASB has been referenced in 416 source documents published by 314 unique companies YTD (8/31/19)

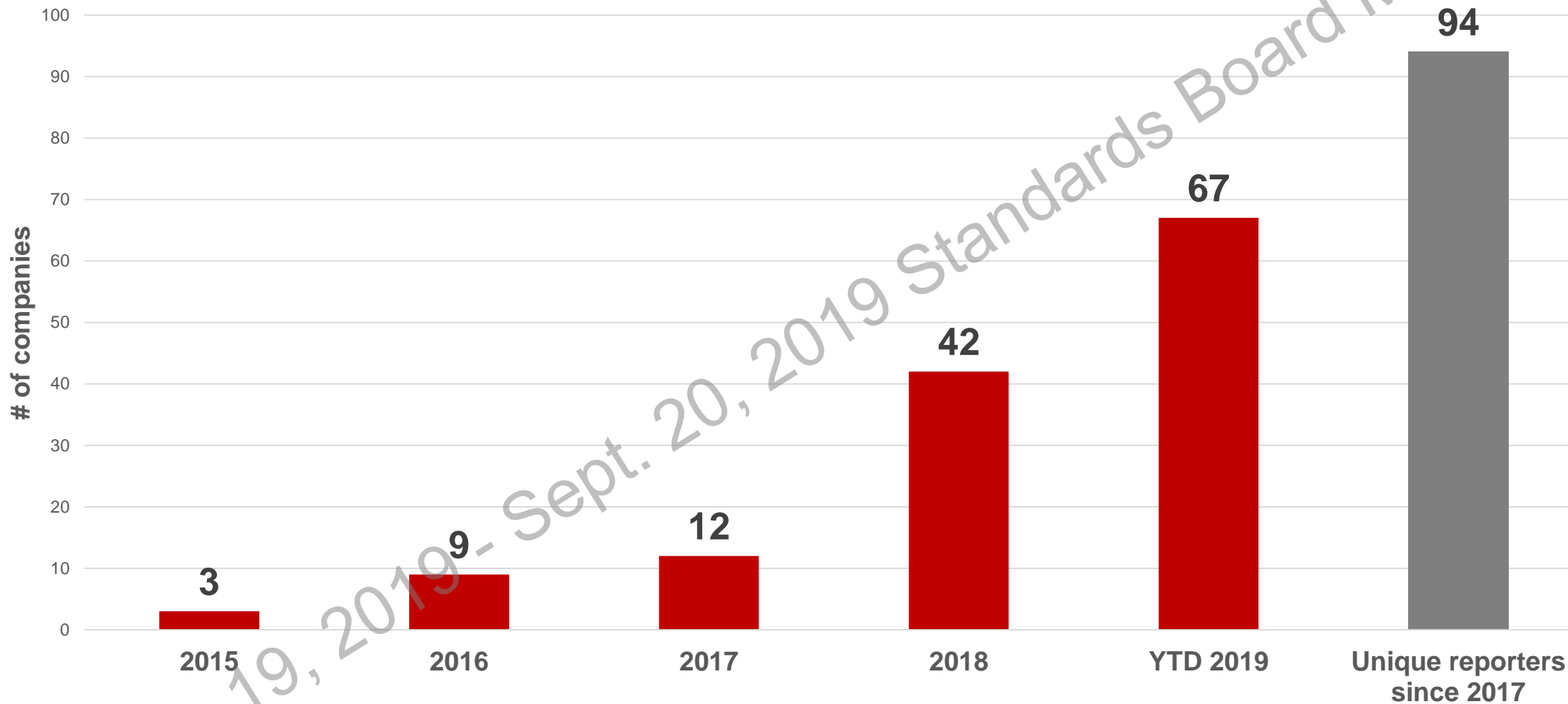


By Region	YTD 2019	
United States	153	37%
Europe	115	28%
Asia Pacific	82	20%
Canada	40	10%
Latin America & the Caribbean	22	5%
Middle East & Africa	4	1%



SASB Reporters – Global

94 unique SASB reporters (67 through Aug. 31st compared to 37 same period last year)



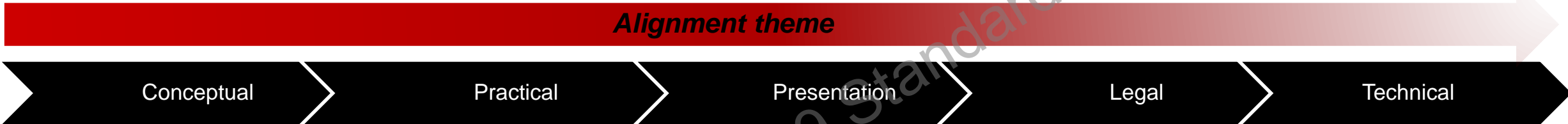
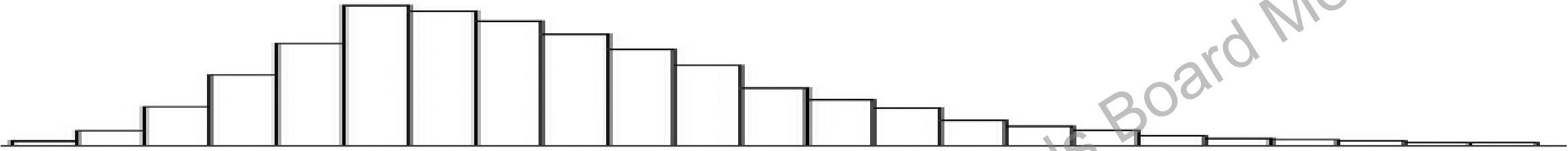
Preliminary Observations on SASB Disclosures

SASB will continue to monitor, analyze, and seek investor feedback on implementation of standards

1. Meaningful range of **quality**
2. Insufficient understanding of the standards, i.e., use of technical protocols
3. Existing [Standards Application Guidance](#) addresses many issues, yet...
 - General awareness of the guidance
 - Use of multiple industry standards
 - What is the best format of disclosure
 - Global applicability of topics and metrics
4. **Similar processes to financial reporting**, including a 3rd party review, seem to indicate higher quality

Investor feedback is critical—both sharing feedback direct with companies and SASB as an intermediary (Investor Advisory Group, Standards Advisory Group)

Categorizing Implementation Input



Example Why a topic is (or is not) in the standard? What is the guidance for segment reporting for diversified companies? What are the best examples of disclosures that meet investor needs? Counsel or auditor is concerned with specific disclosures Can you clarify the calculation methodology?

Standard-Setting

- Conceptual Framework
- Bases for Conclusions
- Standard-Setting Archive
- Standards Introduction
- Standards Application Guidance
- *Technical Bulletins (obsolete)*
- Standards Introduction
- Standards Application Guidance
- Standards Introduction
- Standards Application Guidance
- Technical Protocols
- Standards Application Guidance

Adoption Supporting

- Market education & communications
- SASB 101s & ad hoc conversations
- *Implementation Guide*
- Informal conversations
- *Implementation Guide*
- Informal conversations
- *Implementation Guide*
- Informal conversations
- *Implementation Guide*
- Informal conversations



Frequently Asked Implementation-related Questions

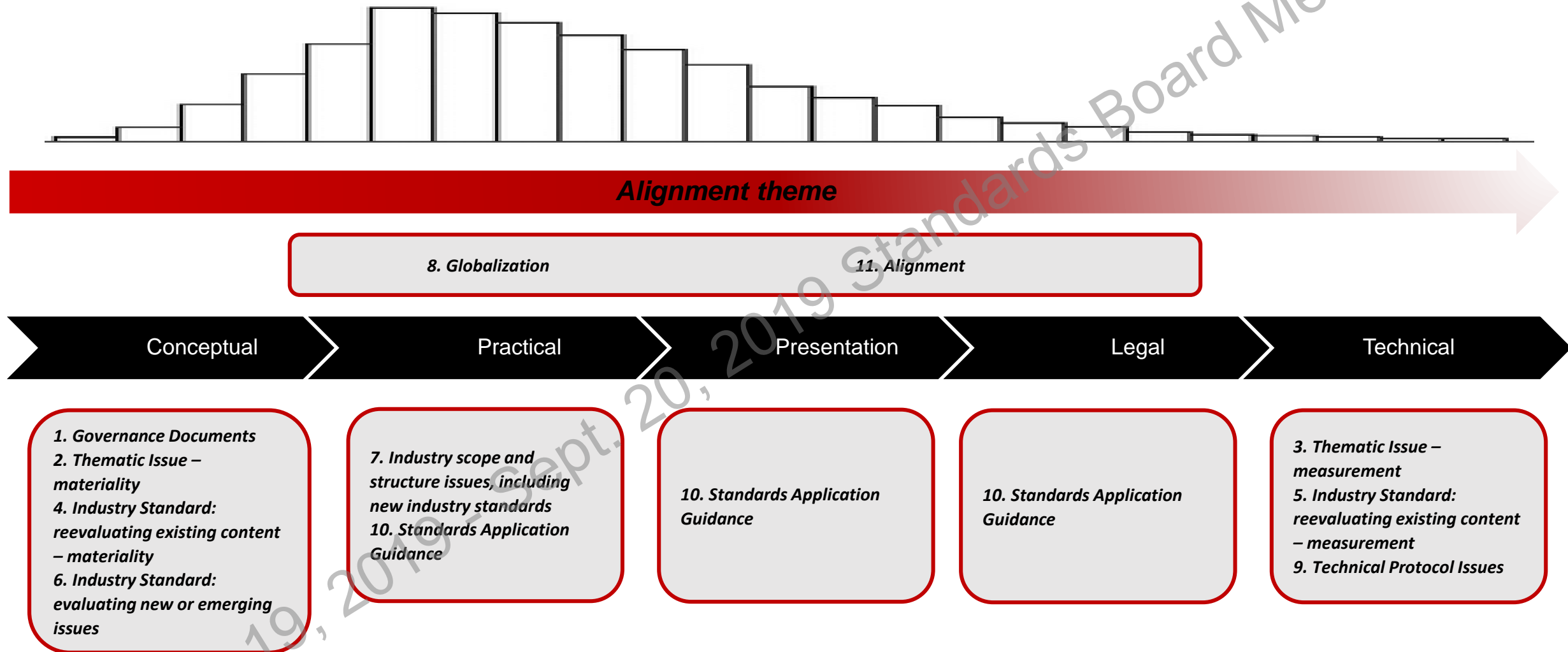
Conceptual – Practical – Presentation – Legal

- 1. Governance Documents**
- 2. Thematic Issue – materiality**
3. Thematic Issue – measurement
- 4. Industry Standard: reevaluating existing content - materiality**
5. Industry Standard: reevaluating existing content – measurement
- 6. Industry Standard: evaluating new or emerging issues**
- 7. Industry scope and structure issues, including new industry standards**
- 8. Globalization**
9. Technical Protocol Issues
- 10. Standards Application Guidance**
- 11. Alignment**

Technical Inquiries

1. Governance Documents
2. Thematic Issue – materiality
- 3. Thematic Issue – measurement**
4. Industry Standard: reevaluating existing content - materiality
- 5. Industry Standard: reevaluating existing content – measurement**
6. Industry Standard: evaluating new or emerging issues
7. Industry scope and structure issues, including new industry standards
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From Implementation Barriers to Strategic Priorities and Research Projects



SAG Survey Feedback Report



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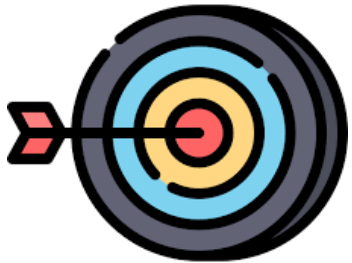
SAG Member Experiences Survey

An overview of the survey objectives and outcomes



Activity

Standards Advisory Group (SAG) survey to understand members' experiences using the SASB Standards.



Goal

To leverage SAG member feedback to inform our agenda prioritization efforts.

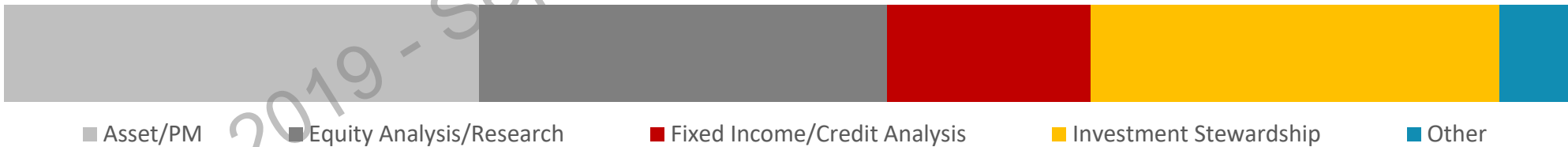
Respondents

Breakdown of survey respondents



95 responses from SAG members and colleagues

- **68** Corporates
- **27** Investors



0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%



Survey Scope

Results provided feedback across broad groupings of types of potential research agenda

- Governance documents
- **Thematic issues (materiality)**
- **Thematic issues (measurement)**
- **Industry standard: reevaluating existing content (materiality)**
- **Industry standard: reevaluating existing content (measurement)**
- **Industry standard: evaluating new or emerging issues**
- **Industry scope & structure issues, including new industry standards**
- Globalization
- **Technical protocol issues**
- **Standards Application Guidance**
- **Alignment**



Key Themes

Summary of the most relevant survey themes

- »» **Application Guidance**
Corporate respondents found the guidance useful and would appreciate more.
- »» **Topic and Metrics are Relevant, Financially-Material, and Decision-useful**
Corporate and Investor respondents found value in the standards.
- »» **Technical Protocol Clarity**
Respondents were familiar with the Technical Protocol and would appreciate more clarity.
- »» **Climate and Human Capital**
Respondents were consistent in the issues they highlighted as being key thematic issues and rapidly evolving in industry context.
- »» **Industry Scope and Structure**
Respondents, particularly those operating across multiply industries, felt their were opportunities to improve industry descriptions.

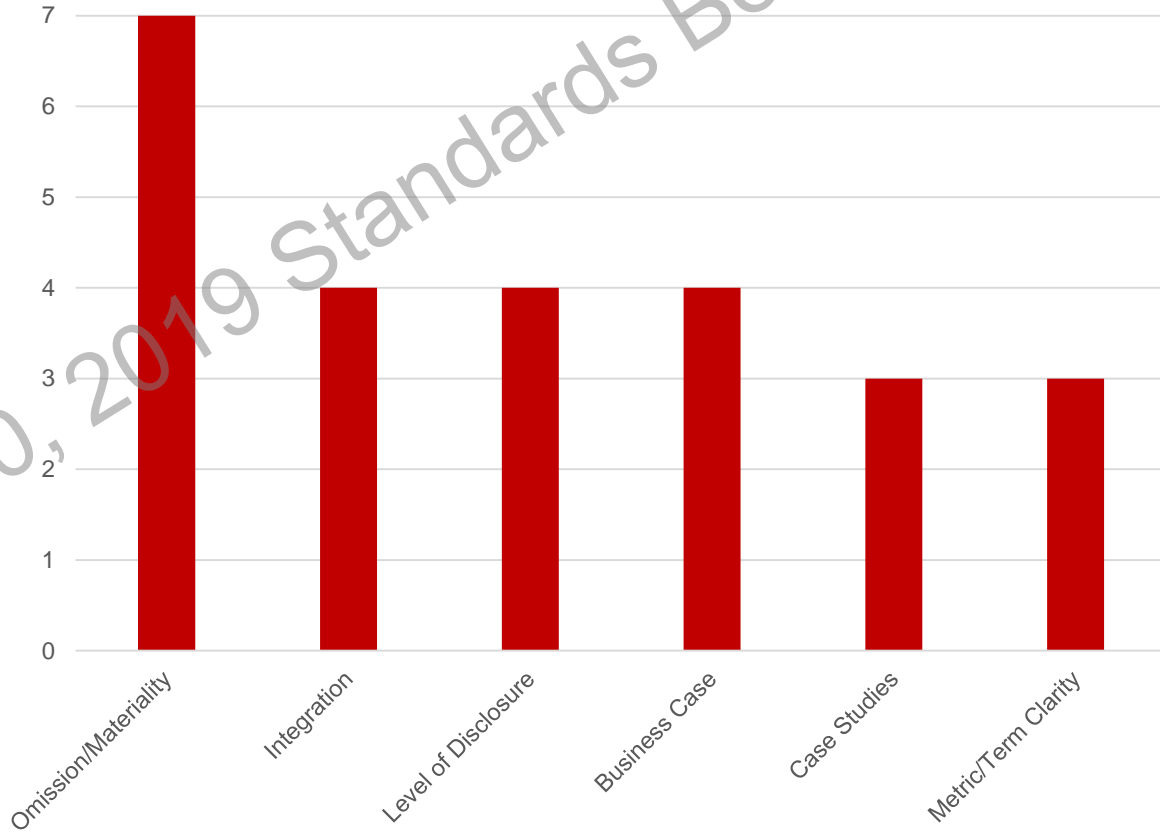


Application Guidance

Corporate SAG members found guidance helpful but asked for more

87% ▶ **94%**
Are Familiar Find it Helpful

72%
Asked for Additional
Guidance



Note: 33 individual comments



Application Guidance

Respondents had similar asks for additional guidance

Case Studies and Examples

“Example case studies, sector wise, demonstrating the implementation of the guidance will be extremely useful. Also, examples on value creation through use of SASB standards will be useful to influence the decision makers for adoption.”

Integration

“Additional feedback from corporate users on the data requested, calculation methodology, and alignment with existing reporting standards.”

Level of Disclosure

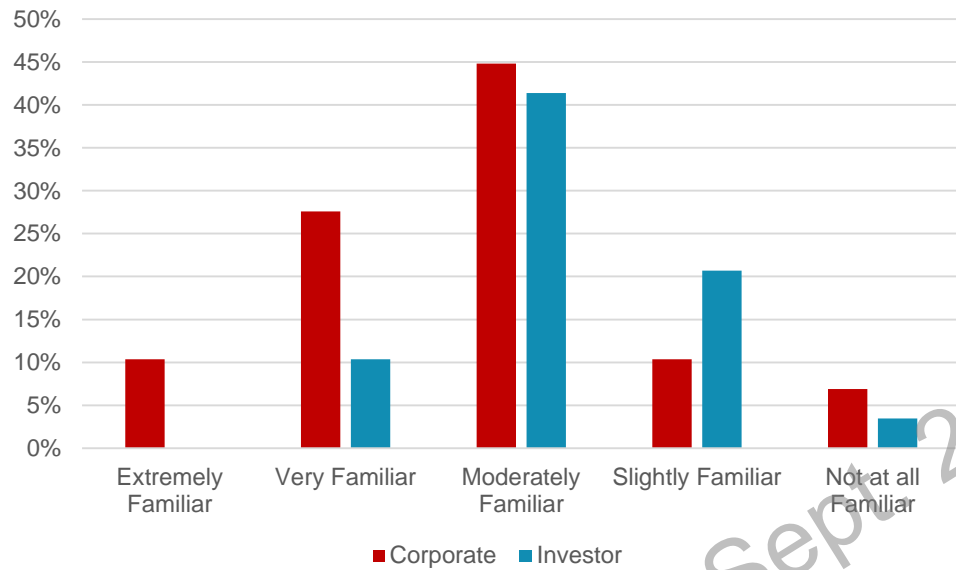
“For standards requiring more than a numerical value, guidance as to the level of detail and comparability among reporters.”

Note: 33 individual comments

Technical Protocols

Respondents reported being familiar but reported needing more clarity

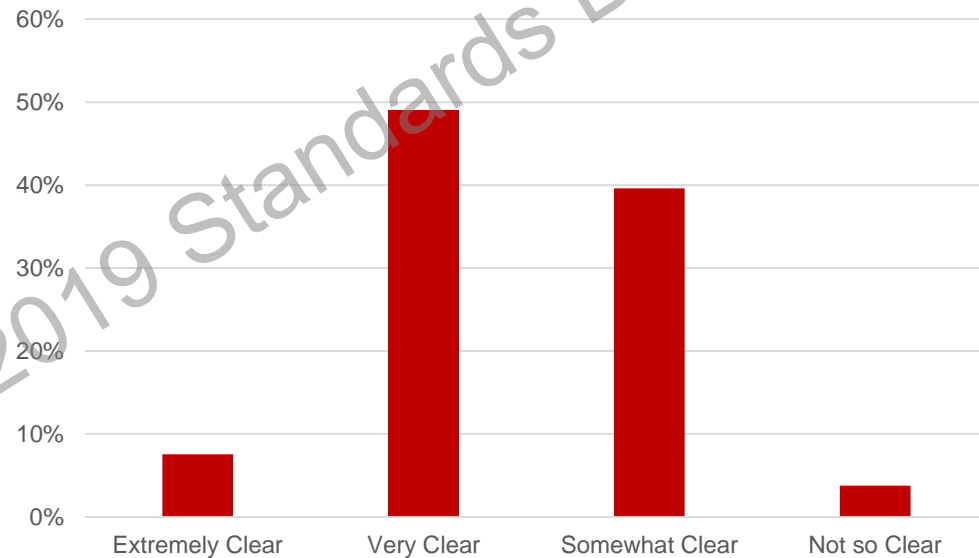
Reported Familiarity



83% of Corporate respondents are familiar

76% of Investor respondents are familiar

Clarity of Technical Protocols



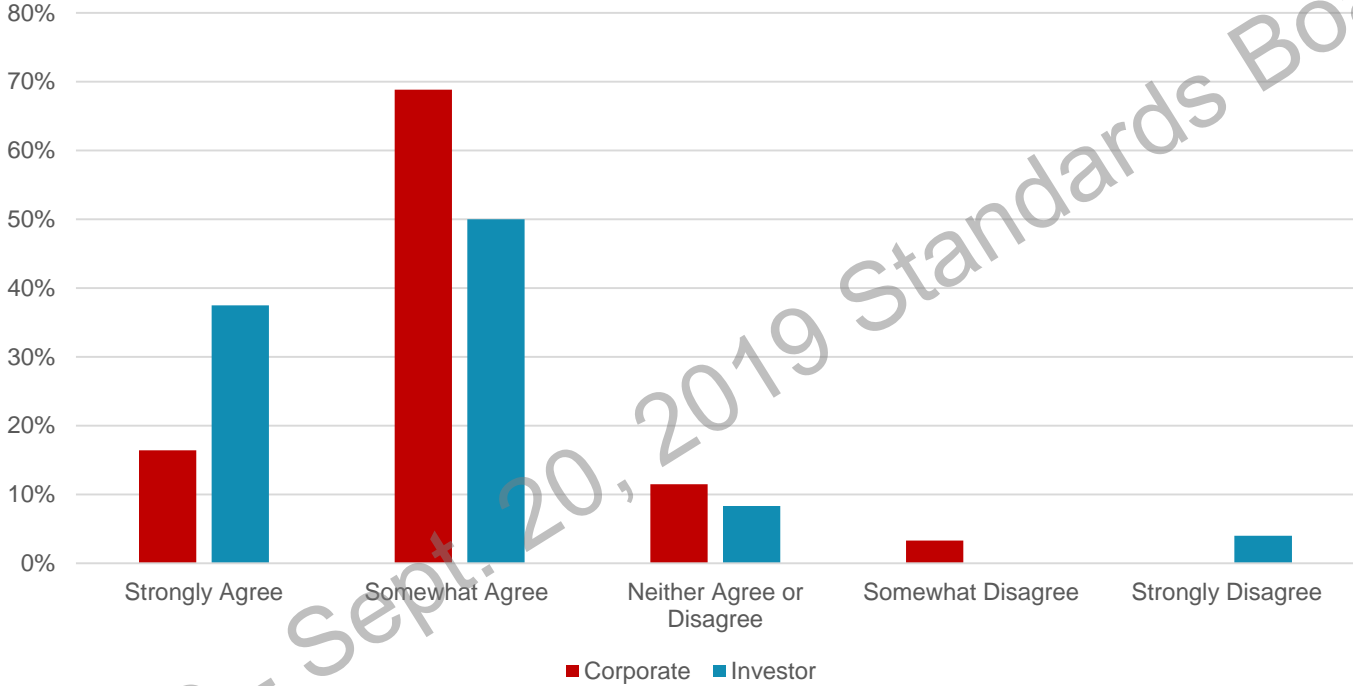
44% of corporate respondents believe technical protocols need more clarity

Note: 58 Corporate SAG Members responded & 24 Investor Members responded



Value in Topics

Survey respondents found topics both relevant and financially material



85% of Corporate respondents believe metrics are financially material

88% of Investor respondents believe metrics are financially material

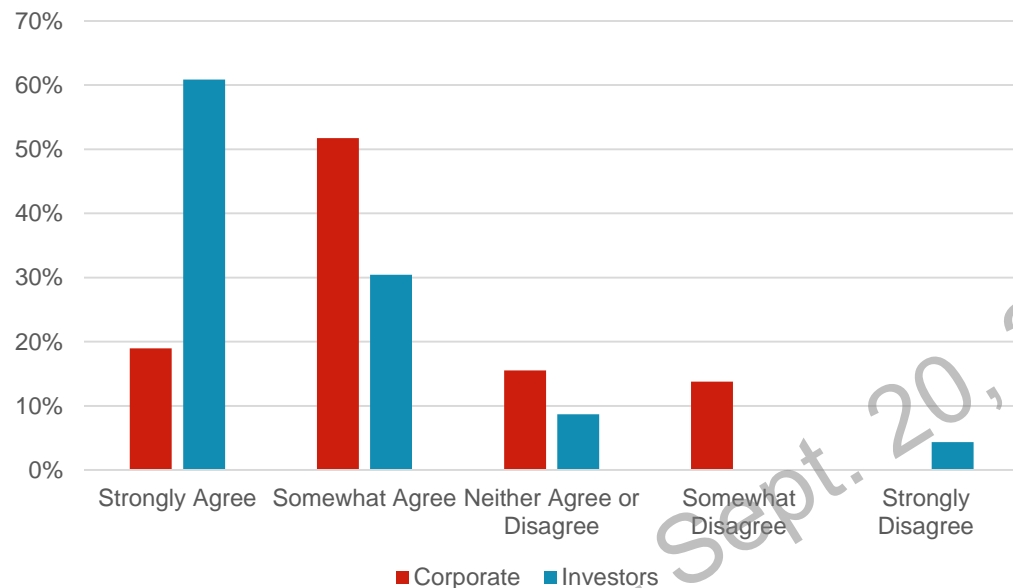
Note: 61 Corporate SAG Members responded & 24 Investor Members responded



Value in Metrics

Respondents believe metrics are applicable, decision-useful and comparable

Decision-Usefulness Of Metrics

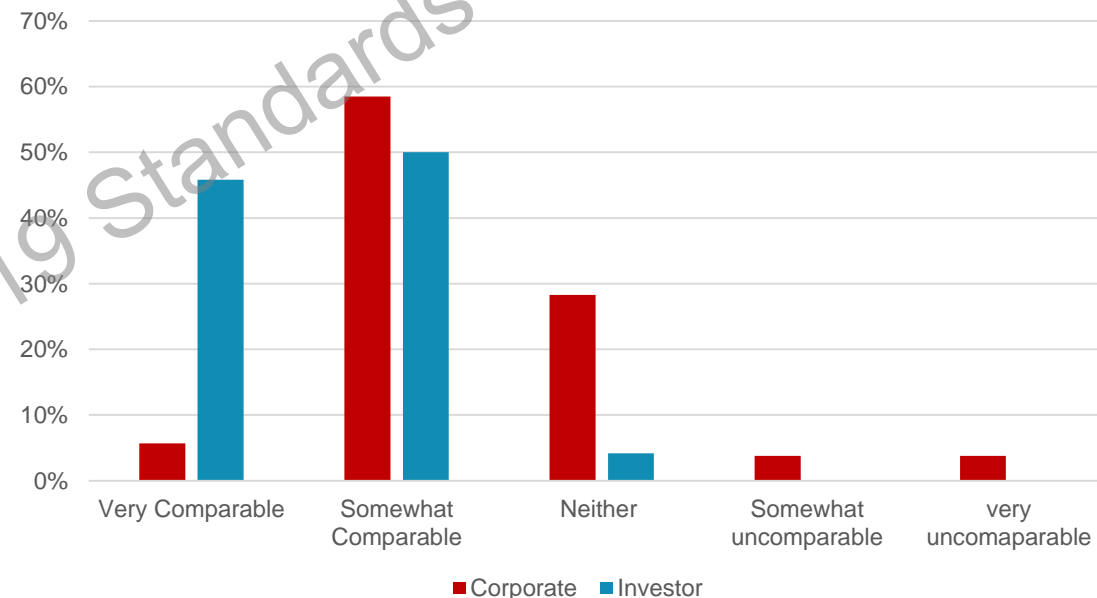


71% of Corporate respondents believe metrics are decision-useful

91% of Investor respondents believe metrics are decision-useful

Note: 61 Corporate SAG Members responded & 24 Investor Members responded

Comparability of Metrics



64% of Corporate respondents believe metrics are comparable

96% of Investor respondents believe metrics are comparable

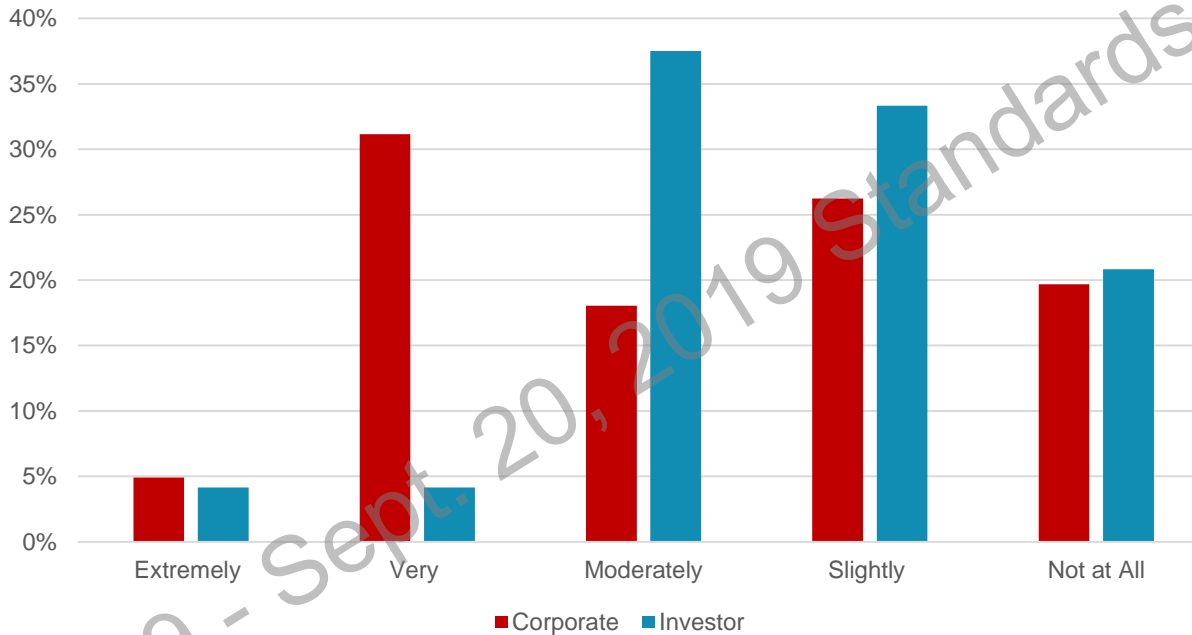
Note: 53 Corporate SAG Members responded & 24 Investor Members responded



Key Thematic Issues

Respondents reported there are emergent issues not currently addressed

Belief in Existence of Emergent Issues Not in Topics



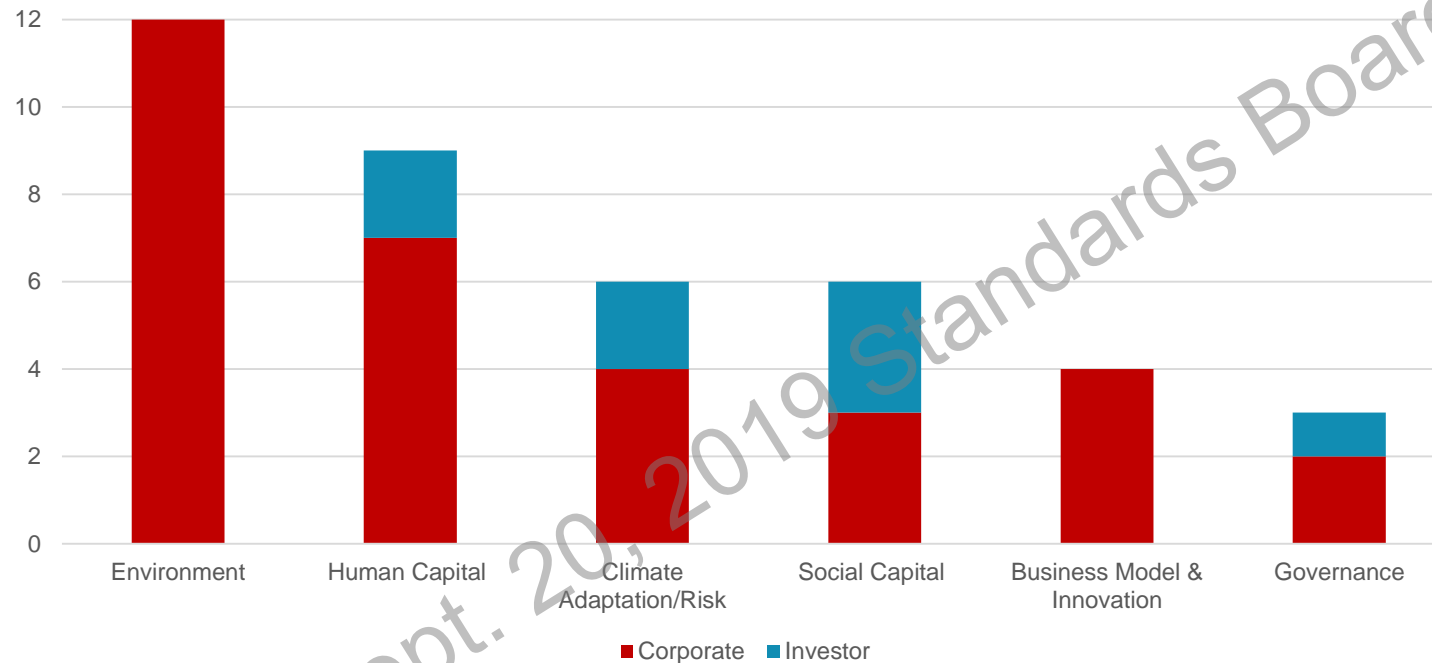
54% of Corporate respondents believe there are emergent issues that are not currently addressed in the topics

44% of Investor respondents believe there are emergent issues that are not currently addressed in the topics

Note: 61 Corporate SAG Members responded & 24 Investor Members responded

Key Thematic Issues

Respondents reported consistent and broad-based emergent issues



Environment: Lifecycle Management, Littering/Hazardous Waste, Microplastics

Human Capital: Employee Engagement, Employee Retention, Diversity & Inclusion

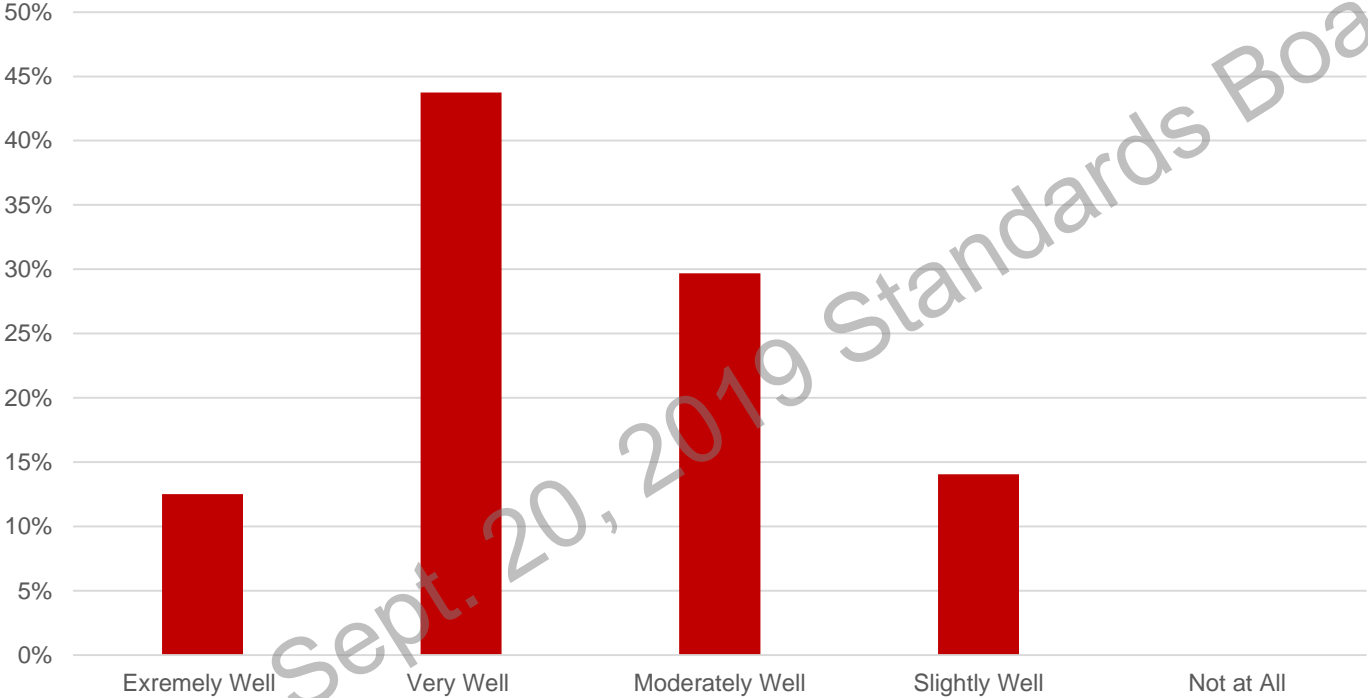
Climate Adaptation/Risk: Climate Change Resiliency, Risk, Opportunity, Adaptation

Social Capital: Human Rights in the Supply Chain

Note: 33 Corporate SAG Members responded & 9 Investor Members responded

Industry Scope and Structure

Respondents felt industry descriptions didn't satisfactorily fit their business models



44% of respondents felt that their industry description didn't accurately capture their business model

Note: 64 Corporate SAG Member respondents



Industry Scope and Structure

Respondents felt industry descriptions didn't fit their business models

“We are a diverse corporate with at least 5 or 6 standards applying. SASB should have a transparent way for companies to report under multiple areas. Not everyone can have one primary.”

“Even though we are a manufacturing company there is a big component of our business that is technology based.”

“As a diversified bank, 3 of the industry descriptions could fit - it is unclear how to determine or if all of them need to be completed.”

“We've several businesses, thus it's more about our set-up than your classification.”

Note: 9 individual comments



Key Themes

Summary of the most relevant survey themes

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Next Steps

Continuing to examine survey results



Follow up with the **22** individuals who noted they would like to discuss their survey responses in further detail.



Identify response trends worthy of additional investigation.



Continue to host SAG engagements that enable us to dig deeper into key themes identified.

Global Gap Analysis



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Global Gap Analysis

Understanding the global applicability of SASB standards

Methodology

Global Gap Analysis Spreadsheet

- Leveraging frequently occurring metrics (FOM) categories to structure analysis
 - *All 981 metrics are categorized: 222 unique and 759 grouped into 130 categories*
- Identifying and categorizing external references (definition, scope, calculation; strict vs loose)
- **Applicability** assessment across major capital markets: Canada, EU, UK, Japan, China, Brazil, Australia
- Initial analysis of potential next steps, including their level of complexity

Tags

Likely Path Forward

Global - Unchanged
Global - Improve
Regional Equivalent Reference
Principle Based Approach

Level of Change

Metric Level
Sub-metric Level
Technical Protocol (TP) Level

Complexity

No change
Known Change
Additional Research
Extensive Research

Global Gap Results

Total metrics analysis

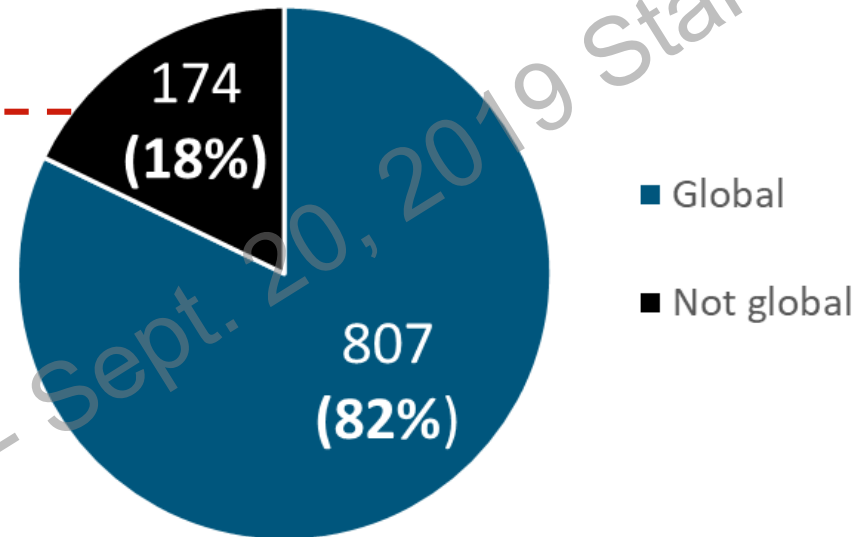
**Preliminary results (subject to QC)

82% of Total Metrics are Globally Applicable

- 18% of Total Metrics are not Globally Applicable
- additional 20% might benefit from further improvement

- 70 unique metrics
- 104 metrics across 39 FOM categories (91 remaining FOM categories are global)

Total Metrics - Global vs non-global

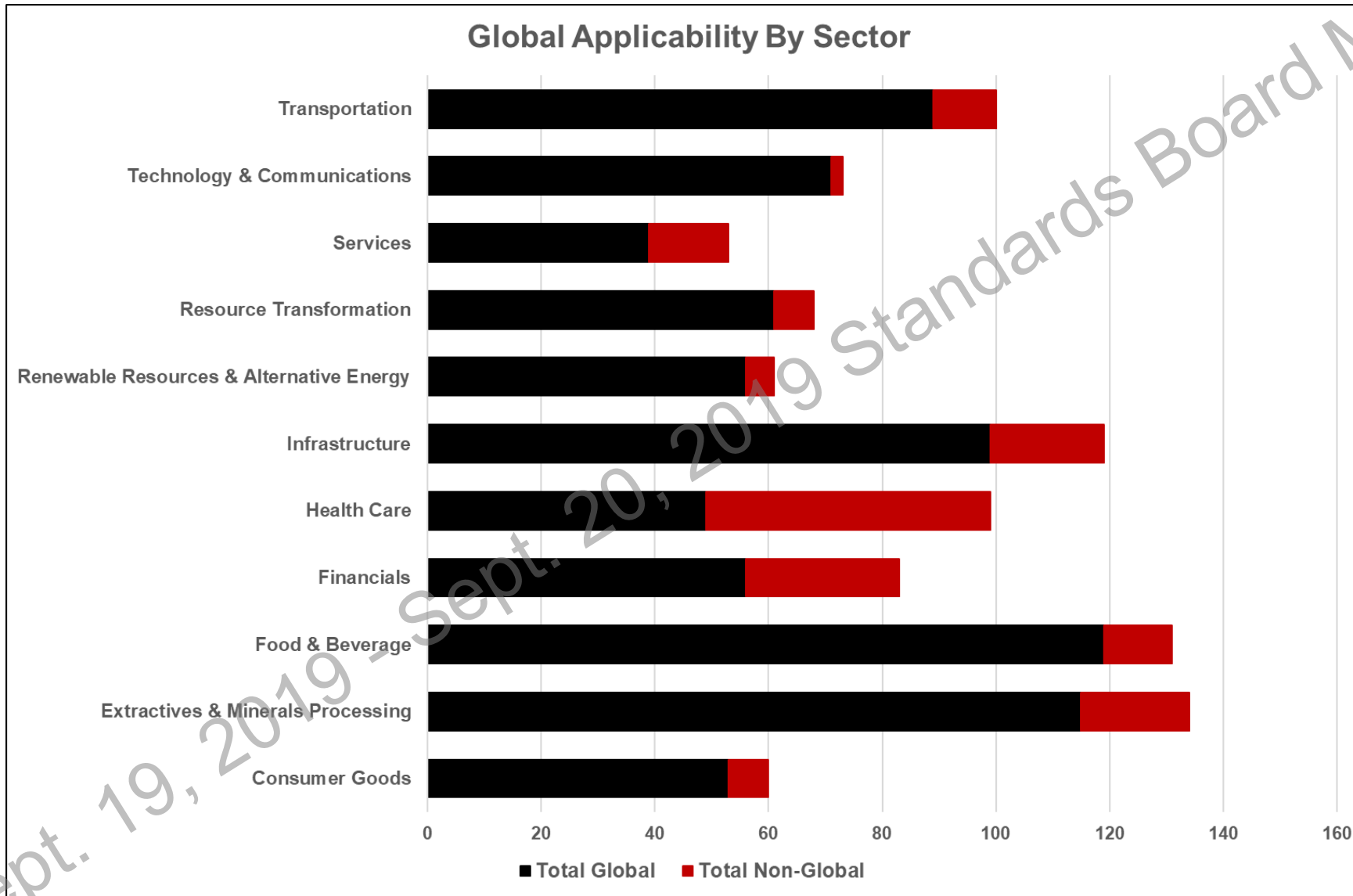


*Global includes global improve + global unchanged

Global Gap Results

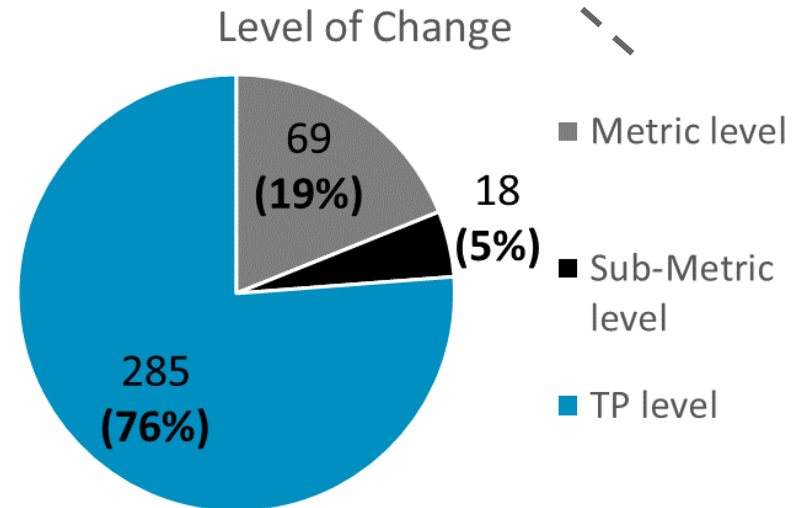
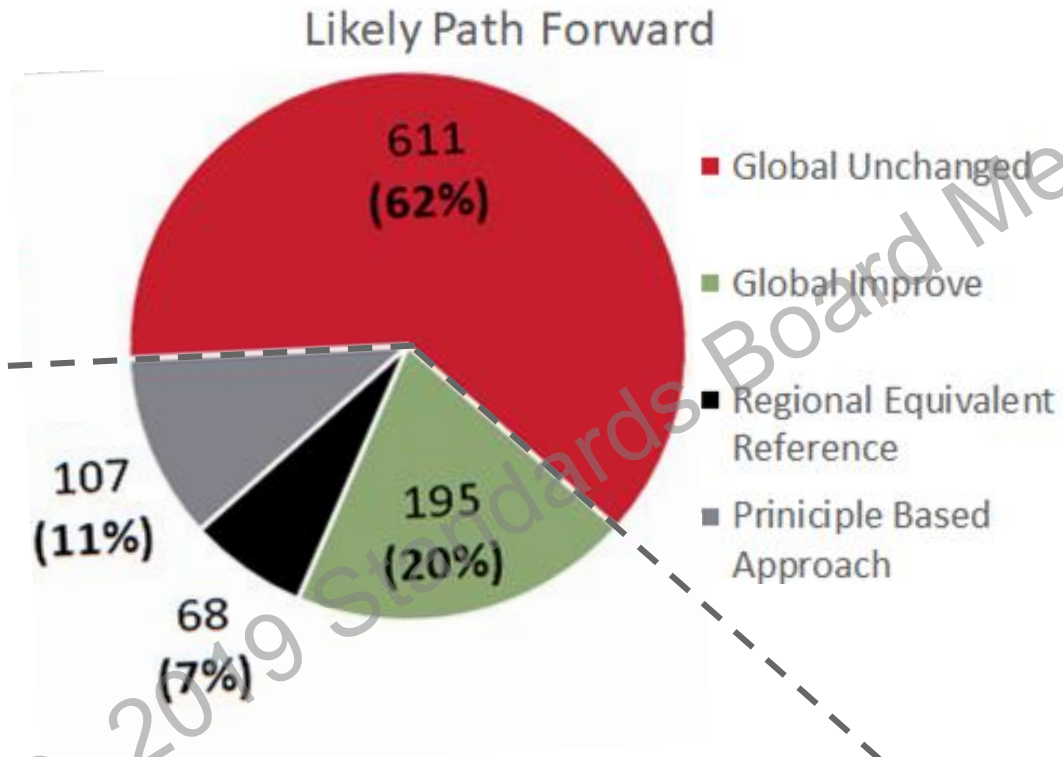
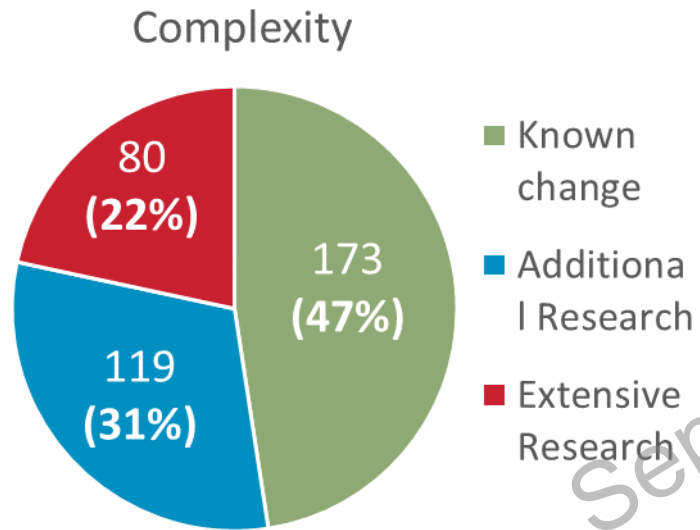
Total metrics by sector breakdown

**Preliminary results (subject to QC)



Global Gap Results

Total metrics breakdown



***Preliminary results (subject to QC)*



Global Gap Analysis

Consideration for Prioritization Categories: Globalization as a theme

1. Governance Documents
2. Thematic Issue – materiality
3. Thematic Issue – measurement
4. Industry Standard: reevaluating existing content - materiality
- 5. Industry Standard: reevaluating existing content – measurement**
6. Industry Standard: evaluating new or emerging issues
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Global Gap Results

Main themes, conclusions, and next steps

Themes:

- Majority of SASB metrics are Globally applicable
- Financials and Health Care – least Globally applicable (significant geographic differences)
- Majority of non-Global metrics have relatively straight-forward improvement solutions

Conclusions:

- Globalization of the standards requires multi-faceted approach
- Globalization cannot be achieved through a dedicated project
- Order of operations to be considered in updating the standards
- Small updates are feasible in the short term

Next steps:

- Quality control of the Global Gap Analysis results
- Design projects to address high-priority issues (a.k.a. low hanging fruit)
- Globalization considerations in designing projects

Appendix



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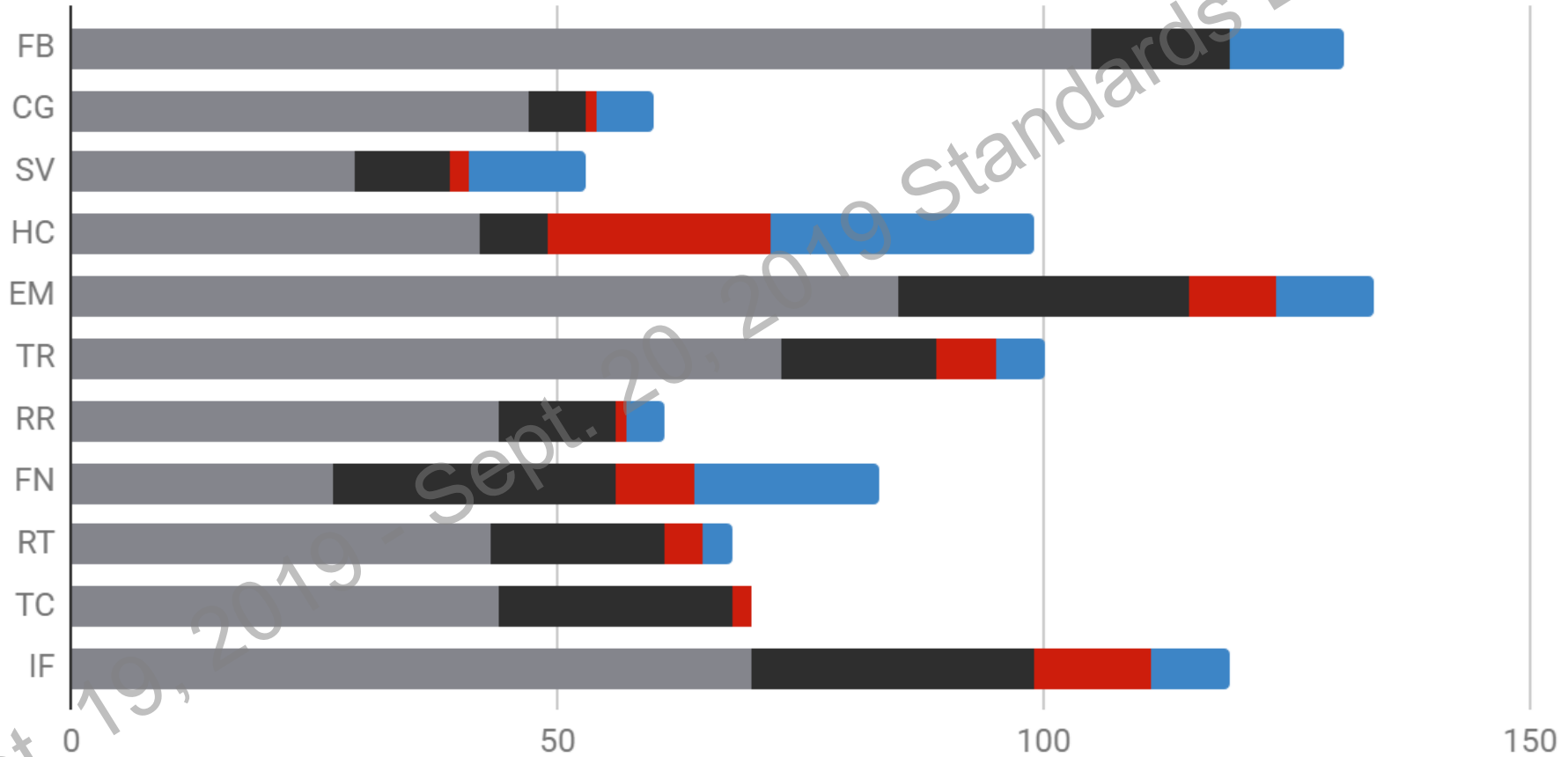
Global Gap Results

Total metrics by sector breakdown

**Preliminary results (subject to QC)

Sectors by Likely Path Forward

Global Unchanged Global Improve Regional Equivalent Principle Based Approach

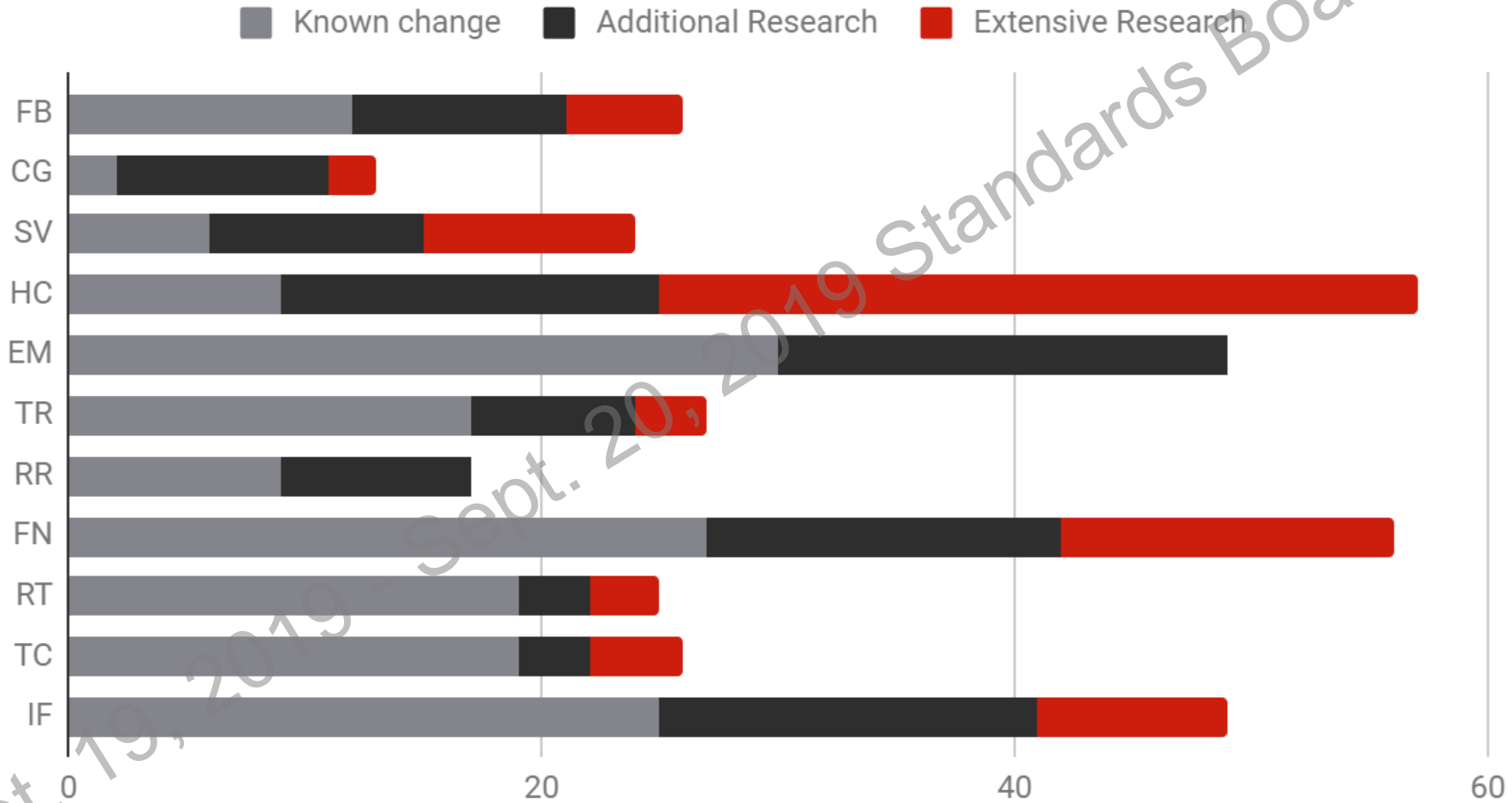


Global Gap Results

Total metrics by sector breakdown

**Preliminary results (subject to QC)

Sectors by complexity



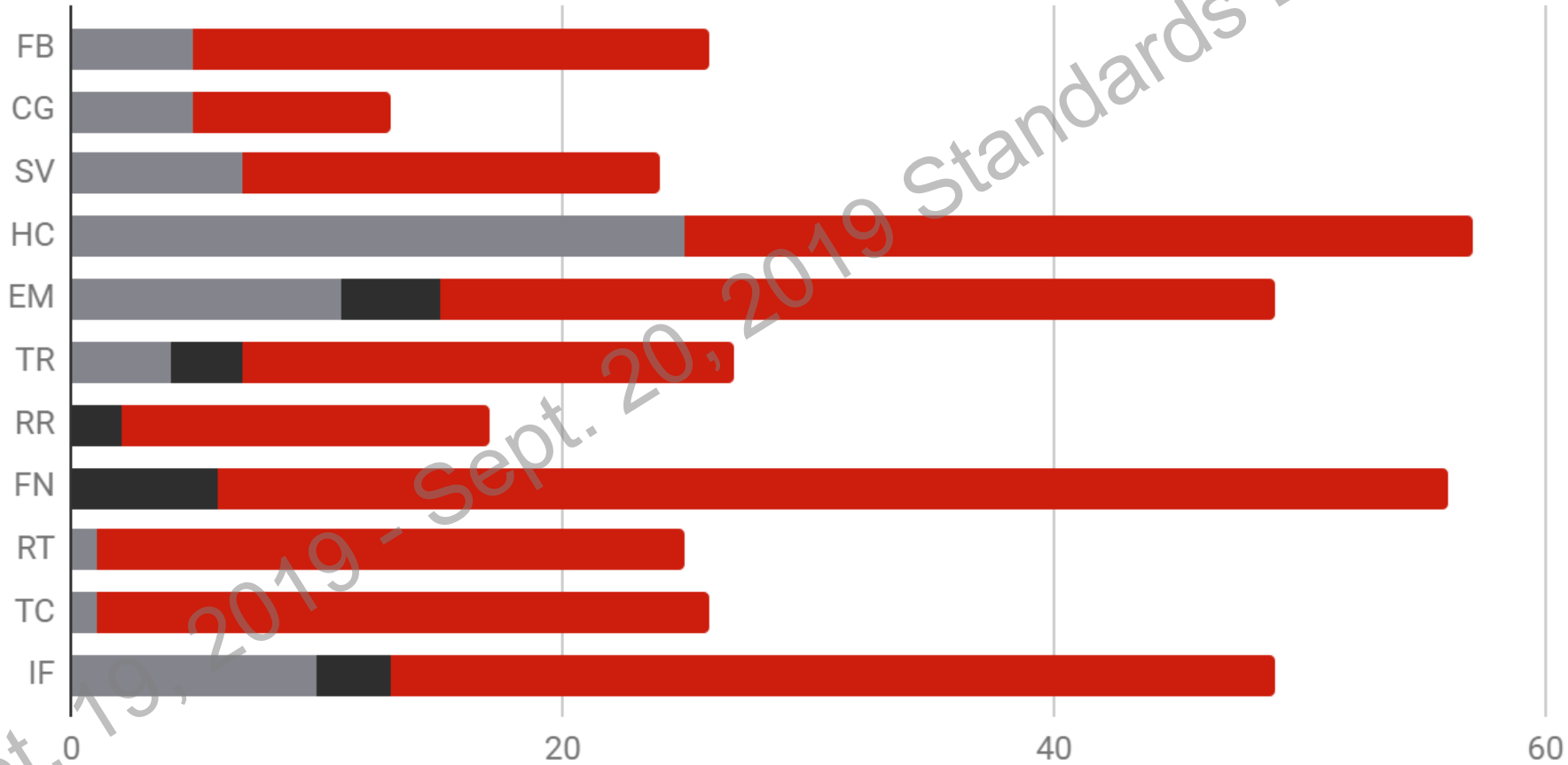
Global Gap Results

Total metrics by sector breakdown

**Preliminary results (subject to QC)

Sector by Level of Change

Metric level Sub-Metric level TP level



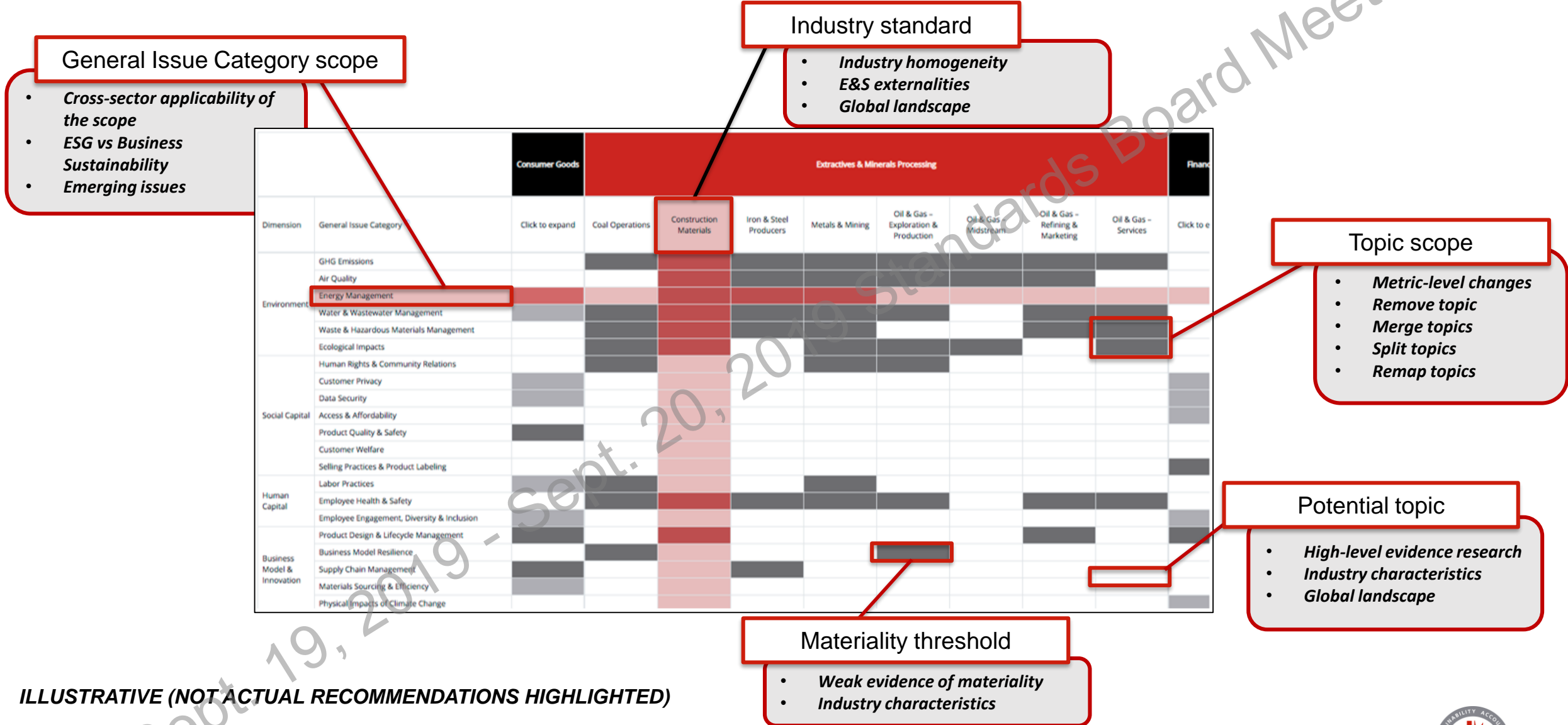
Materiality Map Consistency Review



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Materiality Map Consistency Review

Topic- and industry-level assessment across five broad categories



ILLUSTRATIVE (NOT ACTUAL RECOMMENDATIONS HIGHLIGHTED)



Materiality Map Consistency Review

Summary of findings across five sectors

Sectors	Categories					Total per sector
	Topic scope	Materiality threshold	Potential topic	Industry standard	GIC scope	
Health Care	11	4	7	1		23
Financials	0	0	7	3		10
Technology & Communications	2	5	6	0		13
Infrastructure	4	2	9	0		15
Transportation	3	4	9	0		16
Total per category	20	15	38	4	3	80

Themes:

More potentially missing topics than existent topics that merit further investigation / evidence

- Potential topics are predominantly in the **Governance** dimension
- Topics with weak evidence are predominantly in the **Environment** dimension

Relatively even distribution across sample sectors

Scope-related issues are predominantly in the **Social** and **Business Model** dimensions

Materiality Map Consistency Review

Consideration for Prioritization Categories: Conceptual issues

- 1. Governance Documents**
- 2. Thematic Issue – materiality**
3. Thematic Issue – measurement
- 4. Industry Standard: reevaluating existing content - materiality**
5. Industry Standard: reevaluating existing content – measurement
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Corporate Reporting Dialogue Report Back



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Corporate Reporting Dialogue (CRD)

Overview of the CRD – purpose, aims, and participants

The Corporate Reporting Dialogue is a platform, convened by the International Reporting Council, to promote greater coherence, consistency and comparability between corporate reporting frameworks, standards and related requirements.

Purpose

The Corporate Reporting Dialogue strives to strengthen cooperation, coordination and alignment between key standards setters and framework developers that have significant international influence on the corporate reporting landscape.

Corporate
Reporting
Dialogue

Aims

- Communicate about the direction, content and ongoing developments of reporting frameworks, standards and related requirements
- Identify practical ways and means by which respective frameworks, standards and related requirements can be explained and aligned, notably to avoid potential conflict, inconsistency and duplication between them
- Clarify and resolve any emerging issues from their respective activities and other matters of common interest
- Share relevant and significant information of direct interest to each other
- Express a common voice on areas of mutual interest, where possible, to engage with interested parties, including regulators

Corporate Reporting Dialogue participants



INTEGRATED REPORTING <IR>



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FASB
FINANCIAL ACCOUNTING STANDARDS BOARD

(Observer)

CRD Better Alignment Project

Overview of the Better Alignment Project

The Better Alignment Project is a ground-breaking two-year project focused on driving better alignment in the corporate reporting landscape to make it easier for companies to prepare effective and coherent disclosures that meet the information needs of capital markets and society.

Project Participants: CDP, the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB)

Project Scope: participants will map their respective sustainability standards and frameworks to identify the commonalities and differences between them, jointly refining and continuously improving overlapping disclosures and data points to achieve better alignment, taking into account the different focuses, audiences and governance procedures.

Work taking place in two phases:

- **Phase I (year 1)** - aligning standards with the recommendations published by the Task Force for Climate-related Financial Disclosures. Initial results due to be published in Q32019.
- **Phase II (year 2)** – extension of work beyond the TCFD

<https://corporatereportingdialogue.com/better-alignment-project/>

CRD Better Alignment Project

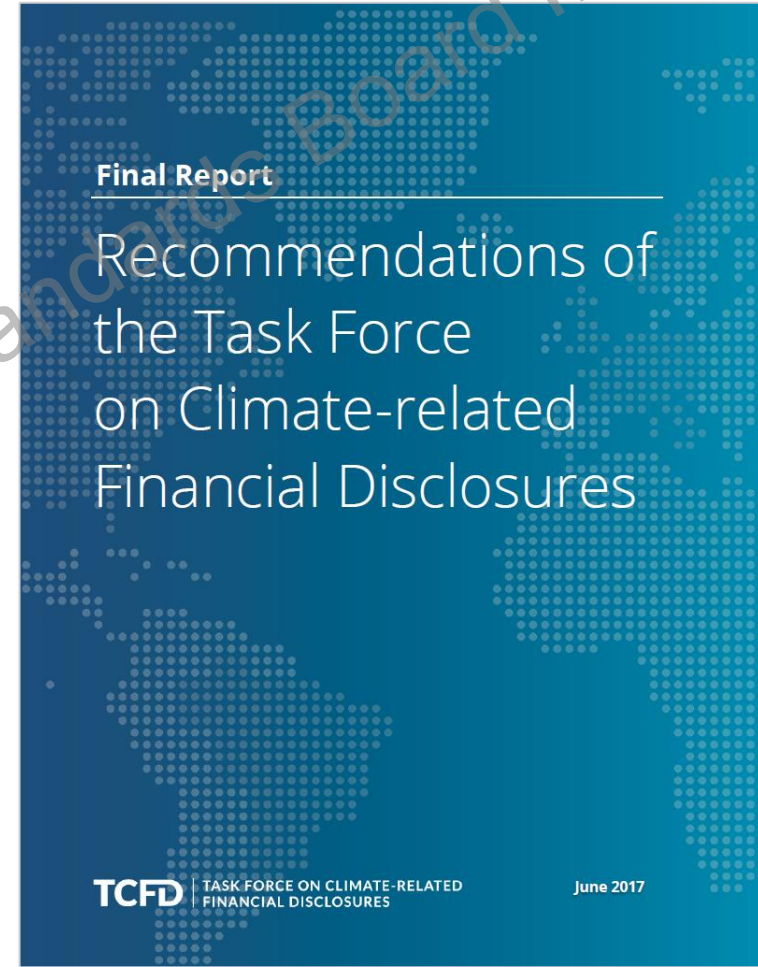
Additional details regarding Phase I of the Better Alignment Project

In Phase I, Project participants mapped elements of their respective frameworks / standards to the following parts of the TCFD's Recommendations:

- 7 fundamental principles for effective disclosure
- 11 recommended disclosures
- 50 illustrative example metrics (part of TCFD Implementation Annex)

Project included stakeholder engagement including:

- Stakeholder survey
- Stakeholder roundtables



CRD Better Alignment Project

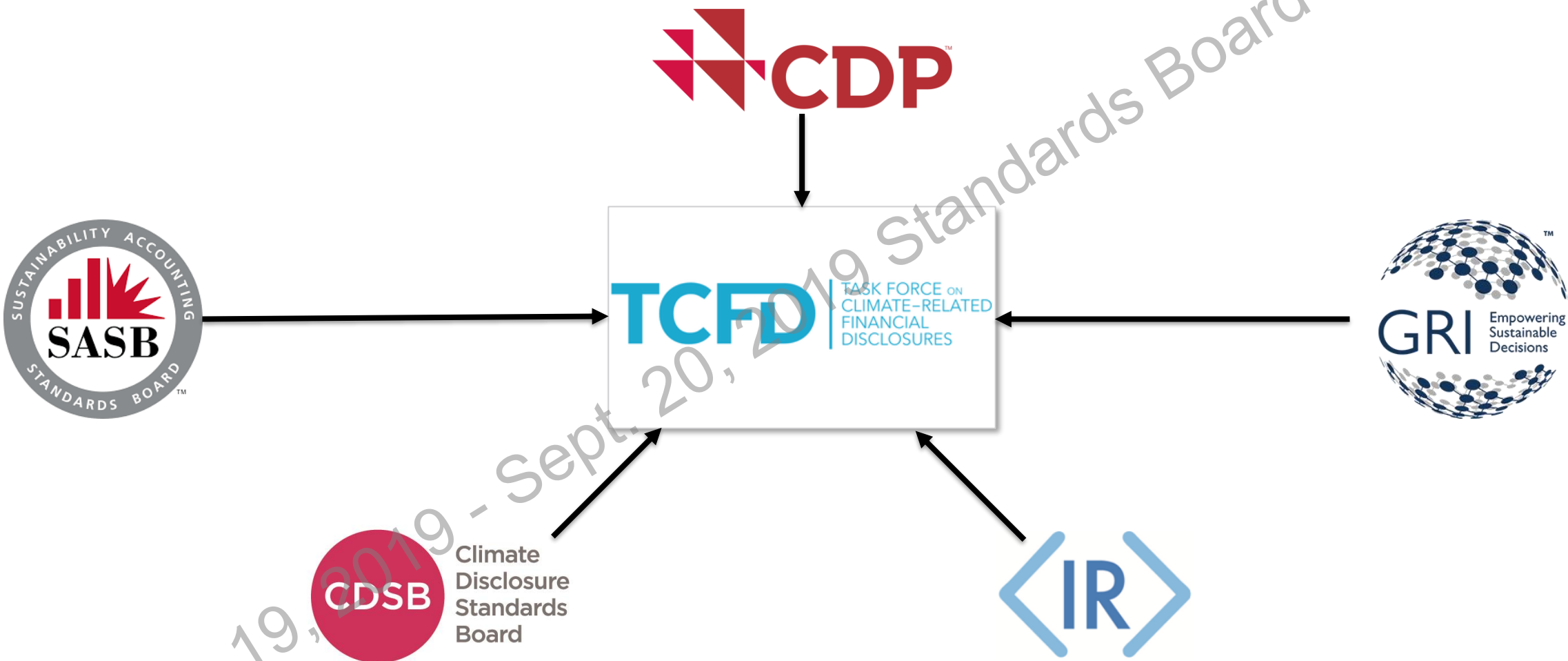
Additional details regarding Phase I of the Better Alignment Project

	TCFD Principles	TCFD Disclosures	TCFD Illustrative Example Metrics
SASB Conceptual Framework	✓		
SASB Standards Application Guidance	✓	✓	
SASB Standards	✓		✓



CRD Better Alignment Project

Additional details regarding Phase I of the Better Alignment Project



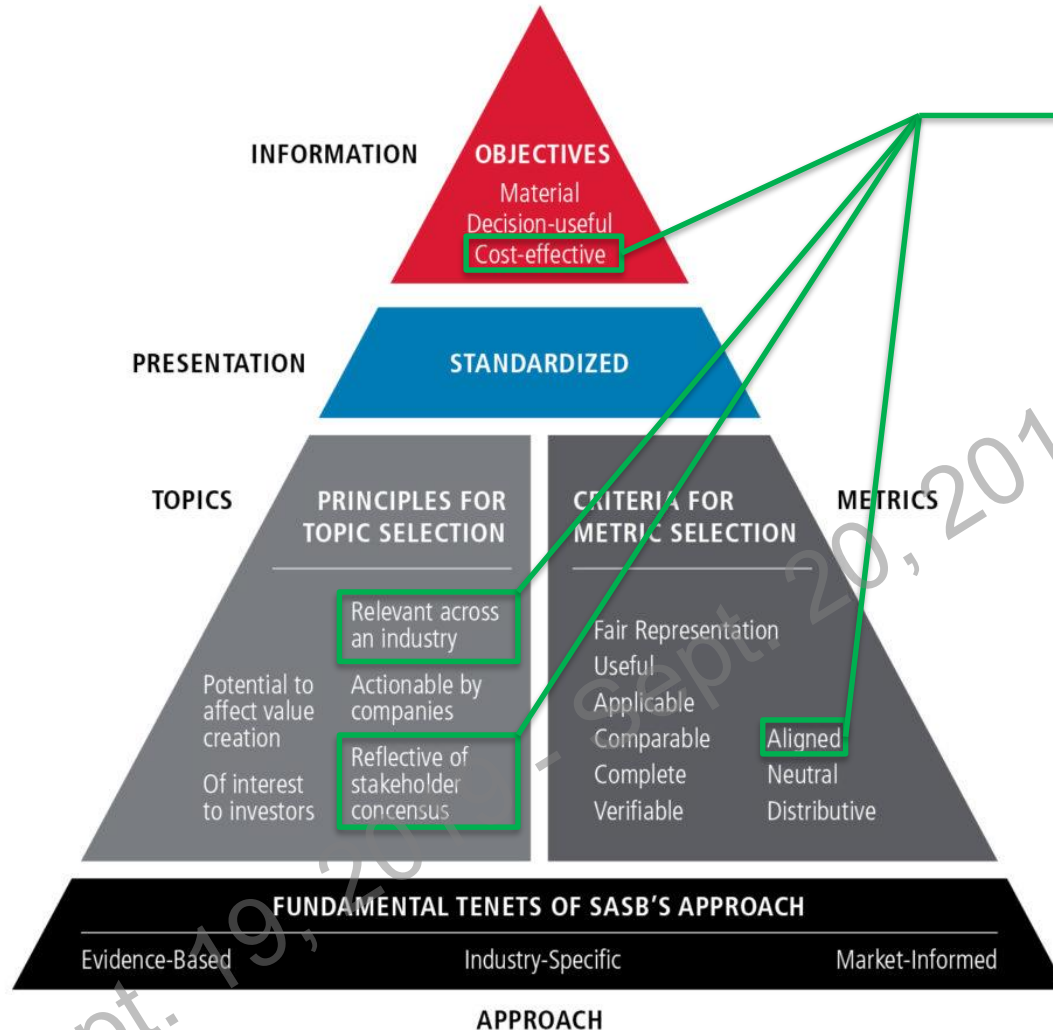
CRD Better Alignment Project

Additional details regarding Phase I of the Better Alignment Project



CRD Better Alignment Project

Summary of key findings from Phase I of the Better Alignment Project



Alignment built in to SASB's Conceptual Framework

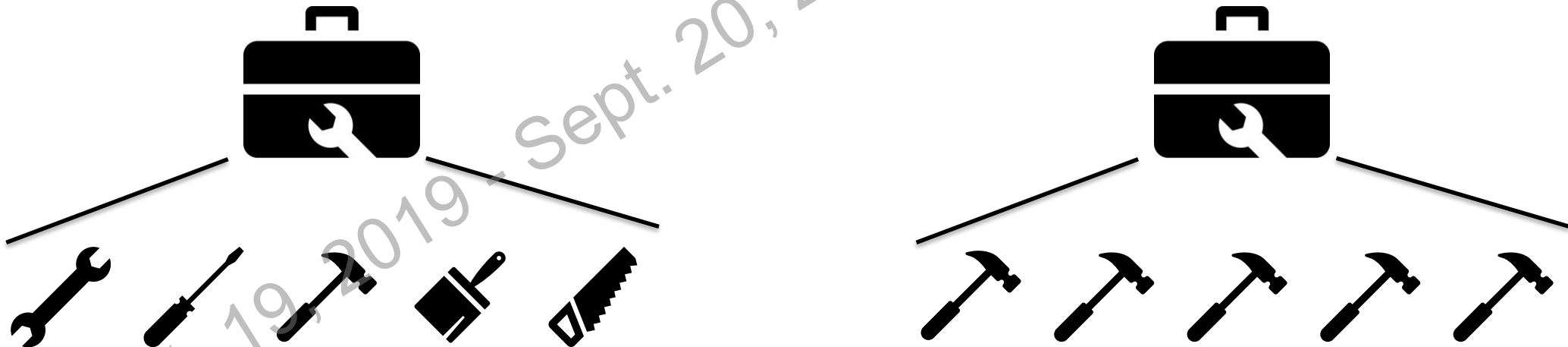
Must be balanced with other criteria, including:

- Usefulness to companies and investors
- Applicability
- Representativeness
- Industry-specificity

CRD Better Alignment Project

Summary of key findings from Phase I of the Better Alignment Project

- **Overall:** Additional clarity would be helpful regarding the purpose and use of each framework, helping reporters better understand the “right tool for the job” with respect to accomplishing their reporting objectives.
- Considerations for SASB:
 - SASB Implementation Guidance
 - Other guidance helping explain how SASB can be used in a complementary fashion with other frameworks (i.e., TCFD Implementation Guide)



CRD Better Alignment Project

Summary of key findings from Phase I of the Better Alignment Project

- **Principles:** In general, all of the BAP Participant framework reporting principles are aligned with and/or not in conflict with the TCFD's Principles for Effective Disclosure
- Considerations for SASB:
 - SASB Principles, as defined in our Conceptual Framework, relate to standards development rather than principles for effective reporting. However, they do enable effective reporting through their incorporation into standards-setting.
 - SASB could consider developing principles for effective reporting to supplement our Application Guidance.
 - SASB, for example, does not include principles-based guidance regarding how information should be presented
 - SASB could consider clarifying its guidance with respect to timeliness of updates to reported information, to the extent such information does not align with the timeframe upon which financial data is reported

CRD Better Alignment Project

Summary of key findings from Phase I of the Better Alignment Project

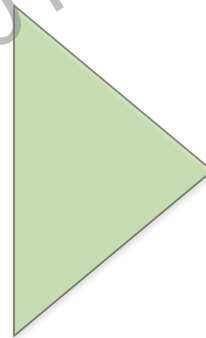
- **Disclosures:** In general, all of the BAP Participant framework frameworks are aligned with and/or complementary to the TCFD's 11 recommended disclosures
- Considerations for SASB:
 - SASB is largely complementary to the TCFD's 11 Recommended disclosures:
 - For Governance, Strategy, and Risk Management, SASB includes general guidance in its Standards Application Guidance, and some industry and topic-specific qualitative metrics related to aspects of strategy and/or management of climate-related issues
 - For Metrics & Targets, SASB provides a set of industry-specific metrics to facilitate target-setting as well as to communicate performance
 - SASB could consider developing additional guidance related to governance, strategy, and/or risk management of material sustainability issues (i.e., not just climate, as covered by the TCFD)



CRD Better Alignment Project

Summary of key findings from Phase I of the Better Alignment Project

- **Illustrative Example Metrics:** In general, a high level of essential alignment was found. Some significant differences were found. Differences often related to the different purposes, function, use, and audience of the participating frameworks.
- Considerations for SASB:
 - Areas of significant difference frequently related to the different purpose, function, use, or audience of the participant frameworks (example: Scope 2 emissions versus energy usage).
 - Some significant differences, and/or areas of relatively minor difference, could be assessed for the potential for enhanced alignment, where such changes would be aligned with SASB's Conceptual Framework
- SASB could consider reviewing and evaluating the mapping findings and incorporating into future standards-setting work
- SASB could consider broadening such a review beyond that completed in Phase I of the CRD work (i.e., extend beyond TCFD, and beyond CRD participants)



CRD Better Alignment Project

Key items for discussion with the Standards Board

- Does the Board wish to clarify any aspects of the Better Alignment Project, including its purpose, scope, and findings?



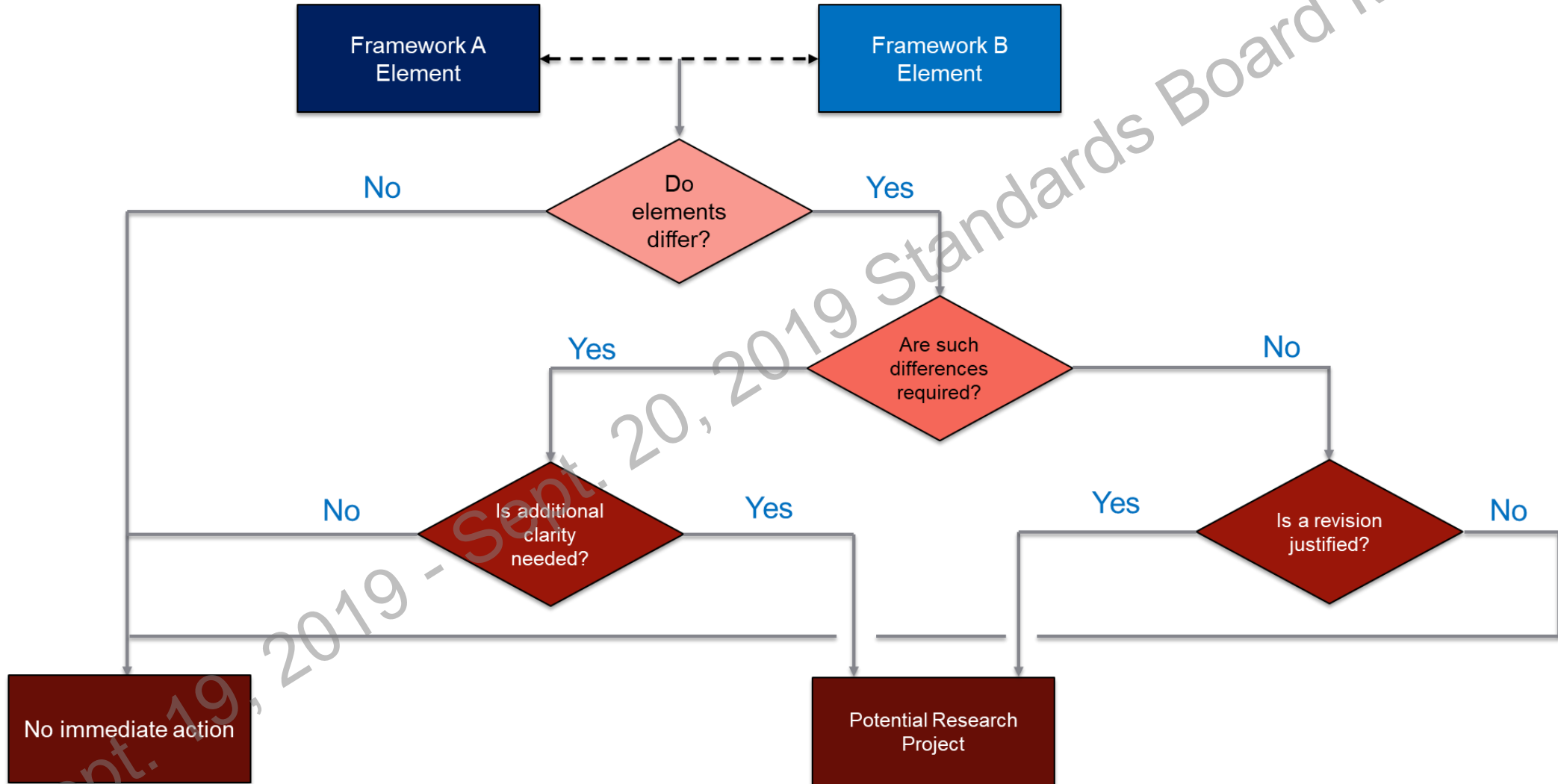
CRD Better Alignment Project

Key items for discussion with the Standards Board

- In general, we have a better understanding of commonalities and differences between the Better Alignment Project participants. What are the Board's views on the relative priority of the following?
 - **Where there is not overlap**, providing better clarity regarding the ways in which the participant frameworks / standards were complementary.
 - **Where there is overlap**, further assessing the nature of such areas of overlap.
 - If differences are necessary, given the different audiences, scope, function, and purposes of each framework, providing better clarity regarding the nature of these differences.
 - If such alignment is not necessary given these differences, exploring possibility to enhance alignment.

CRD Better Alignment Project

Key items for discussion with the Standards Board



CRD Better Alignment Project

Key items for discussion with the Standards Board

- Board's views on Better Alignment Project findings and how they may impact prioritization of research areas and/or projects, including:
 - **Governance Documents**
 - Thematic issues (materiality)
 - **Thematic issues (measurement)**
 - Industry standards: reevaluating existing content (materiality)
 - **Industry standard: reevaluating existing content (measurement)**
 - Industry standard: evaluating new or emerging issues
 - Industry scope & structure issues
 - Globalization
 - Technical protocol issues
 - **Standards Application Guidance**
 - **Alignment**
- Any other items for discussion



Accounting for a Sustainable Future

Sept. 19, 2019

2019 Standards Board Meeting



Sustainability Accounting Standards Board

Standards Board Meeting, Quarter 3, 2019, Public Session

Friday, September 20, 2019

Sept. 19, 2019 - Sept. 20, 2019 Standards Board Meeting

Project Proposals



- Rules of Procedure
- Conceptual Framework
- Human Capital
- Consumer Goods
- Extractives & Minerals Processing
- Resource Transformation

Rules of Procedure



Sept. 19, 2019 - Sept. 20, 2019 Standards Board Meeting

Session objective

Session objective

- Gain Standards Board approval to advance projects that would allow SASB staff to focus on updating the Rules of Procedure and Conceptual Framework documents

Overview

Discussion topics for the project

- Rules of Procedure project necessity
- Staff view on focal points for the update
- Project advancement

Why SASB should update the Rules of Procedure

The Rules of Procedure document helps form SASB's backbone

- Governs SASB's standard-setting process
- Ensures the clarity, robustness, and integrity of SASB's operations and processes

SASB has evolved in its thinking and approach to Standard-setting/revising

- SASB's Rules of Procedure document was published in February of 2017
- Does not reflect SASB's updated mission statement
- Does not reflect SASB's sole focus on a project-based approach

What a Rules of Procedure update would look like

The Rules of Procedure document helps form SASB's backbone

- Governs SASB's standard-setting process
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- SASB's Rules of Procedure document was published in February of 2017
- Does not reflect SASB's updated mission statement
- Does not reflect SASB's sole focus on a project-based approach

What a Rules of Procedure update would look like

1

Reflect SASB's updated mission statement, which highlights SASB's global reach

2

Remove all traces of the former three-year revision cycle that is currently mentioned in the document, and expand upon details of SASB's project-based approach

3

Address opportunities for clarity and improvement in the Standard-setting/revising process and the communication of the Standard-setting/revising process (including the role of advisory groups)

What we have accomplished with the Rules of Procedure

1 Reviewed results of the codification debrief project

2 Reviewed internal stakeholder comments on the Rules of Procedure

3 Reviewed all relevant PCP comments and SASB's comments in response to the relevant PCPs to gain an understanding of where SASB's thinking was when we created the document

4 Commenced staff (and some Board-level) discussions on potential objectives and opportunities of the Rules of Procedure project

5 Created a strawman Project Plan

6 Began to form a Project Team (The Project Team will be tasked with defining the project's objectives, scope, and plan)

Next steps

1 Discuss the Rules of Procedure project proposal and seek Board approval for the project

2 Continue to define roles and responsibilities

3 Project Team to define the Project Plan and the document's objectives and scope

4 Project Team to create and/or delegate the creation of a revised and up-to-date Rules of Procedure document; Review Committee to review revised document

5 Project team to continue to plan and communicate around public transparency and stakeholder input

6 Project Team to seek approval of revised Rules of Procedure from Standards Board

Rules of Procedure project advancement

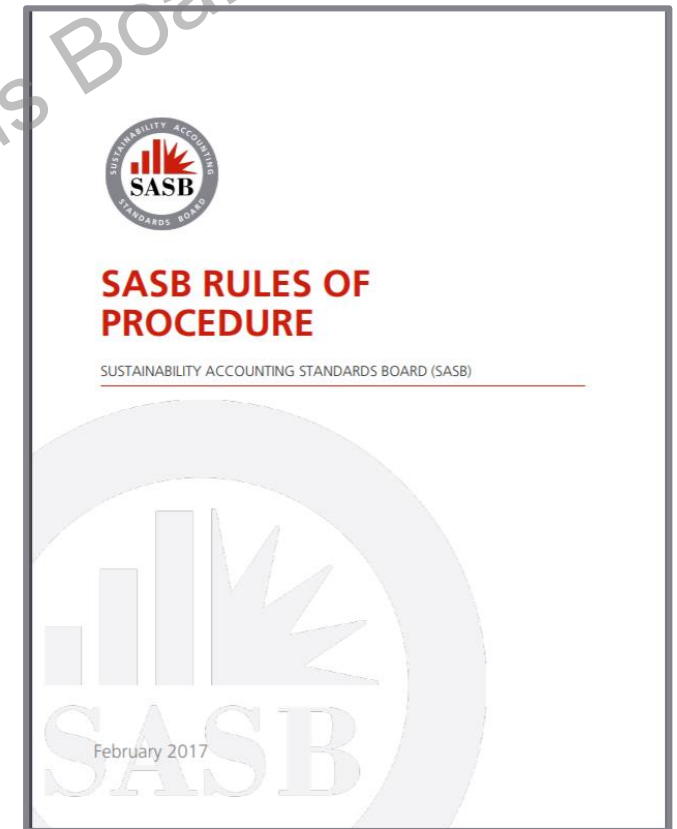
Project description:

The Rules of Procedure document ensures the clarity, robustness, and integrity of SASB's operations and processes. The Rules of Procedure project will ensure that the operations and Standard-setting/revising processes detailed in the document reflect SASB's procedures today.

Staff recommendation:

Board to approve this project;

Staff to continue project planning



Conceptual Framework



Sept. 19, 2019 - Sept. 20, 2019 Standards Board Meeting

Overview

Discussion topics for the project

- Conceptual Framework project necessity
- Staff view on focal points for the update
- Project advancement

Why SASB should update the Conceptual Framework

The Conceptual Framework document helps form SASB's backbone

- Details the principles, objectives, assumptions, and definitions that guide SASB's thinking and approach

SASB has evolved its thinking and expanded its reach

- SASB's Conceptual Framework document was published in February of 2017
- Does not reflect SASB's updated mission statement
- Does not reflect SASB's global reach
- Contains outdated assumptions, definitions, and data

What a Conceptual Framework update would look like

The Conceptual Framework document helps form SASB's backbone

- Details the principles, objectives, assumptions, and definitions that guide SASB's thinking and approach

SASB has evolved its thinking and expanded its reach

- SASB's Conceptual Framework document was published in February of 2017
- Does not reflect SASB's updated mission statement
- Does not reflect SASB's global reach
- Contains outdated assumptions, definitions, and data

What a Conceptual Framework update would look like

1

Reflect SASB's updated mission statement, which highlights SASB's global reach

2

Remove all references to US-based regulation, as SASB operates in a global context

3

Update assumptions, definitions, and data cited in the document

4

Address opportunities for clarity and improvement in the core principles and concepts that govern the Standards

Examples of high-level issues the Conceptual Framework project could cover

- Continued clarity on the role of sustainability accounting in the capital markets
- Continued clarity and refinement of the definition of financial materiality
- Consideration around improvements to Principles for Topic Selections
- Consideration around improvements to Criteria for Accounting Metric Selection
- Continued clarity on five sustainability dimensions
- Continued clarity on General Issue Categories

What we have accomplished with the Conceptual Framework

1 Reviewed results of the codification debrief project

2 Reviewed internal stakeholder comments on the Conceptual Framework

3 Reviewed all relevant PCP comments and SASB's comments in response to the relevant PCPs to gain an understanding of where SASB's thinking was when we created the document

4 Commenced staff-level discussions on potential objectives and opportunities of the Conceptual Framework project

5 Created a strawman Project Plan

6 Began to form a Project Team (The Project Team will be tasked with defining the project's objectives, scope, and plan)

Next steps

1 Discuss the Conceptual Framework project proposal and seek Board approval for the project

2 Continue to define roles and responsibilities

3 Project Team to define the Project Plan and the document's objectives and scope

4 Project Team to create and/or delegate the creation of a revised and up-to-date Conceptual Framework document; Review Committee to review revised document

5 Project team to continue to plan and communicate around public transparency and stakeholder input

6 Project Team to seek approval of revised Conceptual Framework from Standards Board

Conceptual Framework project advancement

Project description:

The Conceptual Framework document details the principles, objectives, assumptions, and definitions that guide SASB's thinking and approach to Standard-setting/revising. The Conceptual Framework project will clarify and strengthen these core principles and concepts that govern SASB's Standards.

Staff recommendation:

Board to approve this project;

Staff to continue project planning



Conceptual Framework discussion questions

Scope

- Do Standards Board members have initial thoughts on the Conceptual Framework project's scope?
 - Has the Standards Board heard from the market on opportunities for clarity within the Conceptual Framework document?

Logistics

- At which stages of the Conceptual Framework revision process should we seek Standards Board approval?

Human Capital



Sept. 19, 2019 - Sept. 20, 2019 Standards Board Meeting

Human Capital Research Proposal

Session Agenda

Session objective

Research project proposal

- Project description
- Objectives and outcomes

The case for human capital

- Strong signals of market interest & engagement
- Fundamental shifts in the nature of human capital

Current state of human capital in the standards

- HCM snapshot in the SASB standards
- Known challenges and future opportunities

Discussion questions and feedback

Human Capital Research Proposal

Session Objective

Session objective:

- Seek Board's approval to advance the human capital framework as a formal research project

Human Capital Research Proposal

Project Description, Objectives, and Outcomes

Project description

- Formal research project to assess scope & prevalence of various HCM themes across sectors and industries and to determine feasibility to create an evidenced-based view on HCM in the SASB standards

Objectives

- Develop an evidenced-based view on HCM
- Design and implement systematic analysis to identify industry-specific HCM themes
- Identify more comprehensive general issue categories (GICs) under the Conceptual Framework human capital pillar

Outcomes

- Create a solid evidence-based view on HCM to serve as a decision-lever for the Board to approve standard-setting phase of project

Human Capital Research Proposal

Strong Signals of Market Interest & Engagement

Key shifts in market prioritization:

- SEC Modernization of Regulation S-K Rulemaking Proposal
- Human Capital Management Coalition (HCMC) rulemaking petition to the SEC
- 2019 Business Roundtable

Milestone regulatory/policy action:

- ISO 30414
- ShareAction Workforce Disclosure Initiative
- EU Commission Directive 2014/95/EU
- 2015 UK Modern Slavery Act
- California Gig Economy Bill (AB-5)¹

Strong signals of market interest & engagement

Fundamental shifts in market perspective prioritizing HCM issues

SASB feedback network

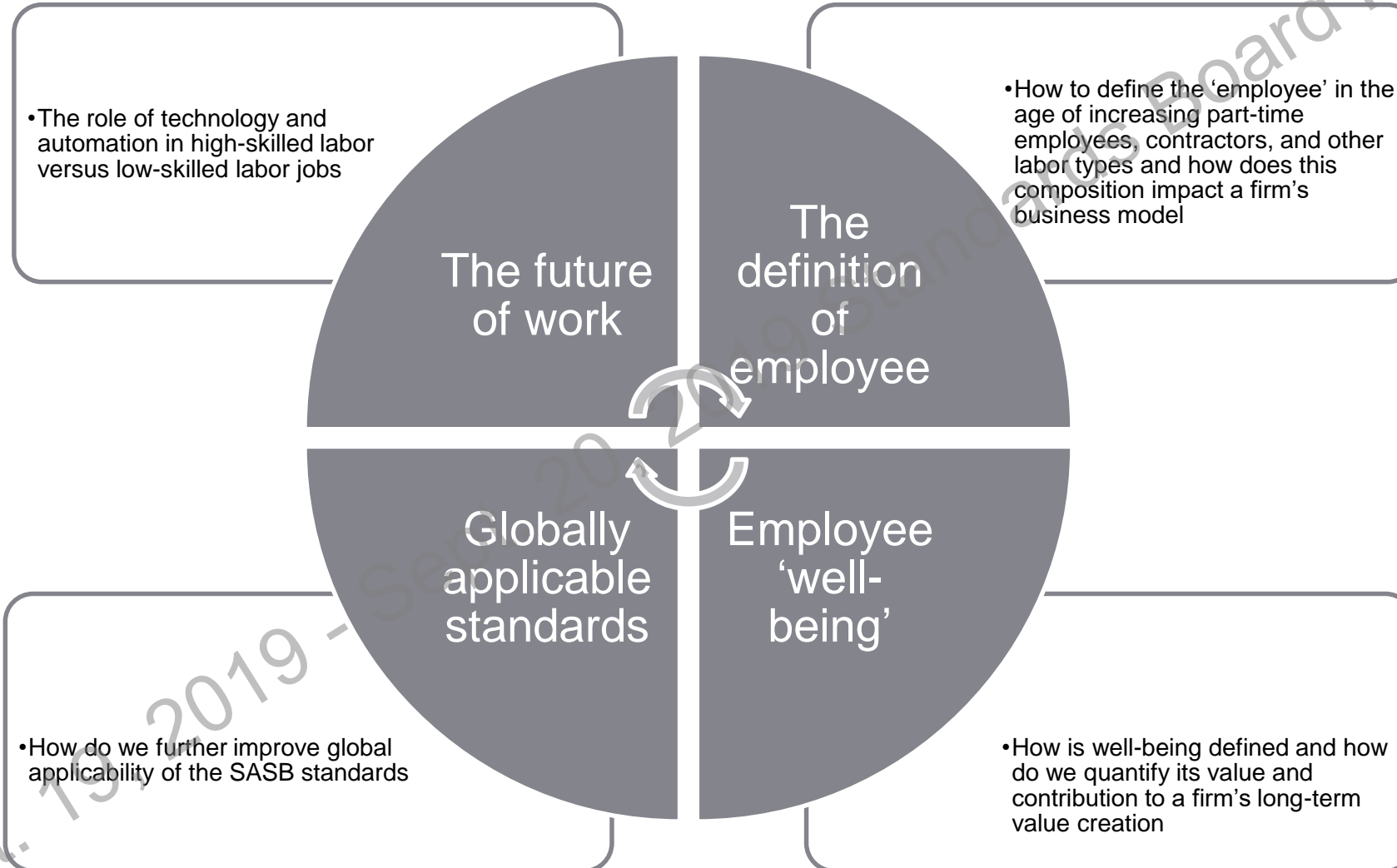
Increasing national and state regulation and policy in the US and abroad

- IAG: HCM polled as #1 ranked priority issue
- SAG: Reoccurring theme in recent SAG survey
- Other private market feedback

¹ Passed California State Senate on September 10, 2019

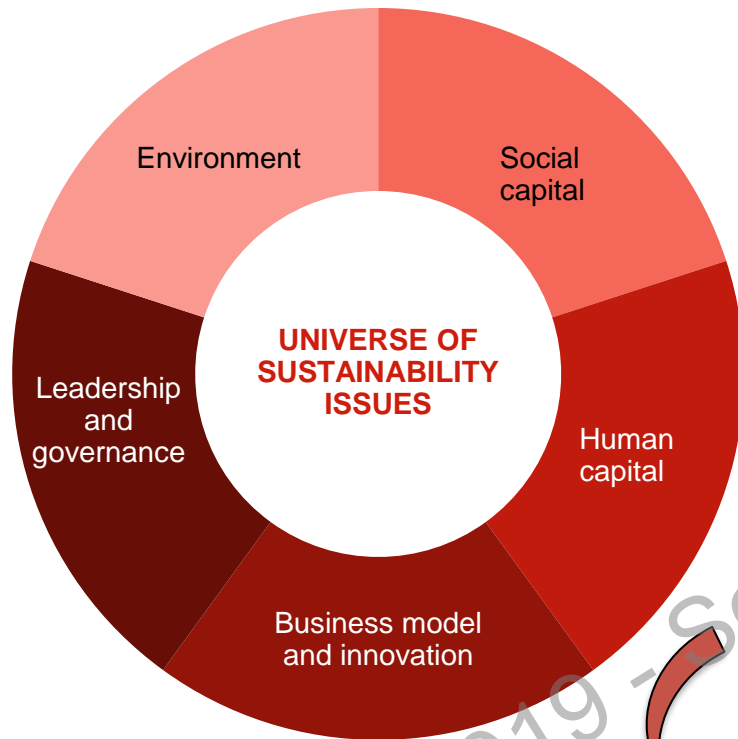
Human Capital Research Proposal

Fundamental Shifts in the Nature of Human Capital



Human Capital Research Proposal

HCM Snapshot in the SASB Standards



Environment

- GHG emissions
- Air quality
- Energy management
- Water & wastewater management
- Waste & hazardous materials management
- Ecological impacts

Social capital

- Human rights & community relations
- Customer privacy
- Data security
- Access & affordability
- Product quality & safety
- Customer welfare
- Selling practices & product labelling

Human capital

- Labor practices
- Employee health & safety
- Employee engagement, diversity & inclusion

Business model and innovation

- Product design & lifecycle management
- Business model resilience
- Supply chain management
- Materials sourcing & efficiency
- Physical impacts of climate change

Leadership and governance

- Business ethics
- Competitive behavior
- Management of legal & regulatory environment
- Critical incident risk management
- Systemic risk management

Human Capital Research Proposal

HCM Snapshot in the SASB standards – By the Numbers

48

Industries

- Out of 77 industry standards contain HCM topics
- Top Industries: Coal Operations, Oil & Gas – E/P; Metals & Mining

125

HCM-Related Disclosure Topics

- Out of 421 topics across all industries are HCM topics
- Examples: Recruiting & managing a global, diverse & skilled workforce; Health & safety; Labor conditions in the supply chain; Employee diversity & inclusion

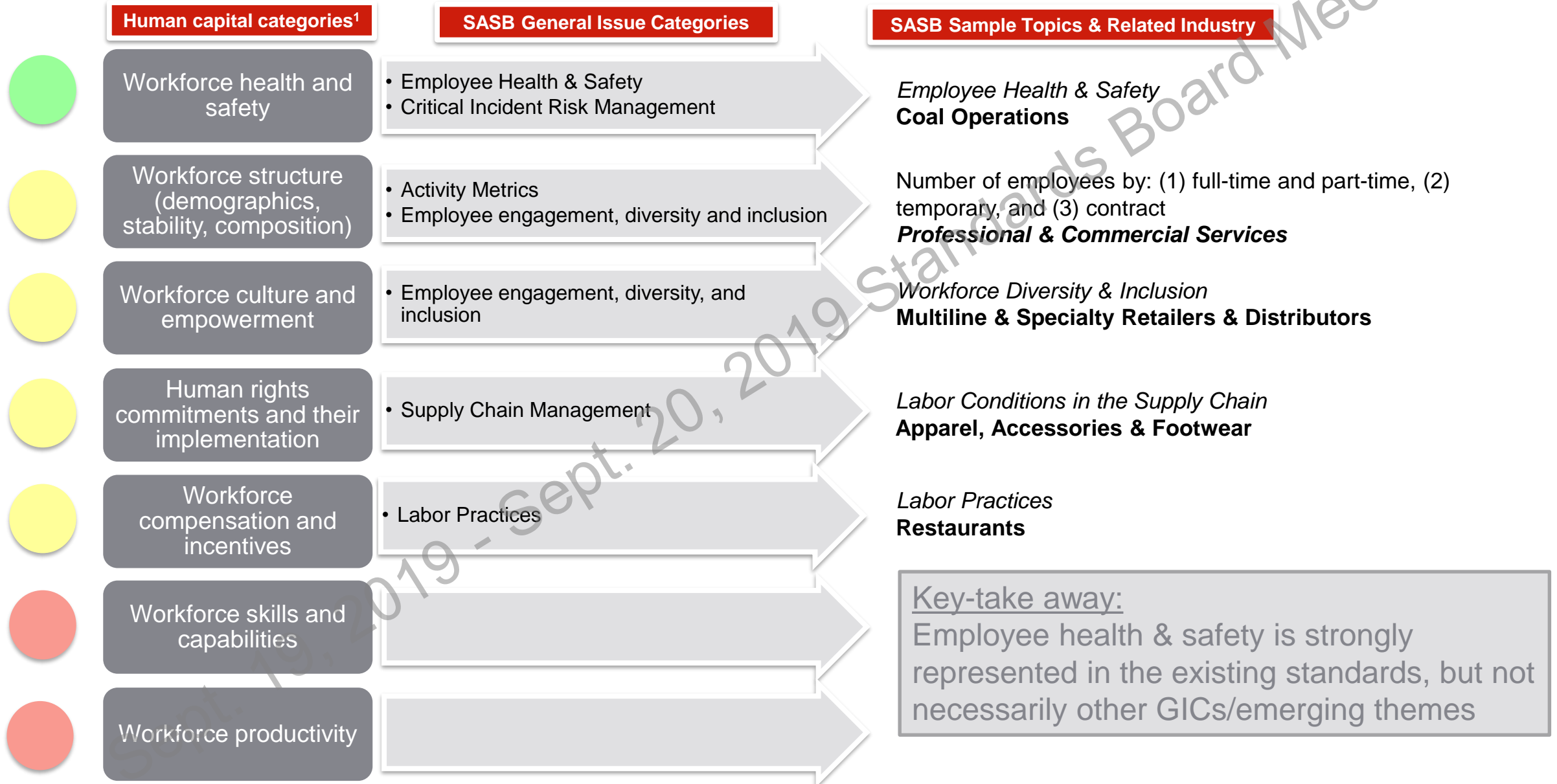
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Industry-specific HCM Metrics

- Out of 1,198 metrics across all industries are HCM metrics
- Examples: Number of workers/contract workers; Incidence rate; Ethnic/gender diversity; Employee turnover; Employee engagement; Percentage under collective bargaining

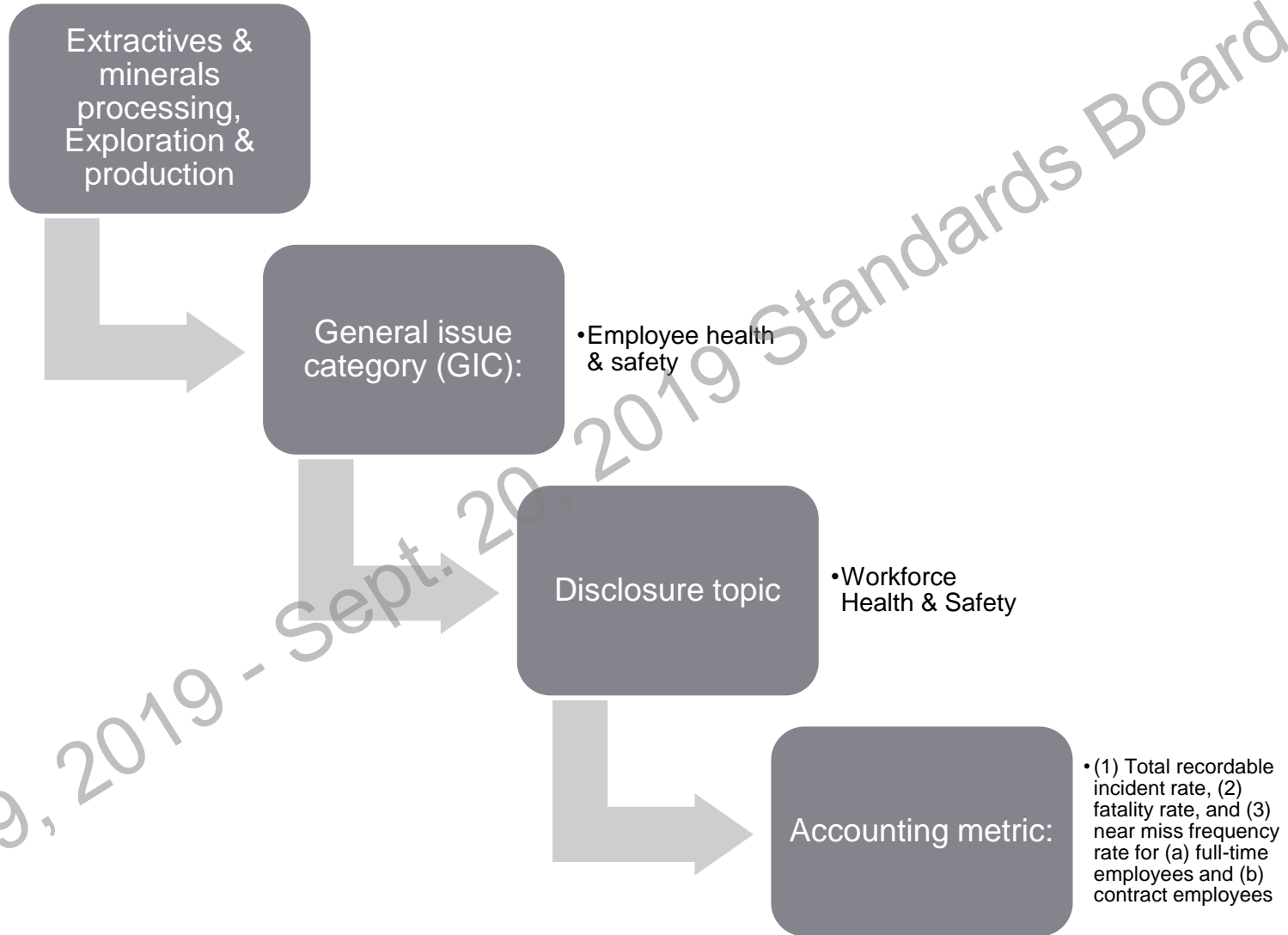
Human Capital Research Proposal

The Current State of Human Capital: Preliminary Gap Analysis



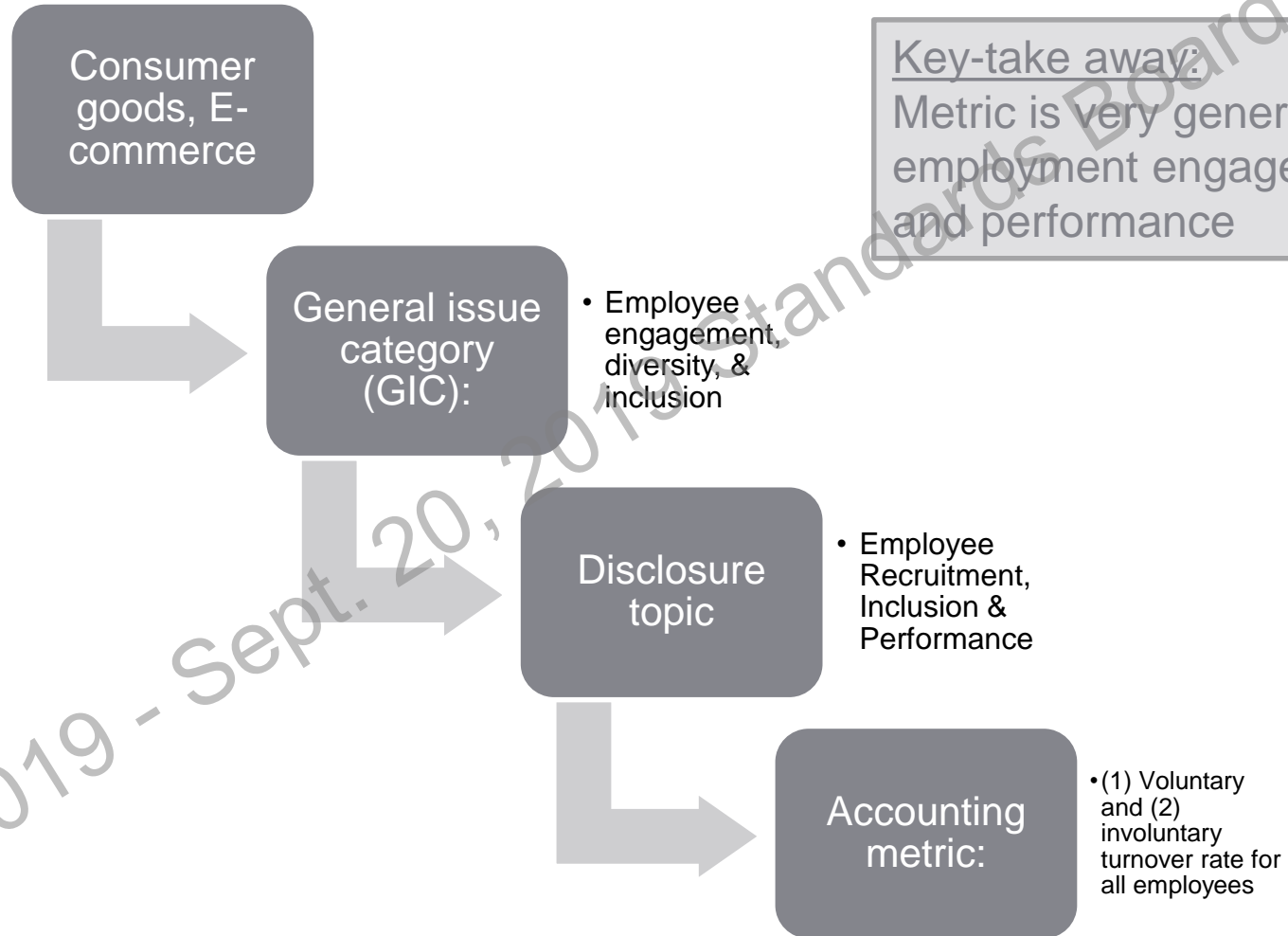
Human Capital Research Proposal

HCM Snapshot in the SASB Standards – Examples



Human Capital Research Proposal

HCM Snapshot in the SASB Standards – Examples (cont.)



Human Capital Research Proposal

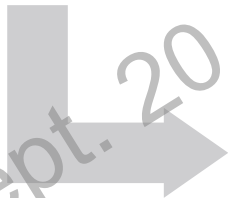
HCM Snapshot in the SASB Standards – Examples (cont.)

Transportation,
Airlines



General issue
category
(GIC):

- Labor practices



Disclosure
topic

- Labor practices



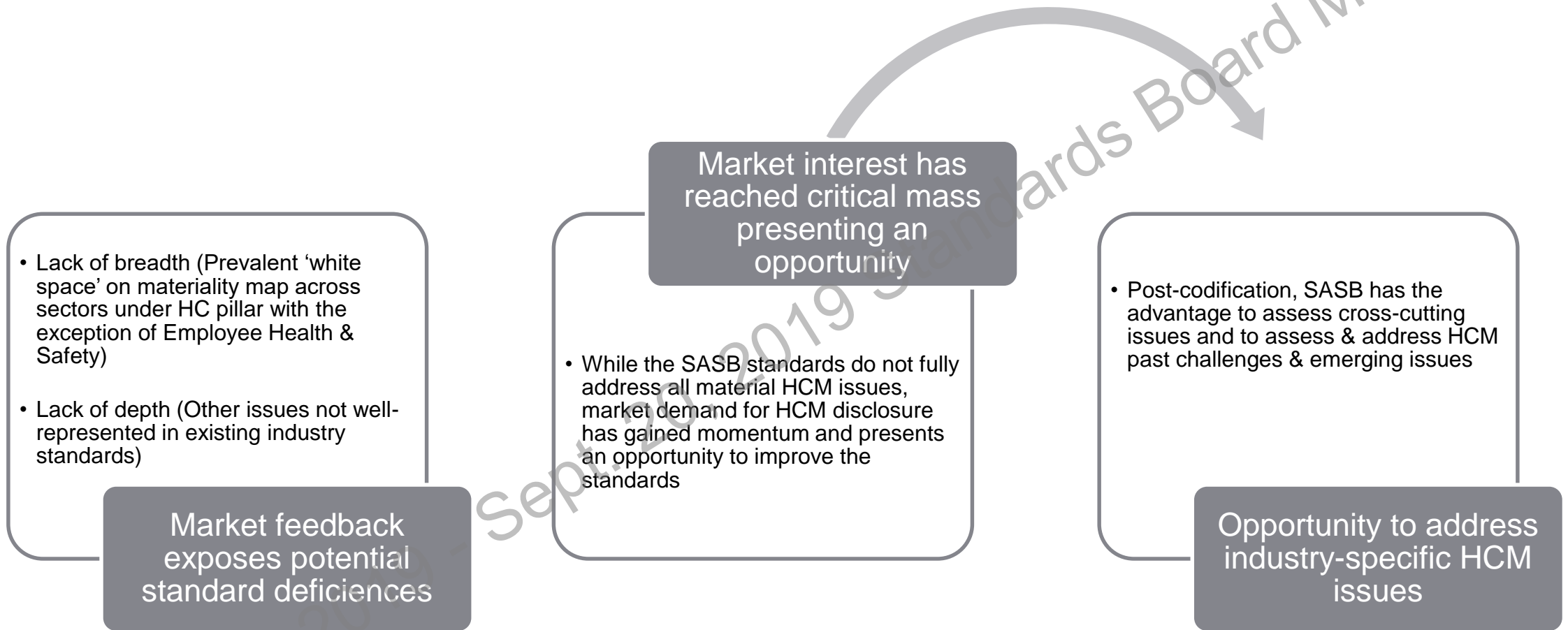
Accounting
metric:

- (1) Number of work stoppages and (2) total days idle

Key-take away:
Metric is very general in measuring labor practices

Human Capital Research Proposal

Known Challenges & Opportunities



Human Capital Research Proposal

Key Questions & Feedback

Scope & prevalence

What are the main themes across our 77 industries related to human capital? How pervasive are they across industries? Alternatively, what is industry-specific?

Is there sufficient evidence to show materiality of these themes by industry? Secondly, what and, if applicable, are the financial impacts of these material themes on a firm's business model?

Feasibility

- Assuming these themes are relevant and material, how do we add maximum value to our existing framework to investors through their incorporation? Can we build out this framework to accommodate possible standard globalization?

Human Capital Research Proposal

Key Questions & Feedback (cont.)

Questions
for the
Board:

What are the Board's view on the project objectives and outcomes at this time?

Is there any other additional questions/feedback?

Consumer Goods



Sept. 19, 2019 - Sept. 20, 2019 Standards Board Meeting

Scope of the Apparel, Accessories & Footwear Industry

Industry scope currently includes business segments focused on a wide range of activities

Industry Description

The Apparel, Accessories & Footwear industry includes companies involved in the design, manufacturing, wholesaling, and retailing of various products, including men's, women's, and children's clothing, handbags, jewelry, watches, and footwear. Products are largely manufactured by vendors in emerging markets, thereby allowing companies in the industry to primarily focus on design, wholesaling, marketing, supply chain management, and retail activities.

The Apparel Value Chain

Design



Branding



Yarn Spinning



Fabric Weaving



Dyeing Fabric



Cut & Sew



Logistics



Retail



Similar Scenario in Technology & Communications Sector

Hardware Industry

TOPIC	ACCOUNTING METRIC
Product Security	Description of approach to identifying and addressing data security risks in products
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees ²
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances ³
	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent ⁴
	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria
	Weight of end-of-life products and e-waste recovered, percentage recycled
Supply Chain Management	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities
	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances
Materials Sourcing	Description of the management of risks associated with the use of critical materials

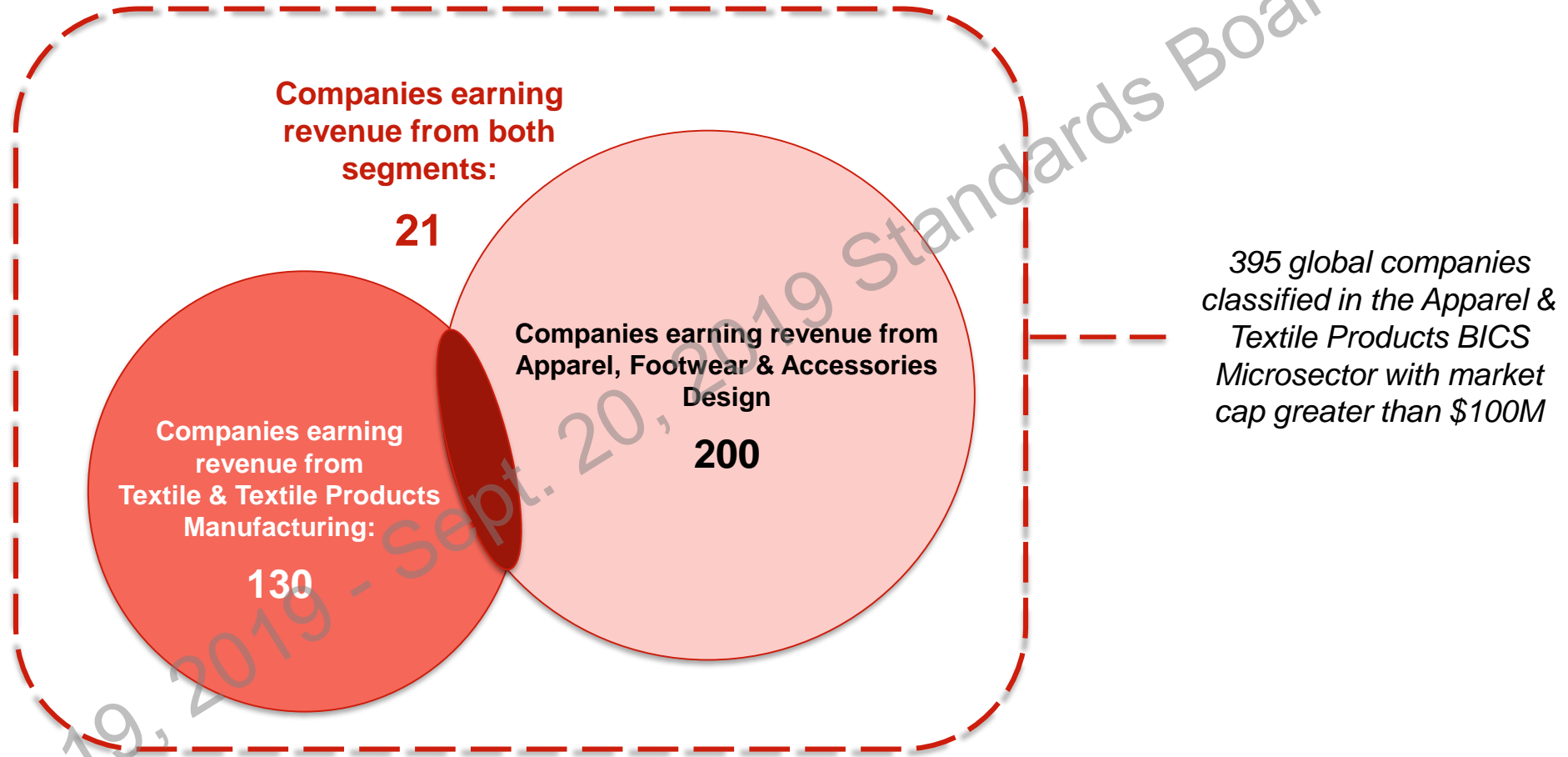
Electronic Manufacturing & Original Design Manufacturing Industry

TOPIC	ACCOUNTING METRIC
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress
Waste Management	Amount of hazardous waste from manufacturing, percentage recycled ²
Labor Practices	(1) Number of work stoppages and (2) total days idle ³
Labor Conditions	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees
	Percentage of (1) entity's facilities and (2) Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities
	(1) Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances, broken down for (i) the entity's facilities and (ii) the entity's Tier 1 supplier facilities
Product Lifecycle Management	Weight of end-of-life products and e-waste recovered, percentage recycled
Materials Sourcing	Description of the management of risks associated with the use of critical materials



Are companies vertically integrated across the apparel value chain?

Initial analysis suggests that design and manufacturing activities are split between separate companies



395 global companies classified in the Apparel & Textile Products BICS Microsector with market cap greater than \$100M

Research Project Opportunity

This presents an opportunity for a research project to better understand some of the unknowns, primarily:

Develop a clearer understanding of the various segments that make up the apparel value chain.

Determine if there is investor demand for financially material sustainability information for companies in different parts of the apparel value chain.

Possible Standards-Setting Project

The Research Project may suggest a need for a Standard-Setting Project covering the following categories:

1. Governance Documents
2. Thematic Issue – materiality
3. Thematic Issue – measurement
- 4. Industry Standard: reevaluating existing content - materiality**
5. Industry Standard: reevaluating existing content – measurement
6. Industry Standard: evaluating new or emerging issues
- 7. Industry scope and structure issues, including new industry standards**
- 8. Globalization**
9. Technical Protocol Issues
10. Standards Application Guidance
11. Alignment

Discussion Questions

- Is this an important research project for the staff to pursue?
- Given that staff may propose this research project in a forthcoming meeting, what questions remain?
- Is there specific information you would require in order to consider this as a formal research proposal?

Extractives & Minerals Processing



Sept. 19, 2019 - Sept. 20, 2019 Standards Board Meeting

Agenda for Extractives & Mineral Processing Sector

1. Climate Driven Energy Transition and What It Means for the Standards
2. Metals & Mining – Tailings Hazard Potential Issue

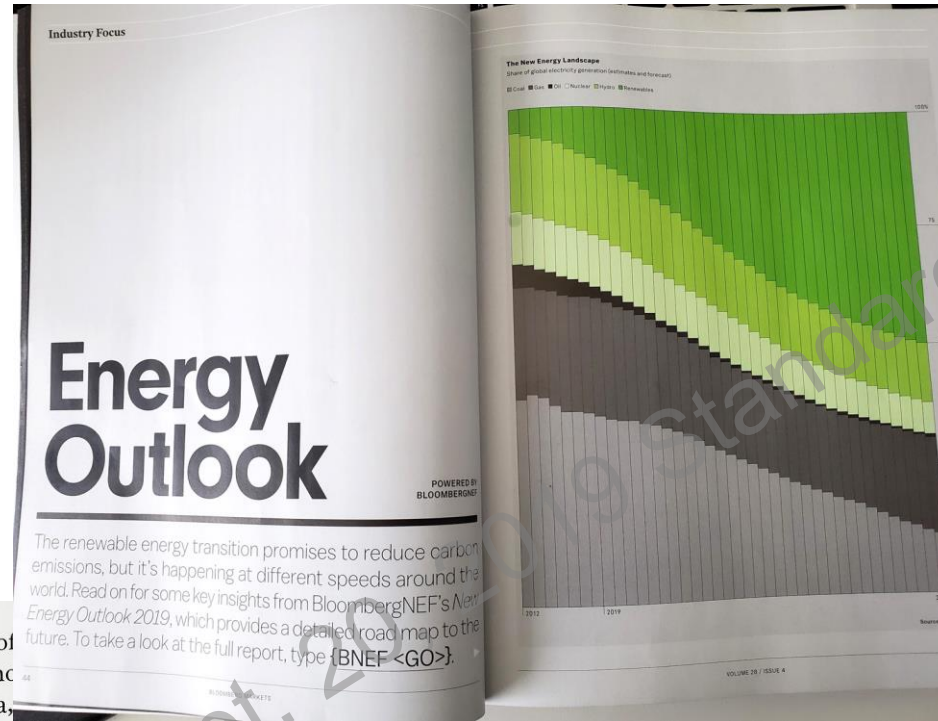
Possible Standards-Setting Project #1

The Research Project may suggest a need for a Standard-Setting Project covering the following categories:

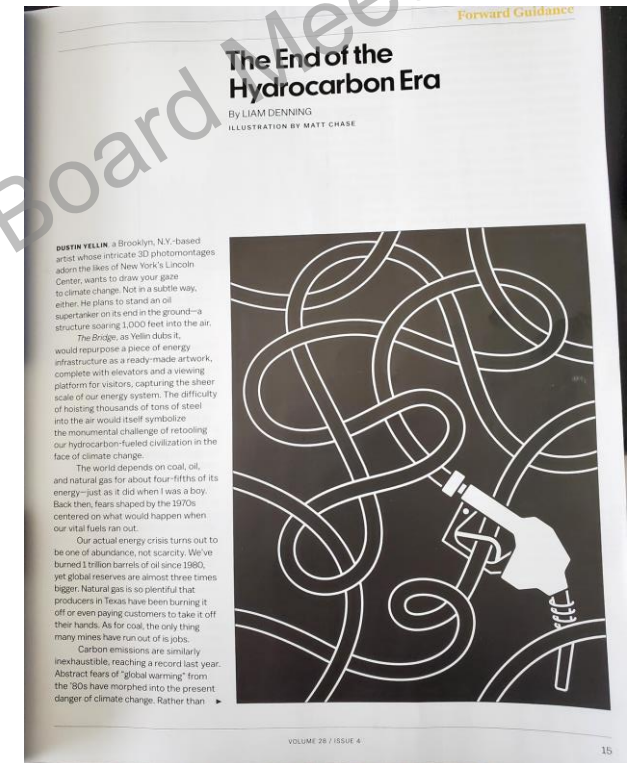
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6. Industry Standard: evaluating new or emerging issues
7. Industry scope and structure issues, including new industry standards
- 8. Globalization**
9. Technical Protocol Issues
- 10. Standards Application Guidance**
11. Alignment

Current Global Trend: Transition to Low-Carbon Economy

Not a new subject for consideration, but rapidly developing and evolving



AUTOMAKERS ARE BECOMING “a part of as Renault’s Assef puts it. They’re not return power to the grid. Like Tesla, energy-storage products, while Volkswagen AG—the carmaker with the most aggressive timetable for adding electric models—plans to supply homes and small businesses with renewable energy through a retail power subsidiary, **Ellie Group GmbH**. Oil giants are also investing in storage. Through its New Energies division, Royal Dutch Shell Plc is spending about \$2 billion a year on these technologies. The company says it wants to become the largest electrical power company in the world by the early 2030s. In addition to acquiring a U.K. electricity provider and a car-charging operator, Shell this year bought Germany’s Sonnen GmbH, a leading supplier of residential storage systems. In May, Shell announced plans to install industrial-scale batteries at two facilities in Ontario, a crude refinery and a motor oil plant. Chevron, Total, and BP have also made investments in electric car charging or storage companies.



- The shift to a Paris-compliant world will require a dramatic change in behaviour from the ingrained growth model. Compared to the IEA’s central scenario (which incorporates the Paris INDCs, but is associated with 2.7°C warming), 2019-2030 capex on new oil projects is 83% lower in a 1.6°C scenario and 60% lower in a 1.7-1.8°C scenario.

How is This Issue Reflected in the Standards Currently?

Business Model Resilience Topic for 2 EM Sector Industries

		Extractives & Minerals Processing							
Dimension	General Issue Category [Ⓞ]	Coal Operations	Construction Materials	Iron & Steel Producers	Metals & Mining	Oil & Gas – Exploration & Production	Oil & Gas – Midstream	Oil & Gas – Refining & Marketing	Oil & Gas – Services
Business Model & Innovation	Product Design & Lifecycle Management								
	Business Model Resilience								

The category addresses an industry's capacity to manage risks and opportunities associated with incorporating social, environmental, and political transitions into long-term business model planning. This includes responsiveness to the transition to a low-carbon and climate-constrained economy, as well as growth and creation of new markets among unserved and underserved socio-economic populations. The category highlights industries in which evolving environmental and social realities may challenge companies to fundamentally adapt or may put their business models at risk.

↓

Industry: Oil & Gas – Exploration & Production Prev 2 of 2 Next

General Issue Category: Business Model Resilience Prev 7 of 10 Next

Disclosure Topic: Reserves Valuation & Capital Expenditures

Accounting Metric(s)

- EM-EP-420a.1: Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions
- EM-EP-420a.2: Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves
- EM-EP-420a.3: Amount invested in renewable energy, revenue generated by renewable energy sales
- EM-EP-420a.4: Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets

What Could This Mean for the Future of the EM Sector?

Extractives & Mineral Processing Sector is affected directly in many different ways

Refining & Marketing might have less demand for petroleum production, some companies could shift into chemicals

Midstream. Contractual industries will be affected in a complicated way and investors will want to know how exactly

Services industries business model might need to change and shift completely over time

This energy transition will also affect other industries who support EM Sector or use EM Sector products

Business Model Resilience Expansion During Energy Transition Era

Preliminary signals, historical research and previous stakeholder feedback indicate an opportunity to further standards development related to transition risk

Question to the Board:

1. What information would the board need in order to assess if this needs to be a priority in terms of research projects
2. In considering this project, should the scope focus on sector or be cross cutting with consistency in climate related scenarios?
3. To what extent should be seek to align with existing mainstream investor focused climate related disclosure frameworks (TCFD)?
4. How do we account for business model shifts within our existing industry classification system?

Possible Standards-Setting Project #2

The Research Project may suggest a need for a Standard-Setting Project covering the following categories:


1. Governance Documents
2. Thematic Issue – materiality
3. Thematic Issue – measurement
4. Industry Standard: reevaluating existing content - materiality
- 5. Industry Standard: reevaluating existing content – measurement**
6. Industry Standard: evaluating new or emerging issues
7. Industry scope and structure issues, including new industry standards
- 8. Globalization**
9. Technical Protocol Issues
10. Standards Application Guidance
- 11. Alignment**

Metals & Mining Industry: Waste & Hazardous Material Management

Historically under disclosed SASB Standards topics of high importance

Disclosure Topic	Accounting Metric	Category	Unit of Measure
Waste & Hazardous Materials Management	Total weight of tailings waste, percentage recycled	Quantitative	Metric tons (t), Percentage (%)
	Total weight of mineral processing waste, percentage recycled	Quantitative	Metric tons (t), Percentage (%)
	Number of tailings impoundments, broken down by MSHA hazard potential	Quantitative	Number

EM-MM-150a.3. Number of tailings impoundments, broken down by MSHA hazard potential

- The entity shall disclose the number of tailings impoundments according to the following U.S. Mine Safety and Health Administration (MSHA) hazard potential classification: 
- For locations under the auspices of the MSHA, the hazard potential shall be determined by Mine Safety and Health enforcement personnel (Metal and Nonmetal) during regular (E01) inspections through verification that the mine operator has appropriately classified the dam or by assigning a hazard classification if the existing one does not appear reasonable or if no classification has been assigned.
- For locations not under the auspices of the MSHA, hazard potential shall be determined by a third party following [MSHA Procedure Instruction Letter No. I13-IV-01](#) guidance.

- 1.1 High hazard potential
- 1.2 Significant hazard potential
- 1.3 Low hazard potential

Increased Investor Interest to Tailings Storage Safety

Facilitated increased unstandardized disclosure as a response

- ❖ A series of tragic accidents in the recent years (2015-2019) promoted increased investor interest to tailings' storage facilities safety and hazard classification
- ❖ In April of 2019 a group of investors with US\$10.3 trillion in assets, including Church of England and four Sweden's national pension funds, demanded that 683 mining companies, including Brumadinho dam's operator Vale, provide details on every tailings facility under their control
 - ❖ **What is your hazard categorization of this facility, based on consequences of failure/?**
 - ❖ **What guideline do you follow for the classification system?**
 - ❖ ***whether each facility at any point in history had ever failed to be confirmed or certified as stable by independent engineer or experienced notable concerns***

- 7 Hazard potential classification depends solely on the consequences of failure of the dam and not on the condition of the dam.
- 8 Hazard potential classification can change over time.

Concern Regarding Lack of Standardized Best Practices is High

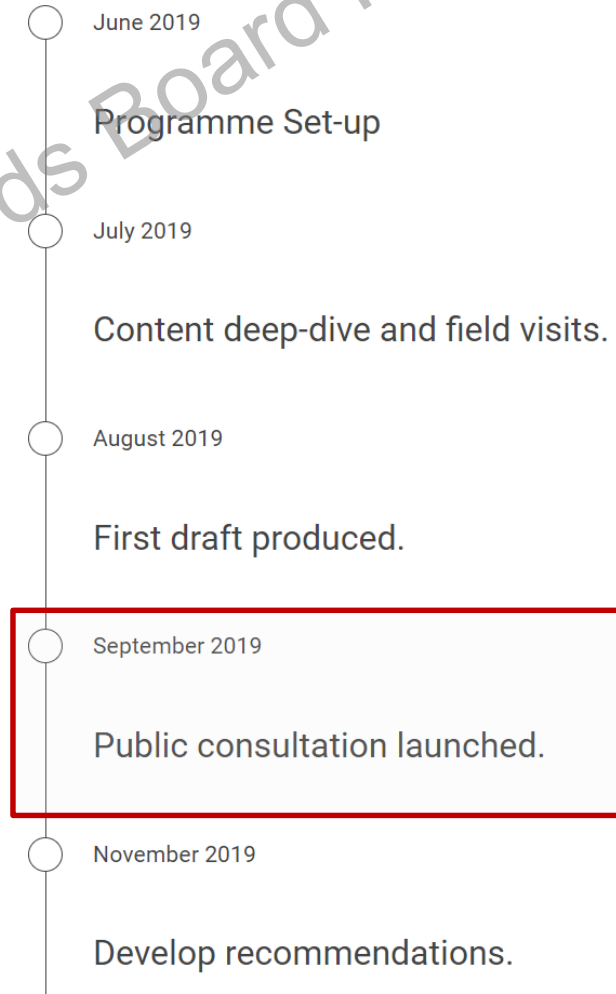
Industry Associations, Public and Investor Community Team up to Solve This



The catastrophic failure of a tailings storage facility at Vale's Corrego do Feijão mine in Brumadinho, Brazil, on 25 January 2019 is a human and environmental tragedy. This is a stark reminder that, while the mining and metals industry has come a long way in improving how it operates, **there's still much more that can be done to safeguard lives, improve performance and demonstrate transparency.**

The International Council on Mining and Metals (ICMM), the United Nations Environment Programme (UNEP) and the Principles for Responsible Investment (PRI) share a commitment to the adoption of global best practices on tailings storage facilities.

They have co-convened this global tailings review to establish an international standard. This review is being led by Dr Bruno Oberle. <https://globaltailingsreview.org/>



Global Standardized Disclosure on Tailings Hazard Potential

High priority market driven issue but is it feasible and is there a single solution?

Question to the Board:

1. What additional information would be needed to assess prioritization of this project?
2. Does the board have a guidance on what should be the focus
 - looking for emergence of a true international tailing facilities management standard?
 - or assessing existing disclosure for alignment?
3. How does this align with globalization consideration?
 - is this much more industry specific type of project given market movement on this issue?

Resource Transformation



- Potential Project: Renewable Resources – Pulp & Paper Products
- Potential Project: Resource Transformation – Chemicals

Sept. 19, 2019 - Sept. 20, 2019 Standards Board Meeting

Potential Project: Renewable Resources – Pulp & Paper Products



Sept. 19, 2019 - Sept. 20, 2019 Standards Board Meeting

Possible Project

Research staff idea: Renewable Resources, Pulp & Paper Products

1. Governance Documents
2. Thematic Issue – materiality
3. Thematic Issue – measurement
4. Industry Standard: reevaluating existing content - materiality
5. Industry Standard: reevaluating existing content – measurement
- 6. Industry Standard: evaluating new or emerging issues**
7. Industry scope and structure issues, including new industry standards
8. Globalization
9. Technical Protocol Issues
10. Standards Application Guidance
11. Alignment

Renewable Resources, Pulp & Paper Products

Issue for Consideration: Bio-based Products Innovation

Issue for consideration:

With increasing scrutiny and regulation around single-use plastics, should the Pulp & Paper Products standard incorporate the topic:

Bio-Based Products Innovation

Renewable Resources, Pulp & Paper Products

Issue for Consideration: Bio-based Products Innovation

Background information:

In the Provisional Brief (December 2015) this was flagged as a possible watchlist item, noting:

- Bio-based products could provide a diversified revenue stream and have significantly higher profit margins than traditional pulp and paper.
- Companies ... are exploring the use of biobased materials as feedstocks in the production of renewable chemical, fiber, and energy products.
- The use of wood fiber has the potential to offset environmental and social impacts associated with petroleum extraction and chemical refining. As increasingly stringent regulations shape the use of petroleum products, renewable wood fiber could become an important industrial raw material

Ultimately the brief concluded: ***The market remains small today; therefore it is unlikely that companies earn significant revenues from biobased products today.***

Renewable Resources, Pulp & Paper Products

What has changed?

China

In 2018 China changed its waste (recycling) import policy creating global repercussions

Waste exports to China have plunged, causing backups domestically and directing incremental attention to single-use plastics

Consumers

Consumer interest/focus on the impact of single-use plastics have increased, leading to changes

Catalysts include:
*A video of a turtle with a plastic straw up its nose
*Reporting on the growing Great Pacific Plastics Patch

Regulations

In response to consumer interest and challenges highlighted by China waste import restrictions, governments are increasing regulation on plastic use

*WSJ reports in 2019 alone 200 bills have been introduced in US state legislatures
*In Mar-19 the EU voted to ban 10 single-use plastics
*In Jun-19 Canada announced a single-use plastic ban for 2021

Demand

Responding to increased focus on plastics use, global consumer goods companies are committing to change packaging

400+ entities have signed on to the **New Plastics Economy** Global Commitment...to ensure all packaging will be renewable, reusable and/or compostable (mainly by 2025)

Pulp & Paper Industry

Paper can be an alternative to plastic packaging and the pulp making process can be modified to produce bio-based plastic

European companies such as UPM and Stora Enso identify bio-chemicals et al as business lines
Domtar's CSR sees potential to 'help solve the plastic problem'

Renewable Resources, Pulp & Paper Products

Issue for Consideration: Bio-based Products Innovation

Questions to Consider:

Has the environment/scope changed enough to render this topic material?

Is there sufficient investor interest? Would the topic be decision-useful?

Are the opportunities broad enough to be pervasive throughout the global industry?

Can this information be captured by the standards in a format that will enhance analysis/decision making?

Potential Project: Resource Transformation – Chemicals



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Possible Project

Research staff idea: Resource Transformation, Chemicals

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Resource Transformation, Chemicals

Issue for Consideration: Feedstock Management

Issue for consideration:

Given growing attention on the use of plastics, should the Chemicals Standard include a topic regarding:

Feedstock Management (percentage of raw materials from renewable resources)

Resource Transformation, Chemicals

Issue for Consideration: Feedstock Management

Background information:

During the development of the original codified standards, the topic of feedstock management (metric '*percentage of raw materials from renewable resources*') was considered, but ultimately rejected

- Rejection appeared to be based primarily on the view that with increasing supply of natural gas, feedstock availability was unlikely to be a material issue for the chemicals industry.

Resource Transformation, Chemicals

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Chemicals Industry

Issue seems to be an increasing focus for some chemical companies

At a recent event Dow's CEO said he 'spends 25% of his time on sustainability issues.' Noting 'it's a purpose we have to tackle...' Arguing that 'litter piling up on beaches and drifting in the ocean isn't really a problem with plastic: it's a problem with waste.'

Resource Transformation, Chemicals

Issue for Consideration: Feedstock Management

Questions to Consider:

Is there sufficient investor interest? Would this topic provide decision-useful information to investors?

Is enough of this information already conveyed in the Standards though the topic 'use-phase efficiency' or can that metric be modified?

What type of disclosures would be of the most use to investors? Is this information easily reported by companies?

Discussion on Paper and Chemicals

- Is this an important research project for the staff to pursue?
- Given that staff may propose this research project in a forthcoming meeting, what questions remain?
- Is there specific information you would require in order to consider this as a formal research proposal?

Agenda Prioritization Discussion

- Staff Recommendation
- Standards Board Discussion



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Staff Recommendation



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Staff Recommendation – Agenda Prioritization

Based on all previously discussed inputs, staff recommends the follow in terms of high/medium/low priorities

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Standards Board Discussion



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Accounting for a Sustainable Future

Sept. 19, 2019 - Sept. 20, 2019 Sustainability Standards Board Meeting