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Chair of the SASB Standards Board

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## REPORT OF THE SASB CHAIR

November 15, 2019 to February 15, 2020

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### Item I: Standards-Setting Activities

#### A. Agenda Update

- In December, the Standards Board added two standards setting projects to its agenda.
  - Systemic Risk in Asset Management, which will evaluate the Systemic Risk Management topic in the Asset Management & Custody Activities industry standard, including scope and accounting metrics.
  - Tailing Management, which will evaluate the issue of tailings facility management in the Metals & Mining and Coal Operations industry standards, including scope and accounting metrics.
- In December, the Standards Board added two research projects to its agenda.
  - Content Moderation on Internet Platforms to evaluate technology companies' management of user-generated content, advertisements, and other third-party content to assess implications related to social capital.
  - Plastics Risks and Opportunities (Pulp & Paper, & Chemicals Industries) to assess investor interest in risks and opportunities associated with plastics use in the two industries.

#### B. Standards Board Meetings

- On Dec 4, the Standards Board held a public and closed meeting in New York City. The closed meeting was attended by a member of the Foundation Board. No technical standards setting activity took place during the closed portion of the meeting.
- The Standards Board will meet on February 25 and June 22-23 in San Francisco.

#### C. Foundation Board Meetings

- On Dec 5, the Chair of the Standards Board attended the Foundation Board meeting. The Chair provided an update on the recent activities of the Standards Board.

### Item II: Interaction with Stakeholders and Advisory Groups

#### A. Other Public Meetings & Announcements

- On Feb 10, SASB and the Climate Disclosure Standards Board (CDSB) held a workshop at GLOBE2020 on implementing the recommendations of the Task Force on Climate related Financial Disclosures (TCFD). The workshop reviewed the TCFD guides jointly produced by the SASB and the CDSB.

#### B. Key Stakeholder Interaction

- On Nov 27, Jeff Hales (Standards Board, Chair) participated (by phone) in the UK FRC's Future of Corporate Reporting Advisory Group meeting as a member of the advisory group.

- On December 5, Directors of Research David Parham & Bryan Esterly gave an update to the SASB Investor Advisory Group on the project-based model and work with other standards-setters and sustainability frameworks
- On Jan 16, Jeff Hales (Standards Board, Chair) participated (by phone) in the CDSB's Board meeting as a member of the CDSB Board.
- On Jan 22, Jeff Hales (Standards Board, Chair) participated (by phone) in the UK FRC's Future of Corporate Reporting Advisory Group meeting as a member of the advisory group.
- On Feb 12, Jeff Hales (Standards Board, Chair) participated (by phone) in an FRC advisory group meeting.

#### C. Standards Advisory Group

- On December 2, SASB hosted a SAG Workshop for members to receive general updates on SASB activities and to have in-depth conversation about standards content and navigating implementation. Topics around implementation included discussion on the following: reporting using multiple industry standards, TCFD implementation, building internal buy-in, and an investor corporate dialogue on ESG integration. Standards Content-focused conversations touched on a series of industry-specific or cross cutting themes such as climate risk in loan portfolios, cybersecurity metrics, single-use plastics, access and affordability in biotech and pharma, and product portfolio development within the food and beverage industries. Feedback from breakout discussions have helped informed staff research activities. In addition to the discussion topics, the meeting provided members with an opportunity to connect with peers, SASB staff, and the Standards Board.
- From late January through early February, the Research Team held office hours and a series of briefings with corporates and investors on research opportunities in the Consumer Goods sector. The conversation helped guide our early thinking around sustainability issues impacting industries within the sector and could lead towards standard-setting activities.
- Research Team staff have reached out to SAG members and their colleagues with a request to identify experts who can provide in-depth feedback on specific questions supporting the following research and standards-setting projects: Plastics Risks and Opportunities in Pulp & Paper Products and Chemicals Industries, Systemic Risk in Asset Management, and Tailing Management in Extractives.
- SASB is interviewing SAG members to better understand their specific processes and challenges related to considering adoption of one or more reporting frameworks as part of a project to consider creating a visual mapping of the alignment between SASB and other sustainability frameworks such as IIRC, SDGs, and GRI. We're hearing market demand for a clearer picture of how these frameworks overlap and how to approach reporting using multiple standards, so our team is exploring ways we can support that understanding.
- Members of the Research Team have had a series of 1-on-1 conversation SAG members regarding a series of topics related to current and potential research projects.

### Item III: Additional Stakeholder Education and Communications

#### A. Speaking Engagements and Presentations (SASB Board and Staff)

- Members of the Standards Board and Research team provided support for stakeholder education and communication by speaking at over 20 events. Highlights include:
  - CFA Society of New York's 6<sup>th</sup> Annual Sustainable Investing Conference ESG and Financial Materiality (November 15, Jeff Hales, Standards Board)
  - Vanguard ESG Materiality Symposium (November 22, Gail Glazerman, SASB Staff)
  - NACD Atlanta Chapter Meeting (January 8, Robert Hirth, Standards Board)
  - Sustainability Accounting International Seminar, Parahyangan Catholic University, Bandung, Indonesia (January 27-28, Jeff Hales, Standards Board)