



Sustainability Accounting Standards Board

Standards Board Meeting

Friday, September 18, 2020

September 18 2020 Standards Board Meeting

Welcome & Agenda Overview



September 18 2020 Standards Board Meeting

Objectives for Today's Meeting

Standard-setting Agenda & project pipeline overview

Discuss progress on projects

Consider staff recommendations on projects

Meeting Overview

Public Meeting			
Time	Duration	Agenda Item	Discussion Leader
8:00am – 8:30am	30 mins	Welcome & Overview <ul style="list-style-type: none"> - Meeting overview - Standards-setting agenda & project pipeline overview 	Jeff Hales, David Parham, Bryan Esterly
8:30am – 8:45am	15 mins	For Information <ul style="list-style-type: none"> - Human Capital 	Kelli Okuji Wilson
8:45am – 9:30am	45 mins	For Discussion <ul style="list-style-type: none"> - Tailings Management in Extractives 	Ekaterina Hardin
9:30am – 10:15am	45 mins	For Decision* <ul style="list-style-type: none"> - Content Governance in the Internet Media & Services Industry 	Greg Waters

**Decision-making session*

Note: Short breaks planned on as needed basis in between sessions

Standards-setting Agenda & Project Pipeline Overview



David Parham

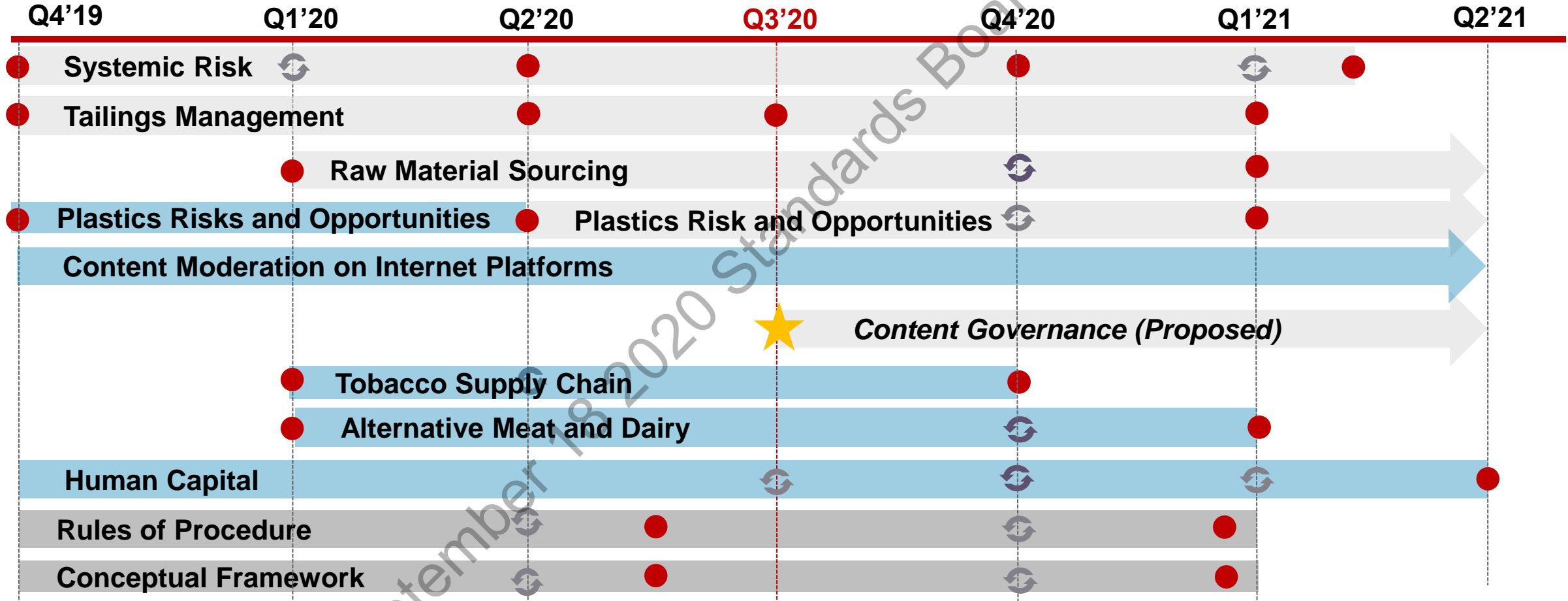
Director of Research – Projects

September 18 2020 Standards Board Meeting

Project Pipeline – 2020 Project Timelines



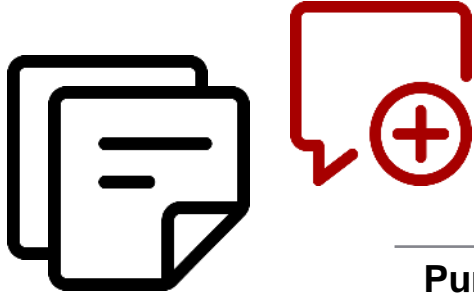
Standards Board Meetings



Note: One or more standard setting projects may be proposed upon completion of a research project.

SASB Opens Public Comment Period on Core Governance Documents

Feedback invited through November 30, 2020



CONCEPTUAL FRAMEWORK

RULES OF PROCEDURE

Purpose of document

Details the principles, objectives, assumptions, and definitions that guide SASB's thinking and approach to Standard-setting/revising

Ensures the clarity, robustness, and integrity of SASB's operations and processes

Revision objectives

Revisions aim to more effectively communicate* SASB's core principles and concepts

Revisions aim to more effectively communicate* SASB's operating procedures and how external stakeholders can engage with SASB

** Notably, while the SASB Standards Board is updating these two documents to more clearly articulate its existing approach to standard setting, these proposed revisions are not changing its fundamental approach to, or processes for, setting SASB Standards.*

DOWNLOAD the exposure drafts and submit public comments at sasb.org

Project Alerts

Stakeholders invited to subscribe to project alerts to follow advancements on projects of interest

RESEARCH PROJECT

Human Capital

Page Last Updated: June 11, 2020

- + Project Overview
- + Project Status
- + Contact Information
- + Published Documents & Supplemental Materials
- + Board Materials & Decisions
- + **Subscribe to Project Updates**

Fill out this form for project-specific notifications about calls for public feedback, advancement in project phases, and research questions.

First Name*	Last Name*
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Email*	Primary Job Function*
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Company name*	Job Title*
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<https://www.sasb.org/standard-setting-process/current-projects/>

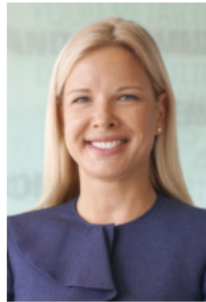
SASB Blog – Today in Market Feedback

Series of blogs focusing on engagement with the market

Today in Market Feedback: Tailings Management

Published September 14, 2020

This month, we check in with Analyst Ekaterina Hardin, SASB's Sector Lead for the Extractives & Minerals Processing sector.



Ekaterina Hardin,
Analyst, Sector Lead –
Extractives & Minerals
Processing

What were some of the key questions you were trying to answer with market consultation?

Tailings management is front and center for investors in the wake of high-profile events like the catastrophic dam collapse in Brumadinho, Brazil, in 2019. So, broadly speaking, our consultation was focused on getting a better sense of two things:

First, on the investor side, what type of information would provide a fair and representative assessment of how companies are managing this risk?

And, second, on the company side, how can a common set of useful metrics be established for this issue while still allowing for the fact that there is significant variability from site to site in terms of specific risks and how they are managed? Sustainability issues are often difficult to measure or quantify, but this one was especially challenging.



METALS & MINING COAL OPERATIONS

INDUSTRIES

- > Metals & Mining
- > Coal Operations

STANDARD-SETTING PROJECT

- > Tailings Management in Extractives

OVERVIEW

The project will evaluate the issue of tailings facility management in the Metals & Mining and Coal Operations industry standards, including the scope of the Waste & Hazardous Materials Management topic and its corresponding accounting metrics.

- Plan to publish blogs regularly focusing on market feedback
- First blog published this week, focusing on Tailings Management Project
- Encourage the public to monitor the blog regularly for subsequent blog posts

Human Capital Research Project



Kelli Okuji Wilson

Sector Lead Analyst, Health Care

Project Manager, Human Capital
Research Project

September 18 2020 Standards Board Meeting

Session Agenda

Human Capital Research Project Update

- ❑ **Project overview**

Early Hypotheses Testers Phase: Consultation Summary

- ❑ **Key statistics and outcomes**
- ❑ **Key take-aways by theme**

Next Steps / Q&A

- ❑ **Framework revisionary phase – Objectives and scope**
- ❑ **Review of project outcomes and deliverables for the Standards Board**

Human Capital Research Project Update

September 18 2020 Standards Board Meeting

SASB's Human Capital Research Project

Project objectives and scope

Objective

1. Assess scope & prevalence of various human capital management (HCM) themes across SASB's 77 industries
2. Further develop SASB's evidenced-based, market-informed view on HCM in the SASB standards



Project Background

- *Growing feedback from both investors and issuers suggest that the codified standards had not fully accounted modern-day human capital management (HCM) issues.*
- *SASB acknowledged this feedback during codification, initiated cross-cutting review on human capital and concluded that additional work was needed after codification*
- *SASB initiated its human capital research project in September 2019 to analyze the growing body of broad, industry-agnostic research around human capital and financial impacts*

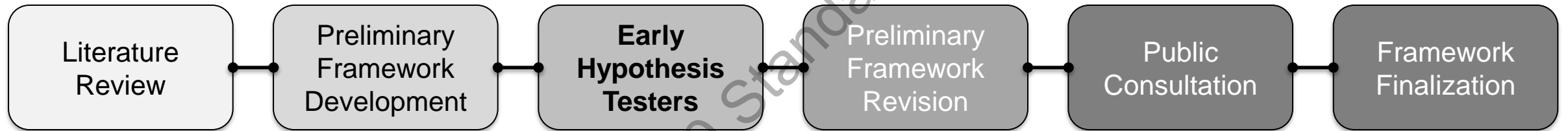


Project Scope

Production of Human Capital Management Framework

Human Capital Project Phases

The Human Capital Project will be executed in six key phases

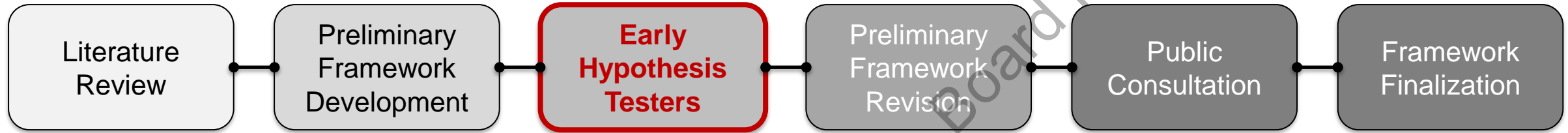


Early Hypotheses Testers Phase: Consultation Summary

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Human Capital Project Phases

The Human Capital Project will be executed in six key phases



- **Description:** Solicitation of investor feedback on the body of evidence associated with potential revisions to our general issue taxonomy for human capital issues.
- **Objective:** Ensure robust body of evidence to enable finalization of general issue taxonomy before proceeding to additional evidence-gathering.

Early Hypotheses Testers Phase: Consultation Summary

Key statistics and outcomes

Objective

Ensure robust body of evidence to enable finalization of general issue taxonomy before proceeding to additional evidence-gathering



Participant Statistics

- **Early Hypotheses Testers Workshop:**
 - 40 participants representing 23 unique companies/organizations plus some one-on-one targeted consultations
 - Composed of majority of investors and some subject matter experts (includes academics, major accounting firms, and international nonprofit organizations)
 - 3-hour event comprised of a) one-hour panel with subject matter experts and b) two 30-minute break-out sessions covering key themes from the Preliminary Framework
- **Standards Board:** Solicitation of Standards Board members' input through three small group discussions



Key Outcomes

- **Increased consensus among investors on the relevant key themes** affecting human capital management
- **Expanded participant views** on key human capital management themes
- To a lesser extent, enhanced investor clarity on the research project objectives and how the SASB Conceptual Framework and industry-specific standards work together and SASB's approach to developing its standards
- **Critical input from Standards Board members** on relevant issues to pursue as the next steps in the research project

Early Hypotheses Testers Key Insights: Alternative Workforce

Investor consensus that alternative workforce information is relevant to investment considerations and engagement



Key Insights: Alternative Workforce

- **Define industry-specific characteristics of alternative workers to determine and assess risks**
 - *Example: Highly-skilled freelancer versus low-skilled temporary worker*
- **Alternative workforce metrics are useful to:**
 - *Broadly elucidate a company's human capital management strategy tied to a larger corporate strategy*
 - *Identify hiring patterns relative to business/economic cycles*
 - *Identify outliers within an industry*
 - *Provide information on a company's worker "mix" and would be ideally accompanied by a cost-benefit analysis (traditional employees versus alternative workforce)*

Early Hypotheses Testers Key Insights: Workforce Investment

Investors prefer more granularity around workforce investment data



Key Insights: Workforce Investment

- **Workforce investment metric should:**
 - *Dissect the various levers companies use to invest in its people (Examples include salaries, pensions, workforce training)*
 - *Differentiate between initial training costs of new employees versus ongoing training of existing employees*
- **Potential ways to assess workforce investment:**
 - *Promotion velocity and turnover metrics*
 - *Learning and development expenditures vis-à-vis investment in pipeline programs linked to percent of internal/external recruitment*

Early Hypotheses Testers Key Insights: Mental Health & Health-Related Benefits

Investors recognition of mental health as a relevant issue is growing



Key Insights: Mental Health & Health-Related Benefits

- **Investors' observations toward mental health and health-related benefits:**
 - Growing understanding among investors between the interrelationship between physical and mental health
 - COVID-19 pandemic is yielding increased disclosure on the topic of mental health
 - Prioritization of mental health as part of the broader human capital/corporate strategy must come from “the top” (i.e. the Board of Directors)

Early Hypotheses Key Insights: Workplace Culture

Workplace culture information is relevant to investors, but difficult to use to measure and compare companies



Key Insights: Workplace Culture

- **Challenges to assessing culture:**

- Culture is difficult to measure
- Information on company culture is not well disclosed public – This makes assessment and comparison difficult
- Many companies were not prepared to discuss with investors what constitutes company culture (Multiple reasons)

- **Workplace culture at a conceptual level:**

- Should be viewed as a set of behaviors exhibited by the company and its employees and should be distinct from employee engagement

- **Workplace culture at a practical level is:**

- A significant factor in the investment decision process, especially in industries that rely on innovation and are built on intangible value
- A key engagement topic to elucidate a company's nuances and possible competitive advantages of its corporate strategy (at a qualitative level)
- Comprised of diversity, inclusion, and engagement as key indicators of culture that investors believe are most credibly linked to financial impacts

Early Hypotheses Testers Key Insights: COVID-19 Pandemic/ Protests for Racial Justice Impacts

COVID-19 pandemic/protests for racial justice impacts highlight existing systemic issues



Key Insights: COVID-19 Pandemic

- **The COVID-19 pandemic has cast a light on existing systemic cracks:**
 - *While it is not necessarily surfacing any new issues, it is highlighting the importance of certain human capital issues particularly related to social and economic systems under stress*
 - *As a result, the pandemic raises the question around business resilience and the role of the company in providing for its employees now and in the future (e.g. providing a social safety net)*
- **Major issues affected by the pandemic are:** Employee health & safety and supply chain management issues



Key Insights: Protests for Racial Justice Impacts

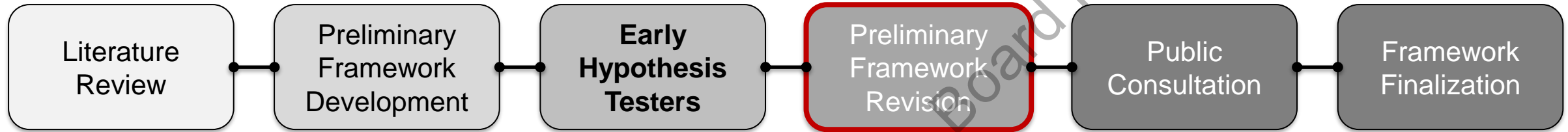
- **There is an increased focus on whether CEOs are making statements that are broadly supportive or whether they are making decisions consistent with those statements within their own companies.**
- **Globally, and particularly in the EU, there are challenges to reporting diversity data** - Collecting racial or ethnic data is legally prohibited in some jurisdictions. Changes will require a cultural, and perhaps regulatory, shift in thinking in some of these jurisdictions.
- **Companies have expressed challenges associated with disclosure of certain metrics such as pay gap, promotion, and retention rate**, which are helpful for understanding how minority workers are supported. While companies are doing this work and tracking it, they have cited barriers to disclosing this information.

Next Steps

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Human Capital Project Phases

Current state



- **Description:** Finalization of general issue taxonomy revisions based on EHT feedback and further develop framework to connect industry-agnostic human capital themes to industry-specific impacts
- **Objective:** Establish complete draft framework for public consultation period

Revision Phase of the Human Capital Framework Scope

Phase purpose, objectives and outcomes

Objective

Actively apply the issues outlined in the Analysis and Conclusions section of the Preliminary through a sector-specific lens by applying each human capital issue to each of the 77 industries



Phase Purpose

- **Assess *if and how* these themes manifest in each industry**, which will provide a valuable source of input to further develop the Human Capital Framework in preparation for a public consultation period
- **Leverage results** from this phase to support eventual standard-setting activities after the Framework is finalized



Phase Outcomes

- **Further develop the Preliminary Framework** based on the industry-specific ways in which the themes identified in the Framework manifest within each sector and associated industries
- **Gain further clarity on the contents of the Preliminary Framework** at an industry-specific level to support eventual standard-setting once the Framework is finalized

Key Project Outcomes

Key set of deliverables designed to inform future standard-setting project outcomes

Deliverable	Outcome
Human Capital Framework	Identifies and address the relevant human capital themes that are broadly impacting industries as a business-critical, sustainability issue
Industry Heat Map	Identifies potential industries where these human capital themes have industry-specific manifestations and areas for <i>potential</i> research and/or standard-setting activities
General Issue Category recommendations	Outlines the Research staff's view on the Human Capital Sustainability Dimension General Issue Categories
Project pipeline recommendations	Recommends a set of initial areas to begin industry-specific research and/or standard-setting projects on human capital issues

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Project Next Steps

- 1 Preparation for public consultation period includes:**
 - Explore industry-specific sustainability impacts of these industry-agnostic themes
 - Strengthen evidence in the Preliminary Framework and research additional themes raised as relevant by investors in targeted consultations
- 2 Open public consultation period on the revised Framework**
 - Target October/November

Human Capital Research Project

Questions?



<https://www.sasb.org/standard-setting-process/current-projects/human-capital/>



Kelli Okuji Wilson

Sector Lead Analyst, Health Care

Project Manager, Human Capital Research Project

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Appendix

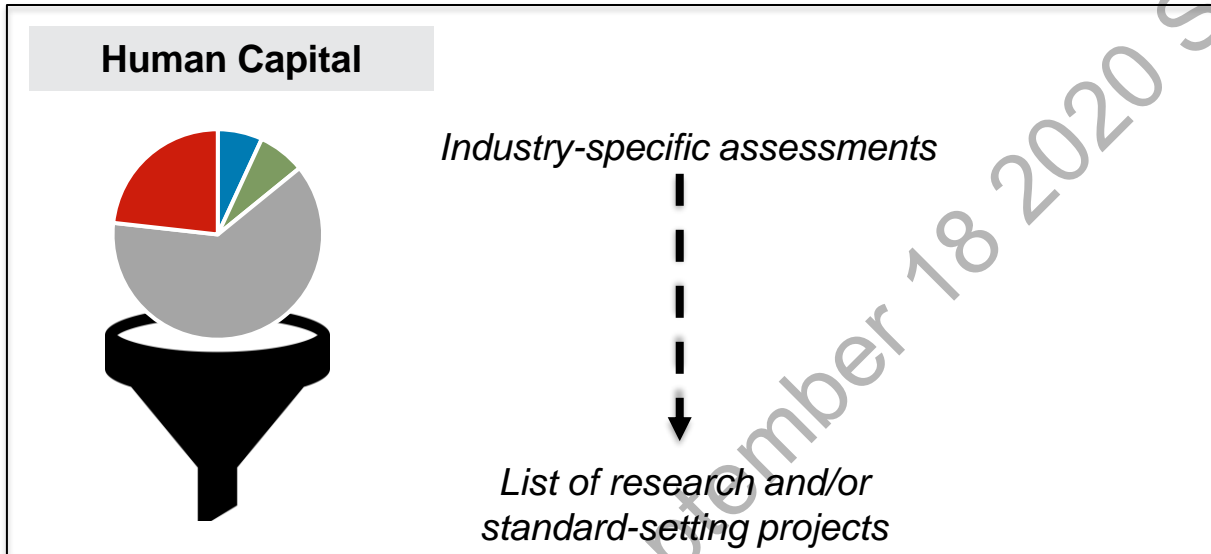
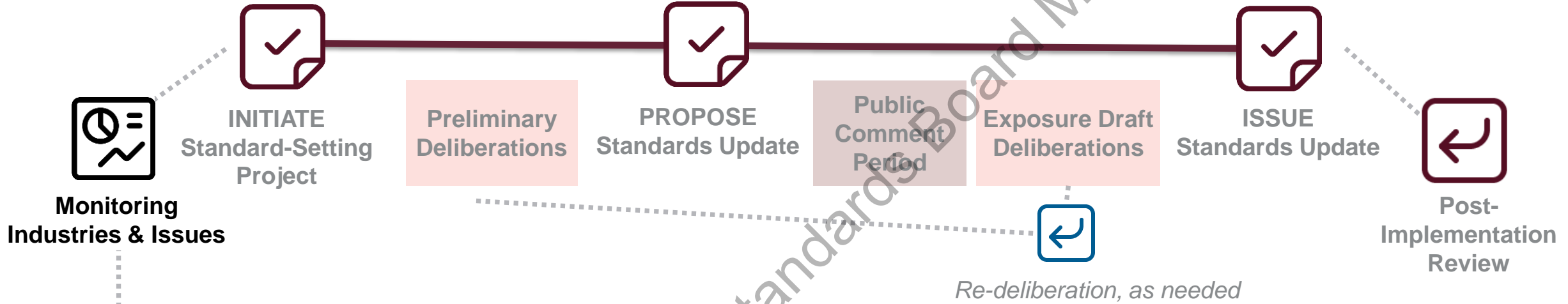
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Key Themes for Industry-Specific Exploration

Theme ¹	Objective
Workplace culture (Diversity & engagement)	Analyze impacts of diversity (both gender and racial/ethnic diversity) and engagement to each of their respective industries to assess the applicability of the issue in an industry-specific context
Workforce investment	Apply the issue of workforce investment focusing on on-the-job training and wealth-building financial benefits in an industry-specific context
Alternative workforce	Apply the issue of alternative workforce using the definition in the Preliminary Framework in an industry-specific context focusing specifically on the ramifications at the disclosure topic level
Mental health & health-related benefits	Apply the issue of mental health & health-related benefits in an industry-specific context focusing on mental health as aspect of overall worker health and safety

¹Theme refers to the issues outlined in the Preliminary Framework “Analysis & Conclusions” section of the document – These themes are Alternative Workforce, Workforce Investment, Mental Health & Health-Related Benefits, and Workplace Culture.

Human Capital Through The Project-Based Model



 = STANDARDS BOARD DECISION is required to proceed

Tailings Management in Extractives



Ekaterina Hardin

Analyst, Extractives & Minerals Processing Sector Lead

September 18, 2020 Standards Board Meeting

Session Objectives

Metrics Presentation from Staff

Open Issues Discussion with Board

September 18 2020 Standards Board Meeting



Tailings Management In Extractives Standards-setting Project Overview

Staff Targets Project completion at the February 2021 Standards Board Meeting

Objective

- Reframe topic(s) associated with tailings to fully cover newly emerged points of investor interest. This could mean possible restructuring of the standards to follow SASB's framework and general issue categories (add S,G to E)
- Revise metrics to address 1) management of tailings storage facilities and 2) social impacts of mismanagement
- Improve global applicability of metrics



Project Background

Catastrophic tailings storage facility failures in 2014 (Canada), 2015 (Brazil), and 2019 (Brazil) confirmed the materiality of the topic but revealed incompleteness of its metrics. The Investor Mining & Tailings Safety Initiative, formed in 2019, is developing disclosure metrics with industry cooperation that could be referenced in the standards.

Project applies to two industry standards: 1) Metals & Mining and 2) Coal Operations.

Current standards do not address actual management of tailings storage facilities in the Waste & [Hazardous Materials] Management topic.

Project Lead: ekaterina.hardin@sasb.org



Project Outcomes

Provide topics and metrics for companies to disclose management of tailings facilities.

Provide metrics for companies to address social impacts from mismanagement of tailings storage facilities

Revise metrics to improve global applicability

Project website: <https://www.sasb.org/standard-setting-process/tailings-management-in-extractives/>

Background Information

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Background information: Topics Scope

RISKS	Current Standard	New Standard
Improper disposal Toxic releases		
Environmental contamination	W&HMM	W&HMM
Tailings storage facilities		
Tailings storage facilities Management		
Failure of tailings storage facilities		Tailings Storage Facilities Management (GIC: Critical Risk Management)
Lack of appropriate failure preparedness and response plans		

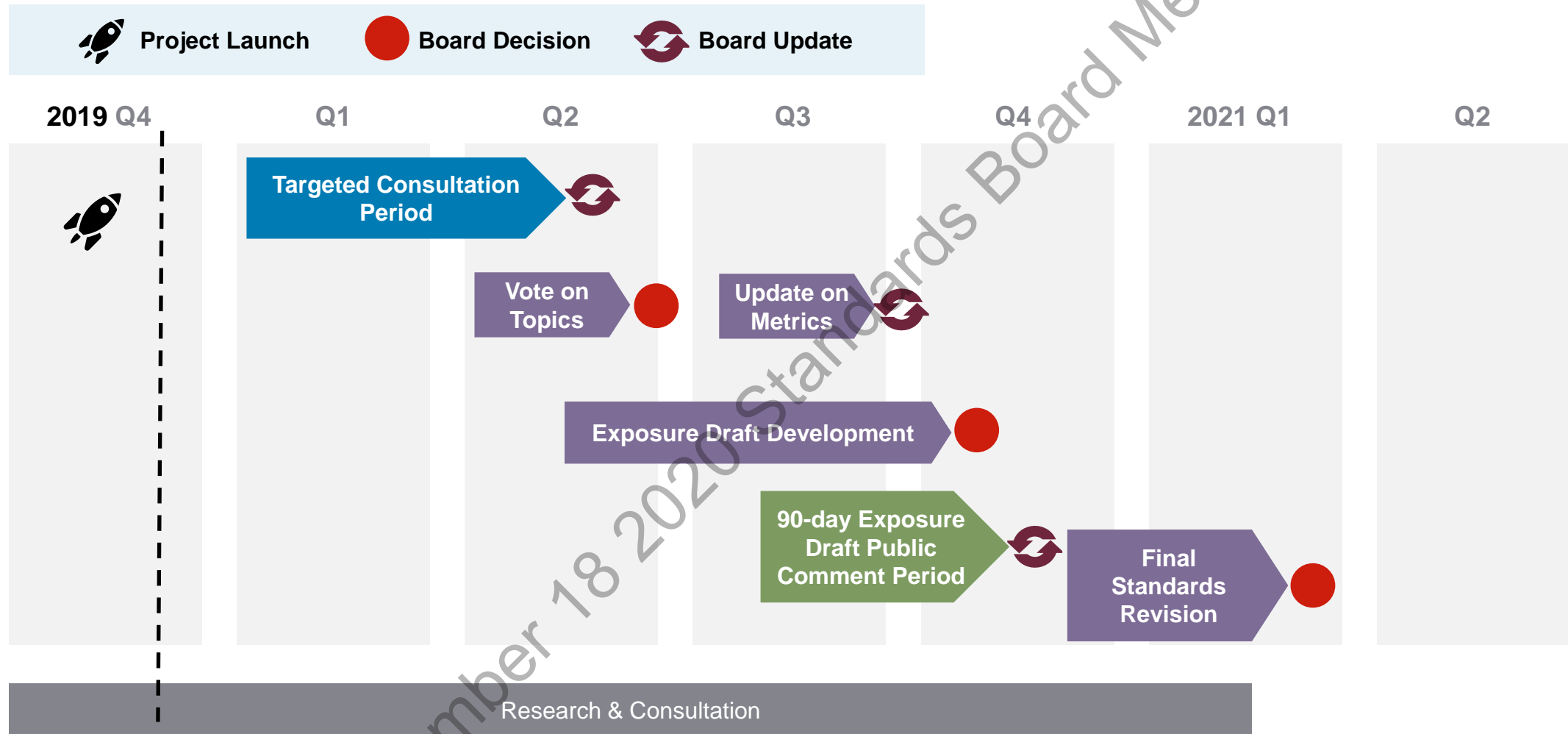
- Narrow **Waste & Hazardous Material Management Topic** to focus on long term environmental chemical impacts
- Add new topic **Tailings Storage Facilities Management** to cover management of TSFs and prevention of physical catastrophes

Current Status

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Project Timeline

Target project completion: February 2021



Recent Developments

1

Global Industry Standard on Tailings Management release

- Guidelines and principles, no KPIs
- Can be used a source for alignment and Technical Protocols development

2

Additional Consultations to help with metrics formulation

- International Council on Mining and Metals
- Global Tailings Review
- Standards Advisory Group

3

Additional Research

- Towards Zero Harm Compendium of Papers, dam review reports, existing disclosures

Standards Update: Metrics



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Metrics for Topic:

Waste and Hazardous Materials Management

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Waste and Hazardous Materials Management: Concepts to Measure

Sustainability Impact Angle	Source of Sustainability Impact	Concept to be Measured	
Environmental contamination	Non-mineral waste: Improper disposal of industrial hazardous waste	For each source: (1) amount of waste produced, or raw hazardous materials used (2) prior history of related incidents (3) management approach to minimize risk of future incidents	} Risk exposure
	Mineral waste: Accidental releases of heavy metals or processing chemicals left over in tailings		
	Hazardous raw materials: cyanide, sulfuric acid etc. incidents such as spills*		} Risk likelihood

*Does not apply to Coal Operations

Waste & Hazardous Materials Management Metrics

Metric Ref. #	Accounting Metric	Category	Unit of Measure
1	Total weight produced of non-mineral waste; percentage that is (a) hazardous, (b) recycled	Quantitative	Million metric tons, Percentage (%)
2	Total weight produced of mineral waste; percentage that is (a) tailings, (b) reused	Quantitative	Million metric tons, Percentage (%)
3	Total weight of hazardous raw materials used in processing; percentage recycled* <i>Note to metric: For mineral processing operations, the entity shall provide a description of hazardous materials used</i>	Quantitative	Thousand metric tons, Percentage (%)
4	Number of incidents related to (1) hazardous raw materials * (2) disposal of hazardous waste	Quantitative	Number
5	Description of waste and hazardous material management policies and practices for active and inactive operations	Discussion and Analysis	n/a

Risk exposure

Risk likelihood

*Does not apply to Coal Operations

Metrics for Topic:

Tailings Storage Facilities Management

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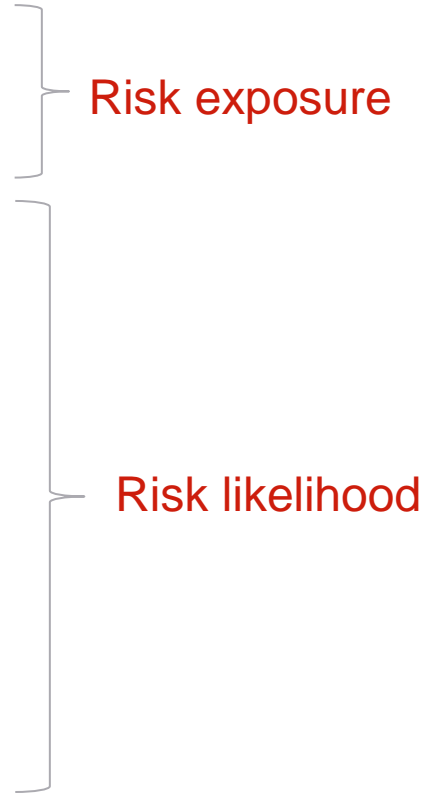
Tailings Storage Facilities Management: Concepts to Measure

Sustainability Impact Angle	Source of Sustainability Impact	Concept to be Measured	
Both environmental and social externalities	Long term chronic impacts on the environment from failed facilities resulting in seepage and leakage of tailings	1) number of facilities and consequences classification level	} Risk exposure
	Physical dam collapse leading to catastrophic environmental damage and loss of life	(2) likelihood of a structural integrity fault or an accident + management approach to minimizing chances of an such	
	Lack of proper accident preparedness and emergency response plan	(3) management approach to minimizing consequences of an accident	



Tailings Storage Facilities Management Metrics

Disclosure Topic	Metric Ref. #	Accounting Metric	Category	Unit of Measure
Tailings Storage Facilities Management	6	Number of (1) tailings facilities, (2) tailings facilities with a consequence classification of high or above	Quantitative	Number
	7	(1) Percentage of tailings facilities with a consequence classification of high or above consequence that have been subject to an independent dam review, and (2) percentage of such reviews that resulted in material findings <i>Note to metric: For tailings facilities subject to an independent dam review with material findings, the entity shall provide a description of correction measures taken</i>	Quantitative, Discussion and analysis	Percentage (%)
	8	Description of management systems used to monitor and maintain structural integrity of tailings facilities	Discussion and analysis	n/a
	9	Description of emergency preparedness and accident response policies and practices for tailings facilities**	Discussion and Analysis	n/a



Discussion Topics 1

Does the Board agree with applying an approach that allows for flexibility in defining hazardous waste that has previously been adopted by the Board in other SASB Standards?

- There is variability in how companies report and categorize waste (according to local jurisdictions and regions of operations)
- Some latitude is required for cost-effectiveness, but this impacts comparability

Discussion Topic 2

Does the Board support an aggregated data approach or a detailed table approach for the quantitative metrics in the TSF Management topic?

- TSFs risks vary site by site and even a single failure can cause a significant impact
- Staff sees a value in a data being presented in a form of a table on facility by facility basis
- Summary data could be tabulated at the bottom row of each
- All this would require from companies is a slight modification from the table they provided in response to the Investor Initiative response in 2019
- Staff seeks this approach only if there is an adequate benefit in the usefulness for the investors

Proposed Quantitative metrics in TSF Management Topic

With the **detailed table format option**, technical protocols will outline additional information and breakdown companies shall provide and percentage of facilities can be added at the bottom of the table as a total

Metric Ref. #	Accounting Metric Description
6	Number of (1) tailings facilities, (2) tailings facilities with a consequence classification of high or above
7	(1) Percentage of tailings facilities with a consequence classification of high or above consequence that have been subject to an independent dam review, and (2) percentage of such reviews that resulted in material findings

Example Disclosure: Aggregate Data vs. Detailed Table

**Example:
Aggregate
Data Only**

Metric Ref. #	Accounting Metric
6	14 total facilities 7 tailings facilities with a consequence classification of High or above
7	70% High or above consequence classification facilities that have been subject to an independent dam review (5 facilities) 80% with material findings (4 facilities)

**Example:
Detailed
Data Table**

Facility #	Facility Name	Consequence Classification	DSR this year	DSR last 5 years	Findings	Corrective measures	Management approach	Emergency response
1	A	High	No	No	N/a	N/a	Approach A	Plan B
2	B	Very High	No	Yes	None	None	Approach A	Plan B+
3	C	High	Yes	Yes	Erosion	None	Approach A	Plan B
...
14	YY	Low	No	No	None	None	Approach A	Plan B+

7 are High or above

70% are "yes"

There are 80% with material findings

Examples of disclosure format: Aggregate data in Percentage vs Absolute

6	Number of (1) tailings facilities, (2) tailings facilities with a consequence classification of high or above	Quantitative	Number
7	(1) <u>Percentage or number</u> of tailings facilities with a consequence classification of high or above consequence that have been subject to an independent dam review, and (2) <u>percentage or number</u> of such reviews that resulted in material findings	Quantitative	Percentage (%) or Number

Percentage Approach

Metric Ref. #	Accounting Metric	Unit of Measure
6	14, 7	Number
7	70%, 80%	Percentage (%)

Metric Ref. #	Accounting Metric	Unit of Measure
6	3, 2	Number
7	50%, 0%	Percentage (%)

Absolute value approach

Metric Ref. #	Accounting Metric	Unit of Measure
6	14, 7	Number
7	5, 4 out of 5	Number

Metric Ref. #	Accounting Metric	Unit of Measure
6	3, 2	Number
7	1, 0 out of 1	Number

Company A

14 total facilities

7 rated high and above

Company B:

3 total facilities

2 rated high or above

Discussion Topics 3

Does the board agree with the approach on aligning with the GISTM regarding “material findings,” while acknowledging that comparability is negatively impacted?

- The GISTM does not define “material findings.” it was intentionally left up to the companies to determine this
- Staff recommends some specificity on examples of possible material findings, but in general seeks to align with GISTM
- This may reduce comparability, seeking to create a precise definition of material findings would likely be both technically infeasible as well as potentially cost prohibitive.

Next Steps

Ongoing Exposure Draft development

Proposed Exposure draft and Basis for Conclusions for vote

Tailings Management In Extractives Standards-setting Project



<https://www.sasb.org/standard-setting-process/tailings-management-in-extractives/>



Ekaterina Hardin

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Content Governance in the Internet Media & Services Industry



Greg Waters

Analyst, Technology & Communications Sector Lead

September 18 2020 Standards Board Meeting

Session Outline

Project overview

Research project update

Proposed project scope

Looking ahead: externalities & business models

Board decision on standard-setting

Content Governance in the Internet Media & Services Industry

Standard-Setting Project Proposal



Problem Statement

The dissemination and moderation of user-generated content and advertisements is a crucial element of social media businesses that has a number of social implications.

However, these business models and their associated social externalities, such as harmful content, are not fully accounted for in the SASB standard for the Internet Media & Services industry.



Summary of Staff Recommendation

Staff recommends that the Board approve a standard-setting project to evaluate content governance themes for inclusion in the Internet Media & Services Industry Standard.



Highlights of Recommendation

Scope of Project – Includes current disclosure topic *Data Privacy, Advertising Standards and Freedom of Expression*

Potential outcomes – addition of new topic and/or revision of existing topic; addition of metrics

Preliminary timeline – target completion at Q4 2021 SB meeting

Research Agenda Prioritization

Higher
Priority



Lower
Priority

Governance Documents

Thematic Issue – Materiality

Industry Standard: Evaluating New or Emerging Issues

Internationalization Advancement

Alignment

Thematic Issue – Measurement

Industry Standard: Reevaluating Existing Content – Materiality

Industry Scope and Structure Issues, Including New Industry Standards

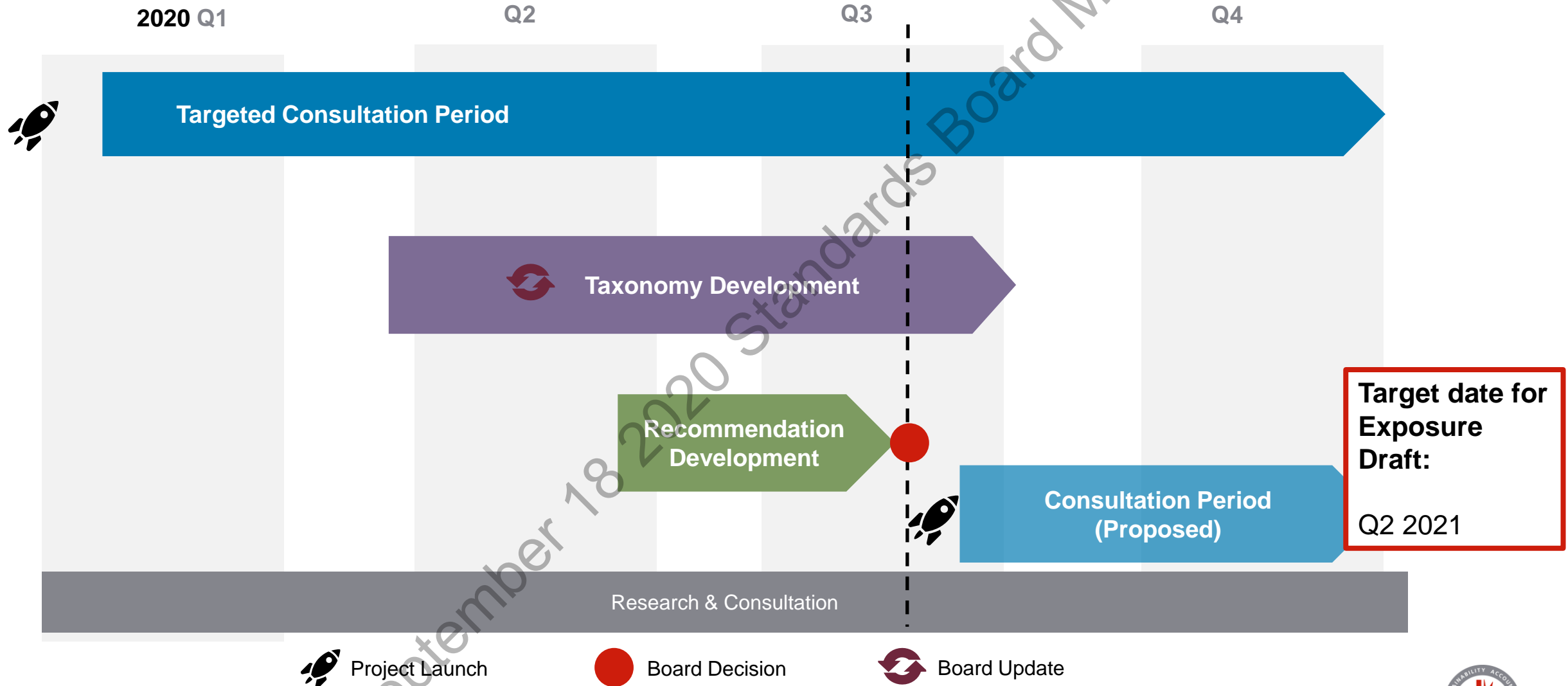
Technical Protocol Issues

Standards Application Guidance

Industry Standard: Reevaluating Existing Content – Measurement

Research Project Timeline

Staff Proposes that the Research Project Remain Ongoing Whilst Pursuing New Project



Content Moderation Taxonomy

Staff proposes focusing on a sub-set of the research project

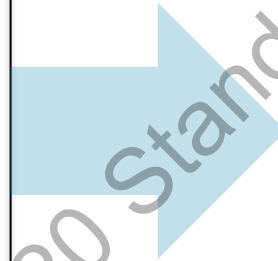
Social Issue	Social Media Platforms	Messaging Services	Game Publishers & Platforms	Internet infra/ cloud services	Outsourced Services	Internet Service Providers
SASB SICS Industry	Internet Media & Services		Software & IT Services			Telecommunication Services
Harmful Content	Applies broadly	Applies broadly	Applies in some instances	Applies in some instances	N/A	Applies in some instances
User Privacy & Freedom of Expression	Applies broadly	Applies broadly	Applies in some instances	Applies in some instances	N/A	Applies in some instances
Worker Health & Safety	Applies, especially large platforms	N/A	Does not appear to apply	Does not appear to apply	Applies in some instances	N/A

Proposed Project Scope: Focus on the Internet Media & Services Industry

Staff is confident that research to date supports standard-setting

Inputs include:

- Strong **investor interest** in social media platforms' management of user-generated content, ads
- Evidence suggesting that related management activities have significant **financial impact**
 - Cost of content review
 - Investment in AI/ML for monitoring
 - Brand safety concerns of advertisers
- Research and media reports on scale and extent of related social externalities related to harmful content, FOE



Harmful Content

- CSAM, terrorism & violence
- Hate speech
- Disinformation/misinformation



Freedom of Expression

- Incorrect content removal
- Broader questions around limiting legal speech



Privacy

- Personal/sensitive data collected and used for targeted ads and/or curated content

Most Social Media Platforms Are Advertising Businesses

Success depends on attracting/retaining users and delivering them ads

1

Growing & engaging the user base



Content Shaping

Showing users content that they like, optimizing for engagement



Content Moderation

Removing harmful or unwanted content to attract users & advertisers

2

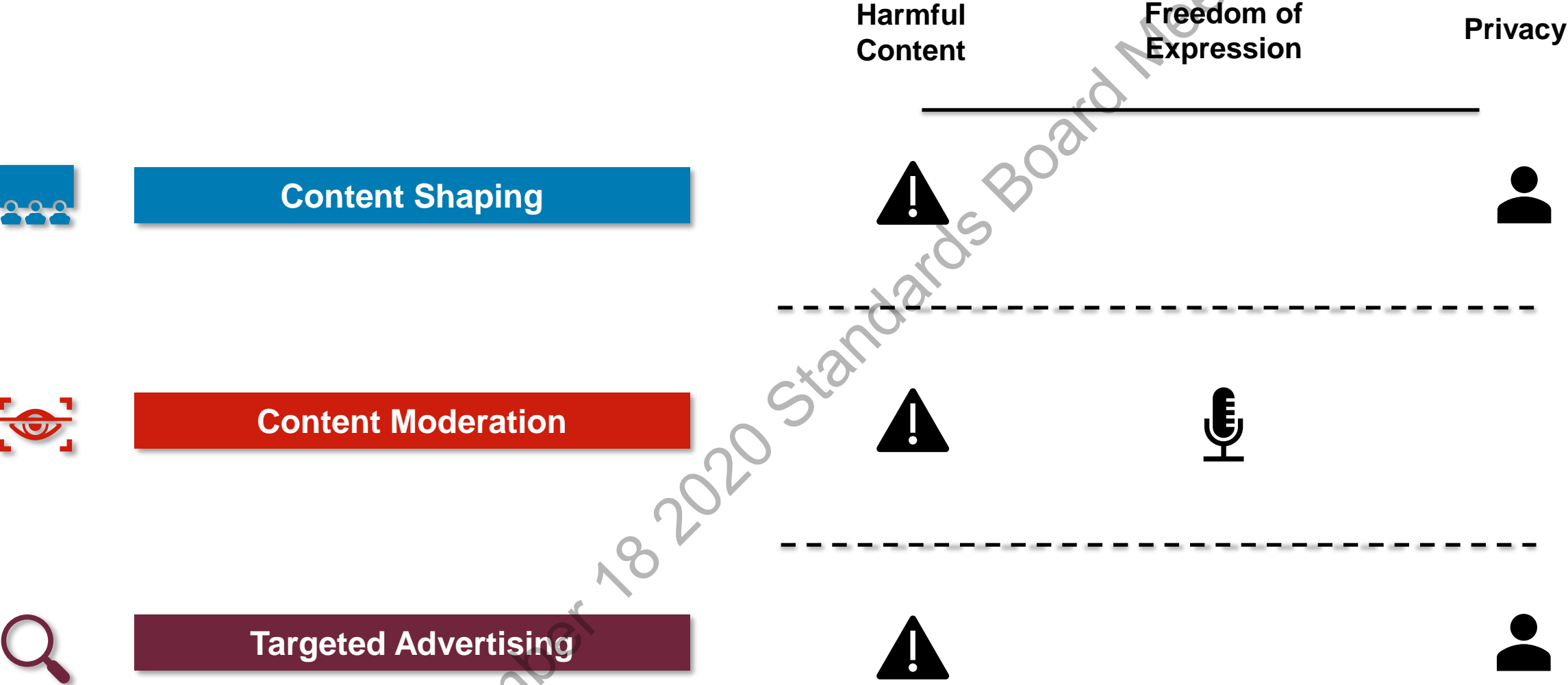
Improving ad efficacy



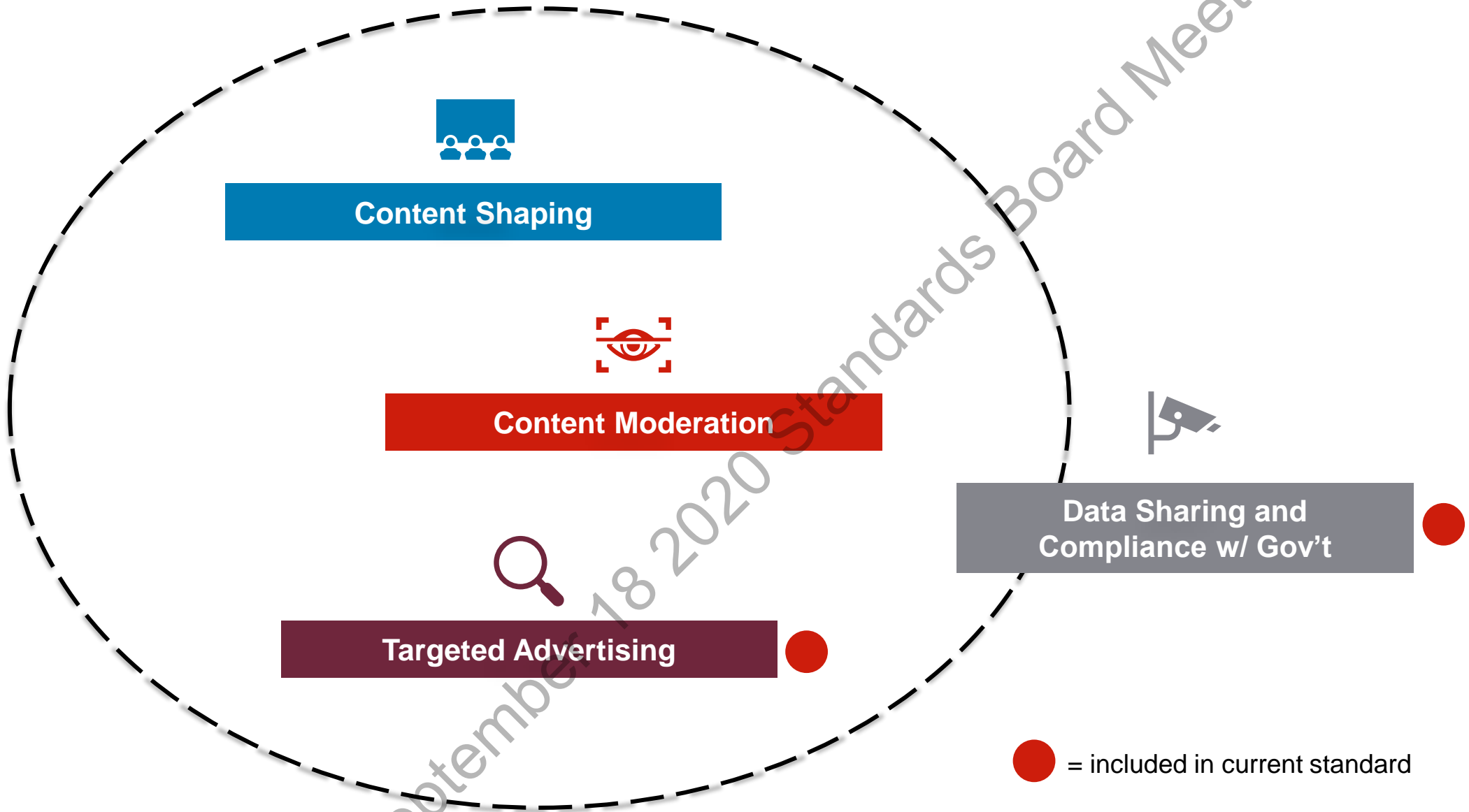
Targeted Advertising

Use/collection of user data, developing tools for advertisers

Externalities Manifest Across Various Elements of Platform Operations



Content Governance Looks Something Like This...



Three Potential Outcomes from this Standard-setting Project

1 Expand scope of the current disclosure topic

- Additional metrics to capture harmful content, freedom of expression
- Staff doesn't anticipate changes to current metrics

2 Add a new disclosure topic

- Additional metrics to capture content shaping & moderation
- Likely GICs: *Product Quality & Safety* or *Customer Welfare*

3 Split the current disclosure topic & add metrics

- Combination of options 1 and 2

Discussion Topics

Do you agree with the staff recommendation to add this project to the standard-setting agenda?

- Is the scope of the proposed project sufficiently clear?
- Do you agree with the proposed project scope?
- Do you agree with the recommended approach of maintaining the content moderation research project?
- Do you have concerns, suggestions or other input you would like the staff to be aware of in executing the standard-setting project, if approved by the Board?

Content Governance in the Internet Media & Services Industry

Staff recommends that the Content Moderation research project remain ongoing

- Taxonomy to be made available to the public
- Staff will continue to perform research and solicit stakeholder input in several areas, including worker health & safety



<https://www.sasb.org/standard-setting-process/current-projects/content-moderation-on-internet-platforms-research-project/>



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Criteria for Standard-Setting Projects (Agenda)



Mission alignment

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



Scope/prevalence

Is the issue pervasive, including scope of industries or geographies impacted?



Feasibility

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



Capacity

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

Appendix: Proposed Standard-Setting Project Timeline

Target project completion: 2021 Q4



Appendix: SASB's Current Disclosure Topic Covers Some Relevant Areas

Topic Name: Data Privacy, Advertising Standards & Freedom of Expression

Metric	Name	Externality/ Susty Angle
TC-IM-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	<i>Sensitive personal data collected and used for products and services</i>
TC-IM-220a.2	Number of users whose information is used for secondary purposes	
TC-IM-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	
TC-IM-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	<i>User freedom of expression may be impacted by sharing information with law enforcement</i>
TC-IM-220a.5	List of countries where core products or services are subject to government-required blocking, content filtering or censoring	<i>Gov't-mandated censorship</i>
TC-IM-220a.6	Number of government requests to remove content, percentage compliance with requests	

Appendix: Top 20 Internet Media & Services Companies

Name	Market Cap (\$B)	Social Media?
ALPHABET INC	\$ 1,128	Yes
FACEBOOK INC	\$ 842	Yes
TENCENT HOLDINGS LTD	\$ 674	Yes
NETFLIX INC	\$ 245	No
PROSUS NV	\$ 168	Yes
NASPERS LTD	\$ 82	Yes
BOOKING HOLDINGS INC	\$ 79	No
KE HOLDINGS INC	\$ 61	No
UBER TECHNOLOGIES INC	\$ 60	No
SPOTIFY TECHNOLOGY SA	\$ 54	No
NAVER CORP	\$ 46	No
Baidu INC	\$ 44	Yes
M3 INC	\$ 42	No
SNAP INC	\$ 33	Yes
TWITTER INC	\$ 33	Yes
Z HOLDINGS CORP	\$ 32	No
KAKAO CORP	\$ 30	Yes
MATCH GROUP INC	\$ 29	No
TENCENT MUSIC ENTERTAINM	\$ 27	No
VERISIGN INC	\$ 25	No

Data collected from Bloomberg on September 2, 2020



Upcoming Standards Board Meetings

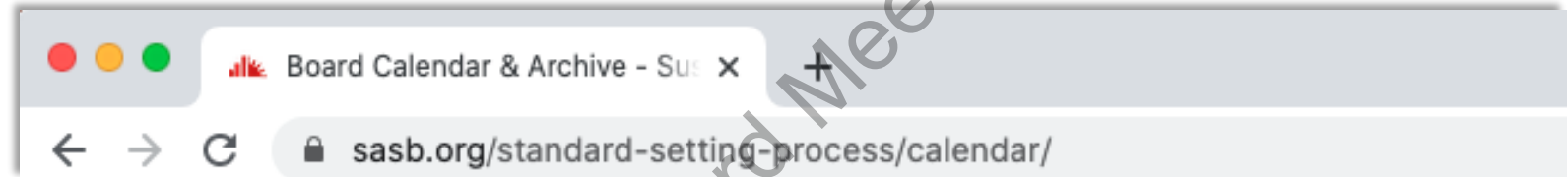


September 18 2020 Standards Board Meeting

Upcoming Standards Board Meetings*

December 2, 2020

February 25 & 26, 2021



[Standards Board Meeting Calendar & Archive](#)

page contains full details of meeting dates and registration links to access live stream of the public meetings. Recordings and a summary of meeting outcomes are available shortly after each meeting.

We welcome you to visit our [Contact Us](#) page to subscribe for standards-related updates.

Please use our [Public Comment Form](#) to provide feedback on the standards.

**Dates are tentative. Public Standards Board meetings are announced a minimum of 10 days prior to the meeting date.*



Accounting for a Sustainable Future

September 16 2020 Standards Board Meeting