

Sustainability Accounting Standards Board

Public Standards Board Meeting

Friday, October 1, 2021



Standards Board Members

Jeffrey Hales, PhD

Chair

Charles T. Zlatkovich Centennial Professor of Accounting
The University of Texas at Austin

Verity Chegar

Co-Vice Chair

Member of the Sustainable Investment and Stewardship Strategies team at the California State Teachers' Retirement System

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Co-Vice Chair

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Chairman Emeritus, Committee of Sponsoring Organizations of the Treadway Commission (COSO)

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Lloyd Kurtz, CFA

Senior Portfolio Manager,
Head of Social Impact Investing,
Wells Fargo Private Bank

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October 1, 2021 FASB Standards Board Meeting



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October 2021 CASR Standards Board Meeting

Agenda

Time (PT)	Agenda Item	Session Leader	Session Objective
7:30am	Welcome, Meeting Overview & Project Updates	Jeff Hales, Lynn Xia	Meeting overview and review of standard-setting agenda.
	Conceptual Framework	Bryan Esterly	Staff to provide an update on the project status and report out on key considerations.
	Tailings Management in Extractives	Lynn Xia	Staff to report out on the proposed changes to the exposure draft and recommend a final review and subsequent vote to update the Metals & Mining and Coal Operations Standards.
	Systemic Risk in Asset Management	Emily Gaston	Staff to recommend that the Board update the Asset Management & Custody Activities Standard by approving the changes proposed in the exposure draft after a final review of the Basis for Conclusions.
9:45am	Alternative Meat & Dairy	Devon Bonney	Staff to recommend a Board vote to add the Processed Foods industry into the scope of the Alternative Products project.
	Marine Transportation Working Group	Marvin Smith	Staff to update the Board on the recent outcomes of the marine transportation working group, including priority topics to consider for improvements in the Marine Transportation Standard.
	Concluding Remarks	Jeff Hales, Bryan Esterly	Concluding remarks and review upcoming meetings of the Standards Board.
11:00am	Adjourn Meeting		

Standard-Setting Agenda Overview

October 1, 2021

Lynn Xia | Director of Research – SASB Standards



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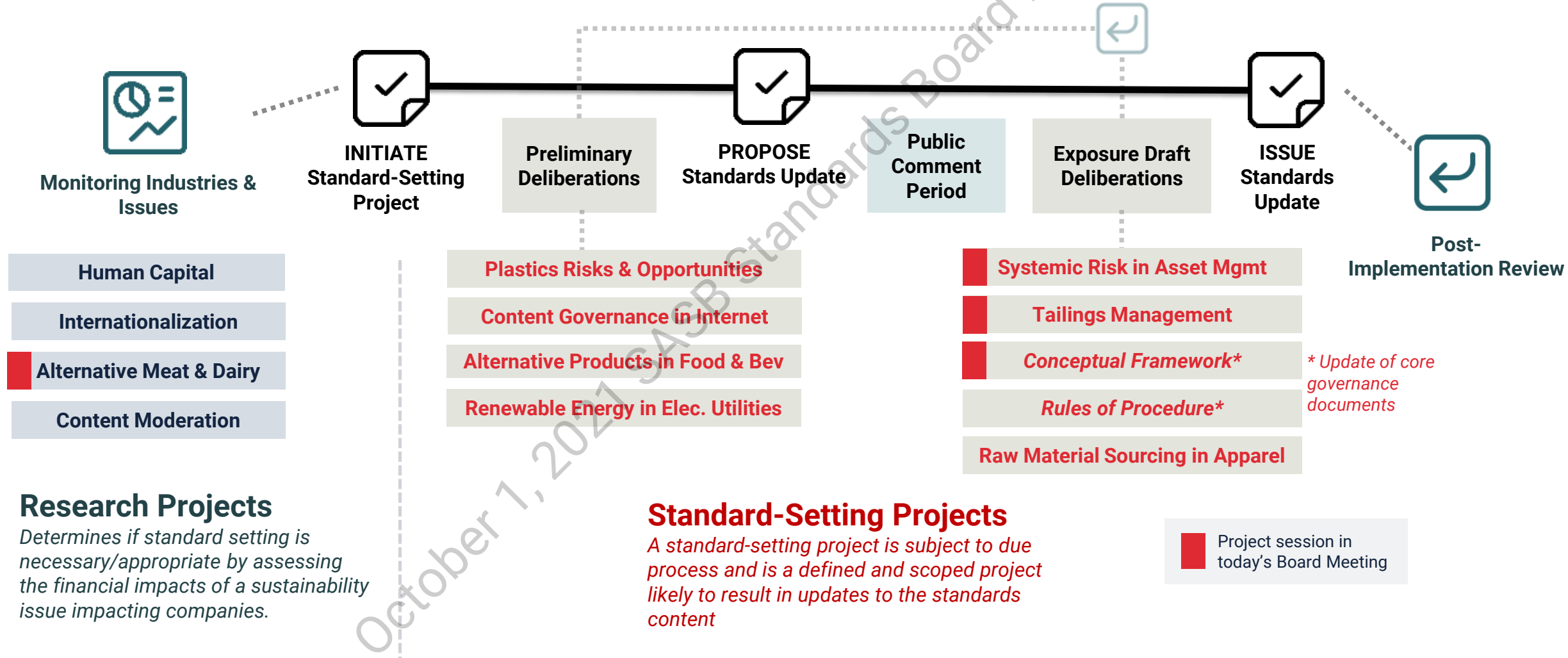
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**SASB
STANDARDS**

Evolving the SASB Standards to meet market needs

Active research and standard-setting projects are driven by market feedback and evolving evidence



Standard-setting Project Timeline

Standard-setting Project	Current Project Status	Target Timeline*
Systemic Risk in Asset Management	Drafting final Standard	Q4 2021: Issue Standard update
Tailings Management in Extractives	Drafting final Standards	Q4 2021: Issue Standards update
Plastics Risks & Opportunities	Exposure draft development	Q1 2022: Exposure draft out for public comment period
Raw Materials Sourcing in Apparel	Public comment analysis; Exposure draft deliberations	1H 2022: Issue Standard update or conduct additional public comment period
Content Governance in Internet Media Services Industry	Exposure draft development	1H 2022: Exposure draft out for public comment period
Alternative Products in Food & Beverage	Initial research & preliminary deliberations	Q4 2021: Market consultations
Renewable Energy in Electric Utilities	Initial research & preliminary deliberations	Q4 2021: Market consultations

* Tentative schedule; may change depending on additional research and deliberations.

Human Capital Management Project

Priority is development of Diversity & Inclusion standard-setting project proposal

- Finalizing recommended set of industries for inclusion in Diversity & Inclusion standard-setting project
 - Targeting project proposal at the December 2021 Board Meeting
- Ongoing evaluation of the benefits of technical guidance on the most prevalent aspects of human capital across the market (industry-agnostic guidance)
- Continuing to monitor other key themes outlined in research project preliminary framework:
 - Labor Conditions in the Supply Chain
 - Workforce Investment
 - Worker Wellbeing
 - Alternative Workforce

October 1, 2021 SASB Standards Board Meeting

Conceptual Framework

October 1, 2021

Bryan Esterly | Chief Technical Officer – SASB Standards



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Session Objectives

1. Provide an update on the Conceptual Framework Project
2. Discuss two issues arising from market feedback

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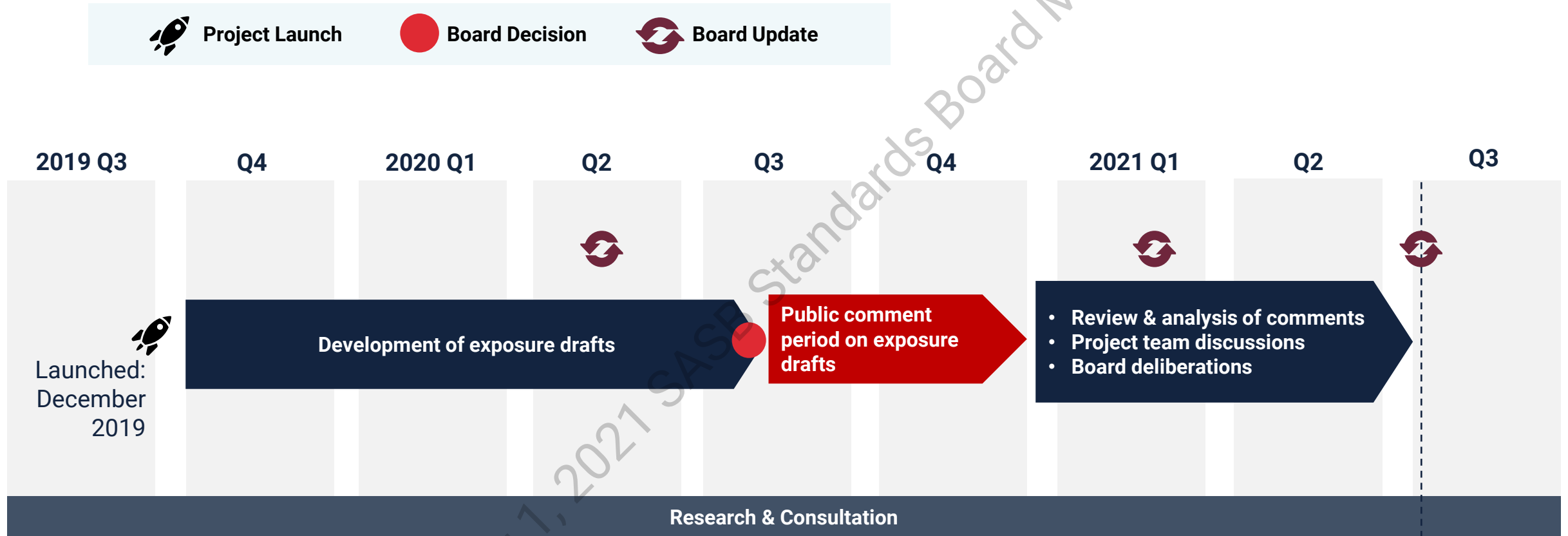
Conceptual Framework Project – Objective

The objective of the Conceptual Framework project is to clarify and strengthen the core principles and concepts defined in the Conceptual Framework, which are used to guide the Standards Board's decision-making on the SASB Standards.

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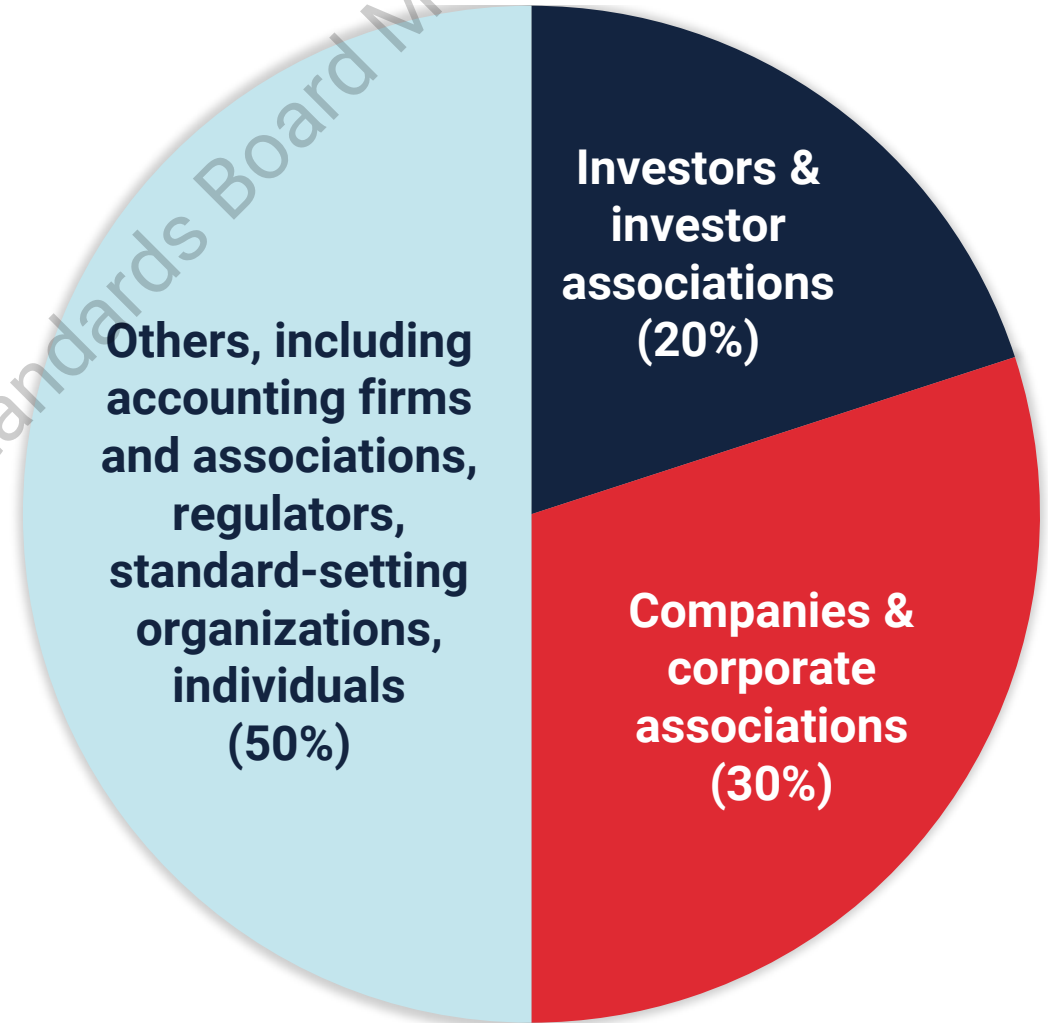
Project Timeline

Recent activities centered on Board deliberations on key issues—and engagement with IFRS TRWG is of note



Respondents to Public Comment Period

- 30 public comment letters received
- Respondents communicated a range of views across SASB's constituencies
- Depth in responses represented by hundreds of individual comments across the 30 comment letters



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Market Feedback on Materiality

1

SASB's definition of financial materiality could use further revision but is quite strong as is

The definition of materiality proposed by SASB is clear and understandable...We also suggest that SASB address the definition of "double materiality" in their explanation of the final materiality definition as the concept of double materiality is currently discussed a great deal in the European sustainability standard-setting process (CFA Institute)

2

SASB's definition of financial materiality should further align with that of the IASB

SASB should consider removing its financial qualifier in order to be more consistent with other financial standard-setters such as IASB (CalPERS)

3

SASB should not define financial materiality

We recommend that instead of redefining financial materiality as proposed, the Board use the same jurisdictional materiality approach adopted by the Task Force on Climate-related Financial Disclosures (TCFD) in which companies "determine materiality... consistent with how they determine the materiality of other information included in their financial filings." (Financial Executives International CCR)

Respondents overwhelmingly supported the fundamental role and purpose of the SASB Standards while commenting on the need for greater clarity and alignment regarding the role of materiality.

Key Issue 1: Materiality

Challenge

Market feedback consistently points to **confusion on the role of materiality** in the Conceptual Framework.

Materiality has two roles that guide our approach:

1. Used to **differentiate the type of information** the Standards seek to identify—i.e., filter the universe of sustainability issues down to the subset appropriate for the Standards.
2. Clarify our longstanding position that, in implementing the Standards, companies make their own **determinations on materiality**, consistent with applicable laws and regulations. For example, the exposure draft sought to further clarify this by stating:

SASB recognizes that each reporting entity is responsible for identifying the information that is material to its operations and activities and is ultimately responsible for determining what should be disclosed in compliance with applicable laws and regulations.

There is a need to **more clearly articulate our approach**—specifically on #1 above.

Considerations

- Improve the **articulation of how concepts guide our differentiation** of the type of information that the Standards seek to identify—without in any way altering the fundamental role or purpose of the Standards
- Improving alignment and connectivity with **financial reporting conceptual frameworks**

Not Under Consideration

There are no considerations around altering the fundamental role or purpose of the SASB Standards. The Standards are for producing decision-useful information for investors.

Approach on Materiality in Financial Reporting Conceptual Frameworks

IASB Conceptual Framework

Relevance

2.6. **Relevant financial information is capable of making a difference in the decisions made by users.** Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources...

Materiality

2.11. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial reports (see paragraph 1.5) make on the basis of those reports, which provide financial information about a specific reporting entity. In other words, **materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report.** Consequently, the Board cannot specify a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation.

FASB Conceptual Framework (Chapter 3; Concepts Note 8; August 2018)

QC11. Relevance and materiality are defined by what influences or makes a difference to an investor or other decision maker; however, the two concepts can be distinguished from each other. **Relevance is a general notion about what type of information is useful to investors. Materiality is entity specific.** The omission or misstatement of an item in a financial report is material if, in light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item.

QC11A. A decision not to disclose certain information or recognize an economic phenomenon may be made, for example, because the amounts involved are too small to make a difference to an investor or other decision maker (they are immaterial). However, magnitude by itself, without regard to the nature of the item and the circumstances in which the judgment has to be made, generally is not a sufficient basis for a materiality judgment.

QC11B. **No general standards of materiality could be formulated to take into account all the considerations that enter into judgments made by an experienced, reasonable provider of financial information.** That is because materiality judgments can properly be made only by those that understand the reporting entity's pertinent facts and circumstances. Whenever an authoritative body imposes materiality rules or standards, it is substituting generalized collective judgments for specific individual judgments, and there is no reason to suppose that the collective judgments always are superior.

Discussion Questions

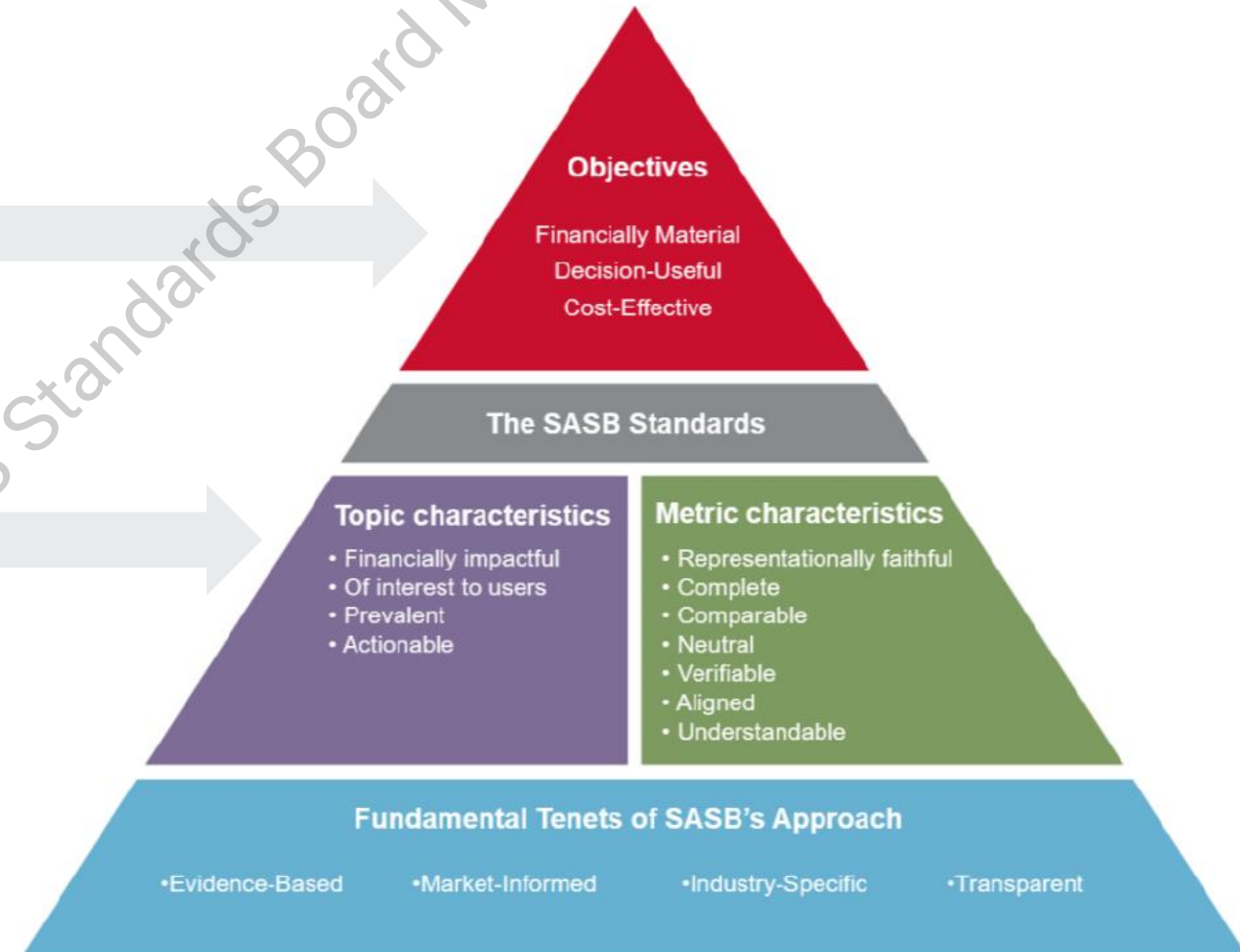
Improving the clarity of the concepts that guide decision-making to fulfill the role and purpose of the Standards

Background

- We have used the concept of financial materiality identify the type of information the Standards seek to identify.
- Topic-level characteristics are applied to guide the identification of specific disclosure topics
- Ultimately, the metrics for a given disclosure topic in a SASB Standard are designed to produce decision-useful information for investors.

Questions

- How can we further clarify the concepts that guide our differentiation of the type of information that the Standards seek to identify?
- How can we further clarify the concepts that guide our identification of disclosure topics?
- Is there an opportunity to create further alignment or connectivity with financial reporting conceptual frameworks on both materiality and relevance?



SASB Conceptual Framework
Exposure Draft (2020)

Key Issue 2: Fundamental Tenets

Challenge

Market feedback strongly supports moving the fundamental tenets in the exposure draft to the Rules of Procedure, as they relate more closely to the standard-setting process (as opposed to the concepts that guide decision-making in the Conceptual Framework).

The tenets will continue to remain crucial in guiding the process, for example: an **evidence-based and market-informed process**.

The challenge is ensuring that the **importance of industry (or a company's activities or business model) is adequately reflected** in the concepts that guide the Board's decision-making.

The longstanding approach of the SASB Standards—which largely centers on this need to understand what activities companies conduct and the resulting sustainability and financial impacts—is widely supported by the market and is not under question.

Considerations

- Improving the concepts that emphasize the importance and role of what companies do in the Conceptual Framework—whether industry, or activities, or business model.
- Improving alignment and connectivity with **financial reporting conceptual frameworks**

Not Under Consideration

There are no considerations around altering the importance of industry-specific Standards.

Similarly, there are no considerations around altering the importance of an evidence-based, market-informed, and transparent process—and that includes engagement structured by industry.

Discussion Questions

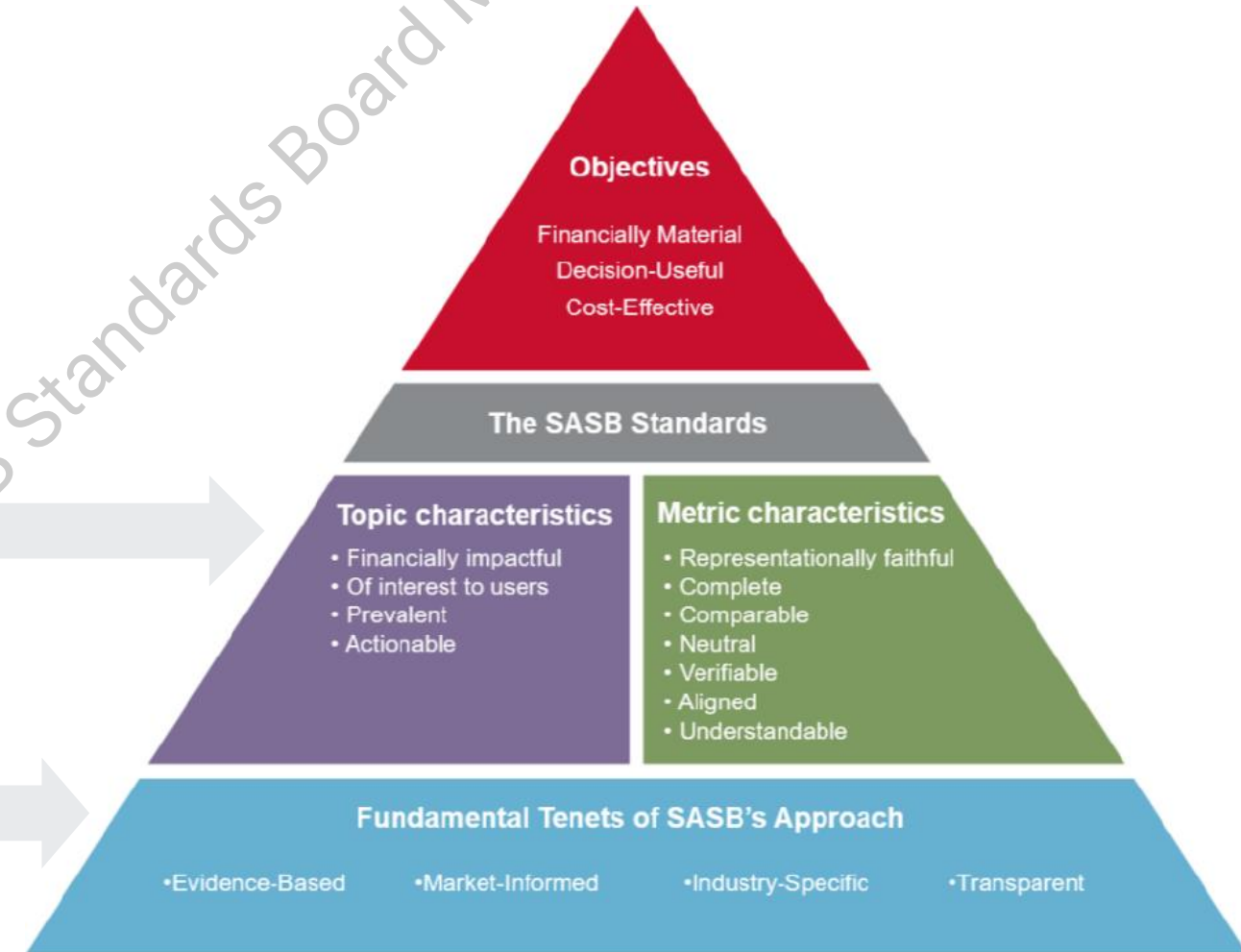
Importance of business activities (industry) in concepts that guide decision-making

Background

- The fundamental tenets are, and will continue to be, crucial for guiding the standard-setting process—as such, there are considerations to shift to the Rules of Procedure.
- The industry-specific SASB Standards have gained widespread market use and support, largely due to the importance of connecting financial impacts associated with sustainability issues to the activities of companies (i.e., industry-specific).
- There is a need to ensure that the importance of a company's activities is adequately reflected in the concepts that guide the identification of disclosure topics and determinations on metrics.

Questions

- Is the importance of the activities that companies conduct adequately reflected in the concepts that guide the identification of disclosure topics?
- When the Board evaluates trade-offs between metrics that are tailored to the industry versus those that enable broader comparability across the market, are these concepts adequately reflected in the Conceptual Framework?
- Is there an opportunity to create further alignment or connectivity with financial reporting conceptual frameworks?



SASB Conceptual
Framework Exposure Draft
(2020)

Example on Industry-specific in Practice

Guiding concepts on tailoring disclosure requirements to an industry—or the lack thereof

SCOPE 1 EMISSIONS EXAMPLE:

**Base metric
(not tailored to industry)**

Airlines Industry

TR-AL-110a.1 – Gross global Scope 1 emissions

Tailored to industry

Oil & Gas – Exploration & Production Industry

EM-EP-110a.1 – Gross global Scope 1 emissions, **percentage methane, percentage covered under emissions-limiting regulations**

EM-EP-110a.2 – **Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions**



Trade-offs between industry-specific versus broader market-wide comparability is evaluated at the metric-level to optimize the usefulness of the information provided.



While **industry-specific** is a fundamental tenet and **comparability** is a characteristic of useful metrics—and this is helpful in some sense—there may be an opportunity to improve the concepts that guide the Board's decision-making and highlight these concepts in our communications with the market.

Next Steps

- 1** Project team to incorporate Board views into next steps
- 2** Develop working draft of Conceptual Framework with updates
- 3** Continue engagement with IFRS Foundation Technical Readiness Working Group

October 1, 2021 SASB Standards Board Meeting

Conceptual Framework Project



<https://www.sasb.org/standards/process/active-projects/conceptual-framework/>



Bryan Esterly, Chief Technical Officer – SASB Standards

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October 7, 2021 SASB Standards Board Meeting

Tailings Management in Extractives

October 1, 2021

Lynn Xia | Director of Research – SASB Standards



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**SASB
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Session Objectives

- **Review staff's recommended revisions to the exposure drafts**
- **Review next steps to Standards update**

October 1, 2021 SASB Standards Board Meeting

Tailings Management in Extractives

Standard-setting project

Investor interest and corporate disclosures related to tailings facilities management has evolved significantly, especially in the wake of several catastrophic failures of tailings storage facilities in recent years. This financially impactful issue is not comprehensively reflected in the current Standards.

Project Objective

Evaluate revisions and/or additions to the Metals & Mining and Coal Operations Standards to comprehensively address and measure the ways in which companies manage tailings storage facilities and hazardous waste

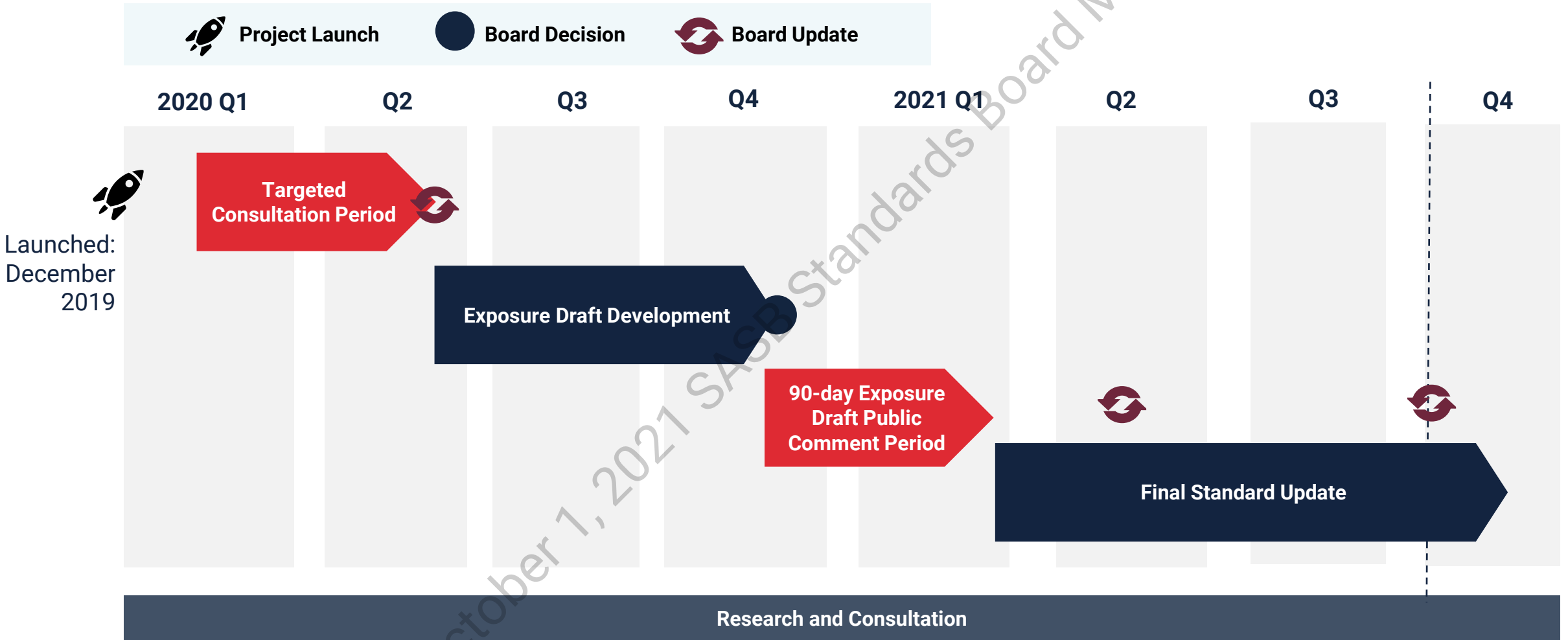


See project webpage for more details:

<https://www.sasb.org/standards/process/active-projects/tailings-management-in-extractives/>

Project Timeline

Target project completion: 2021 Q4



Staff's Recommended Revisions to the Exposure Draft

Based on public comment feedback, deliberations with Board members and further staff research

- 1 Updated TSF inventory table to provide more decision-useful information for investors
- 2 Increased alignment with the Global Industry Standard on Tailings Management (GISTM)
 - ❑ Better alignment with terminology, concepts, scope of disclosure
- 3 Clarified and reduced scope of narrative disclosure requirements to improve understandability of metrics

Revisions to the Tailings Storage Facility Inventory Table

Light blue indicates columns that staff recommends be revised from the exposure draft

				<i>Improve decision usefulness</i>			<i>Alignment with GISTM</i>		<i>Option to summarize</i>		
(a) Facility Name	(b) Location	(c) Ownership status	(d) Operational Status	(e) Construction method	(f) Maximum permitted facility storage capacity (metric tons)	(g) Current amount of tailings stored (metric tons)	(h) Consequence Classification	(i) Date of most recent independent technical review	(j) Material findings (Yes/No)*	(k) Mitigation measures (Yes/No)*	(l) Site-specific EPRP (yes/no)

* When companies answer “Yes” to material findings, they may provide a summary of the relevant findings alongside the related mitigation measures taken, if any.

Revisions to the Tailings Storage Facility Inventory Table

Three revisions to improve decision-usefulness of information: columns (e), (f), (g)



Removal of “Construction Year”

- TSFs are built in stages; initial construction date is not linked to current risk profile



Addition of “Construction Method”

- Also known as “raising method”
- Helpful for understanding risk profile
- Upstream, downstream and centreline three most common methods



Addition of “Maximum Permitted Facility Storage Capacity” and “Current Amount of Tailings Stored”

- Investors expressed interest in forward-looking metrics
- Helpful for understanding how the risk profile of a TSF may change over time

Increased Alignment with the GISTM

Revisions incorporate feedback from public comment period requesting better alignment

- Updated terminology, definitions and relevant disclosure requirements to those contained in the GISTM
- Examples: table columns (h), (i)
 - “Dam Failure Consequence Classification (DFCC)” → “**Consequence Classification**”
 - “Date of most recent tailings facility construction and performance review (TFCPR)” → “Date of most recent **independent technical review**”

Alignment with GISTM

(h) Consequence Classification	(i) Date of most recent independent technical review

Added Guidance to Provide Additional Context

Revisions aim to improve completeness while maintaining decision-usefulness of disclosure: columns (j), (k)

Option to summarize

(j) Material findings (Yes/No)*	(k) Mitigation measures (Yes/No)*

Exposure Draft:

- Only “Yes/No” disclosure
- Feedback that additional context would be decision-useful for “Yes” disclosures and, equally, inclusion of narrative disclosure in the table would compromise decision-usefulness of the resulting disclosure

Recommended revision:

- Maintain “Yes/No” disclosure in the table
- Add guidance for optional narrative discussion outside of table: *“When companies answer ‘Yes’ to material findings, they may provide a summary of the relevant findings alongside the related mitigation measures taken, if any.”*

Clarifying and Reducing the Scope of Qualitative Metric Disclosures

Recommended revisions aim to balance company concerns regarding confidential information with desire of investors for decision-useful information

Exposure Draft	Recommended Metric Revision	Rationale
EM-MM-540a.2 <i>Description of tailings management systems and governance structure used to monitor and maintain safety of tailings storage facilities”</i>	<i>Summary of tailings management systems and governance structure used to monitor and maintain safety of tailings storage facilities”</i> <i>(Additional technical protocol clarifications not shown here)</i>	Address company feedback that (a) scope of description would include proprietary and competitively sensitive information, and (b) investor perspective that summary and overview of how structural integrity is monitored and maintained would be more decision-useful
EM-MM-540a.3 <i>Summary of Emergency Preparedness and Response Plans (EPRPs) for tailings facilities</i>	<i>Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings facilities</i> <i>(Additional technical protocol clarifications not shown here)</i>	Address (a) investor feedback that a summary would result in voluminous disclosures that would not be decision-useful, and (b) company questions on the intended scope of summary

Next Steps

- 1** Board review of revisions to exposure drafts and basis for conclusions
 - ❑ Incorporates considerations and deliberations from public comments
- 2** Proceed to final Board vote to approve final updates to the Metals & Mining and Coal Operations Standards and accompanying basis for conclusions
- 3** Publish Metals & Mining and Coal Operations Standards updates and basis for conclusions

October 1, 2021 SASI Standards Board Meeting

Staff's Recommended Revisions to the Exposure Draft

Based on public comment feedback, deliberations with Board members and further staff research

- 1 Updated TSF inventory table to provide more decision-useful information for investors
- 2 Increased alignment with the Global Industry Standard on Tailings Management (GISTM)
 - ❑ Better alignment with terminology, concepts, scope of disclosure
- 3 Clarified and reduced scope of narrative disclosure requirements to improve understandability of metrics

October 1, 2021 CASB Standards Board Meeting

Tailings Management in Extractives

Sign up for project updates on the project webpage below to stay informed as this project nears completion and updated Standards are released.



<https://www.sasb.org/standards/process/active-projects/tailings-management-in-extractives/>



Greg Waters

Associate Director of Research

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October 7, 2021 SASB Standards Board Meeting

Systemic Risk in Asset Management

October 1, 2021

Emily Gaston | Sector Analyst, Financials Sector Lead



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**SASB
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Session Objectives

- **Review of received public comment letters**
- **Review staff's recommendation for Standard Update**
- **Review next steps**

October 1, 2021 SASB Standards Board Meeting

Systemic Risk Management

Standard-setting Project

Problem Statement

The current Asset Management & Custody Activities Standard may no longer reflect evolving industry and regulatory trends that contribute to, or result in, exposure to systemic risk.

Project Objective

Evaluate improvements to the scope and associated metrics of the Systemic Risk Management disclosure topic in the Asset Management & Custody Activities Standard to improve decision-usefulness of information.

The project does not affect the Systemic Risk Management disclosure topic or the associated metrics in Commercial Banks, Insurance, and Investment Banking & Brokerage

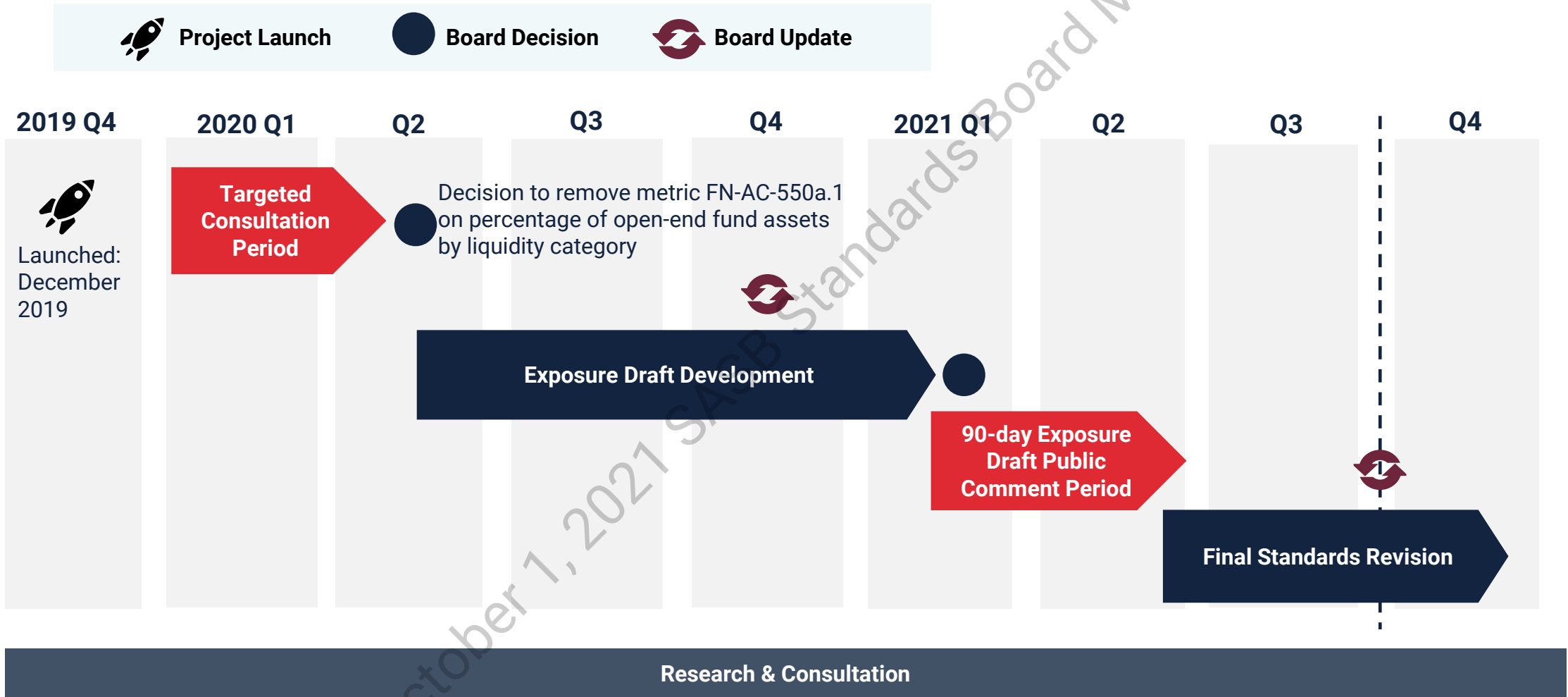


See project webpage for more details:

<https://www.sasb.org/standards/process/active-projects/systemic-risk-in-asset-management/>

Project Timeline

Target project completion: 2021 Q4



October 1, 2021 SAB Standards Board Meeting

Exposure Draft Recommended Removing Topic & Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	CODE
Systemic Risk Management	Percentage of open-end fund assets under management by category of liquidity classification	Quantitative	FN-AC-550a.1
	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	Discussion and Analysis	FN-AC-550a.2
	Total exposure to securities financing transactions	Quantitative	FN-AC-550a.3
	Net exposure to written credit derivatives	Quantitative	FN-AC-550a.4

Basis for Conclusions

- Disclosure topic does not reflect relevant sustainability impacts
- Not aligned with the current regulatory narrative around systemic risk in the industry
- Recent changes in regulatory reporting requirements in the United States
- Does not provide decision-useful information and could be potentially misleading or confusing to investors
- Asset Mgt. reports reviewed omitted disclosure topic

October 1, 2021 SASB Standards Board Meeting

Public Comments

90-day public comment period from March 16, 2021 – June 15, 2021

8 public comment letters* received

- 3 industry associations
- 2 companies
- 3 other interested parties

Summary

- Consistent with market input staff has received throughout the project
- Does not present significant new information nor significantly alters the total mix of information available to and considered by the Board and staff to develop the exposure draft

October 1, 2021 SASB Standards Board Meeting

Mixed Views Expressed on Specific Questions

Feedback was mixed but did not contain information that has not been previously considered by staff and the Board

Question	Support	Opposition
Do you support the proposed removal of the accounting metric FN-AC-550a.1. Percentage of open-ended fund assets under management by category of liquidity classification?	5 letters: Largely echoes rationale from the Basis (i.e., the SEC action).	2 letters: General comments on the importance of liquidity risk.
Do you support the proposed removal of the Systemic Risk Management disclosure topic as currently covered in the standard?	4 letters: Largely echoes rationale from the Basis (i.e., lack of sustainability rationale and arguments about the role of asset managers to financial stability).	3 letters: Comments about fiduciary duty and importance to incorporate ESG factors.
Do you believe that the social impacts associated with enterprise risk management (ERM) are reasonably likely to be financially material to a typical financial institution in the Asset Management & Custody Activities industry?	2 letters: General comments about the importance of ERM to manage stakeholder impacts. However, no concrete, actionable suggestions.	2 letters: Questioned whether the activities of asset managers could pose risks of a sufficiently high probability and magnitude to give rise to significant and widespread negative social impacts.

Staff Recommends No Additional Revisions on the Exposure Draft

Staff recommends that the Board update the Asset Management & Custody Activities Standard by approving the changes proposed in the exposure draft, i.e., the removal of the Systemic Risk Management topic and associated metrics.

- Public comment feedback was consistent with market input staff has received throughout the project, and validates prior research consultation, and analysis that led to the proposed changes in the exposure draft.
- Staff does not believe there are significant outstanding, unresolved questions that are within the scope of the project.

October 1, 2021 SASL Standards Board Meeting

Next Steps

- 1** Review updated basis for conclusions
 - ❑ Incorporates considerations and deliberations of public comments
- 2** Proceed to final Board vote to approve update to the Asset Management & Custody Activities Standard and accompanying basis for conclusions
- 3** Publish revised Asset Management & Custody Activities Standard and basis for conclusions

October 1, 2021 SASB Standards Board Meeting

Systemic Risk in Asset Management

Sign up for project updates on the project webpage below to stay informed as this project nears completion, and an updated Standards is released



<https://www.sasb.org/standards/process/active-projects/systemic-risk-in-asset-management/>



Bryan Esterly

Chief Technical Officer – SASB Standards

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October 1, 2021 SASB Standards Board Meeting



October 1, 2027 SASB Standards Board Meeting

Short Break



Alternative Meat & Dairy

October 2021

Devon Bonney | Sector Analyst, Food & Beverage Sector Lead



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**SASB
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Session Objectives

- **Review additional evidence and market input on the Processed Foods industry**
- **Staff recommends to the Board expanding the scope of the Alternative Products standard-setting project**

October 1, 2021 SASB Standards Board Meeting

Alternative Meat & Dairy

Research project

Problem Statement

The Food & Beverage sector is rapidly evolving to meet demand for more sustainable food through alternative products. This emerging issue is affecting the value creation of food and beverage companies and is not specifically addressed in the industry Standards.

Project Objective

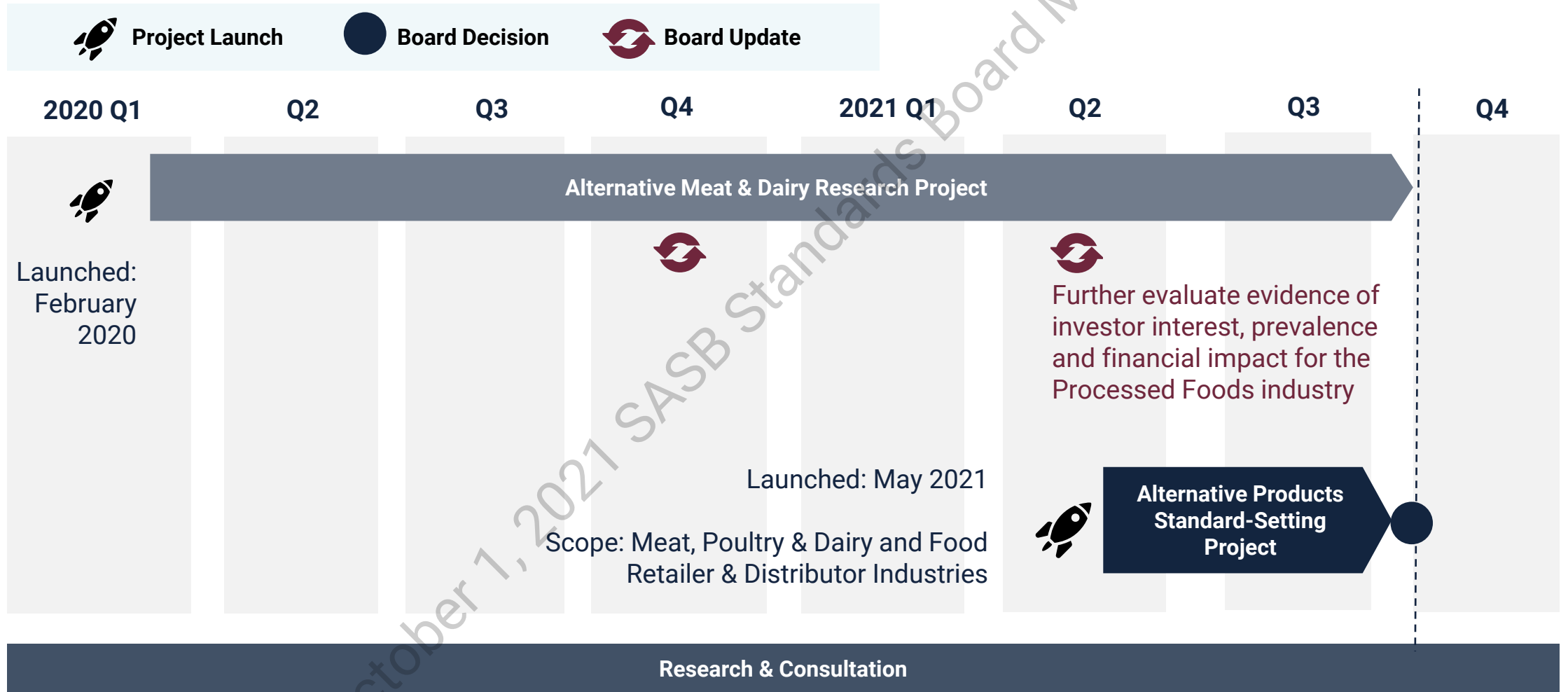
Evaluate the scope of ESG and financial impacts of Alternative Products and determine if there is an opportunity to increase the decision-usefulness of industry Standards through standard setting



See project webpage for more details:

<https://www.sasb.org/standards/process/active-projects/alternative-meat-and-dairy/>

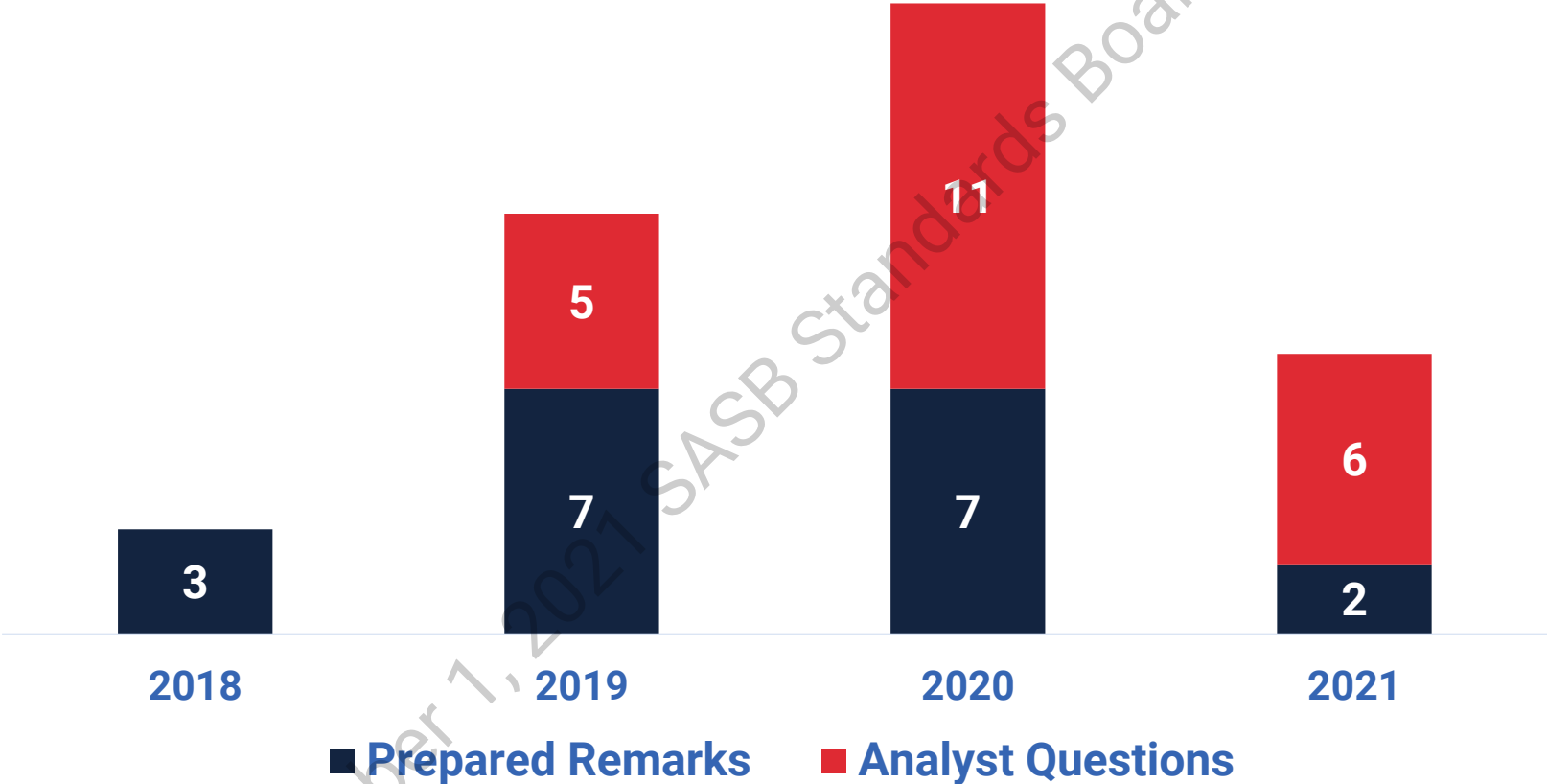
Project Timeline



October 1, 2021 SASB Standards Board Meeting

Alt. Products Increasingly of Interest to Investors for Processed Foods

Data from Earnings Calls



Note: Staff looked at largest 8 processed food companies by market cap that could feasibly have an alternative products strategy and Kellogg's'. If the company mentioned alternative products within prepared comments at all throughout the call it was included in the "prepared comments" number. Number of investor questions is the numbers of questions investors asked related to alternative products or if a company mentioned alternative products in their answer to the investor question

Alt. Products Mentions Increase in Processed Food Earnings Calls

Danone



H1 2021 Earnings Call Presentation

Overall, Plant-based portfolio **closed 2020 at plus 15% growth rate, with a significant acceleration of growth in the second half of the year. Plant-based reached EUR2.2 billion of revenues in 2020, up from EUR1.9 billion in 2019, and is now representing around 20% of sales of our EDP division.** This has been achieved, thanks to the contribution of all platforms, and notably, Alpro, reaching around EUR750 million of revenues and delivering high-teens growth in 2020.

Nestlé



H2 2019 Earnings Call

Question:

"...you called plant-based once in a lifetime opportunity for prepared dishes and cooking aids. Could you explain to me why you need a frozen food business to expand on a mostly chilled plant-based products?...where are...the synergies?"

Answer:

"... a CHF200 billion business growing at strongly and accelerating double-digit rates... over and above that with our footprint in this category, we also have lots of follow-on opportunities which we intend to pursue"

Processed Food Companies Mention Alt. Products in Annual Reports

The number of companies that mention alternative products in their annual reports has been consistent since 2018, but the number of times alternative products is mentioned in annual reports has ~tripled since 2018.

Unilever

2020 Annual Report:

“...we’re investing heavily in developing new plant-based protein sources and foods at our Hive Foods Innovation Centre in the Netherlands.

... Hellmann’s grew high single digit, supported by its Stay In(spired) campaign, and our plant-based brand The Vegetarian Butcher grew by over 70%.”



Risks and opportunities:

“...Animal-based agriculture (including fats and protein) is associated with only around 7.5% of our Foods & Refreshment GHG footprint, and 2.5% of our total GHG footprint. We’re capturing opportunities to develop new products and grow our consumer base by appealing to eco-conscious consumers.”

Nestlé

2020 Annual Report:

“Culinary saw elevated consumer demand across all segments, particularly for Maggi and plant-based products. Garden Gourmet reported almost 60% growth, supported by new product launches and continued distribution expansion across its 20 markets.”



Staff Recommends Standard Setting for the Processed Foods Industry

*Staff believes the evidence of investor interest and financial impact suggest **standard setting** is warranted for **Processed Foods**.*

1

Increase in **investor interest** since initial feedback was collected in 2020:

- Investors mentioned it was an “**urgent issue**” and “**processed food companies are a key industry**”
- Increased mentions in earnings calls and investor focused presentations

2

Increase in **prevalence and financial impacts** over the past year

- Increased offerings and demand from consumers and B2B customers including schools and hospitals
- Increase in potential government action including meat taxes and incentives to eat more plant-based

DISCUSSION TOPICS

Does the Board agree that there is sufficient evidence to warrant standard setting for the Processed Foods industry?

1. Financial impact

- Growing consumer demand, growing B2B demand, potential regulation

2. Prevalence

- 6 of the largest 10 PF companies have an alternative product strategy

3. Investor interest

- Investors expressed support to include PF after May Board meeting; increased focus in communications with investors through earning calls and annual reports

DISCUSSION TOPICS

Does the Board agree with staff's recommendation to add the Processed Foods industry to the scope of the Alternative Products standard-setting project?

Benefits

- Holistic view to assess issue
- Leverage efficiencies
- Mitigate market confusion

Drawbacks

- Timing and scope of outcomes for each industry may be different, which may create market confusion
- More complexities in project execution

October 1, 2021 SASB Standards Board Meeting

Alternative Meat & Dairy

To learn more about the project, indicate interest in providing feedback or to stay up to date on the project, please visit the project website.



<https://www.sasb.org/standards/process/active-projects/alternative-products-in-food-beverage/>



Devon Bonney

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October 1, 2021 SASB Standards Board Meeting

Marine Transportation Industry

Working Group Update

October 1, 2020

Marvin Smith | Director of Research – Market Engagement



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FRAMEWORK**



**SASB
STANDARDS**

Session Objective

To provide an update to the SASB Standards Board on the insights gained from the Marine Transportation Working Group dialogues

October 1, 2021 SASB Standards Board Meeting

Marine Transportation

Industry Working Group

The industry views the SASB Standard as an effective ESG disclosure tool. However, there are concerns about areas of misalignment in the Standard.

The objective of the working group was to identify and inform staff of priority topics to consider for future improvements in the Marine Transportation Standard.

Scope of Working Group Discussions

An examination of existing Standards content and emerging sustainability issues

Industry Description

Technical Protocols

Topics

Activity Metrics

Metrics

Emerging Issues

October 1, 2021 SASB Standards Board Meeting

Profile of Working Group Participants



Corporate

- 6 corporates consulted
- 2 US-based, 4 Europe-based
- Largely sustainability roles



Investor

- 1 investors consulted
- 1 Europe-based



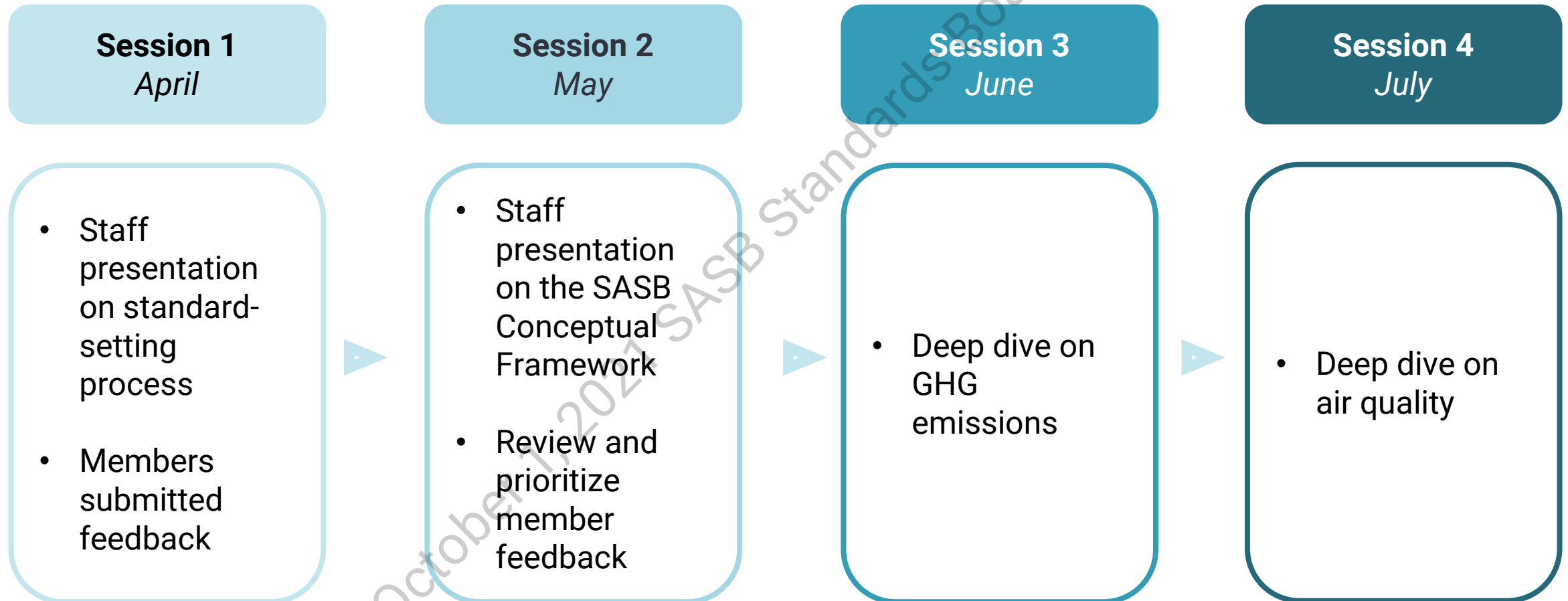
Subject Matter Expert

- 5 SMEs consulted
- 5 Europe-based
- Sustainable shipping experts, industry expert consultants, emissions and logistics experts

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Marine Transportation Working Group Sessions

Group met over four months to identify and prioritize opportunities for improving the Standards



Heat Map of Topic-Level Feedback

GHG Emissions and Air Quality were identified as the highest priorities

Topic 1:
Greenhouse Gas Emissions

Topic 4:
Employee Health & Safety

Topic 2:
Air Quality

Topic 5:
Business Ethics

Topic 3:
Ecological Impacts

Topic 6:
Accident & Safety

Potential
new topic:
Ship End-
Of-Life

October 7, 2021 SASB Standards Board Meeting

Greenhouse Gas Emissions

Concerns that select metrics are not representationally faithful or complete

Topic 1: Greenhouse Gas Emissions

TR-MT-110a.1
Gross global Scope 1 emissions

TR-MT-110a.2
Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets

TR-MT-110a.3
(1) Total energy consumed, (2) percentage heavy fuel oil, (3) percentage renewable

TR-MT-110a.4
Average Energy Efficiency Design Index (EEDI) for new ships

- “Well-to-wake” captures the full lifecycle of emissions but mixes scope 1 and 3 emissions from upstream (well-to-tank) and downstream (tank-to-well)
- Alternative fuel discussion on % of total energy consumption from heavy fuel oil vs. fuel/energy source emissions factors instead and to include “transition fuels” versus only renewables
- Suggestion to replace reference to the EEDI given the lack of decision-usefulness absent info on ship size or speed

Air Quality

Concerns that the metric is not decision-useful or complete

Topic 2:
Air Quality

TR-MT-120a.1
Air emissions of the
following pollutants: (1)
NO_x (excluding N₂O), (2) SO_x,
and (3) particulate matter
(PM₁₀)

- Recommended replacing the metric and/or complementing the quantitative disclosure w/ additional narrative
- **Companies may not collect data, such as NO_x, where the NO_x intensity value is directly stated on the engine certificate**

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Next Steps



Evaluate potential project scope



Assess the project portfolio prioritization and staff resource capacity



Engage additional industry experts (investors, corporates, subject matter experts) on the issues

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Contact



www.sasb.org/feedback



Marvin Smith, Director of Research – Market Engagement

marvin.smith@thevrf.org

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Feedback on Emerging Issues

An overview of proposed new issues in Marine Transportation industry for potential review

E	Scope 2 emissions (cold ironing)	Alternative fuels readiness	Fossil share of cargo carried (coal, crude, etc.)
S	Gender diversity Board and HQ	Health and safety (mental health)	Human and labor rights: Freedom of Association
G	Ship recycling policy HKC	Number of bribes requested (description of response)	Whistleblower frequency

Concluding Remarks



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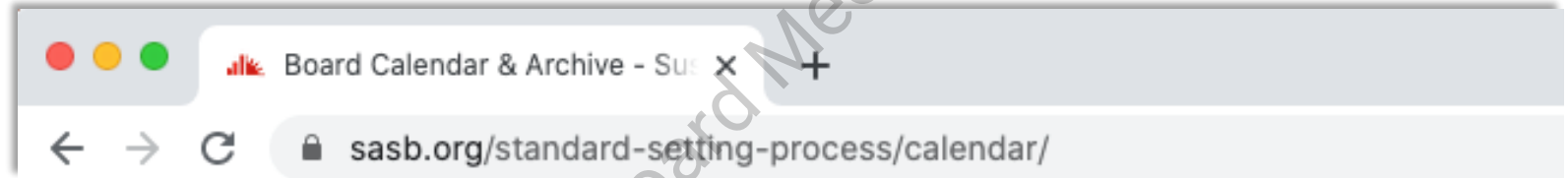
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**SASB
STANDARDS**

2021 & 2022 Standards Board Meetings*

- December 14 & 15
- March 1
- May 3 & 4
- June 28 & 29
- September 21 & 22



[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.

Thank you

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