

REPORT OF THE SASB CHAIR 2022 Q2

June 3, 2022

Item I: Standards-Setting Activities

A. Meetings of the Standards Board

- On Feb 24 and Mar 1, the Standards Board held closed web-based meetings. The closed meetings were attended by some members of the Value Reporting Foundation Board. The Feb 24 meeting was attended by a member of the International Sustainability Standards Board (ISSB). No technical standards setting activity took place during the closed meetings.
- On Mar 2, the Standards Board held a public meeting. Recordings of the public meetings are available on the Value Reporting Foundation's website. At the public meeting on Dec 15, the Standards Board discussed several projects, including the following highlights:
 - For the Raw Materials Sourcing in Apparel project, Staff presented an update to the Board on findings from research and consultations and proposed additional revisions on the traceability of raw materials and sourcing location raised in public comments. The proposed supplemental revisions, which the Board supported, provide additional detail on sourcing location through more disclosure guidance on traceability to tier 4 suppliers and country-of-origin for priority raw materials.
 - Staff then presented an update on the development of an exposure draft and basis for conclusions for the Chemicals Standard, which included an overview of the proposed disclosure topic and four corresponding metrics, as well as a recap of research findings from two issues associated with management of single-use plastics.
 - Staff also presented an update to the Board on the development of an exposure draft and basis for conclusions for the Internet Media & Services Standard. Staff presented several proposed metrics for Board consideration and summarized the market feedback received on those metrics to date.
- - The Standards Board will hold its next and final set of public and closed meetings on June 15, 2022.

B. Additional Agenda Updates

- On May 12, the Value Reporting Foundation published updates to the Apparel, Accessories & Footwear Standard following approval by the SASB Standards Board.
- With the planned consolidation of the Value Reporting Foundation into the IFRS Foundation, the SASB Standards Board is scheduled to sunset on June 30, 2022. At that point, stewardship of the SASB Standards and related projects will be the responsibility of the ISSB.
- On June 2, the SASB Standards Board released recommended changes to the SASB Standards in connection with three active standard-setting projects: Content Governance in the Internet Media & Services Industry, Plastics Risks & Opportunities in the Chemicals Industry, and Alternative Products in the Food & Beverage Sector. These recommendations represent changes to the Standards that the SASB Standards Board would have pursued through the publication of exposure drafts, including an invitation to comment, if there were sufficient time to advance these projects through the next phases of due process as outlined in the SASB Rules of Procedure. However, in light of the transition of responsibility for the SASB Standards from the SASB Standards Board to the ISSB, the SASB Standards Board is publishing these recommendations as a summary of progress to date, but is not seeking public commentary on the recommended changes at this time.

Item II: Interaction with the Foundation, Advisory Groups, and Stakeholders

A. Value Reporting Foundation Board of Directors

- On Mar 3, the Chair of the Standards Board attended a web-based meeting of the Value Reporting Foundation Board of Directors.
- On Mar 15, the Chair of the Standards Board attended a web-based meeting of the Value Reporting Foundation's Standards Oversight Committee.
- On Mar 15, the Chair and a Vice Chair of the Standards Board will attend a meeting of the Value Reporting Foundation's Standards Oversight Committee. The meeting will be attended by the Vice Chair of the ISSB.
- On June 16, a Vice Chair of the Standards Board will attend a meeting of the Value Reporting Foundation Board of Directors.

B. Standards Advisory Group

- Over the past quarter, the Staff has engaged with SAG members as a part of the consultation phase of all research and standard-setting projects. During this period there was a focus on market consultation related to the Content Governance in the

Internet Media & Services Industry, Alternative Products in Food & Beverage, Greenhouse Gas Emissions in Marine Transportation; and Human Capital: Diversity, Equity & Inclusion projects.

- In April 2022, Staff presented a series of “Close Stakeholder Webinars” to brief the SAG and other SASB advisory and membership groups on the International Sustainability Standards Board (ISSB) and IFRS Sustainability Disclosure Standard exposure drafts (General Requirements and Climate).
- Members of the Research Team continue to have 1-on-1 conversations with SAG members regarding a series of topics related to challenges and opportunities related to the implementation and use of the SASB Standards, as well as potential research projects.

Item III: Additional Stakeholder Education and Communications

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

- The Standards Board and Research Team support stakeholder education and communication by speaking at many events. Some highlights include:
 - Protiviti’s Kansas City Institute of Internal Audit (March 3, Greg Waters, Research Team)
 - IIA General Management Conference (March 14, Robert Hirth, Standards Board)
 - EUISSCA Investor Engagement Workshop (March 15, Will Meister, Research Team)
 - ICGN’s Global Sustainability Standards: Convergence and the Future (March 15, Jeff Hales, Standards Board)
 - Los Angeles FEI Chapter (March 17, Robert Hirth, Standards Board)
 - Physical Climate Risk: Operations and Supply Chain, Sust Global (March 31, Jing Zhang, Research Team)
 - ESG Ecosystem: Micro Perspectives Conference with FEI (March 22, Jeff Hales, Robert Hirth, Marc Siegel, Standards Board)
 - NACD Utah Chapter (March 22, Robert Hirth, Standards Board)

- CSO Summit & Symposium with Miami Herbert Business School at the University of Miami (March 24, Greg Waters, Greg Bartholomew, Research Team)
- Protiviti Manufacturing industry webcast (March 24, Robert Hirth, Standards Board)
- Antea Group Panel for NIRI (March 25, Jing Zhang, Research Team)
- AFPM International Petrochemical Conference (March 27-29, Jeff Hales, Standards Board)
- University of Buffalo (March 30, Jeff Hales, Standards Board)
- Bunda Mulia University (April 25, Jeff Hales, Standards Board)
- University of Texas at Austin (April 26, Jordan Knights, Greg Bartholomew, Research Team; Jeff Hales, Standards Board)
- Deloitte Foundation / Federation of Schools of Accountancy Faculty Consortium (May 13, Jeff Hales, Standards Board)
- Nanyang Technological University (May 18, Jeff Hales, Standards Board)
- Journal of Investment Management Spring Conference, Discussant, “Net-Zero” Investing (May 23, Jing Zhang, Research Team)