

Sustainability Accounting Standards Board

Public Standards Board Meeting

Wednesday, June 15, 2022



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**SASB
STANDARDS**

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Partner, Head of Department of
Professional Practice, KPMG



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Agenda

Time	Session	Session Leader	Session Objective
10am EDT / 14:00 UTC	Welcome, Meeting Overview & Organization Updates	Jeff Hales, Bryan Esterly, Janine Guillot, Taylor Reed	<ul style="list-style-type: none"> Welcome & meeting overview IFRS & Value Reporting Foundation organization updates Standard-Setting Agenda Overview
	Content Governance in Internet Media & Services Industry	Sam Wallace	Overview of proposed changes to the standard(s) and basis for conclusion
	Plastics Risks and Opportunities	Tory Yoshida	Overview of proposed changes to the standard(s) and basis for conclusion
12:50pm EDT / 17:50 UTC	Alternative Products in Food & Beverage	Devon Bonney, Keertana Anandraj	Overview of proposed changes to the standard(s) and basis for conclusion
	Renewable Energy in Electric Utilities & Power Generators	Will Meister	Overview of consultation findings and initial recommendations for proposed changes to the standard
	Concluding Remarks	Jeff Hales, Alan Beller, Robert Herz, Emmanuel Faber, Sue Lloyd	Concluding remarks
3pm EDT / 19:00 UTC	Adjourn Meeting		

ISSB Update & Future of SASB Standards

15 June 2022

Janine Guillot | CEO of the Value Reporting Foundation



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ISSB: formed in response to demand from investors and businesses to simplify the global sustainability disclosure landscape



Develop standards for global baseline of sustainability disclosures



Focus on meeting the information needs of investors

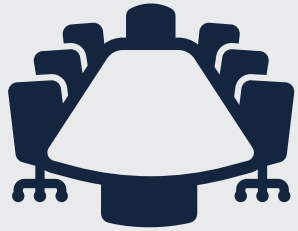


Will enable companies to provide comprehensive sustainability information for the global capital markets



Building blocks approach: facilitate the addition of requirements that are jurisdiction-specific or aimed at a broader group of stakeholders

ISSB composition



14 board
members



Majority
full-time



Diversity in
expertise and
experience



Geographical
balance

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ISSB Initial appointments



Emmanuel Faber
Chair



Sue Lloyd
Vice-Chair



Janine Guillot
Special Advisor

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Standard Board Meeting

Four additional appointments to the ISSB announced last week



Richard Barker



Verity Chegar



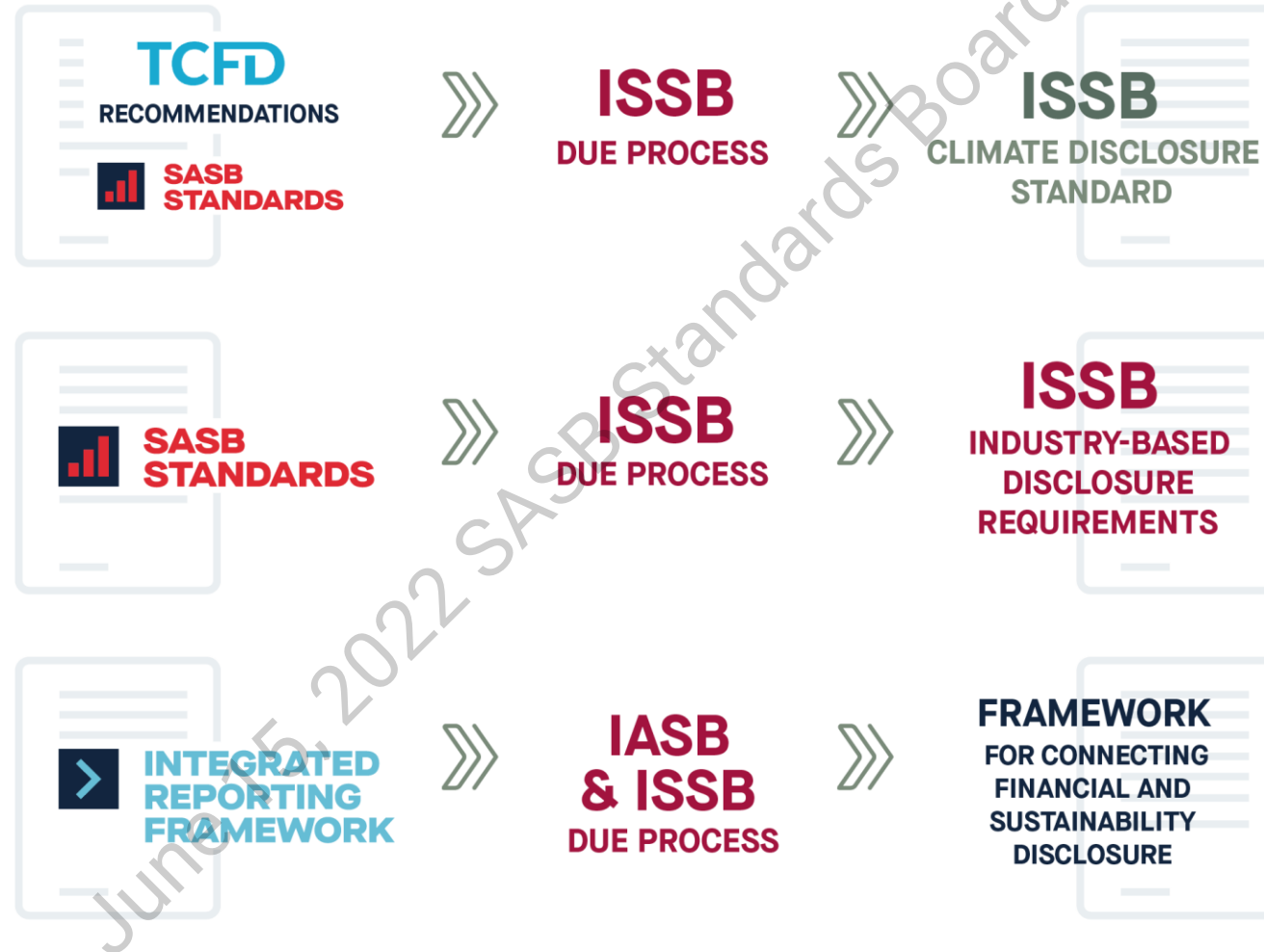
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Simplifying the disclosure landscape: the future of VRF resources

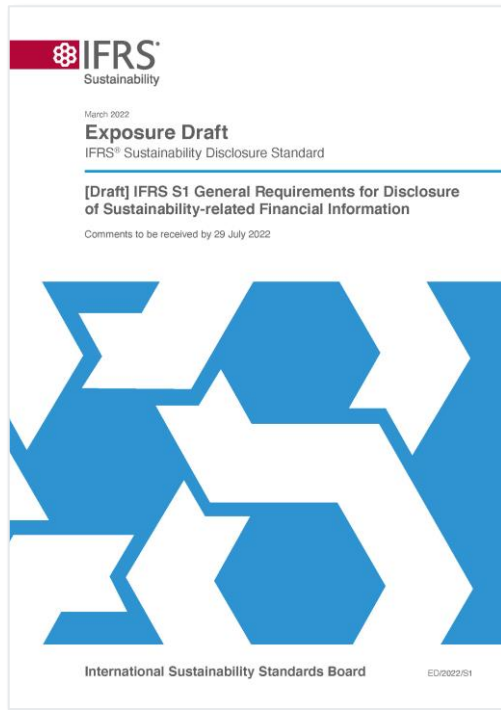


How ISSB will build on SASB Standards

Starting point	SASB Standards will serve as the starting point for the ISSB's industry-based requirements and the ISSB will assume responsibility for the evolution and enhancement of SASB's 77 industry-based Standards
Industry-based approach	ISSB will embed SASB's industry-based approach into its standard-setting process
Inclusion in exposure drafts	SASB Standards play a key role in the General Requirements and Climate Exposure Drafts
Encourage use	The ISSB encourages companies and investors to support and use SASB Standards in this transition phase
Project continuity	Ongoing projects by the SASB will be transitioned to the ISSB
Internationalisation	Addressing the international applicability of SASB Standards is a priority for the ISSB

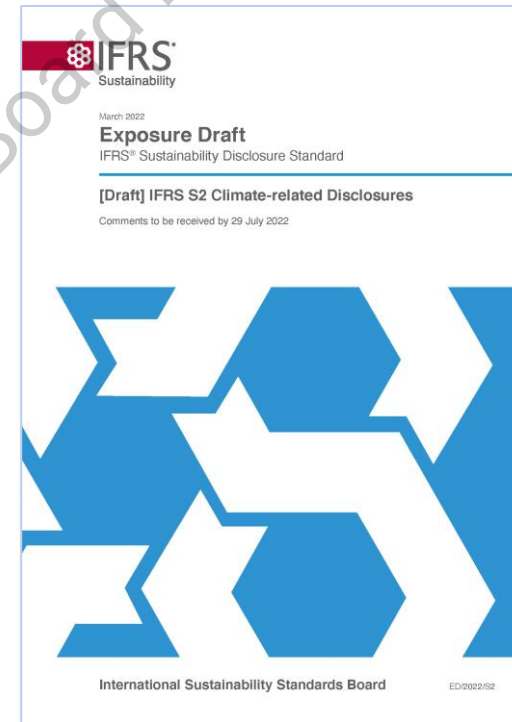
SASB Standards have an essential role in the ISSB exposure drafts

General Requirements



SASB Standards are priority materials for disclosing information on all sustainability-related risks and opportunities

Climate



Includes climate-related industry-based requirements from **SASB Standards** (68 industry-based volumes within the ED)

The future is now

There are three concurrent public consultations and **market feedback will shape the future** – not only of the exposure drafts and other proposals, but also of future standard setting and interoperability.

DEADLINES



International Sustainability Standards Board (ISSB) Exposure Drafts



US SEC proposal to enhance and standardize climate-related disclosures for investors



EFRAG exposure drafts of European Sustainability Reporting Standards

Even if you are entirely satisfied with the direction of travel, **the ISSB needs to see support for its chosen approach in comment letters** in order to continue down this path.

Similarly, **jurisdictional efforts will be shaped by feedback** – including on how they are or could be compatible with international work (ie ISSB).

Standard-Setting Agenda Overview

15 June 2022

Taylor Reed | Associate Director of Research, SASB Standards



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**SASB
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SASB Standards Board Releases Recommended Changes for three projects:



[Content Governance in the Internet & Media Services Industry](#)



[Plastics Risks & Opportunities in the Chemicals Industry](#)



[Alternative Products in the Food & Beverage Sector](#)

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Projects currently in research & consultation:



Renewable Energy in Electric Utilities & Power Generators



GHG Emissions in Marine Transportation

June 15, 2022 SPSB Standards Board Meeting

Project on SASB Governance Documents



Projects to inform ISSB Consultation on Agenda Priorities:



Human Capital Management



Diversity, Equity, & Inclusion

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SASB Standards Internationalisation

Improving the international applicability of the SASB Standards is a **priority for the ISSB** and forms part of its initial work plan

Staff has developed a **structured approach** for executing this work and made **significant progress** already, as seen through industry-based requirements of the ISSB's Climate Exposure Draft

Key deliverable: **exposure drafts** with proposed changes that address international applicability across all 77 industry standards

Content Governance in the Internet Media & Services Industry

June 15, 2022

Sam Wallace | Analyst, Technology & Communications Sector Lead



Session Objectives

- 1) Overview of Recommended Changes**
- 2) Questions for Further Engagement**

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Content Governance in the Internet Media & Services Industry

Standard-setting Project

Problem Statement

The risks around the dissemination and moderation of user-generated content are not fully accounted for by the Internet Media & Services (IM) Standard.

Project Objective

Evaluate expanding the scope of disclosure for companies that operate user-generated content platforms and including new metrics to capture relevant risks and opportunities.

Project Timeline

Recommended changes published: June 2022



Project Launch



Board Update

2020 Q3

Q4

2021 Q1

Q2

Q3

Q4

2022 Q1

Q2



Preliminary Research & Consultation
Materials Development

Targeted Consultation Period

Development of
Recommended Changes
to the Standard

Research & Consultation

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Overview of Recommended Changes

Basis for Conclusion Summary



Evidence of ESG Impact

- Platforms can host and disseminate a wide range of illegal, harmful or undesirable user-generated content and behavior



Evidence of Financial Impact

- Direct costs of content governance activities
- Revenue impacts tied to brand-safety concerns of advertisers
- Regulatory risk



Evidence of Investor Interest

- Frequent topic on earnings calls
- Large existing set of company expenses
- Investors note lack of transparency with how companies are understanding, investing into, and managing the problem
- Long-term challenges around the health of the platform community, its ability to attract and retain users, and company reputation and brand

Splitting Existing Topic

The Board recommends (1) creating a new disclosure topic with five new metrics and (2) relocating two current metrics

Existing topic: Data Privacy, Advertising Standards, & ~~Freedom of Expression~~

Description of policies and practices relating to behavioral advertising and user privacy

Number of users whose information is used for secondary purposes

Total amount of monetary losses as a result of legal proceedings associated with user privacy

(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure

New Topic: Content Governance & Freedom of Expression

5 new metrics

List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring

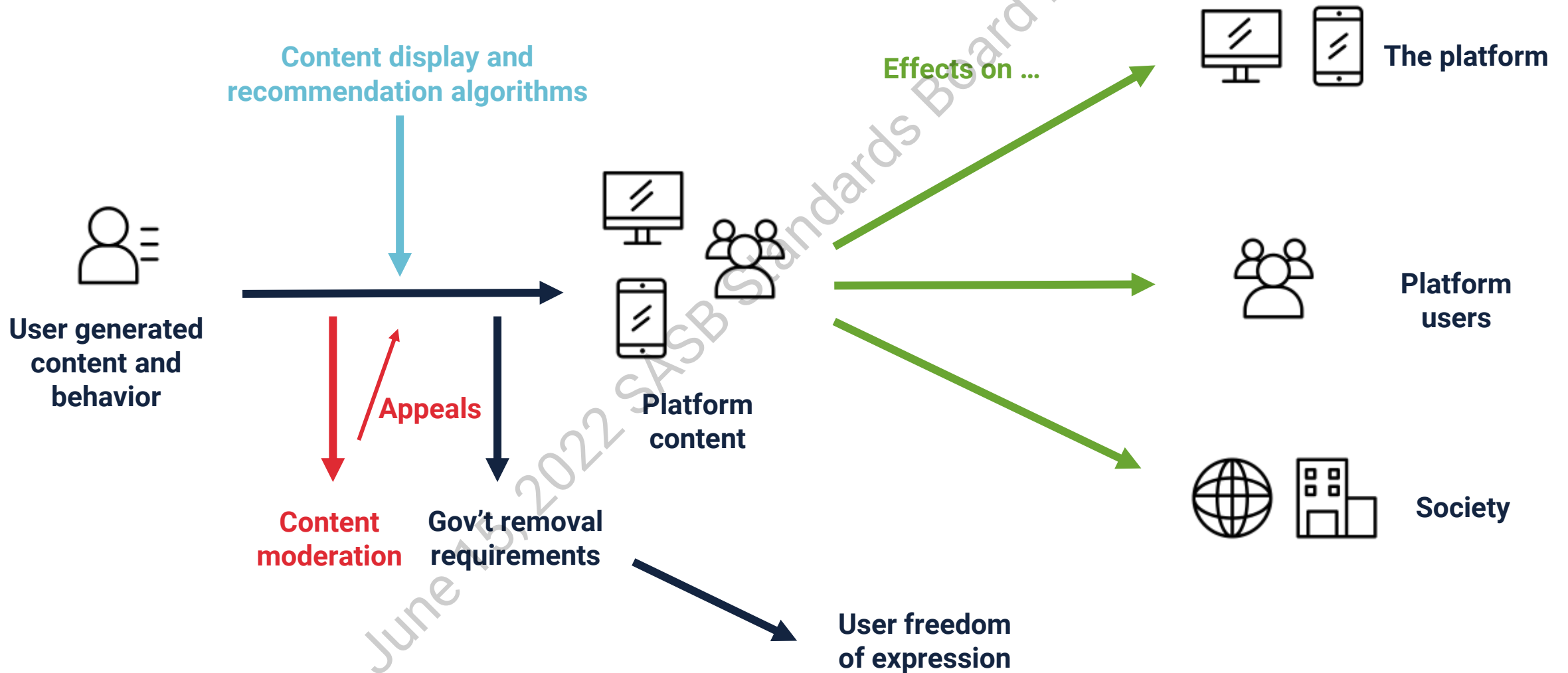
Number of government requests to remove content, percentage compliance with requests.

Recommended New Metrics

DISCLOSURE TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	REC. METRIC #
Content Governance & Freedom of Expression	Content moderation table: (1) number of content items removed, (2) percentage of removed content discovered proactively, (3) percentage of removed content appealed, (4) percentage of appealed content restored, (5) average user impressions of removed content	Quantitative	Number, percentage (%)	1
	Total amount spent on content governance	Quantitative	Reporting currency	2
	Description of approach to identification and management of significant content- and conduct-related risks	Discussion and Analysis	n/a	3
	Description of approach to content display and recommendations, and how these systems account for content- and conduct-related risks	Discussion and Analysis	n/a	4
	Description of approach to content moderation	Discussion and Analysis	n/a	5

Understanding risks and opportunities

Metrics aim to produce disclosure on key components of the process



Intent of Recommended Metric #1: Content Moderation Table

Metric Title

- *Content moderation table: (1) number of content items removed, (2) percentage of removed content discovered proactively, (3) percentage of removed content appealed, (4) percentage of appealed content restored, (5) average user impressions of removed content*

Purpose

- Provide quantitative data to supplement qualitative disclosures with a more granular understanding of platform risks and company actions

Background

- Provides quantitative insight into the mechanics of content moderation
- Each category of risk carries distinct challenges
- Backward-looking data helps understand issues over time
- Indicates the relevance and size of platform appeals process

Content Moderation Table

Importance of understanding risks and actions by harmful content category

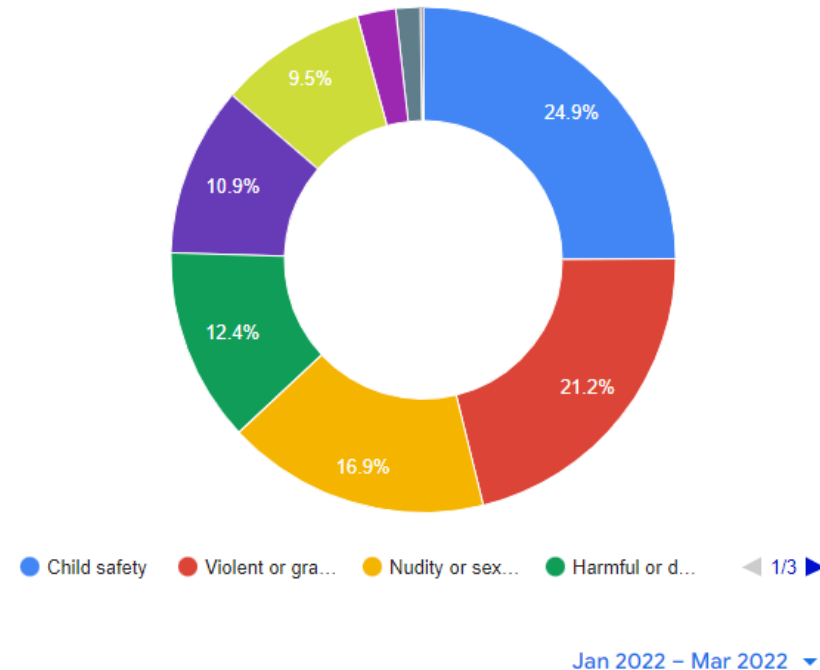
Recommended disclosure format requirements

TC-IM-260a.1. The entity should disclose this information in the following table format:

(a) Content category (entity-defined)	(b) Number of content items removed	(c) Percentage of removed content discovered proactively	(e) Percentage of removed content appealed	(f) Percentage of appealed content restored	(g) Average user impressions of removed content
E.g., terrorist and violent extremist content					
E.g., harassment					

Similarity with existing disclosure practices

Videos removed, by removal reason



Source: YouTube

Content Moderation Table

Sub-metrics provide scale and context around platform risks and company actions

Proposed sub-metric	Rationale / concept to be measured
Content items removed	Provides a rough idea of the scale of the company's content removal efforts.
Percentage of removed content discovered proactively	Measures how much infringing content a company discovers using its own systems, as opposed to how much is flagged by users or other third parties.
Percentage of removed content appealed	Indicates whether companies have an appeals process, while also providing insight into the degree to which users are pushing back on the company's content moderation actions.
Percentage of appealed content restored	When paired with the number of appeals, may indicate the extent to which the company's initial removal decisions were inaccurate. A large percentage here could also indicate a robust appeals process.
Average user impressions of removed content	Measures how quickly platforms are able to remove offending content before it reaches users. This metric also helps put removal figures into context regarding the potential harm caused: without this metric, all removals are counted equally, regardless of whether a content item was viewed one time or 100 million times.

Intent of Recommended Metric #2: Total Amount Spent

Metric Title

Total amount spent on content governance

Purpose

Provide an understanding of the overall size of company investments into content governance efforts.

Background

- Strong investor interest in understanding overall scale of business investment; companies are spending lots of money with little transparency
- Likelihood that companies structure and oversee content governance efforts differently; these often involve cross-cutting efforts and multiple departments
- “Clean” currency figure allows for best comparability among platforms of varying types and sizes

Intent of Recommended Metric #3: Identification of Risks

Metric Title

Description of approach to identification and management of significant content- and conduct-related risks

Purpose

Provide information regarding companies' identification of the most significant risks to people and communities associated with the use (and misuse) of their services

Background

- Significant risks vary depending on factors like platform format and size, types of content shared, and demographics of the user base
- Complexity of issues supports high-level disclosures on governance of risk, including identification and mitigation
- Identification of risks is critical as the sheer volume and diversity of content makes them difficult to police

Intent of Recommended Metric #4: Display and Recommendations

Metric Title

Description of approach to content display and recommendations, and how these systems account for content- and conduct-related risks

Purpose

Provide information regarding how companies determine what users see on their platforms, including how they design ranking and recommendation algorithms, and how these systems account for content- and conduct-related risks

Background

- In addition to removing harmful content, companies broadly shape the user experience through ranking and recommendation algorithms
- Algorithmic weighting has been blamed for social issues, such as “filter bubbles” and radicalization
- Risks and opportunities in how companies design algorithms and control what users see and experience

Intent of Recommended Metric #5: Content Moderation

Metric Title

Description of approach to content moderation

Purpose

Provide information around the set of activities associated with developing and enforcing the platform's content policies

Background

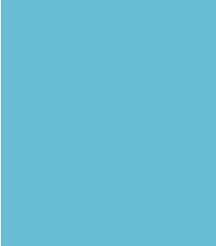
- Moderating content involves a complex set of processes around setting and enforcing policy, often on a global scale
- Companies utilize various enforcement mechanisms, including automated detection and filtering, in-house and outsourced labor, and volunteers
- Investors emphasized a need to better understand the how content policy is determined and updated, enforcement models, and governance

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Questions for Further Engagement

Questions for Further Engagement


Issues for additional input and market feedback



Do the quantitative metrics recommended in the **content moderation table** provide investors with decision-useful information, including the impact of moderation practices on freedom of expression?



Does a metric requesting the **total amount spent on content governance** provide a degree of comparability given the wide range of platform size and type?



Are the metrics reasonable for companies to disclose, and would they **help investors understand the risks and opportunities** related to content governance activities?

Board Discussion

- **Does the Board have any additional thoughts or comments on this project?**

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Contact

The entirety of the Recommend Changes is available to download via the project website.



Content Governance in the Internet Media & Services Industry



Sam Wallace – Analyst (sam.wallace@thevrf.org)

Plastics Risks & Opportunities in the Chemicals Industry

June 15, 2022

Tory Yoshida | Analyst



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Session Objectives

- 1) Overview of Recommended Changes**
- 2) Questions for Further Engagement**

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Plastics Risks & Opportunities in Chemicals Industry

Standard-setting Project

Problem Statement

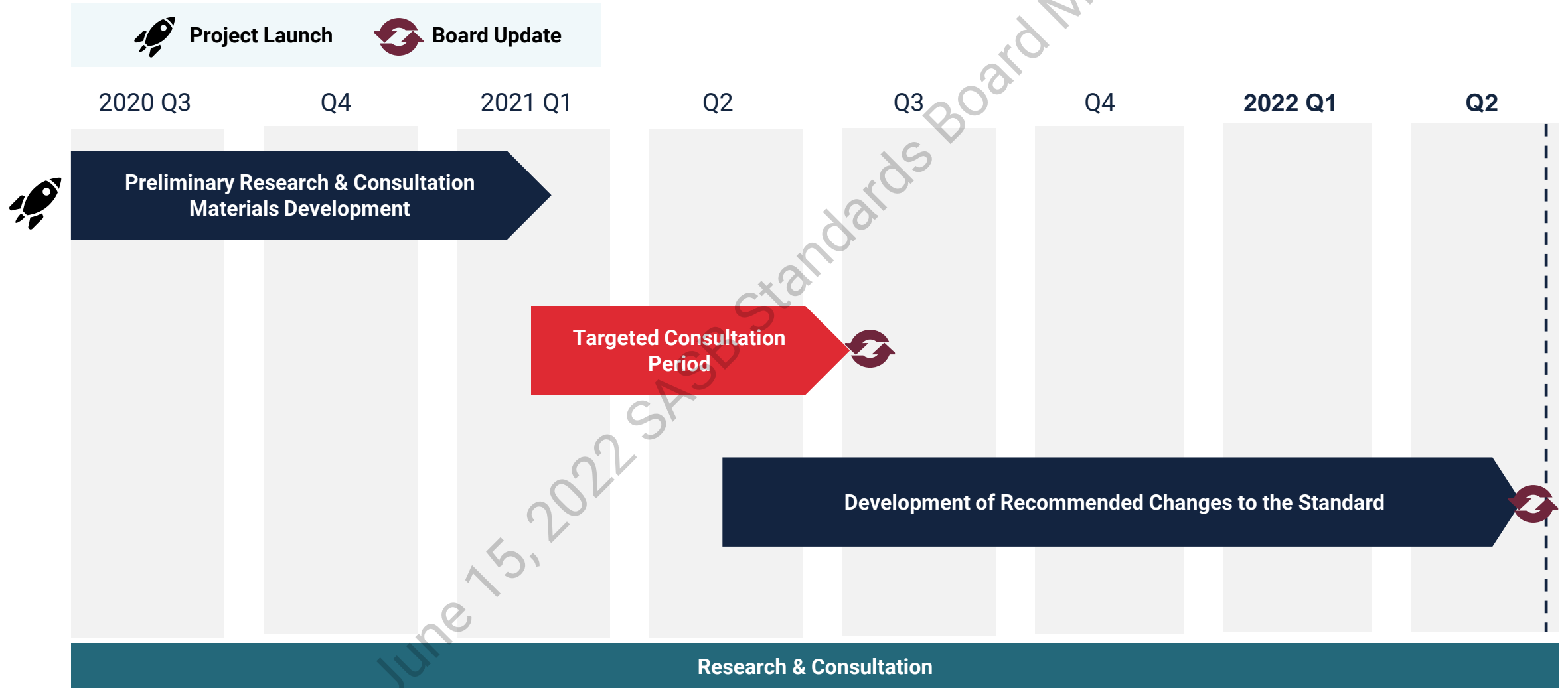
Intensifying focus on the externalities of plastics use has contributed to an escalating regulatory environment and shifting customer demand for packaging. Research and market consultation suggest that risks and opportunities are likely to be financial material for companies in the Chemicals industry, but are not fully captured in the industry standard.

Project Objective

Evaluate the addition of a disclosure topic and supporting metrics to reflect an issuer's ability to manage risks and identify opportunities associated with the changing landscape around single-use plastics.

Project Timeline

Recommended changes published: June 2022



June 15, 2022 SASB Standards Board Meeting

Overview of Recommended Changes

Basis for Conclusion Summary



Evidence of ESG Impact

- There are environmental impact concerns from single-use plastics such as marine waste and resource consumptions, etc.



Evidence of Financial Impact

- Revenue risks and opportunities associated with shifting demand
- Increased R&D and capital expenditures for developing alternative products
- Possible taxes, fees, and/or compliance costs associated with changing regulation with plastics



Evidence of Investor Interest

- Plastic-focused investment products
- Published research reports on investment risks and opportunities
- Evidence of some investment firms slowing investments in plastic packaging sector
- Investor input emphasized the need for more complete, consistent, and reliable information on this issue

Recommended Disclosure Topic: Management of Single-use Plastics

Plastics Products

Benefits

- Long useful lives
- Resource efficiency

Risks

- Environmental impact concerns (i.e., end of life disposal, resource consumption)

External Pressure

Regulatory

- Major movement by China, US, EU, and Canada

Social & Economic

- Companies and consumers' interest in lifecycle impact of plastic packaging is increasing

Chemical Companies

Risks

- Declining demand
- Potential fees or taxes
- Regulatory risks

Opportunities

- Generate new market opportunities
- Avoid risks of product obsolescence

Recommended Metrics

DISCLOSURE TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	REC. METRIC
Management of Single-use Plastics	Revenue from products sold for use in the manufacture of single-use plastics	Quantitative	Reporting currency	1
	Revenue associated with products that intend to reduce the environmental impacts associated with single-use plastics throughout the product lifecycle	Quantitative	Reporting currency	2
	(1) Research and development expenditures and (2) capital expenditures associated with business activities that intend to reduce environmental impacts associated with single-use plastics throughout the product lifecycle	Quantitative	Reporting currency	3
	Percentage of total raw materials processed for use in the manufacture of inputs for single-use plastics products, by (1) virgin fossil fuel (hydrocarbon) content, (2) recycled content, and (3) renewable materials	Quantitative	Percentage	4
	Discussion of actual and potential environmental and social impacts from business activities intended to reduce the environmental impact of single-use plastics occurring at each key phase of the product lifecycle: production, transportation, use-phase, and end-of-life	Discussion and Analysis	n/a	5

Intent of Recommended Metric #1

Metric Title

Revenue from products sold for use in the manufacture of single-use plastics

Purpose

Provide quantitative data to assess corporate exposure to changes in demand for single-use plastics products

Background

- Revenues are a key channel of financial impact and provides risk insight
- Companies that cannot meet changing market landscape could be at risk of lower volumes and lost market share
- Provides a fair representation of preparers' current situations

Intent of Recommended Metric #2

Metric Title

Revenue associated with products that intend to reduce the environmental impacts associated with single-use plastics throughout the product lifecycle

Purpose

Provide information on a company's ability to capitalize on potential opportunities such as developing solutions for mitigating environmental impacts of single-use plastics

Background

- Revenues are key channels for financial impact
- Companies that meet regulatory and demand environment have potential for higher revenue, market share, and price premium

Intent of Recommended Metric #3

Metric Title

(1) Research and development expenditures and (2) capital expenditures associated with business activities that intend to reduce environmental impacts associated with single-use plastics throughout the product lifecycle

Purpose

Provide information on company's commitment and strategy associated with environmental impacts associated with single-use plastics

Background

- R&D and CapEx are key channels for financial impact
- Mentioned by UN PRI/Ellen MacArthur Foundation engagement guide notes
- Companies are already receiving inquiries to disclose such information

Intent of Recommended Metric #4

Metric Title

Percentage of total raw materials processed for use in the manufacture of inputs for single-use plastics products, by (1) virgin fossil fuel (hydrocarbon) content, (2) recycled content, and (3) renewable materials

Purpose

Provide information on company's positioning to meet regulatory demands and address the shifting demand landscape for packaging products with fewer environmental impacts

Background

- Some government mandates incorporate certain levels of recycled plastic raw materials in plastic production
- Customers such as Coca-Cola and PepsiCo have pledged to use recycled materials for packaging
- Companies are investing in developing and incorporating alternative raw materials
- UN PRI/Ellen MacArthur Foundation engagement guide flags this as an area for possible engagement

Intent of Recommended Metric #5

Metric Title

Discussion of actual and potential environmental and social impacts from business activities intended to reduce the environmental impact of single-use plastics occurring at each key phase of the product lifecycle: production, transportation, use-phase, and end-of-life

Purpose

Provide information regarding companies' environmental impact mitigation activities associated with single-use plastics and the unintended environmental and social impacts from those activities

Background

- Investors seek clear, unbiased information to assess various alternatives to single-use plastics products based on concerns from unintended consequences
- Developments with plastics are evolving rapidly and additional qualitative disclosure will be decision useful

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Questions for Further Engagement

Questions for Further Engagement

1

Unit of measurement (absolute value vs. percentage)

2

Cost effectiveness to isolate single-use plastics related data

3

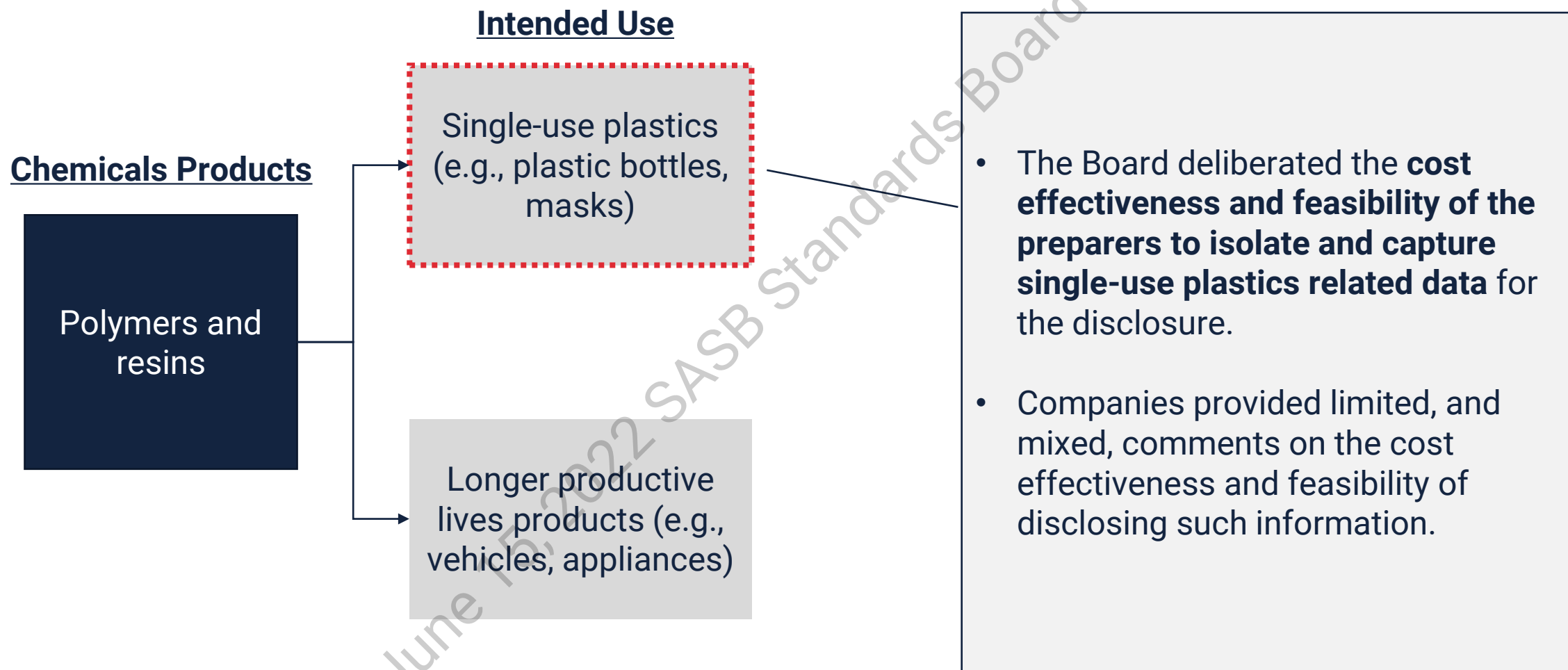
Inclusion of educational training or sales practice in disclosure

1) Unit of Measurement (Absolute Value vs. Percentage)

Comparison example for recommended metric #1

Company Types	Single-Use Plastics Associated Revenue	Total Revenue	Percentage
Conglomerate with multi-industry business	1 billion	20 billion	5%
Company focused on single industry	10 million	20 million	50%

2) Cost Effectiveness to Isolate Single-use Plastics Related Data



3) Inclusion of Educational Training or Sales Practice in Disclosure



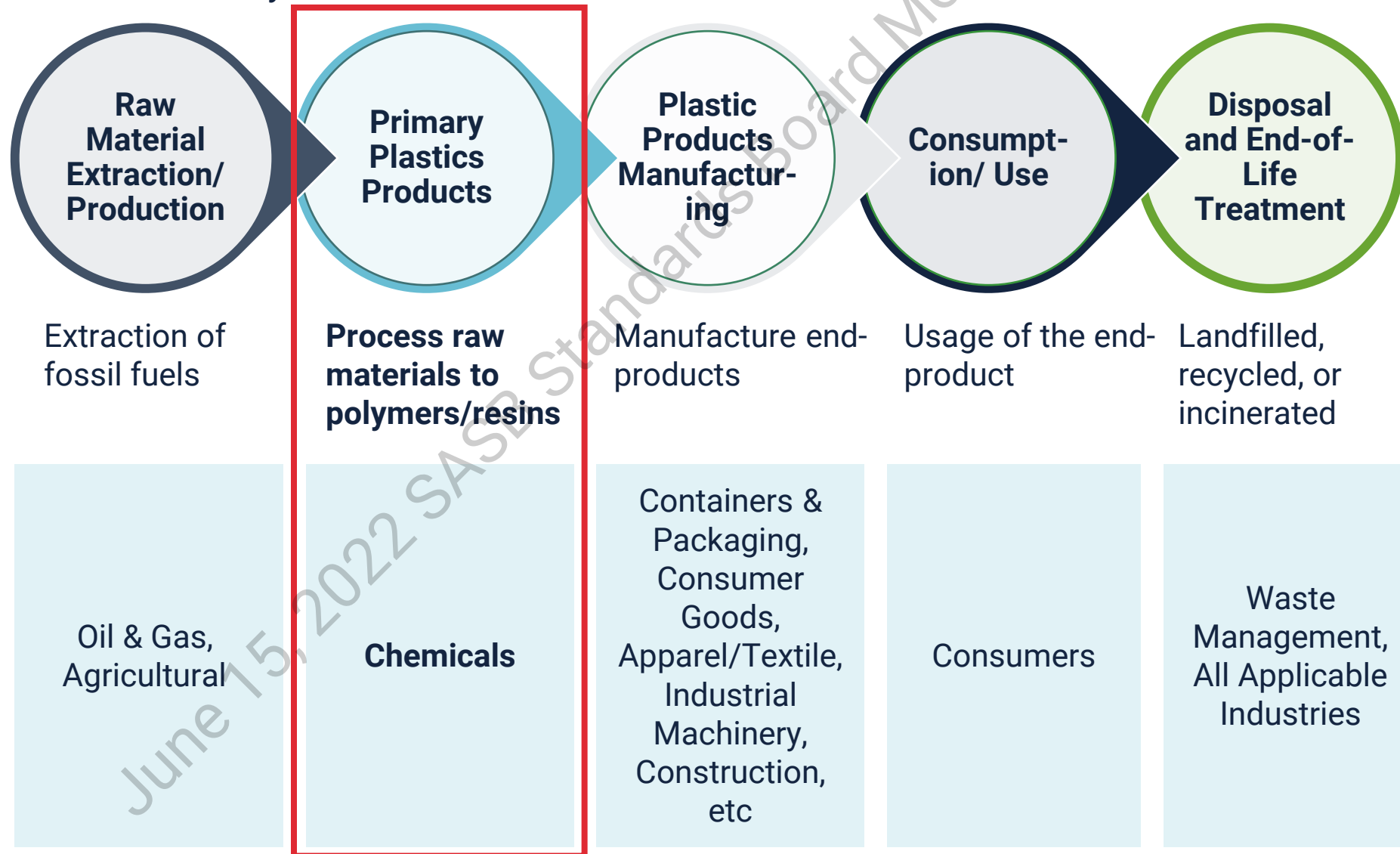
Board Discussion

- **Does the Board have any additional thoughts or comments on this project?**

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Appendix

Description of the Chemicals Industry



Contact

The entirety of the Recommend Changes is available to download via the project website.



[Plastics Risks and Opportunities in the Chemicals Industry](#)



Tory Yoshida – Analyst (tory.yoshida@thevrf.org)

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Break until 12:50pm EDT

Alternative Products in the Food & Beverage Sector

June 15, 2022

Devon Bonney | Analyst, Food & Beverage Sector Lead
Keertana Anandraj | Associate Analyst



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Session Objectives

1) Review recommended changes to three industries in the Food & Beverage Sector:

- Meat, Poultry & Dairy
- Processed Foods
- Food Retailers & Distributors

2) Questions for Further Engagement

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Alternative Products in the Food & Beverage Sector

Standard-setting Project

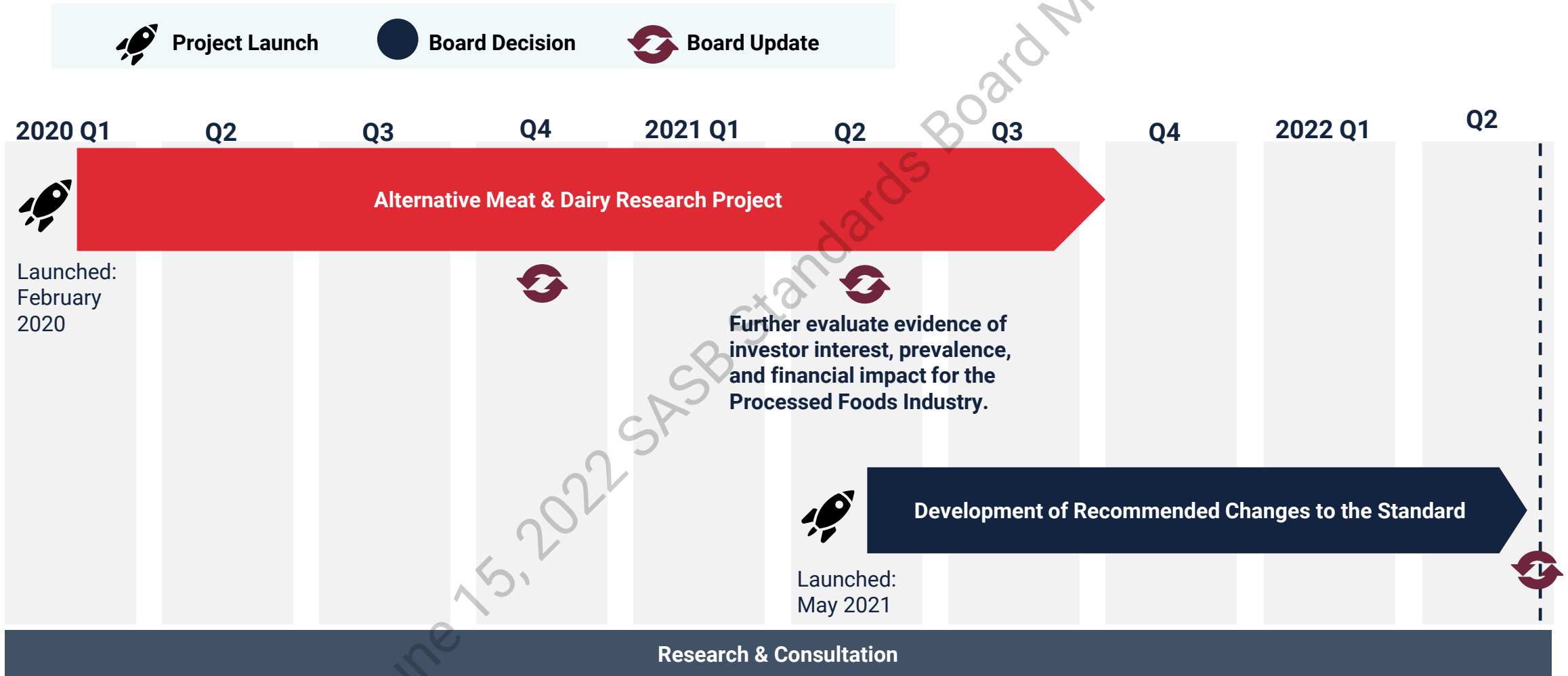
Problem Statement

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, thus indicating the Standards may not be complete.

Project Objective

Evaluate adding a new disclosure topic and associated metrics related to alternative product strategy for three standards in the Food & Beverage Sector: Meat, Poultry & Dairy; Processed Foods; and Food Retailers & Distributors.

Project Timeline



Basis for Conclusion Summary



Evidence of ESG Impact

- Alternative protein products have less environmental impact than traditional meat products
- Reduced GHG emissions and water use



Evidence of Financial Impact

- Revenue from opportunities associated with the growing demand
- Environmental externalities could impact sourcing or meat prices



Evidence of Investor Interest

- Alternative proteins provide growth opportunities and reduced risk to companies
- Information related to protein diversification is decision-useful in company evaluation.

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Overview of Recommended Changes

Recommended Disclosure Topic & Metrics: Meat, Poultry & Dairy and Processed Foods

INDUSTRY	DISCLOSURE TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	RECOMMENDED METRIC
Meat, Poultry & Dairy	Product Innovation	Revenue from (1) conventional animal products and (2) alternative protein products	Quantitative	Reporting currency	1
		Total amount spent on protein diversification	Quantitative	Reporting currency	2
		Discussion of strategy to diversify protein products	Discussion & Analysis	n/a	3
Processed Foods	Product Innovation	Revenue from (1) conventional animal products and (2) alternative protein products	Quantitative	Reporting currency	1
		Total amount spent on protein diversification	Quantitative	Reporting currency	2
		Discussion of strategy to diversify protein products	Discussion & Analysis	n/a	3
Food Retailers & Distributors	Product Portfolio Diversification	Revenue from (1) conventional animal products and (2) alternative protein products from (a) private-label products and (b) non-private label products	Quantitative	Reporting currency	1
		Total number of (1) conventional animal products and (2) alternative protein products sold	Quantitative	Number	2
		Discussion of strategy to diversify protein products	Discussion & Analysis	n/a	3

Intent of Recommended Metric #1: Revenue Mix

Meat, Poultry & Dairy and Processed Foods Industries

Metric Title

Revenue from (1) conventional animal products and (2) alternative protein products

Purpose

Intended to measure an entity's current protein product positioning and provide insight into an entity's unique risk profile, which will vary based on its portfolio of protein products.

Background

- Revenue is a key channel of financial impact
- Companies that cannot meet changing market landscape could be at risk to lose market share
- Provides information about the entity's protein product mix

Intent of Recommended Metric #2: Investment in Diversification

Meat, Poultry & Dairy and Processed Foods Industries

Metric Title

Total amount spent on protein diversification

Purpose

Intended to provide further information on how companies are positioned to capture future growth opportunities associated with alternative protein products.

Background

- Companies consistently need to innovate to maintain and capture market share
- Provides forward-looking information about how companies are diversifying their protein products

Intent of Recommended Metric #3: Diversification Strategy

Meat, Poultry & Dairy and Processed Foods Industries

Metric Title

Discussion of strategy to diversify protein products

Purpose

Intended to provide qualitative information on how entities are approaching the topic of protein diversification, including (1) metrics or targets related to alternative protein product sales, and (2) risks and opportunities associated with each of the protein product categories.

Background

- Provides additional context that supplements quantitative metrics.
- Both qualitative and quantitative information regarding protein diversification strategies is necessary to provide a complete picture of company performance.

Recommended Disclosure Topic & Metrics: Food Retailers & Distributors

INDUSTRY	DISCLOSURE TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	RECOMMENDED METRIC
Meat, Poultry & Dairy	Product Innovation	Revenue from (1) conventional animal products and (2) alternative protein products	Quantitative	Reporting currency	1
		Total amount spent on protein diversification	Quantitative	Reporting currency	2
		Discussion of strategy to diversify protein products	Discussion & Analysis	n/a	3
Processed Foods	Product Innovation	Revenue from (1) conventional animal products and (2) alternative protein products	Quantitative	Reporting currency	1
		Total amount spent on protein diversification	Quantitative	Reporting currency	2
		Discussion of strategy to diversify protein products	Discussion & Analysis	n/a	3
Food Retailers & Distributors	Product Portfolio Diversification	Revenue from (1) conventional animal products and (2) alternative protein products from (a) private-label products and (b) non-private label products	Quantitative	Reporting currency	1
		Total number of (1) conventional animal products and (2) alternative protein products sold	Quantitative	Number	2
		Discussion of strategy to diversify protein products	Discussion & Analysis	n/a	3

Intent of Recommended Metric #1: Revenue Mix

Food Retailers & Distributors Industry

Metric Title

Revenue from (1) conventional animal products and (2) alternative protein products from (a) private-label products and (b) non-private label products

Purpose

Intended to provide investors with insight into how companies manage protein diversification through two different business segments: (1) private-label and (2) non-private label.

Background

- Revenue is a key channel of financial impact
- Market participants indicated that private-label products are an increasingly important business line for retailers.
- Investors are interested in understanding how well a company provides consumers with protein options at a store-level

Intent of Recommended Metric #2: Number of Products Sold

Food Retailers & Distributors Industry

Metric Title

Total number of (1) conventional animal products and (2) alternative protein products sold

Purpose

Intended to provide investors with insight into a retailer's positioning to address consumer preferences of conventional animal products and alternative protein products.

Background

- Given that there is a significant price disparity between alternative protein and conventional animal products, investors indicated that a separate metric capturing the total number of products sold would be decision-useful.
- Investors note that total sales is more decision-useful than volume sold.

Intent of Recommended Metric #3: Diversification Strategy

Food Retailers & Distributors Industry

Metric Title

Discussion of strategy to diversify protein products

Purpose

Intended to provide qualitative information on how entities are approaching the topic of protein diversification, including (1) metrics or targets related to alternative protein product sales, and (2) risks and opportunities associated with each of the protein product categories.

Background

- Provides additional context that supplements quantitative metrics
- Investors are interested in companies' efforts to educate consumers on new products, particularly environmental and nutritional impacts.

Questions for Further Engagement

1

Would revenue from plant-based protein products be decision-useful for investors in evaluating companies' management of this topic?

2

Is it cost-effective for companies in the MP and PF industries to report on the amount spent on protein diversification?

3

Is it feasible for companies in the FR industry to report on the total number of alternative protein products sold in-store?

Board Discussion

- **Does the Board have any additional thoughts or comments on this project?**

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Contact

The entirety of the Recommend Changes is available to download via the project website.



Alternative Products in the Food & Beverage Sector



Devon Bonney – Analyst (devon.bonney@thevrf.org)

**Keertana Anandraj – Associate Analyst
(keertana.Anandraj@thevrf.org)**

Renewable Energy in the Electric Utilities & Power Generators Industry

Consultation findings and initial staff recommendations

June 15, 2022

Will Meister | Infrastructure Sector



Session Objectives

- **Provide overview of market consultation feedback**
- **Share staff's initial recommendations based on consultation feedback**
- **Seek Board's views on staff's initial recommendations**

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Renewable Energy in Electric Utilities & Power Generators Industry

Standard-setting Project

Problem Statement

Market feedback and research indicate opportunity for more complete and comparable metrics to measure the transition to renewable energy in the industry beyond the current set of metrics in the Greenhouse Gas Emissions & Energy Resource Planning disclosure topic

Project Objective

Assess measures of company performance on the transition to renewable energy within the Greenhouse Gas Emissions & Energy Resource Planning disclosure topic to provide complete and comparable information to users

Greenhouse Gas Emissions & Energy Resource Planning

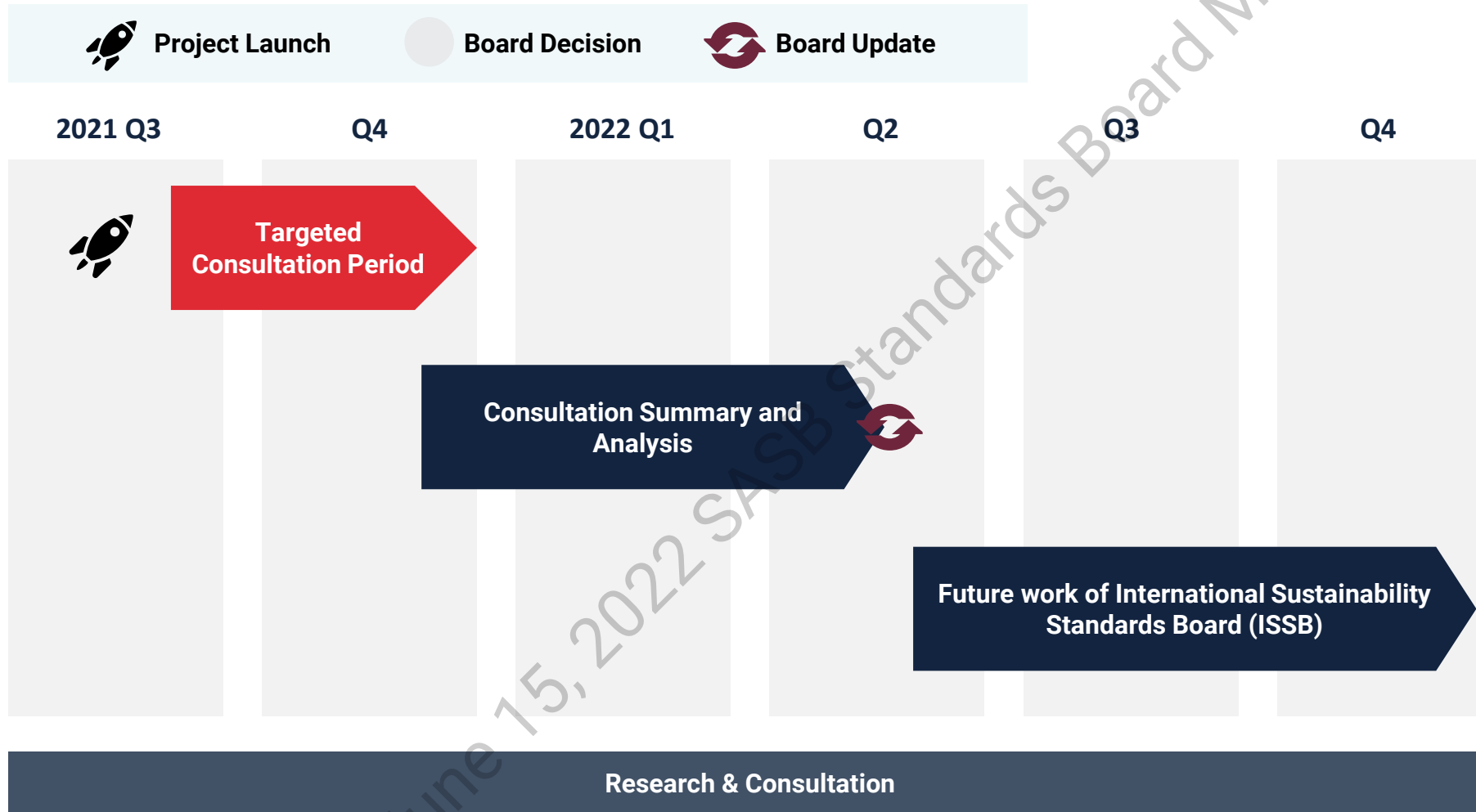
Metrics in disclosure topic

Metric Code	Metric Title
IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries
IF-EU-110a.3	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
IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market

RPS are broadly defined as a regulatory mandate to increase the production of electricity from renewable resources

Project Timeline

Overview



Profile of Market Participants Consulted



Preparers

- 24 preparers consulted
- 14 in Americas, 4 in Europe, 6 in Asia Pacific
- Mix of business models and energy sources: Vertically integrated, generation, transmission & distribution
- Largely sustainability roles



Users

- 16 users consulted
- 10 in Americas, 4 in Europe, 2 in Asia Pacific
- Mix of asset owners and managers
- Roles in equities analysis, governance/stewardship, and ESG analysis



Subject Matter Experts

- 9 subject matter experts consulted
- Americas-based
- Industry organizations, consultants, academics

Consultation Findings Surfaced Four Areas of Market Interest

Renewable Portfolio Standards (IF-EU-110a.4)

Generation Capacity

GHG Emissions Intensity

Capital Expenditures

Industry-Specificity



Preparers



Users



Subject Matter Experts

Staff's recommendations reflect the strong market interest in metrics that provide decision-useful information specific to the industry

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Market Interest Area: IF-EU-110a.4 on RPS

1

Staff recommendation: Remove metric *IF-EU-110a.4 on renewable portfolio standards (RPS)*

RPS are broadly defined as a regulatory mandate to increase the production of electricity from renewable resources

- Users and preparers generally stated not comparable across jurisdictions
- Majority of users and preparers referenced other metrics as more complete and comparable which informed staff's recommendations
- Lacks global applicability: Only used in ~30 countries and only one type of policy mechanism
- Disclosure analysis showed high prevalence of metric omission

Market Interest Area: Generation Capacity

2

Staff recommendation: Add metric *total generation capacity, percentage by major energy source*

Generation capacity measures the maximum output that a generator or other electrical generating device can produce

- Users and preparers largely expressed support for generation capacity by energy source
- Helps demonstrate extent preparers have transitioned to renewable energy and other low-carbon energy sources
- Alignment opportunities with:
 - CDP Climate Change Questionnaire
 - EEI Sustainability/ESG Template
- Commonly disclosed metric in sample of industry disclosures

Market Interest Area: GHG Emissions Intensity

3

Staff recommendation: Add metric *Greenhouse gas emissions intensity* for (1) total electricity generated and (2) total revenue

- Preparers and users expressed support for a standardized GHG emissions intensity metric in industry to help measure renewable energy transition
- Most commonly cited relative measure was electricity generation
 - Example: Metric tons (t) CO₂-e / MWh
- Alignment opportunities with:
 - CDP Climate Change Questionnaire
 - EEI Sustainability/ESG Template
 - GRI
- Commonly disclosed metric in sample of industry disclosures

Market Interest Area: Capital Expenditures

4

Initial recommendation: Add metric *Total annual capital expenditures in owned electricity generation by energy source*

- Preparers and users generally expressed support to help measure renewable energy transition in understanding capital allocation
- Interest in annual and planned capital expenditures
- Preparer concerns in competitive markets on disclosing planned capital expenditures
- As relevant to emissions reduction strategy, opportunity to disclose planned capital expenditures included in industry Standard (IF-EU-110a.3)
- Alignment opportunities with CDP Climate Change Questionnaire

Challenges to Performance Measurement in the Industry

Challenge	Rationale to not pursue at this time
Not all industry preparers generate electricity (e.g., transmission & distribution)	Metrics more specific to value chain role beyond project scope due to considerations across topics in industry Standard

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Challenges to Performance Measurement in the Industry

Challenge	Rationale to not pursue at this time
Not all industry preparers generate electricity (e.g., transmission & distribution)	Metrics more specific to value chain role beyond project scope due to considerations across topics in industry Standard
Broader policy disclosure on renewable energy	Initial project focus area but consultation feedback did not suggest strong interest in additional disclosure

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Challenges to Performance Measurement in the Industry

Challenge	Rationale to not pursue at this time
Not all industry preparers generate electricity (e.g., transmission & distribution)	Metrics more specific to value chain role beyond project scope due to considerations across topics in industry Standard
Broader policy disclosure on renewable energy	Initial project focus area but consultation feedback did not suggest strong interest in additional disclosure
Revenue by energy source and business activity	Strong preparer concerns indicate data challenges and lack of cost-effective disclosure

Discussion Topics

Board's view on staff's initial recommendations

- **What additional questions do you have based on the consultation feedback and research collected to date?**
- **What are your views on staff's initial recommendations and supporting rationale?**
- **What additional thoughts or comments would you like to share?**

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Next Steps

- 1** Evaluate Board's comments and feedback as part of future project work
- 2** Continue project development under the auspices of the ISSB

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Contact Us



<https://www.sasb.org/standards/process/active-projects/renewable-energy-in-electric-utilities-power-generators-industry/>



Will Meister

william.meister@thevrf.org

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Concluding Remarks

- › SASB Board Members
- › Emmanuel Faber, Chair of International Sustainability Standards Board – IFRS Foundation
- › Sue Lloyd, Vice-Chair of International Sustainability Standards Board – IFRS Foundation
- › Robert Herz, Value Reporting Foundation Board Member, SASB Standards Oversight Committee Chair
- › Alan Beller, Value Reporting Foundation Board Member



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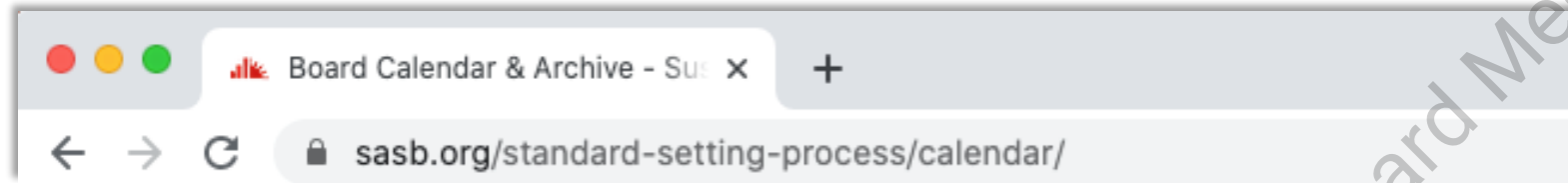


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**SASB
STANDARDS**

SASB Standards Board Meeting Archive Webpage



Visit the [SASB Standards Board Meeting Archive](https://sasb.org/standard-setting-process/calendar/) page for recordings and a summary of meeting outcomes for past meeting.

Please also visit the [IFRS Foundation News & Events Calendar](#) for upcoming news and announcements on the International Sustainability Standards Board.

Thank you

Contact us:

<https://www.valuereportingfoundation.org/contact/>



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