



**SASB Standards Council**  
**Procedural Review Report**  
**Financial Industry Working Group**

April 15, 2013

To the Director of Standards Development of SASB,

This Procedural Review Report summarizes the opinion of the members of the Standards Council, an independent advisory body formed by qualified professionals who participate in a voluntary manner and do not receive financial compensation from SASB.

On April 4, 2013, we conducted an independent review of the process and procedures used to develop the Disclosure Protocol proposed to develop Sustainability Accounting Standards for the Financial Industry. For this review, we relied primarily on a report titled ***SASB Industry Working Groups Due Process Report - Financials Q1 2013***, which was prepared by SASB staff.

Based on our review, we believe the process and procedures followed by the Financial Industry Working Group as part of the standard setting process was satisfactory with respect to the SASB standard for Industry Working Groups.

Notwithstanding the above conclusion, the Standards Council offers two comments.

First, corporate representation in the IWG was low for the insurance sector. We realize some sectors will always be inherently more difficult than others, so we encourage the SASB to continue to work at developing the IWGs. In instances like this, where representation is lower than ideal, the council encourages the SASB to attempt to redress this issue during the public comment period. In particular, the SASB may want to specifically invite the largest entities in the sector to participate in the PCP (ideally, by asking these entities to submit an open letter).

Second, evidence of materiality and investor interest is crucial for standard setting legitimacy and for future adoption of the standards. Feedback from the IWGs and the PCP can be extremely helpful in establishing or ruling out materiality of and investor interest in issues. However, given the many potential ways in which the term materiality can be used, we encourage the SASB to carefully solicit feedback to ensure that participants are using the term in the same way that the SASB does.



We understand that as an advisory body, our recommendations are not binding and that the responsibility to implement the suggested changes is at the discretion of SASB.

Prepared by Jeffrey Hales  
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Signed \_\_\_\_\_ . April 15, 2013

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