



Alcoa

201 Isabella St at 7th St Bridge
Pittsburgh, PA 15212-5858 USA
Tel: 1 412 553 4545
Fax: 1 412 553 4498

April 22, 2014

Sustainability Accounting Standards Board
75 Broadway, Suite 202
San Francisco, CA 94111

Re: File Reference No. SICS NR0302, Exposure Draft, Proposed Sustainability Accounting Standard, "Non-Renewable Resources – Metals & Mining"

To whom it may concern:

Alcoa Inc. appreciates the opportunity to comment on the Exposure Draft referenced above. Alcoa is a global leader in lightweight metals engineering and manufacturing. Alcoa's innovative, multi-material products, which include aluminum, titanium, and nickel, are used worldwide in aircraft, automobiles, commercial transportation, packaging, building and construction, oil and gas, defense, consumer electronics, and industrial applications. Alcoa is also the world leader in the production and management of primary aluminum, fabricated aluminum, and alumina combined, through its active participation in all major aspects of the industry: technology, mining, refining, smelting, fabricating, and recycling.

Before providing specific comments to the Exposure Draft, we have some points of view for the Board's consideration. Firstly, we do not believe the issuance of such a standard is warranted given the existing requirements under Regulation S-K of the Securities and Exchange Commission (SEC) for registrants. Regulation S-K already requires registrants to describe in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the Annual Report on Form 10-K "any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed." As such, we do not see any further need to prescribe specific disclosure requirements related to the sustainability topics in the Exposure Draft.

Secondly, any disclosure under the Board's standards would be adopted by a registrant on a voluntary basis. Many registrants, including Alcoa, already publish a separate report on the sustainability topics included in the Exposure Draft. This sustainability reporting follows the Global Reporting Initiative G4 Sustainability Report Guidelines (the "Guidelines"). These Guidelines were developed through a global multi-stakeholder process involving representatives from business, labor, civil society, and financial

markets, as well as auditors and experts in various fields, and in close dialogue with regulators and governmental agencies in several countries. Additionally, the Guidelines were developed in alignment with internationally recognized reporting related documents, which are referenced throughout the Guidelines, and are periodically reviewed to provide the best and most up-to-date guidance for effective sustainability reporting. As such, it would seem that there is already a well-recognized format for registrants to voluntarily report on these sustainability topics and that the effort by the Board becomes duplicative.

Thirdly, the Board's standards expect registrants to report with the same level of rigor, accuracy, and responsibility as all other information contained in SEC filings. At Alcoa, and likely in other metals and mining companies, the data quality associated with most of the sustainability accounting metrics is not robust enough to meet data assurance requirements. To globally implement a sustainability data collection, aggregation, and reporting solution that matches the rigor associated with information in SEC filings would be very costly. This cost would certainly outweigh the benefits of the information included in the Exposure Draft to the users of our financial statements. In addition, Alcoa would have to create a sustainability-reporting chart of accounts with data fields for quantities and a variety of units of measure (metric tons, gigajoules, cubic meters, acres, percent, etc.), similar to a financial chart of accounts. Overall, implementation of the Board's standard would create a significant reporting burden and require the implementation of an accounting infrastructure tailored for sustainability reporting that is of similar complexity to the financial accounting infrastructure.

Notwithstanding our points of view, if the Board ultimately elects to proceed with issuance of a final standard, we believe, at a minimum, the following changes are required.

Disclosure Topic: Greenhouse Gas Emissions

Accounting Metric Code: NR0302-01

Line of Disclosure: .01

We recommend using updated International Panel on Climate Change (IPCC) 4th Technical Assessment global warming potentials consistent with reporting now required by the European Union Emissions Trading Scheme.

Disclosure Topic: Air Quality

Accounting Metric Code: NR0302-03

Line of Disclosure: .14

Direct air emissions from some activities, such as mobile sources, office buildings, product transport, and moveable equipment may be minor and/or not have measureable environmental impacts for the registrant. The standard should either set reasonable de minimus levels for these types of emission sources or only require disclosure for emission sources that may have a measureable environmental impact.

Disclosure Topic: Air Quality

Accounting Metric Code: NR0302-03

Line of Disclosure: .15

Instead of requiring registrants to disclose carbon monoxide (CO), sulfur dioxide (SO_x), nitrogen dioxide (NO_x), particulate matter (PM), mercury (Hg), lead (Pb), and volatile organic compounds (VOC) air emissions, the standard should only require disclosure of air emissions that may have a measureable environmental impact for the overall reporting entity.

Disclosure Topic: Energy Management

Accounting Metric Code: NR0302-04

Line of Disclosure: .22

For consistency and completeness, add "hydroelectric" to the list of purchased renewables (that is, wind, biomass, and solar). The IPCC classifies hydroelectric as well as wind, biomass, and solar as renewable energy.

Disclosure Topic: Water Management

Accounting Metric Code: NR0302-05

Line of Disclosure: .24 and .25

Large mining and metals companies operate numerous entities, which may or may not be located in water-stressed areas. Reporting total amount of water discharged (directly and indirectly) and total amount of water recycled would be costly to measure and does not necessarily correlate to any material cost or ecological impact at locations which are not water stressed. We recommend that reporting of total water discharged and recycled be required only for mining and metals operations located in water stressed regions, but not for all of the registrant's operations. According to the World Resources Institute, areas where per capita water supply drops below 1,700 cubic meters per year are experiencing "water stress" – a situation in which disruptive water shortages can frequently occur.

Disclosure Topic: Water Management

Accounting Metric Code: NR0302-05

Line of Disclosure: .23 through .26

This parameter does not take into account the entire water profile of the operation, in particular, water losses. There can be significant water losses from evaporation, water content of waste and sludges disposed, and water content of products (for example, the chemically combined water in hydrated aluminas). By not accounting for water losses, there may appear to be a significant discrepancy between water withdrawn and water returned.

Disclosure Topic: Water Management

Accounting Metric Code: NR0302-06

Line of Disclosure: .27

Requiring the disclosure of number of incidents of non-compliance is too vague. Instead, the number and scope of non-compliance that may result in financial and ecological impacts should be required.

Disclosure Topic: Waste and Hazardous Materials Management

Accounting Metric Code: NR0302-07

Line of Disclosure: .32

Requiring the disclosure of metric tons of tailings and overburden would be costly to measure and does not necessarily correlate to any material cost or ecological impact. We recommend deleting this metric altogether.

* * * * *

Thank you for allowing us the opportunity to present our views on this Exposure Draft. Please contact me at (412) 553-3781 if you would like us to clarify any of our comments.

Sincerely,



Kevin McKnight
Chief Sustainability Officer and
Vice President, Environment, Health and Safety

Andrew C. Brengle

h. [REDACTED]

c. [REDACTED]

- **Industry Standard** (Oil & Gas – Refining and Marketing)
- **Disclosure Topic** (Hazardous Materials Management or Air Quality)
- **Accounting metric code** (NR0103-08 or NR0103-05)
- **Line of disclosure**, where relevant
- **Comment:**

To SASB staff:

For your consideration: include an accounting metric that discloses whether a company has any facilities subject to the **Risk Management Plan Rule** (RMP Rule) under **Section 112(r)** of the **Clean Air Act Amendments** of 1990. The RMP rule requires companies storing or holding large quantities (usually >10,000 lbs) of “extremely hazardous substances” to scope out “worst case” scenarios should the hazardous substance explode or otherwise be released and pose threats to workers and neighbors. Oil refineries are among the 14,000 facilities in the U.S. subject to the rule as of 2009. I have provided some links below for reference material.

If not worthy of inclusion in the accounting metric code itself, it is worth including in the disclosure notes explaining the codes. Disclosure on the RMP rule would alert investors to specific acute risks that certain OG-RM companies might present. It should suffice for a company to report only that they are subject to the rule at one or more facilities. Further detail on facility names and locations shouldn’t be necessary—especially as companies are understandably concerned about security issues related to such information.

It probably fits best under Hazardous Materials Management (NR0103-08), although it is regulated under an air quality law (i.e NR0103-05). The rule also straddles H&S process safety and community disclosure.

<http://www.epa.gov/emergencies/docs/chem/gdc-fact.pdf>

3-page fact sheet

<http://www.epa.gov/emergencies/content/rmp/index.htm>

EPA webpages on the rule

<http://www.epa.gov/region07/toxics/pdf/guide.pdf>

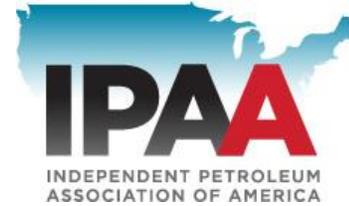
1997 EPA guidance includes refs to refineries

<http://www.bdlaw.com/news-1403.html>

2012 article by law firm on RMP enforcement

Thank you for your consideration. I wrote about the rule in a regulatory newsletter just before its release in 1999. After 10 years as an ESG analyst with KLD and MSCI, I am now unaffiliated.

Andrew Brengle



Via e-filing: [REDACTED]

Dr. Jean Rodgers, PhD, PE
Chief Executive Officer
Sustainability Accounting Standards Board
75 Broadway, Suite 202
San Francisco, CA 94111

April 28, 2014

Subject: Public Comments from the American Exploration & Production Council (“AXPC”) and the Independent Petroleum Association of America (“IPAA”) in response to the Sustainability Accounting Standards Board (“SASB”) release of proposed sustainability accounting standards for the Oil and Gas – Exploration and Production (“E&P”) sector

Dear Dr. Rodgers:

On January 14, 2014, the Sustainability Accounting Standards Board (“SASB”) released a proposed sustainability accounting standard for the Non-Renewable Resources sector (including Oil & Gas – Exploration & Production) for public review and comment (“Exposure Draft”). The following reflects the response of the American Exploration & Production Council (“AXPC”) and the Independent Petroleum Association of America (“IPAA”) (collectively referred to as “the Associations”) to the Exposure Draft.

AXPC is a national trade association representing 32 of America’s largest and most active independent natural gas and crude oil exploration and production companies. AXPC’s members are “independent” in that their operations are limited to the exploration for and production of natural gas and crude oil. Moreover, our members operate autonomously, unlike their fully integrated counterparts, which operate in additional segments of the energy business, such as midstream and downstream refining and marketing. AXPC’s members are leaders in developing and applying the innovative and advanced technologies necessary to explore for and produce crude oil and natural gas, and that allow our nation to add reasonably priced domestic energy reserves in environmentally responsible ways.

IPAA is a national trade association representing thousands of independent oil and natural gas exploration and production companies as well as the service and supply industries that support them. Independents operate roughly 95 percent of the nation’s oil and natural gas wells, producing 54 percent of America’s oil and 85 percent of America’s natural gas.

The Associations support sustainability reporting frameworks that emphasize flexibility and prioritize the identification of sustainability topics that are deemed material by each company and their stakeholders. We believe that by reporting performance through the application of voluntary, flexible frameworks, we will increase transparency and continue to improve accuracy in reporting across our industry. We do not support SASB’s efforts to establish a reporting standard for disclosure in mandatory filings to the SEC, such as the Form 10-K and 20-F. Companies listed on U.S. stock exchanges are already required to report in their regulatory filings on material environmental issues and risks. However, SASB introduces

concepts such as “may” or “could” to the materiality formulation. The Supreme Court has been clear on a definition of materiality, and the Associations are concerned that SASB appears to seek to lower the threshold by requiring companies to speculate about potential financial impacts in which investors may or may not be interested. Furthermore, the Associations are not aware of sufficient evidence of investors supporting these disclosures in mandatory filings.

The Associations assert that SASB’s approach to reporting does not lead to or provide additional benefits beyond existing, voluntary reporting frameworks such as the IPIECA, API and OGP *Oil and gas industry guidance on voluntary sustainability reporting* (“IPIECA Guidance”) or the Global Reporting Initiative (“GRI”) *Sustainability Reporting Guidelines* and *Oil and Gas Sector Supplement*. In addition, we maintain there is a real and significant cost burden associated with collecting and analyzing data to meet the SASB standard that is not commensurate with the insight these disclosures would provide on companies’ sustainability performance.

The following comments detail our opposition to the Exposure Draft:

1. A reporting framework should adopt metrics used in already-established, well thought-out reporting frameworks.

The Associations’ member companies do not believe that many of the topics covered in the Exposure Draft represent material information or risk to investors. The Exposure Draft also fails to meet SASB’s aim of informing investors about the most material impacts a company faces. Current industry guidance provides mature and tested approaches. These frameworks have been developed, and continue to be improved, with material impacts, stakeholder needs and company performance in mind.

Example: Accounting metric NR0101-26 requests “*Estimated greenhouse gas emissions potential (in metrics tons CO₂e), embedded in proved hydrocarbon reserves.*” Separate from the Associations’ challenge to the accounting metric guidance (.126 and .127) stating that, “*registrant shall make reasonable assumptions about the downstream use of hydrocarbon products,*” and “*in the absence of primary data, the registrant should refer to sources such as the U.S EIA or the IEA for assumptions about downstream disposition of crude oil, petroleum distillates, and natural gas,*” the lack of comparability and a defined process for these calculations renders this disclosure meaningless to investors. Additionally, the cost associated with obtaining this information would be substantial without providing a clear benefit to investors and shareholders. Such “metrics” represent poorly developed disclosures that do not capture material industry information better than what is already reported through existing frameworks.

2. Companies are in the best position to determine their own material risks.

This stands in contrast to the prescriptive nature of the numerous accounting metrics and references to multiple third-party guidelines suggested in the SASB standards. The cumbersome nature of collecting and reporting poorly-defined data will force many companies to focus on reporting at the expense of performance.

Example: Accounting metric NR0101-15 requests “*Estimated value at risk (in U.S. dollars) to capital expenditure projects due to country, regional, and/or community risks, including a description of the valuation model or risk approach used.*” The Associations question SASB’s Evidence-Based Determination of Materiality¹ when offering guidance and using terms without clear and well-understood definitions, which may result in information that is not decision-useful for corporate management and investors. This compromises the quality and

¹ <http://www.sasb.org/wp-content/uploads/2013/10/SASB-Conceptual-Framework-Final-Formatted-10-22-13.pdf>

comparability of data and increases the likelihood that real impacts and issues would be overlooked. A broad and vaguely-defined metric has no utility to investors or other stakeholders.

In support of these examples, we concur with public comments filed by members of the Society of Corporate Secretaries and Governance Professionals on the SASB Conceptual Framework that:

“The assumption by SASB that ‘information about material issues’ automatically rises to the level of itself being ‘material information’ is not valid. If a particular fact is not material to a company, it does not suddenly rise to the level of being considered material merely because it relates to a topic ‘of interest’ to certain investors. Instead, the appropriate standard is ‘material information about material issues,’ or simply ‘material information.’ The proposal to create an ‘industry materiality’ standard is similarly flawed. Materiality (or the lack thereof) is determined based upon the specific facts and circumstances facing a particular company.”

3. A reporting framework should guide companies on the issues stakeholders increasingly expect companies to report.

Companies collect data to inform their risk management and to improve their performance. The Associations do not agree with SASB’s inclusion of several metrics in the Exposure Draft as *Evidence-Based* measures of risk and performance.

Example: Accounting metric NR0101-10 requests *“Percentage of proved reserves: (1) in sites with high conservation value, (2) in the Arctic.”* This metric fails to provide investors with valuable information that could guide decision-making. First, the accounting metric guidance on determination of *“high conservation value”* (.43) does not account for many other ecologically sensitive areas in which companies may operate and focus on only the Arctic will result in narrow and incomplete disclosures. Further, and perhaps more importantly, NR0101-10 does not take into consideration all the mitigation measures and best management practices that companies are often required to implement if they are allowed to operate in these areas at all. Finally, calling out a specific area of *“high conservation value”* to report on, such as the Arctic, seems somewhat arbitrary. For these reasons, we believe that these *“metrics”* do not provide a measure of risk or performance for investors.

4. A reporting framework designed for disclosure in mandatory filings must be actionable by companies.

SASB does not provide well defined processes or sufficient guidance on the preparation of disclosures to ensure auditability at the level required by financial accounting standards. Based on the Associations’ analysis and review of public comments filed on the SASB Conceptual Framework regarding this topic, we recognize the standard, as proposed, will not meet the American Institute of Certified Public Accountants (*“AICPA”*) definition of suitable criteria². Therefore, the Exposure Draft does not provide sufficient guidance on how to prepare disclosures to ensure companies use the same criteria to obtain materially similar results.

In support of this point, the Associations are also not satisfied by SASB’s public response to suggestions and concerns raised by stakeholders regarding auditability, as stated by SASB in its Conceptual Framework Record of Public Comment:

“Suggestion to make sure that standards are suitable criteria for AICPA will be considered as an additional duty of the [SASB] Standards Council [emphasis added].”

² <http://www.aicpa.org/Research/Standards/AuditAttest/DownloadableDocuments/AT-00101.pdf>

Entrusting the SASB Standards Council to the “*additional duty*” of ensuring the standard contains suitable criteria renders the current standard not actionable by companies and, if adopted, may result in information that is not decision-useful for corporate management and investors.

Example: Accounting metric NR0101-06 requests “*Total fresh water withdrawn (m³), returned (m³), recycled (m³); and percentage withdrawn in water-stressed regions, evaluated as High or Extremely High Baseline Water Stress, as defined by the WRI Water Risk Atlas.*” While the Associations agree with SASB’s inclusion of this topic as generally material, we do not agree that the accounting metric guidance (.26-.29) employs criteria that are actionable by companies.

In contrast, the IPIECA *Guidance* is the outcome of over ten years of sharing, assessing and debating among industry experts and represents consensus on the most prevalent sustainability issues, indicators and criteria for the oil and gas industry, at the same time as supporting continuous improvement of sustainability reporting and performance across the sector.

While we support the reporting of non-financial performance through the application of voluntary, flexible frameworks, we do not agree that the Exposure Draft, including a specific set of accounting metrics, is an effective means of meeting SASB’s stated objectives to “assess sustainability risks” and a “complement to financial accounting.” The Exposure Draft falls short of its proposed “relationship with financial accounting,” and the Associations concur with public comments filed by PricewaterhouseCoopers (“PwC”) that:

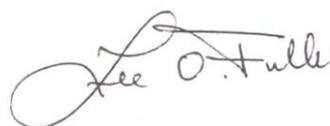
“The SASB’s emphasis on prescribing material non-financial topics at an industry level may lead to different outcomes than a company-specific process. Given that the FASB has recently consciously moved away from industry level standards, SASB’s approach represents a diversion from that used in traditional financial reporting.”

Thank you for the opportunity to comment on the proposed Exposure Draft for the Oil & Gas – Exploration & Production sector. Please let us know if you would appreciate further discussion on any of the points raised in this letter.

Sincerely,



V. Bruce Thompson
President
American Exploration & Production Council



Lee Fuller
Vice President of Government Relations
Independent Petroleum Association of America

[REDACTED]
[REDACTED]
[REDACTED]
United Kingdom

14th April 2014

Re: Non-Renewable Resources Sustainability Accounting Standards consultation submission

Dear Andrew,

We are grateful for the opportunity to formally respond to the SASB consultation dealing with Non-Renewable Resources Sustainability Accounting Standards. Our comments follow below.

CDSB's mission is to promote and advance climate change, forest risk commodities and water related (i.e. natural capital) disclosure in mainstream reports through the development of a global framework for corporate reporting on non-financial information. As such, we welcome the publication of draft standards in the Non-Renewable Resources sector. The draft standards and other provisions represent significant progress in establishing the basis for non-financial reporting and are very comprehensive in scope.

As with our previous submissions to the draft standards relating to Financials and Technology & Communications sectors, we would like to highlight the synergy between CDSB and SASB and emphasise the complimentary nature of both our activities, while recognising our differing geographical and sector related focus. We recognise the language, provisions and substance of the draft standards and endeavour to ensure consistency in our updated Framework.

We acknowledge and welcome the various CDSB Framework cross references and suggest they are clarified to refer to the existing version 1.1 of our Framework. We anticipate launching the update to the CDSB Framework in October 2014, which you can note as appropriate and will include water stewardship and forest risk commodity reporting guidance (approximately 79% of natural capital). We also suggest the CDP cross references are prefaced by the year in which they were issued. The CDP information requests continue to evolve annually and question numbering does change slightly. Therefore we invite you to reference the latest version of the CDP climate change questionnaire guidance¹. SASB may also wish to refer to CDP's water program and guidance², for example in the 'Water accounting section' W5, in relation to SASB's accounting metrics on water management (NR0101-06; NR0101-07; NR0103-06).

We note that production and reserves of hydrocarbon types are requested in unites of MBOE by SASB. CDP requests this information in BOE, and the choice has been not to adopt the terminology of MBOE or even MMBOE, as these terminologies are not always used consistently around the globe (MBOE is sometimes used to denote a thousand BOE and sometimes to denote a million BOE; sometimes the latter is written as MMBOE). As with SASB, CDP preferably follows SI units, therefore any reference to MBOE should be interpreted as 10⁶ (M symbolizes the SI prefix 'mega', representing a factor of 1000000) BOE, or a million BOE, as it is indeed by SASB, but we suggest this should be made clearer to avoid confusion.

CDP asks companies to explain which listing requirements or other methodologies they have used to provide reserves data. If they cannot provide data due to legal restrictions on reporting reserves figures in certain countries, they are asked to explain this. SASB may wish to consider asking this information also.

¹ <https://www.cdp.net/Documents/Guidance/2014/Climate-change-reporting-guidance-2014.pdf>

² <https://www.cdp.net/Documents/Guidance/2014/Water-reporting-guidance-2014.pdf>

We suggest SASB to consider asking companies to provide a country level breakdown of reserves, as regulatory limits at national, sub-national and regional levels, together with other demand-risk factors, could lower demand for hydrocarbon products. Investors will want to know companies' regional exposure to such pressures.

We commend SASB for including accounting metrics on 'Reserves Valuation & Capital Expenditure' (NR0101-25;26;37) which are broadly aligned with new questions in CDP's Oil & Gas sector module 2014, on breakeven costs of production, low-carbon scenario analysis, and capital expenditure for continued exploration and development of hydrocarbon reserves; these questions were included to provide investors with information that will enable them to assess the risk facing oil and gas companies stemming from current and future action to limit global temperature increases to two degrees Celsius.

In NR0101-26, NR0201-18, SASB may wish to refer specifically to the Scope 3 category 'Use of sold products', as per the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Reporting for this and other Scope 3 categories if facilitated in CDP question CC14.1.

In reference to NR0101-27 SASB may wish to refer to CDP question OG1.6 and sub-questions OG1.6a and OG1.6b, on whether oil and gas companies are considering the risk of scenarios where demand and prices are lower than companies currently forecast, due to efforts to mitigate climate change, and the implications for companies' capital expenditure plans.

If we can be of any further assistance, please don't hesitate to get in touch.

Kind regards,



Dr Jarlath Molloy
Technical Manager
Climate Disclosure Standards Board


www.cdsb.net



Esben Madsen
Senior Technical Officer
CDP


www.cdp.net

April 2014

Submission to the Sustainability Accounting Standards Board (SASB)

SASB Sustainability Accounting Standard: Metals and Mining (NR0302) Exposure Draft

1. Introduction

ICMM welcomes the call for comments on SASB's January 2014 Mining and Metals Exposure Draft. Our submission is supported by a *sample* of specific comments on the proposed accounting matrices in Annex I. We have reviewed the submission by the Society of Corporate Secretaries and Governance Professionals and agree with much of what is included in that submission, particularly their comments that "the new standards are unnecessary and the benefits would not outweigh the burden to issuers". Our comments highlight the following concerns:

- Whether and how the working group's input was considered by SASB
- The duplicative nature of the SASB standards (see, for example, the Global Reporting Initiative (GRI))
- The materiality definition used for sustainability disclosures

ICMM is a CEO-led collaborative of 21 of the largest mining, minerals and metals companies in the world. Our companies employ approximately 800,000 people at over 800 sites in 62 countries on every continent. In addition, we have 34 mining and commodity associations (including the National Mining Association, USA) through which we reach another 1,500 companies in the sector. All ICMM members are committed to improving sustainable development performance in the industry.

ICMM has robust reporting and assurance requirements for its corporate members which are based on a framework developed over several years. ICMM has engaged extensively with GRI on the development of meaningful disclosures for the mining and metals industry and jointly developed the Mining and Metals supplement.¹

2. Whether and how the working group's input was considered by SASB

Claire White from ICMM was a member of the Non-Renewable Resources Sector Industry Working Group for Mining and Metals and submitted responses to the survey based on a review of the industry brief. According to the responses provided by Claire, 13 of the 27 accounting metrics included in the survey met SASB's criteria of being relevant/useful, cost effective, comparable and auditable from ICMM's perspective. Of the 14 environmental metrics (GHG emissions, air quality, energy management, water management, waste management, ecological impacts) only 5 met the SASB criteria. Similarly, only 2 of the 6 community relations metrics met the criteria.

It is unclear, whether and if so, how this input and input from others in the working group was used by SASB to inform the matrices in the current exposure draft. Many of the accounting matrices in the exposure draft go beyond what was put forward in the 2013 survey (see

¹ <https://www.globalreporting.org/resource/brary/GRI-G4-Mining-and-Metals-Sector-Disclosures.pdf>

Annex I). The shift from aggregate information at the corporate level to disclosures by ‘mineral or business unit’ on a number of indicators would be especially onerous for reporting companies. This information is also of questionable value given that most investors want to know how risks are being managed and how the company as a whole is performing.

Given the fact that the Industry Working Groups are cited in such a way that their endorsement of the current exposure draft is implied², it would be useful to see if and how the working group’s input has been taken into account. ICMM respectfully requests that the record reflect that ICMM’s participation in the process in no way implies our endorsement of the end product.

3. The duplicative nature of the SASB standards (see, for example, the Global Reporting Initiative (GRI))

The GRI is the leading reporting organization for sustainability reporting. It is unclear why SASB is seeking to duplicate an existing widely accepted international framework that many leading organizations already report to. Established in 1997, the GRI framework has evolved and has been developed collaboratively with expert input through international working groups, extensive stakeholder engagement (including lengthy public comment periods) with thousands of individuals, companies, organizations and experts. To date, over 14,000 GRI reports have been issued by almost 6,000 organizations.

Any discussion about material issues for the mining and metals sector should take into account the extensive deliberations that took place over several years which resulted in the current GRI Mining and Metals Sector Supplement which is widely applied by reporting companies in the industry. It is unclear why SASB is seeking to duplicate this work and, in a number of areas, what the rationale is for requiring disclosures that go far beyond what is currently required by GRI. The audience for the GRI framework includes, but is not limited to, investors. Any stakeholders that are interested in obtaining further information from a company regarding its sustainability performance has the ability to contact the company directly to encourage them to provide additional disclosures. ICMM members regularly engage with many stakeholders through robust engagement programs at the local, regional, national and international levels.

In addition, the U.S. Securities and Exchange Commission already require companies listed on the U.S. stock exchange to report material risks as part of their 10K filings. This includes sustainability information that the company identifies to have a material impact. It is unclear the additional value of the SASB standards to both the company and shareholders. Finally, some of the information required is duplicative of that required as part of the Carbon Disclosure Project.

4. The materiality definition used for sustainability disclosures

The definition of what constitutes materiality from a sustainability point of view does not match up with materiality for the purposes that SASB has laid out. Whereas, for GRI, material issues are those that “include those topics that have a direct or indirect impact on an organization’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large”, the definition applied by SASB for materiality as those topics that would be material to a ‘reasonable investor’ are distinct. While many of the disclosures in the exposure draft might arguably be material under the GRI criteria, many fewer of them would be material from a “reasonable investor” perspective.

² “The standards have been developed based on extensive evidence-based research and significant, balanced input from 197 corporations, investors and other stakeholders (representing \$3.3T assets under management and \$2T market capitalization) in our Industry Working Groups”: <http://www.sasb.org/engage/public-comment/nrrpublic-comment/>

The 'one-size-fits-all' approach taken by SASB does not take into account the very different operating environments within which many mining companies do business.

5. Conclusion

We thank SASB for considering inputs from a wide range of stakeholders and are willing to discuss any element of this submission at your convenience.

For ICMM, the key point of contact will be is as follows:

Claire White
Manager, Social and Economic Development

[REDACTED]

International Council on Mining & Metals

[REDACTED]

[REDACTED]

[REDACTED]

www.icmm.com

SASB January 2014 Exposure Draft: Mining and Metals		Survey version Metric: September 2013	Sample of Comments <i>Note, these are not exhaustive, but an example of some of the concerns we have</i>
Topic	Accounting metric	<i>In general the various requests for data (MSHA for safety performance and dam hazard ratings, labour rights broken down by US and 'foreign criteria' etc.) are very U.S. centric and would mean onerous data conversion exercises with little or no value to the company in terms of generate useful metrics for their organization.</i>	
Activity Level	Production of (1) metal ores and (2) finished metal products (in metric tons).	N/A	
Greenhouse Gas Emissions	Gross global scope 1 emissions (in metric tons CO2-e), percentage covered under regulatory program, and by mineral or business unit where applicable.	Gross global Scope 1 emissions in metric tons CO2-e, and percentage of total from: (1) transportation and (2) land use change.	The requirement to report by 'mineral or business unit' is likely to be especially onerous for reporting companies
	Description of long-term and short-term strategy or plan to address climate change-related risks, opportunities and impacts, including the emissions reduction target for Scope 1 emissions, that was active in the fiscal year, and an analysis of performance against those targets.	Description of organization's long-term and short-term strategy or plan to address climate change-related risks, opportunities and impacts, including emissions reduction target for Scope 1 emissions (both absolute and intensity targets) that was active (on-going or reached completion) in fiscal year, and an analysis of performance against those targets	How will different company approaches to identifying risks, opportunities, impacts be assessed? Statement that "may choose where relevant to provide a breakdown of its emissions by mineral or business unit" will facilitate patchy and incomparable data which does not reflect the variation in emission intensities of different commodities.
Air Quality	.Air emissions (in metric tons) for the following pollutants; CO, SO, NO, (excluding N2O), particulate matter (PM), mercury (Hg), lead (Pb), and volatile organic compounds (VOCs), by mineral or business unit where applicable.	Air emissions, in metric tons, for the following pollutants: CO, SOx, NOx (excluding N2O), particulate matter (PM), mercury (Hg), lead (Pb), and volatile organic compounds (VOCs).	The requirement to report by 'mineral or business unit' is likely to be especially onerous for reporting companies and adds questionable value.
Energy	Total annual energy consumed (gigajoules),	Total annual energy consumed	

Management	percentage from purchased electricity, percentage from onsite power production or fuel consumption, and percentage renewables (e.g., wind, biomass, solar).	(gigajoules), percentage from purchased electricity, percentage from onsite power production or fuel consumption, and percentage renewable (e.g., wind, biomass, solar).	
Water Management	Total fresh water withdrawn (m3), returned (m3) and percentage in water-stressed regions, defined as High or Extremely High Baseline Water Stress as defined by the WRI Water Risk Atlas.	Total water withdrawals (m3), returned to watershed (m3), and percentage in water-stressed regions, defined as High or Extremely High Baseline Water Stress as defined by the WRI Water Risk Atlas; percentage of process water recycled.	In isolation of additional information on, for example, efficiency / improvements / targets / commodity – the % figure is not indicative of impact.
	Number of incidents of non-compliance with water-quality permits, standards and regulations such as total maximum daily load (TMDL) exceedances.	Number of incidents of non-compliance with water quality permits, standards, and regulations, such as total maximum daily load (TMDL) exceedances.	
Waste and Hazardous Materials Management	Total weight of mining waste (in metric tons) and percentage recycled.	Volume of hazardous chemicals (liters) used for metal processing and extraction.	
	Total weight of processing (smelting and refining) waste (in metric tons) and percentage recycled.	Total weight of processing (smelting and refining) waste (metric tons), broken down by hazardous and non-hazardous; percentage of each reused, recycled, landfilled, or other	
	Number of tailings impoundments, broken down by MSHA hazard potential.	Total weight of mining waste (metric tons), broken down by: (1) tailings, (2) spent chemicals, (3) overburden, and (4) other; for each waste type indicate percentage reused, recycled, landfilled, or other.	
Land Use and Biodiversity Impacts	Percentage of proved and probable reserves in sites with high conservation value.	Number of active sites with high conservation values (HCV) where biodiversity action plans are implemented (%).	Location of 'reserve' in area of HCV does not equate to impact (high operating standards can apply and only a small % of reserve reaches exploration/development stage). There is no universally agreed definition of HCV. Unclear what the relevance of reporting by business or

			<p>mineral unit.</p> <p>.48 – definition of HCV is expanded and unclear.</p> <p>.49 – this is a good opportunity but currently does not provide for consistent reporting,</p>
	<p>Total acreage of land disturbed; description of best-practice biodiversity management plan used throughout the project lifecycle, and the percentage of sites (by acreage) to which it was applied; impacted area (by acreage) that was restored.</p>	<p>Total acreage of mined land (owned or leased, and managed for production activities or extractive use) decommissioned and closed; percentage of the impacted area, by acreage, that was restored, including a list of guidelines, regulations, or codes that were followed beyond local statutory requirements.</p>	<p>Unclear what % of sites subject to best-practice biodiversity managed will indicate – over and above the scale of operations in high risk sites.</p>
	<p>Percentage (by annual production output) of mine sites where acid rock drainage is:</p> <ol style="list-style-type: none"> 1) predicted to occur 2) actively mitigated 3) under treatment or remediation. 	<p>Percentage of mine sites where there is high or moderate acid generating seepage and/or high or moderate metal seepage into surrounding surface water and groundwater.</p>	
Community Relations	<p>Discussion of due-diligence practices relating to the community rights comprising economic rights, social and cultural rights, and environmental rights, including how these practices are applied to business partners.</p>	<p>Discussion of due diligence practices with respect to human rights, indigenous rights, and operating in conflicts zones, such as the integration into activities of the Voluntary Principles on Security and Human Rights, the UN Guiding Principles of Business and Human Rights, or the ICMM Sustainable Development Framework.</p>	<p>No definition of what constitutes ‘Due-diligence’ is provided. .61- expecting reporting on areas where companies ‘conduct business, intends to conduct business, or previously conducted business’ is extremely onerous and not cost effective. Companies are unlikely to report on areas where they ‘intend to conduct business’ (for example where exploration activities are taking place) as this is a competitive issue.</p>
	<p>Estimated value at risk (in U.S dollars) to capital-expenditure projects due to country,</p>	<p>Length (in days), cost per day, and discussion of on-going delays, pending</p>	<p>No country is ‘free from country, regional, and/or community risk’ as</p>

	regional, and/or community risks, including a description of the valuation model or risk approach used.	concessions, or fines associated with impacts on communities located in areas of current or future operations.	this disclosure states. Absent commonly accepted definition on what defines country risk, this would be impossible to calculate on aggregate level.
Security, Human Rights and Rights of Indigenous Peoples	Discussion of due-diligence practices with respect to human rights, indigenous rights, and operating in conflict zones.	Percentage of projects that upheld free, prior, and informed consent (FPIC) principles with local communities, as verified by a third party, where FPIC includes written agreements with governments, community organizations, and individuals (where applicable) that disclose environmental and quality of life impacts, monitoring, and management.	Bundling of concepts - security, human rights and Indigenous Peoples. Again, no definition of what constitutes due diligence is provided. There is currently no commonly used definition of 'conflict zones'. Upholding ILO169 is a government responsibility, not a company's.
Workforce, Health, Safety and Well Being	1) MSHA All-incidence Rate and 2) Near-Miss Frequency Rate, by employees (full time and contract).	Occupational injury statistics, broken down by employees (full time and contract): <ul style="list-style-type: none"> •Fatality rate •Nonfatal, Days Lost (NFDL) rate •No Days Lost (NDL) rate •Near Miss Frequency Rate. Rate = cases x 200,000 hours divided by Current Mine Hours.	There is no common definition applied by companies on 'near-misses'. A variety of terms from 'high potential incident' to 'potential fatal incident/occurrence' are used and can mean different things. Would not result in comparable data.
Employee Recruitment, Development and Inclusion	Discussion of efforts to recruit and retain highly skilled employees and foster workforce inclusion, such as through supporting STEM education, recruiting from diverse labor pools, training of local and indigenous populations and/or innovative technological solutions.		There are issues with the description for this metrics especially the notion that there is a 'diverse talent pool' available for the industry. 'Innovative technological solutions' may actually result in less jobs being available, not more.
Labour Relations	Percentage of active workforce covered under collective-bargaining agreements, broken down by U.S, and foreign employees.	Percentage of active workforce covered under collective bargaining agreements, broken down by US and foreign employees.	Often, the majority of a multi-national companies' workforce would be considered "foreign" according to this reporting indicator. This is a somewhat offensive way to

			categorize people and provides no value regarding the sustainability performance related to worker rights of any given company.
	Number of strikes and lockouts resulting in work stoppages of at least one day, including the number and duration of the stoppage (in days).	Number of strikes and lockouts resulting in work stoppages of at least one day, including the number and duration of the stoppage (in days).	
Business Ethics and Payments Transparency	Description of the management system for prevention of corruption and bribery, and due-diligence procedures applicable to business partners.	Description of the registrant's management system for prevention of corruption and bribery, including employee awareness programs, internal mechanisms for reporting and following up on suspected violations, anti-corruption policies, participation in the Extractive Industry Transparency Coalition (EITI), and due diligence procedures applicable to business partners (e.g., suppliers and contractors).	Again, no definition of what constitutes due diligence is provided.
	Percentage of proved and probable reserves in countries that have the 20 lowest rankings in the Transparency International's Corruption Perception Index.	Percentage of countries where the registrant operates that have the 20 lowest scores in the Transparency International's Corruption Perception Index survey for 2012.	Companies unlikely to report where there 'probable' reserves are. This is almost certainly business sensitive information. Reporting to this metric implies risk simply by association without taking into account mitigation measures a company puts in place to minimize the risk, which is a more meaningful way for a shareholders to evaluate risk exposure.



[REDACTED]
[REDACTED]
[REDACTED]
United Kingdom

Tel: [REDACTED]
Fax: [REDACTED]
E-mail: [REDACTED]
Internet: <http://www.ipieca.org>

24 April 2014

Dr. Jean Rodgers
SASB
75 Broadway, Suite 202
San Francisco, CA 94111

Dear Dr. Rodgers,

IPIECA, the global oil and gas industry association for environmental and social issues, would like to thank SASB for the invitation to participate in the public comment period for the Non-Renewable Resources Sector standards. Our comments are outlined below.

IPIECA members do not support SASB's efforts to establish a reporting standard for disclosure in mandatory filings to the Securities and Exchange Commission (SEC), such as the Form 10-K and 20-F. Companies listed on U.S. stock exchanges are already required to report in their regulatory filings on material environmental issues, including but not limited to, regulatory and climate change risks.

In addition, a detailed review of the draft SASB guidance did not indicate any significant benefits above reporting to existing frameworks such as the IPIECA, API and OGP *Oil and gas industry guidance on voluntary sustainability reporting* (henceforth referred to as the IPIECA Guidance) or the Global Reporting Initiative Guidelines that help companies to create a solid platform for productive engagement with stakeholders and performance improvement.

The draft SASB guidance, if implemented, would impose a significant resource and cost burden on both established and new reporting companies without aiding investors, stakeholders or community members in evaluating individual company or cross-industry sustainability performance. By adding one more standard to an already densely packed area, the SASB approach could misdirect attention away from the key issues that demonstrate sustainability performance, or lead to reporting that becomes a rote exercise of providing overly detailed data with no context, simply to fulfil a requirement.

The SASB effort falls short in the following key areas:

- 1) **A reporting framework should help companies and stakeholders understand a company's material business impacts.** SASB's approach has a greater chance to confuse than to inform because it does not recognize that material issues vary greatly based upon a company's size, operating locations and customer base, among other factors. While SASB states in its introductory materials that companies are in the best position to determine their own material risks, the prescriptive nature of the many metrics and references to multiple third party guidelines suggest otherwise. Moreover, these references are likely to lead to confusion as to

what data should be reported, and force companies to spend limited time and resources assessing what to report, at the expense of improving performance.

- 2) **A reporting framework should use clearly defined and technically robust terms and measurements.** SASB's approach uses terms that are not always clearly defined or well-understood, which would lead investors and companies to make their best guess about what is actually being reported. This compromises the comparability of the data and increases the likelihood that real impacts and issues would be overlooked. For example, the guidance does not spell out, define or illustrate how a company should measure "financial risk to capital expenditure projects due to country, local or community risks." A broad and vaguely-defined metric like this has no utility to stakeholders and provides no way to compare across companies.
- 3) **Any new reporting framework should adapt metrics used in already-established, well thought-out reporting frameworks.** The standard fails to meet SASB's aim of informing investors about the most material impacts a company faces. Current industry guidance, such as the IPIECA Guidance, provides mature and tested approaches. These frameworks have been developed, and continue to be improved, with material impacts, stakeholder needs and company performance in mind. As an example, the draft SASB standard introduces a new metric that requests data on "Estimated greenhouse gas emissions potential (in metrics tons CO₂e), embedded in proved hydrocarbon reserves." In the absence of consistent calculation protocols and boundaries, it is not clear why such data would provide any additional insight or comparability than existing disclosures on reserves, which are based on established reporting standards that are already well understood by investors, the IEA and others in terms of hydrocarbon demand and fossil fuel impact.
- 4) **Metrics should be measures of risk and performance.** Companies collect data to inform their risk management and to improve their performance. Data such as the "Total footage (in meters) of drilling performed in the reporting period" are not collected by major integrated oil and gas companies at the enterprise level because such a metric does not help assess risk. Wells vary in complexity and risk, dependent upon the geology of the reservoir and the geographic location, among other things. In another example, a metric measuring "Percentage of land owned, leased, and/or operated (by acreage): (1) in sites with high conservation value, (2) in the Arctic," does not provide any valuable or comparable information to investors. Whether a company operates in a specified acreage of high conservation value (in the Arctic or elsewhere) does not reveal how well it is operating, or what steps it is taking to protect the conservation value, or the net positive environmental and societal impact that can be achieved.
- 5) **The SASB Standards appear to seek to alter the clear definition of materiality that has been formulated by the Supreme Court.** By introducing concepts such as "may" or "could" to the materiality formulation, SASB would lower the threshold for defining materiality and would require companies to speculate about potential financial impacts that investors may or may not be interested in.

A reporting framework should allow new and established reporting companies to improve their reports and ultimately their performance. This is already achieved by the IPIECA Guidance which was developed to share good practice across the industry and to encourage companies to keep stakeholders informed about their performance. The IPIECA Guidance is the outcome of over ten years of sharing, assessing and debating between industry experts and represents consensus on the most prevalent sustainability

issues and indicators, at the same time as supporting continuous improvement of sustainability reporting and performance across the sector.

When performed with diligence, sustainability reporting provides business and societal benefits – to enhance communication, improve performance, increase business value and improve stakeholder engagement. But reporting cannot be a means unto itself. Reporting simply to meet a minimum standard can lead to disclosures that fail to provide stakeholders with a clear understanding of how companies are managing sustainability. The SASB guidelines do not satisfy these principles, and do not provide flexibility to allow reporters large and small, in all stages of the reporting process, to identify their most material issues.

IPIECA members would also like to take this opportunity to outline a number of concerns related to SASB's process to develop the draft standards. We have observed a lack of transparency in the decision-making process regarding which questionnaire comments to incorporate, and from what we can gather by reviewing the latest draft standards, it appears that few responses to the online questionnaire were incorporated into the draft standards. It would be appreciated if SASB would provide more information to stakeholders regarding these processes and decisions. We would highlight the detailed, thorough and transparent process undertaken by the International Integrated Reporting Committee to develop the final draft of the Integrated Reporting Framework as an example of good practice in this area. The SASB "evidence-based" approach is also flawed to the extent that it has a broad range of stakeholders in its working groups to advise on materiality and related standards; but, significantly, this broad group does not represent the points of view of investors or the companies in which they invest. Materiality is framed from the point of view of investors. Information is material if a reasonable investor would consider it important in making an investment decision. Yet, the SASB working groups do not include any cross section of investors.

We hope that you find these comments useful. Please let us know if you would appreciate further discussion on any of the points raised in this letter.

Thank you,

A handwritten signature in black ink, appearing to read 'BRSullivan', written in a cursive style.

Brian Sullivan,
Executive Director



April 28, 2014

Filed via Email at [REDACTED]

Dr. Jean Rogers
Founder and Executive Director
The Sustainability Accounting Standards Board
75 Broadway, Suite 202
San Francisco, CA 94111

RE: Non-Renewable Resources Sector; Coal Operations & Metals & Mining
Exposure Drafts for Public Comment (January 2014)

The National Mining Association (NMA) submits the following comments on the Sustainability Accounting Standards Board (SASB) Exposure Drafts on coal operations and metals and mining released on January 14, 2014. SASB shared the Exposure Drafts with NMA on February 12, 2014, and hosted a webinar for NMA members on the organization and development of the sustainability accounting metrics on March 4, 2014. NMA appreciates SASB's willingness to educate our staff and members on the mission and efforts undertaken by the organization in developing sustainability accounting standards for use by publicly-listed corporations in disclosing material sustainability issues. However, NMA strongly opposes SASB's work to date and will not support in any manner SASB's ongoing efforts to develop disclosure guidance or accounting standards on sustainability topics for coal operations and the metals and mining industry in the "non-renewable resources sector."

Statement of Interest

NMA is a national trade association whose members include the producers of most of the nation's coal, metals, industrial and agricultural minerals; the manufacturers of mining and mineral processing machinery, equipment and supplies; and the engineering and consulting firms, financial institutions and other firms serving the mining industry. NMA members produce energy, metals and minerals that are essential to economic prosperity and a better quality of life. NMA members are committed to development that balances social, economic and environmental considerations.¹ NMA and our members

¹ See NMA Position on Sustainable Development at <http://nma.org/index.php/position-on-sustainable-development> (last visited April 8, 2014).

are also committed to the safety of employees through the **CORESafety®** program.² As stated above, NMA and its members do not support SASB's efforts to date in determining and dictating which sustainability issues are material industry-wide and consequently should be disclosed (voluntarily or through a formal rulemaking process) in annual (i.e., Form 10-K or 20-F) or periodic filings to the U.S. Securities and Exchange Commission (SEC).³

NMA's Objections to the SASB Approach and Exposure Drafts

1. **The SEC's Existing Rules are Comprehensive:** Companies listed on the U.S. stock exchange are already required to report material risks in their regulatory filings with the SEC, including sustainability information that a company deems to have a material impact on its current or future financial performance. If the SEC wanted additional disclosures from companies, it would pursue informal or formal guidance to elicit additional information.

Additionally, any stakeholder interested in obtaining further information from a company on its sustainability performance may contact that company directly to encourage additional disclosures and engage in direct dialogue with the company on these issues. SASB's efforts to intrude into this process as a third party and push an aggressive campaign on expanded disclosures that are irrelevant to what a "reasonable investor" would expect from companies is entirely inappropriate. In the end, the *company and not SASB* is in the best position to determine what sustainability information is material to its operations and whether it should be disclosed. Furthermore, there are a multitude of robust voluntary disclosure programs on sustainability that SASB ignores in the development of its program, which only results in an additional scheme that does little to provide clarity and continuity for companies or their investors.

2. **SASB's "One-Size-Fits-All" Approach Improperly Expands the "Materiality" Standards under Current SEC Law:** In its briefing of NMA members, SASB proclaims that companies, within the confines of U.S. Supreme Court precedent, define "materiality". However, SASB's entire approach is to determine *for an industry sector* what is "material information" and "materiality" for disclosing sustainability issues. In the Conceptual Framework, SASB states that an aggregated analysis at the industry level is appropriate "because companies that

² **CORESafety** is an approach to mining safety and health focused on preventing accidents before they happen, using a management system approach to drive continuous safety improvement. Its objective is to have zero fatalities and a 50 percent reduction in mining's injury rate within five years (0:50:5). **CORESafety** is the first system to integrate leadership and culture into an industry management system that includes self-reporting. See <http://www.coresafety.org/>.

³ NMA's membership consists of U.S. and foreign public companies that are listed on the U.S. stock exchange and comply with existing U.S. Securities and Exchange Commission (SEC) regulations and filing obligations. NMA's membership also consists of private companies not governed by SEC regulations.

provide similar products and services tend to have similar business models, use resources in similar ways, and therefore tend to have similar impacts on society and the environment.” See SASB, Conceptual Framework at 9-10 (October 2013). SASB goes on to explain that “analysis of the impact of sustainability topics at the industry-level is meant to provide guidance for disclosure on sustainability topics that are *likely* to be material at the company-level.” *Id.* at 10 (emphasis added).

This analysis turns the whole concept of a “materiality” determination on its head. By acting as the self-empowered arbiter on sustainability accounting metrics – metrics that are based on largely insupportable research and findings on the regulatory trends and sustainability-related risks facing the industry *without* meaningful participation of industry experts – SASB acts in direct conflict with SEC’s approach to entity-specific materiality determinations and the Supreme Court’s fact-specific standard. Furthermore, by creating an “industry materiality” standard, SASB ignores the incredibly important fact that companies within the mining sector operate under a unique set of circumstances (i.e., the region in which a company operates, the scale of the operation, the grade of the ore mined and how it is processed, the ownership and size of the operation, etc.). Therefore, what is material for company “A” will not be material for company “B.” Providing “industry materiality” guidance will only serve to confuse shareholders and other stakeholders into believing that *all* of the activity and accounting metrics identified by SASB are material and companies that do not disclose all of them are misleading investors. SASB is not “complet[ing] the picture on corporate performance” as proclaimed by the organization in its presentation, but creating a system of disclosure that will mislead and confuse investors in their investment decisions.

- 3. SASB’s Reporting Requirements are Largely Inappropriate, Go Beyond the “Reasonable Investor” Standard and are Inappropriately Forward-Looking and Speculative:** Given our opposition to SASB’s actions to date in developing these industry sustainability accounting metrics, NMA will not provide a thorough critique of every topic and accounting metric provided in the Exposure Drafts. As a whole, NMA objects to the Exposure Drafts for coal operations and the metals and mining industry and lends no support to individual topics or metrics identified. However, given this opportunity to comment, there are several important overarching concerns with the approach SASB has taken. First, many of the metrics do not even meet SASB’s own criteria of being relevant/useful, cost effective, comparable and auditable. Second, many of the metrics are not reflective of the “reasonable investor” standard under U.S. securities laws. Finally, some of SASB’s reporting requirements are inappropriately forward-looking and speculative and beyond what the SEC requires. For example, speculation on the potential for greenhouse gas emissions embedded in proved coal reserves are not base level risks to investors. Such metrics do not account for advances in control technology that are arguably more relevant to investors than the metrics identified by SASB.

Dr. Jean Rogers
April 28, 2014
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All in all, NMA strongly opposes the finalization of the Exposure Drafts for coal operations and the metals and mining industry. NMA will not support this initiative as it moves forward and will advocate against the adoption of these standards in any future rulemaking proceedings with the SEC.

Sincerely,



Tawny A. Bridgeford
Deputy General Counsel

OWENS CORNING

[REDACTED]
[REDACTED]
[REDACTED] FAX: [REDACTED]
[REDACTED]

DOUG PONTSLER
VICE PRESIDENT
EHS & OPERATIONS SUSTAINABILITY



INNOVATIONS FOR LIVING®

April 11, 2014

Sustainability Accounting Standards Board,

The following are comments regarding the proposed SASB Standard for Construction Materials (NR0401). The creation of a consistent standard for the purposes of supporting an integrated reporting approach is positive and has the potential to promote comparability among companies in a similar segment. At a macro level, most comments centered around the following:

- **The metrics in the standard are primarily negative metrics. The opportunity should also exist to also report the positive impacts that a company has created through their efforts.**
 1. Examples of positive impacts could include among others:
 - I. Reduced energy use and GHG impact due to the use of the products produced versus current solutions
 - II. Charitable contributions and volunteerism
 - III. Solid waste diversion as a result of utilizing recycled materials and promoting end of life solutions for products that are manufactured
 - IV. Human health improvements through company initiatives and product improvements versus current solutions
 2. The net-positive representation should be left for the company to define as long as the logic and calculation approach are documented and disclosed. Standards that are currently under development such as the Harvard studies on net-positive Handprint accounting will bring clarity to this approach in the future.
- **Flexibility should be maintained in the report timing. While financial systems are mature and well developed to support quarterly and annual reporting deadlines, systems to collect sustainability data are not yet mature and require significant effort to support reporting. It can be expected that sustainability reporting systems will also mature, but that will not be the case in the near term.**
 1. We recommend for the foreseeable future, that sustainability reporting be allowed to continue on a reporting schedule that is reflective of the organization's capability to accumulate the data.
- **Consistency in definitions among established reporting protocols (GRI, DJSI, etc.) will speed implementation of the standard and eliminate the waste associated with multiple reporting requirements. Each metric that is included in the standard should be tested against this criteria and differences identified for either correction or rationalization as to why a different metric adds more value.**

1. We recommend that a table be created for each metric that cross references the metric to established reporting standards and any exception in SASB reporting be highlighted, rationalized, and explained if necessary. This should encourage as much standardization to existing metrics as is possible without compromising improvement as a result of the SASB standard.
2. We recommend that consolidation of data for global operations be reflective of the regulatory standards in effect unless organizations have standardized to a consistent standard already in their operational reporting. A specific example includes reporting waste globally based on RCRA when waste for category purposes may be defined differently depending on jurisdiction. A summary of hazardous waste defined by local regulation versus a standard definition that requires multiple reporting protocols should be sufficient.

Owens Corning appreciates the opportunity to comment on this proposed standard and we hope that our comments will be taken into consideration. Should there be any questions that will help clarify our concerns please let us know.

Best Regards,

A handwritten signature in black ink, appearing to read "Doug Pontsler". The signature is fluid and cursive, with a large initial "D" and "P".

Doug Pontsler
Vice President, EHS & Operations Sustainability



April 16, 2014

Dr. Jean Rogers
Chief Executive Officer
Sustainability Accounting Standards Board
75 Broadway, Suite 202
San Francisco, California 94111

Submitted via email to: [REDACTED]

Re: Comments of the American Chemistry Council on SASB Draft Standard for Non-Renewable Resources – Construction Materials

Dear Dr. Rogers:

The American Chemistry Council (ACC) is pleased to submit comments to SASB on its draft standard for Non-Renewable Resources – Construction Materials. We appreciate SASB’s extension of the comment period to enable us to offer these comments today. Our comments are limited to the Construction Materials section only. ACC is a nonprofit trade association whose member companies represent approximately 85% of the productive capacity of industrial chemicals within the United States.

Comment 1: Energy Use in Products Should be Assessed Cumulatively Across the Product Life Cycle

- Industry Standard – Construction Materials (NR0401)
- Disclosure Topic – Energy Management
- Accounting metric code – NR0101-04
- Line of disclosure – 0.18

Comment: Our comment is limited to Accounting Metrics, and our comment is offered to improve the accounting metrics in the standards. Specifically, we suggest that performance should be measured consistent with the existing ISO 14040 series of global standards for Life Cycle Assessment. Not only is this approach consistent with internationally accepted standards, it would yield a much more complete and accurate picture of the full energy “footprint” of a product across its entire product life span, from the raw material extraction through materials processing, manufacturing, distribution, use, repair/maintenance and eventual disposal or recycling/reuse/energy conversion.

Comment 2: Recognized Green Building Certification Systems Should be Recognized Voluntary Consensus Standards



- Industry Standard – Construction Materials (NR0401)
- Disclosure Topic – Product Innovation
- Accounting metric code – NR0101-12
- Line of disclosure – 0.53

Comment: Our comment is limited to Accounting Metrics, and our comment is offered to improve the accounting metrics in the standards. This section rewards use of selected green building certification systems; however, the market offers many systems of varying quality and effectiveness in terms of the underlying standards, and varying credibility as a function of the procedures used to develop the standard and certification system. SASB should limit this credit to credible sustainability standards and certification systems, such as those that have been approved as American National Standards by the American National Standards Institute (ANSI). Consideration of whether the system has been developed by an accredited organization is useful, but not dispositive, of whether a system's procedures actually adhered to accepted voluntary consensus standard development procedures.

* * *

Comment 3: Reporting of Complaints and Litigation Risk

Comment: Our comment applies to Disclosure Topics with respect to complaint, litigation, and liability reporting generally. The standard takes an inconsistent approach with respect to what should be disclosed and when, and the approach is inconsistent in connection with many measures: acute versus chronic hazard (e.g., short versus long term exposures); specific chemistries (e.g., the standard evinces a particular concern with possible silica exposure without a basis for this particular attention to the exclusion of other historical litigation and class action activity); nature of litigation (e.g., competition law versus toxic tort litigation). Because specific comments on these points would be extensive, at this stage of comment development we urge SASB to reconsider the framework and approach of the standard be considered *in toto* and that an internally consistent approach be applied.

* * *

Thank you for the opportunity to comment, and we look forward to further participating as a stakeholder in the comment development process. Please feel free to contact me directly if you have any questions about these comments.

Respectively,



Tracy Gerstle
Senior Director, Responsible Care® and Value Chain Outreach

██████████

████████████████████

Monday, April 14, 2014

Dear Sustainability Accounting Standards Board,

We fully support SASB's efforts to improve the reporting of sustainability risks and opportunities in a way that promotes consistency and integration. We are familiar with the challenges of measuring sustainability issues at the industry level having developed the first comprehensive standard and performance metrics for conventional onshore oil and gas exploration and production. As such, we very much support SASB's industry approach to materiality in identifying key sustainability issues.

Providing stakeholders with a tool to effectively benchmark and compare performance is a core concept in Equitable Origin's model, which is based on a site-specific standard and certification system. Our model is designed to recognize and reward oil and gas companies that are applying the most transparent and responsible social and environmental practices.

We appreciate the opportunity to provide feedback on the development of the draft sustainability accounting standards for Non-Renewable Resources.

Industry Standard: Oil & Gas – Exploration & Production (NR0101)

- *Disclosure Topic: Land Use & Biodiversity Impacts*
- Accounting metric code: NR0101-13
- Comment: accounting of hydrocarbon spills should also include an account of the impacts on the livelihoods of communities that may rely on the body of water affected for commercial and/or subsistence activities.

- *Disclosure Topic: Security, Human Rights & Rights of Indigenous People*
- Accounting metric code: NR0101-16
- Comment: the metric addresses three topics that may be better addressed separately as:
 - Security and Human Rights: Description of security arrangements and discussion of risk assessment, training, due diligence and remediation practices with respect to security personnel.
 - Human Rights: Discussion of level of implementation of the UN Guiding Principles on Business and Human Rights, including processes for operating in conflict zones. Percentage of exploration and production sites located in conflict zones.
 - Indigenous Peoples' Rights: Discussion of processes to identify impacts on Indigenous Peoples' rights, including the right to Free, Prior and Informed Consent. Percentage of exploration and production sites located on or near lands owned, occupied or used by Indigenous Peoples (or based on measures of exposure to Indigenous rights risk¹).

¹ See, for example, First Peoples Worldwide's Indigenous Rights Risk Report for the Extractive Industry: <http://www.firstpeoples.org/images/uploads/R1KReport2.pdf> or EIRIS' report on Indigenous Rights risks and opportunities for investors: <http://www.eiris.org/files/research%20publications/indigenoustrightsjun09.pdf>



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t [REDACTED]
w www.equitableorigin.com

Equitable Origin

[REDACTED]
New York, NY
USA

- *Disclosure Topic: Workforce*
- Accounting metric code: NR0101-17 / 18
- Comment: the percentage of unionized employees and contractors as well as the ratio of employees to contractors would provide additional information to investors regarding potential exposure to risks related to industrial relations and contractor workforce risks.

- *Disclosure Topic: Business Ethics & Payment Transparency*
- Accounting metric code: NR0101-19 / 20
- Comment: neither metric directly addresses payment transparency. While project-level reporting of payments to the host government may be addressed by other reporting guidelines, participation in the Extractives Industry Transparency Initiative may be a relevant indicator.

Lastly, we recommend incorporating a metric on remediation of environmental liabilities. Given the legal precedents in this area and the potential global applicability, especially when acquiring assets operated in a context with historically lax environmental regulatory enforcement, establishing a reporting requirement to disclose an inventory of pre-existing environmental liabilities would seem materially relevant information for investors.

We congratulate you on your efforts thus far and look forward to seeing this process develop. Please feel free to contact me for any elaborations or clarifications on the points above.

Yours sincerely,



Ms. Soledad Mills
VP Standards & Stakeholder Engagement
Equitable Origin

T: [REDACTED] ext. [REDACTED]

E: [REDACTED]

Weyerhaeuser • [REDACTED] • [REDACTED]

April 14, 2014

Sustainable Accounting Standards Board
[REDACTED]
San Francisco, California

Sustainable Accounting Standards Board,

Subject: Public Comments on Exposure Draft Standards for Non-Renewable Resources

We are pleased to submit comments on the exposure draft standards for the Non-Renewable Resources sector.

Our comments fall into five (5) themes:

1. Referencing proprietary tools
2. Using neutral terminology and the appropriate scale for “high conservation areas”
3. Maintaining biomass as a renewable fuel and material
4. Treating credible, third-party certification and green building programs equally
5. Challenges with using broad descriptions as metrics and appropriate choice of words

Regards,



Ara Erickson
Sustainability Manager

Enclosure: Comments

1. Referencing tools that stay maintained and up-to-date

Industry Standard	Integrated Oil and Gas; Oil & Gas – Exploration and Production; and Oil & Gas Refining and Marketing	Coal Operations	Iron and Steel Production	Metals and Mining	Construction Materials
Disclosure Topic	Water Management	Water Management	Water Management	Water Management	Water Management
Accounting metric code	NR0101-06	NR0102-04	NR0301-05	NR0302-05	NR0401-05
Comment	Per ANSI essential elements for due process section 3.2, SASB should avoid references to proprietary (non-governmental) tools, unless they are embodied in an ANSI-designated standard or are developed by an ANSI Audited Designator. If a reference is essential, then it should be in a footnote or appendix and always include the phrase “or equivalent.” Here, for example, SASB should provide a concise summary of what the WRI tool provides and then add a footnote, “such as the WRI Water Risk Atlas Tool, or equivalent.” This enables competition in developing more effective and efficient tools and addresses in part the problem of the lack of due process afforded by proprietary tool developers, and concerns about the tool becoming obsolete, out of date, or no longer supported.				

2. Using neutral terminology and the appropriate scale for “High Conservation Area”

Industry Standard	Integrated Oil and Gas, Oil & Gas – Exploration and Production	Coal Operations	Metals and Mining	Construction Materials	Oil & Gas Midstream
Disclosure Topic	Land Use & Biodiversity Impacts	Land Use & Biodiversity Impacts	Land Use & Biodiversity Impacts	Land Use & Biodiversity Impacts	Ecological Impacts
Accounting metric code	NR0101-10	NR0202-07	NR0302-010	NR0401-07	NR0102-04
Comment	<p>The term “high conservation area” is a defined in the proprietary Forest Stewardship Council standard, and used in other standards related to that system, such as the Roundtable on Sustainable Palm Oil. It has a very broad definition that is subject to negotiation and pinned down only in the context of a given project audited to a relevant standard. SASB should not use the term, even if you intend to define it more narrowly, because it will cause confusion and unrealistic expectations.</p> <p>Assuming a revised term, the reference to WWF’s Global 200 ecoregions should be deleted. WWF identified the Global 200 as a set of ecoregions that, if protected from development, could form a network of protected areas representing the “best of” all of the world’s ecoregions. It is an admirable goal but not one that reflects an actual</p>				

	<p>level of risk in any particular ecoregion. For example, all of the Southeastern US is in a Global 200 ecoregion, but there is no risk that it will be designated as a protected area. A more logical measure might be to use ecoregions identified by WWF as at risk – e.g., critical or threatened – because they have a history of development. But this would include most of the developed world, where further development is generally either accepted or encouraged. A better measure of risk might be a current version of WRI’s frontier forest analysis, showing large areas of intact natural habitats. The scale of areas identified by SASB should be large – i.e., globally significant – unless they are legally protected areas.</p> <p>Additional comment for NR0401-07 The word extractive is not defined. Mining “extracts” materials from the ground, forestry “harvests” trees and replants, similar to crops.</p> <p>Additional comment for NR0102-04 Topics should match, since metrics are the same (land use and biodiversity impacts vs. ecological impacts). The term “ecological impacts” is too broad to be addressed equally by all organizations given that the metrics listed address land use and biodiversity, not all “ecological” impacts.</p>
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3. Maintaining biomass as a renewable fuel and material

Industry Standard	Oil and Gas Services	Iron and Steel Production	Metals and Mining	Construction Materials
Disclosure Topic	Emissions Reduction Services & Fuels Management	Energy Management	Energy Management	Energy Management
Accounting metric code	NR0104-01	NR0301-04	NR0302-04	NR0401-04
Comment	It is important to maintain biomass as a renewable resource throughout all sectors.			

4. Treating credible, third-party certification and green building programs equally

Industry Standard	Construction Materials
Disclosure Topic	Product Innovation
Accounting metric code	NR0401-12
Comment	It is important to maintain all certification programs provided in list.

5. Challenges with broad descriptions as metrics

Industry Standard	Construction Materials
Disclosure Topic	Product Innovation
Accounting metric code	NR0401-13

Comment	<p>This information will be challenging to compare across companies and industries since the metric is requesting quite a broad set of statements and descriptions.</p> <p>Additionally, there is no mention of the use of renewable materials to begin with. Consider adding to the list of bullet points, along with the mention of secondary or recycled materials. Beginning with renewable materials is just as key as using recycled materials. Although this sector is only focusing on Non-Renewable Construction Materials (e.g., not wood-based construction materials), some of these companies may be incorporating renewable materials into their products.</p>
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Industry Standard	All
Disclosure Topic	Community Relations
Comment	<p>The Community Relations section refers repeatedly to community “rights,” implying that communities <u>have</u> rights to, for example, employment, education, etc. This would be a highly controversial position for SASB to take. The easiest fix would be to amend each of the references to a “right” to say, “right or interest,” adjusted for grammar.</p>



Climate Change and Sustainability Services Tel: [redacted]
[redacted] Fax: [redacted]
[redacted] ey.com

[redacted]

27 March 2014

SASB Non-Renewable Resources Public Commentary - Oil & Gas

To whom it may concern,

On behalf of Jessica Bramhall (JB), Meagan Harris (MH), Kate Baker (KB), and Shannon Roberts (SSR), EY Climate Change and Sustainability Services (CCaSS) has provided the attached commentary regarding the four Oil & Gas Industry Standards as part of the Non-Renewables sector.

Industry Standard	Accounting Metric Codes
Oil & Gas – Exploration & Production	NR0101
Oil & Gas – Midstream	NR0102
Oil & Gas – Refining & Marketing	NR0103
Oil & Gas – Services	NR0104

Please let me know if you have any comments or questions. Thank you for this opportunity to participate as in the SASB Oil & Gas Industry Standard development.

Best Regards,

Jessica Bramhall

[redacted]
Senior Manager

Shannon Roberts

[redacted]
Senior

0. Oil & Gas – General Comments

- a. *All:* All accounting metrics cannot say “discussion of”. Many of the metrics are too vague and would not allow for measurement nor auditability.
- b. *All:* EHS scaled back. Weak on metrics compared to what normally reporting.
- c. *All:* Missing supply chain alignment with other standards such as GRI
- d. *All:* Missing listing all violations and fines in all sections (i.e. EPA, state EPA, OSHA)
- e. *All:* Missing business ethics and transparency disclosures already required by SEC (Dodd Frank 1502 and 1504)
- f. *All:* Should ensure that have consulted with industry experts (understand Carol’s comment for pharma industry), ensure that includes at minimum IPIECA standards which would encompass efforts across industry in recent years
- g. *JB:* Should there be a metric around amount of fines for non-compliance under issue Regulatory Compliance in RM, E&P, and Services? Similar to NR0102-10 in Midstream?

1. Oil & Gas – Exploration & Production (NR0101)

- a. *JB:* Does metric #NR0102-14 in Midstream encompass spills as well when they say 'pipeline incidents'?
- b. *MH:* Where do Oilsands get covered? It’s not clear to be where specific metrics are covered for Oilsands operations and specific metrics should be developed for Oilsands operations that would reach beyond mining & metals as there is both In-Situ and surface mining. There are also many more specific indicators that apply to Oilsands that I do not see covered anywhere.
- c. *MH:* Accounting metrics: Many of the metrics outlined are not quantifiable and don’t have specific criteria which would make accounting very difficult. They need to be more specifically defined with clear and measureable criteria. Agree with Jess’ comment for all indicators that start with “Discussion of....” as this is not clearly measurable and therefore auditable.
- d. *MH:* For Greenhouse Gas Emissions, why is intensity not covered?
- e. *MH:* NR0101-03 –Description of long-term and short-term strategy...: Not enough criteria and guidance here for this to be an accounting metric, too vague.
- f. *MH:* Air Quality metrics: Where do other jurisdictional standards get measured? i.e. for Canadian companies that are SEC registrants. There needs to be a clear indication of how other regulatory requirements get factored in here as EPA many not always be the standard. How will that be addressed?
- g. *MH:* Water management: What about saline vs. non-saline for water metrics? There is metric for fresh water but not non-fresh.
- h. *MH:* NR0101-09-This isn’t a metric, there should be more specific criteria for this metric. Define “Regular” monitoring? What is the criteria/unit of measurement for communication of findings to relevant stakeholders. How are “relevant” stakeholders defined?
- i. *MH:* NR0101-13 –Seems specific to pull out ARCTIC? What about other areas? Should be measure pipeline spills as well (# and volume per 1000 kms of pipeline). Pipeline spills should be separate out as a separate metrics.
- j. *MH:* NR0101-14 –Same comment as Jess re: “Discussion of...”, criteria not defined, this can’t be an accounting metric.
- k. *MH:* NR0101-16 –Same comment re: “Discussion of....” What about taking into account environmental issues and health concerns on aboriginal land? Water quality etc? This issue fall more beyond human rights. Metric is too high-level and needs to be more specific to address the granular issues.



Carbon Tracker Initiative comments on Non-Renewable Resources Draft Standards

April 14, 2014

Dear Sustainability Accounting Standards Board:

Thank you for this opportunity to comment on the Sustainability Accountability Standards for the Non-Renewable Resources Sector. We are commenting exclusively on the NR0101 and NR0202 standards.

I. Comments to correct, improve, or add to accounting metrics in the standards

NR0101-25 and NR0201-17

We recommend allowing sensitivity analysis of additional reasonable low-demand scenarios. This could be accomplished by including an additional bullet point under metric NR0101-25.121 and NR0201-17.78.¹ For example, the additional text for oil and gas could read:

- Any additional reasonable low-demand scenarios that the registrant considers appropriate. In developing the scenario, the registrant may wish to incorporate other factors which could reduce above and beyond climate policy, including fuel duties, alternative energy substitution, efforts to reduce air pollution, energy security concerns, and demand destruction from sustained high prices, as well as wider trends in technology and economic growth.

Rationale

To-date, we are not aware of any company agreeing to provide sensitivity analysis of reserve levels under IEA's New Policies and 450 Scenarios. It may be beneficial to provide registrants the option to conduct sensitivity analysis based on their own price and demand projections for low-demand scenarios.

NR0101-27

We recommend including the following changes to the metrics, which would help provide a more complete picture of management's approach to capital allocation strategy.

- Add to .131, following 'other factors.'
 - The registrant may wish to include a discussion of other factors which could reduce demand, including fuel duties, alternative energy substitution, efforts to reduce air pollution, energy security concerns, and demand destruction from sustained high prices, as well as wider trends in technology and economic growth.
- Add the following additional bullet point to .132:

¹ For coal, the registrant would not consider fuel duties or demand destruction, but may wish to consider ongoing price erosion due to additional supply.



- Whether and how the capital allocation process takes into account the possibility of stable or lower oil and gas prices due to reduced demand over the next 5-10 years and beyond.
- Add the following additional metric:
 - Whether and how the registrant actively considers alternative uses for capital, including returning capital to shareholders via buybacks and increased dividends.

NR0201-19

We would recommend similar changes for coal, as follows:

- Add to .88, following ‘other factors.’
 - The registrant may wish to include a discussion of other factors which could reduce demand, including alternative energy substitution, efforts to reduce air pollution, energy security concerns, further price erosion due to increased supply, as well as wider trends in technology and economic growth.
- Add the following additional bullet point to .89:
 - Whether and how the capital allocation process takes into account the possibility of stable or lower coal prices due to reduced demand over the next 5-10 years and beyond.
- Add the following additional metric:
 - Whether and how the registrant actively considers alternative uses for capital, including returning capital to shareholders via buybacks and increased dividends.

II. Additional disclosure topics not included in the Standards that may be material to a reasonable investor

1. Strategic positioning for future price projection scenarios that account for a price on emissions.

This topic would be provide registrants with the opportunity to discuss how they believe they are positioned for a lower demand/lower price scenario.

Rationale

This would fill several gaps in the current draft standard. In particular, such a standard would provide registrants an opportunity for qualitative analysis of risks related to projected revenue from existing projects which do not require significant capital expenditure to develop and bring to market. These risks are not fully captured by NR0101-27 or NR0201-19, which focus primarily on projects that require significant new capital expenditure.

More specifically, this topic would provide:



- An alternative means for management to discuss the potential need for downward revisions of reserve levels (for companies uncomfortable providing sensitivity analysis).
- An opportunity for management to provide a more thorough, qualitative analysis of the potential risks associated with low-price/low-demand scenarios, designed to cover the risk of declining revenue from existing reserves which do not require significant new capital expenditure to develop and bring to market.
- An opportunity for management to discuss risks associated with declining revenue from production projects for which they do not own the reserves. This risk would not be captured by sensitivity analysis of reserve levels.
- A forum to address possible strategic responses to low-demand scenarios other than limiting capital expenditure for exploration, acquisition, and development of fossil fuel assets. Alternative strategies could include sales of existing fossil fuel assets or diversification of revenue sources.

2. Additional Topics

Over the coming year Carbon Tracker Initiative will be reviewing additional potential topics related to disclosure of risks associated with reserves valuation and capital expenditures. We will provide more detailed comments following our review, and would be happy to discuss the review in greater detail in the meantime.

Thank you once again for providing this opportunity to comment. Please feel free to contact us with any questions.

Sincerely,

John Wunderlin
Staff Attorney
Carbon Tracker Initiative



About the Carbon Tracker Initiative

The Carbon Tracker Initiative is non-profit company aiming to improve the transparency of the carbon embedded in equity markets. This will be done by identifying the scale of *unburnable carbon* currently listed on stock exchanges around the world in order to demonstrate the systemic risk to markets. This forms around 5 central workstreams:

- Assessing systemic climate change risk
- Challenging valuation assumptions and identifying stranded assets
- Accounting for impaired/stranded/sub-prime assets
- Investigating the Capital Raising process
- Exploring the contradiction between climate policy and markets



ArcelorMittal

April 14th, 2014

To the Sustainability and Accounting Standards Board

Subject: SASB Draft Sustainability Accounting Standard for Iron & Steel Production

Dear,

Following your public inquiry launched in January we have the honor to submit to you some comments and suggestions for improvement. These comments are inspired by the experience we have with environmental reporting and the concern to have transparent and comparable reporting.

The comments are given below according to the identifiers (code and line number).

Best regards,

Karl Buttiens | General Manager
ArcelorMittal
Environment & Global CO2 Strategy

[Redacted]
[Redacted] Luxembourg

T [Redacted] | F [Redacted]

www.arcelormittal.com

karl.buttiens@arcelormittal.com

- **Industry Standard:** Iron & Steel Production
- **Disclosure Topic:** Greenhouse Gas Emissions
- **Accounting metric code:** NR0301 - 01
- **Line of disclosure:** .06
- **Comment:** A coke plant included in integrated plant is difficult to separate emissions from site emissions. In general coke plants on integrated sites make use of a mixture of steel making gases which are not available on a stand alone sites and which makes the emissions incomparable with these plants.

- **Industry Standard:** Iron & Steel Production
- **Disclosure Topic:** Air Quality
- **Accounting metric code:** NR0301 - 03
- **Line of disclosure:** .15
- **Comment:** generally particulate matter is requested as a whole and rarely PM10 and PM 2.5 are measurement requirements.

- **Industry Standard:** Iron & Steel Production
- **Disclosure Topic:** Air Quality
- **Accounting metric code:** NR0301 - 03
- **Line of disclosure:** .15
- **Comment:** Hazardous form of Manganese is the oxide and not metal

- **Industry Standard:** Iron & Steel Production
- **Disclosure Topic:** Air Quality
- **Accounting metric code:** NR0301 - 03
- **Line of disclosure:** .15
- **Comment:** depending on the list of PAHs figures will be different. It will be best to request the list of PAH included as many countries use a truncated PAH list.

- **Industry Standard:** Iron & Steel Production
- **Disclosure Topic:** Energy management
- **Accounting metric code:** NR0301 - 04
- **Line of disclosure:** .19

- **Comment:** conversion of kWh in GJ shall indicate if it is related to primary energy (using efficiency of the power plant) or not (using only conversion unit)

- **Industry Standard:** Iron & Steel Production
- **Disclosure Topic:** Energy management
- **Accounting metric code:** NR0301 - 04
- **Line of disclosure:** .20
- **Comment:** Outside US most of heating values (especially for condensed fuels) are expressed in Low Calorific Value. This unit is used for reporting in the Carbon Disclosure Project

- **Industry Standard:** Iron & Steel Production
- **Disclosure Topic:** Water management
- **Accounting metric code:** NR0301 - 05
- **Line of disclosure:** .23
- **Comment:** At Group level no difference is made on quality of water withdrawals. Taking this into account will be beneficial for the reporting but will distort figures. In some region large quantity of fresh water are over 1000 mg/l for TDS also quite some brackish water may be used in coastal areas.

- **Industry Standard:** Iron & Steel Production
- **Disclosure Topic:** Water management
- **Accounting metric code:** NR0301 - 05
- **Line of disclosure:** .25
- **Comment:** Iron and steel industry, especially integrated sites, recycled in a large extend water (up to 150 times). It is difficult to impossible to measure the recycling rate. An attempt to approximate the recycling rate can be obtained to consider that a fully integrated plant needs about 150m³/t to produce a ton of finished steel. This value however cannot be accurately determined for a single site.

- **Industry Standard:** Iron & Steel Production
- **Disclosure Topic:** Waste Management
- **Accounting metric code:** NR0301 - 06
- **Line of disclosure:** .27

- **Comment:** The term Waste has a very strict legal definition depending on the region with serious consequences for the treatment. It cannot be used as a generic term. To avoid any misunderstanding ArcelorMittal uses the notion of 'RESIDUES'. It was established years ago by the environmental community of Arcelormittal after intensive discussions. A solution was needed in order to be able to start collecting data and reporting on it. The matter is extremely complex because there is no consistency about the notion waste between different countries and plants. The same product can change from waste over by-product to co-product even to product depending on the site, the local legislation and the situation. Moreover some cannot declare or recognize certain categories as waste since this could have major consequences for the treatment and storage of the products. Moreover it is not appropriate to label material flows (such as dusts, sludges...) and other reverts that are naturally rerouted into the processes as waste. For this reason and after long discussions the environmental community decided on suggestion of the Brazilian experts that it was not useful to talk about wastes but decided to label all materials that are produced and are not steel as residues. It is only the destination of the residues that has relevancy: eliminated (land filled incinerated or otherwise destroyed) which could be assimilated to 'Waste', reused internally (these can never be called waste as they are returned in the process were they originated) or reused externally. Finally we have also residues which are going into temporary storage awaiting sale for several applications.

About ArcelorMittal

ArcelorMittal is the world's leading steel and mining company, with a presence in more than 60 countries and an industrial footprint in over 20 countries. Guided by a philosophy to produce safe, sustainable steel, we are the leading supplier of quality steel in the major global steel markets including automotive, construction, household appliances and packaging, with world-class research and development and outstanding distribution networks.

Through our core values of sustainability, quality and leadership, we operate responsibly with respect to the health, safety and wellbeing of our employees, contractors and the communities in which we operate.

For us, steel is the fabric of life, as it is at the heart of the modern world from railways to cars and washing machines. We are actively researching and producing steel-based technologies and solutions that make many of the products and components we use in our everyday lives more energy-efficient.

We are one of the world's five largest producers of iron ore and metallurgical coal and our mining business is an essential part of our growth strategy. With a geographically diversified portfolio of iron ore and coal assets, we are strategically positioned to serve our network of steel plants and the external global market. While our steel operations are important customers, our supply to the external market is increasing as we grow.

In 2013, ArcelorMittal had revenues of \$79.4 billion and crude steel production of 91.2 million tonnes, while own iron ore production reached 58.4 million tonnes.

ArcelorMittal is listed on the stock exchanges of New York (MT), Amsterdam (MT), Paris (MT), Luxembourg (MT) and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia (MTS).