



## SASB 2016/2017 Consultation Guide

### Background

In March 2016 SASB completed issuing provisional standards for 79 industries. The provisional standards are the result of intensive research and dialogue over the past five years. More than 2,800 individuals—affiliated with companies with \$11T market capital and investors representing \$23.4T assets under management—participated in provisional-phase industry working groups.

### Period of Deep Consultation

Now, SASB is undertaking a period of deep consultation to gather additional input before the standards are codified. By deepening industry participation in the consultation phase, SASB aims to ensure the codified standards are cost-effective for issuers and decision-useful for investors. This document describes the goals for SASB's deep consultation, the expectations of respondents, and SASB's commitments through this portion of our standards development process.

### Process for Consultation

The goal of the deep consultation phase is to elicit and gather feedback on the Provisional Standards for each industry and the accompanying Hypothesis for Change our sector analysts have developed that may result in revisions to the standards before they are codified. Although the Hypothesis for Change is a starting point for proposed modifications, respondents are invited to raise questions and issues on other disclosure topics and metrics in the Provisional Standards not specified in the Hypothesis for Change, or, those not yet included in either document. SASB staff will incorporate the responses from this deep consultation process into a proposed Agenda for Change for each industry, which, after a public comment period (& appropriate revisions), will be put before the SASB, a new technical board, which will be accountable for the due process, outcomes, and ratification of the SASB standards, including any changes to the standards going forward along with the Provisional Standards.

### Time Commitment

SASB asks respondents to commit an hour (90 minutes for multi-industry companies) for a meeting or phone call to discuss the Provisional Standards and Hypothesis for Change. We also ask that they review the supplied materials in advance and come prepared to have substantive discussion of the issues.

### The Role of Respondents

- Review SASB's Provisional Standards and Hypothesis for Change
- Provide constructive feedback on the SASB Provisional Standards, focusing on the likely materiality of the disclosure topics and decision-usefulness and cost-effectiveness of associated metrics
- Choose a Mode of Engagement:
  - *Unattributed Disclosure* (Default option): Respondents are listed as participants in our process and a summary of their comments and/or unattributed quotations are included in the record presented during the public comment period (PCP) prior to adoption of the SASB Code.
  - *Anonymous Disclosure*: Same as Default, but respondents are only referred to in general terms (e.g., "an issuer in the extractive industries sector").



- *Public Disclosure:* Respondents are listed as participants in our process and their full comments and quotations are attributed.
- Because SASB standards are designed for use in SEC filings, it is recommended that participating companies include individuals involved in the financial reporting process (such as CFOs, controllers, internal audit, and general counsel) to participate in consultation meetings

### **The Role of SASB Staff**

- Provide SASB Provisional Standards, Hypothesis for Change, and other relevant background materials
- Maintain notes and records of calls and meetings
- Share those records with respondents
- Summarize consultation records (including a list of participants) and include them, with un-attributed comments and quotations, as part of the basis for the formal Agenda for Change for each industry
  - Make consultation notes part of the public record, if desired (as described under “Mode of Engagement” above)
  - Ensure anonymity of participants requesting the same (as noted above)

### **What’s Next in SASB’s Standards Development Process**

In February 2016 SASB published the Rules of Procedure and Conceptual Framework, two [governance documents](#) that establish the principles and processes of SASB’s approach to standards development. As described in the Rules of Procedure, a new technical board, the SASB, will be accountable for the due process, outcomes, and ratification of the SASB standards, including any changes to the standards going forward. The SASB Foundation Board of Directors will also create a Standards Oversight Committee to oversee due process of standards-setting activities, including receiving and reviewing feedback and due-process complaints.

SASB staff is currently reviewing the Provisional Standards, in conjunction with deep consultation with issuers and users, to put forth a proposed Agenda for Change. Following the public comment period, the SASB will consider and vote on adoption of final standards as the SASB Code. Subsequent changes will be effected through Updates, and proposed changes to the Provisional Standards and subsequent Updates will be subject to public comment periods of 90 days.

### **Development Timeline**

- Q4 2016 – Q1 2017: Deep Consultation on Standards & Proposed Changes
- Q2 2017: Public Comment Period on Agenda for Change
- Q4 2017: Adoption of SASB Code



## Appendix: Examples of General Questions for All Provisional Standards

### For Companies

- Consider the full set of standards for your industry:
  - Would the overall cost of disclosure using SASB standards be burdensome?
  - Are there operational challenges to overcome in implementing the standard (and, if so, what are they)?
  - Are there liability concerns to overcome in implementing the standard (and if so, what are they)?
- Is there need to add a disclosure topic? What evidence supports the assertion that this new topic would likely constitute material information?
- Is there need to drop a proposed disclosure topic? What evidence supports the assertion that the topic does not likely constitute material information?
- For each metric:
  - Would implementation involve substantial additional costs?
  - Would implementation introduce additional management benefits?
  - What changes to the metric would make it cost-beneficial to implement?
  - What alternative metric would be more actionable, relevant and/or might be more cost-beneficial?

### For Investors

- Is there need to add a disclosure topic? What evidence supports the assertion that this new topic would likely constitute material information?
- Is there need to drop a proposed disclosure topic? What evidence supports the assertion that the topic does not likely constitute material information?
- For each metric:
  - Would it inform investment decisions?
  - On its own or in conjunction with other metrics, does it provide relevant information regarding the topic?
  - On its own or in conjunction with other metrics, could it influence stock selection or portfolio management?