

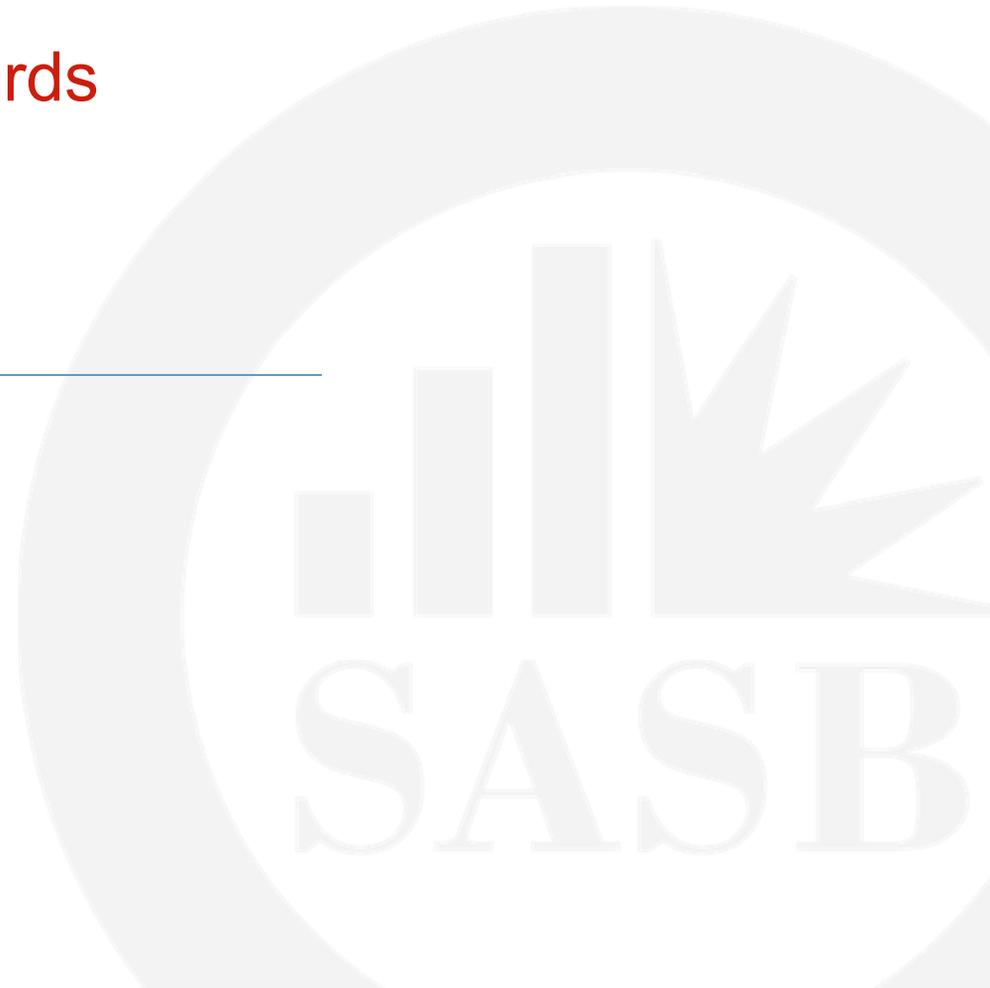


# Consumption II Sector Standards

RECORD OF PUBLIC COMMENT

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## Introduction

The following table outlines all comments received during the 90-day public comment period for the draft Consumption II Sector standards, which officially concluded on July 7, 2015. The table includes the name of the commenter, the relevant section of the exposure draft, the relevant comment excerpts, and how SASB addressed the comment. Please note that the "Issue (Metric Code)" refers to the section(s) in the draft Consumption II Sector standards issued for public comment, which may be different from the sections presented in the final provisional standards issued on September 23, 2015.

## General Comments

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
CN0501, CN0601, CN0604	Center for Resource Solutions (CRS)		<p><u>Comment 1</u></p> <p>There are no Energy Management (or equivalent) metrics included in the following Standards:</p> <ul style="list-style-type: none"> <li>· Apparel, Accessories &amp; Footwear</li> <li>· Appliance Manufacturing</li> <li>· Toys &amp; Sporting Goods</li> </ul> <p>These industries also have some potential to utilize renewable forms of energy in production/operation. We recommend including disclosure metrics related to energy management, similar to those included in the Building Products &amp; Furnishings; Food Retailers &amp; Distributors; Drug Retailers &amp; Convenience Stores; Multiline and Specialty Retailers &amp; Distributors; and E-commerce Standards.</p>	<p>SASB's evidence-based research process and stakeholder engagement efforts to-date did not indicate that disclosure of energy management metrics in the Apparel, Accessories &amp; Footwear, Appliance Manufacturing, and Toys &amp; Sporting Goods industries would likely constitute material information. For more information on SASB's standards development process, please see: <a href="http://www.sasb.org/approach/our-process/">http://www.sasb.org/approach/our-process/</a></p>
CN0603, CN0401, CN0402, CN0403, CN0404	Center for Resource Solutions (CRS)		<p><u>Comment 2</u></p> <p>This comment applies to the following standards, topics, codes, and lines of disclosure.</p> <ul style="list-style-type: none"> <li>• Building Products &amp; Furnishings, Energy Management in Manufacturing, CN0603-01, .05</li> <li>• Food Retailers &amp; Distributors, Energy Management in Retail &amp; Distribution, CN0401-03, .19</li> <li>• Drug Retailers &amp; Convenience Stores, Energy Management in Retail, CN0402-01, .05</li> <li>• Multiline and Specialty Retailers &amp; Distributors, Energy Management in Retail &amp; Distribution, CN0403-01, .05</li> <li>• E-commerce, Energy &amp; Water Footprint of Hardware Infrastructure, CN0404-01, .05</li> </ul> <p>We suggest including Green-e Energy certified renewable electricity products (i.e. utility green pricing/power products and competitive electricity products) as well in the scope of renewable energy that is disclosed. Though these products represent RECs paired with electricity, they can be differentiated from "unbundled" REC products.</p>	<p>SASB's standards include Green-e Energy Certified RECS within the scope of renewable energy. The disclosure guidance that accompanies the metric "Total energy consumed, percentage grid electricity, percentage renewable energy" states:</p> <p><i>The scope of renewable energy includes renewable fuel the registrant consumes and renewable energy the registrant directly produces, purchases through a renewable power purchase agreement (PPA) that explicitly includes renewable energy certificates (RECs), or for which Green-e Energy Certified RECs are paired with grid electricity.</i></p> <ul style="list-style-type: none"> <li>• For any renewable electricity generated on-site, any RECs must be retained (i.e., not sold) and retired on behalf of the registrant in order for the registrant to claim them as renewable energy.</li> <li>• For renewable PPAs, the agreement must explicitly include and convey that RECs be retained and retired on behalf of the registrant in order for the registrant to claim them as renewable energy.</li> <li>• The renewable portion of the electricity grid mix that is outside of the control or influence of the registrant is excluded from disclosure.</li> <li>• Renewable energy is defined as energy from</li> </ul>

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				<p><i>sources that that are replenished at a rate greater than or equal to their rate of depletion, consistent with EPA definitions, such as geothermal, wind, solar, hydro, and biomass.</i></p>
CN0603, CN0401, CN0402, CN0403, CN0404	Center for Resource Solutions (CRS)		<p><u>Comment 3</u>            This comment applies to the following standards, topics, codes, and lines of disclosure.</p> <ul style="list-style-type: none"> <li>• Building Products &amp; Furnishings, Energy Management in Manufacturing, CN0603-01, .05</li> <li>• Food Retailers &amp; Distributors, Energy Management in Retail &amp; Distribution, CN0401-03, .19</li> <li>• Drug Retailers &amp; Convenience Stores, Energy Management in Retail, CN0402-01, .05</li> <li>• Multiline and Specialty Retailers &amp; Distributors, Energy Management in Retail &amp; Distribution, CN0403-01, .05</li> <li>• E-commerce, Energy &amp; Water Footprint of Hardware Infrastructure, CN0404-01, .05</li> </ul> <p>We suggest including/referencing Green-e certification for onsite consumption and direct purchases (e.g. PPAs) as well. The Green-e Direct program provides similar assurances for onsite consumption of renewable energy and direct purchases of renewable energy from generators. More information is available here: <a href="http://www.green-e.org/getcert_re_direct.shtml">http://www.green-e.org/getcert_re_direct.shtml</a>.</p>	<p>To-date SASB has not identified the need to specify that onsite production of renewable energy and direct purchases of renewable energy (e.g., through power purchase agreements, or PPAs) be associated with a certification program. SASB will continue to monitor this topic and may in the future, determine it is appropriate to clarify the scope of onsite production of renewable energy and direct purchases of renewable energy.</p>
CN0603, CN0401, CN0402, CN0403, CN0404	Center for Resource Solutions (CRS)		<p><u>Comment 4</u>            This comment applies to the following standards, topics, codes, and lines of disclosure.</p> <ul style="list-style-type: none"> <li>• Building Products &amp; Furnishings, Energy Management in Manufacturing, CN0603-01, .05, Footnote 12</li> <li>• Food Retailers &amp; Distributors, Energy Management in Retail &amp; Distribution, CN0401-03, .19, Footnote 18</li> <li>• Drug Retailers &amp; Convenience Stores, Energy Management in Retail, CN0402-01, .05, Footnote 16</li> <li>• Multiline and Specialty Retailers &amp; Distributors, Energy Management in Retail &amp; Distribution, CN0403-01, .05, Footnote 15</li> <li>• E-commerce, Energy &amp; Water Footprint of Hardware Infrastructure, CN0404-01, .05, Footnote 13</li> </ul> <p>The following footnote should be revised as shown in order to be accurate:            "SASB recognizes that RECs reflect the environmental attributes of</p>	<p>SASB updated the footnote to read: "<i>SASB recognizes that RECs reflect the environmental attributes of renewable energy that have been introduced to the grid.</i>"</p>

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			<p>renewable energy that have been introduced to the grid,...</p> <p><b>ERASE:</b> " and that a premium has been paid by the purchaser of the REC to enable generation of renewable energy beyond any renewable energy already in the grid mix, absent the market for RECs."</p> <p>RECs do not necessarily enable generation of renewable energy beyond existing renewable energy or beyond a business-as-usual baseline, though they do represent the environmental attributes of renewable energy and are critical to all renewable energy usage claims. For more information, see The Legal Basis of Renewable Energy Certificates.</p> <p>Jones, T. (2015) The Legal Basis of Renewable Energy Certificates. Center for Resource Solutions. Available online at: <a href="http://www.resource-solutions.org/pub_pdfs/The%20Legal%20Basis%20for%20RECs.p">http://www.resource-solutions.org/pub_pdfs/The%20Legal%20Basis%20for%20RECs.p</a></p>	
CN0603, CN0401, CN0402, CN0403, CN0405	Center for Resource Solutions (CRS)		<p><u>Comment 5</u></p> <p>This comment applies to the following standards, topics, codes, and lines of disclosure.</p> <ul style="list-style-type: none"> <li>• Building Products &amp; Furnishings, Energy Management in Manufacturing, CN0603-01, .06</li> <li>• Food Retailers &amp; Distributors, Energy Management in Retail &amp; Distribution, CN0401-03, .20</li> <li>• Drug Retailers &amp; Convenience Stores, Energy Management in Retail, CN0402-01, .06</li> <li>• Multiline and Specialty Retailers &amp; Distributors, Energy Management in Retail &amp; Distribution, CN0403-01, .06</li> <li>• E-commerce, Energy &amp; Water Footprint of Hardware Infrastructure, CN0404-01, .06</li> </ul> <p>Please update the version number of the Green-e Energy National Standard from v2.5 (2014) to v2.6 (2015).</p>	SASB will make this revision comprehensively across its standards when it reviews the provisional standards during its standards codification review in 2016.
CN0603, CN0401, CN0402, CN0403, CN0405	Center for Resource Solutions (CRS)		<p><u>Comment 6</u></p> <p>This comment applies to the following standards, topics, codes, and lines of disclosure.</p> <ul style="list-style-type: none"> <li>• Building Products &amp; Furnishings, Energy Management in Manufacturing, CN0603-01, .04-.06</li> <li>• Food Retailers &amp; Distributors, Energy Management in Retail &amp; Distribution, CN0401-03, .18-.20</li> <li>• Drug Retailers &amp; Convenience Stores, Energy Management in Retail, CN0402-01, .04-.06</li> <li>• Multiline and Specialty Retailers &amp; Distributors, Energy Management in</li> </ul>	SASB thanks the Center for Resource Solutions for its comments and the time it invested in preparing a comment letter.

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>Retail &amp; Distribution, CN0403-01, .04-.06</p> <ul style="list-style-type: none"> <li>E-commerce, Energy &amp; Water Footprint of Hardware Infrastructure, CN0404-01, .04-.06</li> </ul> <p>We would like to express general support for the language in these sections (apart from the footnote referenced in Comment 4 above), particularly that which emphasizes the importance of REC retention and ownership in all cases for renewable energy usage claims in the United States, as well as references to Green-e certification. Please let us know if we can provide any further support for these requirements as currently written.</p>	
	Retail Industry Leaders Association (RILA)	General Comment	<p>The Retail Industry Leaders Association ("RILA") and its membership are pleased to submit comments on SASB's draft standard for the retail industry. This letter is intended to introduce just some comments that RILA members have related to those draft standards.</p> <p>RILA is an organization of the world's most successful and innovative retailer and supplier companies – the leaders of the retail industry. RILA members represent more than \$1.5 trillion in annual sales and operate more than 100,000 stores, manufacturing facilities, and distribution centers nationwide. Our member retailers and suppliers have facilities in all 50 states, as well as internationally, and employ millions of workers domestically and worldwide.</p> <p>Thank you for allowing us this extended opportunity to comment. We reviewed the SASB Consumption II standards and several RILA members provided their feedback. In short, RILA's members feel that the metrics do not accurately define retail's sustainability progress, as they do not address the most material issues for retailers. The comments included:</p>	SASB appreciates the time and effort that the Retail Industry Leaders Association (RILA) has invested in preparing a comment letter for industries in the Consumption II sector.
	Retail Industry Leaders Association (RILA)	General Comment	<p>General feedback:</p> <ul style="list-style-type: none"> <li>Most importantly, SASB's standards do not allow for retailers to identify and report on the most material issues. Other standards like GRI G4 are specifically focused on identifying, then reporting, only on the issues of most importance (i.e. material), but that does not appear to be the case with SASB</li> <li>Tracking and reporting on most of these metrics will seem to add little value and the retailers would needlessly incur incremental costs for assurance and verification.</li> <li>It is a challenge to provide three year historical data</li> <li>We could not tell if it is the expectation that a multiline retailer with a large e-commerce business report under both sets of standards</li> </ul>	<p>SASB's Guidance for Disclosure, Section 2, Company-Level Determination and Disclosure of Material Sustainability Topics states "SASB has attempted to identify those sustainability topics that are reasonably likely to have a material effect on the financial condition or operating performance of companies within each SICS industry. SASB recognizes, however, that each company is ultimately responsible for determining what information should be disclosed within the context of Regulation S-K and other guidance."</p> <p>For more information on SASB's evidence-based, multi-stakeholder standards development process,</p>

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				<p>please see: <a href="http://www.sasb.org/approach/our-process/">http://www.sasb.org/approach/our-process/</a></p>
	Retail Industry Leaders Association (RILA)	General Comment	<p>Specific metrics:</p> <ul style="list-style-type: none"> <li>• Some SASB accounting metrics are very specific and not related to how retail typically defines "sustainability." As an example, retailers broadly tend to define sustainability in these categories: <ul style="list-style-type: none"> <li>o Facilities - energy, waste/recycling, water, green buildings, GHG emissions, water usage</li> <li>o Distribution - fuel consumption, route optimization, multi-modality</li> <li>o Supply chain - social compliance / responsible sourcing, energy, waste/recycling, water, waste water, materials usage, chemicals of concern, packaging, factory labor conditions, sourcing locations, product use &amp; disposal, product lifecycle measurement, leveraging tools and certifications</li> <li>o Business innovation</li> </ul> </li> </ul> <p>For more information, please review RILA's Retail Sustainability Report, RILA's Retail Sustainability Management Maturity Matrix, and individual retail company sustainability reports</p>	<p>SASB thanks RILA for the references and its engagement in the SASB process and willingness to provide feedback.</p> <p>SASB aims to deepen our engagement with and knowledge of the retail industries in the Consumption II sector as we continue to review and refine our standards. We hope that this is an opportunity to strengthen our relationship with RILA and your members.</p>
	Retail Industry Leaders Association (RILA)	General Comment	<ul style="list-style-type: none"> <li>• Retailers would incur incremental reporting development and data management expenses in order to provide information regarding wages by region and involuntary vs. voluntary termination</li> <li>• Percentage of revenues from environmental products could be competitive information and difficult to define and measure</li> <li>• Under home products category, the public disclosure of product formulations is both proprietary and more of a manufacturer opportunity than a retailer issue</li> </ul> <p>Again, thank you for allowing RILA the opportunity to comment on SASB's Consumption II standards.</p>	<p>SASB acknowledges that there may be certain additional costs associated with collecting data in the format specified by its standards. It has aimed to develop metrics that harmonize with existing reporting frameworks (regulatory and otherwise) where possible, and hopes to be creating additional benefit in instances where SASB's metrics may diverge from a current approach. SASB anticipates these benefits to be realized through enhanced comparability, relevance, and decision-usefulness.</p> <p>Further, SASB notes that disclosure to its standards should be approached through the same lens as all corporate disclosure; a company should not disclose sensitive information, competitive information, or information that would otherwise compromise a company.</p>

## Apparel, Accessories & Footwear

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
CN0501	OEKO-TEX ® Association	General comment	<p>In general, the OEKO-TEX ® Association is pleased to see a standard reporting framework emerge to unify the sustainability metrics and performance measurements for publicly held companies. We believe that the evolution of such reporting standards increases the rate and quality of progress toward more sustainable textile, apparel and footwear production. Required measurements and definitions of terms will accelerate the ability to measure and improve processes throughout the supply chain.</p> <p>We are concerned about the lack of references to the OEKO-TEX ® Standard 100, STeP by OEKO-TEX ® and ECO PASSPORT, all certifications for textile products, materials, factories and chemicals utilized by the textile supply chain. We, therefore, wish to offer the following comments for education and information concerning the OEKO-TEX® services and certifications.</p> <p>The following comments are not offered as criticism of the Sustainable Apparel Coalition (SAC), Zero Discharge of Hazardous Chemical (ZDHC) or other industry self-assessment efforts, as the OEKO-TEX® Association is fully engaged as a stakeholder in these organizations. However, there is a need for an independent, transparent, fully -audited accreditation system for textile and apparel product safety, supply chain sustainability and management systems. OEKO-TEX® has provided these services for over 20 years. We believe there should be more recognition of our certification systems within the Standard</p> <p>Overview</p> <p>The International OEKO-TEX® Association is an alliance of 16 internationally recognized textile, research and test institutes in Europe, Asia and Japan .With branches and information centers in more than 60 countries worldwide, the OEKO-TEX® Association developed the first standard</p>	<p>SASB appreciates the time and effort OEKO-TEX Association has invested in preparing a comment letter for the Apparel, Accessories &amp; Footwear industry.</p> <p>SASB aims to deepen our engagement with and knowledge of the Apparel, Accessories &amp; Footwear industry as we continue to review and refine our standards. We hope that this is an opportunity to strengthen our relationship with OEKO-TEX Association.</p> <p>SASB has incorporated reference to OEKO-TEX and its standards where applicable and relevant throughout the provisional Apparel, Accessories &amp; Footwear standard.</p>

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			<p>for certification of textile and apparel products; the OEKO-TEX ® Standard 100 certifies textile products as "tested and verified as free from harmful levels of more than 300 substances". With diverse and wide-ranging competencies, the member institutes within the OEKO-TEX ® Association provide important impetus for innovation within the global textile and apparel industries, certifying product safety, factory performance and material safety for more than 20 years.</p> <p>The main tasks of the member institutes are to keep problematic materials from entering any of the stages of textile production and to measure and assure the performance and management of sustainable practices throughout the supply chain. The certifications within the OEKO-TEX ® portfolio ensure continuous improvement and review of the requirements for more sustainable textile production, seeking textile and apparel products that are optimized for human ecology, social responsibility and environmental performance far beyond existing legal regulations. Many of the existing scientific criteria and corresponding testing methodologies have been pioneered by OEKO-TEX ® institutes since our founding in 1992. We have included several pieces of literature and would invite your team to examine the plethora of information available on our standards, all of which can be found at: <a href="http://www.oeko-tex.com">http://www.oeko-tex.com</a></p> <p>The OEKO-TEX® Association offers four specific service and certification areas  OEKO-TEX® Standard 100: the first global restricted substance list (RSL), launched in 1992. Today, it remains the most extensive restricted substance based, product safety certification for the textile industry, with over 145,000 certificates issued to more than 10,000 different companies expanding across more than 90 countries. Our consumer label, "Tested for Harmful Substances", has extraordinary recognition by consumers in Europe and growing recognition in the USA and across Asia. This certification is "beyond" the American Apparel and</p>	

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			<p>Footwear (AAFA) RSL and maintains alignment w it the growing number of international regulations for "harmful substances" through an annual expert technical review and update process.</p> <p>STeP by OEKO-TEX®, supported by the tracking software "MySTeP": STeP, which stands for Sustainable Textile Production, is aligned with the SAC HIGG Facility Environmental and Social Modules, the objectives of the ZDHC and the SASB Apparel, Accessories, and Footwear Draft Standard. STeP by OEKO-TEX® evaluates and benchmarks a supply chain facility's ability to produce more sustainable textile products through the assessment of chemical management, environmental management, workplace safety, quality management and social compliance programs and performance data. STeP is supported by the tracking software MySTeP, which enables registered users to review and evaluate their suppliers based on their own unique sustainability goals.</p> <p>Made in Green by OEKO-TEX®: Made in Green by OEKO-TEX® is the first, consumer-focused traceable label of its kind in the apparel and textile industry. In order to be awarded the Made in Green by OEKO-TEX® label, the product must not only be tested for harmful substances and certified according to OEKO-TEX® Standard 100, but must also be sustainably produced in accordance with verified, audited OEKO-TEX® guidelines. The label can be awarded to any kind of textile product anywhere in the world at any stage of the textile supply chain.</p> <p>ECO PASSPORT (EcoPass) by OEKO-TEX®: a certification for textile chemicals that ensures no RSL, MRSL or regulatory prohibited substances are present above strictly monitored maximum levels. EcoPass utilizes a bill of substance disclosure to conduct hazard and risk assessment, powered by SciVera Lens® (<a href="http://www.scivera.com/products.php">http://www.scivera.com/products.php</a>), with analytical verification of characteristics or moieties of concern .This final module of the OEKO-TEX® system will be officially</p>	

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			<p>launched in August 2015.</p> <p>Presentation of how the above certifications and tools work together to provide a full, complementary and cohesive range of coverage for textile and apparel production, including stakeholder communication (both business-to-business and business-to-consumer) within the supply chain from Tier 1 to Tier 3, is supplied in the accompanying slides. The quality systems used by the OEKO-TEX8 Association are rigorous as outlined in the slide presentation, in the accompanying literature and on the website. As a brief overview:</p> <ul style="list-style-type: none"> <li>• For OEKO-TEX 8 Standard 100, STeP and ECO PASSPORT, all member institutes must be 17015 accredited laboratories;</li> <li>• For STeP by OEKO-TEX®, all auditors are trained based on an ISO9001 management system approach and on the principles of ISO 26000. Additionally, our auditors receive special training in specific areas (ISO 9000 I ISO 14000; SA8000; etc.).</li> </ul>	
CN0501	OEKO-TEX® Association	General comment	<p>Specific recommendations -</p> <p>The snapshot below from the Apparel, Accessories, and Footwear Sustainability Accounting Standard has been marked to show where the OEKO-TEX® Association is in alignment with SASB. We have also outlined the two questions which will be put before the OEKO-TEX® Executive Technical Committee for addition to the next revision of STeP by OEKO-TEX®</p>	<p>SASB has incorporated reference to the OEKO-TEX Association and its standards where relevant throughout the provisional Apparel, Accessories &amp; Footwear standard.</p> <p>Specifically, OEKO-TEX and/or its standards are referenced in the technical disclosure guidance accompanying the following metrics: CN0501-02, CN0501-04, CN0501-08, and Note to CN0501-08.</p>
CN0501	OEKO-TEX® Association	General comment	<p>We believe the OEKO-TEX system of certification should be recognized with equal, or greater, relevance when compared with HIGG or ZDHC as these are not independent bodies and do not currently have the verification and rigor of the OEKO-TEX system. This is in no way a negative comment on the goals and/or tactics of the SAC or ZDHC; as mentioned, we are members and participants in these organizations' efforts. However, the majority of the financing and participation within these groups come from the major retail brands. We agree with</p>	<p>SASB intends to show alignment with existing industry initiatives. SASB supports the rigor and verification aspects of OEKO-TEX's programs and other industry efforts. SASB has incorporated reference to OEKO-TEX and its standards throughout the provisional Apparel, Accessories &amp; Footwear standard.</p>

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			the SAC that there is tremendous value in reducing audit costs and duplication of effort. However, we believe that independent, transparent assessment is necessary, just as standard accounting practices are today	
CN0501	OEKO-TEX ® Association	Product Safety (CN0501-01)	<p>.02-Products can be verified as free of regulated substances through testing or through third-party certification that includes substance review and confirmation via testing.</p> <p>.03- We would like to suggest that you add the OEKO-TEX® Standard 100 criteria as an additional RSL list; it is always current on the web at: <a href="https://www.oeko-tex.com/en/manufacturers/testcriteria/limit_values/limit_values.html">https://www.oeko-tex.com/en/manufacturers/testcriteria/limit_values/limit_values.html</a></p> <p>.04- We would also like the OEKO-TEX® Standard 100 criteria to be added here as a reference.</p>	<p>SASB recognizes that there are many restricted substance lists (RSLs) within the Apparel, Accessories, &amp; Footwear industry and that the OEKO-TEX Standard 100 criteria is an example of an RSL used by companies in the industry. In the provisional Apparel, Accessories &amp; Footwear standard, SASB has chosen to reference the American Apparel &amp; Footwear Association (AAFA) industry association RSL as an example of an industry-accepted RSL that is promulgated by an industry or trade organization and that reflects the most restrictive regulated allowable limits of chemicals in finished products worldwide. The list of non-regulated substances contained in AFIRM RSL guidance is also referenced in the SASB standard, which the AAFA describes as "a list of chemicals that are neither regulated nor proven to be dangerous, but may be of note to the industry." (<a href="https://www.wewear.org/industry-resources/restricted-substances-list/list-of-non-regulated-substances-contained-in-afirm-rsl-guidance/">https://www.wewear.org/industry-resources/restricted-substances-list/list-of-non-regulated-substances-contained-in-afirm-rsl-guidance/</a>)</p> <p>SASB notes that criterion .05 of the standard reads: ".05 The registrant shall disclose whether the RSL(s) it uses is publicly available and shall disclose its location. (Disclosure corresponds to Sustainable Apparel Coalition's Higg Index indicator question MAT-B-2.4.)"</p> <p>This provides users the opportunity to reference RSLs additional to the AAFA and AFIRM lists, such as the OEKO-TEX Standard 100 (if it uses it as an RSL).</p>
CN0501	OEKO-TEX ® Association	Product Safety (CN0501-01)	.08- We would like for our ECO PASSPORT to be recognized as a valid certification and assessment tool.	<p>SASB has chosen not to make reference to OEKO-TEX's ECO PASSPORT or any third-party certifications in CN0501-01. However, criteria .06 states, <i>"The registrant shall disclose how it enforces compliance with restricted substances regulations within its supply chain, including:</i></p> <ul style="list-style-type: none"> <li>• <i>How it requires its suppliers to demonstrate adherence</i></li> <li>• <i>Which tiers (i.e. tier 1, tier 2, or beyond tier 2) of suppliers the registrant directly verifies to be in compliance with</i></li> </ul>

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				<p><i>restricted substance regulations.</i></p> <ul style="list-style-type: none"> <li>• <i>How the registrant enforces corrective actions when it identifies non-compliance with its RSL(s)"</i></li> </ul> <p>Therefore, a user of the standard may choose to reference ECO PASSPORT as an example of how it enforces compliance with restricted substances regulations.</p> <p>Additionally, SASB references the ECO PASSPORT certification in line .14 of CN0501-02:  <i>".14 The registrant shall disclose whether it pursues third-party certifications to verify the chemical content of its finished products, including which certifications it holds and which products the certifications apply to.</i></p> <ul style="list-style-type: none"> <li>• <i>Examples of third-party certifications that verify chemical content in products include, but are not limited to, OEKO-TEX Standard 100 Certification, Eco-Passport, Bluesign, and Intertek Eco-Certification."</i></li> </ul>
CN0501	OEKO-TEX ® Association	Raw Materials Sourcing Risks and Materials Innovation (CN0501-03)	.11-.19-These issues are aligned with the assessment and ranking process within STeP by OEKO-TEX ®. STeP certification addresses all these issues and certification ensures alignment.	<p>SASB notes the alignment between CN0501-03 and the STeP certification. In the provisional Apparel, Accessories &amp; Footwear Standard, SASB has expanded the technical protocol (lines .21-.25) to provide more detail of what is considered an environmental or social supply chain risk and has provided specific guidance for disclosure of a registrant's approach to managing risks. In this context, a user may choose to disclose its use of STeP by OEKO-TEX and other certifications.</p> <p>Additionally, users of the standard have the opportunity to disclosure and discuss use of STeP by OEKO-TEX in metric CN0501-04: "Percentage of raw materials third-party certified to an environmental or social sustainability standard, by standard."</p>
CN0501	OEKO-TEX ® Association	Raw Materials Sourcing Risks and Materials Innovation (CN0501-04)	.22- Please add STeP by OEKO-TEX®, OEKO-TEX® Standard 100 and ECO PASSPORT to this list of suitable certifications.	<p>SASB notes the respondent's comment, and has included reference to STeP by OEKO-TEX®, OEKO-TEX® Standard 100 and ECO PASSPORT as examples of third-party certifications in line .28 of the standard:</p> <p><i>".28 Third-party certifications include, but are not limited to:</i></p> <ul style="list-style-type: none"> <li>• <i>Outdoor Industry Association's Content Claim Standard</i></li> </ul>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
				<p>(CCS)</p> <ul style="list-style-type: none"> <li>• Textile Exchange's Recycled Claim Standard, Global Recycled Standard, Organic Cotton Standard, and Responsible Down Standard</li> <li>• Certified Organic</li> <li>• Control Union Global Organic Textile Standard</li> <li>• Better Cotton Initiative</li> <li>• Forestry Stewardship Council certification (for lyocell and rubber)</li> <li>• Rainforest Alliance leather products</li> <li>• Global Organic Textile Standard</li> <li>• STeP by OEKO-TEX®,</li> <li>• OEKO-TEX® Standard 100</li> <li>• ECO PASSPORT</li> <li>• Cradle to Cradle</li> <li>• Bluesign"</li> </ul>
CN0501	OEKO-TEX® Association	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-06)	.29 - .42- STeP by OEKO-TEX® certification and reporting address these criteria and should be recognized.	<p>SASB has chosen not to make reference to specific third-party certifications within the technical protocol for CN0501-05, but SASB recognizes that STeP may meet criteria outlined in line .35, and warrant disclosure under .36 which states:</p> <p><i>".36 The registrant shall disclose the standards to which it measures labor code of conduct compliance.</i></p> <ul style="list-style-type: none"> <li>• For internally developed supplier code(s) of conduct, the registrant shall disclose the public location where such code(s) can be viewed."</li> </ul>
CN0501	OEKO-TEX® Association	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-08)	.43-.47- STeP by OEKO-TEX® certification and reporting address these criteria and should be recognized.	<p>This metric was updated from CN0501-08: "<i>Top three (1) working conditions non-conformances and (2) environmental non-conformances identified in suppliers' social and environmental responsibility audits</i>" to CN0501-07: "<i>Discussion of greatest (1) labor and (2) environmental, health, and safety risks in the supply chain.</i>"</p> <p>SASB has chosen not to make reference to specific third-party certifications within the technical protocol for CN0501-07, but it recognizes that STeP by OEKO-TEX certification may be a useful tool to help registrants prepare disclosure for this metric.</p>
CN0501	OEKO-TEX® Association	Working Conditions & Environmental	.48-.53- STeP certification and reporting address these criteria and should be recognized	In the provisional standard, CN0501-08 has been updated to: " <i>Percentage of (1) tier 1 supplier facilities and (2)</i>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
		Impacts in the Supply Chain (CN0501-09)		<p><i>supplier facilities beyond tier 1 with wastewater discharge meeting or exceeding legal requirements" and OEKO-TEX Standard 100 is referenced in line .54 as an example of a relevant manufacturing wastewater standard that exceeds regulated limits. Line .54 states:</i></p> <p><i>".54 The registrant shall disclose whether the wastewater standards to which its supplier facilities are subject to exceed regulated limits for the concentrations of chemicals in wastewater, and the location of those wastewater standards, if publicly available.</i></p> <ul style="list-style-type: none"> <li><i>• Examples of relevant manufacturing wastewater standards that exceed regulated limits include, but are not limited to, the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MSRL), OEKO-TEX Standard 100, and Bluesign criteria."</i></li> </ul>
CN0501	OEKO-TEX ® Association	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-10)	The HIGG Facility Module is currently a self-assessment, not independently verified in a standardized way. We would like to include STeP by OEKO-TEX® certification as a question in this section as it is de facto to the HIGG Facility Module but with verification	<p>SASB notes the participant's comment. In the provisional standard, SASB has updated the metric to read CN0501-09: <i>"Percentage of (1) tier 1 suppliers and (2) suppliers beyond tier 1 who have completed the Sustainable Apparel Coalition's Higg Index Facility Module assessment or equivalent environmental data collection"</i></p> <p>SASB has retained its reference to the Sustainable Apparel Coalition (SAC) Higg Index because it is seen as an industry-leading tool to benchmark sustainability performance, and many companies in the Apparel, Accessories &amp; Footwear industry publicly disclose that they and their suppliers use this tool.</p> <p>In the provisional standard, SASB included the qualification "or equivalent environmental data collection", to allow users of the standard the opportunity to disclose how they collect environmental data from their supplier facilities, if not through the Higg Index.</p> <p>Line .67 states:  <i>" If the registrant collects environmental inventory data from its suppliers without using the Facility Module, the data collection shall be considered equivalent to the Facility Module if the registrant gathers inventory data and</i></p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
				<p><i>reduction targets for all categories and criteria covered in the Facility Module, including data on:</i></p> <ul style="list-style-type: none"> <li>• <i>Environmental management systems</i></li> <li>• <i>Energy use</i></li> <li>• <i>Greenhouse gas (GHG) emissions</i></li> <li>• <i>Water use</i></li> <li>• <i>Wastewater/effluent discharge</i></li> <li>• <i>Air emissions</i></li> <li>• <i>Waste management</i></li> <li>• <i>Chemicals management</i>"</li> </ul>
CN0501	OEKO-TEX ® Association	General comment	<p>Summary: We support fully the use of SASB Apparel, Accessories and Footwear Accountability Standard. We hope our comments are helpful and are certain the inclusion of this information will strengthen and improve the return on investment from SASB adoption. Normalization of accounting practices for sustainability is long overdue. Recognition of the OEKO-TEX® product portfolio by the SASB will stimulate greater use of OEKO-TEX® certifications and services, leading to greater product safety and sustainability improvement for the textile and apparel industry.</p> <p>We would caution the SASB that while both the SAC and ZDHC are young, conscientious and dynamic associations, they are also large, multi-stakeholder organizations, constantly changing to meet the demands of the major apparel brands. The SASB must be clear on whom the stakeholders are within these associations, particularly as it regards the mandates placed on them by the funding organizations. These associations are not certification bodies and their mandates and agendas are complex; members (i.e. the major brands) operate within these associations in a "non-competitive" space. The reality, however, is that the members do compete and must observe the rules of a free market.</p> <p>The OEKO-TEX® Association believes that investments in safety, product stewardship, sustainability and social responsibility create competitive advantages today and in the future. While certain information should be</p>	<p>SASB thanks the OEKO-TEX Association for the time it has invested in preparing a comment letter.</p> <p>When formulating accounting metrics for its disclosure topics, SASB considers the existing body of reporting standards, and it harmonizes and makes reference existing metrics whenever possible. Alignment with existing data collection schemes helps to ensure that the SASB standards are cost-beneficial to use. To this end, in the provisional Apparel, Accessories &amp; Footwear standard, SASB makes direct reference to numerous sustainability, industry, and regulatory, and other initiatives, methodologies, standards, and frameworks.</p> <p>While SASB does reference the SAC Higg Index and indicator questions and the ZDHC Manufacturing Restricted Substances List, it has included these references only where they align with the focus, intent, and aspects of sustainability performance that SASB intends to capture. SASB does not necessarily endorse these organizations or their funders, but does aim to harmonize with established standards where appropriate.</p> <p>SASB regularly includes the language "or equivalent" when referencing specific standards, protocols, and guidelines, so as to "observe the rules of a free market."</p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>considered in support of the global environmental and social commons, control over industry information and a lack of independence, oversight, rigor and quality verification can create "groupthink"; we are concerned that such thinking may lead to the appearance of performance which is not representative of reality.</p> <p>We are certain the utilization of SASB standard for reporting will increase the rigor and adoption of sustainability practices. We appreciate the opportunity to comment.</p>	
CN0501	Zero Discharge of Hazardous Chemicals (ZDHC) Programme	General comment	<p>The Zero Discharge of Hazardous Chemicals (ZDHC) Programme appreciates this opportunity to provide comments on the draft Sustainability Accounting Standard for Apparel, Accessories, &amp; Footwear (#CN0501). We would like to offer recommendations to improve and clarify the proposed accounting metrics on regulated substances in products, ZDHC priority chemical discharge, and in particular the ZDHC Manufacturing Restricted Substances List (MRSL).</p> <p>In 2011, the Zero Discharge of Hazardous Chemicals (ZDHC) Programme formed to catalyze positive change in the discharge of hazardous chemicals across the life cycle of apparel and footwear products. Our global coalition now includes brand members Adidas Group, Benetton Group, Burberry Group PLC, C&amp;A, Esprit, Gap Inc., G-Star Raw C.V., H&amp;M, Inditex, Jack Wolfskin, L Brands, Levi Strauss &amp; Co., Li Ning, M&amp;S, New Balance Athletic Shoe, Inc., NIKE, Inc., PUMA SE and PVH Corp., a growing number of associate members, and a diverse group of stakeholders we engage with regularly. The group is currently transitioning into a professional organization in order to scale these efforts and maximize global impact.</p>	SASB appreciates the time and effort that the Zero Discharge of Hazardous Chemicals (ZDHC) Programme has invested in preparing a comment letter for the Apparel, Accessories & Footwear industry.
CN0501	Zero Discharge of Hazardous Chemicals (ZDHC) Programme	Product Safety (CN0501-01)	<p>1. Clarify Metric Overall and Replace "Free of" from Product Safety Accounting Metric CN0501-01: Percentage of Products Free of Regulated Substances</p> <p>Under the topic of Product Safety, the draft standard includes an accounting metric of "[p]ercentage of</p>	In response to this comment and other comments on this metric, SASB has updated metric CN0501-01 from <i>"Percentage of products free of regulated substances"</i> to <i>"Description of processes to maintain compliance with restricted substances regulations."</i>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>products free of regulated substances.” While we understand and support the intention, we encourage SASB to clarify the criteria for this calculation. As the metric is currently written, it implies testing of every individual product. This is inconsistent with current industry practice, where component or selective testing in combination with other quality control programs ensures product safety requirements are met. Testing every single product entering the marketplace would be cost prohibitive.</p> <p>ZDHC also recommends SASB use alternative language to “free of” since this is neither scientifically nor legally credible, and it will generate confusion for companies relying on this standard for reporting.</p> <p>Global apparel and footwear brands go to great lengths to ensure compliance with product restricted substances legislation and in some cases third party standards or substance concentration limits that are more stringent than individual market or global requirements. Given the technical realities of chemical manufacturing and processing of materials used in apparel and footwear – as well as background environmental concentrations – it is not possible to credibly claim that a product is truly “free” of regulated substances as modern analytical techniques become increasingly more sophisticated and powerful. Trace amounts of regulated substances can be detected in most materials as analytical technology advances.</p> <p>ZDHC recommends revising language to “compliant with strictest global regulated limits on” in place of “free of.” The percentage of products compliant with strictest global regulated limits is an indicator of whether a reporting company is going beyond what is legally required for its individual markets. This recommended (or similar) alternative language to “free of” should also be used in CN0501-01 subsections .01 &amp; .02 accordingly.</p>	<p>SASB has made the suggested edits to the disclosure guidance, and the new metric does not include mention of “free of”.</p>
CN0502	Zero Discharge of	Product Safety	a. Remove “above detection limits” from CN0501-01	In response to this comment, SASB has withdrawn the

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
	Hazardous Chemicals (ZDHC) Programme	(CN0501-01)	<p>subsection .04</p> <p>Following the same reasoning set forth above, in CN0501-01 subsection .04 ZDHC recommends eliminating "above detection limits" for determining when a product is considered to contain a regulated substance. If detection limits are the basis for determining presence of restricted substances, responsible companies disclosing information to SEC in good faith would not be able to credibly report on the metric. Not only are detection limits typically much lower than regulated limits, they also vary widely across laboratories, test methods, and analytical instruments. Products tested to assure compliance with strictest global regulated limits are routinely found to contain trace amounts of restricted substances above detection limits but well below legal limits or concentrations that would pose any risk to consumers.</p> <p>Products containing restricted substances above detection limits should not be used as an accounting metric under subsection .04 due to the uncertainty it will create for companies using the SASB standard to disclose material sustainability information. ZDHC recommends limiting subsection .04 to products containing restricted substances above the AAFA RSL limits or equivalent foreign regulation where substances are regulated.</p>	reference to detection limits from the provisional standard.
CN0501	Zero Discharge of Hazardous Chemicals (ZDHC) Programme	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-09)	ZDHC recognizes the importance of metrics demonstrating progress toward ZDHC established standards. We would like to provide background information about ZDHC initiatives for SASB to consider along with several suggestions to improve and clarify accounting metric CN0501-09.	<p>SASB appreciates that ZDHC has provided further background information on the status of ZDHC initiatives to the SASB team.</p> <p>SASB appreciates ZDHC's willingness to provide feedback for the development of SASB standards. SASB will look to further engage as the standards are prepared for market adoption. In the meantime, SASB welcomes feedback on the provisional standards.</p>
CN0501	Zero Discharge of Hazardous Chemicals (ZDHC) Programme	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-09)	a. Remove "free of" from Accounting Metric CN0501-09: Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 tested for priority chemical discharge, percentage verified as free of all chemicals in	SASB has eliminated reference to "free of" from its standards.

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>Zero Discharge of Hazardous Chemicals (ZDHC) priority chemical groups</p> <p>For the same reasons discussed in the previous section, ZDHC encourages SASB to use alternative language to “free of” in the metric for disclosing ZDHC priority chemical groups in supplier facilities. This would generate confusion for reporting companies in the same way it would if reporting on percentage of apparel and footwear products “free of” restricted substances is included as an accounting metric. The reference to “free of” should also be removed from subsection .52.</p>	
CN0501	Zero Discharge of Hazardous Chemicals (ZDHC) Programme	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-09)	<p>b. Focus accounting metric CN0501-09 on input chemical formulation compliance to the ZDHC Manufacturing Restricted Substances List (MRSL) instead of wastewater discharge</p> <p>ZDHC was launched to address discharge of 11 priority chemical groups in the global apparel and footwear supply chain. After careful consideration by the membership, a strategic decision was made to begin by focusing ZDHC’s efforts on commercial chemical formulations, since it is through input chemistry that hazardous substances are introduced into manufacturing and the product lifecycle with potential for discharge into the environment. By establishing and implementing standards to control priority substances in input chemistry, it follows that risk of harmful discharge of these substances into the environment is greatly minimized.</p> <p>In June 2014, the first version of the ZDHC MRSL was published. The MRSL standard includes substances ZDHC does not want entering the supply chain, and it establishes strict concentration limits for these substances in chemical formulations. Efforts are currently underway to develop a system for assessing MRSL conformity of commercial chemical formulations as well as the uptake of MRSL-compliant or other third-party verified chemistries throughout the supply chain, several of which are included in SASB draft standard #CN0501-02, e.g.,</p>	<p>In the provisional standard, CN0501-01 and CN0501-02 focus on disclosures related to input chemistry and registrants' efforts to comply with regulations and improve chemical formulations.</p> <p>CN0501-08 has been updated from "<i>Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 tested for priority chemical discharge, percentage verified as free of all chemicals in Zero Discharge of Hazardous Chemicals (ZDHC) priority</i>" to "<i>Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 with wastewater discharge meeting or exceeding legal requirements</i>"</p> <p>This revised metric is meant to more directly capture performance on the relevant aspects of this topic which companies likely have direct control. Companies may face financial and reputational implications if supplier facilities do not meet regulatory requirements for wastewater discharge.</p> <p>SASB has retained reference to the ZDHC MRSL as an example of relevant manufacturing wastewater standard that exceeds regulated limits. Line .54 of the standard states:  <i>"The registrant shall disclose whether the wastewater standards to which its supplier facilities are subject to exceed regulated limits for the concentrations of chemicals</i></p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>bluesign®, OEKO-TEX, etc.</p> <p>Currently, there is no common standard for measuring and assessing wastewater discharge of the 11 priority groups from supplier facilities, and detection alone is not a sufficient basis for any restricted substance metric for the reasons previously discussed. As such, ZDHC recommends that SASB instead focus accounting metric CN0501-09 on disclosure of MRSL conformity throughout the supply chain, since the MRSL sets a clear standard of compliance that can be reported against by companies. Possible alternative metrics might include:</p> <ul style="list-style-type: none"> <li>- Percentage of Tier 1 supplier facilities or (2) supplier facilities beyond Tier 1 using entirely or greater than a designated percentage of MRSL-compliant chemical formulations.</li> <li>- Percentage of formulations used throughout Tier 1 supplier facilities or (2) supplier facilities compliant with the ZDHC MRSL.</li> </ul>	<p><i>in wastewater, and the location of those wastewater standards, if publicly available.</i></p> <ul style="list-style-type: none"> <li>• <i>Examples of relevant manufacturing wastewater standards that exceed regulated limits include, but are not limited to, the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MSRL), OEKO-TEX Standard 100, and Bluesign criteria.</i></li> </ul> <p>Line .56 of the standard addresses pollutants or discharge parameters that may not be regulated, but may be a specific risk to textile manufacturing:  <i>".56 The registrant shall discuss how its requirements address wastewater discharge for:</i></p> <ul style="list-style-type: none"> <li>• <i>Illegal substances</i></li> <li>• <i>Legally regulated substances</i></li> <li>• <i>Substances or discharge parameters which are not regulated or prohibited by law, but may be a specific pollutant or risk to textile manufacturing, such as use of pesticides, allergenic dyes, or tin-organic compounds, and pH value"</i></li> </ul>
CN0501	Zero Discharge of Hazardous Chemicals (ZDHC) Programme	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-09)	<p>c. Postpone inclusion of metric for hazardous chemical discharge testing</p> <p>While ZDHC understands the importance of wastewater testing, without a clear standard for what concentrations are or are not acceptable in wastewater discharge, the issues of detection limits and "free of" discussed several times in these comments present themselves. Analytical methods may detect very low level background contamination of hazardous substances, but these concentrations have little relevance unless placed in the context of a clear standard. For this reason, ZDHC is working on a globally harmonized water quality standard and recommends that SASB postpone the inclusion of a wastewater accounting metric until such time as the global water quality standard becomes available. In the meantime, a metric addressing MRSL conformity discussed in subsection b above makes more sense for the industry to report.</p>	<p>In the provisional standard, SASB has chosen to retain a metric on quality of wastewater discharge but has made updates to the metric. CN0501-08 has been updated from <i>"Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 tested for priority chemical discharge, percentage verified as free of all chemicals in Zero Discharge of Hazardous Chemicals (ZDHC) priority"</i> to <i>"Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 with wastewater discharge meeting or exceeding legal requirements."</i></p> <p>This revised metric is meant to more directly capture performance on the relevant aspects of this topic which companies likely have direct control. Companies may face financial and reputational implications if supplier facilities do not meet regulatory requirements for wastewater discharge. Therefore, SASB will use legal compliance as a benchmark for sufficient wastewater treatment in the supply chain.</p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>ZDHC thanks you for recognizing its efforts by including ZDHC metrics in the draft Sustainability Accounting Standard #CN0501 – and for your consideration of the issues raised and recommendations provided in these comments. Should you desire additional clarifying information or a meeting to discuss these comments in more detail, please contact the ZDHC Programme Manager at info@roadmaptozero.com. ZDHC would be happy to have a representative meet with you in San Francisco to discuss at your convenience.</p>	<p>In line .54 of the standard, the registrant has the opportunity to disclose the criteria to which it holds its suppliers' wastewater discharge. SASB references ZDHC in line .54 and line .62 of the standard, which state:</p> <p><i>" .54 The registrant shall disclose whether the wastewater standards to which its supplier facilities are subject to exceed regulated limits for the concentrations of chemicals in wastewater, and the location of those wastewater standards, if publicly available.</i></p> <ul style="list-style-type: none"> <li><i>• Examples of relevant manufacturing wastewater standards that exceed regulated limits include, but are not limited to, the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MSRL), OEKO-TEX Standard 100, and Bluesign criteria. "</i></li> </ul> <p><i>" .62 The registrant may choose to describe any practices, programs, technology, or methods it utilizes to manage and improve wastewater quality and chemical formulations used at its supplier facilities (disclosure corresponds with Sustainable Apparel Coalition's Higg Index indicator FAC-4.3.2).</i></p> <ul style="list-style-type: none"> <li><i>• Relevant programs to discuss include adherence to certification schemes with wastewater discharge standards, including, but not limited to, STeP by OEKO-TEX, German Blue Angel, Bluesign, and Cradle to Cradle Certified, and improving chemical formulations at supplier facilities to eliminate priority chemicals identified in the ZDHC Manufacturing Restricted Substances List (available here). "</i></li> </ul> <p>SASB appreciates the ZDHC's willingness to provide feedback on a wastewater discharge metric once a globally harmonized water quality standards has been set.</p>
CN0501	Sustainable Apparel Coalition (SAC)	Background/General comment	<p>The Sustainable Apparel Coalition (SAC) is an industry association whose membership consists of brands, retailers, manufacturers, NGOs, governments, and educational institutions related to the apparel, footwear, and home textiles industry. Members of the Sustainable Apparel Coalition represent over one third of the turnover of the apparel and footwear industry. The SAC was founded by leaders in sustainability to create an apparel</p>	<p>SASB appreciates the time and effort that the Sustainable Apparel Coalition has invested in preparing a comment letter for the Apparel, Accessories &amp; Footwear industry. SASB thanks the Sustainable Apparel Coalition for its engagement in the SASB process and willingness to provide feedback.</p> <p>SASB aims to deepen our engagement with and knowledge</p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>and footwear industry that does no unnecessary harm and improves the communities where it operates. The primary focus of the SAC is the Higg Index, a comprehensive suite of tools to measure the impact of the production and sales of apparel, footwear, and home textiles products. These comments represent the views of SAC staff and members who have provided feedback to staff, but they are not the product of a consensus process amongst our 160+ members and do not represent the views of each individual member company or organization because they are not the product of a consensus process. Our comments are particularly relevant to SASB's efforts in this sector because we are the largest effort dedicated to sustainability assessment in the apparel and footwear vertical industry and we have years of experience creating and synthesizing indicator questions to material sustainability issues in the sector.</p> <p>With a goal of sustainability measurement and improvement, the SAC is philosophically aligned with the goals of SASB. Further, as an industry with a deep history of measurement and the resulting vast quantity of assessments, the overall goal of aligning and reducing assessments is shared and laudable. Developing meaningful and high quality metrics for an industry as disaggregated and complicated as the apparel and footwear industry requires significant time and investment. The SAC understands this first hand as it has spent millions of dollars and tens of thousands of man hours from the value chain and its stakeholders creating the Higg Index, which was already built on top of existing assessments themselves representing considerable investment. We appreciate the difficulty in establishing materiality for an industry such as this and appreciate that SASB must have a process that is consistent across industry verticals.</p> <p>We have separated our comments into both specific and general comments and included desired areas of clarification as well as feedback on the viability of the</p>	<p>of the Apparel, Accessories &amp; Footwear industry as we continue to review and refine our standards. We hope that this is an opportunity to strengthen our relationship with SAC and your members.</p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
CN0501	Sustainable Apparel Coalition (SAC)	General comment	<p>metrics created by SASB.</p> <p>General Comments: SASB should be commended for generally getting the right material issues to the apparel and footwear industry into its standards. The areas it chose for materiality are generally indeed material for this industry. Unfortunately, the questions themselves are not viable at this point and need a re-start in order to gather obtainable information which accurately demonstrate material issues for the industry.</p> <p>When SASB first approached SAC staff about its work in apparel and footwear, we appreciated the openness and willingness to work together. The SAC warned SASB staff not to re-create assessments, and not to under-estimate the complexity of this value chain. SAC offered staff resources to help SASB utilize existing questions and methodology from the Higg Index. We were very concerned that SASB's process of utilizing an analyst not experienced in the sector to do 1-2 months of literature review to create preliminary standards was going to lead to an inferior set of indicators given the challenges faced in the past in this sector. This was why we offered staff resources to assist with the creation for SASB's indicators to leverage many years spent on the same subject. We were told that SASB works very closely with industry and multi-stakeholder initiatives to ensure high quality outputs and alignment. While SASB's analyst did indeed speak with our staff and ask some follow up questions the level of engagement was low. When the SAC provided additional comments stating major concerns with the initial product there was no follow up from SASB despite a stated interest in working together. The main points of contacts at SASB for the SAC both left the organization on the same day, and we have not heard from SASB since receiving their departure emails. This low level of engagement with the SAC is presumably indicative of a similar level of engagement with other industry actors which would have revealed shortcomings in the draft standards earlier. Unfortunately in the end it felt as though the SAC were another stakeholder to be</p>	<p>During the Industry Working Group process, SASB's proposed metrics received strong feedback for their "Relevance" and "Decision-usefulness" (no less than 76%).</p> <p>SASB acknowledges the large amount of work and collaboration that has been done in the Apparel, Accessories &amp; Footwear industry on sustainability issues to-date, and where possible, SASB seeks to harmonize with established standards. SASB acknowledges that there may be certain additional costs associated with collecting data in the format specified by its standards. It has aimed to develop metrics that harmonize with existing reporting frameworks (regulatory and otherwise) where possible, and hopes to be creating additional benefit in instances where SASB's metrics may diverge from a current approach. SASB anticipates these benefits to be realized through enhanced comparability, relevance, and decision-usefulness.</p> <p>In the provisional Apparel, Accessories &amp; Footwear standard, SASB has indicated where there is alignment of indicator questions from the SAC Higg Index with SASB's criteria. SASB references SAC Higg Index indicator questions 29 times in the provisional standard. Higg Index indicator questions are referenced in CN0501-01, CN0501-02, CN0501-05, CN0501-07, CN0501-08, and CN0501-09.</p> <p>SASB will release a Rules of Procedure document for Public Comment in the coming months. This document will outline the proposed governance and approval process for the provisional standards. We encourage the SAC to review this document with your members and comment on the merits of the proposed process and governance structure. SASB looks forward to continued engagement with the SAC as the Apparel, Accessories &amp; Footwear standards are codified.</p>

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			<p>managed rather than a thought partner in creating a viable assessment.</p> <p>Because SASB is seeking entirely new data sets rather than those that are already being collected it is creating a new cost-prohibitive assessment that will not likely be used. There is a significant opportunity because similar information is already collected through the Higg Index. SASB could utilize indicator questions from the Higg Index to gather very similar information than that which was requested in the standards with little marginal costs to brands, retailers, and manufacturers who are already reporting on the Higg Index. We understand that to fit within SASB's model, SASB would only seek a subset of the information that the SAC collects with the Higg index but the current questions are simply not viable, and a more robust stakeholder engagement process would have likely revealed this fact.</p> <p>The SAC recommends that the questions in the draft standards as presented be abandoned and SASB restarts a new process. Should SASB decide not to re-start entirely it must completely change the questions it asks in the standard. The questions should not be used as a starting point; they should be used as a re-starting point. This point of view is not coming from a source who wishes to brush critical industry sustainability challenges under the rug, rather we seek to eventually make all relevant sustainability information entirely transparent to all stakeholders and are working toward that end.</p>	
CN0501	Sustainable Apparel Coalition (SAC)	General comment	Overall: Please provide clarification on the thresholds at which metrics apply to businesses that are in multiple industries (e.g. retail, online sales, product) or provide guidance on application of the metrics.	<p>For companies who conduct operations in multiple SICS industries, a revenue or market share threshold should be used to determine disclosure requirements, as follows:</p> <ul style="list-style-type: none"> <li>-A company should disclose on material sustainability topics for each industry from which it generates 15% or more of its revenue.</li> <li>-A company should disclose on material sustainability topics for each industry where it is among the top five companies in terms of market share (by revenue), even if</li> </ul>

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				<p>the industry represents less than 15% of its revenue.</p> <p>To the extent that an Apparel, Accessories &amp; Footwear company is integrated with another SICS industry, it should disclose on sustainability topics presented in the relevant SICS industry standard if it identifies them as material. Similarly, activity metrics across the industries should be used to provide context behind performance on sustainability topics.</p>
CN0501	Sustainable Apparel Coalition (SAC)	Product Safety (CN0501-01)	<ul style="list-style-type: none"> <li>• As written, this metric is not feasible for many if not most companies. It implies testing of every individual product and this is cost prohibitive. This is inconsistent with current industry practice, where component or selective testing in combination with other quality control programs—such as chemical input management—ensures product safety requirements are met.</li> <li>• Further, for this metric to be meaningfully comparable across companies, all companies should be assessed against the same Restricted Substances List (RSL) as opposed to different ones depending on where a company operates, but a globally agreed list does not currently exist.</li> </ul>	<p>In response to this comment and other comments on this metric, SASB has updated metric CN0501-01 from "<i>Percentage of products free of regulated substances</i>" to "<i>Description of processes to maintain compliance with restricted substances regulations.</i>"</p> <p>SASB recognizes that companies in this industry may not utilize the same RSL for all of the areas it operates in. Line .04 of the technical protocol states: ".04 The registrant shall describe the scope of the RSL(s) it uses, including whether it:" and Line .05 states: ".05 The registrant shall disclose whether the RSL(s) it uses is publicly available and shall disclose its location. (Disclosure corresponds to Sustainable Apparel Coalition's Higg Index indicator question MAT-B-2.4.)"</p>
CN0501	Sustainable Apparel Coalition (SAC)	Raw Materials Sourcing Risks & Materials Innovation	Despite the header for this section, none of the measures addresses materials innovation.	<p>Companies are increasingly recognizing the environmental and social risks associated with materials sourcing and are developing innovative partnerships, alternative materials, and certification standards. Those that are most proactive are likely to reduce their exposure to price volatility and potential supply disruptions while also improving their brand reputation and developing new market opportunities.</p> <p>In the Note to CN0501-03, SASB incorporates materials innovation with respect to how a company manages the risks associated with its raw materials. Line .21 of the technical protocol states: ".21 The registrant shall discuss environmental and social risks associated with sourcing each of the top raw materials it used, and describe how it manages those risks."</p>

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				<p>Further, Line .25 of the technical protocol states:  <i>".25 The registrant shall discuss its approach to managing risks associated with the use of raw materials in its products, including physical limits on availability, access, price, and reputational risks.</i></p> <ul style="list-style-type: none"> <li><i>• Relevant strategies to discuss include due diligence practices, supply chain auditing, partnerships with industry groups or nongovernmental development organizations, using substitute materials, research and development into materials with less environmental or social risks, supplier diversification, implementing supply chain codes of conduct, training or engagement programs, supplier audits and/or certifications, and research into the full traceability of material sources, among other strategies. "</i></li> </ul> <p>Additionally, line .32 in the technical protocol for CN0501-04, the registrant also has the opportunity to discuss innovation efforts: <i>" The registrant may also choose to discuss its use of other sustainable materials that may not be third-party certified, but may demonstrate an environmental lifecycle benefit, and fibers such as reclaimed cotton and wool, mechanically or chemically recycled polyester, nylon, and lyocell. "</i></p>
CN0501	Sustainable Apparel Coalition (SAC)	Raw Materials Sourcing Risks & Materials Innovation (CN0501-03)	<ul style="list-style-type: none"> <li>• Please clarify if this metric is intended to cover all products together or if the requirement would be to create and disclose separate lists for apparel, accessories and footwear.</li> <li>• Disclosing material volumes by type could lead to potential competitive risks. Ideally, industry would develop industry standard or clarification on materials types for consolidation in reporting.</li> </ul>	The scope of CN0501-03: <i>"Top five raw materials used in products"</i> covers all materials that compose its finished apparel, accessories, and footwear products.
CN0501	Sustainable Apparel Coalition (SAC)	Raw Materials Sourcing Risks & Materials Innovation (CN0501-04)	<ul style="list-style-type: none"> <li>• Not all standards are equal, even those with third party certification. It may be beneficial for the SAC or another body to provide a list of which certifications should be included.</li> </ul>	<p>SASB recognizes that third-party certifications and standards in the Apparel, Accessories, &amp; Footwear industry are created with varying levels of rigor and stakeholder participation. SASB does make reference to multiple standards, frameworks, and industry groups, when the criteria in a standard aligns with the intent of what a SASB metric intends to capture.</p> <p>SASB does not give preference to any third-party standard</p>

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				and does not necessarily endorse the organizations referenced in the provisional standard or their funders, but does aim to harmonize with established standards where appropriate.
CN0501	Sustainable Apparel Coalition (SAC)	Raw Materials Sourcing Risks & Materials Innovation (CN0501-05)	<ul style="list-style-type: none"> <li>The industry does not currently have reliable tracking back to raw material sourcing. Brands typically do not purchase materials directly. Those that do source materials are sourcing from a vendor who may or may not be able to track back to source. Because cotton is a commodity, significant change to the industry and tracking would be needed to reliably report.</li> </ul>	<p>SASB has withdrawn the metric <i>"Percentage of cotton sourced from regions with High or Extremely High Baseline Water Stress"</i> from the provisional standard for the Apparel, Accessories &amp; Footwear industry.</p> <p>In metric CN0501-03 "Top five raw materials used in products, by weight", SASB offers disclosure guidance specific to cotton in line .24, which states:  <i>"If the registrant identifies cotton as one of the top five raw materials used in its products, it shall discuss its vulnerability to cotton-growing regions with water stress and how it manages the risk of price variability due to sourcing cotton from these regions.</i></p> <ul style="list-style-type: none"> <li><i>The registrant may choose to identify its known sources of cotton for High (40–80%) or Extremely High (&gt;80%) Baseline Water Stress using the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct (publicly available online here)."</i></li> </ul>
CN0501	Sustainable Apparel Coalition (SAC)	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-06)	<ul style="list-style-type: none"> <li>Percentage audited and subject to third party audit would be available for Tier 1 suppliers, but a percentage calculation for Tier 2 would rely on all brands having clear insight into the total count of Tier 2 suppliers, which today is far from the case.</li> </ul>	<p>SASB recognizes that currently not all companies in the Apparel, Accessories &amp; Footwear industry have accurate data for their full list of suppliers beyond tier 1. However, SASB's research and stakeholder engagement efforts have shown that companies in this sector continue to prioritize identification of suppliers throughout their entire value chain. A lack of supply chain transparency may present a risk to a company in the Apparel, Accessories &amp; Footwear industry if this lack of transparency makes it unable to adequately manage potential social, environmental, and other issues, which may have direct financial or reputational implications.</p> <p>SASB acknowledges that there may be certain additional costs associated with collecting data in the format specified by its standards. SASB hopes to be creating additional benefit in instances where SASB's metrics may diverge from a current approach. SASB anticipates these benefits to be</p>

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CN0501	Sustainable Apparel Coalition (SAC)	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-07)	<ul style="list-style-type: none"> <li>It is concerning that the definitions and severity of non-conformances may not be sufficiently aligned across companies, such that this metric as currently written, could be misleading. There is a need to align further on the definitions of nonconformance and the method of calculating the rate in order to provide meaningful comparisons.</li> </ul>	<p>realized through enhances comparability, relevance, and decision-usefulness.</p> <p>SASB's research found that there are publicly-available examples promulgated by an industry association of what would constitute "a non-conformance with a higher level of severity" in a supplier audit. SASB references a "Major Deficiency" from the Outdoor Industry Association (OIA) Code of Conduct as an example of what would constitute a priority non-conformance:</p> <p>Line .41 defines a priority non-conformance:  <i>"• Priority non-conformances are defined as the highest severity of non-conformance and require escalation by auditors or the registrant. Priority non-conformances may arise from a significant risk to labor conditions, safety, or the environment; non-compliance with relevant regulatory requirements; or failure to adequately address prior minor non-conformances.</i>  <i>- Priority non-conformances are defined by the registrant's or an external third party's code of conduct, and are also known as "high-risk violations," "severe violations, or "major deficiencies," among other terms. Examples of what constitutes a priority non-conformance in an apparel, accessories, or footwear supplier facility audit include the indicators of a "Major Deficiency" outlined in the OIA Code of Conduct."</i></p>
CN0501	Sustainable Apparel Coalition (SAC)	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-08)	<ul style="list-style-type: none"> <li>Providing top non-conformances again relies on a standard definition of the non-conformances and would require additional definitions for the calculation: number of workers affected, severity of non-conformance, duration, etc.</li> </ul>	<p>SASB has updated metric CN0501-08 from " <i>Top three (1) working conditions non-conformances and (2) environmental non-conformances identified in suppliers' social and environmental responsibility audits</i>" to CN0501-07 " <i>Discussion of greatest (1) labor and (2) environmental, health, and safety risks in the supply chain.</i> "</p> <p>The updated metric focuses on the top conditions that pose the greatest risk in the registrant's supply chain, and does not reference non-conformances. The updated disclosure guidance reads:  <i>.46 The registrant shall list the three labor conditions issues and the three environmental health and safety issues that pose the greatest potential risk in the registrant's supply</i></p>

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				<p><i>chain.</i></p> <ul style="list-style-type: none"> <li>• A risk can be identified because: (a) the registrant has determined its potential to cause accidents or incidents at supplier facilities, (b) it was identified as a non-conformance most frequently in labor code of conduct audits, or (c) the registrant has determined it to have the greatest potential to cause financial and/or reputational harm to the registrant or its suppliers if left uncorrected.</li> </ul> <p><i>.47 Labor conditions risks include the following, related to the criteria outlined in the registrant's labor code of conduct or audit criteria: excessive worker hours, violations in minimum age requirements, unfair compensation practices, lack of freedom of association rights, unfair worker treatment (harassment or abuse), or other labor conditions risks identified by the registrant.</i></p> <p><i>.48 Environmental health and safety risks include the following, related to the criteria outlined in the registrant's environmental, health, and safety code of conduct or audit criteria: unsafe building and occupational safety hazards, noncompliance with environmental permits, unsafe levels of air and water pollution, improper management of hazardous substances, wastewater and solid waste disposal violations, or other risks identified by the registrant.</i></p>
CN0501	Sustainable Apparel Coalition (SAC)	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-09)	<ul style="list-style-type: none"> <li>• Currently, there is no common standard for measuring and assessing wastewater discharge of the 11 priority groups from supplier facilities, and this conversation could be revisited when an industry standard has been set. As discussed in CN0501C01, testing for compliance in the 11 priority groups on the front-end of the process, by enforcing RSLs and adherence to regulations, is preferable to testing on the back-end of the process.</li> </ul>	<p>In the provisional standard, metrics CN0501-01 and CN0501-02 focus on input chemistry and registrants' efforts to comply with regulations and improve chemical formulations.</p> <p>In the provisional standard, CN0501-08 has been updated from " <i>Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 tested for priority chemical discharge, percentage verified as free of all chemicals in Zero Discharge of Hazardous Chemicals (ZDHC) priority</i>" to " <i>Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 with wastewater discharge meeting or exceeding legal requirements.</i> "</p> <p>This revised metric is meant to more directly capture performance on the relevant aspects of this topic which companies likely have direct control. Companies may face</p>

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				<p>financial and reputational implications if supplier facilities do not meet regulatory requirements for wastewater discharge. Therefore, SASB will use legal compliance as a benchmark for sufficient wastewater treatment in the supply chain.</p> <p>In line .54 of the standard, the registrant has the opportunity to disclose the criteria to which it holds its suppliers' wastewater discharge.</p> <p>SASB appreciates the SAC's willingness to further engage on a wastewater discharge metric when and if an industry standard is set.</p>
CN0501	Sustainable Apparel Coalition (SAC)	Working Conditions & Environmental Impacts in the Supply Chain (CN0501-10)	<ul style="list-style-type: none"> <li>Suppliers completing Higg Index would need to assess whether completion alone is the goal. Other options include completion and opening response to brands or completion and publishing or opening results to all. Further, to assess percentages, brands need full insight into the total number of Tier 1 and Tier 2 suppliers, which is not universally available.</li> </ul>	<p>SASB research indicates that as a result of enhanced scrutiny on the part of stakeholders and consumers, coupled with the development of more stringent regulation in certain regions, many companies in the Apparel, Accessories, &amp; Footwear industry are making efforts throughout their supply chain to know the full extent of the environmental impacts associated with making their products. Companies see data collection (such as completion of the Higg Index) as the first step of assessing risk and managing performance. For more evidence on this topic, please see page 17 of the Industry Research Brief, available on the Consumption II sector webpage.</p> <p>Currently, results from the Higg Index are not shared publicly. Metric CN0501-09 "<i>CN0501-09. Percentage of (1) tier 1 suppliers and (2) suppliers beyond tier 1 who have completed the Sustainable Apparel Coalition's Higg Index Facility Module assessment or equivalent environmental data collection</i>" can serve as a proxy for users of the standard to disclose the efforts they are taking to engage with their supply chain partners on environmental issues. SASB looks forward to engaging with the SAC about the future development and goals of the Higg Index in 2016.</p>
CN0501	American Chemistry Council	General comment	The American Chemistry Council (ACC) appreciates the opportunity to comment on the Sustainability Accounting Standards Board's (SASB) Apparel, Accessories, & Footwear draft standard in the Consumption II Sector.	SASB appreciates the time and effort the American Chemistry Council has invested in preparing a comment letter for the Apparel, Accessories, & Footwear industry, and its continued engagement during SASB's standards

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			<p>ACC is America’s oldest trade association of its kind, representing companies engaged in the business of chemistry—an innovative, \$812 billion enterprise that is helping solve the biggest challenges facing our nation and the world. The products of chemistry will make it possible to satisfy a growing world population by providing a healthy and plentiful food supply, clean air and water, safe living conditions, efficient and affordable energy sources and lifesaving medical treatments in communities around the globe. To enable these ongoing innovations, ACC supports public policies and private sector voluntary consensus standard development that will drive creation of groundbreaking products that improve lives and our environment, enhance the economic vitality of communities and protect public health.</p> <p>ACC submitted comments to SASB in January on the draft standard in the Resource Transformation Sector and in June for the Consumption I Sector. We incorporate those comments by reference here, and repeat them for the draft Consumption II Sector standard as if made separately. Our comments here specifically urge SASB to make adjustments to the draft standard to address issues of materiality, relevance, decision-usefulness for the mainstream investor, technical deficiencies with certain metrics and associated definitions, and to consider modifications that will reduce what are, in some cases, extraordinary financial burden associated with the proposed reporting</p>	<p>development process.</p> <p>SASB aims to deepen our engagement with and knowledge of the Apparel, Accessories &amp; Footwear industry as we continue to review and refine our standards. We hope that this is an opportunity to strengthen our relationship with the American Chemistry Council.</p>
CN0501	American Chemistry Council	General comment	<p>General Comments</p> <p>SASB’s Standard Development Procedures Should be Improved to Conform with Essential Procedures-level Due Process</p> <p>As we noted in our January 15, 2015 comments to the draft standard in the Resource Transformation Sector and May 1, 2015 comments to the draft standard in the Consumption II Sector, ACC is a strong supporter of the</p>	<p>SASB notes the ACC’s comments with respect to ANSI Essential Requirements. Though SASB is an ANSI-accredited standards development organization, it has not announced its intent to develop and American National Standard via the Project Initiation Notification System (PINS). Therefore, to-date SASB’s standards development process has been informed by ANSI best practices, but it does not represent itself as conforming to ANSI Essential Requirements for a voluntary, consensus standard. SASB will weigh the ACC’s comments as it considers initiating the PINS process and</p>

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			<p>use of voluntary consensus standard development to meet market needs, and in particular, respects standard development conducted in accordance with ANSI's Essential Procedures, which are recognized in the U.S. as particularly robust, protective of stakeholder engagement, and the best platform to support stakeholder development of technically sound, usable standards output. Establishing a robust performance reporting program can take decades of investment supported by significant sector-specific expertise. Given the complex nature of this reporting, and the potential for substantial market and business impact, ACC believes that voluntary consensus standards must respect ANSI-level due process and consensus requirements as set out in Essential Procedures to be suitable for use in the private sector. For that matter, procedures must be followed if voluntary consensus standards are to be adopted or incorporated by reference by any regulatory agency. SASB procedures are currently falling short of the procedural respect and robustness needed to achieve ANSI approval, and we urge the organization to carefully review its process.</p>	<p>filing a BSR-8 form.</p>
CN0501	American Chemistry Council	Product Safety (CN0501-01)	<p>ACC recommends removal of the draft metric: We suggest this provision be removed. While the accounting metric focuses on "regulated substances" which are restricted or banned due to law or implementing regulation, many legal requirements may not extend to complete elimination of a compound. The complete elimination of a compound may be infeasible or unnecessary to achieve human health or ecological objectives. This section should read, "Products can be verified as containing regulated substances below regulated limits through testing or third party certification."</p>	<p>In response to this comment and other comments on this metric, SASB has updated metric CN0501-01 from "<i>Percentage of products free of regulated substances</i>" to "<i>Description of processes to maintain compliance with restricted substances regulations.</i>"</p>
CN0501	American Chemistry Council	Product Safety (CN0501-01)	<p>.03 This section should clarify that a legal restriction or ban is specifically relevant to the product category - e.g., home textile, apparel, or footwear at issue. It is not appropriate to apply a restriction that may exist with respect to, for example, direct food additives to footwear - the exposure pathways and exposure profile to the compound will be completely different. We recommend</p>	<p>In response to this comment and other comments on this metric, SASB has updated metric CN0501-01 from "<i>Percentage of products free of regulated substances</i>" to "<i>Description of processes to maintain compliance with restricted substances regulations.</i>" SASB believes that with this updated wording the scope and application of the metric will be interpreted as indicated by the ACC.</p>

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			the inclusion of the phrase "relevant to the product category" before "regulation or law".	<p>Additionally, SASB notes that Line .04 of the revised technical protocol provides an opportunity for users of the standard to provide context relating to their RSL policies, by stating:</p> <p><i>".04 The registrant shall describe the scope of the RSL(s) it uses, including whether it:</i></p> <ul style="list-style-type: none"> <li><i>• Uses separate RSLs to manage legal compliance within each market it operates in or applies a single RSL to products in all markets in which it operates, regardless of whether the RSL contains chemicals that are not be regulated in certain markets.</i></li> <li><i>• Uses one or more RSL that it has independently developed or if it uses an industry-accepted RSL (disclosure corresponds to Sustainable Apparel Coalition's Higg Index indicator question MAT-B-2.1).</i></li> </ul> <p><i>§ An industry-accepted RSL is defined as an RSL that is promulgated by an industry or trade organization (e.g., American Apparel &amp; Footwear Association (AAFA) Restricted Substance List (RSL), June 2015   Release 16).</i></p> <ul style="list-style-type: none"> <li><i>• Uses an RSL that reflects the strictest regulation in all of the countries or markets in which the brand operates and sells products (e.g., regulations that apply to manufacturing, marketing, and sales locations). (Disclosure corresponds to Sustainable Apparel Coalition's Higg Index indicator question MAT-B.2.1.)..."</i></li> </ul>
CN0501	American Chemistry Council	Product Safety (CN0501-01)	.03, bullet 2: This section invokes the "strictest regulations of all countries or markets" globally. Some countries, however, have been known to make political decisions with respect to chemistries (as opposed to science-based or deliberative regulatory decisions) and for that matter, the restrictions of particular countries may create trade barriers. While it may be appropriate to give consideration to the strictest regulatory schemes globally, the standard should allow such schemes to be excluded from further consideration where they are arbitrary (e.g., based on invocation of the precautionary principle), politically based, or may create a global trade barrier	<p>In response to this comment and other comments on this metric, SASB has updated metric CN0501-01 from "Percentage of products free of regulated substances" to "Description of processes to maintain compliance with restricted substances regulations."</p> <p>The registrant has the opportunity to discuss the scope of the restricted substances list (RSL) it chooses to use for the purposes of testing its products and maintaining compliance with regulations. The updated disclosure guidance reads:</p> <p><i>.04 The registrant shall describe the scope of the RSL(s) it uses, including whether it:</i></p> <ul style="list-style-type: none"> <li><i>• Uses separate RSLs to manage legal compliance within</i></li> </ul>

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				<p><i>each market it operates in or applies a single RSL to products in all markets in which it operates, regardless of whether the RSL contains chemicals that are not be regulated in certain markets.</i></p> <ul style="list-style-type: none"> <li><i>• Uses one or more RSL that it has independently developed or if it uses an industry-accepted RSL (disclosure corresponds to Sustainable Apparel Coalition’s Higg Index indicator question MAT-B-2.1).</i></li> </ul> <p><i>§ An industry-accepted RSL is defined as an RSL that is promulgated by an industry or trade organization (e.g., American Apparel &amp; Footwear Association (AAFA) Restricted Substance List (RSL), June 2015   Release 16).</i></p> <ul style="list-style-type: none"> <li><i>• Uses an RSL that reflects the strictest regulation in all of the countries or markets in which the brand operates and sells products (e.g., regulations that apply to manufacturing, marketing, and sales locations). (Disclosure corresponds to Sustainable Apparel Coalition’s Higg Index indicator question MAT-B.2.1.)</i></li> </ul> <p><i>§ Strictest regulation is defined as the lowest allowable concentration of the regulated chemical found in any regulation in all locations worldwide where the chemical is regulated.</i></p> <ul style="list-style-type: none"> <li><i>• Uses an RSL that reflects the most restrictive allowable limits in all locations worldwide where the chemicals that may be used in the registrant’s products are regulated (disclosure corresponds to Sustainable Apparel Coalition’s Higg Index indicator question MAT-B.2.2).</i></li> </ul> <p><i>§ An example of an RSL that reflects the most restrictive allowable limits worldwide is the American Apparel &amp; Footwear Association (AAFA) RSL, June 2015   Release 16.</i></p> <ul style="list-style-type: none"> <li><i>• Uses one or more RSL that includes voluntary limits or bans of chemicals beyond what is covered in the most restrictive global regulations, or if it includes chemicals that may not be subject to regulation but which the registrant has voluntarily chosen to limit or ban from its products (disclosure corresponds to Sustainable Apparel Coalition’s Higg Index indicator question MAT-B-2.3 and GEN-B-4.5.1).</i></li> </ul> <p><i>§ An example of an RSL that includes chemicals that may not be subject to regulation but which a registrant may voluntarily have chosen to limit or ban from its products is</i></p>

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				<i>the List of Non-Regulated Substances Contained in the AFIRM RSL Guidance.</i>
CN0501	American Chemistry Council	Product Safety (CN0501-02)	<p>ACC recommends modification of the draft metric</p> <p>.05 We strongly recommend that SASB remove "may be of concern" to stakeholder groups as the basis for identification and management. This provision is entirely arbitrary. "Concern" is not a legal or regulatory concept that has any meaning; no measures for quantification are given; and there is no basis for determining whether "concern" has a basis or is well-founded. There are many recent examples of scientific fraud, social media abuse, shoddy media reporting and otherwise that have either created or propagated "concern" over the safety of a compound or product unnecessarily. In the social media age, even if a fraudulent scientific study is retracted or debunked, it may take years (if at all) for the "concern" to dissipate. (We further note that the catchall provision at the end - "but are not currently regulated" - should be reconsidered. In the modern era it is not accurate to suggest that chemicals are not regulated or "not currently regulated." If SASB means this statement to be "not currently regulated in the textile, apparel, or footwear product as used in that application" or "not currently regulated for the health or environmental issue where the concern has arisen" that is another matter, but such constructions imply that specific regulation as used in the product is needed (on top of other regulated such as new chemical review) or that regulation specific to an unfounded "concern" is needed.</p>	<p>In response to this comment and other comments on this metric, SASB has updated metric CN0501-02 from "<i>Description of the process to identify and manage risks associated with chemicals of concern</i>" to "<i>Description of processes to assess and manage risks and/or hazards associated with chemicals in products</i>".</p> <p>The technical protocol that accompanies the metric aims to provide guidance for users of the standard to disclose the scope, nature, and type of chemicals management in which they engage.</p>
CN0501	American Chemistry Council	Product Safety (CN0501-02)	.07 We recommend that material safety data sheets not be used as an example of product declarations but be offered as a stand-alone category, e.g., "product labeling, product declarations, and material safety data sheets."	In the provisional standard, SASB has withdrawn reference to material safety data sheets as an example of product declarations.
CN0501	American Chemistry Council	Product Safety (CN0501-02)	.08 This section asks for discussion of relevant actions. Human health and environmental performance of a finished product are best informed by risk assessment, which requires evaluation of chemical constituents and their toxicological profile as well as exposure. For that matter, environmental performance is informed by	SASB acknowledges that use of lifecycle assessment methodology and/or environmental product declarations (EPD) may be useful tools in understanding environmental implications of products. Because EPDs are not risk assessments and do not directly communicate hazards or risks to users, SASB has declined to suggest disclosure of if

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			application of ISO Life Cycle Assessment measures. We recommend that this section suggest those discussion areas first. Likewise, we suggest that another relevant action to be included is whether an ISO-compliant Environmental Product Declaration has been completed and is publicly available.	an EPD has been completed and is available.
CN0501	American Chemistry Council	Product Safety (CN0501-02)	.09 This section refers to "use of banned substances lists." We suggest this be clarified to "use of legal or regulatory banned substances lists." The use of lists should be limited to their intended purpose and scope. Non-regulatory lists typically have minimal value and may be entirely arbitrary. If a regulatory list is used, it should be used from the international or national governing body itself (e.g., the Environmental Protection Agency in the U.S.) and should be current.	SASB has withdrawn reference to the "use of banned substances lists", and instead uses the term restricted substance list (or RSL). SASB recognizes that it is widespread practice for companies to use RSLs that include both regulated and non-regulated substances. SASB does not specifically endorse one approach, but has determined that disclosure of a company's approach may provide material information to investors. SASB directs the ACC to criterion .04 of metric CN0501-01 which provides guidance for how companies can present this information in an objective and useful format.
CN0501	American Chemistry Council	Product Safety (CN0501-02)	This section, which also references the precautionary principle, should be eliminated. As noted above, "restricted substance lists" or banned substance lists that reflect existing legal requirements may have some use for tracking and managing regulatory compliance globally. Lists that aim to go beyond this - and lists that purport to apply the "precautionary principle" to chemistries are not appropriate for use. The "precautionary principle" is not considered appropriate for regulatory risk management in the United States and is inconsistent with risk principles, which take exposure into consideration. For that matter, the "precautionary principle" is an abstract vision that cannot be reasonably or consistently applied in chemical risk management. It is undefined in this standard, and thus lacks any technical scientific basis that can either be described or consistently applied.	SASB has withdrawn reference to the precautionary principle.

## Food Retailers & Distributors

Industry SICS Number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
CN0401	Oscar Rodriguez-Gonzalez	Food Quality & Safety (CN0401-08-10)	<p>This letter is just to share some of my observations in the Consumption II group of standards. Because of my ongoing research in this area, I think that in the standard #CN0401 (Food retailers and distributors) the following metrics could be reviewed.</p> <p>Is the compliance to standards like the FMI SafeMark for supermarkets (<a href="http://www.fmi.org/food-safety/safemark">http://www.fmi.org/food-safety/safemark</a>) important?</p>	<p>SASB appreciates the time and effort that Mr. Rodriguez-Gonzalez took in preparing a comment letter for the Food Retailers &amp; Distributors industry.</p> <p>SASB research did not reveal evidence to indicate that disclosure of the use of FMI SafeMark is likely to constitute material information. A company in the Food Retailers and Distributors industry can choose to manage food safety in a variety of ways, but SASB metrics measure performance on food safety through inspection results and product recalls (CN0401-09 and CN0401-10).</p>
CN0401	Oscar Rodriguez-Gonzalez	Food Quality & Safety (CN0401-08-10)	Are quality complaints (defects not related to food safety) important at this point?	<p>SASB research did not reveal evidence to indicate that disclosure of quality complaints is likely to constitute material information. Because significant product defects manifest through product recalls, SASB uses CN0401-10 as a measurement of the quality and safety of food products:</p> <p><i>"Number of food-safety-related recalls, number of units recalled, percentage for private-label products"</i></p>
CN0401	Oscar Rodriguez-Gonzalez	Food Quality & Safety (CN0401-08-11)	Should the use in stores of nutrient density indicators such as NuVal 1-100® ( <a href="http://www.nuval.com/">http://www.nuval.com/</a> ), and Dr. Fuhrman™ ANDI scores ( <a href="http://www.drfuhrman.com/">http://www.drfuhrman.com/</a> ), be favored?	<p>SASB research did not reveal evidence to indicate that such disclosure is likely to constitute material information. A company can choose to benchmark the nutritional content of its products using tools such as the NuVal and ANDI scores, but SASB has chosen to measure performance on the management of product health and nutrition through the following two metrics, which show the extent to which the registrant is capturing the market for healthy products.</p> <p>CN0401-11: <i>"Revenue from products labeled and marketed to promote health and nutrition attributes"</i></p> <p>CN0401-12: <i>"Description of the process to identify and manage products and ingredients of concern and emerging dietary preferences"</i></p>
CN0401	Oscar Rodriguez-Gonzalez	Product Labeling & Marketing (CN0401-14)	The GMO issue may be arguable.	Please refer to page 27 of the SASB Food Retailers & Distributors Industry Research Brief for evidence on why disclosure on this topic may constitute material

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				<p>information.</p> <p>SASB has retained the metric on GMOs and updated CN0401-15 to: <i>"Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO."</i></p>
CN0401	Oscar Rodriguez-Gonzalez	Product Selection & Supplier Management to Mitigate Environmental & Social Impacts (CN0401-22)	<p>Percentage of products conforming to animal welfare standards? See Dr. Temple Grandin's webpage (<a href="http://www.grandin.com/">http://www.grandin.com/</a>). These are just basic audits, not certifiable.</p>	<p>SASB addresses animal welfare policies in metric CN0401-22: <i>"(1) Percentage of eggs sold from cage-free sources and (2) percentage of pork sold from gestation-crate-free sources"</i> and Note to CN0401-22, which states: <i>"Disclosure shall include a description of any additional animal welfare standards used by the registrant."</i></p> <p>The disclosure guidance that accompanies the standard suggests that users of the standard discuss the products that its animal welfare policies apply to.</p> <p>Additionally, users of the standard have the opportunity to disclose revenue from products third-party certified to animal welfare standards in response to metric CN0401-21: <i>"Revenue from products third-party certified to an environmental and/or social sustainability sourcing standard."</i></p>
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05) General Comment	<p>Our comments are on the food waste component based on WRI's role as Secretariat for the Food Loss &amp; Waste (FLW) Protocol. The FLW Protocol is developing the FLW Protocol Accounting and Reporting Standard (FLW Standard), which is intended to be the global standard for companies, governments, and other entities to account for and report on the loss and waste of food and/or associated inedible parts. This is a multi-stakeholder process involving experts from around the world representing a wide range of perspectives across the food value chain.</p> <p>Steering Committee members in addition to WRI include the Consumer Goods Forum (CGF), Food and Agriculture Organization (FAO), FUSIONS, United Nations Environment Programme (UNEP), World Business Council for Sustainable Development (WBCSD), and the Waste &amp;</p>	<p>SASB appreciates the time and effort WRI has invested in preparing a comment letter.</p> <p>SASB appreciates WRI's willingness to further engage on how to align the SASB disclosure guidance with the FLW Standard. In metric CN0401-06, <i>"Amount of food waste generated, percentage diverted from the waste stream"</i>, SASB has included technical disclosure guidance that aligns with the FLW Standard terminology, definitions, and scope where applicable.</p> <p>SASB looks forward to further engagement with WRI as the standards are prepared for market adoption.</p>

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			<p>Resources Action Programme (WRAP). The FLW Protocol will contribute to related initiatives led by UNEP, FAO and others and build upon regional measurement approaches being developed in the EU by FUSIONS.</p> <p>For the SASB standard’s accounting metric on food waste to be complete and useful, we suggest aligning with the terminology, definitions and scope included in the FLW Standard. We provided comments to SASB on the draft standard for Restaurants (metric code: SV0203-03) in October 2014 based on preliminary agreement among Steering Committee members around some of the key terms and scope that are required to be disclosed in a “food loss/waste” inventory. As of March 2015, a zero draft of the FLW Standard has been available and shared publicly for external review and pilot testing. The draft documents can be found at <a href="http://www.wri.org/food/protocol">www.wri.org/food/protocol</a> and have been uploaded along with this comment letter.</p> <p>Comments on text of the draft SASB standard The FLW Standard contains a robust set of requirements developed through a global multi-stakeholder process, which we believe should be incorporated in the SASB Industry Standards related to food waste. This will help align the SASB Standard with programs and goals related to preventing and reducing food loss and waste. Copied below is the text from your draft Standard with comments marked as well as suggested edits to the text.</p>	
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05)	<p>CN0401-05. Amount of food waste generated, percentage <b>of food removed from registrant’s facilities (i.e., waste material)</b> diverted</p> <p>It seems clarification along the lines of this edit might be helpful. See related comment below.</p>	<p>SASB updated metric CN0401-05 “Amount of food waste generated, percentage diverted” to CN0401-06 to “Amount of food waste generated, percentage diverted from the waste stream.”</p> <p>This change reflects that food waste is considered diverted if it does not enter the waste stream (i.e. not landfilled, incinerated, open burned, dumped to land or sea, or disposed of via sewer and wastewater treatment plants). Food waste can be removed from the registrant’s facilities but still be sent to a landfill.</p>
CN0401	Kai Robertson, World	Food Waste	.28 The total amount of food waste generated shall be	SASB has aligned its definition of food waste with the

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	Resources Institute (WRI)	(CN0401-05)	<p>calculated in metric tons, where:</p> <ul style="list-style-type: none"> <li>• Food waste is defined as any substance, whether processed, semi-processed, or raw, that is intended for human consumption, including drinks, chewing gum, and any substance that has been used in the manufacture, preparation, or treatment of food, <u>for which the registrant has no further use and which would otherwise be discarded or released into the environment.</u></li> </ul> <p>Suggest cross referencing the use of the terms 'discarded or released into the environment' to Section 29, bullet 7 and 8 so it's clear that this is what's meant by those terms.</p>	<p>definitions of food and inedible parts in the FLW Standard.</p> <p>Line .29 now states:  <i>"The registrant shall calculate the aggregate amount of food waste generated, in metric tons, at all of its retail locations, where:</i></p> <ul style="list-style-type: none"> <li>• <i>Food waste is defined as food and inedible parts for which the registrant has no further use and which would otherwise be discarded or released into the environment</i></li> </ul> <p><i>§ Food is defined per the global Food Loss &amp; Waste Protocol Accounting &amp; Reporting Standard (hereafter "FLW Standard") as any substance, whether processed, semi-processed, or raw, that is intended for human consumption, including drinks, chewing gum, and any substance that has been used in the manufacture, preparation, or treatment of food.</i></p> <p><i>§ Inedible parts are defined per the FLW Standard as the components associated with a food in a particular food supply chain that the registrant does not intend for human consumption."</i></p>
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05)	<ul style="list-style-type: none"> <li>• The scope excludes cosmetics, tobacco, or substances used only as drugs.</li> <li>• The scope includes any food-grade wastes associated with food or the manufacture, preparation, treatment, processing, and cooking of food, including cooking oil.</li> <li>• The scope excludes inedible parts, which are the components associated with a food in a particular food supply chain that are not intended to be consumed by humans.</li> </ul> <p>We have two related comments on this bullet:</p> <p>1. Given that retailers' food waste often has inedible parts attached (e.g., produce tossed will likely still have skin or rinds on it), it will likely be difficult to report on the food amount separately. In addition, if the data is reported separately for food, the process a registrant uses for calculating the amount of food separately will most likely increase the uncertainty associated with the figures.</p>	<p>SASB has updated the scope of food to include inedible parts. SASB's standard provides users the option to disclose the amount of inedible parts separately from overall food waste.</p> <p>Line .29 now states:  <i>"The registrant shall calculate the aggregate amount of food waste generated, in metric tons, at all of its retail locations, where:</i></p> <ul style="list-style-type: none"> <li>• <i>Food waste is defined as food and inedible parts for which the registrant has no further use and which would otherwise be discarded or released into the environment</i></li> </ul> <p><i>§ Food is defined per the global Food Loss &amp; Waste Protocol Accounting &amp; Reporting Standard (hereafter "FLW Standard") as any substance, whether processed, semi-processed, or raw, that is intended for human consumption, including drinks, chewing gum, and any substance that has been used in the manufacture, preparation, or treatment of food.</i></p> <p><i>§ Inedible parts are defined per the FLW Standard as the</i></p>

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			<p>The following are options to address this:</p> <p>a. Allow registrants to self-select whether including or excluding “associated inedible parts” but either way require reporting of which material types are included. (We suggest referencing the FLW Standard for guidance related to material types and separating inedible parts – Section 5.5.)</p> <p>B. Require reporting on food AND inedible and where possible to report the separate amounts.</p> <p>One aspect to keep in mind IF you make the change from ‘food’ only to option a or b above is that there will be a ripple effect in use of the term ‘food’ elsewhere in this section.</p>	<p><i>components associated with a food in a particular food supply chain that the registrant does not intend for human consumption. ”</i></p> <p>Line .30 states:  <i>“The registrant may choose to additionally disclose the weight of food waste that is comprised of inedible parts.</i>  <ul style="list-style-type: none"> <li><i>• Should the registrant choose to disclose the amount of inedible parts separately from the amount of food, the registrant should quantify these two material types according to the FLW Standard which provides guidance on separating and categorizing material types, and guidance on quantifying material types (food and inedible parts) separately.</i></li> <li><i>• The registrant should describe the sources or frameworks that were used to categorize a material as food or as associated inedible parts, including any assumptions used to define whether a material was “intended” for human consumption or not, as well as whether estimates were made to separately quantify the food (or associated inedible parts), the approach used, all conversion and proxy factors, and related sources.”</i></li> </ul> </p>
CN0401			<p>2. If a registrant reports on food removed from the food supply chain separately from the associated inedible parts, we recommend adding that “The registrant shall describe its approach to accounting for food separately from associated inedible parts in conformance with the FLW Standard.” The requirements in the current draft of the standard require an entity to:</p> <ul style="list-style-type: none"> <li>• Describe what sources or frameworks were used to categorize a material as food or as associated inedible parts. This includes stating if any assumptions were used to define whether a material was “intended” for human consumption or not, and</li> <li>• If estimates were made to quantify separately the food (or associated inedible parts), describe the approach used and, if applicable, all conversion and proxy factors, related sources, and assumptions.</li> </ul> <p>Guidance is included in the FLW Standard on how to meet</p>	<p>SASB has amended the disclosure guidance, accordingly noting that:</p> <p><i>.30 The registrant may choose to additionally disclose the weight of food waste that is comprised of inedible parts.</i>  <ul style="list-style-type: none"> <li><i>• Should the registrant choose to disclose the amount of inedible parts separately from the amount of food, the registrant should quantify these two material types according to the FLW Standard which provides guidance on separating and categorizing material types, and guidance on quantifying material types (food and inedible parts) separately.</i></li> <li><i>• The registrant should describe the sources or frameworks that were used to categorize a material as food or as associated inedible parts, including any assumptions used to define whether a material was “intended” for human consumption or not, as well as whether estimates were made to separately quantify the</i></li> </ul> </p>

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			these two requirements (see Chapter 5.5.2 and 7.5.2).	<i>food (or associated inedible parts), the approach used, all conversion and proxy factors, and related sources.</i>
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05)	<p>Add: The scope excludes packaging, such as boxes, wrapping, or plastic containers.</p> <p>For more details on this see the draft FLW Standard, Section 5.8.2</p>	<p>Comment noted. SASB has amended the disclosure guidance to exclude packaging. The last bullet under line .29 states:</p> <p><i>" • The scope excludes packaging materials, such as boxes, wrapping, or plastic containers. -Where packaging is not separated from food prior to its disposal, the registrant shall obtain an estimate for the amount of food waste exclusive of the packaging material based on the FLW Standard."</i></p>
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05)	<p>The scope shall be limited to waste <b>food removed from</b> handled within the registrant's facilities (<b>also referred to as "waste material"</b>) and excludes <b>food</b> that is <b>taken off-site</b> by customers.</p> <p>See below for comments related to the first edit from 'waste' to 'food'. It seems 'removed from' may be more accurate than 'handled within.' 'Food' could perhaps also be changed to 'material.'(?)</p> <p>The logic behind the second edit, from 'food waste' to 'food' is as follows. Presumably you are thinking about any 'food not eaten' by customers not just that which is 'food waste' – i.e., the food component "discarded or released to the environment?"</p> <p>As currently written, one could make the case that if a customer "recycles" food in their home composting bin, that would be 'within scope' since 'composting' is not considered waste according to your standard. Therefore, presumably you'd want to exclude any food taken off-site by customers, not just the "food waste" that is discarded (which - just from a grammatical standpoint - would be redundant).</p>	<p>SASB has clarified the scope of the standard under line .29, which states:</p> <p><i>"• The scope includes any food-grade wastes associated with food or the manufacture, preparation, treatment, processing, and cooking of food, including cooking oil.</i></p> <p><i>• The scope excludes waste from food that is taken off-site by customers"</i></p>
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05)	.29 The percentage diverted shall be calculated as the weight of waste material that was reused plus the weight recycled or remanufactured (through treatment or processing) by the registrant, plus the amount sent	SASB has updated the disclosure guidance accompanying metric CN0401-06 to clarify the calculation "percentage diverted from the waste stream":

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			<p>externally for further reuse, recycling, or remanufacturing, divided by the total weight of waste material, where:</p> <ul style="list-style-type: none"> <li>• Reused materials are defined as those recovered products or components of products that are used for the same purpose for which they were conceived.</li> <li>• For the purposes of this disclosure, donation of surplus food to social service agencies and/or charitable organizations, including for human or animal consumption, shall be considered reused, consistent with the EPA Waste Hierarchy.</li> </ul> <p>My assumption is that "total weight of waste material" is 'food removed from the registrant's facilities'. If so, it may help to modify or at least define the term used. The term 'waste material' is very close to the term 'food waste' which may cause confusion in addition to which donated food is being called 'waste material.'</p> <p>The edit in the prior bullet would define 'food – or material if you do include inedible - removed from the registrant's facilities' as the meaning of "waste material."</p> <p>Since donations are still intended for consumption by people, it may be valuable to report that %age/amount separately from the amount fed to animals and recycled/remanufactured. It's awkward to be calling donated food "waste."</p>	<p><i>".31 The percentage diverted shall be calculated as the total weight of food waste that has been diverted from the waste stream divided by the total weight of food waste generated, where food waste is considered diverted if it has been removed from the food supply chain but:</i></p> <ul style="list-style-type: none"> <li>• <i>Donated to social service agencies and/or charitable organizations;</i></li> <li>• <i>Used as feed for animals (directly or after processing);</i></li> <li>• <i>Converted for use in bio-based industrial products such as fibers for packaging material, bioplastics, or raw material to make biodiesel, soaps, or cosmetics;</i></li> <li>• <i>Broken down via bacteria in the absence of oxygen to generate biogas and nutrient-rich matter (i.e., codigested);</i></li> <li>• <i>Broken down via bacteria in oxygen-rich environments to be used as soil amendment (i.e., composted);</i></li> <li>• <i>Converted via microbes into alcohols in the absence of oxygen to produce metabolic waste products (i.e., fermented);</i></li> <li>• <i>Applied to land through spreading, spraying, injecting, or incorporating onto or below the surface of land; and/or</i></li> <li>• <i>Left in a field or tilled into the soil.</i></li> </ul> <p><i>.32 For the purposes of this disclosure, cooking oil that is recycled for energy use is considered diverted. "</i></p>
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05)	<ul style="list-style-type: none"> <li>• Recycled and remanufactured materials are defined as waste materials that have been reprocessed or treated by means of production or manufacturing processes and made into a final product or a component for incorporation into a product"</li> </ul> <p>This is the equivalent to the following destinations used in the FLW Standard: bio-based materials and biochemical processing, codigestion / anaerobic digestion, composting / aerobic digestion, fermentation, and land application.</p> <p>Would 'biogas' from anaerobic digestion therefore be considered a product?</p>	<p>In the provisional standard, SASB has referenced the FLW Standard's food waste destination categories and terminology to define what is considered diverted from the waste stream.</p> <p>See lines .31-.36 in the standard for the revised disclosure guidance for calculating the "percentage diverted from the waste stream."</p> <p>The conversion of food waste into biogas is included in the scope of "diverted" for the purposes of this disclosure. Line 31, bullet 4 states: "• Broken down via bacteria in the absence of oxygen to generate biogas and nutrient-rich matter (i.e., codigested);"</p>

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			<p>We propose using the terminology of the destinations included in the FLW Standard and selecting the appropriate categories that fit under 'recycled and remanufactured'.</p> <p>These appear to be:</p> <ul style="list-style-type: none"> <li>• bio-based materials and biochemical processing</li> <li>• codigestion / anaerobic digestion</li> <li>• composting / aerobic digestion</li> <li>• fermentation</li> <li>• land application</li> </ul> <p>That may make the subsequent three bullets redundant.</p>	
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05)	<ul style="list-style-type: none"> <li>• Portions of products and materials that are disposed of in landfills are not considered recycled; only the portions of products that are directly incorporated into new products, co-products, or by-products shall be included in the percentage recycled <b>diverted</b>.</li> </ul> <p>Question: Since the metric is percentage 'diverted' is that more accurate here than 'recycled?'</p>	SASB has withdrawn this line of disclosure guidance from the provisional standard.
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05)	<p>30 The registrant shall use <b>the requirements of the FLW Standard to describe the estimation quantification methods used to calculate the amount of waste material and other approaches used (e.g., for calculating the inedible proportion, to exclude packaging, for sampling, and/or for scaling up of the data).</b> Percentage <b>amount of</b> food waste, and percentage <b>of waste material</b> diverted, including the frequency of waste audits and the percentage of <b>restaurants</b> audited.</p> <p>Minor suggestions - propose saying 'quantification' as a retailer may directly measure food waste (i.e., it's therefore not an estimate).</p> <p>This may also be easier to read as a list (minor point) The opening text focuses on 'amount of food waste', not the percentage. Shouldn't this therefore be 'amount'?</p>	<p>SASB has updated the disclosure guidance accordingly:</p> <p>".36 The registrant shall use the requirements of the FLW Standard to describe the quantification methods used to calculate the amount of food waste, the amount of food waste diverted from the waste stream, and other approaches used (e.g., for calculating the inedible proportion, excluding packaging, sampling, and/or scaling up of the data)."</p>

Industry SICS Number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>It is also important to reduce the amount of "material removed from the registrant's facilities," aka waste material, generated in the first place. As such, it would be useful to also ask for reporting on the amount of "waste material".</p> <p>I presume this is meant to be "retailers/distributors"?</p>	
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05)	<p>Additional comments by WRI.</p> <p>The FLW Standard requires an entity report on the scope of the FLW inventory, which includes four elements. WRI recommends that SASB also require reporting on the same elements, which are:</p> <ol style="list-style-type: none"> <li>1. Timeframe: Based on the draft requirements in the FLW Standard, an entity is required to report the FLW inventory results over the course of a year (i.e., a 12 month period) and declare the starting and ending month. The requirement about a 12 month period may change in the final standard from a requirement to a recommendation based on input we recently received. However, regardless, we recommend that SASB identify the required timeframe and registrants report it. We have not included an edit in case a 12 month time period is already part of the requirement across all metrics.</li> <li>2. Material Type: covered by section 28 in the draft Industry Standard above</li> <li>3. Destinations: covered by section 29 in the draft Industry Standard above</li> <li>4. Boundaries: An entity reporting in conformance with the FLW Standard is required to report the boundaries of the inventory's scope and we recommend that SASB also ensure this is specified by its standard and reported where necessary. The four dimensions of an inventory's boundary in the draft FLW Standard are as follows: <ul style="list-style-type: none"> <li>o Food types (Can one infer that SASB wants to have all food included? If so, then the requirement for all registrants is to include all food types.)</li> <li>o Lifecycle stage (It seems that is included already in</li> </ul> </li> </ol>	<p><b>Timeframe:</b> The scope of SASB standards, including the timeframe for reporting, is stated in the introduction to the standard under "Scope of Disclosure":</p> <p><i>" Unless otherwise specified, SASB recommends:</i></p> <ul style="list-style-type: none"> <li>• <i>That a registrant disclose on sustainability issues and metrics for itself and for entities that are consolidated for financial reporting purposes as defined by accounting principles generally accepted in the United States for consistency with other accompanying information within SEC filings;</i></li> <li>• <i>That for consolidated entities, disclosures be made, and accounting metrics calculated, for the whole entity, regardless of the size of the minority interest; and</i></li> <li>• <i>That information from unconsolidated entities not be included in the computation of SASB accounting metrics. A registrant should disclose, however, information about unconsolidated entities to the extent that the registrant considers the information necessary for investors to understand the effect of sustainability topics on the company's financial condition or operating performance (typically, this disclosure would be limited to risks and opportunities associated with these entities). "</i></li> </ul> <p><b>Food types:</b> All food types sold at the registrant's facilities are included in the scope of the standard, in line .29:</p> <p><i>".29 The registrant shall calculate the aggregate amount of food waste generated, in metric tons, at all of its retail locations, where:</i></p> <ul style="list-style-type: none"> <li>• <i>Food waste is defined as food and inedible parts for which the registrant has no further use and which would otherwise be discarded or released into the environment</i></li> <li>• <i>Food is defined per the global Food Loss &amp; Waste Protocol Accounting &amp; Reporting Standard (hereafter</i></li> </ul>

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			<p>section 28 as “registrant’s facilities”)</p> <ul style="list-style-type: none"> <li>o Geographic (Is the scope of SASB standard uniformly just facilities located in the US? If so, then this part of the scope is clearly defined. If not, it should be reported in some way so that those assessing the metric are clear about the geographic scope).</li> <li>o Organizational unit (I think this is covered as well in section 28, and a registrant would assume the inventory should be for ALL of a “registrant’s facilities.” This may require further clarification for other sectors such as restaurants who may have owned and franchised facilities.)</li> </ul>	<p><i>“FLW Standard”) as any substance, whether processed, semi-processed, or raw, that is intended for human consumption, including drinks, chewing gum, and any substance that has been used in the manufacture, preparation, or treatment of food.</i></p> <p><i>§ Inedible parts are defined per the FLW Standard as the components associated with a food in a particular food supply chain that the registrant does not intend for human consumption.</i></p> <ul style="list-style-type: none"> <li>• <i>The scope includes any food-grade wastes associated with food or the manufacture, preparation, treatment, processing, and cooking of food, including cooking oil.</i></li> <li>• <i>The scope of food waste includes donations of food (e.g., food donated to social service agencies and/or charitable organizations) that is safe for human consumption but is no longer able to be sold.</i></li> <li>• <i>The scope excludes cosmetics, tobacco, or substances used only as drugs.</i></li> <li>• <i>The scope excludes waste from food that is taken off-site by customers.</i></li> <li>• <i>The scope excludes packaging materials, such as boxes, wrapping, or plastic containers.</i></li> </ul> <p><i>§ Where packaging is not separated from food prior to its disposal, the registrant shall obtain an estimate for the amount of food waste exclusive of the packaging material based on the FLW Standard.”</i></p> <p><b>Lifecycle stage and geography</b> are addressed in the Introduction to the SASB standard under “Scope of Disclosure.”</p> <p><b>Organizational unit</b> is addressed in line .29: <i>“The registrant shall calculate the aggregate amount of food waste generated, in metric tons, at all of its retail locations...”</i></p>
CN0401	Kai Robertson, World Resources Institute (WRI)	Food Waste (CN0401-05)	We presume that any changes made to the food waste metric for retailers/distributors will also be relevant to other SASB Industry Standards in which food waste is proposed as a disclosure topic and as such, recommend incorporating the suggestions we include here in the other	When SASB revisits the standards during its codification period, SASB will consider the application of concepts incorporated from the FLW Standard into the disclosure guidance for other industries where the Food Waste Management disclosure topic appears.

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CN0401	International Brotherhood of Teamsters	General comments	<p>Industry Standards as well.</p> <p>The International Brotherhood of Teamsters Department of Capital Strategies submits the following comments to the proposed adoption of standards in the food retailing and distribution industries by the Sustainability Accounting Standards Board (SASB).</p> <p>Our comments on the SASB Food Retailers and Distributors Draft Standard focus primarily on Human Capital Management-one of the most important and often neglected sustainability metric.</p> <p>The International Brotherhood of Teamsters and its affiliated pension and benefit funds have more than \$100 billion invested in capital markets. In addition, the Teamsters Union represents more than 100,000 members working in the food retailing and distribution industries. As institutional investors and worker representatives, we understand the value of good human capital management to the long-term health, sustainability, and success of public companies.</p>	<p>SASB appreciates the time and effort the International Brotherhood of Teamsters has invested in preparing a comment letter and looks forward to engage further as the standards are prepared for market adoption.</p>
CN0401	International Brotherhood of Teamsters	General comments	<p>We salute SASB for its clear recognition that the "sustainability dimension addresses the management of a company's human resources (employees and individual contractors) as a key asset to delivering long-term value. It includes factors that affect the productivity of employees, such as employee engagement, diversity, and incentives and compensation, as well as the attraction and retention of employees in highly competitive or constrained markets for specific talent, skills, or education. It also addresses the management of labor relations in industries that rely on economies of scale and compete on the price of products and services, or in industries with legacy pension liabilities associated with vast workforces. Lastly, it includes the management of the health and safety of employees and the ability to create a safety culture for companies that operate in dangerous working environments." 1</p> <p>Given that SASB has recognized some of the essential human capital management metrics that drive</p>	<p>SASB's aim is to provide a minimum set of relevant, cost-effective, decision-useful metrics, and it acknowledges the comments relating to fair labor practices and the various considerations that may be relevant to human capital management.</p> <p>SASB Standards identify sustainability topics at an industry level, which may constitute material information—depending on a company's specific operating context—for a company within that industry. SASB Standards are intended to provide guidance to company management, which is ultimately responsible for determining which information is material and should therefore be included in its Form 10-K or 20-F and other periodic SEC filings.</p> <p>SASB intends that the four metrics under the Fair Labor Practices disclosure topic (CN0401-16 through CN0401-19) together provide a set of relevant, decision-useful, and comparable disclosure for the topic. Each metric alone is</p>

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			<p>sustainability - such as diversity, employee engagement, incentive compensation, and health and safety - it is disappointing that so many of these metrics have been omitted from the Food Retailers and Distributors Draft Standard.</p> <p>We call on SASB to enhance the depth of the Draft Standard to help investors better analyze key drivers of sustainability in these industries. We provide the following recommendations to enhance a final standard:</p>	<p>not intended address all aspects of the topic.</p>
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages	<p>The draft's "Sustainability Disclosure Topics and Accounting Metrics" provides a careful framing of material performance indicators in this sector, but fails to include several key, human capital management metrics. For example, companies should be required to disclose:</p> <ol style="list-style-type: none"> <li>1. The percentage of the workforce working part-time and full-time, together with the average yearly hours of part-time and full-time employees.</li> <li>2. Average employee tenure, specifically, the percentage of employees who have worked for the company for periods of 1, 2, 5 and 10 years or more.</li> <li>3. Rates of absenteeism.</li> <li>4. Rates of employee turnover.</li> <li>5. The percentage of employees covered by company-provided health insurance.</li> <li>6. The percentage of employees covered by defined benefit and defined contribution [401(k)] retirement plans.</li> <li>7. Health and safety metrics such as the injury and illness incidence rate and the days of restricted work activity or job transfer, which are often reported to government agencies.</li> <li>8. Employee engagement scores, where available, along with explanation of the methodology used to survey employees.</li> <li>9. Sick and parental leave policies.</li> </ol>	<p>SASB recognizes that there are many potential human capital management metrics available to benchmark company performance. However, SASB aims to identify the minimum set of metrics that focus on the likely material aspect of the topic identified within the industry. SASB research has identified four major human capital management angles that have industry-specific financial or reputational impacts. Those include wages, collective bargaining and work stoppages, and labor law violations. Please refer to page 30 of the SASB Food Retailers &amp; Distributors Industry Research Brief for evidence on this topic.</p> <p><b>1. The percentage of the workforce working part-time and full-time, and average yearly hours of part-time and full-time employees:</b></p> <p>SASB research did not reveal evidence to indicate that such disclosure is likely to constitute material information. SASB seeks to capture operational performance in a direct manner where possible, and a breakdown of full-time versus part-time and hours worked may provide useful context for interpretation of SASB's metrics and a registrant's general human capital management practices, but they do not provide information on sustainability performance.</p> <p>Comments 2-9</p> <p>SASB recognizes that metrics such as employee tenure, turnover, benefit coverage, and sick and parental leave policies, etc. are important and valuable aspects of human</p>

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				<p>capital management. However, SASB has declined to include these specific metrics as research did not indicate that these are likely to be the minimum set of metrics to measure performance on Labor Relations &amp; Fair Wages for the Food Retailers industry.</p> <p>SASB will continue to research these and other metrics to determine if they warrant inclusion in this and other SASB standards.</p>
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages	<p>The section, "Labor Relations and Fair Wages" should be amended to require corporate reporting of all federal, state and local complaints and violations of occupational safety and health, minimum wage, National Labor Relations Act and human rights, as specified by the Reporting Framework for the UN Guiding Principles on Business and Human Rights. Each of these metrics can easily be reported from compliance data, listing dollar amounts and the statutes at issue.</p>	<p>Because metric CN0401-19 serves as both a direct measure of cost, as well as a proxy for identifying underlying fair labor practices issues that may affect shareholder value, SASB has retained the measure of fines and settlements, but has updated the format to distinguish between labor law violations and employment discrimination.</p> <p>If there are federal, state and local complaints and violations of occupational safety and health, minimum wage, National Labor Relations Act and human rights that results in a fine or settlement they will be reflected through CN0401-19.</p>
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages	<p>Aggregating the "Amount of legal and regulatory fines and settlements associated with labor law violations and employment discrimination" into a lump sum, as the draft currently calls for, would obfuscate and significantly detract from the materiality of this critical data.</p>	<p>SASB updated CN0401-19 to distinguish between the amount of fines and settlements from labor law violations and the amount from employment discrimination.</p> <p>The updated metric now reads:  <i>Amount of legal and regulatory fines and settlements associated with (1) labor law violations and (2) employment discrimination</i></p> <p><i>Note to CN0401-19—Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.</i></p>
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages	<p>Low wage, low benefit employment, together with high employee turnover are recognized indicators of poor sustainability. "Justin Wolfers , a senior fellow at the Peterson Institute for International Economics, cited evidence that improving workers ' earnings can boost a company's productivity, as well as improving retention."</p>	<p>SASB thanks the International Brotherhood of Teamsters for its comment.</p>

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			SASB's research brief makes this point as well, citing strikes over low wages and benefits.	
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages	<p>Regarding strikes, the draft's premise that high rates of unionization are a cause of strikes in the food retailing industry is overly simplistic. While it is true that before a strike can occur, workers of a company must be represented by a union, a strike is, in itself, the result of a breakdown of communications between labor and management. The factors cited-low wages and benefits, to which we would add "inadequate training", are equally susceptible to resolution--more often than not--through the normal process of collective bargaining. It is arguable that by fostering disclosure of material performance indicators of environmental , social, and governance issues, management , the board of directors, investors, and labor unions will have a much improved framework for sustainability , which may make strikes even less of a factor in corporate operations.</p> <p>If SASB determines that it must cite strikes as a material indicator, it should also include lockouts (instances when management locks employees out of their jobs) and provide a context that will inform investors that a strike, while a material disruption of operations, is a legitimate, free-market exercise that may indicate poor management of company. Reporting on the issues leading up to and including resolution of the strike are material factors for investors.</p> <p>More broadly, it is useful to consider strikes simply as what they are: visible manifestations of the coordinated withholding of labor by a large group of employees at a firm, usually for a relatively brief period of time, in response to unlawful management practices; employee dissatisfaction with compensation levels; unsafe working conditions; or other concerns. Notably, there is a much more prevalent manifestation of the withholding of labor which is less visible because it is uncoordinated: employee turnover. Every day at firms across the country thousands of workers choose to withhold their labor in what could be</p>	The labor disclosure topic includes a metric on rate of unionization to provide context to investors regarding the likelihood of work stoppages and future labor cost increases. The metric on work stoppages, which includes both lockouts and strikes. Registrants are requested to include description of the root cause of each stoppage, the impact on operations, and corrective actions taken. For further evidence on the Food Retailers & Distributors industry, please see the Fair Labor Practices topic on page 30 in the Industry Research Brief, available on the Consumption II sector webpage.

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			considered "individual strikes", but which manifest only as increased turnover or absenteeism. Significantly, it has been well documented that the presence of unions lowers this kind of employee turnover.	
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages	This paragraph, and the metrics that follow, should also be amended to reflect the significant use of scheduling software in the retail food industry. To cut costs, rather than train employees and compensate them to perform other tasks during their shift at work, retailers are all too frequently resorting to sending employees home and requiring them to return to work when customer demand increases. As a result, employees receive reduced wages and benefits. They are also forced to reschedule child care and related transportation, resulting in performance problems for those employees that are caused by the employer.	SASB acknowledges that the use of scheduling software may be prevalent in the Food Retailers & Distributors industry, but SASB research did not reveal evidence to indicate that disclosure of the use of scheduling software is likely to constitute material information. SASB believes that the proposed metrics under the Fair Labor Practices topic can serve as direct measures or proxies for the underlying human capital management issues that are most likely to affect shareholder value.
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages (CN0401-15)	Given the statutory reporting requirements of the Dodd Frank Act, Section 953(b), requiring public companies to report the ratio of CEO to median worker pay, the SEC's proposed regulations of September 18, 2013, and Chair Mary Jo White's stated commitment to issue a final rule by August 1, 2015, it is critical that SASB, at the very least, include a requirement that companies report on this pay ratio. It is a material sustainability metric and must not be ignored.	Because registrants will begin disclosing the CEO pay ratio metric in the first fiscal year beginning on or after January 1, 2017, SASB has not included it as an additional disclosure metric.  SASB metric CN0401-16: "Average hourly wage and percentage of in-store employees earning minimum wage" gives information on a registrant's potential sensitivity to changes in the minimum wage, the percentage of its employees that are low wage workers, and the registrant's ability to recruit and retain talent.
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages (CN0401-15)	.70 The registrant may choose to disclose the average prevailing minimum wage, weighted on an hours-worked basis. The registrant must be required to state the average prevailing minimum wage as well as highest and the lowest minimum wage required by law in the jurisdictions in which it does business.  Making this information mandatory is required here. The information is material to a proper understanding of the registrant's human capital management practices, as well as its sustainability and profitability.	Because minimum wages in the United States are regulated at the local and state level, disclosing the average wages by state and the highest and lowest minimum wages, SASB has determined that this would likely result in an unmanageable amount of data being disclosed.  SASB includes guidance for users of the standard to disclose the minimum wage for each geographic region for which they conduct segment financial reporting. In addition, users of the standard are guided to provide further context to which areas they operates in that are likely to be affected by a change in the minimum wage,

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				<p>and the magnitude of the financial impact a change would have. This metric is meant to more directly capture performance on the relevant aspects of this topic over which companies likely have direct control.</p> <p>Line .83 of the standard states:  ".83 The registrant should discuss the sensitivity of its costs and profit margins to future adjustments in minimum wage, including:</p> <ul style="list-style-type: none"> <li>• The likelihood of a minimum wage increase in the regions where the registrant operates, and the regions in which this is more likely to occur.</li> <li>• The percentage of its current retail and distribution center employees whose salaries are near the current minimum wage, and whose salaries may necessitate an increase given a change in minimum wage regulations.</li> <li>• The magnitude of the financial impact that a minimum wage increase would likely have on the registrant."</li> </ul>
CN0401			<p>.67 The registrant may choose to discuss its sensitivity to future adjustments in minimum wage. SASB is to be commended for raising this critical factor in human capital management, but the materiality of this information cannot be left to a voluntary, permissive metric.</p> <p>SASB should amend the metric to require registrants to report on sensitivity to minimum wage increases in order for investors to reach a sufficient understanding of the registrant's human capital management.</p>	<p>SASB has retained this as a voluntary element of disclosure within the provisional Food Retailers &amp; Distributors standard. Disclosure is intended to provide additional context to CN0401-16 "Average hourly wage and percentage of in-store employees earning minimum wage". However, SASB determined that requiring additional disclosure would be an expansion of the scope of this metric.</p>
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages (CN0401-19)	<p>We commend SASB for requiring the inclusion of monetary fines and legal settlements, but without requiring registrants to give a specific description of the basis for regulatory fines and settlements, this data will be of greatly diminished use to investors.</p>	<p>SASB includes a "Note" to metric CN0401-19 that requires registrants to describe their regulatory fines and settlements. The guidance states:  <i>Note to CN0401-19:</i>  .90 The registrant shall briefly describe the nature (e.g., guilty plea, deferred agreement, or non-prosecution agreement) and context (e.g., improper working conditions, unfair compensation, etc.) of fines and settlements.  .91 The registrant shall describe any corrective actions it has implemented as a result of each incident. This may include, but is not limited to, specific changes in</p>

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				<i>operations, management, processes, products, business partners, training, or technology.</i>
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages (CN0401-19)	<p>.67 The registrant shall disclose the amount (excluding legal fees) of all fines or settlements associated with labor law violations and employment discrimination violations, including, but not limited to, violations of the Fair Labor Standards Act, such as those relating to wages, work hours, overtime, and meal and rest breaks.</p> <p>For the reasons stated above, this section must also include violations of the National Labor Relations Act and the Occupational Safety and Health Act as well as descriptions of the violations at issue.</p>	<p>SASB does not specifically list the National Labor Relations Act in the scope of the draft standard, but the registrant should include fines and settlements related to these violations if they relate to labor law violations or employment discrimination violations, including, but not limited to, those relating to wages, work hours, overtime, and meal and rest breaks.</p> <p>SASB research did not reveal significant evidence that disclosure of employee health and safety violations in the Food Retailers &amp; Distributors industry would constitute material information. However, users of the standard may choose to additionally disclose fines and settlements relating to the Occupational Safety and Health Act if they determine that employee health and safety is material to their operations.</p>
CN0401	International Brotherhood of Teamsters	Labor Relations & Fair Wages (CN0401-19)	<p>Note to CN0401-19</p> <p>.68- Similarly, we commend SASB for requiring a description of the basis of fines and settlements, but we urge SASB to strike the word "briefly" because it will inevitably lead to greatly diminished reporting of this critical human capital management performance indicator. In addition to strengthening sections of the Labor Relations and Fair Wages section as noted above, please find these additional recommendations aimed at providing investors information about outsourced operations.</p>	<p>In the provisional standard, SASB has retained the word "briefly" to in the "Note to CN0401-19" to indicate that the registrant should include information to provide context to the fines and settlements to the extent that it provides material information and does not omit any material information that would not alter the total information made available to a reasonable investor.</p> <p>The registrant can provide detailed and complete information on the fines and settlements, but the registrant is not expected to give detailed and comprehensive explanations of every individual case, unless exclusion of that information would alter the total mix of information needed by a reasonable investor to make a decision.</p>
CN0401	International Brotherhood of Teamsters	Air Emissions from Refrigeration (CN0401-01)	<p>This reporting metric should be amended to include Scope 3 emissions - including from the transport of goods by third parties, for example, trucking and shipping companies working for the reporting company .7 Given the global nature of food markets, direct and third-party transportation costs are a material factor in the proper</p>	<p>SASB retained the focus of metric CN0401-01 on Scope 1 emissions, because registrants have direct operational control over these emissions. These emissions would be covered under the Scope 1 emissions for the third-party logistics provider that the company works with.</p>

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			allocation of refrigerants.	This scope is consistent with SASB's Scope of Disclosure in the "Guidance for Disclosure of Sustainability Topics in SEC Filings" that states: <i>"That a registrant disclose on sustainability issues and metrics for itself and for entities that are consolidated for financial reporting purposes as defined by accounting principles generally accepted in the United States for consistency with other accompanying information within SEC filings."</i>
CN0401	International Brotherhood of Teamsters	Energy Management in Retail & Distribution (CN0401-04)	Given the global nature of food markets, in addition to the fuel consumed by the registrant, this metric should also include the fuel consumed by third-party logistics, including transportation modes such as goods transported by marine shipping.	<p>SASB retained the focus of metric CN0401-05 on fleet consumed directly by the registrant's fleet, because registrants have direct operational control over their fuel use. Companies in this industry may not have influence over the amount or type of fuel used by the third-party logistics it contracts with.</p> <p>SASB research did not reveal that disclosure of fuel use by third-party logistics companies would result in material information for the Food Retailers &amp; Distributors industry.</p> <p>This scope is consistent with SASB's Scope of Disclosure in the "Guidance for Disclosure of Sustainability Topics in SEC Filings" that states: <i>"That a registrant disclose on sustainability issues and metrics for itself and for entities that are consolidated for financial reporting purposes as defined by accounting principles generally accepted in the United States for consistency with other accompanying information within SEC filings."</i></p>
CN0401	American Forestry & Paper Association (AF&PA)	General comments	<p><b><u>See CN0404 (E-Commerce) and CN0603 (Building Products)</u></b></p> <p>The American Forest &amp; Paper Association (AF&amp;PA) is pleased to provide comments on the Sustainability Accounting Standards Board (SASB) Consumption II Sector/Food Retailers &amp; Distributors Exposure Draft for Public Comment (the "Standard"). Our comments below have been informed by our review of the Record of Public Comment document issued for the Resource Transformation Sector Standards, which include Containers and Packaging (the "RPC Document").</p> <p>The American Forest &amp; Paper Association (AF&amp;PA) serves</p>	SASB appreciates the time and effort the AF&PA has invested in preparing a comment letter for the Food Retailers & Distributors industry.

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			<p>to advance a sustainable U.S. pulp, paper, packaging, and wood products manufacturing industry through fact-based public policy and marketplace advocacy. AF&amp;PA member companies make products essential for everyday life from renewable and recyclable resources and are committed to continuous improvement through the industry's sustainability initiative - Better Practices, Better Planet 2020. The forest products industry accounts for approximately 4 percent of the total U.S. manufacturing GDP, manufactures approximately \$210 billion in products annually, and employs nearly 900,000 men and women. The industry meets a payroll of approximately \$50 billion annually and is among the top 10 manufacturing sector employers in 47 states.</p> <p>AF&amp;PA's sustainability initiative - Better Practices, Better Planet 2020 - is the latest example of our members' proactive commitment to the long-term success of our industry, our communities and our environment. We have long been responsible stewards of our planet's resources. Our member companies have collectively made significant progress in each of the following goals, which comprise one of the most extensive quantifiable sets of sustainability goals for a U.S. manufacturing industry: increasing paper recovery for recycling; improving energy efficiency; reducing greenhouse gas emissions; promoting sustainable forestry practices; improving workplace safety; and reducing water use.</p>	
CN0401	American Forestry & Paper Association (AF&PA)	General comments	<p>GENERAL COMMENTS  Voluntary Standards  We appreciate SASB's statement that "[d]isclosure under SASB Standards is voluntary". AF&amp;PA members strongly support retaining the voluntary nature of SASB Standards. SASB's process includes regular meetings with the Securities and Exchange Commission (SEC), and it has been widely reported that SASB's ultimate objective is to have the SEC mandate the use of its standards. We were pleased to see SASB's statement in the RPC Document that it is not asking the SEC to mandate the use of SASB standard, and we request that SASB maintain a position</p>	SASB's standards and any metrics contained in them continues to be voluntary and indicated as such.

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CN0401	American Forestry & Paper Association (AF&PA)	General comments	<p>with the SEC that use of its standards should be voluntary.</p> <p>Materiality, Topics, and Metrics  AF&amp;PA supports SASB’s adherence to the Supreme Court’s definition of “materiality” and its emphasis that it is up to each company to decide for itself which sustainability topics are material. There is a lack of clarity, however, around how the Standard is intended to be used once a company determines that a topic is material. SASB representatives have given the impression that once a company has determined a topic is material, it must use the SASB metrics for that topic. The “Guidance on Accounting of Material Sustainability Topics” in the draft Standard, however, states “SASB recommends that each company consider using these accounting metrics when disclosing its performance with respect to each of the sustainability topics it has identified as material.” SASB also recommends that “companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported.”</p> <p>We support the approach to metrics as described in the Standard and quoted above. Our members have serious concerns about the comparability and other aspects of the metrics SASB has chosen for the Standard. We believe making it clear, as does the text above, that companies have the flexibility to use those or other metrics, as well as the ability to explain why particular metrics do or do not “ensure completeness, accuracy, and comparability of the data reported” is very important for ensuring stakeholders using the data understand its potential limitations. Therefore, SASB should retain the “consider” language in the final Standard and explain the apparent inconsistency with its public statements.</p> <p>AF&amp;PA also wants to make clear that our participation in SASB’s comment process does not indicate an acceptance by AF&amp;PA or our members companies that the metrics proposed by SASB are material according the Supreme Court definition of materiality.</p>	<p>SASB has retained the language in the introduction to the Food Retailers &amp; Distributors standard as cited by the AF&amp;PA.</p> <p>SASB has attempted to address comments from the AF&amp;PA and other commenters in the provisional Food Retailers &amp; Distributors standards and welcomes continued feedback on the suitability of the metrics contained within this and other standards.</p>
CN0401	American Forestry & Paper Association	General comments	<p>Duplication With Existing Reporting Requirements  We understand that SASB tried to choose metrics that</p>	<p>When formulating accounting metrics for its disclosure topics, SASB considers the existing body of reporting</p>

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	(AF&PA)		<p>companies already report (voluntarily or pursuant to government requirement), as a way to minimize reporting burdens and ensure the metric is viable. Choosing these metrics, however, does raise potential concerns for reporting companies. Specifically, there is significant potential for inconsistent reporting, if SASB’s metrics and the way in which they are derived and reported are not exactly the same as those used in the other reports. At a minimum, this inconsistency creates confusion among stakeholders who read different reports by the same company (i.e. SEC reports versus sustainability reports); it also creates legal risk for reporting companies.</p> <p>Accordingly, to the extent that a metric is subject to multiple reporting requirements, the Standard should allow a company to choose which requirement it is reporting under and indicate that choice in its reports.</p>	<p>standards and uses existing metrics whenever possible. Where current disclosure is inconsistent or not established SASB has developed new metrics. For more information on SASB’s alignment with other reporting frameworks please visit: <a href="http://www.sasb.org/approach/keyrelationships/">http://www.sasb.org/approach/keyrelationships/</a></p> <p>SASB’s standards are intended to improve the rigor, accuracy, consistency, and comparability of sustainability disclosures. Users of its standards should consider the legal risks of disclosing information differently in different reports and establish the appropriate internal controls.</p>
CN0401	American Forestry & Paper Association (AF&PA)	General comments	<p>Assurance</p> <p>SASB indicates in the Food Retailers and Distributors Standard that “it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they apply to all other information contained in their SEC filings.” While AF&amp;PA members have systems in place to ensure high quality data are publicly reported, we do not believe that some of the metrics in the Standard lend themselves to the same level of assurance as is provided in financial reporting. Metrics that are reported to government agencies are not a concern because they typically have their own assurance requirements. The methodologies for reporting other metrics, however, may allow for more flexibility in the calculation of the metric, and thus, there may be greater variation in reported information than one might typically encounter in financial documents. In the Containers &amp; Packaging Provisional Standard, the section on assurance was removed. We would encourage SASB to remove this section from the Food Retailers and Distributors Standard, as well, to provide consistency in the SASB standards. Further, the RPC Document implicitly acknowledges that sustainability data are not yet of the same quality as financial data, although SASB believes that sustainability data will</p>	<p>The introduction to SASB’s standards has been revised to state the following with respect to the topics raised by the commenter:</p> <p>p1. <i>SASB Standards are intended to constitute “suitable criteria” as defined by AT 101.23 - .321 and referenced in AT 7012, as having the following attributes:</i></p> <ul style="list-style-type: none"> <li>• <i>Objectivity—Criteria should be free from bias.</i></li> <li>• <i>Measurability—Criteria should permit reasonably consistent measurements, qualitative or quantitative, of subject matter.</i></li> <li>• <i>Completeness—Criteria should be sufficiently complete so that those relevant factors that would alter a conclusion about subject matter are not omitted.</i></li> <li>• <i>Relevance—Criteria should be relevant to the subject matter.</i></li> </ul> <p>p5. <i>In disclosing to SASB Standards, it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they apply to all other information contained in their SEC filings.</i></p> <p>SASB has retained its statement on the use of estimates.</p>

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			<p>achieve that level of quality over time. In the meantime, however, companies could face legal risk if they use the SASB standards for reporting and sustainability data are held to the same quality requirements as financial data. SASB also should make an explicit link between its assurance requirements, and its recognition that estimates may be used, as long as the company explains the basis for the estimate. SASB should revise its statement that "SASB does not discourage the use of such estimates" to make it a more neutral statement acknowledging the reality that estimates will need to be used in reporting sustainability data.</p>	
CN0401	American Forestry & Paper Association (AF&PA)	General comments	<p>American National Standards Institute (ANSI) Procedures SASB's Vision and Mission document states that "SASB is also an ANSI accredited standards developer. Accreditation by ANSI signifies that SASB's procedures to develop standards meet ANSI's requirements for openness, balance, consensus, and due process." Further, SASB's "Our Process" webpage states that "[a]n ANSI-accredited standards-setting organization, SASB follows an open, orderly process that permits timely, thorough, and open study of sustainability accounting issues." We appreciate SASB's direct acknowledgement in the RPC Document that it is not using an ANSI-process and in the spirit of complete disclosure and transparency, SASB should make clear in its standards and on its website that the standards have not been developed and are not being finalized pursuant to the ANSI procedures. We also look forward to commenting on SASB's proprietary standards and we urge SASB to propose procedures that incorporate as much of the ANSI Essential Requirements as possible. Adherence to ANSI Essential Requirements provides stakeholders with assurances that needed procedural safeguards are present. This is especially important, if, as is the case here, there is the potential for a government agency--the Securities and Exchange Commission (SEC)--to mandate the use of a standard (although, as discussed above, we strongly believe the standard should be voluntary). Government standards typically are developed through a notice and comment process and are subject to</p>	<p>SASB appreciates the AF&amp;PA's comments in this area and references to the ANSI Essential Requirements and Office of Management and Budget (OMB) OMB Circular A-119. SASB will continue to consider the most appropriate standards development process as it takes its provisional standards forward.</p>

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			<p>numerous due process protections for stakeholders, including in many cases, judicial review. Private standards adopted for government use should be developed with the same level of due process protection.</p> <p>Office of Management and Budget (OMB) OMB Circular A-119 requires, with limited exception, that federal agencies and departments use "voluntary consensus standards," which are "standards developed or adopted by voluntary consensus standards bodies."<sup>1</sup> The Circular also established guidelines for federal participation in the development and use of voluntary consensus standards. Specifically, the Circular provides the following attributes for a "voluntary consensus standards body": (i) openness; (ii) balance of interest; (iii) due process; (iv) an appeals process; and (v) consensus. Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (Public Law 104-113) basically codified the OMB Circular and requires that "all Federal agencies and departments shall use technical standards that are developed or adopted by voluntary consensus standards bodies," unless use of such a standard is "inconsistent with applicable law or otherwise impractical."</p> <p>By definition, private standards such as SASB's do not include the due process protections found in the development of government standards. ANSI Essential Requirements closely track the procedural safeguards required by the Circular.</p> <p><sup>2</sup> In its RPC Document, SASB clarified that, even though it is an ANSI-accredited standards setting organization, it does not intend to use ANSI procedures to finalize its standards, and instead will seek comment on the proprietary procedures it intends to use.</p>	
CN0401	American Forestry & Paper Association (AF&PA)	General comments	<p>Private, Non-Consensus Standards</p> <p>Generally, as required by ANSI, the Standard should avoid references to private tools or standards (e.g., Green-e). Among other concerns, these tools or standards have not been developed in a consensus-based process that provides the procedural safeguards discussed above. In addition, SASB's adoption of a particular private tool or standard has the effect of locking in that standard for the</p>	<p>In the provisional standard, SASB makes direct reference to numerous sustainability, industry, and regulatory, and other initiatives, methodologies, standards, and frameworks. In the Food Retailers &amp; Distributors industry provisional standard, SASB does not require use of private tools or standards. Many of the disclosures associated with SASB metrics (e.g., CN0401-21), require that users of the standard disclose which tools or certifications they</p>

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			<p>future. Other existing tools or standards may perform similar functions but be more suitable to the Food Retailers and Distributors sector, and new, innovative standards may be developed in the future. SASB shouldn't prejudge the suitability of those standards by locking in one particular standard at this time. At a minimum, SASB should describe what the tool provides or the standard is trying to accomplish, and after identifying the tool or standard, add "or equivalent."</p>	<p>use, but SASB does not give preference to certain private tools over others.</p> <p>Where SASB's criteria are aligned with another organization's SASB does not necessarily endorse the organization or its funder, but it aims to harmonize with established standards where appropriate and were criteria align with those that SASB has specified.</p> <p>SASB aims to allow for an "or equivalent" approach when disclosing its metrics in certain standards - though it has not included this language in the provisional Food Retailers &amp; Distributor standard.</p> <p>The continued use of alternate tools and inclusion of "private tools" is a topic that SASB will consider as part of the "codification" phase of its standards development process in Q1 of 2016 (this phase includes a comprehensive review of all of SASB's provisionally released standards).</p>
CN0401	American Forestry & Paper Association (AF&PA)	General comments	<p>Usefulness of Metrics As Indicators of Sustainability</p> <p>As discussed in the "Specific Comments" section below, we do not believe that the disclosure of particular metrics provides useful, comparable, sustainability-related information for stakeholders. But, more importantly, we do not believe that a simple comparison of any metrics themselves would provide a complete picture of the sustainability performance of the companies that reported those metrics (or didn't report a particular metric because it is not material). Many companies explain the context for the metrics they include in their sustainability reports. Similarly, SASB should encourage stakeholders to consider the entirety of the information provided by companies that may report based on the Standard, and not to simply compare one company to another based only on the metrics.</p>	<p>SASB directs the respondent to guidance contained in the introduction to its standards on Activity Metrics and Normalization, which states, <i>"SASB recommends that a registrant disclose any basic business data that may assist in the accurate evaluation and comparability of disclosure, to the extent that they are not already disclosed in the Form 10-K"</i> and that, <i>"Where relevant, SASB recommends specific activity metrics that—at a minimum—should accompany SASB accounting metric disclosures"</i>.</p> <p>Furthermore SASB guides companies to, <i>"As appropriate—and consistent with Rule 12b-06—when disclosing a sustainability topic identified by this Standard, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following, related to the topic:</i></p> <ul style="list-style-type: none"> <li>• <i>The registrant's strategic approach to managing</i></li> </ul>

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				<p><i>performance on material sustainability issues;</i></p> <ul style="list-style-type: none"> <li>• <i>The registrant’s relative performance with respect to its peers;</i></li> <li>• <i>The degree of control the registrant has;</i></li> <li>• <i>Any measures the registrant has undertaken or plans to undertake to improve performance; and</i></li> <li>• <i>Data for the registrant’s last three completed fiscal years (when available). "</i></li> </ul>
CN0401	American Forestry & Paper Association (AF&PA)	Product Selection & Supplier Management to Mitigate Environmental Impacts (CN401-23)	<p>Total weight of tertiary packaging, percentage recycled (.98 and .99) We have an overall concern with the utility of this metric and what material information it could potentially provide to investors. The primary purpose of packaging, whether primary, secondary or tertiary, is to protect products during transport. Design and other decisions regarding tertiary packaging generally are made by the shipper, not the retailer. Accordingly, the retailer has no control over the total weight of packaging. Similarly, the information sought in Note .99 is information that typically would be available to the shipper, not the retailer. Retailers do have control over the processes that they have in place to recover packaging. A more informative metric for retailers, therefore, would ask the retailer to describe the processes and policies it has in place to recover transport packaging.</p>	SASB has withdrawn this accounting metric from the Food Retailers & Distributors provisional standard.
CN0401	American Forestry & Paper Association (AF&PA)	Product Selection & Supplier Management to Mitigate Environmental Impacts (CN401-24)	<p>Description of strategies to reduce the environmental impact of packaging throughout its lifecycle</p> <p>As a general matter, as stated above, the retailer has very limited ability to control the design or other decisions regarding tertiary packaging, and this is largely true for secondary packaging as well. Accordingly, we do not see the value in asking a retailer to discuss strategies to reduce the environmental impact of packaging throughout its lifecycle.</p> <p>Note (.100) suggests that the registrant discuss strategies “such as reducing packaging weight.” We believe that the metric should focus should not be on packaging weight, but on the optimization of packaging, which would be consistent with previous the SASB Provisional Standard on</p>	<p>SASB has updated metric CN0401-24 from “<i>Description of strategies to reduce the environmental impact of packaging throughout its lifecycle</i>” to: CN0401-23 “<i>Description of strategies to reduce the environmental impact of packaging.</i>”</p> <p>SASB recognizes that a food retailer or distributor can realize financial benefits by optimizing its packaging, and can work with its suppliers to optimize packaging. The revised metric focuses on company strategies as they relate to primary, secondary, and tertiary packaging of private-label products as well as packaging of products from a company’s vendors. The updated disclosure guidance states:</p>

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			Containers and Packaging. This standard recognizes that lifecycle management will include both "environmental impact reduction and maximization of product efficiency." <sup>3</sup>	<p><i>.103 The registrant shall discuss its strategies to reduce the environmental impacts of packaging, such as optimizing packaging weight and volume for a given application, or using alternative materials, including those that are renewable, recycled, recyclable, or compostable.</i></p> <p><i>.104 Relevant disclosure may include, but is not limited to, the following:</i></p> <ul style="list-style-type: none"> <li>• <i>Design innovations, including strategies to optimize the amount of material used; packaging weight, shape, and size; product-to-package ratio; cube utilization; and void fill.</i></li> <li>• <i>Implementation of the "Essential Requirements" in Article 9, Annex II of the E.U. Directive on Packaging and Packaging Waste (94/62/EC), which includes minimization of packaging weight and volume to the amount needed for safety, hygiene, and consumer acceptance of the packed product; minimization of noxious or hazardous constituents; and suitability for reuse, material recycling, energy recovery, or composting.</i></li> <li>• <i>Performance on the Global Protocol on Packaging Sustainability 2.0 metrics for Packaging Weight and Optimization and/or Assessment and Minimization of Substances Hazardous to the Environment."</i></li> </ul>
CN0401	American Forestry & Paper Association (AF&PA)	Product Selection & Supplier Management to Mitigate Environmental Impacts (CN401-24)	Note (.100) also calls for a discussion of using alternative materials and lists out "recycled," "recyclable," "compostable," or "degradable." One of the goals of the SASB standards development process is to increase transparency and disclosure of material information for stakeholders, including investors. We believe that those stakeholders would want to know if the packaging was renewable, as well as whether it had the other attributes listed. Further, for the purposes of consistency between the standards "renewable" should also be included on this list as it is included in the Product Lifecycle Management metric of the Containers and Packaging Provisional Standard. Finally, we suggest removing "degradable." "Compostable" is included and that is the end of life option for packaging that makes the most sense and is the most relevant from a sustainability perspective.	<p>SASB has added the category "renewable" and removed the term "degradable" in the updated disclosure guidance. Line .103 states:</p> <p><i>.103 The registrant shall discuss its strategies to reduce the environmental impacts of packaging, such as optimizing packaging weight and volume for a given application, or using alternative materials, including those that are renewable, recycled, recyclable, or compostable.</i></p>

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CN0401	American Forestry & Paper Association (AF&PA)	Product Selection & Supplier Management to Mitigate Environmental Impacts (CN401-24)	Note (.102) reference the Sustainable Packaging Coalition's (SPC) Material Use metrics. As included in previous AF&PA comments, it is our understanding that those metrics are no longer being used by the Coalition. These material use metrics have been supplanted by the Global Protocol on Packaging Sustainability which SASB also references in note (.102). As such the reference to SPC should be removed.	SASB has updated the standard to reference the Global Protocol on Packaging Sustainability 2.0 metrics.
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	General Comments (Labor Relations & Fair Wages)	<p>The AFL-CIO appreciates the opportunity to comment on the Sustainability Accounting Standards Board's Food Retailers and Distributors Draft Standard. We focus primarily on human capital management-one of the most critical, yet often most neglected, of sustainability metrics. We applaud SASB for its recognition that human capital is material to the long-term sustainability of companies:</p> <p>Human Capital. This sustainability dimension addresses the management of a company's human resources (employees and individual contractors) as a key asset to delivering long-term value. It includes factors that affect the productivity of employees, such as employee engagement, diversity, and incentives and compensation, as well as the attraction and retention of employees in highly competitive or constrained markets for specific talent, skills, or education. It also addresses the management of labor relations in industries that rely on economies of scale and compete on the price of products and services, or in industries with legacy pension liabilities associated with vast workforces. Lastly, it includes the management of the health and safety of employees and the ability to create a safety culture for companies that operate in dangerous working environments.</p>	SASB appreciates the time and effort the AFL-CIO has invested in preparing a comment letter and looks forward to engage further as the standards are prepared for market adoption.
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	General Comments (Labor Relations & Fair Wages)	Human capital metrics deserve heightened scrutiny because they are material for investors. For too long, human capital management as practiced by many companies has been little more than an exercise in cost containment. The result has been that long-term corporate performance has often been	SASB thanks AFL-CIO for its comment.

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			jeopardized. We note that SASB's Research Brief for Food Retailers and Distributors makes this point, as well.	
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Labor Relations & Fair Wages (CN0401-19)	<p>While SASB has described some of the core human capital management metrics that drive sustainability, including diversity, employee engagement, incentive compensation, health and safety, the Food Retailers and Distributors Draft Standard has omitted many critical metrics. We urge SASB to revise the Draft Standard and offer the following amendments:</p> <p>First, while the draft's "Sustainability Disclosure Topics and Accounting Metrics" represent a careful framing of material performance indicators in this sector, the required disclosure of human capital management metrics should be enhanced to provide greater detail to investors. CN0401-19, for example, would have companies aggregate the "Amount of legal and regulatory fines and settlements associated with labor law violations and employment discrimination" into a Jump sum, which would obfuscate and significantly detract from the ability for investors to use this critical data.</p>	<p>SASB's aim is to provide a minimum set of relevant, cost-effective, decision-useful metrics, and it acknowledges the comments relating to fair labor practices and the various considerations that may be relevant to human capital management.</p> <p>SASB Standards identify sustainability topics at an industry level, which may constitute material information—depending on a company's specific operating context—for a company within that industry. SASB Standards are intended to provide guidance to company management, which is ultimately responsible for determining which information is material and should therefore be included in its Form 10-K or 20-F and other periodic SEC filings.</p> <p>SASB intends that the four metrics under the Fair Labor Practices disclosure topic (CN0401-16 through CN0401-19) together provide a set of relevant, decision-useful, and comparable disclosure for the topic. Each metric alone is not intended address all aspects of the topic.</p> <p>SASB updated CN0401-19 to distinguish between the amount of fines and settlements from labor law violations and the amount from employment discrimination.</p> <p>The updated metric now reads: Amount of legal and regulatory fines and settlements associated with (1) labor law violations and (2) employment discrimination</p> <p>Note to CN0401-19—Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.</p>
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Labor Relations & Fair Wages	Second, the section on "Labor Relations and Fair Wages" should be amended to require corporate reporting that, at a minimum, summarizes complaints and violations of occupational safety and health laws, federal, state and local minimum wage laws, and the National Labor	SASB does not specifically list the National Labor Relations Act or human rights standards, such as the Reporting Framework for the UN Guiding Principles on Business and Human Rights in provisional draft standard, but the registrant should include fines and settlements related to

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			<p>Relations Act. Compliance with human rights standards, as specified by the Reporting Framework for the UN Guiding Principles on Business and Human Rights, should also be reported.</p>	<p>violations of these standards insofar as they relate to labor law or employment discrimination, including, but not limited to, those relating to wages, work hours, overtime, and meal and rest breaks.</p> <p>SASB research did not reveal significant evidence that disclosure of employee health and safety violations in the Food Retailers &amp; Distributors industry would constitute material information. However, users of the standard may choose to additionally disclose fines and settlements relating to the Occupational Safety and Health Act if they determine that employee health and safety is material to their operations or that omission of those fines would alter the total mix of information made available to shareholders.</p>
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Labor Relations & Fair Wages	<p>Third, the Sustainability Disclosure Topics and Accounting Metrics should also be amended to specify that companies must report the following human capital management metrics:</p> <ol style="list-style-type: none"> <li>1. The percentage of the workforce working part-time and full-time, together with the average yearly hours of part-time and full-time employees.</li> <li>2. The percentage of the workforce employed in the United States, and a breakdown of overseas employees listed by each country.</li> <li>3. Average employee tenure, specifically, the percentage of employees who have worked for the company for periods of 1, 2, 5 and 10 years or more.</li> <li>4. Rates of absenteeism.</li> <li>5. The percentage of employees covered by company-provided health insurance.</li> <li>6. The percentage of employees covered by defined benefit and defined contribution [401(k)] retirement plans.</li> <li>7. Health and safety metrics such as the injury and illness incidence rate and the days of restricted work activity or job transfer, which are often reported to government agencies.</li> <li>8. Employee engagement scores, where available, along</li> </ol>	<p>SASB recognizes that there are many potential human capital management metrics available to benchmark company performance. However, SASB aims to identify the minimum set of metrics that focus on the likely material aspect of the topic identified within the industry. SASB research has identified four major human capital management angles that have industry-specific financial or reputational impacts. Those include wages, collective bargaining and work stoppages, and labor law violations. Please refer to page 30 of the SASB Food Retailers &amp; Distributors Industry Research Brief for evidence on this topic.</p> <p><b>1. The percentage of the workforce working part-time and full-time, and average yearly hours of part-time and full-time employees:</b></p> <p>SASB research did not reveal evidence to indicate that such disclosure is likely to constitute material information. SASB seeks to capture operational performance in a direct manner where possible, and a breakdown of full-time versus part-time and hours worked may provide useful context for interpretation of SASB's metrics and a registrant's general human capital management practices, but they do not provide information on sustainability performance.</p>

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			<p>with explanation of the methodology used to survey employees.</p> <p>Low wage, low benefit employment, together with high employee tum-over are recognized indicators of poor sustainability. SASB's research brief makes this point, citing strikes over low wages and benefits.</p>	<p>Comments 2-8</p> <p>SASB recognizes that metrics such as employee tenure, turnover, benefit coverage, and sick and parental leave policies, etc. are important and valuable aspects of human capital management. However, SASB has declined to include these specific metrics as research did not indicate that these are likely to be the minimum set of metrics to measure performance on Labor Relations &amp; Fair Wages for the Food Retailers industry.</p> <p>SASB will continue to research these and other metrics to determine if they warrant inclusion in this and other SASB standards.</p>
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Air Emissions from Refrigeration (CN0401-01)	This reporting metric should be amended to include Scope 3 emissions - including from the transport of goods by third parties, for example, trucking and shipping companies working for the reporting company. <sup>6</sup> Given the global nature of food markets, direct and third-party transportation costs are a material factor in the proper allocation of refrigerants.	<p>SASB retained the focus of metric CN0401-01 on Scope 1 emissions, because registrants have direct operational control over these emissions. These emissions would be covered under the Scope 1 emissions for the third-party logistics provider that the company works with.</p> <p>This scope is consistent with SASB's Scope of Disclosure in the "Guidance for Disclosure of Sustainability Topics in SEC Filings" that states: <i>"That a registrant disclose on sustainability issues and metrics for itself and for entities that are consolidated for financial reporting purposes as defined by accounting principles generally accepted in the United States for consistency with other accompanying information within SEC filings."</i></p>
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Energy Management in Retail & Distribution (CN0401-04)	Given the global nature of food markets, in addition to the fuel consumed by the registrant, this metric should also include the fuel consumed by third-party logistics, including transportation modes such as goods transported by marine shipping .	<p>SASB retained the focus of metric CN0401-05 on fuel consumed directly by the registrant's fleet, because registrants have direct operational control over their fuel use. Companies in this industry may not have influence over the amount or type of fuel used by the third-party logistics it contracts with.</p> <p>SASB research did not reveal that disclosure of fuel use by third-party logistics companies would result in material information for the Food Retailers &amp; Distributors industry.</p> <p>This scope is consistent with SASB's Scope of Disclosure in the "Guidance for Disclosure of Sustainability Topics in</p>

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				SEC Filings" that states: <i>"That a registrant disclose on sustainability issues and metrics for itself and for entities that are consolidated for financial reporting purposes as defined by accounting principles generally accepted in the United States for consistency with other accompanying information within SEC filings."</i>
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Labor Relations & Fair Wages	We take issue with the Labor Relations & Fair Wages introductory description which suggests that high rates of unionization are a cause of strikes in the food retailing industry. The vast majority of collective bargaining agreements are reached between employers and unionized employees without strikes. The additional factors cited-low wages and benefits-are equally susceptible to resolution through the process of collective bargaining without resulting in a strike.	The labor disclosure topic includes a metric on rate of unionization to provide context to investors regarding the likelihood of work stoppages and future labor cost increases. The metric on work stoppages, which includes both lockouts and strikes. Registrants are requested to include description of the root cause of each stoppage, the impact on operations, and corrective actions taken. For further evidence on the Food Retailers & Distributors industry, please see the Fair Labor Practices topic on page 30 in the Industry Research Brief, available on the Consumption II sector webpage.
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Labor Relations & Fair Wages	SASB should also highlight the key performance indicator of employee turnover, which is far more prevalent, and is an individual response to low pay, low benefits and poor working conditions. Every day, at companies across the country, thousands of workers choose to withhold their labor in what could be considered "individual strikes," but which manifest only as increased turnover or absenteeism. Significantly, it has been well documented that the presence of unions lowers this kind of employee turnover.	SASB recognizes that employee turnover rates are an important aspect of human capital management, and that companies with a higher turnover rate may face higher financial and reputational implications. However, SASB's research process indicated that worker pay measured through CN0401-16 <i>"Average hourly wage and percentage of in-store employees earning minimum wage"</i> and working conditions measured through CN0401-19 <i>"Amount of legal and regulatory fines and settlements associated with (1) labor law violations and (2) employment discrimination"</i> , best capture performance on Labor Relations & Fair Wages for Food Retailers & Distributors companies.  For more information on the evidence and angles of the Fair Labor Practices topic that SASB highlighted in its metrics, please see the "Fair Labor Practices" topic in the industry Research Brief available on the Consumption II sector webpage.
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-	Labor Relations & Fair Wages	SASB should also address the significant use of workforce scheduling software in the retail food industry. <sup>9</sup> To cut costs, retailers are all too frequently send employees home and require them to return to work when customer	SASB acknowledges that the use of scheduling software may be prevalent in the Food Retailers & Distributors industry, but SASB research did not reveal evidence to indicate that disclosure of the use of scheduling software

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	CIO)		demand increases. As a result, employees receive reduced wages and benefits, and must reschedule child care and transportation. These unpredictable work schedules reduce employee performance and create morale problems. A corollary here, of course, is the availability of adequate sick and parental leave, as well as health care benefits.	is likely to constitute material information. SASB believes that the proposed metrics under the Fair Labor Practices topic can serve as direct measures or proxies for the underlying human capital management issues that are most likely to affect shareholder value.
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Labor Relations & Fair Wages (CN0401-15)	Given the statutory reporting requirements of the Dodd Frank Act, Section 953(b), requiring public companies to report the ratio of CEO to median employee pay, it is critical that SASB, at the very least, include a requirement that companies report on this pay ratio. It is a material sustainability metric and must not be ignored.	<p>Because registrants will begin disclosing the CEO pay ratio metric in the first fiscal year beginning on or after Jan. 1, 2017, SASB has not included it as an additional disclosure metric.</p> <p>SASB metric CN0401-16: <i>"Average hourly wage and percentage of in-store employees earning minimum wage"</i> gives information on a registrant's potential sensitivity to changes in the minimum wage, the percentage of its employees that are low wage workers, and the registrant's ability to recruit and retain talent.</p>
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Labor Relations & Fair Wages (CN0401-15)	<p>70. The registrant may choose to disclose the average prevailing minimum wage, weighted on an hours-worked basis.</p> <p>Companies should be required to state the average prevailing minimum wage as well as highest and the lowest minimum wage required by law in the jurisdictions in which it does business. This information is material to a proper understanding of the registrant's human capital management practices.</p>	<p>Because minimum wages in the United States are regulated at the local and state level, SASB has determined that disclosing the average wages by state and the highest and lowest minimum wages would likely result in an unmanageable amount of data being disclosed.</p> <p>SASB includes guidance for users of the standard to disclose the minimum wage for each geographic region for which they conduct segment financial reporting. In addition, users of the standard are guided to provide further context to which areas they operates in that are likely to be affected by a change in the minimum wage, and the magnitude of the financial impact a change would have. This metric is meant to more directly capture performance on the relevant aspects of this topic over which companies likely have direct control.</p> <p>Line .83 of the standard states:  <i>".83 The registrant should discuss the sensitivity of its costs and profit margins to future adjustments in minimum wage, including:</i></p>

Industry SICS Number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
				<ul style="list-style-type: none"> <li>• <i>The likelihood of a minimum wage increase in the regions where the registrant operates, and the regions in which this is more likely to occur.</i></li> <li>• <i>The percentage of its current retail and distribution center employees whose salaries are near the current minimum wage, and whose salaries may necessitate an increase given a change in minimum wage regulations.</i></li> <li>• <i>The magnitude of the financial impact that a minimum wage increase would likely have on the registrant.</i></li> </ul>
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Labor Relations & Fair Wages (CN0401-15)	<p>71. The registrant may choose to discuss its sensitivity to future adjustments in minimum wage.</p> <p>SASB is to be commended for raising this critical factor in human capital management, but the materiality of this information cannot be left to a voluntary, permissive disclosure requirement. SASB should amend the metric to require registrants to report on sensitivity to minimum wage increases.</p>	SASB has retained this as a voluntary element of disclosure within the provisional Food Retailers & Distributors standard. Disclosure is intended to provide additional context to CN0401-16 <i>"Average hourly wage and percentage of in-store employees earning minimum wage"</i> . However, SASB determined that requiring additional disclosure would be an expansion of the scope of this metric.
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	Labor Relations & Fair Wages (CN0401-19)	<p>We commend SASB for requiring the inclusion of monetary fines and legal settlements, but without requiring registrants to give a specific description of the basis for regulatory fines and settlements, the value this data will be greatly diminished to investors. More detailed disclosure should be required of specific violations.</p> <p>80. The registrant shall disclose the amount (excluding legal fees) of all fines or settlements associated with labor law violations and employment discrimination violations, including, but not limited to, violations of the Fair Labor Standards Act, such as those relating to wages, work hours, overtime, and meal and rest breaks.</p> <p>For the reasons stated above, this section must also explicitly include violations of the National Labor Relations Act and the Occupational Safety and Health Act as well as descriptions of the violations at issue.</p>	<p>SASB does not specifically list the National Labor Relations Act in the scope of the draft standard, but the registrant should include fines and settlements related to these violations if they relate to labor law violations or employment discrimination violations, including, but not limited to, those relating to wages, work hours, overtime, and meal and rest breaks.</p> <p>SASB research did not reveal significant evidence that disclosure of employee health and safety violations in the Food Retailers &amp; Distributors industry would constitute material information. However, users of the standard may choose to additionally disclose fines and settlements relating to the Occupational Safety and Health Act if they determine that employee health and safety is material to their operations.</p>
CN0401	American Federation of Labor and Congress of Industrial Organizations (AFL-	Labor Relations & Fair Wages (CN0401-19)	<p>Note to CN0401-19</p> <p>84. The registrant shall briefly describe the nature (e.g., guilty plea, deferred agreement, or non-prosecution</p>	In the provisional standard, SASB has retained the word "briefly" to in the "Note to CN0401-19" to indicate that the registrant should include information to provide context to the fines and settlements to the extent that it

Industry SICS Number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
	CIO)		<p>agreement) and context (e.g., improper working conditions, unfair compensation, etc.) of fines and settlements.</p> <p>Similarly, we commend SASB for requiring a description of the basis of fines and settlements, but we urge SASB to strike the word "briefly" because it will inevitably lead to greatly diminished reporting of this critical human capital management performance indicator.</p>	<p>provides material information and does not omit any material information that would not alter the total information made available to a reasonable investor.</p> <p>The registrant can provide detailed and complete information on the fines and settlements, but the registrant is not expected to give detailed and comprehensive explanations of every individual case, unless exclusion of that information would alter the total mix of information needed by a reasonable investor to make a decision.</p>

## Multiline and Specialty Retailers & Distributors

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
CN0403	American Chemistry Council	General comment	<p>The American Chemistry Council (ACC) appreciates the opportunity to comment on the Sustainability Accounting Standards Board’s (SASB) Multiline and Specialty Retailers and Distributors draft standard in the Consumption II Sector. ACC is America’s oldest trade association of its kind, representing companies engaged in the business of chemistry—an innovative, \$812 billion enterprise that is helping solve the biggest challenges facing our nation and the world. The products of chemistry will make it possible to satisfy a growing world population by providing a healthy and plentiful food supply, clean air and water, safe living conditions, efficient and affordable energy sources and lifesaving medical treatments in communities around the globe. To enable these ongoing innovations, ACC supports public policies and private sector voluntary consensus standard development that will drive creation of groundbreaking products that improve lives and our environment, enhance the economic vitality of communities and protect public health.</p> <p>ACC submitted comments to SASB in January on the draft standard in the Resource Transformation Sector and in June for the Consumption I Sector. We incorporate those comments by reference here, and repeat them for the draft Consumption II Sector standard as if made separately. Our comments here specifically urge SASB to make adjustments to the draft standard to address issues of materiality, relevance, decision-usefulness for the mainstream investor, technical deficiencies with certain metrics and associated definitions, and to consider modifications that will reduce what are, in some cases, extraordinary financial burden associated with the proposed reporting.</p>	SASB appreciates the time and effort the American Chemistry Council has invested in preparing a comment letter for the Multiline and Specialty Retailers & Distributors industry.
CN0403	American Chemistry Council	General comment	General Comments: SASB’s Standard Development Procedures Should be Improved to Conform with Essential Procedures-level Due Process	SASB notes the ACC’s comments with respect to ANSI Essential Requirements. Though SASB is an ANSI-accredited standards development organization, it has not announced its intent to develop an American National Standard via the Project Initiation Notification System (PINS). Therefore,

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>As we noted in our January 15, 2015 comments to the draft standard in the Resource Transformation Sector and May 1, 2015 comments to the draft standard in the Consumption II Sector, ACC is a strong supporter of the use of voluntary consensus standard development to meet market needs, and in particular, respects standard development conducted in accordance with ANSI's Essential Procedures, which are recognized in the U.S. as particularly robust, protective of stakeholder engagement, and the best platform to support stakeholder development of technically sound, usable standards output. Establishing a robust performance reporting program can take decades of investment supported by significant sector-specific expertise. Given the complex nature of this reporting, and the potential for substantial market and business impact, ACC believes that voluntary consensus standards must respect ANSI-level due process and consensus requirements as set out in Essential Procedures to be suitable for use in the private sector. For that matter, procedures must be followed if voluntary consensus standards are to be adopted or incorporated by reference by any regulatory agency. SASB procedures are currently falling short of the procedural respect and robustness needed to achieve ANSI approval, and we urge the organization to carefully review its process.</p>	<p>to-date SASB's standards development process has been informed by ANSI best practices, but it does not represent itself as conforming to ANSI Essential Requirements for a voluntary, consensus standard. SASB will weigh the ACC's comments as it considers initiating the PINS process and filing a BSR-8 form.</p>
CN0403	American Chemistry Council	Product Sourcing, Packaging, & Marketing (CN0403-12)	<p>CN0403-12 Revenue from products meeting environmental or social sustainability criteria</p> <p>ACC recommends modification of the draft metric</p> <p>.54 We suggest that under the second bullet, SASB include examples of not just NGO-led standards and certification programs, but also voluntary consensus standards (e.g., ASTM) and industry-developed standards. If the Forestry Stewardship Council standard is mentioned, the competing certification program, Sustainable Forestry Initiative, should also be specifically mentioned in order to avoid the appearance of an endorsement or preference for FSC.</p> <p>Voluntary consensus standard use and certification should</p>	<p>SASB has updated the disclosure guidance to include reference to standards promulgated by organizations such as ASTM, and has directly referenced the Sustainable Forestry Initiative (SFI). SASB does not give preference to voluntary consensus standards (or voluntary non-consensus standards) in the disclosure guidance. Nor does SASB necessarily endorse the organizations it references or their funders. SASB aim to provide examples of relevant standards that are widely used within the industry and whose use may be important information to communicate through disclosure.</p> <p>SASB regularly includes the language "or equivalent" when referencing and regulation or standard in its metrics.</p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>receive preference over non-consensus standards and tools like Cradle-to-Cradle and Green Seal noted in bullet 2. We also suggest that references to Cradle-to-Cradle and GreenSeal be removed.</p>	<p>SASB has update line .46 of the provisional Multiline &amp; Specialty Retailers standard to read:  <i>".46 The registrant shall disclose its revenue, in U.S. dollars, from products that are third-party certified to an environmental or social sustainability standard, where a product is considered to meet these criteria if:</i></p> <ul style="list-style-type: none"> <li>• <i>It has achieved certification through a government program, including, but not limited to, the U.S. EPA Star and Water Sense programs, USDA Certified Organic, or is listed in the Comprehensive Procurement Guidelines (CPG) directory.</i></li> <li>• <i>It has achieved certification to a third-party environmental or social sustainability standard or sustainability standards promulgated by organizations such as the American National Standards Institute (ANSI) or ASTM International, including, but not limited to, Fair Trade Certified, Forestry Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), Rainforest Alliance Certified, BPI Compostable, Cradle to Cradle, Green Seal, or Marine Stewardship Council.</i></li> <li>• <i>A product with third-party certification shall be considered certified regardless of what level or tier of certification it received."</i></li> </ul>
CN0403	American Chemistry Council	Product Sourcing, Packaging, & Marketing (CN0403-12)	<p>.55 SASB suggests that the product with the largest market share in the same product category shall be considered to be a benchmark product. We note that for anticompetitive reasons, SASB should not ask registrants to define product categories and market share themselves; if SASB wishes to describe product benchmarks; it should calculate and publish the information itself. Horizontal competitors typically avoid group and public discussions of their competitors' respective market shares.</p>	<p>SASB has withdrawn the reference to benchmark products from the standard.</p>
CN0403	American Chemistry Council	Product Sourcing, Packaging, & Marketing (CN0403-12)	<p>Bullet 2, sub-bullet 1: We recommend that SASB remove "reduced chemicals in production and use (e.g., "certified non-toxic" and "full ingredients transparency" from the draft standard. First, "ingredients transparency" is a so called right-to-know measure; it has nothing to do with reduction of chemicals in production and use. For that matter, we question whether "ingredients transparency" is a legitimate sustainability measure at all. While we recognize that this has been a market trend, listing the</p>	<p>SASB has reference to "reduced chemicals in production and use" from the scope of CN0403-09.</p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>chemicals present in a finished consumer product is not a health or safety measure and in no way impacts or improves the environmental footprint of the product. To the extent that a non-toxic certification is made against a voluntary consensus standard accepted by the entire marketplace (e.g., ASTM), that example is sound, and we request that clarification be made; it should be noted, however, that such certifications could be offered by non-consensus organizations with their own private view of what "non-toxic" means that are not science based, and certifications could also be offered by fly-by-night entities. Eco-labeling certifications should also be FTC Green Guides compliant to help avoid these traps.</p>	
CN0403	American Chemistry Council	Product Sourcing, Packaging, & Marketing (CN0403-13)	<p>ACC recommends modification of the draft metric .57 As noted above, we recommend that "ingredient disclosure" be removed as a sustainability measure. Ingredient disclosure, by itself, does nothing to advance the design or chemical composition of a consumer product, or its safe use, or exposure management and reduction, or product risk. Ingredient disclosure, can, to the contrary, be confusing to consumers and businesses who cannot know from the chemical list itself useful information to inform decision making. While ingredient disclosure is a hot topic in the area of food (a problem all by itself, where consumers do not understand that the acrylamide in their whole wheat bread or coffee arrives as a function of baking or brewing) SASB appears to be assuming that "ingredient disclosure" is of equal interest to those buying goods in other markets and of special relevance to multiline and specialty retailers. It is neither relevant nor helpful in this market and many others. We also note that the ingredient disclosure movement has some additional, and significant, limitations. Rewarding ingredient disclosure means that only the most chemically simple products with a limited ingredient list get preference. (Example: a simple shampoo might have a dozen chemical ingredients. A zippered jacket, face cream, or electronic device might have hundreds or thousands). There is no incentive for manufacturers to develop innovative or</p>	SASB has withdrawn this metric from its provisional standard.

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			groundbreaking new formulations, since they can't list their newly discovered ingredients and protect their intellectual property. Consumer confusion may lead to a preference for "shorter" chemical lists and less scary-sounding or shorter chemical names, which is misaligned with and can even undermine sustainability objectives. We encourage SASB not to artificially create "demand" for ingredient disclosure, which has many drawbacks and is not relevant to more sustainable products, by imposing it in market sectors where it is neither helpful nor of current interest.	
CN0403	American Chemistry Council	Product Sourcing, Packaging, & Marketing (CN0403-14)	ACC recommends modification of the draft metric .63 This section asks for discussion of relevant actions. Human health and environmental performance of a finished product are best informed by risk assessment, which requires evaluation of chemical constituents and their toxicological profile as well as exposure. For that matter, environmental performance is informed by application of ISO Life Cycle Assessment measures. We recommend that this section suggest those discussion areas first. Likewise, we suggest that another relevant action to be included is whether an ISO-compliant Environmental Product Declaration has been completed and is publicly available.	SASB acknowledges that use of lifecycle assessment methodology and/or environmental product declarations (EPD) may be useful tools in understanding environmental implications of products. Because EPDs are not risk assessments and do not directly communicate hazards or risks to users, SASB has declined to suggest disclosure of if an EPD has been completed and is available.
CN0403	American Chemistry Council	Product Sourcing, Packaging, & Marketing (CN0403-14)	This section also refers to "use of banned substances lists." We suggest this be clarified to "use of legal or regulatory banned substances lists." The use of lists should be limited to their intended purpose and scope. Non-regulatory lists typically have minimal value and may be entirely arbitrary. If a regulatory list is used, it should be used from the international or national governing body itself (e.g., the Environmental Protection Agency in the U.S.) and should be current.	SASB has withdrawn reference to the "use of banned substances lists", and instead uses the term restricted substance list (or RSL). SASB recognizes that it is widespread practice for companies to use RSLs that include both regulated and non-regulated substances. SASB does not specifically endorse one approach, but has determined that disclosure of a company's approach may provide material information to investors. SASB directs the ACC to criterion .04 of metric CN0501-01 which provides guidance for how companies can present this information in an objective and useful format.
CN0403	American Chemistry Council	Product Sourcing, Packaging, &	The use of the "Clean Production Action" list or lists, is for these reasons, wholly inappropriate; it is the private "list" of a non-profit organization not suitable to reflect just	SASB has withdrawn its reference to the "Clean Production Action" lists of lists.

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
		Marketing (CN0403-14)	<p>those legal and regulatory restrictions that should be considered here. For that matter, it should be readily apparent that a "Red List" or "List of Lists" prepared by any NGO - many of which have fundraising and campaign commitments seeking to further restrict their targeted chemicals - is not suitable for inclusion in a voluntary consensus standard (those lists reflect the private views of a narrow band of stakeholders with defined agendas). And, it should likewise be apparent that a "red list" prepared specifically for another market or product line, e.g., a "red list" for buildings would not be appropriate or meaningful for another market or product line. Different products have entirely different compositions and risk profiles; a chemical to which a worker might be exposed building a building (e.g., wood dust, crystalline silica) might be present in a finished toy or sporting good in such a manner that the chemical is fully entrained or reacted such that there is no exposure at all to a product user (e.g., child playing with wooden blocks, glass windshield in toy car). This last point also helps illustrate the folly of relying on NGO developed "red lists": many of these target chemistries solely based on toxicological profile without regard to exposure and risk. When such "red lists" are applied to actual consumer products, the results can be meaningless or even ridiculous. Chemical management decisions should be informed by not just chemical hazard but also exposure so that meaningful, science-based risk decisions can be achieved. This is another example why legal and regulatory restrictions should be referenced, but other "red lists" developed by the private sector should not be incorporated in the standard.</p>	
CN0403	American Chemistry Council	Product Sourcing, Packaging, & Marketing (CN0403-14)	<p>.64 We recommend that this section be removed in its entirety. Identification of specific polymers, chemicals, compounds and materials as either "emerging materials" or "chemicals of concern" should not be made without a better defined, scientifically sound evaluator process. It is insufficient to bootstrap the term "concern," which has no regulatory meaning, as the basis for such identification. Further, it is inappropriate to simply designate chemistries</p>	<p>SASB has withdrawn the reference to "emerging materials and chemicals of concern" but continues to allow for disclosure of chemicals management practices that may target chemicals that are not regulated but for which a company may have chosen to restrict or eliminate the usage of. SASB does not "designate chemicals" or deem them "of concern" but recognizes that the voluntary management of certain chemicals outside of regulatory framework is likely</p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>for an entire standard as requiring discussion; particular chemicals may be of interest in a particular product only due to possible exposure and routes of exposure or for other reasons. The sweeping approach suggested here is counterproductive and not science-based.</p>	<p>to be useful, pertinent information which companies may wish to communicate to their investors through disclosure (as numerous companies currently do).</p> <p>SASB has updated the standard to state:</p> <p><i>".55 The registrant may choose to identify chemicals found in its product portfolio that it has a policy for to reduce, eliminate, or assess for reasons such as:</i></p> <ul style="list-style-type: none"> <li><i>• There is incomplete and/or insufficient availability of toxicity information such that the registrant cannot determine if the chemical is safe for use;</i></li> <li><i>• Pending or anticipated regulations may limit or restrict the use of the chemical in the future;</i></li> <li><i>• There is potential for environmental harm, but not human health harm, that the registrant wishes to limit; and/or</i></li> <li><i>• In response to shifts in market demand or expectations relating to the usage of a specific chemical, class of chemicals, or category of chemicals that may not be regulated but are recognized by the registrant as being "of concern" to consumers, customers, regulators, and/or others (e.g., non-governmental organizations, scientific researchers, etc.)."</i> </li></ul>
CN0403	American Chemistry Council	Product Sourcing, Packaging, & Marketing (CN0403-14)	<p>We offer specific comments on microbeads, which cannot be said to meet any of the criteria that SASB offers. Microbeads in consumer products do not have "other serious adverse health or environmental effects." ACC urges SASB to strike polyethylene microbeads from the list of "emerging materials and chemicals of concern." It is unclear how "polyethylene (PE) microbeads" is defined, and, the justification for its inclusion as an emerging material or chemical of concern is uncertain.</p> <p>Plastics are polymers, and a polymer is a chemical composed of many repeat units – known as a polymer chain. Every polymer has distinct characteristics, which provide solutions for many different applications, such as: automotive construction, food packaging, transportation, building and construction, and personal care products, to name a few. The plastics made from transformed raw</p>	SASB has removed the reference to plastic microbeads from the standard.

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>materials do not have the same properties as the raw materials. EPA has concluded "there is an exceedingly low probability that potential exposure to high molecular weight water-insoluble polymers, as a class, will result in unreasonable risk or injury to human health or the environment". Plastics molecules are very large and do not have the same biological properties as the raw materials used to make them.</p> <p>Plastics are a valuable resource that should not be lost to landfills or waterways. Investigations by marine scientists are highlighting the extent to which littered plastic and other materials end up as debris and mismanaged waste in our oceans and the consequences for the marine environment. ACC and the global plastics industry agrees that plastic waste does not belong in the world's oceans. As a global industry we actively contribute to solutions to eliminate marine litter.</p> <p>In 2014 EPA's Marine Pollution Control Branch: Office of Wetlands, Oceans and Watersheds worked with the National Research Council to hold an expert workshop to consider possible human health risks from micro plastics in the marine environment. After considerable debate, forum participants agreed that the current state of the science does not allow an assessment of possible human health risks from the ingestion of seafood contaminated with micro plastic-derived persistent, bio accumulative, and toxic chemicals.</p> <p>Plastic microbeads provide different qualities depending upon the application. With regard to plastic microbeads in personal care products, the microbeads are included as cleansers and exfoliants. Typically they are defined as plastic beads 5 millimeters or less in size. Unfortunately, many waste water treatment systems are not able to filter the microbeads, and therefore they wind up in waterways as waste. Recognizing that improper management of plastic waste is unacceptable, large consumer product companies (e.g., Procter &amp; Gamble, Johnson &amp; Johnson,</p>	

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>L'Oréal, etc.) committed to phasing out the use of plastic microbeads by 2020 – or within five years. This also includes use of the microbeads in over the counter drug applications. ACC agrees with the product stewardship decision taken by the companies to phase out use of microbeads as exfoliants in personal care products. We continue to support legislative efforts, at both the state and federal level, to phase out the microbeads in the next five years.</p> <p>It is inappropriate to classify “polyethylene microbeads” as a material or chemical of concern. As noted, the consumer goods industry is taking the initiative to remove exfoliating microbeads from personal care products to keep them from improper management after use. The EPA forum in 2014 established that current science does not support conclusions as to possible human health risks. Thus, SASB should remove polyethylene microbeads from the “Consumption II: Multiline and Specialty Retailers &amp; Distributors” standard.</p> <p>The microbeads, and therefore they wind up in waterways as waste. Recognizing that improper management of plastic waste is unacceptable, large consumer product companies (e.g., Procter &amp; Gamble, Johnson &amp; Johnson, L'Oréal, etc.) committed to phasing out the use of plastic microbeads by 2020 – or within five years. This also includes use of the microbeads in over the counter drug applications. ACC agrees with the product stewardship decision taken by the companies to phase out use of microbeads as exfoliants in personal care products. We continue to support legislative efforts, at both the state and federal level, to phase out the microbeads in the next five years.</p> <p>It is inappropriate to classify “polyethylene microbeads” as a material or chemical of concern. As noted, the consumer goods industry is taking the initiative to remove exfoliating microbeads from personal care products to keep them from improper management after use. The EPA forum in 2014 established that current science does not</p>	

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>support conclusions as to possible human health risks. Thus, SASB should remove polyethylene microbeads from the "Consumption II: Multiline and Specialty Retailers &amp; Distributors" standard.</p>	
CN0403	American Chemistry Council	Product Sourcing, Packaging, & Marketing (CN0403-16)	<p>ACC recommends modification of the draft metric</p> <p>.67 Packaging can have significant life cycle benefits during its use phase. For example, packaging can reduce damage and shrink (loss) during transportation; it can reduce food loss during transportation; and it can help prolong the life of certain products by offering UV, water, pest, or other protection during transit and storage. Reducing product loss has follow on life-cycle savings as well for energy, GHG reduction, and other impacts.</p> <p>Importantly, innovations in packaging light-weighting are delivering significant energy savings and corresponding reductions in greenhouse gas emissions. Saving just a few pounds of weight on a truck or railcar - or being able to compress goods and ship more - saves fuel, energy, and GHGs that magnify quickly and have a significant sustainability impact nationally and annually.</p> <p>SASB should add, in its description of strategies to reduce environmental impact, the opportunity for registrants to discuss the life cycle benefits their products offer in the use phase. We appreciate that the draft says "such as reducing packaging weight and volume," but expressly inviting additional discussion of in use benefits such as energy savings in transportation would be valuable.</p>	<p>SASB has updated this metric from CN0403-16 "Description of strategies to reduce the environmental impact of packaging throughout its lifecycle" to: CN0403-11 "Description of strategies to reduce the environmental impact of packaging."</p> <p>The registrant has the opportunity to discuss lifecycle benefits and innovations in packaging light-weighting. SASB specifically calls these out in the disclosure guidance:</p> <p>.60 The registrant shall discuss its strategies to reduce the environmental impacts of packaging, such as optimizing packaging weight and volume for a given application, or using alternative materials, including those that are renewable, recycled, recyclable, or compostable.</p> <p>.61 Relevant disclosure may include, but is not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Design innovations, including strategies to optimize the amount of material used; packaging weight, shape, and size; product-to-package ratio; cube utilization; and void fill.</li> <li>• Implementation of the "Essential Requirements" in Article 9, Annex II of the E.U. Directive on Packaging and Packaging Waste (94/62/EC), which includes minimization of packaging weight and volume to the amount needed for safety, hygiene, and consumer acceptance of the packed product; minimization of noxious or hazardous constituents; and suitability for reuse, material recycling, energy recovery, or composting.</li> <li>• Performance on the Global Protocol on Packaging Sustainability 2.0 metrics for Packaging Weight and Optimization and/or Assessment and Minimization of Substances Hazardous to the Environment.</li> </ul> <p>.62 The registrant should discuss its strategies as they relate to primary, secondary, and tertiary packaging of its private-label products as well as the packaging of products from its vendors, where:</p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
				<p><i>....63 The registrant may choose to discuss its use of Life Cycle Assessment (LCA) analysis in the context of its approach to environmental impact reduction and maximization of product efficiency, including weight reduction and transportation efficiency. "</i></p>

## Building Products & Furnishings

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
CN0603	Amy Costello (Armstrong World Industries)	General comment	Thank you for the opportunity to review and comment on the proposed Sustainability Accounting Standards Board's Consumption II Sector draft standard. Armstrong World Industries participated on the Industry Working Group and submitted electronic comments as part of the IWG process on December 2, 2014. Many of the suggestions for improvement made in December were not implemented. Our comments are as follows:	<p>SASB appreciates the time and effort that Armstrong World Industries has invested in preparing a comment letter for the Building Products &amp; Furnishings industry.</p> <p>SASB assess and works to incorporate Industry Working Group (IWG) feedback, and all comments received during the IWG are further researched by the SASB team for their relevance in alignment with the SASB Principles (<a href="http://www.sasb.org/approach/principles/">http://www.sasb.org/approach/principles/</a>). However, IWG participants should recognize that SASB takes a balanced approach to incorporating feedback and aims to create metrics that are most suitable for their intended use.</p> <p>For SASB's rationale for inclusion or exclusion of specific topics from the Building Products &amp; Furnishings industry, please refer to the Standards Outcome Report on the Consumption II sector webpage.</p>
CN0603	Amy Costello (Armstrong World Industries)	General comment	With the exception of the energy metric, this standard focuses on products. Consider eliminating product related metrics and focus on holistic company-wide sustainability metrics that are indicators of a company's materiality risks such as water and waste. As suggested in December, consider adding waste material generated (tons).	The Building Products industry standard includes a disclosure topic on energy use in manufacturing. Additionally, the disclosure topic on lifecycle impact addresses manufacturing waste and water along with other environmental attributes. SASB's research and stakeholder consultation did not suggest that separate disclosure of water use and waste in manufacturing is likely to constitute material information. For more information on SASB's research on the Building Products & Furnishings industry, please see the Industry Research Brief on the Consumption II sector webpage.
CN0603	Amy Costello (Armstrong World Industries)	Energy Management in Manufacturing (CN0603-01)	Strike "in energy intensive industries" from the following sentence: "Therefore, it is becoming increasingly material for companies in energy intensive industries to manage their overall energy efficiency." It is important for all companies to manage their energy use, not just companies in "energy intensive industries". More than likely, companies in "energy intensity industries" are already managing their energy, because they are energy intensive.	SASB has removed the sentence from the provisional standard.
CN0603	Amy Costello (Armstrong World Industries)	Energy Management in	CN0603-01: Please address my below comments from December 2, 2014:	SASB has retained the metric CN0603-01: <i>"Total energy consumed, percentage grid electricity, percentage</i>

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	Industries)	Manufacturing (CN0603-01)	Keep Total energy consumed. Delete the rest of the metric. If you want to further break down energy, then include just percentage of renewable/nonrenewable energy. As currently written, this metric singles out electricity, but does not include percentage requirements for other forms energy such as natural gas. Getting the split between renewable/non-renewable is very challenging. Each utility company in each country has different electricity mix. These mixes change. If SASB includes a metric for percentages of renewable/nonrenewable then include a standard for how to calculate the percentage renewable/non-renewable. Perhaps the metric that SASB wants to track is the percentage of non-renewable energy generated by the company outside of the electricity grid. Percent non-renewable energy generated by company investment in non-renewable energy such as solar, wind, aerobic digestion, or even purchase of renewable energy credits.	<p><i>renewable energy.</i> "</p> <p>Metric CN0603-01 in the provisional standard is meant to provide insight into which companies purchase energy (and thus would be impacted through cost or availability of energy, rather than directly through GHG regulations). This metric captures the relevant impact on corporate value and aspects of performance over which companies have direct control. For example, a company with significant purchases from the grid would benefit from energy efficiency efforts that help reduce operating costs, but would arguably have no direct control over GHG emissions from the utility that it purchases energy from. Furthermore, to address risks related to reliability or cost of purchased energy, companies may increase energy production on-site. If the scope of such production is significant and based on fossil fuels, it might lead to concerns over Scope 1 emissions and regulatory risks. SASB assumes that companies are able to measure and track, and in many cases already track, their energy consumption. Therefore, reporting on energy consumption is unlikely to create additional cost burden for most reporters, at the same time, providing more decision useful information to investors.</p>
CN0603	Amy Costello (Armstrong World Industries)	Health Impacts of Chemicals in Products	Page 11: Delete the following statement: "While many of these chemicals are banned in other products, such as children's toys, they are still used widely in flooring and furniture products". This statement is incorrect, misleading and unfairly singles out flooring and furniture products.	SASB has removed the sentence from the Description of the "Management of Chemicals in Products" topic in the provisional standard.
CN0603	Amy Costello (Armstrong World Industries)	Health Impacts of Chemicals in Products (CN0603-03)	CN0603-03.15 – Consider referencing the USGBC's low emitting table ( <a href="http://www.usgbc.org/resources/low-emitting-materials-third-party-certification-table">http://www.usgbc.org/resources/low-emitting-materials-third-party-certification-table</a> ) in lieu a bulleted list. The USGBC's table is maintained by their Environmental Quality Technical Advisory Group who reviews emissions certifications to determine compliance with LEED (CDPH/AgBB). The GreenGuard Children & School certification is not equivalent to the CDPH standard; however FloorScore is and should be included.	<p>SASB has included the suggested reference in line .18:</p> <p><i>".18 The registrant shall disclose the percentage of its products (by revenue) for which volatile organic compound (VOC) emissions and content standards are applicable, and which qualify for the U.S. Green Building Council's (USGBC) LEED v4 EQ credit for "Low Emitting Materials," where:</i></p> <ul style="list-style-type: none"> <li><i>• A product qualifies for EQ credit for "Low Emitting Materials" if it meets emissions and content requirements listed on the most recent version of the Low-Emitting Materials Third Party Certification table maintained by the USGBC.</i></li> </ul>

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				<ul style="list-style-type: none"> <li><i>This includes products that have been tested according to CDPH Standard Method v1.1, ANSI/BIFMA M7.1-2011, AgBB Method, EN 717-1:2004, or ISO 16000-6:2011 "</i></li> </ul>
CN0603	Amy Costello (Armstrong World Industries)	Health Impacts of Chemicals in Products (CN0603-03)	The product metrics that are included in this standard do not necessarily represent risk to the company. Certifications such as CDPH or FSC are customer driven and add cost to products, but are not tools for understanding a company's materiality risks.	<p>SASB's evidence-based research process finds that building products and furnishings may contain substances that have the potential to harm human health, including volatile organic compounds and potential reproductive toxins, carcinogens, and endocrine disruptors. In general, these substances are found in products at low concentrations, if at all, and therefore do not pose a health concern. Nonetheless, the industry is exposed to potentially significant regulatory and reputational risk as a result of the use of substances of concern. Actual or perceived human health risks create the potential for future regulation around product chemical content and possible reputational impacts for companies, which can significantly affect demand for products. Increasing consumer concern over chemical use is driving the industry's voluntary efforts to eliminate such chemicals from products and use alternative materials. The continued adoption of building certification standards such as LEED are driving demand for products with reduced chemical content.</p> <p>Additional information can be found on pages 9-12 of the SASB Building Products &amp; Furnishing Brief.</p>
CN0603	Amy Costello (Armstrong World Industries)	Wood Sourcing Risks (CN0603-08)	Page 18: Wood certification is based on customer demand and is not an indicator of a company's sustainability or risk associated with materiality. Delete this section or implement the below metric as suggested in December 2014: At a minimum, require companies to have purchasing policies in place which require suppliers to comply with all laws in the country of origin and which prohibit importation from countries identified as unreliable sources of legal lumber. Also, mention that wood purchased outside the US and Canada must demonstrate compliance with the U.S. Lacey Act (16 U.S.C. §§ 3371-3378,) or maybe require that the source of the wood be identify. As a company, Armstrong World Industries offers certified wood, however the cost differential associated with FSC certified wood products is prohibitive for most customers. So, the metric	<p>SASB's research indicates that there are risks associated with wood fiber sourcing that go beyond basic legal compliance. SASB's research and stakeholder consultations with investors and industry participants indicate that wood certifications are an efficient market mechanism to assess and communicate supply chain and sourcing performance. Please see page 16-20 of the SASB Building Products &amp; Furnishings Brief.</p> <p>SASB has modified metric CN0603-08 <i>"Total wood fiber purchased, percentage from third-party certified sources"</i> to CN0603-06 <i>"Total wood fiber purchased, (1) percentage from third-party certified forestlands, by standard, and (2) percentage meeting other fiber sourcing standards, by standard."</i></p>

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			identified is not a good metric. Consider using a metric such as the percentage of wood sourced in countries that are not deemed unreliable sources or classified as High Risk Countries.	SASB also added the suggested reference to Lacey Act compliance in line .37: <i>".37 The registrant shall discuss whether and how its sourcing standards for fiber from non-certified forestlands address the following environmental and social topics:</i> <ul style="list-style-type: none"> <li>• <i>Wood legality and compliance with the Lacey Act of 1990 (16 U.S.C. §§ 3371–3378);</i></li> <li>• <i>Wood sourced from areas of protected conservation status or high biodiversity value;</i></li> <li>• <i>Logging in or near areas of endangered species habitat;</i></li> <li>• <i>Forestry management and harvesting practices of suppliers, including environmental impact assessments or forestry management plans; and</i></li> <li>• <i>The use of genetically modified organisms (GMOs), pesticides, or other chemicals in forests."</i></li> </ul>
CN0603	Business and Institutional Furniture Manufacturers Association (BIFMA)	General comment	For nearly 25 years BIFMA members have collaborated in the development of effective environmental regulation including multiple National Emission Standards for Emissions of Hazardous Air Pollutants. In 2005, BIFMA members developed the ANSI/BIFMA Furniture Emission Standard to identify sources of indoor air pollution and encourage material suppliers to make necessary improvements. In 2010, BIFMA published the ANSI/BIFMA e3 Furniture Sustainability Standard in order to provide the marketplace with a meaningful standard that would harmonize sustainability standards for the office furniture industry and help to distinguish environmentally preferable business and institutional furniture. In 2012, BIFMA published its first of a series of Product Category Rules for conduct of Life Cycle Assessment on Office Furniture. These efforts clearly demonstrate the industry's dedication to continuous improvement in product performance while reducing our environmental footprint.	SASB appreciates the time and effort that Business and Institutional Furniture Manufacturers Association (BIFMA) has invested in preparing a comment letter for the Building Products & Furnishings industry.
CN0603	Business and Institutional Furniture Manufacturers Association (BIFMA)	General comment	Overall, BIFMA believes the metrics contemplated by the SASB Standard are some of the best currently available indicators of improvement potential but do not provide absolute measures of outcome. The application of narrowly focused assessment systems frequently lead to a simple shift in impact from that measured to another not included	SASB's mission is to identify sustainability topics at an industry level, which may constitute material information—depending on a company's specific operating context—for a company within that industry. SASB Standards provide companies with standardized sustainability metrics designed to communicate performance on industry level

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			<p>in the assessment. In addition, many of the metrics proposed by the SASB Standard, increasing recycled content for example, do not necessarily drive environmental improvement and may in fact have the opposite effect. Together, these issues have the effect of increasing uncertainty to a point where reliable representation of potential for financially material disclosure is not practical. In addition, and based on long experience, BIFMA understands that environmental improvements are incremental and, while seldom of a financially material level to individual companies, our combined efforts drive significant improvement for the industry.</p>	<p>sustainability topics. When making disclosure on sustainability topics, companies can use SASB Standards to help ensure that disclosure is standardized and therefore decision-useful, relevant, comparable, and complete. Further information can be found in SASB's Conceptual Framework available here: <a href="http://www.sasb.org/approach/conceptual-framework/">http://www.sasb.org/approach/conceptual-framework/</a></p> <p>SASB appreciates the specific feedback offered by BIFMA based on its longstanding expertise in the furniture industry.</p>
CN0603	Business and Institutional Furniture Manufacturers Association (BIFMA)	Health Impacts of Chemicals in Products (CN0603-03)	<p>Percentage of products by dollars that have been tested and certified is an overly simplified metric. Emission testing would be better based on the widely accepted ANSI/BIFMA Furniture Emission Standard already used by most manufacturers. The ANSI/BIFMA emission standard and certifications are the most stringent in the world.</p>	<p>SASB notes that the Building Products &amp; Furnishings industry includes a range of products and materials such as flooring, ceiling tiles, home and office furniture and fixtures, wood trusses, plywood, paneling, and lumber.</p> <p>SASB has updated metric CN0603-03 from "<i>Percentage of applicable products meeting California Standard Section 01350 Specification for VOCs</i>" to: "<i>Percentage of applicable products meeting volatile organic compound (VOC) emissions and content standards.</i>"</p> <p>SASB includes ANSI/BIFMA standards in the updated metric as a relevant VOC content standard under line .18:  <i>.18 The registrant shall disclose the percentage of its products (by revenue) for which volatile organic compound (VOC) emissions and content standards are applicable, and which qualify for the U.S. Green Building Council's (USGBC) LEED v4 EQ credit for "Low Emitting Materials," where:</i></p> <ul style="list-style-type: none"> <li><i>• A product qualifies for EQ credit for "Low Emitting Materials" if it meets emissions and content requirements listed on the most recent version of the Low-Emitting Materials Third Party Certification table maintained by the USGBC.</i></li> </ul> <p><i>§ This includes products that have been tested according to CDPH Standard Method v1.1, ANSI/BIFMA M7.1-2011, AgBB Method, EN 717-1:2004, or ISO 16000-6:2011."</i></p>
CN0603	Business and Institutional Furniture	Product Lifecycle	<p>Calculating the weight of product that is reusable or recyclable results in a meaningless number. Furniture</p>	<p>SASB has withdrawn the following two metrics from the provisional standard:</p>

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	Manufacturers Association (BIFMA)	Environmental Impacts (CN0603-05)	manufactures could simply say that 100% of our products are reusable given that they have such exceptionally long life cycles.	<p>CN0603-05: "Percentage of products sold that are recyclable or reusable"</p> <p>CN0603-06: "Percentage of raw materials from recycled content"</p> <p>If using the provisional standard, registrants can disclose their use of recycled and renewable materials in response to metric CN0603-04: "Discussion of efforts to manage product lifecycle impacts and meet demand for sustainable products."</p>
CN0603	Business and Institutional Furniture Manufacturers Association (BIFMA)	Product Lifecycle Environmental Impacts (CN0603-06)	Calculating the percent of raw materials from recycled content is another meaningless number. In addition "recycled content" does not necessarily translate to reduced environmental impact.	<p>SASB has withdrawn the following two metrics from the provisional standard:</p> <p>CN0603-05: "Percentage of products sold that are recyclable or reusable"</p> <p>CN0603-06: "Percentage of raw materials from recycled content"</p> <p>In the provisional standard, registrants can disclose their use of recycled and renewable materials in response to metric CN0603-04: "Discussion of efforts to manage product lifecycle impacts and meet demand for sustainable products."</p>
CN0603	Business and Institutional Furniture Manufacturers Association (BIFMA)	Product Lifecycle Environmental Impacts (CN0603-07)	Few, if any, office furniture manufacturers attempt to recover materials for reuse. Availability of needed materials and transportation impact far outweigh benefits. Reclamation factors typically used are proxies from US EPA Municipal Solid Waste surveys.	SASB notes that the Building Products & Furnishings industry includes a range of products and materials such as flooring, ceiling tiles, home and office furniture and fixtures, wood trusses, plywood, paneling, and lumber. Many companies within the industry administer or participate in product take-back programs.
CN0603	Business and Institutional Furniture Manufacturers Association (BIFMA)	Wood Sourcing Risks (CN0603-08)	The Standard make the assumption that unless wood is certified it isn't sustainably managed. We know the reality to be that the difference between certified and non-certified wood is often the cost of the extra tracking and paperwork and certification. In addition, with the extensive use of wood fiber, wood flour and cellulose derived from wood, the suggested accounting methodology simply could not produce reliable results.	<p>SASB's research and stakeholder consultations with investors and industry participants indicate that wood certification are an efficient market mechanism to assess and communicate supply chain and sourcing performance. Please see page 16-20 of the SASB Building Products &amp; Furnishings Brief.</p> <p>SASB has updated the metric from CN0603-08 "Total wood fiber purchased, percentage from third-party certified sources" to CN0603-06: "Total wood fiber purchased, (1) percentage from third-party certified forestlands, by standard, and (2) percentage meeting other fiber sourcing"</p>

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				<p><i>standards, by standard"</i></p> <p>The revised metric takes into consideration other types of forest management due diligence practices. For fiber that is not from certified forestlands and does not meet fiber sourcing standards, there is additional guidance for the registrant to discuss its due diligence practices. Line .37 of the technical protocol states:</p> <p><i>".37 The registrant shall discuss whether and how its sourcing standards for fiber from non-certified forestlands address the following environmental and social topics:</i></p> <ul style="list-style-type: none"> <li><i>• Wood legality and compliance with the Lacey Act of 1990 (16 U.S.C. §§ 3371–3378);</i></li> <li><i>• Wood sourced from areas of protected conservation status or high biodiversity value;</i></li> <li><i>• Logging in or near areas of endangered species habitat;</i></li> <li><i>• Forestry management and harvesting practices of suppliers, including environmental impact assessments or forestry management plans; and</i></li> <li><i>• The use of genetically modified organisms (GMOs), pesticides, or other chemicals in forests."</i></li> </ul>
CN0603	Business and Institutional Furniture Manufacturers Association (BIFMA)	General comment	Again, BIFMA supports and appreciates the efforts invested in this project. We realize the evolving quality of information and analytical processes make it difficult at best to provide absolute guidelines for calculating environmental impacts. It is in this light that we must restate our original conclusion that the project does not yet provide a reliable basis for or process supporting governmental reporting disclosures. Therefore, we suggest that participation in and certification under the ANSI/BIFMA e3 Furniture Sustainability Standard provides an adequate platform for quantifying changes in environmental performance for government reporting requirements.	SASB recognizes the efforts of BIFMA and looks forward to continued engagement.
CN0603	American Wood Council (AWC)	General comment	The American Wood Council (AWC) is pleased to provide comments on the Consumption II Sector/Building Products and Furnishings Exposure Draft for Public Comment (the "Standard"). Our comments below have been informed by our review of the Sustainability Accounting Standards Board (SASB) Record of Public Comment document issued	SASB appreciates the time and effort that the American Wood Council (AWC) has invested in preparing a comment letter for the Building Products & Furnishings industry.

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			<p>for the Resource Transformation Sector Standards, which include Containers and Packaging (the "RPC Document").</p> <p>The American Wood Council (AWC) is the voice of North American wood products manufacturing, representing over 75 percent of an industry that provides approximately 400,000 men and women with family-wage jobs. AWC members make products that are essential to everyday life from a renewable resource that absorbs and sequesters carbon. Staff experts develop state-of-the-art engineering data, technology, and standards for wood products to assure their safe and efficient design, as well as provide information on wood design, green building, and environmental regulations. AWC also advocates for balanced government policies that affect wood products.</p>	
CN0603	American Wood Council (AWC)	General comment	<p><u>Voluntary Standards</u> We appreciate SASB's statement that "[d]isclosure under SASB Standards is voluntary." AWC members strongly support retaining the voluntary nature of SASB Standards. SASB's process includes regular meetings with the Securities and Exchange Commission (SEC), and it has been widely reported that SASB's ultimate objective is to have the SEC mandate the use of its standards. We were pleased to see SASB's statement in the RPC Document that it is not asking the SEC to mandate the use of SASB standards, and we request that SASB maintain a position with the SEC that use of its standards should be voluntary.</p>	SASB's standards and any metrics contained in them continues to be voluntary and indicated as such.
CN0603	American Wood Council (AWC)	General comment	<p><u>Materiality, Topics, and Metrics</u> AWC supports SASB's adherence to the Supreme Court's definition of "materiality" and its emphasis that it is up to each company to decide for itself which sustainability topics are material. There is a lack of clarity, however, around how the Standard is intended to be used once a company determines that a topic is material. SASB representatives have given the impression that once a company has determined a topic is material, it must use the SASB metrics for that topic. The "Guidance on Accounting of Material Sustainability Topics" in the draft Standard, however, states "SASB recommends that each company consider using these accounting metrics when disclosing its performance</p>	<p>SASB has retained the language in the introduction to the Building Products &amp; Furnishings standard as cited by the AEC.</p> <p>SASB has attempted to address comments from the AWC and other commenters in the provisional Building Products &amp; Furnishings standards and welcomes continued feedback on the suitability of the metrics contained within this and other standards.</p>

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			<p>with respect to each of the sustainability topics it has identified as material." SASB also recommends that "companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported."</p> <p>We support the approach to metrics as described in the Standard and quoted above. Our members have serious concerns about the comparability and other aspects of the metrics SASB has chosen for the Standard. We believe making it clear, as does the text above, that companies have the flexibility to use those or other metrics, as well as the ability to explain why particular metrics do or do not "ensure completeness, accuracy, and comparability of the data reported" is very important for ensuring stakeholders using the data understand its potential limitations. Therefore, SASB should retain the "consider" language in the final Standard and explain the apparent inconsistency with its public statements.</p>	
CN0603	American Wood Council (AWC)	General comment	<p><u>Duplication with Existing Reporting Requirements</u>  We understand that SASB tried to choose metrics that companies already report (voluntarily or pursuant to government requirement), as a way to minimize reporting burdens and ensure the metric is viable. Choosing these metrics, however, does raise potential concerns for reporting companies. Specifically, there is significant potential for inconsistent reporting, if SASB's metrics and the way in which they are derived and reported are not exactly the same as those used in the other reports. At a minimum, this inconsistency creates confusion among stakeholders who read different reports by the same company (i.e. SEC reports versus sustainability reports); it also creates legal risk for reporting companies. Accordingly, to the extent that a metric is subject to multiple reporting requirements, the Standard should allow a company to choose which requirement it is reporting under and indicate that choice in its reports.</p>	<p>When formulating accounting metrics for its disclosure topics, SASB considers the existing body of reporting standards and uses existing metrics whenever possible. Where current disclosure is inconsistent or not established SASB has developed new metrics. For more information on SASB's alignment with other reporting frameworks please visit: <a href="http://www.sasb.org/approach/keyrelationships/">http://www.sasb.org/approach/keyrelationships/</a></p> <p>SASB's standards are intended to improve the rigor, accuracy, consistency, and comparability of sustainability disclosures. Users of its standards should consider the legal risks of disclosing information differently in different reports and establish the appropriate internal controls.</p>
CN0603	American Wood Council (AWC)	General comment	<p><u>Assurance</u>  We appreciate that SASB has not included the section on assurance in the Building Products and Furnishings</p>	<p>The introduction to SASB's standards has been revised to state the following with respect to the topics raised by the commenter:</p>

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			<p>standard that was in previously released standards. However, in the section on "Guidance on Accounting for Sustainability Topics," SASB indicates that "it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they apply to all other information contained in their SEC filings." While AWC members have systems in place to ensure high quality data are publicly reported, we do not believe that some of the metrics in the Standard lend themselves to the same level of assurance as is provided in financial reporting. Metrics that are reported to government agencies are not a concern because they typically have their own assurance requirements. The methodologies for reporting other metrics, however, may allow for more flexibility in the calculation of the metric, and thus, there may be greater variation in reported information than one might typically encounter in financial documents. Further, the RPC Document implicitly acknowledges that sustainability data are not yet of the same quality as financial data, although SASB believes that sustainability data will achieve that level of quality over time. In the meantime, however, companies could face legal risk if they use the SASB standards for reporting, and sustainability data are held to the same quality requirements as financial data.</p> <p>SASB also should make an explicit link between its assurance requirements, and its recognition that estimates may be used, as long as the company explains the basis for the estimate. SASB should revise its statement that "SASB does not discourage the use of such estimates" to make it a more neutral statement acknowledging the reality that estimates will need to be used in reporting sustainability data. Additionally, SASB should make clearer how they expect such metrics that call for a description or discussion of efforts by company to be auditable.</p>	<p>p1. <i>SASB Standards are intended to constitute "suitable criteria" as defined by AT 101.23 - .321 and referenced in AT 7012, as having the following attributes:</i></p> <ul style="list-style-type: none"> <li>• <i>Objectivity—Criteria should be free from bias.</i></li> <li>• <i>Measurability—Criteria should permit reasonably consistent measurements, qualitative or quantitative, of subject matter.</i></li> <li>• <i>Completeness—Criteria should be sufficiently complete so that those relevant factors that would alter a conclusion about subject matter are not omitted.</i></li> <li>• <i>Relevance—Criteria should be relevant to the subject matter.</i></li> </ul> <p>p5. <i>In disclosing to SASB Standards, it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they apply to all other information contained in their SEC filings.</i></p> <p>SASB has retained its statement on the use of estimates.</p>
CN0603	American Wood Council (AWC)	General comment	<p><u>American National Standards Institute (ANSI) Procedures</u> SASB's Vision and Mission document states that "SASB is also an ANSI accredited standards developer. Accreditation by ANSI signifies that SASB's procedures to develop</p>	<p>SASB appreciates the AWC's comments in this area and references to the ANSI Essential Requirements and Office of Management and Budget (OMB) OMB Circular A-119. SASB will continue to consider the most appropriate standards</p>

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			<p>standards meet ANSI’s requirements for openness, balance, consensus, and due process.” Finally, SASB’s “Our Process” webpage states that “[a]s an ANSI-accredited standards-setting organization, SASB follows an open, orderly process that permits timely, thorough, and open study of sustainability accounting issues.”</p> <p>We appreciate SASB’s direct acknowledgement in the RPC Document that it is not using an ANSI-process. In the spirit of complete disclosure and transparency, SASB should make clear in its standards and on its website that the standards have not been developed and are not being finalized pursuant to the ANSI procedures. We also look forward to commenting on SASB’s proprietary standards and we urge SASB to propose procedures that incorporate as much of the ANSI Essential Requirements as possible.</p> <p>Adherence to ANSI Essential Requirements provides stakeholders with assurances that needed procedural safeguards are present. This is especially important, if, as is the case here, there is the potential for a government agency--the Securities and Exchange Commission (SEC)--to mandate the use of a standard (although, as discussed above, we strongly believe the standard should be voluntary). Government standards typically are developed through a notice and comment process and are subject to numerous due process protections for stakeholders, including in many cases, judicial review. Private standards adopted for government use should be developed with the same level of due process protection.</p> <p>Office of Management and Budget (OMB) OMB Circular A-119 requires, with limited exception, that federal agencies and departments use “voluntary consensus standards,” which are “standards developed or adopted by voluntary consensus standards bodies.”<sup>1</sup> The Circular also established guidelines for federal participation in the development and use of voluntary consensus standards. Specifically, the Circular provides the following attributes for a “voluntary consensus standards body”: (i) openness;</p>	<p>development process as it takes its provisional standards forward.</p>

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			<p>(ii) balance of interest; (iii) due process; (iv) an appeals process; and (v) consensus. Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (Public Law 104-113) basically codified the OMB Circular and requires that "all Federal agencies and departments shall use technical standards that are developed or adopted by voluntary consensus standards bodies," unless use of such a standard is "inconsistent with applicable law or otherwise impractical."</p> <p>By definition, private standards such as SASB's do not include the due process protections found in the development of government standards. ANSI Essential Requirements closely track the procedural safeguards required by the Circular.<sup>2</sup> In its RPC Document, SASB clarified that, even though it is an ANSI-accredited standards setting organization, it does not intend to use ANSI procedures to finalize its standards, and instead will seek comment on the proprietary procedures it intends to use.</p>	
CN0603	American Wood Council (AWC)	General comment	<p><u>Private, Non-Consensus Standards</u> Generally, as required by ANSI, the Standard should avoid references to private tools or standards (e.g., Green-e). Among other concerns, these tools or standards have not been developed in a consensus-based process that provides the procedural safeguards discussed above.</p> <p>In addition, SASB's adoption of a particular private tool or standard has the effect of locking in that standard for the future. Other existing tools or standards may perform similar functions but be more suitable to the Building Products &amp; Furnishings Products sector, and new, innovative standards may be developed in the future. SASB shouldn't prejudge the suitability of those standards by locking in one particular standard at this time. At a minimum, SASB should describe what the tool provides or the standard is trying to accomplish, and after identifying the tool or standard, add "or equivalent."</p>	<p>In the provisional standard, SASB makes direct reference to numerous sustainability, industry, and regulatory, and other initiatives, methodologies, standards, and frameworks. In the Food Retailers &amp; Distributors industry provisional standard, SASB does not require use of private tools or standards. Many of the disclosures associated with SASB metrics (e.g., CN0401-21), require that users of the standard disclose which tools or certifications they use, but SASB does not give preference to certain private tools over others.</p> <p>Where SASB's criteria are aligned with another organization's SASB does not necessarily endorse the organization or its funder, but it aims to harmonize with established standards where appropriate and were criteria align with those that SASB has specified.</p> <p>SASB aims to allow for an "or equivalent" approach when disclosing its metrics in certain standards - though it has not included this language in the provisional Food Retailers &amp; Distributor standard.</p>

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				<p>The continued use of alternate tools and inclusion of "private tools" is a topic that SASB will consider as part of the "codification" phase of its standards development process in Q1 of 2016 (this phase includes a comprehensive review of all of SASB's provisionally released standards).</p>
CN0603	American Wood Council (AWC)	General comment	<p><u>SASB Use of Varying National Standards, Laws and Definitions</u>  Our understanding is that SASB expects sustainability reporting to include global data, not information specific to the U.S. alone. However, the standards and laws referenced for development of the metrics are often nation-specific rather than internationally-recognized standards. Use of the SASB metrics by a global company will require significant duplicative reporting by country. SASB should permit companies to report data using applicable nation-specific definitions and reporting requirements, as long as the bases for the definitions and requirements are also reported.</p>	<p>SASB's employs a mix of U.S. regulatory, internationally accepted, industry-specific, and other standards, laws, and definitions. It is SASB's goal to enhance the accuracy, consistency, and comparability of sustainability-related disclosures through its process of standardization. To this end in certain instances SASB includes one definition or reference to a law, while in other cases it references multiple definitions or laws (generally where they are substantively similar or equivalent). In other cases, SASB's standards include the language "or equivalent" or "or national equivalent".</p> <p>As SASB completes development of its provisional standards and undertakes a comprehensive review and codification process through 2017, it will consider the appropriateness of varying national laws, standards, and definitions.</p>
CN0603	American Wood Council (AWC)	General comment	<p><u>Usefulness of Metrics as Indicators of Sustainability</u>  As discussed in the "Specific Comments" section below, we do not believe that the disclosure of certain metrics provides useful, comparable, sustainability-related information for stakeholders. But, more importantly, we do not believe that a simple comparison of any metrics themselves would provide a complete picture of the sustainability performance of the companies that reported those metrics (or didn't report a particular metric because it is not material). Many companies explain the context for the metrics they include in their sustainability reports. Similarly, SASB should encourage stakeholders to consider the entirety of the information provided by companies that may report based on the Standard, and not to simply compare one company to another based only on the metrics.</p>	<p>SASB directs the respondent to guidance contained in the introduction to its standards on Activity Metrics and Normalization, which states, "SASB recommends that a registrant disclose any basic business data that may assist in the accurate evaluation and comparability of disclosure, to the extent that they are not already disclosed in the Form 10-K" and that, "Where relevant, SASB recommends specific activity metrics that—at a minimum—should accompany SASB accounting metric disclosures".</p> <p>Furthermore SASB guides companies to, "As appropriate—and consistent with Rule 12b-06—when disclosing a sustainability topic identified by this Standard, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported. Where not addressed by the specific accounting metrics,</p>

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				<p><i>but relevant, the registrant should discuss the following, related to the topic:</i></p> <ul style="list-style-type: none"> <li>• <i>The registrant’s strategic approach to managing performance on material sustainability issues;</i></li> <li>• <i>The registrant’s relative performance with respect to its peers;</i></li> <li>• <i>The degree of control the registrant has;</i></li> <li>• <i>Any measures the registrant has undertaken or plans to undertake to improve performance; and</i></li> <li>• <i>Data for the registrant’s last three completed fiscal years (when available). ”</i></li> </ul>
CN0603	American Wood Council (AWC)	Energy Management (CN0603-01)	<p>1. As discussed above, the Standard should not reference the privately-developed Green-e standard. Similarly, for the same reasons, the Low Impact Hydropower Institute standard should not be referenced—Federal Energy Regulatory Commission (FERC) licensing should be sufficient. Many companies already report (voluntarily or as required by governments) their renewable energy usage and do not use those standards in reporting. This could lead to confusion among stakeholders as to the discrepancies between the reports.</p>	<p>SASB has retained reference to the Green-e standard.</p> <p>SASB has updated the language in line .06 of the disclosure guidance to read:</p> <p><i>”.06 For the purposes of this disclosure, the scope of renewable energy from hydro and biomass sources is limited to the following:</i></p> <ul style="list-style-type: none"> <li>• <i>Energy from hydro sources that are certified by the Low Impact Hydropower Institute or that are eligible for a state Renewable Portfolio Standard.</i></li> <li>• <i>Energy from biomass sources is limited to materials certified to a third-party standard (e.g., Forest Stewardship Council, Sustainable Forest Initiative, Programme for the Endorsement of Forest Certification, or American Tree Farm System), materials considered “eligible renewables” according to the Green-e Energy National Standard Version 2.5 (2014), and materials that are eligible for a state Renewable Portfolio Standard.”</i></li> </ul>
CN0603	American Wood Council (AWC)	Energy Management (CN0603-01)	<p>2. Purchased electricity should be on a net basis, as this is consistent with most reporting protocols, and appropriately recognizes facilities that self-generate energy. We appreciate the recognition of self-generated energy in the RPC Document, but we still maintain that purchased electricity should be on a net basis, and that should be made explicit.</p>	<p>Comment noted. SASB will consider accounting for electricity purchases on a net basis as part of the "codification" phase of its standards development process in Q1 of 2016 (this phase includes a comprehensive review of all of SASB's provisionally released standards). Any changes to the disclosure guidance associated with this metric will be applied across all SASB industries that include an Energy Management topic.</p>

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CN0603	American Wood Council (AWC)	Energy Management (CN0603-01)	3. As a drafting suggestion in (.06), we recommend that SASB change "and" to "or" in the sentence listing the scope of renewable energy for biomass certifications to make clear that there are three independent options for biomass renewable energy, and that biomass materials are not required to meet all of the three options to qualify as renewable.	<p>SASB has retained the wording of this disclosure guidance to make it clear that for the purposes of this disclosure, energy from biomass sources needs to meet one of the three listed characteristics to be included in the scope of renewable energy.</p> <p>This is outlined in the second bullet under line .06 of the technical protocol:  <i>".06 For the purposes of this disclosure, the scope of renewable energy from hydro and biomass sources is limited to the following:</i></p> <ul style="list-style-type: none"> <li>• <i>Energy from hydro sources that are certified by the Low Impact Hydropower Institute or that are eligible for a state Renewable Portfolio Standard.</i></li> <li>• <i>Energy from biomass sources is limited to materials certified to a third-party standard (e.g., Forest Stewardship Council, Sustainable Forest Initiative, Programme for the Endorsement of Forest Certification, or American Tree Farm System), materials considered "eligible renewables" according to the Green-e Energy National Standard Version 2.5 (2014), and materials that are eligible for a state Renewable Portfolio Standard."</i></li> </ul>
CN0603	American Wood Council (AWC)	Health Impacts of Chemicals in Products (CN0603-02)	Note (.08) asks companies to report on their management approach to "materials, chemicals and substances that may be of human health and/or environmental concern to customers, regulators, and/or others... but are not currently regulated. The inclusion of the qualifier "but are not currently regulated" would impose a significant and costly administrative burden on companies. Any chemical can be a chemical of concern given the right dosage; as such what is the definition of a chemical of concern? By excluding a de minimus exemption, SASB's metric could potentially require companies to report their management approach to all materials, chemicals and substances used regardless of whether they actually pose a human health or environmental concern. We would suggest that SASB be consistent with the metric from the Household and Personal Care Products provisional standard in note (.28) which includes a de minimus concentration level of 0.1% (w/w).	<p>In response to this comment and other comments on this metric, SASB has updated metric CN0603-02 from "<i>Description of chemical hazard and risk management program</i>" to CN0603-02 "<i>Description of processes to assess and manage risks and/or hazards associated with chemicals in products.</i>"</p> <p>Line .50 states:  <i>".50 The registrant shall describe whether its approach to chemicals management is characterized by a hazard-based, risk-based, or other approach, where:</i></p> <ul style="list-style-type: none"> <li>• <i>A hazard-based approach to chemicals management is defined as the process of identifying and managing the usage of chemicals based on the inherent human-health and environmental toxicological characteristics of chemical ingredients, including specific exposure routes (e.g., oral, dermal, or inhalation) and the dosages (amounts) of a substance it takes to cause an adverse effect.</i></li> </ul>

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				<ul style="list-style-type: none"> <li>• A risk-based approach to chemicals management is defined as managing the usage of chemicals based on the integration of chemical hazard information with an assessment of chemical exposure (i.e., route, frequency, duration, and magnitude) to assess the probability and magnitude of harm to a given population(s) arising from exposure to a chemical, given attendant uncertainties.</li> <li>• Other approaches may include the usage of hazard-based and risk-based approaches depending on the chemical in question, product category, business segment, operating region, and/or intended product user. "</li> </ul> <p>Specifically, line .15 states:  ".15 The registrant may choose to identify chemicals found in its finished products that it is targeting for reduction, elimination, or assessment for reasons such as:</p> <ul style="list-style-type: none"> <li>• There is incomplete and/or insufficient availability of toxicity information such that the registrant cannot determine if the chemical is safe for use;</li> <li>• Pending or anticipated regulations may limit or restrict the use of the chemical in the future;</li> <li>• There is potential for environmental, but not human health, harm that the registrant wishes to limit; and/or</li> <li>• In response to shifts in market demand or expectations relating to the usage of a specific chemical, class of chemicals, or category of chemicals that may not be regulated but are recognized by the registrant as being "of concern" to consumers, customers, regulators, and/or others (e.g., non-governmental organizations, scientific researchers, etc.).</li> </ul> <p>- Specific chemicals to discuss may include, but are not limited to, those found on the Clean Production Action (CPA) Healthy Building Network Red List of Lists. "</p>
CN0603	American Wood Council (AWC)	Health Impacts of Chemicals in Products (CN0603-02)	SASB has stated that it seeks to use metrics for which companies already collect and report data, such as to government agencies or non-governmental organizations, so that reporting would not impose many additional costs. However, requiring companies to report on chemicals that are not covered under any regulations would impose just the type of additional costs SASB claims to be trying to	In the revised metric CN0603-02: "Description of processes to assess and manage risks and/or hazards associated with chemicals in products", the disclosure guidance does not prompt the registrant to disclose on materials that are not regulated. Instead, the registrant has the opportunity to discuss its approach to chemical management. Line .15 states:

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			<p>avoid. Additionally, for the wood products industry, the majority of chemicals and substances of concern are already regulated by some federal agency such as OSHA or EPA.</p>	<p><i> ".15 The registrant may choose to identify chemicals found in its finished products that it is targeting for reduction, elimination, or assessment for reasons such as:</i></p> <ul style="list-style-type: none"> <li><i>• There is incomplete and/or insufficient availability of toxicity information such that the registrant cannot determine if the chemical is safe for use;</i></li> <li><i>• Pending or anticipated regulations may limit or restrict the use of the chemical in the future;</i></li> <li><i>• There is potential for environmental, but not human health, harm that the registrant wishes to limit; and/or</i></li> <li><i>• In response to shifts in market demand or expectations relating to the usage of a specific chemical, class of chemicals, or category of chemicals that may not be regulated but are recognized by the registrant as being "of concern" to consumers, customers, regulators, and/or others (e.g., non-governmental organizations, scientific researchers, etc.).</i></li> </ul> <p><i>- Specific chemicals to discuss may include, but are not limited to, those found on the Clean Production Action (CPA) Healthy Building Network Red List of Lists. "</i></p>
CN0603	American Wood Council (AWC)	Health Impacts of Chemicals in Products (CN0603-02)	<p>The request in Note (.09) for the disclosure of "future plans and targets for the reduction and/or removal of certain chemicals of concern" and Note (.10) for companies to disclose "product formulation and design" could infringe upon confidential business information and require the disclosure of proprietary information to competitors, such as new chemical formulations created by the company. Material safety data sheets only require companies to list all chemicals but not specific amounts so long as they are at de minimus levels. Having companies report on the material safety data sheets should be sufficient to allay any concerns investors may have about the health and environmental impact of chemicals used in products.</p>	<p>SASB has removed the reference to product formulation and design and material safety data sheets in the provisional standard. In the updated disclosure guidance, SASB guides users of the standard to disclose on their approach to product formulation:</p> <p><i> ".11 The registrant shall discuss its approach to chemicals management in the context of each stage in its products' lifecycles, such as product design and planning, materials and chemicals procurement, manufacturing, finished-goods testing, and product labeling and marketing.</i></p> <p><i>.12 The registrant shall describe how it prioritizes chemicals for reduction and/or elimination from its products, and how it works to incorporate alternative chemicals into product formulation and design, including through materials substitution assessments. "</i></p> <p>The registrant has the opportunity to discuss its plans for reducing or removing chemicals in line .15 and .16:</p>

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				<p><i>" .15 The registrant may choose to identify chemicals found in its finished products that it is targeting for reduction, elimination, or assessment for reasons such as:</i></p> <ul style="list-style-type: none"> <li><i>• There is incomplete and/or insufficient availability of toxicity information such that the registrant cannot determine if the chemical is safe for use;</i></li> <li><i>• Pending or anticipated regulations may limit or restrict the use of the chemical in the future;</i></li> <li><i>• There is potential for environmental, but not human health, harm that the registrant wishes to limit; and/or</i></li> <li><i>• In response to shifts in market demand or expectations relating to the usage of a specific chemical, class of chemicals, or category of chemicals that may not be regulated but are recognized by the registrant as being "of concern" to consumers, customers, regulators, and/or others (e.g., non-governmental organizations, scientific researchers, etc.).</i></li> </ul> <p><i>-Specific chemicals to discuss may include, but are not limited to, those found on the Clean Production Action (CPA) Healthy Building Network Red List of Lists.</i></p> <p><i>.16 Where the registrant has identified specific chemicals for elimination or substitution, it should discuss the timeline to achieve its goals, identify which products or product lines will be affected by the elimination or substitution, and provide an analysis of progress toward achieving its goals."</i></p>
CN0603	American Wood Council (AWC)	Health Impacts of Chemicals in Products (CN0603-02)	Note (.11) lists a number of private, non-consensus standards that include banned substances lists. As noted above, we do not support including references in the SASB standards to such private standards.	SASB includes reference to private standards as examples to users for what may be useful context to provide when making disclosure. SASB does not give preference or endorse any private tools it lists in the Building Products & Furnishings standard, but rather seeks to give examples of the types of assessment tools and methods that are commonly used in the industry.
CN0603	American Wood Council (AWC)	Health Impacts of Chemicals in Products (CN0603-02)	Note (.12) refers to Proposition 65, EU REACH and IARC. Requiring registrants to adhere to international regulatory requirements or the requirements of a particular U.S. state is tantamount to turning the SASB standard into a regulatory regime for products that are subject to the standard. Some of the lists issued under these regulations contain hundreds, if not thousands, of substances that are	SASB has retained reference to both REACH and IARC. The disclosure guidance does not require registrants to adhere to international regulatory requirements; rather, it provides an internationally known benchmark against which users of the standard can discuss their chemicals management practices.

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			of concern to those governments or organizations. Compliance with these requirements would impose a significant and costly administrative burden. Similarly, we object to the requirement that products not even subject to E.U. regulation be included within the scope of reporting.	Line .17 of the technical protocol reads: <i>" .17 The registrant should discuss its use of chemicals classified as Group 1 carcinogens by the IARC Monographs on the Evaluation of Carcinogenic Risks to Humans and substances listed in Annex XVII to REACH. "</i>
CN0603	American Wood Council (AWC)	Health Impacts of Chemicals in Products (CN0603-03)	We reiterate our opposition above to citing in SASB standards the regulatory requirements for a particular U.S. state. To the extent that SASB would like to include reporting regarding percentage of products meeting a VOC standard, SASB could cite to include reference to ANSI/NSF 440 - Health-based Emissions, when it becomes available. As stated, we do not support SASB including in its standards state regulations and private, non-consensus standards, such as GREENGUARD or Indoor Advantage Gold™ in Note (.15). However, to the extent that SASB does include regulatory requirements such as the California standard, AWC appreciates that SASB provides options for companies to demonstrate that they have met the California standard through private third-party certifications. We request that the qualifier, "including, but not limited to" be added. If SASB chooses to list out certification programs, we recommend SASB include the "Other Pollutants" criteria from Green Globes ( <a href="http://greenglobe.com/standard/">http://greenglobe.com/standard/</a> ).	SASB updated metric CN0603-03 from " <i>Percentage of applicable products meeting California Standard Section 01350 Specification for VOCs</i> " to: " <i>Percentage of applicable products meeting volatile organic compound (VOC) emissions and content standards.</i> "
CN0603	American Wood Council (AWC)	Product Lifecycle Environmental Impacts (CN0603-04)	As a general matter, we do not agree with the virtual exclusion of renewable resources and products made from renewable resources in the entire "Product Lifecycle Environmental Impacts" Disclosure Topic. We agree that recyclable resources and products, and reusable products are important attributes of the "industry's sustainability commitments," as discussed in the "Description" and the metrics. It should go without saying, however, that renewable resources and products made from renewable resources are widely recognized and equally important as well. While "renewable materials" is mentioned once in Note (.16), the Topic is dominated by a focus on recycled materials and content. Accordingly, we believe the Topic and its metrics need significant revision and should treat renewable resources and products equally with recyclable material and recycled and reused products.	SASB has withdrawn the following two metrics from the provisional standard: CN0603-05: " <i>Percentage of products sold that are recyclable or reusable</i> " CN0603-06: " <i>Percentage of raw materials from recycled content</i> "  If using the provisional standard, registrants can disclose their use of recycled and renewable materials in response to metric CN0603-04: " <i>Discussion of efforts to manage product lifecycle impacts and meet demand for sustainable products.</i> "

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			<p>In previous standards SASB has recognized the benefits of products not only being recyclable and reusable but also those that are manufactured from renewable resources. For example, in the recently-issued Household and Personal Care Products provisional standard the Packaging Lifecycle Management topic included extensive discussion of renewable materials that made clear renewable materials were equally as important from a sustainability perspective as recycled materials. Further, many ratings systems and the federal government recognize the benefits of using renewable resources, and SASB should be consistent with standards it previously released by including renewable resources along with materials that are recyclable and reusable. For instance, the EPA Frequently Asked Questions about Green Building document states that "green buildings may incorporate sustainable materials in their construction (e.g. reused, recycled-content, or made from renewable resources)</p>	
CN0603	American Wood Council (AWC)	Product Lifecycle Environmental Impacts (CN0603-04)	<p>In the second bullet under Note (.16), SASB has listed strategies companies can discuss to demonstrate their management of life cycle impacts. In this list SASB should change "reduction of packaging" to "optimize packaging." The focus of the package design should be optimization of performance, which may, but just as easily may not, lead to minimization of weight and volume. Product damage, and the resulting environmental impacts associated with replacing damaged goods, has a larger overall life cycle negative impact than the impact of additional package weight. This would also be consistent with SASB's Standards Outcome Report for Containers and Packaging which recognized that light weighting "can have positive and negative benefits depending on the product." Another strategy mentioned in this bullet is "design for product take-back." AWC has a project currently in the beta testing phase that will be launched this Fall to assist companies to develop and implement strategies to divert wood products from solid waste streams. We support such programs so long as they remain voluntary. Mandatory take back programs often increase costs to consumers and</p>	<p>SASB has updated the guidance to read "optimization of packaging", and has removed the phrase "reduction of packaging."</p> <p>Line .20 states:  <i>".20 The registrant shall discuss its strategies to assess and manage the environmental impact of products throughout their lifecycle, where:</i></p> <ul style="list-style-type: none"> <li>• <i>Relevant strategies and efforts to assess product lifecycle impacts include the use of environmentally focused design principles, the use of sustainability performance standards, and the use of screening tools and sampling methods, among others, including the operational processes it employs for these assessments.</i></li> <li>• <i>Relevant strategies and efforts to manage product lifecycle impacts include changes in materials selection, assessment of upstream environmental impacts, changes in manufacturing (resource intensity), use of recycled materials, use of renewable materials, optimization of packaging, design for consolidated shipping, design of low-energy-consumption products, design for product take-</i></li> </ul>

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			create market distortions and have never been proven to be as effective as voluntary programs.	<i>back, and labeling for recycling, among others. "</i>
CN0603	American Wood Council (AWC)	Product Lifecycle Environmental Impacts (CN0603-04)	AWC appreciates that SASB has recognized in Note (.18) the utility that Life Cycle Assessments (LCAs) and Environmental Product Declarations (EPDs) provide in describing the environmental efficiency of a product. AWC has already completed a number of EPDs for wood products that would be subject to the Standard such as particleboard (see AWC's web site for a complete list of EPDs - <a href="http://www.awc.org/greenbuilding/epd.php">http://www.awc.org/greenbuilding/epd.php</a> ). Note (.18) states that LCAs should be based on "ISO 14040 and 14040;" the second 14040 should be changed to 14044	SASB has made the suggested edits to the disclosure guidance in the second bullet under line .23:  <i>".23 The registrant may choose to discuss its use of Life Cycle Assessment (LCA) and Environmental Product Declarations (EPD) in the context of its approach to reducing environmental impact and maximizing product resource efficiency.</i> <ul style="list-style-type: none"> <li><i>• Improvements to the environmental efficiency of products should be discussed in terms of LCA functional unit service parameters (i.e., time, extent, and quality of function).</i></li> <li><i>• LCA should be based on ISO 14040 and ISO14044 and EPD should be based on ISO 14025. "</i></li> </ul>
CN0603	American Wood Council (AWC)	Product Lifecycle Environmental Impacts (CN0603-07)	As stated above, AWC has a project that will be launched this Fall to assist companies in developing and implementing product take-back and diversion strategies. We support such programs so long as they remain voluntary. Mandatory take back programs often increase costs to consumers and create market distortions and have never been proven to be as effective as voluntary programs.	The technical disclosure guidance accompanying metric CN0603-05 recommends that companies discuss and provide further context around the weight of end-of-life material recovered, including whether the product take-back, recovery, and recycling efforts are voluntary or mandatory. Line .28 of the technical protocol reads:  <i>".28 The registrant should disclose the following:</i> <ul style="list-style-type: none"> <li><i>• Whether it directly conducts product take-back, recovery, and recycling or if it contracts with a third party the task of collection for the express purpose of reuse, recycling, or refurbishment.</i></li> <li><i>• If it supports infrastructure for product recovery and recycling through joint ventures, partnerships, or by funding research into recycling technologies.</i></li> <li><i>• Whether its product take-back, recovery, and recycling efforts are voluntary or mandatory (e.g., in order to maintain compliance with California Carpet Stewardship Law)</i></li> <li><i>• Relevant performance measures or targets for its product take-back, recovery, and recycling efforts such as the total amount of material recovered and the total amount of materiel recycled. "</i></li> </ul>
CN0603	American Wood Council (AWC)	Wood Sourcing Risks (CN0603-	The registrant shall disclose the percentage of its wood fiber-based materials that were sourced from certified	SASB has retained reference to the complete list of certification programs. SASB notes that it does not give

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		08)	sources, where... (.29): As discussed above, the SASB standards should not be referencing private standards, as it is not up to SASB to determine which standards demonstrate responsible forest management practices. However, if SASB does include this metric, we support retaining all of the listed certification programs.	preference to any third-party certification. Instead, SASB has retained the metric on third-party certified forestlands because companies are increasingly adopting third-party certifications that verify and communicated that wood is grown and harvested in a sustainable manner.
CN0603	Steelcase	General comment	Steelcase Inc. appreciates the opportunity to comment on the Sustainability Accounting Standards Board's (SASB) Consumption II sector draft standards. In addition to comments submitted by the Business and Institutional Furniture Manufacturers Association (BIFMA), we submit the following:	SASB appreciates the time and effort that Steelcase has invested in preparing a comment letter for the Building Products & Furnishings industry.
CN0603	Steelcase	Energy Management in Manufacturing (CN0603-01)	Line of disclosure: 01 Comment: We recommend the definition of "controlled" be better articulated to ensure registrants are reporting consistently.	SASB notes that "control" should be understood to align with the Scope of Disclosure information on p. 5 of the SASB Building Products & Furnishings Standard:  <i>"Unless otherwise specified, SASB recommends:</i> <ul style="list-style-type: none"> <li>• <i>That a registrant disclose on sustainability issues and metrics for itself and for entities that are consolidated for financial reporting purposes as defined by accounting principles generally accepted in the United States for consistency with other accompanying information within SEC filings;</i></li> <li>• <i>That for consolidated entities, disclosures be made, and accounting metrics calculated, for the whole entity, regardless of the size of the minority interest; and</i></li> <li>• <i>That information from unconsolidated entities not be included in the computation of SASB accounting metrics. A registrant should disclose, however, information about unconsolidated entities to the extent that the registrant considers the information necessary for investors to understand the effect of sustainability topics on the company's financial condition or operating performance (typically, this disclosure would be limited to risks and opportunities associated with these entities)."</i></li> </ul>
CN0603	Steelcase	Energy Management in Manufacturing (CN0603-01)	Line of disclosure: 06 Comment: We recommend removing eligibility for any state's Renewable Portfolio Standard (RPS) as a threshold when referring to hydropower. These standards change	SASB has determined that if energy is legally recognized as renewable by an RPS then it should be considered as within the scope of disclosure of its standard.

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			over time and sometimes allow for energy not typically considered renewable.	
CN0603	Steelcase	Product Lifecycle Environmental Impacts (CN0603-04)	Line of disclosure: 16 Comment: We recommend changing "reduction of packaging" to "optimization of packaging". By broadening the definition to optimization, this would allow for more innovative solutions to reducing environmental impacts.	SASB has updated the guidance to read "optimization of packaging", and erase the phrase "reduction of packaging."  Line .20 states: <i>".20 The registrant shall discuss its strategies to assess and manage the environmental impact of products throughout their lifecycle, where:</i> <ul style="list-style-type: none"> <li>• <i>Relevant strategies and efforts to assess product lifecycle impacts include the use of environmentally focused design principles, the use of sustainability performance standards, and the use of screening tools and sampling methods, among others, including the operational processes it employs for these assessments.</i></li> <li>• <i>Relevant strategies and efforts to manage product lifecycle impacts include changes in materials selection, assessment of upstream environmental impacts, changes in manufacturing (resource intensity), use of recycled materials, use of renewable materials, optimization of packaging, design for consolidated shipping, design of low-energy-consumption products, design for product take-back, and labeling for recycling, among others.</i>"</li> </ul>
CN0603	Steelcase	Product Lifecycle Environmental Impacts (CN0603-05)	Line of disclosure: 22 Comment: It would be very difficult to make these determinations without significant assumptions and estimates. Data reported in such a manner would be unhelpful and potentially misleading.	SASB has withdrawn this metric from the provisional standard.  SASB notes generally in the introduction to its standards: <i>"SASB recognizes that scientifically based estimates, such as the reliance on certain conversion factors or the exclusion of de minimis values, may occur for certain quantitative disclosures. Where appropriate, SASB does not discourage the use of such estimates. When using an estimate for a particular disclosure, SASB expects that the registrant discuss its nature and substantiate its basis."</i>
CN0603	Steelcase	General comment	We submit the above comments to be considered for inclusion within the existing structure of the draft standards. However, we do not believe the full spectrum of potential sustainability disclosure topics has been addressed. Social responsibility and related topics often	Comment noted. SASB's evidence-based research process did not determine that social or human capital topics are likely to constitute material information for most companies within the Building Products & Furnishing Industry.

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			<p>have a material effect on company performance. We recommend such topics be considered for inclusion in these standards. Again, we appreciate the opportunity to contribute to this important work and look forward to continuing our participation in this process. If there are any questions on these comments, please direct them to Jon Prins at <a href="mailto:jprins@steelcase.com">jprins@steelcase.com</a>.</p>	<p>The Industry Working Group Due Process Report, Standards Outcome Report, and Standards Outcome Report Supplement provide information on certain topics that were considered but not included in the provisional SASB Building Products &amp; Furnishing standard.</p> <p>They are available here:  <a href="http://www.sasb.org/sectors/consumption-ii/">http://www.sasb.org/sectors/consumption-ii/</a></p>
CN0603	American Chemistry Council	General comment	<p>The American Chemistry Council (ACC) appreciates the opportunity to comment on the Sustainability Accounting Standards Board's (SASB) Building Products &amp; Furnishings draft standard in the Consumption II Sector. ACC is America's oldest trade association of its kind, representing companies engaged in the business of chemistry—an innovative, \$812 billion enterprise that is helping solve the biggest challenges facing our nation and the world. The products of chemistry will make it possible to satisfy a growing world population by providing a healthy and plentiful food supply, clean air and water, safe living conditions, efficient and affordable energy sources and lifesaving medical treatments in communities around the globe. To enable these ongoing innovations, ACC supports public policies and private sector voluntary consensus standard development that will drive creation of groundbreaking products that improve lives and our environment, enhance the economic vitality of communities and protect public health.</p> <p>ACC submitted comments to SASB in January on the draft standard in the Resource Transformation Sector and in June for the Consumption I Sector. We incorporate those comments by reference here, and repeat them for the draft Consumption II Sector standard as if made separately. Our comments here specifically urge SASB to make adjustments to the draft standard to address issues of materiality, relevance, decision-usefulness for the mainstream investor, technical deficiencies with certain metrics and associated definitions, and to consider modifications that will reduce what are, in some cases, extraordinary financial burden associated with the proposed reporting.</p>	<p>SASB appreciates the time and effort that the American Chemistry Council has invested in preparing a comment letter for the Building Products &amp; Furnishings industry.</p>

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CN0603	American Chemistry Council	General comment	<p>General Comments</p> <p>SASB's Standard Development Procedures Should be Improved to Conform with Essential Procedures-level Due Process</p> <p>As we noted in our January 15, 2015 comments to the draft standard in the Resource Transformation Sector and May 1, 2015 comments to the draft standard in the Consumption II Sector, ACC is a strong supporter of the use of voluntary consensus standard development to meet market needs, and in particular, respects standard development conducted in accordance with ANSI's Essential Procedures, which are recognized in the U.S. as particularly robust, protective of stakeholder engagement, and the best platform to support stakeholder development of technically sound, usable standards output. Establishing a robust performance reporting program can take decades of investment supported by significant sector-specific expertise. Given the complex nature of this reporting, and the potential for substantial market and business impact, ACC believes that voluntary consensus standards must respect ANSI-level due process and consensus requirements as set out in Essential Procedures to be suitable for use in the private sector. For that matter, procedures must be followed if voluntary consensus standards are to be adopted or incorporated by reference by any regulatory agency. SASB procedures are currently falling short of the procedural respect and robustness needed to achieve ANSI approval, and we urge the organization to carefully review its process.</p>	<p>SASB notes the ACC's comments with respect to ANSI Essential Requirements. Though SASB is an ANSI-accredited standards development organization, it has not announced its intent to develop and American National Standard via the Project Initiation Notification System (PINS). Therefore, to-date SASB's standards development process has been informed by ANSI best practices, but it does not represent itself as conforming to ANSI Essential Requirements for a voluntary, consensus standard. SASB will weigh the ACC's comments as it considers initiating the PINS process and filing a BSR-8 form.</p>
CN0603	American Chemistry Council	Energy Management (CN0603-01)	<p>ACC recommends modification of the draft metric</p> <p>An emerging sustainability area has been called energy recovery. Technologies are now becoming available that can convert used, non-recycled plastics into manufactured fuels, raw materials like oils for new manufacturing, and for direct conversion into energy. Traditional energy conversion processes are now being augmented by high-tech gasification and pyrolysis processes, including plasma arc technology, which can significantly reduce air emissions</p>	<p>For the purposes of this disclosure, SASB defines the scope of renewable energy in line .05:</p> <p>".05 The scope of renewable energy includes renewable fuel the registrant consumes and renewable energy the registrant directly produces, purchases through a renewable power purchase agreement (PPA) that explicitly includes renewable energy certificates (RECs), or for which Green-e Energy Certified RECs are paired with grid electricity."</p> <p>If alternative waste to energy technologies such as</p>

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			and solid waste. We encourage SASB to offer registrants a platform to discuss their support for or use of these alternative technologies. We would be pleased to offer more information if needed.	<p>gasification and pyrolysis qualify as renewable energy in state-defined Renewable Portfolio Standards (RPS), then it shall be included in the scope of renewable energy under CN0603-01. For more information on which states include municipal solid waste in their RPS, see: <a href="http://www3.epa.gov/epawaste/hazard/wastemin/minimize/energyrec/renew.htm">http://www3.epa.gov/epawaste/hazard/wastemin/minimize/energyrec/renew.htm</a></p> <p>EPA Frequent Questions about Energy Recovery from Waste: <a href="http://www3.epa.gov/epawaste/nonhaz/municipal/wte/faq.htm">http://www3.epa.gov/epawaste/nonhaz/municipal/wte/faq.htm</a></p> <p>The registrant can also choose to disclose its use of alternative technologies if it identifies it as material information for its shareholders.</p>
CN0603	American Chemistry Council	Product Lifecycle Environmental Management	Likewise, we urge SASB to correct bullet 2 under .28 to align with this comment. Modern pyrolysis and gasification are conducted in low oxygen or no oxygen environments, and are therefore not considered "incineration" in the lower heat processes used historically. We urge SASB to modernize its definition of energy recovery, and to ensure that the sustainable use of energy recovery may be described by registrants. Differentiating combustion-based technologies from non-combustion technologies (including manufactured fuels) may be a prudent approach.	SASB continues to exclude energy recovery from waste - whether through combustion or non-combustion technologies - from the scope of what is considered "recycling".
CN0603	American Chemistry Council	Health Impacts of Chemicals in Products (CN0603-02)	We suggest this provision be removed. While the accounting metric focuses on "regulated substances" which are restricted or banned due to law or implementing regulation, many legal requirements may not extend to complete elimination of a compound. The complete elimination of a compound may be infeasible or unnecessary to achieve human health or ecological objectives. This section should read, "Products can be verified as containing regulated substances below regulated limits through testing or third party certification."	<p>In response to this comment and other comments on this metric, SASB has updated metric CN0603-02 from "<i>Description of chemical hazard and risk management program</i>" to CN0603-02 "<i>Description of processes to assess and manage risks and/or hazards associated with chemicals in products.</i>"</p> <p>Line .50 states:  <i>".50 The registrant shall describe whether its approach to chemicals management is characterized by a hazard-based, risk-based, or other approach, where:</i></p> <ul style="list-style-type: none"> <li><i>• A hazard-based approach to chemicals management is defined as the process of identifying and managing the usage of chemicals based on the inherent human-health</i></li> </ul>

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				<p><i>and environmental toxicological characteristics of chemical ingredients, including specific exposure routes (e.g., oral, dermal, or inhalation) and the dosages (amounts) of a substance it takes to cause an adverse effect.</i></p> <ul style="list-style-type: none"> <li><i>• A risk-based approach to chemicals management is defined as managing the usage of chemicals based on the integration of chemical hazard information with an assessment of chemical exposure (i.e., route, frequency, duration, and magnitude) to assess the probability and magnitude of harm to a given population(s) arising from exposure to a chemical, given attendant uncertainties.</i></li> <li><i>• Other approaches may include the usage of hazard-based and risk-based approaches depending on the chemical in question, product category, business segment, operating region, and/or intended product user. "</i></li> </ul> <p>Specifically, line .15 states:  <i>".15 The registrant may choose to identify chemicals found in its finished products that it is targeting for reduction, elimination, or assessment for reasons such as:</i></p> <ul style="list-style-type: none"> <li><i>• There is incomplete and/or insufficient availability of toxicity information such that the registrant cannot determine if the chemical is safe for use;</i></li> <li><i>• Pending or anticipated regulations may limit or restrict the use of the chemical in the future;</i></li> <li><i>• There is potential for environmental, but not human health, harm that the registrant wishes to limit; and/or</i></li> <li><i>• In response to shifts in market demand or expectations relating to the usage of a specific chemical, class of chemicals, or category of chemicals that may not be regulated but are recognized by the registrant as being "of concern" to consumers, customers, regulators, and/or others (e.g., non-governmental organizations, scientific researchers, etc.).</i></li> </ul> <p><i>- Specific chemicals to discuss may include, but are not limited to, those found on the Clean Production Action (CPA) Healthy Building Network Red List of Lists. "</i></p>
CN0603	American Chemistry Council	Health Impacts of Chemicals in Products	.10 We recommend that material safety data sheets not be used as an example of product declarations but be offered as a stand-alone category, e.g., "product labeling, product	SASB has withdrawn reference to material safety data sheets as an example of product declarations.

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CN0603	American Chemistry Council	(CN0603-02) Health Impacts of Chemicals in Products (CN0603-02)	<p>declarations, and material safety data sheets."</p> <p>.11 This section asks for discussion of relevant actions. Human health and environmental performance of a finished product are best informed by risk assessment, which requires evaluation of chemical constituents and their toxicological profile as well as exposure. For that matter, environmental performance is informed by application of ISO Life Cycle Assessment measures. We recommend that this section suggest those discussion areas first. Likewise, we suggest that another relevant action to be included is whether an ISO-compliant Environmental Product Declaration has been completed and is publicly available</p>	<p>SASB acknowledges that use of lifecycle assessment methodology and/or environmental product declarations (EPD) may be useful tools in understanding environmental implications of products. Because EPDs are not risk assessments and do not directly communicate hazards or risks to users, SASB has declined to suggest disclosure of if an EPD has been completed and is available.</p>
CN0603	American Chemistry Council	Health Impacts of Chemicals in Products (CN0603-02)	<p>This section also refers to "use of banned substances lists." We suggest this be clarified to "use of legal or regulatory banned substances lists." The use of lists should be limited to their intended purpose and scope. Non-regulatory lists typically have minimal value and may be entirely arbitrary. If a regulatory list is used, it should be used from the international or national governing body itself (e.g., the Environmental Protection Agency in the U.S.) and should be current.</p> <p>The use of the "Clean Production Action" list or lists, is for these reasons, wholly inappropriate; it is the private "list" of a non-profit organization not suitable to reflect just those legal and regulatory restrictions that should be considered here. For that matter, it should be readily apparent that a "Red List" or "List of Lists" prepared by any NGO - many of which have fundraising and campaign commitments seeking to further restrict their targeted chemicals - is not suitable for inclusion in a voluntary consensus standard (those lists reflect the private views of a narrow band of stakeholders with defined agendas). And, it should likewise be apparent that a "red list" prepared specifically for another market or product line, e.g., a "red list" for buildings would not be appropriate or meaningful for another market or product line. Different products have entirely different compositions and risk profiles; a chemical to which a worker might be exposed building a building (e.g., wood dust, crystalline silica) might be present in a</p>	<p>SASB has withdrawn reference to the "use of banned substances lists", and instead uses the term restricted substance list (or RSL). SASB recognizes that it is widespread practice for companies to use RSLs that include both regulated and non-regulated substances. SASB does not specifically endorse this approach, but has determined that disclosure of a company's approach to chemical management may provide material information to investors.</p> <p>The registrant may choose to disclose which restricted substances list it uses for the sake of accurate disclosure to its shareholders, but SASB does not give examples or preference to any list, either regulatory or non-regulatory.</p> <p>The first bullet under line .10 states:  "• Relevant operational processes that typify hazard-based approaches include the limitation or exclusion of chemicals in a finished product because their use is prohibited by a regulation or because they have known toxicity at levels at or below amounts detectable in the registrant's products (e.g., use of a restricted substances list (RSL) for chemicals that are banned where the registrant operates and/or for chemicals that the registrant has chosen to limit or eliminate)."</p> <p>Additionally, SASB has retained reference to the Clean Production Action (CPA) Healthy Building Network Red List</p>

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			<p>finished toy or sporting good in such a manner that the chemical is fully entrained or reacted such that there is no exposure at all to a product user (e.g., child playing with wooden blocks, glass windshield in toy car). This last point also helps illustrate the folly of relying on NGO developed "red lists": many of these target chemistries solely based on toxicological profile without regard to exposure and risk. When such "red lists" are applied to actual consumer products, the results can be meaningless or even ridiculous. Chemical management decisions should be informed by not just chemical hazard but also exposure so that meaningful, science-based risk decisions can be achieved. This is another example why legal and regulatory restrictions should be referenced, but other "red lists" developed by the private sector should not be incorporated in the standard.</p>	<p>of Lists, as an illustrative example, as follows:</p> <p><i>"• In response to shifts in market demand or expectations relating to the usage of a specific chemical, class of chemicals, or category of chemicals that may not be regulated but are recognized by the registrant as being "of concern" to consumers, customers, regulators, and/or others (e.g., nongovernmental organizations, scientific researchers, etc.).</i></p> <p><i>▪ Specific chemicals to discuss may include, but are not limited to, those found on the Clean Production Action (CPA) Healthy Building Network Red List of Lists. "</i></p> <p>SASB reiterates that it does not specifically endorse this list or endorse the restriction of chemicals found on this list or other lists but instead seeks to provide guidance that is reflective of current disclosures and which may provide decision-useful, material information to investors.</p>
CN0603	American Chemistry Council	Health Impacts of Chemicals in Products (CN0603-02)	<p>.12 This section asks registrants to discuss use of chemicals that appear on California's Proposition 65 list. This suggestion is without any scientific basis and should be deleted. The Proposition 65 statute is not a regulatory or chemical management statute; it was created as a so-called "right to know" statute. Because chemicals are added to the list based on their hazard profiles alone, listing has no bearing whatsoever on exposure, risk, or product safety. As California itself has said, "The purpose of Proposition 65 is to notify consumers that they are being exposed to chemicals...A Proposition 65 warning does not necessarily mean that a product is in violation of any product safety standards or requirements." Proposition 65 is largely an experimental statute in the right-to-know field, and no other state has adopted the scheme. It is not comprehensive; it does not review and consider all chemicals and alternatives. It essentially "rewards" manufacturers to reformulate out of listed chemistries without a care for what the replacement is; under the statute a manufacturer could decide to reformulate a safe product that happened to contain very low (no human health risk) levels of a listed chemical, replacing that</p>	<p>SASB has withdrawn reference to California's Proposition 65 list. In the provisional standard, SASB revised this line in the disclosure guidance to:</p> <p>".17 The registrant should discuss its use of chemicals classified as Group 1 carcinogens by the IARC Monographs on the Evaluation of Carcinogenic Risks to Humans and substances listed in Annex XVII to REACH. "</p>

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			<p>chemical with one a thousand times more potent, or with a chemical that is a known human allergen or sensitizer at a level that presents a significant health risk - Proposition 65 simply does not care and does not apply to the substitution if that chemical hasn't been added to the list. The administration of the program also suffers from other problems and the meaning of a listing is also widely misunderstood; Proposition 65 listed chemicals meet California's criteria for listing but a listing does not mean that the presence of the chemical in the product causes a health effect in humans. It is a grossly inappropriate program for chemical management or risk-based decision making and must be deleted. We urge SASB not to reference Proposition 65 in this or any future standard.</p>	
CN0603	American Chemistry Council	Health Impacts of Chemicals in Products (CN0603-02)	<p>We likewise suggest that SASB consider removing the rest of this provision. It is unclear what is meant by "use of chemicals" and whether this is intended to apply to the supply chain and manufacturing; to precursor chemicals; or just the chemical composition of the finished consumer product that is the subject of the standard. Many chemicals are safely used to manufacture toys and sporting goods and do not appear in the chemical composition of the finished good, or are otherwise part of a polymeric chain or entrained in a matrix or coating such that there is little to no human exposure. Many chemicals that are considered carcinogens or reproductive toxicants as a matter of toxicological testing appear naturally in foods, are generated by the human body itself through metabolism, respiration and other acts, and are naturally present in plants and animals. A sweeping requirement to describe "use" of such chemistries is excessive and not well targeted to addressing risks to human health. To the extent that SASB decides discussion is warranted, however, we would suggest the provision be limited to Group 1 IARC carcinogens and agents classified as "known to be human carcinogens" by the National Toxicology Program. The standard should limit its request to the chemical composition of the finished consumer good and clarify that the request is to describe the free presence of the chemical (e.g., the use of a chemical to make a separate compound</p>	<p>SASB clarifies the scope of chemical use for the purposes of this metric in line .15:</p> <p><i>".15 The registrant shall discuss its approach to chemicals management in the context of each stage in its products' lifecycles, such as product design and planning, materials and chemicals procurement, manufacturing, finished-goods testing, and product labeling and marketing. "</i></p> <p>The registrant should discuss its approach to using these chemicals with respect to the results of its risk and/or hazard-based program.</p>

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			<p>such as a polymer, or the inclusion of a chemical in a polymeric chain or compound is not covered); limit its request to a discussion of the presence of such chemistries in the finished consumer good where exposure may occur; and ask the registrant to describe generally its risk assessment or risk evaluation measures.</p>	
CN0603	American Chemistry Council	General comment	<p>General: We further note that energy savings and water savings in use in the building life cycle do not appear to have enough presence or credit in this standard. The U.S. EPA, Department of Energy, and other experts repeatedly point out that buildings consume huge amounts of energy nationally - a movement that has sparked the current interest in working towards "zero energy" homes and buildings. Reducing the energy footprint of a building requires energy conservation and energy preservation. Registrants should be offered an opportunity to describe how the design and function of their products saves energy. The sustainability story of insulation, sealing, and caulking products alone is compelling. Many building products delivering the greatest performance and energy savings are chemical-intensive products, so it is imperative that their performance and contribution to the energy footprint of a building be considered at the same time that other attributes are considered.</p> <p>The omission of consideration of energy savings impacts - energy efficiency - is significant. It is doubly important because energy efficiency and energy savings translate directly into reductions of greenhouse gas emissions. We encourage SASB to take the time to build out a section that allows full discussion of this important topic.</p>	<p>The Building Products industry standard includes a disclosure topic on lifecycle impact that addresses these concerns in a holistic manner. Much of the growth of sustainable building products stems for demand for building green structures. Since the industry's products generally do not use energy or water during use-phase, the focus is on how the different attributes - energy use in manufacturing and transportation, use of materials designed for minimized environmental impacts, including climate neutrality and biodegradability, and chemicals of concern - contribute to a sustainable building. For further details, please see the Product Lifecycle Environmental Impacts topic on page 13 in the Industry Research Brief, available on the Consumption II sector webpage.</p>

## E-Commerce

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
CN0404	American Forestry & Paper Association (AF&PA)	General Comment	<p>The American Forest &amp; Paper Association (AF&amp;PA) is pleased to provide comments on the Sustainability Accounting Standards Board (SASB) Consumption II Sector/E-Commerce Exposure Draft for Public Comment (the "Standard"). Our comments below have been informed by our review of the Record of Public Comment document issued for the Resource Transformation Sector Standards, which include Containers and Packaging (the "RPC Document").</p> <p>The American Forest &amp; Paper Association (AF&amp;PA) serves to advance a sustainable U.S. pulp, paper, packaging, and wood products manufacturing industry through fact-based public policy and marketplace advocacy. AF&amp;PA member companies make products essential for everyday life from renewable and recyclable resources and are committed to continuous improvement through the industry's sustainability initiative - Better Practices, Better Planet 2020. The forest products industry accounts for approximately 4 percent of the total U.S. manufacturing GDP, manufactures approximately \$210 billion in products annually, and employs nearly 900,000 men and women. The industry meets a payroll of approximately \$50 billion annually and is among the top 10 manufacturing sector employers in 47 states. AF&amp;PA's sustainability initiative - Better Practices, Better Planet 2020 - is the latest example of our members' proactive commitment to the long-term success of our industry, our communities and our environment. We have long been responsible stewards of our planet's resources. Our member companies have collectively made significant progress in each of the following goals, which comprise one of the most extensive quantifiable sets of sustainability goals for a U.S. manufacturing industry: increasing paper recovery for recycling; improving energy efficiency; reducing</p>	SASB appreciates the time and effort that the American Forestry & Paper Association has invested in preparing a comment letter for the E-Commerce industry.

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			greenhouse gas emissions; promoting sustainable forestry practices; improving workplace safety; and reducing water use.	
CN0404	American Forestry & Paper Association (AF&PA)	Logistics and Packaging Efficiency (CN404-05)	Note (.24) requests that companies discuss packaging choices and lists out a number of topics including "light weighting of material and source reduction". As AF&PA has commented on in previous standards, the primary purpose of packaging is to protect products from damage. The focus of the package design should be optimization of performance, which may, but just as easily may not, lead to minimization of weight and volume. Product damage, and the resulting environmental impacts associated with replacing damaged goods, has a larger overall life cycle negative impact than the impact of additional package weight. Therefore the note should be changed to ask companies to discuss their strategies for "optimizing their use of packaging". This change would be consistent with previous the SASB Provisional Standard on Containers and Packaging which recognizes that lifecycle management will include both "environmental impact reduction and maximization of product efficiency". <sup>3</sup>	SASB has removed the reference to "light weighting", and updated the guidance to discuss optimization of packaging:  <i>"• Discussion of packaging choices, including, but not limited to, decisions to utilize recycled or renewable (e.g., bio-based plastic) packaging material, decisions to optimize the amount of packaging materials used (e.g., source reduction), use of refillable or reusable packaging, and design for efficient shipping and transport."</i>
CN0404	American Forestry & Paper Association (AF&PA)	General Comment	<u>Voluntary Standards</u> We appreciate SASB's statement that "[d]isclosure under SASB Standards is voluntary." AWC members strongly support retaining the voluntary nature of SASB Standards. SASB's process includes regular meetings with the Securities and Exchange Commission (SEC), and it has been widely reported that SASB's ultimate objective is to have the SEC mandate the use of its standards. We were pleased to see SASB's statement in the RPC Document that it is not asking the SEC to mandate the use of SASB standards, and we request that SASB maintain a position with the SEC that use of its standards should be voluntary.	SASB's standards and any metrics contained in them continues to be voluntary and indicated as such.
CN0404	American Forestry &	General	<u>Materiality, Topics, and Metrics</u>	SASB has retained the language in the introduction to the E-Commerce

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	Paper Association (AF&PA)	Comment	<p>AF&amp;PA supports SASB’s adherence to the Supreme Court’s definition of “materiality” and its emphasis that it is up to each company to decide for itself which sustainability topics are material. There is a lack of clarity, however, around how the Standard is intended to be used once a company determines that a topic is material. SASB representatives have given the impression that once a company has determined a topic is material, it must use the SASB metrics for that topic. The “Guidance on Accounting of Material Sustainability Topics” in the draft Standard, however, states “SASB recommends that each company consider using these accounting metrics when disclosing its performance with respect to each of the sustainability topics it has identified as material.” SASB also recommends that “companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported.”</p> <p>We support the approach to metrics as described in the Standard and quoted above. Our members have serious concerns about the comparability and other aspects of the metrics SASB has chosen for the Standard. We believe making it clear, as does the text above, that companies have the flexibility to use those or other metrics, as well as the ability to explain why particular metrics do or do not “ensure completeness, accuracy, and comparability of the data reported” is very important for ensuring stakeholders using the data understand its potential limitations. Therefore, SASB should retain the “consider” language in the final Standard and explain the apparent inconsistency with its public statements.</p> <p>AF&amp;PA also wants to make clear that our participation in SASB’s comment process does not indicate an acceptance by AF&amp;PA or our members</p>	<p>standard as cited by the AF&amp;PA.</p> <p>SASB has attempted to address comments from the AF&amp;PA and other commenters in the provisional E-Commerce standards and welcomes continued feedback on the suitability of the metrics contained within this and other standards.</p>

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			companies that the metrics proposed by SASB are material according to the Supreme Court definition of materiality.	
CN0404	American Forestry & Paper Association (AF&PA)	General Comment	<p><u>Duplication with Existing Reporting Requirements</u>  We understand that SASB tried to choose metrics that companies already report (voluntarily or pursuant to government requirement), as a way to minimize reporting burdens and ensure the metric is viable. Choosing these metrics, however, does raise potential concerns for reporting companies. Specifically, there is significant potential for inconsistent reporting, if SASB's metrics and the way in which they are derived and reported are not exactly the same as those used in the other reports. At a minimum, this inconsistency creates confusion among stakeholders who read different reports by the same company (i.e. SEC reports versus sustainability reports); it also creates legal risk for reporting companies. Accordingly, to the extent that a metric is subject to multiple reporting requirements, the Standard should allow a company to choose which requirement it is reporting under and indicate that choice in its reports.</p>	<p>When formulating accounting metrics for its disclosure topics, SASB considers the existing body of reporting standards and uses existing metrics whenever possible. Where current disclosure is inconsistent or not established SASB has developed new metrics. For more information on SASB's alignment with other reporting frameworks please visit: <a href="http://www.sasb.org/approach/keyrelationships/">http://www.sasb.org/approach/keyrelationships/</a></p> <p>SASB's standards are intended to improve the rigor, accuracy, consistency, and comparability of sustainability disclosures. Users of its standards should consider the legal risks of disclosing information differently in different reports and establish the appropriate internal controls.</p>
CN0404	American Forestry & Paper Association (AF&PA)	General Comment	<p><u>Assurance</u>  We appreciate that SASB has not included the section on assurance in the Building Products and Furnishings standard that was in previously released standards. However, in the section on "Guidance on Accounting for Sustainability Topics," SASB indicates that "it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they apply to all other information contained in their SEC filings." While AWC members have systems in place to ensure high quality data are publicly reported, we do not believe that some of the metrics in the Standard lend themselves to the same level of assurance as is provided in financial reporting. Metrics that are reported to government agencies</p>	<p>The introduction to SASB's standards has been revised to state the following with respect to the topics raised by the commenter:</p> <p>p1. <i>SASB Standards are intended to constitute "suitable criteria" as defined by AT 101.23 - . 321 and referenced in AT 7012, as having the following attributes:</i></p> <ul style="list-style-type: none"> <li>• <i>Objectivity—Criteria should be free from bias.</i></li> <li>• <i>Measurability—Criteria should permit reasonably consistent measurements, qualitative or quantitative, of subject matter.</i></li> <li>• <i>Completeness—Criteria should be sufficiently complete so that those relevant factors that would alter a conclusion about subject matter are not omitted.</i></li> <li>• <i>Relevance—Criteria should be relevant to the subject matter.</i></li> </ul> <p>p5. <i>In disclosing to SASB Standards, it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they</i></p>

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			<p>are not a concern because they typically have their own assurance requirements. The methodologies for reporting other metrics, however, may allow for more flexibility in the calculation of the metric, and thus, there may be greater variation in reported information than one might typically encounter in financial documents. Further, the RPC Document implicitly acknowledges that sustainability data are not yet of the same quality as financial data, although SASB believes that sustainability data will achieve that level of quality over time. In the meantime, however, companies could face legal risk if they use the SASB standards for reporting, and sustainability data are held to the same quality requirements as financial data.</p> <p>SASB also should make an explicit link between its assurance requirements, and its recognition that estimates may be used, as long as the company explains the basis for the estimate. SASB should revise its statement that "SASB does not discourage the use of such estimates" to make it a more neutral statement acknowledging the reality that estimates will need to be used in reporting sustainability data.</p> <p>Additionally, SASB should make clearer how they expect such metrics that call for a description or discussion of efforts by company to be auditable.</p>	<p><i>apply to all other information contained in their SEC filings.</i></p> <p>SASB has retained its statement on the use of estimates.</p>
CN0404	American Forestry & Paper Association (AF&PA)	General Comment	<p><u>American National Standards Institute (ANSI) Procedures</u></p> <p>SASB's Vision and Mission document states that "SASB is also an ANSI accredited standards developer. Accreditation by ANSI signifies that SASB's procedures to develop standards meet ANSI's requirements for openness, balance, consensus, and due process." Finally, SASB's "Our Process" webpage states that "[a]s an ANSI-accredited standards-setting organization, SASB follows an open, orderly process that permits timely, thorough, and open study of sustainability</p>	<p>SASB appreciates the AF&amp;PA's comments in this area and references to the ANSI Essential Requirements and Office of Management and Budget (OMB) OMB Circular A-119. SASB will continue to consider the most appropriate standards development process as it takes its provisional standards forward.</p>

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
			<p>accounting issues.”</p> <p>We appreciate SASB’s direct acknowledgement in the RPC Document that it is not using an ANSI-process. In the spirit of complete disclosure and transparency, SASB should make clear in its standards and on its website that the standards have not been developed and are not being finalized pursuant to the ANSI procedures. We also look forward to commenting on SASB’s proprietary standards and we urge SASB to propose procedures that incorporate as much of the ANSI Essential Requirements as possible.</p> <p>Adherence to ANSI Essential Requirements provides stakeholders with assurances that needed procedural safeguards are present. This is especially important, if, as is the case here, there is the potential for a government agency--the Securities and Exchange Commission (SEC)--to mandate the use of a standard (although, as discussed above, we strongly believe the standard should be voluntary). Government standards typically are developed through a notice and comment process and are subject to numerous due process protections for stakeholders, including in many cases, judicial review. Private standards adopted for government use should be developed with the same level of due process protection.</p> <p>Office of Management and Budget (OMB) OMB Circular A-119 requires, with limited exception, that federal agencies and departments use “voluntary consensus standards,” which are “standards developed or adopted by voluntary consensus standards bodies.”<sup>1</sup> The Circular also established guidelines for federal participation in the development and use of voluntary consensus standards. Specifically, the Circular provides the following attributes for a “voluntary consensus</p>	

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			<p>standards body": (i) openness; (ii) balance of interest; (iii) due process; (iv) an appeals process; and (v) consensus. Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (Public Law 104-113) basically codified the OMB Circular and requires that "all Federal agencies and departments shall use technical standards that are developed or adopted by voluntary consensus standards bodies," unless use of such a standard is "inconsistent with applicable law or otherwise impractical."</p> <p>By definition, private standards such as SASB's do not include the due process protections found in the development of government standards. ANSI Essential Requirements closely track the procedural safeguards required by the Circular.<sup>2</sup> In its RPC Document, SASB clarified that, even though it is an ANSI-accredited standards setting organization, it does not intend to use ANSI procedures to finalize its standards, and instead will seek comment on the proprietary procedures it intends to use.</p>	
CN0404	American Forestry & Paper Association (AF&PA)	General Comment	<p><u>Private, Non-Consensus Standards</u></p> <p>Generally, as required by ANSI, the Standard should avoid references to private tools or standards (e.g., Green-e). Among other concerns, these tools or standards have not been developed in a consensus-based process that provides the procedural safeguards discussed above.</p> <p>In addition, SASB's adoption of a particular private tool or standard has the effect of locking in that standard for the future. Other existing tools or standards may perform similar functions but be more suitable to the Building Products &amp; Furnishings Products sector, and new, innovative standards may be developed in the future. SASB shouldn't prejudge the suitability of those standards by locking in one particular standard at this time. At a minimum, SASB should describe what the tool provides or the standard is trying to</p>	<p>In the provisional standard, SASB makes direct reference to numerous sustainability, industry, and regulatory, and other initiatives, methodologies, standards, and frameworks. In the Food Retailers &amp; Distributors industry provisional standard, SASB does not require use of private tools or standards. Many of the disclosures associated with SASB metrics require that users of the standard disclose which tools or certifications they use, but SASB does not give preference to certain private tools over others.</p> <p>Where SASB's criteria are aligned with another organization's SASB does not necessarily endorse the organization or its funder, but it aims to harmonize with established standards where appropriate and were criteria align with those that SASB has specified.</p> <p>SASB aims to allow for an "or equivalent" approach when disclosing its metrics in certain standards - though it has not included this language in the provisional E-Commerce standard.</p>

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			accomplish, and after identifying the tool or standard, add "or equivalent."	The continued use of alternate tools and inclusion of "private tools" is a topic that SASB will consider as part of the "codification" phase of its standards development process in Q1 of 2016 (this phase includes a comprehensive review of all of SASB's provisionally released standards).
CN0404	American Forestry & Paper Association (AF&PA)	General Comment	<p><u>SASB Use of Varying National Standards, Laws and Definitions</u></p> <p>Our understanding is that SASB expects sustainability reporting to include global data, not information specific to the U.S. alone. However, the standards and laws referenced for development of the metrics are often nation-specific rather than internationally-recognized standards. Use of the SASB metrics by a global company will require significant duplicative reporting by country. SASB should permit companies to report data using applicable nation-specific definitions and reporting requirements, as long as the bases for the definitions and requirements are also reported.</p>	<p>SASB's employs a mix of U.S. regulatory, internationally accepted, industry-specific, and other standards, laws, and definitions. It is SASB's goal to enhance the accuracy, consistency, and comparability of sustainability-related disclosures through its process of standardization. To this end in certain instances SASB includes one definition or reference to a law, while in other cases it references multiple definitions or laws (generally where they are substantively similar or equivalent). In other cases, SASB's standards include the language "or equivalent" or "or national equivalent".</p> <p>As SASB completes development of its provisional standards and undertakes a comprehensive review and codification process through 2017, it will consider the appropriateness of varying national laws, standards, and definitions.</p>
CN0404	American Forestry & Paper Association (AF&PA)	General Comment	<p><u>Usefulness of Metrics as Indicators of Sustainability</u></p> <p>As discussed in the "Specific Comments" section below, we do not believe that the disclosure of certain metrics provides useful, comparable, sustainability-related information for stakeholders. But, more importantly, we do not believe that a simple comparison of any metrics themselves would provide a complete picture of the sustainability performance of the companies that reported those metrics (or didn't report a particular metric because it is not material). Many companies explain the context for the metrics they include in their sustainability reports. Similarly, SASB should encourage stakeholders to consider the entirety of the information provided by companies that may report based on the Standard, and not to simply compare one company to another based only on the metrics.</p>	<p>SASB directs the respondent to guidance contained in the introduction to its standards on Activity Metrics and Normalization, which states, "SASB recommends that a registrant disclose any basic business data that may assist in the accurate evaluation and comparability of disclosure, to the extent that they are not already disclosed in the Form 10-K" and that, "Where relevant, SASB recommends specific activity metrics that—at a minimum—should accompany SASB accounting metric disclosures".</p> <p>Furthermore SASB guides companies to, "As appropriate—and consistent with Rule 12b-06—when disclosing a sustainability topic identified by this Standard, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following, related to the topic:</p> <ul style="list-style-type: none"> <li>• The registrant's strategic approach to managing performance on material sustainability issues;</li> <li>• The registrant's relative performance with respect to its peers;</li> <li>• The degree of control the registrant has;</li> </ul>

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				<ul style="list-style-type: none"> <li>• Any measures the registrant has undertaken or plans to undertake to improve performance; and</li> <li>• Data for the registrant's last three completed fiscal years (when available)."</li> </ul>

## Toys & Sporting Goods

Industry SICS Number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
CN0604	American Chemistry Council	General comment	<p>The American Chemistry Council (ACC) appreciates the opportunity to comment on the Sustainability Accounting Standards Board's (SASB) Toys &amp; Sporting Goods draft standard in the Consumption II Sector. ACC is America's oldest trade association of its kind, representing companies engaged in the business of chemistry—an innovative, \$812 billion enterprise that is helping solve the biggest challenges facing our nation and the world. The products of chemistry will make it possible to satisfy a growing world population by providing a healthy and plentiful food supply, clean air and water, safe living conditions, efficient and affordable energy sources and lifesaving medical treatments in communities around the globe. To enable these ongoing innovations, ACC supports public policies and private sector voluntary consensus standard development that will drive creation of groundbreaking products that improve lives and our environment, enhance the economic vitality of communities and protect public health.</p> <p>ACC submitted comments to SASB in January on the draft standard in the Resource Transformation Sector and in June for the Consumption I Sector. We incorporate those comments by reference here, and repeat them for the draft Consumption II Sector standard as if made separately. Our comments here specifically urge SASB to make adjustments to the draft standard to address issues of materiality, relevance, decision-usefulness for the mainstream investor, technical deficiencies with certain metrics and associated definitions, and to consider modifications that will reduce what are, in some cases, extraordinary financial burden associated with the proposed reporting.</p>	SASB appreciates the time and effort that the American Chemistry Council has invested in preparing a comment letter for the Toys & Sporting Goods industry.

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CN0604	American Chemistry Council	General comment	<p>General Comments</p> <p>SASB's Standard Development Procedures Should be Improved to Conform with Essential Procedures-level Due Process</p> <p>As we noted in our January 15, 2015 comments to the draft standard in the Resource Transformation Sector and May 1, 2015 comments to the draft standard in the Consumption II Sector, ACC is a strong supporter of the use of voluntary consensus standard development to meet market needs, and in particular, respects standard development conducted in accordance with ANSI's Essential Procedures, which are recognized in the U.S. as particularly robust, protective of stakeholder engagement, and the best platform to support stakeholder development of technically sound, usable standards output. Establishing a robust performance reporting program can take decades of investment supported by significant sector-specific expertise. Given the complex nature of this reporting, and the potential for substantial market and business impact, ACC believes that voluntary consensus standards must respect ANSI-level due process and consensus requirements as set out in Essential Procedures to be suitable for use in the private sector. For that matter, procedures must be followed if voluntary consensus standards are to be adopted or incorporated by reference by any regulatory agency. SASB procedures are currently falling short of the procedural respect and robustness needed to achieve ANSI approval, and we urge the organization to carefully review its process</p>	<p>SASB notes the ACC's comments with respect to ANSI Essential Requirements. Though SASB is an ANSI-accredited standards development organization, it has not announced its intent to develop and American National Standard via the Project Initiation Notification System (PINS). Therefore, to-date SASB's standards development process has been informed by ANSI best practices, but it does not represent itself as conforming to ANSI Essential Requirements for a voluntary, consensus standard. SASB will weigh the ACC's comments as it considers initiating the PINS process and filing a BSR-8 form.</p>
CN0604	American Chemistry Council	Chemical Usage & Safety Hazards of Products (CN0604-04)	<p>CN0604-04. Description of chemical hazard and risk management program</p> <p>ACC recommends removal of the draft metric</p>	<p>SASB has withdrawn reference to PVC, BPA, brominated flame retardants, and (non-regulated) phthalates in its provisional standard.</p> <p>Instead, the registrant should determine which chemicals to discuss based on its hazard and/or risk assessments.</p>

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			<p>.13, Third bullet: The second bullet notes that the applicant "discusses policies and practices to manage chemicals and/or chemical risks, especially related to the use of PVC, BPA, brominated flame retardants, and (non-regulated) phthalates. We strongly urge that the second part of this sentence be struck. There is no reasonable basis for suggesting that this polymer and these chemistries are particularly noteworthy or deserve special treatment. BPA, for example, is used to make polycarbonate, an incredibly light, strong, shatter-resistant and optically clear plastic that is used for many performance applications where safety is paramount. Polycarbonate in many cases replaces glass, and the safety benefits of avoiding shattered glass are well documented (including by the Consumer Product Safety Commission's own database). Polycarbonate is used in safety helmets and protective eyewear such as safety glasses. The mention of "BPA" is particularly odd since BPA is highly regulated for safety, and in fact, is approved as safe for use in food contact applications in the U.S. using stringent FDA standards - in other words, the FDA says products made with BPA are safe enough to eat from and on. The polymer PVC or vinyl is also widely used in toys, textiles, electronics, flooring, sporting goods, and elsewhere, and we see no basis for SASB's apparent conclusion that the use of PVC merits special discussion. We further note that the comment about "non-regulated" phthalates makes little sense, as all phthalate esters are regulated.</p> <p>We find it odd that SASB would focus on these particular chemistries instead of toy and sporting good designs where there might be greater exposures. Many toys contain liquids, beads, magnets, or have other design features that might be considered and discussed. The standard would</p>	<p>Line .19 states: <i>"The registrant may choose to identify chemicals found in its finished products that it is targeting for reduction, elimination, or assessment for reasons such as:</i></p> <ul style="list-style-type: none"> <li>• <i>There is incomplete and/or insufficient availability of toxicity information such that the registrant cannot determine if the chemical is safe for use;</i></li> <li>• <i>Pending or anticipated regulations may limit or restrict the use of the chemical in the future;</i></li> <li>• <i>There is potential for environmental, but not human health, harm that the registrant wishes to limit; and/or</i></li> <li>• <i>In response to shifts in market demand or expectations relating to the usage of a specific chemical, class of chemicals, or category of chemicals that may not be regulated but are recognized by the registrant as being "of concern" to consumers, customers, regulators, and/or others (e.g., non-governmental organizations, scientific researchers, etc.).</i></li> </ul> <p>▪ <i>Specific chemicals to discuss may include, but are not limited to, those found on the Reporting List of Chemicals of High Concern to Children (CHCC) established by the State of Washington's Children's Safe Product Act (RCW 70.240.030). "</i></p>

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			<p>be better served to focus on exposures and exposure pathways of concern instead of arbitrarily selecting particular chemicals.</p> <p>If needed, this concept could be expressed by removing the problem statement and replacing as follows: "Discuss policies and practices to manage chemicals and/or chemical risks, especially where exposure scenarios suggest exposure may occur through ingestion, such as toys and products intended to be chewed or mouthed by small children."</p>	
CN0604	American Chemistry Council	Chemical Usage & Safety Hazards of Products (CN0604-04)	<p>Fourth bullet: We suggest this section be removed outright. Formulations plans can be competitively sensitive, and companies may have antitrust sensitivities to being asked to reveal formulation plans before they are otherwise publicly known. Standards should not ask companies to reveal competitively sensitive data of this type. Further, it is well known that if there is "concern" (whether warranted or unwarranted) about a particular chemistry and plans are in place to substitute another chemistry to avoid stigma, the replacement chemistry may need to perform the same function and thus may have a similar toxicological profile. In short, to the extent that the first chemistry presented a health or environmental "concern" the replacement chemistry may present exactly the same health or environmental "concern." Modern formulators conduct alternatives assessments considering the performance of the alternative chemistry for that reason, and a robust alternatives assessment considers not just health considerations but environmental considerations as well, taking life cycle thinking into account, and of course product performance, because reformulating only to achieve a toy that shatters or breaks is not progress. For these reasons, to the extent any request is made about plans to address a chemical</p>	<p>SASB notes that disclosure should be approached through the same lens as all corporate disclosure; a company should not disclose sensitive information, competitive information, or information that would otherwise compromise a company.</p> <p>SASB has withdrawn the reference to "product formulation", and instead includes guidance to discuss of plans to address chemical risks in lines .16, .19, and .20:</p> <p><i>.16 The registrant shall describe how it prioritizes chemicals for reduction and/or elimination from its products, and how it works to incorporate alternative chemicals into product formulation and design, including through materials substitution assessments.</i></p> <p><i>.19 The registrant may choose to identify chemicals found in its finished products that it is targeting for reduction, elimination, or assessment for reasons such as:</i></p> <p><i>.20 Where the registrant has identified specific chemicals for elimination or substitution, it should discuss the timeline to achieve its goals, identify which products or product lines will be affected by the elimination or substitution, and provide an analysis of progress toward achieving its goals."</i></p>

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			risk, it should ask for publicly disclosed plans to address a chemical risk, including a description of alternatives assessment to be conducted.	
CN0604	American Chemistry Council	Chemical Usage & Safety Hazards of Products (CN0604-04)	.14 We recommend that material safety data sheets not be used as an example of product declarations but be offered as a stand-alone category, e.g., "product labeling, product declarations, and material safety data sheets."	SASB has withdrawn reference to material safety data sheets as an example of product declarations.
CN0604	American Chemistry Council	Chemical Usage & Safety Hazards of Products (CN0604-04)	.15 This section asks for discussion of relevant actions. Human health and environmental performance of a finished product are best informed by risk assessment, which requires evaluation of chemical constituents and their toxicological profile as well as exposure. For that matter, environmental performance is informed by application of ISO Life Cycle Assessment measures. We recommend that this section suggest those discussion areas first. Likewise, we suggest that another relevant action to be included is whether an ISO-compliant Environmental Product Declaration has been completed and is publicly available.	SASB acknowledges that use of lifecycle assessment methodology and/or environmental product declarations (EPD) may be useful tools in understanding environmental implications of products. Because EPDs are not risk assessments and do not directly communicate hazards or risks to users, SASB has declined to suggest disclosure of if an EPD has been completed and is available.
CN0604	American Chemistry Council	Chemical Usage & Safety Hazards of Products (CN0604-04)	<p>This section also refers to "use of banned substances lists." We suggest this be clarified to "use of legal or regulatory banned substances lists." The use of lists should be limited to their intended purpose and scope. Non-regulatory lists typically have minimal value and may be entirely arbitrary. If a regulatory list is used, it should be used from the international or national governing body itself (e.g., the Environmental Protection Agency in the U.S.) and should be current.</p> <p>The use of the "Clean Production Action" list or lists, is for these reasons, wholly inappropriate; it is the private "list" of a non-profit organization not suitable to reflect just those legal and regulatory restrictions that should be considered here. For that matter, it should be readily apparent that a "Red List" or "List of Lists"</p>	<p>SASB has withdrawn reference to the "use of banned substances lists", and instead uses the term restricted substance list (or RSL). SASB recognizes that it is widespread practice for companies to use RSLs that include both regulated and non-regulated substances. SASB does not specifically endorse this approach, but has determined that disclosure of a company's approach to chemical management may provide material information to investors.</p> <p>The registrant may choose to disclose which restricted substances list it uses for the sake of accurate disclosure to its shareholders, but SASB does not give examples or preference to any list, either regulatory or non-regulatory.</p> <p>The first bullet under line .10 states:  "• Relevant operational processes that typify hazard-based approaches include the limitation or exclusion of chemicals in a finished product because their use is prohibited by a regulation or because they have known toxicity at levels at or below amounts detectable in the</p>

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			<p>prepared by any NGO - many of which have fundraising and campaign commitments seeking to further restrict their targeted chemicals - is not suitable for inclusion in a voluntary consensus standard (those lists reflect the private views of a narrow band of stakeholders with defined agendas). And, it should likewise be apparent that a "red list" prepared specifically for another market or product line, e.g., a "red list" for buildings would not be appropriate or meaningful for another market or product line. Different products have entirely different compositions and risk profiles; a chemical to which a worker might be exposed building a building (e.g., wood dust, crystalline silica) might be present in a finished toy or sporting good in such a manner that the chemical is fully entrained or reacted such that there is no exposure at all to a product user (e.g., child playing with wooden blocks, glass windshield in toy car). This last point also helps illustrate the folly of relying on NGO developed "red lists": many of these target chemistries solely based on toxicological profile without regard to exposure and risk. When such "red lists" are applied to actual consumer products, the results can be meaningless or even ridiculous. Chemical management decisions should be informed by not just chemical hazard but also exposure so that meaningful, science-based risk decisions can be achieved. This is another example why legal and regulatory restrictions should be referenced, but other "red lists" developed by the private sector should not be incorporated in the standard.</p>	<p>registrant's products (e.g., use of a restricted substances list (RSL) for chemicals that are banned where the registrant operates and/or for chemicals that the registrant has chosen to limit or eliminate)."</p> <p>Additionally, SASB has retained reference to the Clean Production Action (CPA) Healthy Building Network Red List of Lists, as an illustrative example, as follows:</p> <ul style="list-style-type: none"> <li>"• In response to shifts in market demand or expectations relating to the usage of a specific chemical, class of chemicals, or category of chemicals that may not be regulated but are recognized by the registrant as being "of concern" to consumers, customers, regulators, and/or others (e.g., nongovernmental organizations, scientific researchers, etc.).</li> <li>▪ Specific chemicals to discuss may include, but are not limited to, those found on the Clean Production Action (CPA) Healthy Building Network Red List of Lists."</li> </ul> <p>SASB reiterates that it does not specifically endorse this list or endorse the restriction of chemicals found on this list or other lists but instead seeks to provide guidance that is reflective of current disclosures and which may provide decision-useful, material information to investors.</p>
CN0604	American Chemistry Council	Chemical Usage & Safety Hazards of Products (CN0604-04)	.16 This section asks registrants to discuss use of chemicals that appear on California's Proposition 65 list. This suggestion is without any scientific basis and should be deleted. The Proposition 65 statute is not a regulatory or chemical management statute; it was created as a so-called "right to know" statute. Because chemicals are	<p>SASB has removed the reference to California's Proposition 65 list. In the provisional standard, SASB revised this line in the disclosure guidance to:</p> <p><i>".21 The registrant should discuss its use of chemicals classified as Group 1 carcinogens by the IARC Monographs on the Evaluation of Carcinogenic Risks to Humans and substances listed in Annex XVII to REACH."</i></p>

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			<p>added to the list based on their hazard profiles alone, listing has no bearing whatsoever on exposure, risk, or product safety. As California itself has said, "The purpose of Proposition 65 is to notify consumers that they are being exposed to chemicals...A Proposition 65 warning does not necessarily mean that a product is in violation of any product safety standards or requirements." Proposition 65 is largely an experimental statute in the right-to-know field, and no other state has adopted the scheme. It is not comprehensive; it does not review and consider all chemicals and alternatives. It essentially "rewards" manufacturers to reformulate out of listed chemistries without a care for what the replacement is; under the statute a manufacturer could decide to reformulate a safe product that happened to contain very low (no human health risk) levels of a listed chemical, replacing that chemical with one a thousand times more potent, or with a chemical that is a known human allergen or sensitizer at a level that presents a significant health risk - Proposition 65 simply does not care and does not apply to the substitution if that chemical hasn't been added to the list. The administration of the program also suffers from other problems and the meaning of a listing is also widely misunderstood; Proposition 65 listed chemicals meet California's criteria for listing but a listing does not mean that the presence of the chemical in the product causes a health effect in humans. It is a grossly inappropriate program for chemical management or risk-based decision making and must be deleted. We urge SASB not to reference Proposition 65 in this or any future standard.</p>	
CN0604	American Chemistry Council	Chemical Usage & Safety Hazards of Products	We likewise suggest that SASB consider removing the rest of this provision. It is unclear what is meant by "use of chemicals" and whether this is intended to apply to the supply chain and	<p>SASB clarifies the scope of chemical use for the purposes of this metric in line .15:</p> <p><i>".15 The registrant shall discuss its approach to chemicals management</i></p>

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		(CN0604-04)	<p>manufacturing; to precursor chemicals; or just the chemical composition of the finished consumer product that is the subject of the standard. Many chemicals are safely used to manufacture toys and sporting goods and do not appear in the chemical composition of the finished good, or are otherwise part of a polymeric chain or entrained in a matrix or coating such that there is little to no human exposure. Many chemicals that are considered carcinogens or reproductive toxicants as a matter of toxicological testing appear naturally in foods, are generated by the human body itself through metabolism, respiration and other acts, and are naturally present in plants and animals. A sweeping requirement to describe "use" of such chemistries is excessive and not well targeted to addressing risks to human health. To the extent that SASB decides discussion is warranted, however, we would suggest the provision be limited to Group 1 IARC carcinogens and agents classified as "known to be human carcinogens" by the National Toxicology Program. The standard should limit its request to the chemical composition of the finished consumer good and clarify that the request is to describe the free presence of the chemical (e.g., the use of a chemical to make a separate compound such as a polymer, or the inclusion of a chemical in a polymeric chain or compound is not covered); limit its request to a discussion of the presence of such chemistries in the finished consumer good where exposure may occur; and ask the registrant to describe generally its risk assessment or risk evaluation measures.</p>	<p><i>in the context of each stage in its products' lifecycles, such as product design and planning, materials and chemicals procurement, manufacturing, finished-goods testing, and product labeling and marketing. "</i></p> <p>The registrant should discuss its approach to using these chemicals with respect to the results of its risk and/or hazard-based program.</p>

## Appliance Manufacturing

Industry SICS number	Name and/or Affiliation of Respondent	Topic (Metric Code)	Comment Excerpts	SASB Response
CN0601	Association of Home Appliance Manufacturers (AHAM)	General Comments	<p>The Association of Home Appliance Manufacturers (AHAM) respectfully submits the following comments to the Sustainability Accounting Standard Board's (SASB) Sustainability Accounting Standard Consumption II Sector: Appliance Manufacturing; Sustainable Industry Classification System™ (SICS™) #CN0601.</p> <p>AHAM represents the manufacturers of major, portable and floor care home appliances sold in the United States and Canada, as well as suppliers to the industry. AHAM's membership is global and produces more than 95% of the household appliances shipped for sale within the U.S. and Canada. The home appliance industry, through its products and innovation, is essential to U.S. consumer lifestyle, health, safety and convenience. Through its technology, employees and productivity, the industry contributes significantly to U.S. jobs and economic security. Home appliances also are a success story in terms of energy efficiency and environmental protection. New appliances often represent the most effective choice a consumer can make to reduce home energy use and costs.</p> <p>AHAM is very involved in the development of federal appliance efficiency standards related to energy and water consumption. AHAM works closely with the U.S. Department of Energy on these standards as well as with the U.S. Environmental Protection Agency on the ENERGY STAR program and other environmental issues. Likewise, AHAM has a long history of cooperation with the U.S. Consumer Product Safety Commission related to its own federal product safety responsibilities and its participation in the voluntary safety standards process in the U.S.</p> <p>Like SASB, AHAM is an accredited standards development organization in the U.S., and has authored appliance performance test methods for many home appliances. These standards are the building blocks for several federal energy efficiency test procedures. AHAM is also engaged in the development of sustainability standards for home</p>	SASB appreciates the time and effort that the Association of Home Appliance Manufacturers (AHAM) has invested in preparing a comment letter for the Appliance Manufacturing industry.

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			<p>appliances in a tripartite relationship with UL Environment and the Canadian Standards Association. It is AHAM's intent to complete a suite of sustainability standards that will cover all AHAM appliances by 2017.</p>	
CN0601	Association of Home Appliance Manufacturers (AHAM)	General Comments	<p>AHAM was not aware of the SASB initiative and working group related to sustainability and the home appliance industry prior to the recent publication of the draft standard and request for comments on the proposed standard related to our industry. And, we have checked with our members, none of whom indicate that they made substantive contributions to your process. These are some of the reasons for our conclusion that the draft standard as it relates to product safety and environmental performance does not meet the materiality requirements that your program would establish because we doubt they will provide relevant or valuable information to investors.</p>	<p>We acknowledge that we did not have a significant level of engagement from professionals with corporate experience in this Industry Working Group, but we view our standards development efforts as an ongoing process. SASB did invite some of AHAM's members to participate in our Working Group, many of whom declined to participate. During the Industry Working Group, we had strong consensus (over 90%) from our market participants (investors) in the Working Group for appliance manufacturing regarding the materiality of the proposed topics. SASB aims to deepen our engagement with and knowledge of the home appliance industry as we continue to review and refine our standards. We hope that this is an opportunity to strengthen our relationship with AHAM and your members.</p> <p>SASB announces public comment periods via our website, social media channels, and emails to our list serve. Our intention is to invite as much public participation as possible. SASB welcomes feedback on the provisional standards and on how to further raise awareness of the standards. SASB is planning an implementation review of the provisional standards in 2016, which will include a meaningful dialog with corporate issuers about the content of the provisional standards. While we are still designing the mechanisms of this review process, we look forward to the opportunity to engage with corporate stakeholders about the provisional standards with the aim of creating an even stronger</p>

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				standard that will add value to companies and their shareholders.
CN0601	Association of Home Appliance Manufacturers (AHAM)	Product Safety Hazards (CN0601-01)	<p>I. Product Safety Hazards  A. CN0601-01. Number of Recalls and Total Units Recalled  The draft standard calls for the disclosure of the total number of recalls and the total number of units that were recalled. The scope includes voluntary recalls initiated by the registrant and mandatory recalls mandated by the Consumer Product Safety Commission (CPSC or Commission) or other relevant government agency. The registrant may choose, in addition to total units recalled, to disclose the percentage of recalls that were (1) voluntarily and (2) involuntarily issued. For the reasons discussed below, AHAM respectfully believes that these measures are inappropriate as a matter of public policy and given the appliance industry’s proven track record of proactively addressing appliance safety issues.</p> <p>AHAM’s members produce hundreds of millions of appliance products each year. Our members strive to and succeed in designing and building products at the highest levels of quality and safety. As such, they have demonstrated their commitment to ensuring strong internal safety design, monitoring, and evaluation/failure analysis systems. When appropriate, that may require cooperating with agencies like the CPSC through reporting and, sometimes, corrective action plans (what you call “recalls.”). There have been no mandatory recalls in our sector. The relationship between the Commission and industry works remarkably well. It is in this spirit and context that we comment on this aspect of the draft SASB standard.</p> <p>The presence and wording of CN0601-01 implies that SASB views multiple voluntary recalls as an indication that a company has been a “bad actor” or has somehow failed to comply with regulatory/legal requirements. This view is troubling and incorrect. To the contrary, a history of voluntary recalls often indicate that a firm has a broad product scope, makes products in significant volumes, and, importantly, has a robust post-market product safety</p>	<p>SASB finds that AHAM’s objections to the inclusion of recalls, either voluntary or involuntary, as a topic not sufficiently evidence based. SASB’s research indicates that recalls in the appliance industry are not infrequent and can be related to human health and safety concerns with products. Although voluntary recalls may be viewed by AHAM and others positively, nevertheless if they are frequent in number and significant in scale they are likely to be indicate increased risk of human hazard/injury and incur financial impacts. The frequency of recalls, when compared amongst firms, should indicate relative ability for firms to produce products that meet quality and safety standards. Furthermore SASB guides companies to, “<i>As appropriate—and consistent with Rule 12b-20—when disclosing a sustainability topic identified by this Standard, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following, related to the topic:</i></p> <ul style="list-style-type: none"> <li>• <i>The registrant’s strategic approach to managing performance on material sustainability issues;</i></li> <li>• <i>The registrant’s relative performance with respect to its peers;</i></li> <li>• <i>The degree of control the registrant has;</i></li> <li>• <i>Any measures the registrant has undertaken or plans to undertake to improve performance; and</i></li> <li>• <i>Data for the registrant’s last three completed fiscal years (when available).”</i></li> </ul>

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			<p>compliance program. Many companies that have effective compliance programs conduct recalls from time to time because an effective process will identify potential hazards (and prevent future recalls). Sometimes, a recalling firm acts to protect customer good will, even if there have been no injuries and little injury potential. Under the proposed SASB standard, the absence of recalls could be used to suggest a particular company's products were safer; however, this would be an unreliable conclusion. To suggest that the simple fact of a recall or multiple recalls indicates that a special disclosure or compliance program-related requirement is necessary ignores these realities. Corrective actions can take many forms. Firms conduct recalls, manage service programs, or corrective actions for a variety of reasons, not just always in conjunction with regulatory authorities. The disclosure of such corrective actions without understanding the nature or context of these actions could potentially punish a company for doing the right thing and ensuring a successful post market surveillance safety program without understanding the true nature of the firm's actions.</p> <p>The American public is justifiably confident in and trusts the safety of its appliances and the appliance industry's commitment to safety, including the execution of recalls when necessary. Recent AHAM survey data collected by Ogilvy indicates that 95 percent of Americans agree that home appliance recalls are important to ensure their safety and 87 percent believe that home appliance recalls let them know that safety and quality are top priorities for the home appliance industry and that the industry is doing its best to protect consumers. This is consistent with the CPSC's historical view (as demonstrated by its voluntary recall rules and its existing practice of working cooperatively with recalling firms) and we do not understand why SASB seems to believe that a recall is necessarily a reliable indicator of an insufficient compliance program that warrants material information for investors. Instead of looking at the number or frequency of recalls, SASB should instead focus on the</p>	

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			<p>processes, policies and internal review operations that a company has in place that are intended to mitigate the risks associated with its products. Processes and structures that prevent incidents and help to ensure effective post-market surveillance are more material to the reasonable investor than the presence or absence of recalls alone.</p>	
CN0601	Association of Home Appliance Manufacturers (AHAM)	Product Safety Hazards (CN0601-02)	<p>B. CN0601-02. Number of Letters of Advice (LOA) Received</p> <p>The SASB standard calls for registrants to disclose the number of Letters of Advice (LOA) they received from the CPSC. An LOA is issued by the CPSC when there is a violation of a mandatory standard. LOAs advise the company of the violation and the nature of the necessary corrective action (i.e., to correct future production (CFP); to stop sale and CFP; or to recall, stop sale, and CFP). Most consumer products under the jurisdiction of the CPSC are not covered by mandatory standards, but rather voluntary third-party, U.S. national standards. The only mandatory standard covering appliances is an archaic refrigeration entrapment standard for door latches that have since been replaced by newer technology. The current listing (updated on June 15, 2015 and viewed on July 6, 2015) of CPSC LOAs extends back to 2013 and archives hundreds of violations, none of which involve this issue. Therefore, the metric in CN0601-02 does not apply to the appliance industry.</p>	SASB appreciates the input and has withdrawn this topic from the provisional standard.
CN0601	Association of Home Appliance Manufacturers (AHAM)	General Comments	<p>II. The Proposed Sustainability Standards</p> <p>The draft standard defines a fact as material if, in the event such fact is omitted from a particular disclosure, there is "a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of the information made available." As elaborated in the comments below, the proposed standard does not meet this criterion.</p> <p>In its standard, "SASB has attempted to identify sustainability topics that are reasonably likely to have a material effect on the financial condition or operating performance of companies." As so defined, the safety and</p>	SASB's standards setting process has two central objectives: (1) to identify the sustainability issues that are likely to constitute material information for a company in a given industry and (2) to determine the best metrics that allow investors to assess a company's performance concerning that issue. SASB standards follow the U.S. Supreme Court's definition of material information, defined as presenting "a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of the information made available." This definition of

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			<p>environmental metrics SASB has proposed are not reasonably likely to have a material effect on an appliance manufacturer’s financial condition or operating performance. Specifically, and as more fully described below, the proposed standard’s misplaced focus on product safety metrics such as the number of recalls, would not meet this materiality threshold. Similarly, environmental metrics such as the percentage of a company’s products certified to the ENERGY STAR standard (especially since ENERGY STAR periodically redefines its qualification criteria for the express purpose of limiting the percent of qualified product in the program—even when excluded products are significantly more efficient than products that meet DOE standards) is not reasonably likely to have a material effect on an appliance manufacturer’s financial condition or operating performance.</p> <p>It is questionable as well what additional value this information would provide to consumers, given that most of our members have corporate sustainability reports in which they disclose information regarding significant sustainability metrics, and much of the information regarding energy efficiency would be available publicly through the ENERGY STAR website.</p> <p>AHAM urges SASB to reconsider its plan to develop an Appliance Manufacturing standard for the reasons indicated above; AHAM staff is available to address any questions regarding these comments. If, notwithstanding our suggestion, SASB persists in continuing to focus on developing a standard for the appliance manufacturing industry, please contact the undersigned.</p>	<p>materiality has a singular and unwavering focus on the reasonable investor’s decision to buy, sell, or hold a security. However, SASB acknowledges that only companies can make the determination as to what constitutes material information for the company at a given point of time; SASB standards can provide guidance for that process.</p> <p>It is with this focus on materiality that we assess issues based on evidence of financial impact; selecting only issues that have the potential to significantly impact the financial performance of a company. To this end, we solicit input through our Industry Working Group process on the likelihood of proposed topics containing material information. We had extremely strong consensus (over 90%) from our market participants (investors) in the Working Group for appliance manufacturing regarding the materiality of the proposed topics.</p> <p>On the topics of environmental metrics, and ENERGYSTAR in particular, it is SASB’s view that the disclosure of the percentage of products with an ENERGYSTAR certification is a useful point of comparison for investors, helps investors identify industry leaders in efficiency, and reflects real market value. The limitations on the availability of ENERGYSTAR certification heightens their value and importance in the marketplace. Since ENERGYSTAR is a good indicator to customers, more certified products can indicate revenue growth potential. SASB metrics often align with pre-existing disclosures to reduce reporting burden on companies, but SASB focuses the reporting on an investor audience.</p>

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				<p>Lastly on the metrics, SASB has reviewed AHAM's sustainability standards in detail, and you will find that we have included a metric in the provisional standards that directly references AHAM. You will also find AHAM's efforts mentioned in the industry brief that accompanies the standards. We appreciate your existing efforts, and we look forward to continuing to collaborate.</p>