



Subject: Minutes, SASB Board of Directors Meeting – May 16-18, 2017

Meeting Date: May 16 – 18, 2017
Meeting Location: Bloomberg LP, San Francisco
Attendees: SASB Board of Directors [the “Board”]

Verity Chegar, Vice President and ESG Strategist, BlackRock
Jeffrey Hales**, PhD, Professor of Accounting, Georgia Institute of Technology
Robert Hirth, Jr., Chairman, COSO & Senior Managing Director, Protiviti (via teleconference)
Lloyd Kurtz, CFA, Senior Portfolio Manager and Head of Social Impact Investing, Wells Fargo Private Bank
Daniel Goelzer, JD, Senior Counsel, Baker & McKenzie LLP
Jean Rogers*, PhD, Founder and Former CEO, SASB
Elizabeth Seeger, Director, KKR
Stephanie Tang, JD, Senior Corporate Counsel and Assistant Corporate Secretary, The Clorox Company

* *Chair*

** *Vice Chair*

Absent: Kurt Kuehn, Former CFO, UPS

Observers/Presenters: Andrew Collins, Technical Director
Henrik Cotran, Sector Analyst, Resource Transformation, SASB
Bryan Esterly, Sector Analyst, Infrastructure, SASB
Anton Gorodniuk, Sector Analyst, Financials, SASB
Sonya Hetrick, Sector Analyst, Services, SASB
Eric Kane, Sector Analyst, Health Care, SASB
Nashat Moin, Sector Analyst, Transportation, SASB
David Parham, Sector Analyst, Extractives & Minerals Processing, SASB
David Post, Director of Research, SASB
Ananta Sen, Investor Outreach Associate & Executive Assistant, SASB
Levi Stewart, Sector Analyst, Food & Beverage, SASB
Quinn Underriner, Sector Analyst, Technology & Communications, SASB
Claire Veuthey, Head of ESG Research, Wells Fargo Private Bank (Advisor)
Gabriella Vozza, Sector Analyst, Consumer Goods, SASB
Sten White, Operations Manager, SASB

May 16th

Pre-meeting

Jean Rogers, Chair of the Sustainability Accounting Standards Board (“SASB”) commenced the pre-meeting to order at 3:08pm. The Board did a round of introductions, and discussed the state of Technical Agenda review process. The Board discussed the objectives and format of the upcoming meeting, and revised internal deadlines for codification. The possibility of seating 2 more Board members was discussed and the Chair agreed to bring forth to the Standards Oversight Committee. The Chair agreed to formalize a communications plan for the Board. The Chair opened a discussion on the history of SASB’s ANSI certification and discussed the plan for responding to comment letters on the switch to new governance principles. The Chair agreed to bring forth proposal for Standards Oversight Committee to respond to said public comment letters. The Chair adjourned the pre-meeting at 5:40pm.

May 17th

Approval of Minutes

Jean Rogers, Chair of the SASB Standards Board of the Sustainability Accounting Standards Board (“SASB”), called the regular meeting of the Board of Directors to order on at 8:37 AM on Wednesday, May 17, 2017.

Lloyd Kurtz was absent on Day 2. Robert Hirth joined via teleconference on Day 2 at 11:00am.

The Chair, called attention to the agenda item to approve the minutes of the April 6-7, 2017 Board meeting. Dan Goelzer moved approval of the minutes. Vice Chair, Jeff Hales seconded, all agreed to approve the minutes of the April 6-7 meeting. The Chair noted that no more formal resolutions will be brought to the table.

An hour was slotted for each sector’s overview. At the start of each sector’s overview, the Chair and Sector Chair for each sector introduced the format & objectives, with the last 10 minutes for the analyst to suggest their own questions.

FINANCIALS SECTOR

Board Committee

Jeff Hales, Sector Chair
Dan Goelzer
Verity Chegar

Sector Analyst

Anton Gorodniuk

At 8:47am, The Sector Chair opened a discussion on agenda items 2-14 & 2-15 under the topics Systemic Risk Management & Employee Incentives and Risk to deliberate the proposals of adding a new metric and removing a topic and its associated metrics from the industry Asset Management & Custody Activities. The Board agreed to change agenda items 2-14 & 2-15 to include with reservations. The Sector Chair opened a discussion on agenda item 2-17a under the topic Employee Inclusion in the industry Asset Management & Custody Activities proposing a new metric to capture the use of fines to characterize performance of professionals. The Board maintained their original opinion to exclude item 2-17a from the Technical Agenda. The Sector Chair opened a discussion on Agenda items 2-1 and 2-19 under the topics Data Security and Customer Privacy to deliberate the proposals of adding new metrics in the Consumer Finance industry and the removal of a disclosure topic in the industry Commercial Banks. The Board agreed to change agenda items 2-1a & 2-19a to Include with reservations. The Chair adjourned the Financials Committee Session at 9:42am.

RENEWABLE RESOURCES AND ALTERNATIVE ENERGY SECTOR

Board Committee

Stephanie Tang, Sector Chair
Jeff Hales
Kurt Kuehn

Sector Analyst

Henrik Cotran

At 9:48am, the Sector Chair opened a discussion on agenda items 10-4 & 10-9 under the topics Water Management in Manufacturing and Pulp & Paper Products in the Solar Energy industry to deliberate the proposal of harmonizing the metrics and technical guidance associated with the topic. The topics were suggested for discussion as a cross-cutting issue. The Board maintained their original opinion to include items 10-4 & 10-9 with reservations. The Sector Chair opened a discussion on agenda item 10-5 under the topic Materials Sourcing in the Solar Energy industry to deliberate the proposal of determining a cross-cutting update to the language in the metrics. The Board maintained their original opinion of including item 10-5 into the Technical Agenda. The Committee agreed the committee report sent to the Analyst earlier in the week was final. The Chair adjourned the Renewable Resources and Alternative Energy Committee Session at 10:41am.

TECHNOLOGY & COMMUNICATIONS SECTOR

Board Committee

Bob Hirth, Sector Chair
Lloyd Kurtz
Verity Chegar

Sector Analyst

Quinn Underriner

At 11:00am, the Sector Chair opened a discussion on agenda item 3-8 under the topic Recruiting & Managing a Global, Diverse Skilled Workforce in the Software & IT Service industry to develop a specific proposal to discuss regional and national differences and suggest metrics substantiated by stakeholders. The Board maintained their original opinion of including item 3-8 with reservations. The Board opened the discussion on agenda item 3-10 under the topic Data Security in the Software & It Service industry to deliberate the proposal of adding a quantitative metric to present forward-looking insights into the topic. The Board agreed to change agenda item 3-10a and 3-10b to include with reservations. The Sector Chair opened a discussion on agenda item 3-7 under the topic Intellectual Property Protection in the Hardware industry to deliberate the proposal of adding the topic if evidence indicates that it is likely to be material. The Board agreed to change agenda item 3-7 to include with reservations. The Chair adjourned the Technology and Communications Committee Session at 12:02pm.

EXTRACTIVES & MINERALS PROCESSING SECTOR**Board Committee**

Verity Chegar, Sector Chair
Elizabeth Seeger
Bob Hirth

Sector Analyst

David Parham

At 1:04pm, the Sector Chair opened a discussion on agenda item 4-36 under the topic Waste & Hazardous Materials Management in the Metals & Mining industry to deliberate the proposal of conducting additional research to identify additionally applicable frameworks for tailings facility hazard assessments. The Board maintained their original opinion of excluding agenda item 4-36 from the Technical Agenda. The Sector Chair opened a discussion on agenda item 4-47c under the topic Product Innovation in the Construction Materials industry to deliberate the proposal of researching additional international sustainable business design and construction design and adding these to the technical protocol for the metric NR0401-011. The Board agreed to maintain its original opinion of excluding the agenda item from the Technical Agenda. The Sector Chair opened a discussion on agenda item 4-1a under the topic Greenhouse Gas Emissions in the Oil & Gas – Exploration and Production industry to deliberate the proposal of including an additional disclosure item associated with methane emissions. The Committee agreed to deliberate on their recommendation further in a committee call post Board meeting. The Sector Chair opened a discussion on agenda item 4-7b under the Research Valuation and Capital Expenditures topic in the Oil & Gas – Exploration and Production industry to revise the existing metric to meet the final TCFD recommendations, to consider alternative scenario definitions and to consider adding a metric describing the impact of technology developments and climate resilient investments. The Board maintained its original opinion of excluding the agenda item from the Technical Agenda.

The Sector Chair opened a discussion on agenda item 4-4 under the topic Security, Human Rights and the Rights of Indigenous People in the Oil & Gas – Exploration and Production industry to deliberate the proposal of reviewing disclosure items measured by reserve levels to determine if an alternative methodology exists to communicate the associated financial risk or opportunity in a decision-useful and cost-effective way. The Board maintained their original opinion of excluding the item from the Technical Agenda. The Sector Chair opened a discussion on agenda item 4-6 under the topic Business Ethics and Payments Transparency in the Oil & Gas – Exploration and Production industry to deliberate the proposal of reviewing alternative frameworks to assess ethics risk and/or consider the addition of or replacement of the existing metrics with a disclosure metric describing enforcement actions or incidents. The Board maintained their original opinion of excluding the item from the Technical Agenda and moving the agenda item to the Research Agenda.

The Committee agreed to have a call to edit the state of the Committee report.
The Chair adjourned the Extractives and Minerals Processing Committee Session at 1:59pm.

TRANSPORTATION SECTOR

Board Committee

Kurt Kuehn, Sector Chair
Jean Rogers
Jeff Hales

Sector Analyst

Nashat Moin

The Sector Chair was absent from the session. The Chair convened the session.

At 2:03pm, the Chair opened a discussion on agenda item 5-3 under the topic Labor Relations in the Airlines industry to deliberate the proposal of updating metrics based on issuer feedback and investor research. The Board agreed to change the agenda item 5-3 to include with reservations and move to the research agenda. The Sector Analyst opened a discussion on agenda item 5-2b under the topic Environmental Footprint of Fuel Use in the Airlines industry to deliberate the proposal of renaming the topic “Greenhouse Gas Emissions” to align it with other industries which are also emitters of GHG. The Board agreed to change the agenda item 5-2b to include with no reservations. The Sector Analyst opened a discussion on agenda item 5-14a under the topic Environmental Footprint of Fuel Use under the Air Freight & Logistics, Marine, Rail, Road Transportation and Cruise Line industries. The Board agreed the change item 5-14a to include with no reservations. The Sector Analyst opened a discussion on agenda item 5-10a under the topic Product Lifecycle Management in the Auto Parts industry to deliberate the proposal of splitting the topic into two, Product Design for Vehicle Fuel Efficiency and Product End-of-Life Management respectively. The Board maintained their original opinion of including item 5-10a into the Technical Agenda. The Sector Analyst opened the discussion on agenda item 5-13 under the topic Accidents & Safety Management in the industries Air Freight & Logistics, Marine Transportation, Rail Transportation and Road Transportation to deliberate the proposal of splitting the topic into Employee Health, Safety and Wellbeing and Critical Incident Risk Management, or to keep it as one combined topic with an updated title to reflect the employee aspect. The Board maintained their original opinion of including item 5-13 of excluding the

agenda item from the Technical Agenda. The Chair adjourned the Transportations Committee Session at 3:00pm.

SERVICES SECTOR

Board Committee

Dan Goelzer, Sector Chair
Jeff Hales
Bob Hirth

Sector Analyst

Sonya Hetrick

Board member Stephanie Tang stepped out of this session.

At 3:15pm, the Sector Chair opened the discussion on agenda item 6-1 under the topic Data Security in the Education industry to deliberate the proposal of adding a topic on security and aligning the new metrics with those used in other industries. The Board maintained their change of including item 6-1 with reservations. The Sector Chair opened the discussion on agenda item 6-5 under the topic Professional Integrity in the Professional & Commercial Services industry to deliberate the proposal of including additional examples of the types of fines covered in the metric. The Board maintained their original proposal of including the agenda item in the Technical Agenda. The Analyst opened the discussion on agenda item 6-2b under the topic Quality of Education and Gainful Employment in the Education industry to deliberate the proposal of adding some metrics about student demographics to help investors account for the differences in incoming student populations. The Board agreed to change the agenda item 6-2 to move both 6-2a and 6-2b into the research agenda. The Sector Chair opened a discussion on agenda item 6-3b under the topic Workforce Diversity & Engagement in the Professional & Commercial Services industry to deliberate the proposal of considering an alternate metric that may be more standardized and comparable after accounting for other feedback received. Because it was agreed that additional evidence on a specific proposal was needed, the Board decided to include agenda item 6-3b in the Technical Agenda with reservations. The Sector Chair opened a discussion on agenda item 6-16 under the Journalistic Integrity & Sponsorship Identification topic in the Media & Entertainment industry to deliberate the proposal of including an additional metric to capture performance on the disclosure topic. The Board agreed to change the agenda item 6-16 to include with reservations, meaning they agreed with including on the Technical Agenda a proposal to remove this metric and asked that the proposal for a new metric be moved to the Research Agenda. The Chair adjourned the Services Committee Session at 4:20pm.

INFRASTRUCTURE SECTOR OVERVIEW

Board Committee

Verity Chegar, Sector Chair
Kurt Kuehn
Jean Rogers

Sector Analyst

Bryan Esterly

At 4:28pm, the Sector Chair opened a discussion on agenda item 11-3 under the topic Greenhouse Gas Emissions & Energy Resource Planning in the Electric Utilities industry to deliberate the proposal of adding a metric on GHG emissions associated with power delivery and alignment with TCFD. The Board agreed to change the agenda item 11-3 to incorporating a new metric. The Sector Chair opened a discussion on agenda item 11-10 under the topic Fair Pricing and Access in the Water Utilities industry to consider the proposal of replacing the existing metric with a metric suggested by stakeholders. The Board maintained their original opinion of including the agenda item 11-10 into the Technical Agenda. The Sector Analyst opened the discussion on agenda item 11-23 under the Climate Change Adaptation topic in the Real Estate Owners, Developers and Investment Trusts topic to deliberate the proposal of carrying out additional research before SASB proposes to revise its metrics. The Board maintained their original opinion of including agenda item 11-10 into the research agenda. The Chair adjourned the Infrastructure Committee Session at 5:33pm.

May 18th**FOOD & BEVERAGE SECTOR****Board Committee**

Stephanie Tang, Sector Chair
Elizabeth Seeger
Lloyd Kurtz

Sector Analyst

Levi Stewart

At 8:02am, the Sector Chair opened a discussion on agenda item 8-1 under the topic Industry Structure under the Agricultural Products industry to deliberate the proposals of retaining topics such as Water Withdrawal and Land Use and Ecological Impacts, or if removed, address the impacts through the Environmental and Social Impacts of Ingredient Supply Chain. The Board agreed to change agenda item 8-1 to include with reservations. The Sector Chair opened a discussion on agenda item 8-5a under the topic Water Management in the Agricultural Products industry to deliberate the proposal of adopting a metric to broaden the ability to report on the SASB stand by approximately 25 percent. The Board agreed to change the agenda item 8-5a to include with reservations. The Sector Chair opened a discussion on agenda item 8-7a under the topic Fair Labor, Practices and Workforce Health and Safety in the Agricultural Products industry to deliberate the proposal of include separate labor practices and workforce health and safety topics. The Board agreed to change the agenda item 8-7a to include with reservations. The Sector Chair opened a discussion on agenda item 8-7b under the topic Fair Labor, Practices and Workforce Health and Safety in the Agricultural Products industry to deliberate the proposal of reviewing the materiality of the current angle and associated metric on workforce exposure to pesticides included in the provisional standard. The Board maintained their opinion of excluding agenda item 8-7b from the technical agenda and to keep it on the research agenda. The Sector Chair opened a discussion on agenda item 8-14a under the topic Land Use & Ecological Impacts in the Meat, Poultry & Dairy industry to deliberate the proposal of expanding the scope of the metrics in the Land Use & Ecological Impacts section to include

practices of contracted suppliers, consistent with the provisional standards proposed in the Animal Welfare topic. The Board agreed to change the agenda item 8-14a to include. The Sector Chair opened a discussion on agenda item 8-23a under the topic Public Health in the Tobacco industry to review the categories depicted in CN0302-01. The Board agreed to change the agenda item 8-23a to include with reservations. The Sector Chair opened a discussion on agenda item 8-23b to deliberate the proposal of including a metric that captures the research and development of harm-reduction products. The Board maintained their original opinion of excluding agenda item 8-23b from the technical agenda. The Chair adjourned the Food and Beverage Committee Session at 8:59am.

CONSUMER GOODS SECTOR OVERVIEW

Board Committee

Elizabeth Seeger, Sector Chair

Stephanie Tang

Lloyd Kurtz

Sector Analyst

Gabriella Vozza

At 9:04am, the Sector Chair opened a discussion on agenda item 9-1a that covers all topics in the sector in the Apparel, Accessories & Footwear industry to deliberate the proposals of revisiting the gap areas between SASB metrics, the Higg indicators and assess how it can further align with the Higg Index Indicators. The Board maintained their original opinion to include item 9-1a from the Technical Agenda with reservations. The Sector Chair opened a discussion on agenda item 9-2a under the topic Raw Materials, Sourcing & Innovation in the Apparel, Accessories & Footwear industry to deliberate the proposal of revisiting the metrics to a qualitative disclosure to make it possible for companies to report and still provide useful information about environmental and social risks of raw materials sourcing. The Board changed the agenda item 9-2a to include with reservations. The Sector Chair opened a discussion on agenda item 9-3a under the topic Labor Conditions in the Supply Chain in the Apparel, Accessories & Footwear industry to deliberate the proposals of updating the existing metric and/or adding additional qualitative disclosures to accompany the quantitative metrics. The Board changed the agenda item 9-3a to include with reservations. The Sector Chair opened a discussion on agenda item 9-5a under the topic Product Safety in the Appliance Manufacturing industry to consider an AHAM suggestion to add an additional metric for companies to discuss their internal policies and processes in place to ensure product safety and prevent recalls. The Board maintained their original opinion of including agenda item 9-5a into the Technical Agenda with reservations. The Sector Chair opened a discussion on agenda item 9-11a under the Data Security and Fraud Protection topic in the E-Commerce industry to consider the proposal of adding a forward-looking quantitative metric for the disclosure topic. The Board maintained their original opinion of excluding item 9-11a from the Technical Agenda. The Sector Chair opened a discussion on agenda item 9-11b under the Data Security and Fraud Protection topic in the E-Commerce industry to consider the proposal of revising its metrics on data security and harmonizing them across industries. The Board maintained their original opinion of excluding agenda item 9-11b from the Technical Agenda. The Sector Chair opened a discussion on agenda item 9-12 under the Data Privacy topic in the E-Commerce industry to deliberate the proposal of renaming the topic to “Data Privacy and Advertising Standards” to align with the

Internet Media and Services disclosure topic name, since in both cases the topic covers advertising standards in addition to data privacy issues. The Board maintained their original opinion of including agenda item 9-12a into the Technical Agenda. The Sector Chair opened a discussion on agenda item 9-19 under the topic Data Security topic in the Multiline Specialty Retailers & Distributors industry to deliberate the proposals of removing the Data Security topic from the Multiline & Specialty Retailers and Distributors standard due to low incidence rates, low customer churn and the limited sensitivity of the data stored. The Board maintained their original opinion of excluding agenda item 9-19 from the Technical Agenda. The Sector Chair opened a discussion on agenda item 9-24 under the Product, Environmental, Health, and Safety Performance topic in the Household & Personal Products industry to deliberate the proposal of reassessing the current metrics in this topic to ensure that all meet SASB's principles and address company and investor concerns. The Board maintained their original opinion of including agenda item 9-24 into the Technical Agenda. The Chair Adjourned the Consumer Goods Committee Session at 10:00am.

HEALTH CARE SECTOR OVERVIEW

Board Committee

Lloyd Kurtz, Sector Chair
Jean Rogers
Bob Hirth

Sector Analyst

Eric Kane

At 10:17am, the Sector Chair opened a discussion on agenda item 1-2 under the topic Quality of Care and Patient Satisfaction in the Health Care Delivery topic to update metrics HC0301-01, 03 and 04 to better align with data collected and reported by hospitals and the addition of a metric specific to the percentage of revenue linked to value-based care. The Board maintained their original opinion of including agenda item 1-2 with reservations. The Sector Chair opened a discussion on agenda item 1-3 under the topic Climate Change Impacts on Human Health and Infrastructure in the topic Health Care Delivery to deliberate the proposal of dividing two metrics to broaden the scope of the topic. The Board agreed to maintain its original opinion of including item 1-3 into the Technical Agenda. The Sector Chair opened a discussion on agenda item 1-4 under the topic Access for Low Income Patients in the Health Care Delivery topic to deliberate the proposal of changing the existing metrics for the topic. The Board agreed to maintain the original item 1-4 into the Technical Agenda. The Sector Chair opened a discussion on agenda item 1-5a under the Energy and Waste efficiency topic in the Health Care Delivery topic to deliberate the proposal of refining the existing metrics for the topic. The Board agreed to change the agenda item 1-5a to include with reservations. The Sector Chair opened a discussion on agenda item 1-5b under the Energy and Waste Efficiency topic in the Health Care Delivery topic to deliberate the proposal of broadening the ability of companies to report on the SASB standard by approximately 25 percent. The Board agreed to change the agenda item 1-5b to include with reservations. The Sector Chair opened a discussion on agenda item 1-15 under the Pricing, Transparency and Plan Literacy topic in the Managed Care topic to consider the proposal of removing the topic from the disclosure standard. The Board agreed to change the agenda item 1-15 to include with reservations. The Chair Adjourned the Health Care Committee Session at 11:17am.

RESOURCE TRANSFORMATION SECTOR OVERVIEW**Board Committee**

Lloyd Kurtz, Sector Chair
 Jean Rogers
 Daniel Goelzer

Sector Analyst

Henrik Cotran

At 11:22am, the Sector Chair opened a discussion on agenda item 7-1c under the topic Greenhouse Gas Emissions in the Chemicals industry to deliberate the proposal of clarifying the scope of reporting facilities in the guidance to the metric. The Board maintained their original opinion of excluding agenda item 7-1c from the Technical Agenda. The Sector Chair opened a discussion on agenda item 7-2a under the topic Safety & Environmental Stewardship of Chemicals & Genetically Modified Organisms in the Chemicals topic to deliberate the proposal of separating the GMO topic disclosure topic angle from Safety & Environmental Stewardship of chemicals. The Board maintained their original opinion of including item 7-2a from the Technical Agenda. The Sector Chair opened a discussion on agenda item 7-2b under the topic Safety & Environmental Stewardship of Chemicals in the Chemicals topic to deliberate the proposal of replacing or augmenting the metric with a qualitative disclosure metric that will allow for more complete discussion of risk and opportunities related to GMO products. The Board agreed to change the agenda item 7-2b to include with reservations. The Sector Chair opened a discussion on agenda item 7-2c under the topic Safety & Environmental Stewardship of Chemicals & Genetically Modified Organisms in the Chemicals topic to deliberate the proposal of reviewing the provisional metrics addressing the percentage of products containing certain chemical substances. The Board agreed to change the agenda item 7-2c to include with reservations. The Sector Chair opened a discussion on agenda item 7-16a under the topic Greenhouse Gas Emissions in the Containers & Packaging topic to consider the proposal of harmonizing the metrics and technical guidance associated with the topic with the approach followed in other SASB sectors. The Board maintained their original opinion of including agenda item 7-16a in the Technical Agenda. The Sector Chair opened a discussion on agenda item 7-16b under the topic Greenhouse Gas Emissions in the Containers & Packaging topic to consider the proposal of reviewing the proposals and recommendations by the Task Force on Climate Related Financials Disclosure (TCFD). The Board agreed to maintain its original opinion of including agenda item 7-16b into the Technical Agenda. The Sector Chair opened a discussion on agenda item 7-16c under the topic Greenhouse Gas Emissions in the Containers & Packaging topic to deliberate the proposal of clarifying the use of metrics or establishing a value in the guidance to the metric. The Board agreed to change its original opinion to excluding the agenda items 7-16c from the Technical Agenda. The Sector Chair opened a discussion on agenda item 7-18a under the topic Air Quality in the Containers & Packaging topic to deliberate the proposal of amending the scope of the associated metric to be limited to SO₂ emissions and to total filterable particulate matter emissions. The Board agreed to change its original opinion to include agenda item 7-18a into the Technical Agenda. The Chair Adjourned the Resource Transformation Committee Session at 12:12pm.

Executive Session

At 12:15PM PST the Board went into executive session. The executive session ended at 1:00PM and the meeting was concluded.

Minutes prepared and submitted,

Ananta Sen and Sten White, Meeting Secretaries

Respectfully submitted for the record,

Jean Rogers, Chair of the Board