Summary of Consultation with Key Stakeholders

Infrastructure Sector

Electric Utilities & Power Generators Industry
Gas Utilities & Distributors Industry
Water Utilities & Services Industry
Waste Management Industry
Engineering & Construction Services Industry
Home Builders Industry
Real Estate Industry
Real Estate Services Industry

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Introduction

Although evidence-based research provides a foundation for the Sustainability Accounting Standards Board's (SASB's) standard-setting process, its outcomes are shaped in large part by feedback from participants in the capital markets—primarily corporate issuers and mainstream investors. By providing ongoing and meaningful opportunities for communication and input, the SASB leverages the expertise of its stakeholders and facilitates a collaborative approach to establishing a market standard that more effectively responds to the needs of market participants.

The SASB actively solicits input and carefully weighs all stakeholder perspectives in considering which aspects of a sustainability topic warrant standardized disclosure and in determining how to frame, describe, and measure those aspects for the purposes of standardization. This market feedback helps the SASB better meet its core objectives of delivering material, decision-useful, cost-effective disclosures to the users and providers of financial capital. Furthermore, as changes occur in an industry's competitive context, in the broader sustainability landscape, or in the interests of the reasonable investor, this bottom-up, market-informed approach is key to ensuring that the SASB standards evolve to support market needs.

Such stakeholder engagement was instrumental not only to the development of the SASB's provisional standards, but also to its work to update and codify the standards, which will culminate in 2018. This document details how market feedback informed the latter effort, through deep, focused consultation with key issuers, investors, and other market participants.

SASB Consultation Period Overview

In April 2016, the SASB marked a pivotal point in its standard-setting work when it issued the last of its provisional sustainability accounting standards for all 79 Sustainable Industry Classification System (SICS™) industries. Having completed its provisional standards development, the SASB turned its attention to updating the standards for codification, thereby establishing the first complete authoritative set of sustainability accounting standards for use in the capital markets. In service of this objective, the SASB began a period of consultation and stakeholder engagement in Q4 2016 to gather additional input regarding the materiality of its disclosure topics and the usefulness of the associated performance metrics. This consultation period continued through the end of Q1 2017. Following this period, the SASB revised its standards and has since opened them for public comment before they are codified in 2018.

Codification Timeline

2016	**2017**				**2018**	
Q4	Q1	Q2	Q3	Q4	Q1	Q2
Consultation		SASB Research	Public Comment		Codification	

Objective & Approach

The goal of the consultation phase was to elicit and gather feedback on the provisional standards for each industry and the accompanying "hypothesis for change" developed by the SASB's sector analysts. The hypothesis for change put forth initial proposals for modifications to the standards; and stakeholders were then invited to respond to these proposals, provide comments on other disclosure topics and metrics in the provisional standards but not specified in the hypothesis for change, or to suggest additional topics not yet considered by the SASB. The SASB staff incorporated the responses from this consultation process and proposed changes for each industry standard, which will receive additional input during a 90-day public comment period (with 30-day extension), ending on January 31, 2018. Comments received during this period will inform the deliberations of the SASB when the updated standards are put to a vote in 2018. Upon approval by the SASB, the updated standards will form the SASB Code.

Recruiting

Prior to engaging in consultation, the SASB's sector analysts developed consultation plans targeting companies, analysts, industry associations, and subject matter experts from whom they would seek feedback during the period. The SASB actively recruited consultation participants through a variety of channels, including:

- Referrals from previous individuals who had engaged with the SASB
- Outreach through the SASB's Investor Advisory Group (IAG)
- Presentation to and participation in conferences, panels, and industry events
- Michael Bloomberg and Mary Schapiro's outreach to the CEOs and CFOs of Fortune 500 companies
- Use of the Bloomberg Professional terminal to identify the leading publicly traded companies by market capitalization
- Use of the Thomson Reuters platform to identify analysts and portfolio managers
- Sector-specific webinars
- The general SASB email list and sector-specific email lists
- Announcements on the SASB website
- Other means, such as cold calls and emails, Twitter, and LinkedIn

Consultation Classification

The SASB classified engagements during consultation according to three categories. These categories and associated statistics apply within the context of the consultation phase only and do not include prior engagement, such as participation in an Industry Working Group (IWG) or Public Comment Period (PCP) prior to the release of the provisional standards.

- **Contacted:** The SASB sent a personalized invitation to participate in the consultation process to a company, investor, industry association, or subject matter expert (SME).
- **Briefing Held:** The SASB had a briefing meeting with a company, investor, industry association, or SME.
- **Consultation Feedback Received:** The SASB received consultative feedback (through a meeting, email, or other form of communication) from a company, investor, industry association, or SME.

Electric Utilities & Power Generators Industry

Feedback was received from 26 stakeholders during consultation for the Electric Utilities & Power Generators industry, as shown in the table below categorized by stakeholder type. Feedback generally varied according to stakeholder group, with agreement in some areas and contrasting views in other areas. Issuers focused on, and expressed significant concerns related to, a minority portion of the provisional standard that was viewed as inappropriate, as discussed below. Several issuers generally confirmed that a majority of the standard's content was reasonable given its usefulness, cost-effectiveness, and/or alignment with current internal measurement and/or external reporting practices. Furthermore, issuers sought a more limited standard in scope by generally recommending the removal of the topics and/or metrics viewed as unreasonable with little or no new additions. Investors generally agreed with issuers on a minority portion of the standard that was inappropriate, expressing its limited usefulness from an investment perspective or inaccuracy in measuring performance. However, investors typically focused on, and advocated for, more topics or metrics (and more detailed metrics) that were of interest to them, namely, End-Use Efficiency & Demand and Energy Affordability.

Consultation Feedback Received for the Electric Utilities & Power Generators Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	27	3	n/a	**30**
# of Briefings Held	n/a	13	2	n/a	**15**
# of Feedback	13	9	1	4	**27**

The SASB received consistent recommendations to more clearly indicate that the standard is intended for both regulated utilities and unregulated operations. Furthermore, numerous stakeholders recommended that the SASB provide guidance on implementation of the standard as it pertains to multiple subsidiaries and/or both regulated and unregulated operations held under a single parent entity (e.g., whether the data should be disclosed at the subsidiary level or the parent-company level), and that such guidance be carefully considered in terms of the potentially significant impacts to both costs and benefits.

The location of disclosures was a topic regularly raised by issuers, though not commonly discussed by investors. Generally, issuers expressed significant concerns related to their views on potential liabilities, additional costs, and data timing and availability issues resulting from disclosures occurring in SEC reports. Issuers also expressed concerns over investor misinterpretation of standardized disclosures, including the challenge of the comparability of metrics in the industry arising from differences in business models or geographic regions with differing regulatory frameworks. In fact, nearly all issuers raised concerns related to comparability of metrics to a certain extent. Issuers also, almost universally, raised the need for harmonization across multiple reporting frameworks either specific to the industry or more broadly based.

Both issuers and investors commonly encouraged the SASB to increase the standard's focus on financial opportunities stemming from the management of material sustainability factors, rather than primarily focusing on risks. Stakeholders often supported a more implicit acknowledgement of the sustainability performance trade-offs that must be evaluated in the management of such issues (e.g., how customer affordability of electricity factors into managing other sustainability issues).

Feedback was provided by stakeholders on the specific topics below.

- **Greenhouse Gas Emissions & Energy Resource Planning** – The SASB consulted with stakeholders on the addition of a metric designed to capture GHG emissions associated with power deliveries to customers (i.e., emissions regardless of whether the electricity was generated by the reporting entity or a third-party). This concept was universally supported by multiple issuers and investors as important and likely to be appropriate for inclusion. While not all stakeholders provided input in this area, no stakeholder expressed opposition to the importance of this concept. Views varied slightly on the optimal metric, but alignment with pre-existing metrics, such as the Electric Power Research Institute's metrics for sustainability benchmarking, was encouraged. Multiple issuers expressed reservations regarding explicit support for the addition of any new metrics, absent the removal of provisional metrics, given the length of the provisional standard. Separately, two investors recommended the inclusion of a metric (likely qualitative) that calls for the disclosure of internal carbon prices used by utilities in their generation and capital budget planning.

- **Water Management** – A few issuers and two investors noted the need to better differentiate water withdrawals and consumption by water source (e.g., disclose by seawater, freshwater, surface water, groundwater, etc.). These views support a perspective that water risks and opportunities are largely dependent on the type of water withdrawn, as well as on the technology used by the utility. Some issuers expressed concerns with using World Resources Institute's Aqueduct to measure water-scarcity risk. One investor expressed less interest in water-scarcity risk but significant interest in water thermal pollution, and recommended a corresponding metric (unspecified). Investors commented on concerns regarding capital expenditure requirements for better technology related to water management, such as cooling towers. Investors generally expressed views on the importance of the topic (though less so than other topics in the standard).

- **Coal Ash Management** – One investor recommended the differentiation between wet coal ash and dry coal ash in the metrics associated with this topic. This view was based on the importance of this factor in driving coal ash management costs and in understanding environmental impact and the resulting, potential regulatory risks.

- **Energy Affordability** – The SASB sought input on the potential inclusion of a topic focused on energy affordability, as no such topic exists in the provisional standard. The topic was universally viewed by both investors and issuers as extremely important and highly relevant to long-term financial performance. Issuers regularly pointed to how this element was needed to properly evaluate performance on other sustainability topics, as trade-offs are nearly always at play in managing sustainability issues. It was also frequently stated that affordability is an important consideration of regulators, which then may result in meaningful financial impacts. Issuers did not provide recommendations for specific metrics and stated that they felt quantitative metrics were likely to be too high-level or risked favoring certain geographic regions. One industry group communicated challenges associated with quantitative metrics and advised aligning the standard with current efforts underway on the topic.

Investors recommended a variety of metrics, though there was no universal agreement on the most useful and cost-effective metrics; investors often recommended metrics focused on bill and/or rate growth rates over time. No consensus was reached regarding whether any potential affordability metrics should be normalized by local economic conditions, as some issuers and investors felt this was appropriate and necessary, while other issuers and investors disagreed. The concept of fairness in rates was regularly raised by both issuers and investors, as stakeholders pointed to a quickly evolving and somewhat volatile regulatory environment in regulator determinations around rate structures.

- **Community Impacts of Project Siting** – Both issuers and investors universally recommended the removal of this topic and its associated metrics from the standard (and nearly all stakeholders that provided input on the industry standard provided input on this specific topic). Issuers and investors argued that the topic and metrics are significantly misplaced by focusing on new project development and modifications to projects. Views were regularly expressed regarding the positive sustainability impacts of the vast majority of new project development, combined with the positive financial impacts of new project development. As a result, stakeholders felt that any topic in the standard that focused on project development would need to be drastically reframed to provide any useful disclosures. One investor suggested reframing the topic by focusing on the project development milestones provided by utilities and the associated track records in successfully achieving such milestones. The SASB received no input from stakeholders that supported the topic, or the associated metrics, as they appear in the provisional industry standard.

- **Workforce Health & Safety** – Three issuers provided input that they viewed the inclusion of this topic as appropriate. Two investors provided modest support for the topic and the associated metric. The investors stated that while they view the topic as far less important from a financial perspective than other topics in the standards, they do recognize that utility performance on workforce health and safety is important to state regulators.

- **End-Use Efficiency & Demand** – All issuers and investors that provided input on this topic (almost all that provided input on the industry standard) regularly pointed to it as the most, or one of the most, important topics in the industry standard. However, issuers and investors diverged on their views on the metrics, including one new metric under consideration that focused on rate structures (e.g., decoupled rates). Issuers generally stated that the metrics are high level, overly simplistic, too dependent on state regulators, and not comparable—

and thus at risk of misuse by investors. These issuers typically argued that the metrics could not be further developed to adequately capture performance while also being comparable across companies in the industry. Furthermore, issuers pointed to their existing qualitative (and to a certain extent, quantitative) disclosures on the topic that they felt were sufficient. Issuer views were not necessarily universal, with two issuers expressing that they viewed the metrics as reasonable because they already disclosed this information.

Investors generally agreed that the metrics are high level, though they typically advocated for continuing to include them while working toward more detailed and nuanced metrics to capture corporate performance on the topic at a more granular level. Investors acknowledged corporate concerns around the issue of comparability, though they disagreed that these concerns should prevent the inclusion of the metrics, or more specific metrics in the future, given the importance of the topic. Investors generally expressed confidence in their abilities to interpret data in an accurate manner despite comparability challenges.

Two investors stated that they felt the metric on electricity savings from efficiency measures should include financial incentives or performance awards, rather than measuring only the underlying electricity savings. One issuer expressed concerns with this same metric being focused only on a one-year time horizon based on the fact that they made large gains in efficiency in their service territory over the past few decades and thus now have less opportunity for strong performance on the metric relative to utilities in other parts of the country that are newer to efficiency programs. One industry group expressed concerns with the methodology of calculating electricity savings, as standardizing what utilities are able to include or not include as savings is complex. Three investors provided explicit views on distributed energy resources (DER): two recommended metrics that specifically address risks to companies from the proliferation of DERs, while one expressed skepticism on the likelihood of related financial risks that may result. Multiple investors brought up the topic of asset utilization and load factors to express overt support for metrics focused on these concepts.

- **Nuclear Safety & Emergency Management** – A limited number of issuers and investors expressed views on the topic, though all agreed with its significance (at least for a subset of utilities with relevant operations). However, several issuers stated that they felt their existing disclosures were robust and would not benefit from the metrics in the provisional standard. One issuer indicated that nuclear plant capacity factors may be a more useful metric. The same issuer expressed concerns with investors accurately interpreting the metric on the Nuclear Regulatory Commission’s Action Matrix Column. One investor stated that they do not view this topic as a major concern, though they recommended incorporating the element of geographic location and population density of the surrounding area into the metrics, as they view this information as potentially useful. One other investor recommended an unspecified metric focused on nuclear waste.

- **Grid Resiliency** – The SASB received no concerns from issuers on the metrics associated with this topic, aside from a view that the metrics are more closely aligned with “grid reliability” instead of “grid resiliency.” One investor expressed an indifference to terminology concerning grid resiliency versus grid reliability, while stating that these are important metrics that are appropriate in the standard. One investor stated that SAIDI and SAIFI (two elements in a provisional metric) are disclosed by many utilities but that those utilities underperforming on these metrics are likely not disclosing it to investors, and thus, they are appropriate metrics in the standard.

- **Management of the Legal & Regulatory Environment** – Numerous stakeholders expressed confusion over the topic in the provisional standard and the metrics associated with the topic. The aspect of the topic, along with two corresponding metrics, that focused on utility interactions with regulators was widely viewed by both issuers and investors as unnecessary and potentially inappropriate for the standard. Stakeholders acknowledged a very limited number of large-scale incidents that have occurred on this issue, though they felt that these incidents do not justify the inclusion of multiple, explicit metrics. Issuers generally pointed to robust industry disclosures, while investors generally stated that they would not find this information decision-useful and recommended that the SASB focus on other areas.

Gas Utilities & Distributors Industry

Feedback was received from 17 stakeholders during consultation for the Gas Utilities & Distributors industry, as shown in the table below categorized by stakeholder type. Feedback generally varied according to stakeholder group, with agreement in some areas and contrasting views in other areas. Issuers did not necessarily have any topic- or metric-specific focal points, though they emphasized the theme of restraint in the consideration of any additional topics or metrics, as the consideration of two new topics was regularly discussed (GHG emissions and affordability). Investors often focused on concerns arising from the lack of GHG emissions in the provisional standard.

Consultation Feedback Received for the Gas Utilities & Distributors Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	16	1	n/a	**17**
# of Briefings Held	n/a	10	1	n/a	**11**
# of Feedback	10	5	0	2	**17**

The SASB received consistent recommendations to more clearly indicate that the standard is intended for both regulated utilities and unregulated operations. Furthermore, numerous stakeholders recommended that the SASB provide guidance on implementation of the standard as it pertains to multiple subsidiaries and/or both regulated and unregulated operations held under a single parent entity (e.g., whether the data should be disclosed at the subsidiary level or the parent-company level), and that such guidance be carefully considered in terms of the potentially significant impacts to both costs and benefits.

The location of disclosures was a topic regularly raised by issuers, though not commonly discussed by investors. Generally, issuers expressed concerns related to potential liabilities, additional costs, and data timing and availability issues resulting from disclosures occurring in SEC reports. Issuers also expressed concerns over investor misinterpretation of standardized disclosures, including the challenge of the comparability of metrics in the industry arising from differences in business models or geographic regions with differing regulatory frameworks. Issuers also, almost universally, raised the need for harmonization across multiple reporting frameworks either specific to the industry or more broadly based.

Feedback was provided by stakeholders on the specific topics below.

- **End-Use Efficiency** – All issuers and investors that provided input on this topic (almost all that provided input on the industry standard) expressed views on its importance to the industry. However, issuers and investors diverged on their views on the metrics, including one new metric under consideration that focused on rate structures (e.g., decoupled rates). Issuers generally stated that the metrics are high level, overly simplistic, too dependent on state regulators, and not comparable—and thus at risk of misuse by investors. These issuers typically argued that the metrics could not be further developed to adequately capture performance while also being comparable across companies in the industry. Furthermore, issuers pointed to their existing qualitative (and to a certain extent, quantitative) disclosures on the topic that they felt were sufficient.

Investors generally agreed that the metrics are high level, though they strongly advocated for continuing to include them while working toward more detailed and nuanced metrics to capture corporate performance on the topic at a more granular level. Investors acknowledged corporate concerns around comparability, though they disagreed that these concerns should prevent the inclusion of the metrics, or more specific metrics in the future, given the importance of the topic and their abilities to perform adjustments.

- **Integrity of Gas Delivery Infrastructure** – As the topic relates to both the safety of gas infrastructure as well as GHG emissions stemming from gas infrastructure, the SASB received significant input from both issuers and investors. All issuers and investors shared views on the importance of this topic and the actual or potential financial implications (both risks and opportunities) related to managing the issue. Furthermore, nearly all issuers and investors encouraged the SASB to view the topic as more of a financial opportunity for the industry, given necessary capital investments in this space, broadly speaking. Stakeholders were loosely in agreement on the reasonableness and usefulness of the provisional metrics, or potential new metrics, focused on inspections, materials, violations, and incidents, though there were downsides communicated with most of the current or potential metrics. Views in other areas varied considerably by stakeholder. Investors were generally supportive of a metric designed to capture fugitive emissions, while issuers were highly skeptical of such a metric. Issuer views were based on concerns over the methodologies used to estimate fugitive emissions (occasionally well-recognized concerns by investors), as well as fears of investor misuse and misunderstanding of the data. However, a few issuers did acknowledge that they currently disclose this information in their sustainability reporting, and while they believe significant progress is needed in terms of technical measurement, they felt these could be reasonable data points for disclosure.
- **Energy Affordability** – The SASB sought input on the potential inclusion of a topic focused on energy affordability, as no such topic exists in the provisional standard. The topic was universally viewed by both issuers and investors as important and relevant to long-term financial performance. Issuers regularly pointed to how this element was needed to properly evaluate performance on other sustainability topics, as trade-offs are nearly always at play in managing sustainability issues. Issuers did not provide recommendations for specific metrics and stated that they felt quantitative metrics were likely to be too high-level. Investors recommended a variety of metrics, though there was no universal agreement on the most useful and cost-effective metrics. Investors often recommended metrics focused on billing rates and/or rate growth over time. No consensus was reached regarding whether any potential affordability metrics should be normalized by local economic conditions, as some issuers and investors felt this was appropriate and necessary, while other issuers and investors disagreed.

Water Utilities & Services Industry

Feedback was received from 11 stakeholders during consultation for the Water Utilities & Services industry, as shown in the table below categorized by stakeholder type. Feedback was generally characterized by issuers pointing to complexities in the topics and metrics in the standards, while investors often sought metrics that could be useful across the industry, even if those metrics were not perfect.

Consultation Feedback Received for the Water Utilities & Services Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	5	3	n/a	**8**
# of Briefings Held	n/a	3	3	n/a	**6**
# of Feedback	7	2	1	2	**12**

The SASB received recommendations to more clearly indicate that the standard is intended for both regulated utilities and unregulated operations. Furthermore, stakeholders recommended that the SASB provide guidance on implementation of the standard as it pertains to multiple subsidiaries and/or both regulated and unregulated operations held under a single parent entity (e.g., whether the data should be disclosed at the subsidiary level or the parent-company level), and that such guidance be carefully considered in terms of the potentially significant impacts to both costs and benefits.

One issuer recommended the need for guidance on how municipal utilities that issue public debt should implement the standard, including where such disclosures should occur. One investor highlighted a need to separate water utility performance from wastewater operations.

Feedback was provided by stakeholders on the specific topics below.

- **Greenhouse Gas Emissions** – While not a focal point for consultation, one issuer expressed that Scope 1 emissions are important and should be considered for inclusion in the standard. The issuer stated that climate-related goals are often defined in terms of emissions and there are often difficult trade-offs between grid electricity consumption and self-generation, and thus, including Scope 1 better incorporates this dynamic.

- **Water Scarcity** – Issuers, an industry association, and a few investors expressed strong disagreement with the framing of the Water Scarcity topic, as well as the metrics used to capture performance on the topic. The issuers stated that the topic should focus less directly on water scarcity and instead should focus on any risk that may impact the ability for the utility to reliably deliver affordable and safe water to its customers (i.e., focus on water-supply risks). Water scarcity may be a significant risk for some utilities but not all, while other risks (e.g., contamination, single source, critical infrastructure, etc.) may be far more relevant to water-supply risks for other utilities. Thus, these issuers recommended a focus on integrated resource planning, including self-identification of key risks and disclosure of performance metrics against those risks. Investors generally echoed these sentiments of a needed focus on water supply, though with less specificity as issuer input. Regarding the water scarcity quantitative provisional metric, one issuer expressed concerns over how the metric may apply to water purchases from third parties. One investor commented that the standard should better incorporate risks stemming from droughts and should seek to measure drought risk in detail.

- **Water Affordability** – Issuers and investors universally viewed the topic as important and relevant to long-term financial performance. However, stakeholders expressed views that the topic and metrics were largely inappropriate and failed to decently capture performance on the topic, in addition to potentially being perceived as biased against issuers. The bulk of the concerns resided around the use of the term “fair” and relying on customer complaints as an indicator for performance. Both issuers and investors encouraged a reframing of the issue to more accurately characterize the risks and opportunities associated with the issue, while seeking to objectively measure performance. Both issuers and investors expressed a desire for metrics that could be useful for disclosing utility progress (and measuring utility progress) in establishing moderate long-term rate growth. No consensus was reached on the most appropriate specific metrics, nor whether any potential affordability metrics should be normalized by local economic conditions, as some issuers and investors felt this was appropriate and necessary, while other issuers and investors disagreed.

- **End-Use Efficiency** – Issuers and investors expressed views on the importance of this topic, though views on metrics varied. General support was received for a metric under consideration that focused on rate structures (e.g., decoupled rates). Stakeholders generally expressed views that a metric designed to capture a portion of customers or revenue subject to decoupled rate structures may be appropriate but noted that it was only a starting point—and that comparable, more nuanced metrics may be challenging. Regarding the provisional metric on water savings from efficiency measures, a few stakeholders recommended measuring this concept in financial terms.

- **Distribution Network Efficiency** – Two investors commented on the importance of understanding utility performance on water leakage rates from the distribution network. These investors commented on how they viewed this topic as both a risk and an opportunity for utilities. Issuers highlighted challenges in the methodologies for calculating water leakage rates, though one issuer continued to recognize it as a useful measurement.

- **Network Resiliency & Impacts of Climate Change** – One issuer expressed concerns with using FEMA Special Flood Hazard Areas to measure performance on the topic, noting that the metric should be applicable internationally. Another issuer stated that the metric on sanitary sewer overflows should include the number of overflows in addition to the provisional metric’s focus on volume.

Waste Management Industry

Feedback was received from three stakeholders during consultation for the Waste Management industry, as shown in the table below categorized by stakeholder type. Feedback was generally supportive of the provisional standard while focusing on a few areas that could be improved, according to stakeholders.

Consultation Feedback Received for the Waste Management Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	3	0	n/a	**3**
# of Briefings Held	n/a	3	0	n/a	**3**
# of Feedback	1	2	0	1	**4**

Feedback was provided by stakeholders on the specific topics below.

- **Greenhouse Gas Emissions** – An issuer commented on the importance of incorporating the waste-to-energy element into how the standard measures performance on GHG emissions. The issuer stated that generating energy from waste negatively impacts Scope 1 emissions, yet it often has a positive impact on net lifecycle GHG emissions.
- **Environmental Justice (and Air Quality)** – Both issuers that provided input on the standard disagreed with the standard's lack of explicit inclusion of environmental justice—or the disproportionate environmental impact of waste management facilities on lower socioeconomic communities. The issuers expressed that environmental justice is an important issue that has a direct impact on financial risk and performance. The issuers acknowledged the presence of a metric in the Air Quality topic that is focused on facilities near densely populated areas; however, the issuers do not view this as an appropriate performance metric (nor proxy) for environmental justice. Both issuers recommended consideration of the U.S. Environmental Protection Agency's tool to measure environmental justice, EJSCREEN. One investor indicated a modest level of interest in the topic but was hesitant to classify it as a financially material factor.
- **Recycling & Resource Recovery** – An issuer strongly recommended that the SASB seek to align this topic, and its associated metrics, more closely with the U.S. Environmental Protection Agency's (EPA) waste hierarchy. Consistent with this, the issuer pointed to how a provisional metric includes the waste incinerations, but the metrics overall failed to differentiate between combustion where energy recovery occurs versus incineration with no energy recovery. Furthermore, the issuer advised better separating the concepts of recycling from recovery, again, consistent with the EPA's waste hierarchy.

Engineering & Construction Services Industry

Feedback was received from four stakeholders during consultation for the Engineering & Construction Services industry, as shown in the table below categorized by stakeholder type.

Consultation Feedback Received for the Engineering & Construction Services Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	7	5	n/a	**12**
# of Briefings Held	n/a	2	3	n/a	**5**
# of Feedback	2	1	0	1	**4**

One issuer expressed a need for further guidance on how the standard applies to a wide variety of project types, given complex project structures in the industry.

Feedback was provided by stakeholders on the specific topics below.

- **Greenhouse Gas Emissions** – One investor recommended the inclusion of a Scope 1 emissions metric. While the investor acknowledged that emissions may be considered to belong to the project owner, they felt that regulations and client interest in environmental impact make Scope 1 an important metric for the industry.

- **Environmental Impacts of Project Development** – An issuer recommended considering separating incidents of non-compliance by tiers, as such incidents are typically minor but can occur on a wide spectrum of severity.

- **Workforce Health & Safety** – One investor recommended additional metrics designed to better capture the large, international workforces that some companies in the industry hire and are reliant. The investor pointed to human rights issues in projects being built in the emerging markets, though focused on the importance of labor management overall.

- **Climate Impacts of Business Mix** – An issuer was concerned with the appropriateness of the metrics associated with this topic. The issuer stated that performance on the metrics may not provide useful information to investors. The issuer also expressed a need for better definitions in the metric that focused on backlog for non-energy projects associated with climate change mitigation.

Home Builders Industry

Feedback was received from two stakeholders during consultation for the Home Builders industry, as shown in the table below categorized by stakeholder type. No issuers or industry associations provided feedback.

Consultation Feedback Received for the Home Builders Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	6	2	n/a	**8**
# of Briefings Held	n/a	0	2	n/a	**2**
# of Feedback	2	0	0	0	**2**

Feedback was provided by stakeholders on the specific topics below.

- **Product Quality & Safety** – One investor expressed support for the inclusion of a topic on product quality and safety in the standard. The investor pointed to historical liability claims, as well as the impact of warranty payments on companies' financial performance.
- **Workforce Health & Safety** – One investor disagreed with this topic's exclusive focus on workforce health and safety and recommended a more holistic focus on labor management. The investor stated that retaining talent to operate efficiently without delays and excessive turnover is an important issue in the industry.
- **Community Impacts of New Developments** – One investor stated that the information that would be generated by the standard would be of interest; however, connecting such data to a company's financial performance or valuation would be challenging. As a result, the investor was hesitant to support the topic and metrics.

Real Estate Industry

Feedback was received from 23 stakeholders during consultation for the Real Estate industry, as shown in the table below categorized by stakeholder type. Feedback was generally well aligned and stakeholders were generally supportive of the provisional standard, with some notable exceptions highlighted below.

Consultation Feedback Received for the Real Estate Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	19	4	n/a	**23**
# of Briefings Held	n/a	13	4	n/a	**17**
# of Feedback	6	10	3	4	**23**

Nearly all issuers provided input on the need for continuing alignment with the metrics contained in existing disclosure frameworks and initiatives (e.g., GRESB, ULI Greenprint, GRI, CDP, etc.). Issuers largely recognized significant alignment between the provisional standard and other widely used disclosure initiatives, while encouraging the SASB to continue to collaborate with other third-parties to continually improve alignment in the industry.

The majority of issuers expressed strong concerns related to data timing and availability, in terms of implementation of the standard into SEC filings. Issuers represented that, given the nature of managing large portfolios of buildings, obtaining energy and water data across the portfolio often has a lag that may be several months long. This lag presents a very large barrier to disclosure in SEC reporting. Multiple issuers recommended that the SASB provide implementation guidance to help resolve this issue.

Most issuers and investors articulated the importance of recognizing differing property types in the standard. These stakeholders described in detail how metrics (and topics) are dramatically impacted by different property types. Most issuers that pointed to this issue were not fundamentally opposed to the topics, or most metrics, in the provisional standard, but instead sought to encourage the market to process this information and compare companies with one another only to the extent that is appropriate. The challenges associated with triple net leases was also regularly discussed, as those issuers that use a triple net leasing model almost universally pointed to challenges with data collection and availability.

One issuer and several investors recommended that the standard should strive to more directly measure financial impacts of sustainability performance by incorporating financial impacts into the metrics (e.g., capital expenditures and returns on efficiency projects, or capital expenditures passed through to tenants).

Issuers expressed contrasting views on the implementation of the standard in SEC reporting. Some issuers were in favor of such an approach, while other issuers directly stated that they would not seek to implement the standard in SEC filings unless legally required to do so.

One industry association recommended that the SASB provide further training to companies on the implementation of the standard.

Feedback was provided by stakeholders on the specific topics below.

- **Greenhouse Gas Emissions** – The SASB sought input on the appropriateness of direct GHG emissions as a disclosure topic and corresponding metric, particularly emissions that stem from construction and development activities, as the provisional standard did not include Scope 1 emissions. Issuers widely acknowledged the importance of GHG emissions, but no issuers strongly supported including GHG emissions from construction activities in the standard. One issuer stated that they do measure this metric currently, though they are unsure of the extent to which they will seek to improve performance on it, given that emissions stem directly from third parties that perform construction activities. Two issuers expressed views that the issue is important in some regions, given increasingly strict regulations. However, these issuers stated that it is really energy building codes that are far more of a focal point for regulators. One investor expressed strong views on the need to better understand carbon footprints of the buildings, but did not focus on the construction phase.

- **Energy Management** – The SASB sought input on whether the energy consumption metric in the provisional standard should allow issuers to classify the renewable portion of grid electricity as renewable energy. Issuers were notably split in their views on this issue. Some issuers stated that the GHG-intensity of the grid (or conversely, renewable portion of the grid) where each building is located is a large factor in analyzing renewable energy projects. Other issuers stated that giving real estate owners credit for renewable energy when they consume grid electricity is misplaced and will lead to inaccurate comparisons in what companies are doing to manage this issue.

  Multiple investors expressed that building energy efficiency is a focal point, given both the regulatory environment and demand from tenants. These investors were encouraging of any metrics that could better enable an understanding of energy efficiency, and ultimately the carbon footprints of buildings. One investor expressed challenges with relying on metrics focused on sustainability certifications, but stated that the addition of such a metric may help provide further information on company performance.

  One industry association and two issuers expressed concerns with the inclusion of a metric that references ENERGY STAR®. While none of these stakeholders were outright opposed to the inclusion of ENERGY STAR® references, they stated that the program is less applicable (or potentially not applicable) to certain property types. As a result, these stakeholders sought to avoid disadvantages in comparisons with industry peers and expressed a need to ensure that lack of disclosure on potentially irrelevant metrics would not penalize them.

Numerous stakeholders recommended that the unit of measure for energy consumption should be megawatt-hours instead of gigajoules.

- **Management of Tenant Sustainability Impacts** – A few investors commented on their interest in this topic while they encouraged more detailed metrics. One investor recommended a metric on the financial amounts passed through to tenants using cost-recovery clauses. Several issuers expressed support for this topic, broadly speaking, and articulated various strategies in place for managing the issue. While this subset of issuers did not feel that that the metrics were ideal, they expressed views that the metrics may serve as reasonable starting points. Other issuers expressed no interest in the topic as they stated that it did not apply, or applied only in a minimal way, to certain property types or lease structures. These issuers regularly commented on the need to ensure that investors would not view lack of disclosure on this topic in an unfavorable light when the topic and metrics may not apply to their business model, or may apply only in a minimal manner.

- **Climate Change Adaptation** – Issuers, and an industry association, were almost universally opposed to a metric in the provisional standard focused on the portfolio area located in FEMA Special Flood Hazard Areas. These issuers expressed strong views on the inappropriateness of the metric. These views were generally based on the very high-level nature of the metric, which merely defines performance on the topic as where the property is located. Stakeholders argued that this simplistic approach ignores both physical asset resilience and financial risk mitigation (e.g., insurance). Issuers recognized the importance of the topic but stated that the standard should seek a more appropriate metric or metrics. Several issuers suggested that performance on the topic is too difficult to quantify at this point in time, and thus, the standard should only include a qualitative metric. An industry association encouraged a focus on other relevant metrics, such as exposure to drought, wildfires, wind and ice storms, other extreme weather events, and seismic activities.

  Investors were wide ranging in their views on the topic and the associated metrics. Several investors were encouraging of a quantitative approach on this topic. They stated that, while more granular risk-exposure metrics would be helpful, high-level indicators are a very useful place to begin. Other investors argued that real estate economics in coastal areas is such a complex, powerful driver of risk and return that additional information on flood zones was unlikely to be helpful.

  No issuers or investors provided alternative recommendations for quantitative metrics to capture performance (or risk exposure) associated with this topic.

Real Estate Services Industry

Feedback was received from three stakeholders during consultation for the Real Estate Services industry, as shown in the table below categorized by stakeholder type.

Consultation Feedback Received for the Real Estate Services Industry

	Investor	Issuer	Industry Association	Subject Matter Expert	Total
# Contacted	n/a	3	0	n/a	**3**
# of Briefings Held	n/a	2	0	n/a	**2**
# of Feedback	1	2	0	0	**3**

Issuers expressed strong concerns related to data timing and availability, in terms of implementing the standard into SEC filings. Additional guidance on how companies may address such implementation barriers was recommended. Separately, stakeholders expressed a need for guidance on how the standard applies to vertically integrated firms versus those firms that exclusively focus on real estate services.

Feedback was provided by stakeholders on the specific topic below.

- **Sustainability Services** – One issuer expressed concerns with how challenging it is to objectively define the term “sustainability services,” which is a necessary definition for two of the three metrics associated with the topic in the provisional standard. It was also stated that the metric may be misleading if such services are built into the company’s base services rather separated out as a unique product line. Separately, it was recommended that the standard should incorporate projected financial, energy, and GHG savings resulting from sustainability projects.