



# Summary of Consultation with Key Stakeholders

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## **Extractives & Minerals Processing Sector**

Oil & Gas – Exploration & Production Industry  
Oil & Gas – Midstream Industry  
Oil & Gas – Refining & Marketing Industry  
Oil & Gas – Services Industry  
Coal Operations Industry  
Iron & Steel Producers Industry  
Metals & Mining Industry  
Construction Materials Industry

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# Introduction

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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

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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*

<b>2016</b>	<b>2017</b>				<b>2018</b>	
Q4	Q1	Q2	Q3	Q4	Q1	Q2
Consultation		SASB Research	Public Comment		Codification	

## Objective & Approach

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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

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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

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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.

## Oil & Gas – Exploration & Production Industry

Feedback was received from 25 stakeholders during consultation for the Oil & Gas – Exploration and Production industry, as shown in the table below categorized by stakeholder type. Feedback varied among stakeholder groups; investors were generally in agreement with the decision-usefulness of topics and metrics included in the standard, while issuers raised some concerns regarding the materiality of certain the topics as well as the suitability of the metrics in accurately representing performance on the topics.

### *Consultation Feedback Received for the Oil & Gas – Exploration & Production Industry*

	Investor <sup>1</sup>	Issuer	Industry Association	Subject Matter Expert <sup>2</sup>	Total
# Contacted	n/a	16	2	n/a	<b>18</b>
# of Briefings Held	n/a	5	2	n/a	<b>7</b>
# of Feedback	17	4	1	3	<b>25</b>

The SASB received feedback that suggested some topics or metrics may be challenging and costly for issuers to report, especially for smaller industry participants. Issuers suggested that some metrics be revised to better align with existing reporting norms to mitigate these concerns. Issuers also suggested several instances in which the definition of terms included in the standard could be revised to improve their accuracy and industry-applicability. Both issuers and investors suggested that, since the provisional standard primarily focused on sustainability risks, the SASB consider the inclusion of opportunities as well.

Feedback was provided by stakeholders on the specific topics below.

- Greenhouse Gas Emissions** – SASB consulted with market participants to assess the appropriateness of the addition of disclosures related to methane emissions, including the amount emitted and policies to detect and mitigate such emissions. With respect to methane emissions, issuers suggested that the addition of such reporting requirements may increase the cost of reporting and suggested that the SASB align existing disclosures as well as any additional disclosures with existing voluntary and/or regulatory reporting requirements. Issuers also expressed concern regarding the inclusion of absolute emissions-reduction targets, as such data may not be representative given changes in the issuer’s underlying asset and/or production mix. Issuers further expressed that breaking down emissions by those covered by a regulatory program or by type of asset was not representative of the

<sup>1</sup> Investors were typically engaged directly through SASB’s Investor Advisory Group and agreed to provide consultative feedback; therefore, the first row is marked “not applicable.” Furthermore, those engaged during consultation either had sufficient familiarity with SASB that briefing meetings were deemed unnecessary or briefings were conducted by members of the Capital Markets Policy and Outreach team; therefore, the second row is marked “not applicable.”

<sup>2</sup> Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked “not applicable.”

underlying risks and/or opportunities associated with the management of greenhouse gas emissions. In contrast, investors were generally supportive of additional disclosures related to methane, noting that such disclosures were material and decision-useful. With respect to the topic in general, issuers expressed concerns about the cost of reporting SASB metrics because of the granularity of the data, while investors supported the materiality and decision-usefulness of such disclosures.

- **Water Management** – Issuers suggested that reporting total water withdrawn may not provide decision-useful information and that the SASB should consider clarifying its definition for “recycled” water. Issuers also noted concerns regarding the cost and accuracy of measuring and reporting baseline and subsequent water-quality monitoring in areas of well development and/or production activities. Specifically, issuers noted the challenge in defining what constitutes a “deterioration” of water quality as well as identifying whether such deterioration is attributable to oil and gas industry activities. Rather than reporting well-by-well information, investors suggested that a company’s systemic management approach for preventing incidents that may lead to a deterioration of water quality would provide investors with more representative, decision-useful information. Investors supported the materiality of the topic and the decision-usefulness of the metrics, especially the emphasis on water withdrawals from areas of high water stress. Some investors suggested that asset-level disclosures would provide more useful information with respect to identifying risks related to the topic.
- **Biodiversity Impacts** – Issuer feedback suggested that metrics that disclose the amount of reserves subject to potentially elevated biodiversity risk may not provide representative information with respect to the effectiveness of company management of such risks. It was also suggested that the SASB review the usefulness of disclosures related to impacts in Arctic areas, noting that exploration and production activities in these areas are currently very limited.
- **Security, Human Rights & the Rights of Indigenous Peoples** – Issuer feedback suggested that metrics that disclose the amount of reserves subject to potentially elevated human rights risks may not provide representative information with respect to the effectiveness of company management of such risks. Issuers also suggested that the identification of indigenous peoples as well as indigenous lands may be challenging for the purposes of reporting assets near to such peoples or lands. It was also noted that the definition of “indigenous peoples” could be clarified to ensure the comparability of associated disclosures. Issuer feedback noted that the disclosure of a company’s governance structure for managing and mitigating risks related to the topic may provide investors with more representative information.
- **Health, Safety & Emergency Management** – Issuers and investors agreed that company management of process safety and the prevention of low-probability, high-consequence events was an important issue for the industry; however, issuers noted that the management of such risks is typically a part of existing company enterprise risk management processes,

whereas investors supported the potential inclusion of additional quantitative or qualitative disclosures related to specific company management strategies to prevent such critical incidents. Issuers noted that, should such a disclosure be included, it would likely be more appropriate as a qualitative disclosure describing company strategies for managing such risks. Generally, issuers and investors recognize the value of forward-looking indicators in providing a more complete picture of company management of health and safety risk, noting that many of the metrics in the SASB Standard are currently backward-looking.

- **Business Ethics & Payments Transparency** – Issuer feedback suggested that metrics that disclose the amount of reserves subject to potentially elevated business ethics risks may not provide representative information with respect to the effectiveness of company management of such risks. Additionally, issuers suggested that the SASB consider the appropriateness of the Corruption Perception Index as a measure of exposure to business ethics risk and suggested that the potential inclusion of other indices and/or the use of a qualitative disclosure in lieu of a quantitative metric.
- **Reserves Valuation & Capital Expenditures** – Several issuers noted that the provisional metric that describes the impacts of International Energy Agency climate-related scenarios on the quantity of reserves may not provide useful or comparable information to investors given the high level of uncertainty associated with whether and how such scenarios may manifest over the time horizons considered. Additionally, issuers expressed doubt about the materiality of such disclosures because of the long timeframe over which such impacts may be realized, noting the significant uncertainty in factors that may impact reserves valuation over the long term. Issuers also expressed concern about disclosures related to the parameters and/or assumptions used in scenario analysis, as these may reveal competitively sensitive information used by issuers in their strategic-planning process. Issuers also suggested that disclosures related to the carbon content of reserves do not take into account life-cycle emissions associated with exploration, extraction, and refining, and therefore may not provide a complete or fully representative set of information to investors. In general, issuers suggested that quantitative disclosures may not fully communicate company exposure to and/or management of climate-related risks and opportunities, and that a qualitative discussion of such strategic and management factors would be more appropriate. In contrast, investors consistently supported the usefulness of existing quantitative disclosures to their assessment of potential company exposure to climate-related risks. Investor feedback also suggested that the completeness of the set of disclosures associated with the topic could be improved by the addition of disclosures related to company investments in renewable or alternative energy opportunities. Third parties provided feedback suggesting that the SASB should consider potential alternative quantitative disclosures that are not reliant on the International Energy Agency's published scenarios.
- **Management of the Legal & Regulatory Environment** – The SASB sought feedback on the proposed replacement of the provisional quantitative metrics with a qualitative metric

describing a company's strategy with respect to the topic. In general, issuers were supportive of this proposed change and further noted that money contributed to trade associations may be used by associations for many activities other than legal or regulatory engagement. Investors provided mixed feedback on the potential revision, with some noting that a quantitative disclosure of the amount spent by companies on legal and regulatory engagement was decision-useful, while others agreed that a qualitative disclosure would be more useful.

## Oil & Gas – Midstream Industry

Feedback was received from 22 stakeholders during consultation for the Oil & Gas – Midstream industry, as shown in the table below categorized by stakeholder type. Issuer feedback was received directly from one midstream company as well as indirectly from large, integrated oil and gas companies. Feedback varied depending on the topic or metric being discussed, ranging from concurrence to disagreement regarding their cost-effectiveness, representativeness, or applicability. Investors were generally supportive of the materiality of the topics in the standard as well as the decision-usefulness of the associated metrics.

### *Consultation Feedback Received for the Oil & Gas – Midstream Industry*

	Investor <sup>3</sup>	Issuer	Industry Association	Subject Matter Expert <sup>4</sup>	Total
# Contacted	n/a	11	1	n/a	<b>12</b>
# of Briefings Held	n/a	2	1	n/a	<b>3</b>
# of Feedback	16	2	1	2	<b>22</b>

The SASB sought feedback regarding the potential addition of topics related to the management of indigenous rights as well as the impacts of climate change on the demand for services. Feedback on the former generally supported the materiality of the topic, but feedback varied significantly among all stakeholder groups with respect to the development of metrics that would communicate company management of the issue in a useful, representative, and comparable manner. Feedback on the latter questioned both the materiality of the topic as well as the ability to develop comparable, useful, and cost-effective metrics to describe associated impacts.

Feedback was provided by stakeholders on the specific topics below.

- Greenhouse Gas & Other Air Emissions** – The SASB received feedback from investors strongly supporting the materiality and usefulness of additional disclosures related to the amount of methane emissions associated with overall greenhouse gas emissions. Investors also expressed interest in additional disclosures related to company effectiveness at identifying and mitigating methane leakage, as well as the establishment of targets to reduce both overall emissions as well as methane emissions specifically. Issuer feedback supported the importance of leak-inspection activities but noted that such information may be best

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<sup>4</sup> Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked "not applicable."

communicated via a qualitative description of a company's strategy for identifying and mitigating such emissions.

- **Ecological Impacts** – Investor feedback supported the usefulness of comparable, consistent disclosures related to spill volumes and the areas impacted. Issuer feedback questioned the current designation of sensitive ecological areas, including areas in the Arctic; it was recommended that the SASB review such definitions to determine their representativeness, usefulness, or applicability.
- **Operational Safety, Emergency Preparedness & Response** – Generally, both issuers and investors recognized the value of forward-looking indicators in providing a more complete picture of company management of health and safety risks, noting that many of the metrics in the SASB Standard are currently backward-looking. Investors suggested that disclosures related to process safety, gas storage integrity, or pipeline integrity would provide decision-useful information.

## Oil & Gas – Refining & Marketing Industry

Feedback was received from 18 stakeholders during consultation for the Oil & Gas – Refining & Marketing industry, as shown in the table below categorized by stakeholder type. Industry feedback was received from an industry association as well as one integrated oil and gas company. Issuer feedback generally expressed concerns about the content and cost-effectiveness of the standard, while investor feedback generally supported the decision-usefulness of the standard.

### *Consultation Feedback Received for the Oil & Gas – Refining & Marketing Industry*

	Investor <sup>5</sup>	Issuer	Industry Association	Subject Matter Expert <sup>6</sup>	Total
# Contacted	n/a	11	1	n/a	<b>12</b>
# of Briefings Held	n/a	1	1	n/a	<b>2</b>
# of Feedback	15	1	1	1	<b>18</b>

Issuer feedback questioned the materiality and decision-usefulness of some of the standards and suggested that many topics were better described using qualitative rather than quantitative indicators. Investor feedback generally supported the content of the standards, including the decision-usefulness of comparable quantitative metrics.

Feedback was provided by stakeholders on the specific topics below.

- Greenhouse Gas Emissions** – Issuer feedback suggested that, in general, the disclosure of bulk emissions may not be meaningful for investors and that an appropriate normalization basis should be included. Issuer feedback also questioned the usefulness of disclosing the amount of greenhouse gas emissions covered by a regulatory program and suggested that absolute emissions-reduction targets were likely less useful than normalized goals or task-oriented metrics.
- Water Management** – Investors generally supported the materiality and decision-usefulness of disclosures related to water withdrawal and usage. Issuer feedback noted that the SASB should review its definition of “recycled water” to ensure that issuers were able to report the metric in a consistent and cost-effective manner.

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<sup>6</sup> Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked “not applicable.”

- **Management of the Legal & Regulatory Environment** – The SASB sought feedback on the proposed replacement of the provisional quantitative metrics with a qualitative metric describing a company’s strategy with respect to the topic. In general, issuers were supportive of this proposed change, and they noted that money contributed to trade associations may be used for many activities other than legal or regulatory engagement. Investors provided mixed feedback on the potential revision, with some noting that a quantitative disclosure of the amount spent by companies on legal and regulatory engagement was decision-useful, while others agreed that a qualitative disclosure would be more useful.

## Oil & Gas – Services Industry

Feedback was received from 20 stakeholders during consultation for the Oil & Gas – Services industry, as shown in the table below categorized by stakeholder type. In general, there was a high level of engagement from the industry, including feedback from several issuers, a large industry association, and a broad array of investors. Feedback was generally aligned among stakeholder groups with respect to the identification of opportunities to improve the technical quality of the standard. Issuers noted that while many of the topics were relevant to the industry, some may not rise to the level of materiality; investors generally supported the materiality and decision-usefulness of the topics and metrics.

### *Consultation Feedback Received for the Oil & Gas – Services Industry*

	Investor <sup>7</sup>	Issuer	Industry Association	Subject Matter Expert <sup>8</sup>	Total
# Contacted	n/a	7	1	n/a	<b>8</b>
# of Briefings Held	n/a	4	1	n/a	<b>5</b>
# of Feedback	15	3	1	1	<b>20</b>

Generally, issuers and investors agreed that the SASB Standard could be improved by better aligning the metrics associated with the topics with factors that are within the control of the service company rather than the exploration and production company. Specifically, metrics related to the handling, consumption, and disposal of fluids used in well development, as well as equipment siting, were highlighted by both stakeholder groups as opportunities to improve the standard.

Feedback was provided by stakeholders on the specific topics below.

- **Emissions Reduction Services & Fuels Management** – Issuer feedback noted that Tier 4 engine compliance is applicable only within the United States, and therefore the international applicability of this metric may be limited.
- **Water Management** – Investors and issuers agreed that the provisional metric, which included a disclosure basis normalized by oil and gas production, was not applicable for service companies that do not own and operate wells following the completion of their scope of service. Further, feedback noted that water is typically sourced by exploration and production companies and provided to a service company for use in well-development activities. Both groups of stakeholders suggested revising the disclosure to reflect factors

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<sup>8</sup> Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked “not applicable.”

under the control of the service company. In addition, issuers noted concerns regarding the cost of collecting and reporting data for individual wells, and the aggregation of data over many wells that may include both unconventional and conventional developments. Investors supported the reporting of metrics that accurately convey issuer strategies to utilize water efficiently, and suggested methodologies to normalize such disclosures in a decision-useful manner.

- **Chemicals Management** – Feedback from issuers and investors was similar to that provided for the Water Management topic, specifically with respect to an appropriate normalization basis, the ultimate ownership of chemical/fluid preparation and use by exploration as well as production companies, and the usefulness of associated disclosures to investors for understanding company management of resource efficiency and chemicals-related risks.
- **Ecological Impact Management** – Issuer feedback noted that exploration and production companies ultimately determine the layout of well development sites, with service companies providing personnel and equipment to meet the exploration and production companies' requirements. Such feedback noted that, rather than determining the overall disturbed area for a given development, service companies can contribute to reducing overall impacts by providing equipment that can accommodate a smaller footprint and/or minimize associated environmental externalities. Investor feedback was aligned with issuer feedback on this issue.
- **Health, Safety & Emergency Management** – Generally, both issuers and investors recognized the value of forward-looking indicators in providing a more complete picture of company management of health and safety risk, noting that many of the metrics in the SASB Standard are currently backward-looking. Issuer feedback noted that any additional indicators should be aligned with existing company strategies for managing health and safety risks and should provide investors with representative and useful information.
- **Business Ethics & Payments Transparencies** – Both issuers and investors expressed concerns regarding the disclosure of operations in countries with low rankings on Transparency International's Corruption Perception Index, noting that such disclosures may penalize companies for operating in such areas despite management processes and procedures that may adequately mitigate the associated business risks.
- **Management of the Legal & Regulatory Environment** – The SASB sought feedback on the proposed replacement of the provisional quantitative metrics with a qualitative metric describing a company's strategy with respect to the topic. In general, issuers were supportive of this proposed change, and further noted that money contributed to trade associations may be used by associations for many activities other than legal or regulatory engagement. Investors provided mixed feedback on the potential revision, with some noting that a quantitative disclosure of the amount spent by companies on legal and regulatory engagement was decision-useful, while others agreed that a qualitative disclosure would be more useful.



## Coal Operations Industry

Although several issuers were contacted, no direct feedback was provided for the Coal Operations industry during consultation. A few investors provided general, topic-level feedback that applied to the Coal Operations industry. Such feedback was generally supportive with respect to the materiality of the topics and the decision-usefulness of the associated metrics. In addition, some issuer feedback from integrated mining companies with coal operations was considered.

### *Consultation Feedback Received for the Coal Operations Industry*

	Investor <sup>9</sup>	Issuer	Industry Association	Subject Matter Expert <sup>10</sup>	Total
# Contacted	n/a	5	1	n/a	<b>6</b>
# of Briefings Held	n/a	1	0	n/a	<b>1</b>
# of Feedback	3	0	0	0	<b>3</b>

Issuers supported the materiality of topics that relate to the efficiency of operations in consuming natural resources or generating waste.

Feedback was provided by stakeholders on the specific topics below.

- **Water Management** – Investors supported the inclusion of disclosures related to Water Management as material and decision-useful across the sector, including for coal operations.
- **Biodiversity Impacts** – Investor feedback suggested that the SASB should consider the extent to which lifecycle impacts of operations and closure operations should be included in the standard, noting that such information would be decision-useful.
- **Reserves Valuation & Capital Expenditures** – Investor feedback supported the inclusion of disclosures on the future demand for coal, with subsequent impacts to price, that utilize International Energy Agency climate scenarios. Issuer feedback suggested that such disclosures would need to be accompanied by sufficient discussion and analysis to provide appropriate context for the quantitative data.

<sup>9</sup> Investors were typically engaged directly through SASB's Investor Advisory Group and agreed to provide consultative feedback; therefore, the first row is marked "not applicable." Furthermore, those engaged during consultation either had sufficient familiarity with SASB that briefing meetings were deemed unnecessary or briefings were conducted by members of the Capital Markets Policy and Outreach team; therefore, the second row is marked "not applicable."

<sup>10</sup> Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked "not applicable."

## Iron & Steel Producers Industry

One issuer and two investors provided feedback on the provisional Iron & Steel Producers standard during consultation. Investor feedback was generally supportive with respect to the materiality of the topics and the decision-usefulness of the associated metrics. Both issuer and investor feedback provided specific examples of opportunities to improve the representativeness, alignment, applicability, or usefulness of the metrics associated with some of the topics included in the standard.

### *Consultation Feedback Received for the Iron & Steel Producers Industry*

	Investor <sup>11</sup>	Issuer	Industry Association	Subject Matter Expert <sup>12</sup>	Total
# Contacted	n/a	9	0	n/a	<b>9</b>
# of Briefings Held	n/a	1	0	n/a	<b>1</b>
# of Feedback	2	1	0	0	<b>3</b>

Some feedback was received from issuers and investors questioning the need for separate Iron & Steel and Metals & Mining standards. In addition, issuer feedback was received regarding the appropriateness of activity metrics for the industry, noting that the alignment and applicability of these metrics with respect to communicating industry-activity levels could be improved. Finally, investor feedback suggested that the SASB consider the addition of topics to the standard related to Business Ethics and Payments Transparency and Biodiversity Impacts.

Feedback was provided by stakeholders on the specific topics below.

- **Air Quality** – Investor feedback supported the materiality of the topic and noted that the SASB should review and confirm whether additional hazardous air pollutants should be included in the metrics associated with the topic.
- **Energy Management** – Issuer feedback suggested that the SASB Standard could be improved by including disclosures that better emphasize issuer efforts to improve energy efficiency through technology deployment. Investors supported the materiality of the topic and the decision-usefulness of the metrics.

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<sup>12</sup> Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked “not applicable.”

- **Water Management** – Feedback from an issuer noted that the definition of “recycled” water could be clarified to ensure the consistency and comparability of associated disclosures. Investors supported the materiality of the topic and indicated that the associated disclosures provide decision-useful information.
- **Workforce Health, Safety & Well-Being** – Issuers recommended that the SASB review the inclusion of near-miss reporting as well as ensure alignment with reporting requirements set by the U.S. Occupational Safety and Health Administration (OSHA). Investor feedback supported the materiality and usefulness of the current disclosures and specifically noted the importance of separate disclosures on contract and non-contract employees.

## Metals & Mining Industry

Four issuers and five investors provided feedback for the provisional Metals & Mining standard during consultation. In general, both issuer and investor feedback supported the materiality of the topics included in the standard, with some exceptions noted below. Although there was consensus regarding the materiality of the topics, issuers and investors had diverging views on the representativeness or applicability of some associated metrics, with investors generally in support and issuers expressing specific concerns that are further discussed below.

### *Consultation Feedback Received for the Metals & Mining Industry*

	Investor <sup>13</sup>	Issuer	Industry Association	Subject Matter Expert <sup>14</sup>	Total
# Contacted	n/a	9	1	n/a	<b>10</b>
# of Briefings Held	n/a	5	0	n/a	<b>5</b>
# of Feedback	5	4	0	0	<b>9</b>

Feedback was received from issuers and investors questioning the need for separate Iron & Steel Producers and Metals & Mining standards. Some issuers noted that collecting, assuring, and reporting the data associated with the metrics in the provisional standard may be challenging given the nature of ownership and operatorship agreements within the industry, and that suggested that the SASB consider revising its guidance with respect to reporting boundaries. In addition, issuer feedback noted that many of the metrics and technical protocols refer to U.S. regulatory frameworks, which may result in the standard being challenging to use internationally. Some issuers and investors noted that aggregated, company-wide metrics may not provide useful, representative information, and that asset-level disclosures may be required in such instances. Finally, issuers noted that disclosures that include quantities of reserves in areas of elevated environmental or social risk may not provide consistent, comparable data to investors because of the changes in a company's asset base that may result from acquisitions, divestments, or impairments due to fluctuations in commodity prices.

Feedback was provided by stakeholders on the specific topics below.

- **Greenhouse Gas Emissions** – Issuer feedback supported the alignment of SASB's metrics with existing disclosure frameworks, such as CDP's. Investors suggested that the SASB

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review the recommendations of the Task Force on Climate-related Financial Disclosures and seek to align its standards with these recommendations.

- **Air Quality** – Feedback from one issuer and one investor noted that the SASB should review the U.S. Environmental Protection Agency’s reporting requirements for hazardous air pollutants and seek to align with this framework.
- **Energy Management** – Issuer feedback questioned the reference in the SASB standard to the Low Impact Hydropower Institute, additionally noting that this is a U.S.-based certification that may not apply internationally. However, one investor supported the reference to the Low Impact Hydropower Institute. Additional issuer feedback questioned whether the current disclosure adequately communicates issuer efforts to improve energy efficiency. One issuer noted that the current set of metrics may not provide a complete view of company performance on the topic, suggesting that energy savings associated with the product-use phase should be added. Investors supported the materiality of the topic and the usefulness of the metrics. One investor suggested that the SASB consider additional disclosures related to the current trend of mine electrification to provide a more complete view of company management of this issue.
- **Water Management** – Issuers and investors suggested that the SASB consider additional asset-level data, noting that water management risk varies significantly, depending on the location of the asset, and that aggregate, corporate-level disclosures therefore may not fully capture associated risks and company management strategies to mitigate such risks. Issuer feedback also suggested that the SASB review its technical protocol to ensure that company accounting for water use would result in comparable data, in one case noting the International Council on Mining and Metals as a potential reference framework. Both issuers and investors suggested that the SASB consider revising its metric related to incidents of non-compliance with water-effluent regulatory requirements, suggesting that the SASB include an indication of incident severity rather than an aggregated number of total incidents. Investors generally supported the materiality of the topic and the usefulness of the metrics, specifically noting that the SASB’s inclusion of disclosures of water withdrawals from areas of high water stress was a useful indicator.
- **Waste & Hazardous Materials Management** – Feedback from issuers suggested that the SASB should consider revising its metric related to the hazard potential of company tailings facilities, as the current metric refers to the U.S. Mining Health and Safety Administration, which may have limited international applicability. However, issuer and investor feedback noted the lack of an internationally applicable standard, and investors suggested that internationalization of the standard would be preferred so long as it allowed comparable disclosures across regulatory jurisdictions.
- **Biodiversity Impacts** – Issuer feedback suggested that the SASB revisit whether its metric related to acid rock drainage is broadly applicable to industry participants and whether such disclosures are needed to provide investors with a complete set of information to understand

issuer management of biodiversity risk. In addition, issuers questioned the representativeness and applicability of the provisional metric related to the quantity of mineral reserves in areas of elevated biodiversity risk, noting that the quantity of reserves does not inherently scale with the amount of biodiversity risk. One issuer noted that, for example, an open-pit mine would likely carry more biodiversity risk than an underground mine, given the area impacted by the former versus the latter, regardless of the level of reserves contained in both assets. Issuer feedback also suggested that the disclosure may not provide useful information, noting that the majority of issuer assets will likely be subject to some form of elevated biodiversity risk, as such risks are currently defined in the technical protocol associated with the standard.

- **Community Relations** – Issuers noted that the SASB’s provisional standard does not contain any forward-looking indicators with respect to the effectiveness of identifying and addressing community relations issues before they escalate to potential interruptions in mine operation activities. Issuers further suggested that the SASB should consider adding disclosures to improve the completeness of the set of disclosures associated with the topic, so long as such additional disclosures are aligned with existing company practices and do not materially increase the cost of reporting. Investors echoed the usefulness of the potential inclusion of forward-looking indicators. One issuer also noted that the definition of “non-technical” delays may be challenging. As an example, the issuer noted that permitting delays may result from “normal” political or governmental factors, such as staff availability, which are unrelated to company management of the Community Relations topic. In general, investors expressed support for the materiality of the topic and the usefulness of the existing metrics.
- **Security, Human Rights & the Rights of Indigenous Peoples** – Issuer feedback suggested that the SASB consider reframing the topic to separate indigenous rights from human rights because of the different strategies employed by companies for managing these issues. In addition, one issuer suggested that the SASB consider alternative indices for identifying areas of conflict, such as the Heidelberg Conflict Index. Issuers also suggested that the identification of indigenous peoples as well as indigenous lands may be challenging for the purposes of reporting assets that are near to such peoples or lands. Investors suggested that the SASB consider including additional forward-looking disclosures, such as the number of present or planned future assets for which an agreement is in place with impacted communities.
- **Workforce Health, Safety & Well-Being** – Issuer feedback suggested that the SASB consider improving the international applicability of the metrics associated with the topic, which currently refer to the U.S. Mine Safety and Health Administration. It was suggested that the SASB review the safety disclosures recommended by the International Council on Metals and Mining. Additionally, one issuer noted a concern with respect to the comparability of company reporting of near misses, due to the potential for companies to define such incidents differently. Investors suggested that the SASB consider the inclusion

of additional forward-looking indicators, noting that the current disclosures are largely backward-looking and therefore may not offer a complete representation of performance. Specifically, the inclusion of indicators related to employee safety training was suggested. In general, investors supported the materiality of the topic and the usefulness of the associated metrics.

- **Labor Relations** – Issuer feedback suggested that the SASB consider revising its disclosure basis to include asset-specific rather than aggregate, corporate-level reporting of the metrics associated with the topic, noting that this would provide investors with more representative information.

## Construction Materials Industry

One issuer and two investors provided feedback for the provisional Construction Materials standard during consultation. In general, issuer and investor feedback were supportive of the general structure and content of the standard, though the issuer was concerned about the structure of individual metrics and technical protocols.

### *Consultation Feedback Received for the Construction Materials Industry*

	Investor <sup>15</sup>	Issuer	Industry Association	Subject Matter Expert <sup>16</sup>	Total
# Contacted	n/a	5	0	n/a	<b>5</b>
# of Briefings Held	n/a	1	0	n/a	<b>1</b>
# of Feedback	2	1	0	0	<b>3</b>

Issuer feedback questioned the appropriateness of the inclusion of the Construction Materials industry within the Non-Renewable Resources sector, noting that the industry has significantly different sustainability challenges than other industries within the sector and that the industry's use of renewable or recyclable materials may not be appropriately represented by the "Non-Renewable" sector nomenclature.

Feedback was provided by stakeholders on the specific topics below.

- **Air Quality** – Issuer feedback suggested that the SASB consider aligning its disclosure basis with the Cement Sustainability Initiative of the World Business Council for Sustainable Development.
- **Water Management** – Both issuer and investor feedback supported the representativeness and usefulness of the current set of metrics associated with the topic.
- **Biodiversity Impacts** – Issuer feedback suggested that the SASB consider adding a disclosure that describes the percentage of active quarries and/or pits for which the issuer has a remediation plan in place. It was suggested that this would provide a more complete view of company management of biodiversity risk.
- **Workforce Health, Safety & Well-Being** – Issuer feedback questioned the representativeness of reporting near misses; specifically, one issuer noted that a higher number may indicate a higher incident rate or may indicate a stronger safety culture in which

<sup>15</sup> Investors were typically engaged directly through SASB's Investor Advisory Group and agreed to provide consultative feedback; therefore, the first row is marked "not applicable." Furthermore, those engaged during consultation either had sufficient familiarity with SASB that briefing meetings were deemed unnecessary or briefings were conducted by members of the Capital Markets Policy and Outreach team; therefore, the second row is marked "not applicable."

<sup>16</sup> Subject matter experts were typically engaged through existing relationships with or introductions from SASB partners, so engagement resulted in consultative feedback. Therefore, the first two rows are marked "not applicable."

more incidents are reported. In addition, issuer feedback suggested that the SASB review and clarify its disclosure related to silicosis.

- **Product Innovation** – Issuer feedback noted that the SASB should clarify its disclosure related to what materials a company should include when reporting the percentage of products that can be used for credits in sustainable building design and construction certifications. Issuer feedback also suggested that disclosures related to total addressable market share for such products may reveal company-proprietary information, and that the SASB should consider revising the standard to address this concern.