



**Subject:** Minutes, SASB Standards Board Meeting–October 11, 2017

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**Meeting Date:** October 11, 2017  
**Meeting Location:** Bloomberg LP, New York City  
**Attendees:** SASB Standard Board [“the SASB”]

Verity Chegar, BlackRock  
Daniel L. Goelzer, JD, Baker & McKenzie LLP  
Jeffrey Hales\*\*, PhD, Georgia Institute of Technology  
Robert Hirth, Jr., COSO, Protiviti  
Kurt Kuehn, UPS – retired  
Jean Rogers\*, SASB  
Elizabeth Seeger, KKR  
Stephanie Tang, JD, The Clorox Company

**Absent:** Lloyd Kurtz, CFA, Wells Fargo Private Bank

\* SASB Chair  
\*\*SASB Vice Chair

**Observers/Presenters:** Janine Guillot, Director of Capital Markets Policy & Outreach, SASB  
Steven Gunders, Foundation Board member, Deloitte - retired  
David Parham, Extractives & Minerals Processing Sector Analyst, SASB  
David Post, Director of Research, SASB  
Tom Riesenbergh, Director of Legal Policy & Outreach, SASB  
Claire Veuthey, Advisor to the Board  
Matthew Welch, President of the SASB Foundation  
Sten White, Operations Manager, SASB  
Standard Oversight Committee (SASB Foundation Board)  
Audrey Choi, Morgan Stanley  
Stephen Haggerty, BAML  
Robert Herz, FASB - retired  
Elisse Walter, SEC - retired (Chair)



Jean Rogers, Chair of the Sustainability Accounting Standards Board (“the SASB”), called the regular meeting of the Board of Directors to order at 7:50 am on Wednesday, October 11.

### Debrief of Standards Board Activities & Process

The Chair discussed the SASB’s substantial progress in 2017, including the release of the Exposure Draft for Public Comment on October 2, 2017, detailing 248 proposed changes to the provisional standards. The Board discussed the current and future plans for stakeholder outreach, and goals for clearer messaging regarding the standards and the process.

The Chair updated the Board on the number of Exposure Draft downloads by sector. The Board noted some stakeholders might be deterred by the requirement of submitting personal details in order to download the standards for review. The Chair noted that the staff needed some information to ensure that communication regarding the public comment period was reaching important stakeholders. She committed to discussing with the SASB staff possibilities to make the download process easier.

The Chair provided an overview of the history of the development of provisional standards and the finalization process timeline so far. The Board then discussed the results of their process assessment survey, and ways to improve their workflow moving forward. The Director of Research presented an overview of the SASB staff’s review process and team organization for delivering materials to the Board.

The Chair presented the Q1 2018 meeting dates and near-term schedule for finalization. The Board discussed allowing flexibility for more time to address public comments. The Chair noted the goal is to release the final standards in H1 2018 to allow issuers time to prepare controls for the next filing season.

<b>Owner</b>	<b>Action Item</b>
Jean Rogers	Develop refined key messaging and general talking points for the Board

### Strategy Session

The Chair opened a discussion on the priorities of the SASB Board. She presented the three proposed near-term priorities of the SASB Board: strengthening the standards, responsiveness to stakeholders, and better communication of the value and substance of standards. The Board discussed three additional proposed long-term strategies: developing world class standards, strengthening the analytics underpinning materiality, and furthering alignment with other standards. The Board agreed that more engagement with issuers should be a priority, as should be gaining a better understanding of their challenges in implementing the standards. The Director of Research noted the SASB staff is working with the AICPA Sustainability Task Force to improve Technical Protocols of SASB metrics. The board discussed tactics versus strategies, and commented that perhaps the initiatives could be rolled under the major goals.

The Chair outlined the regular three-year process for changes to the standards the Board will follow



post codification, noting that, in unique circumstances, updates can be made over shorter periods. The Chair outlined the key activities for each quarterly Board meeting and the SASB staff's expected workload leading up to each meeting. The Board discussed aligning their regular schedule with company filing schedules. The Board discussed the potential of staggering sector updates but agreed on an all-encompassing approach due to the challenges of having multiple sectors in various stages of being updated at any given time. The Chair noted the organization will be beginning to form Sector Advisory Groups with issuer stakeholder groups in 2018, and the Board discussed what the interactions between the SASB and the Sector Advisory Groups would entail.

Owner	Action Item
Jean Rogers	Circulate summary of process, regular Board meeting dates, and strategic priorities for Board commentary.

### Stakeholder Feedback, Public Comment Portal

A sector analyst presented the SASB staff's work on an improved system for intaking, assessing and responding to stakeholder feedback and inquires during and beyond public comment periods. The Board provided insight on ways to improve the tool and process, and specifically discussed potential ways to incorporate measuring stakeholder experience with SASB's responsiveness to their comments or inquiries. The Chair asked the SASB staff to provide the Board with an example of how public comments will be summarized and characterized.

Owner	Action Item
David Post	Mock-up summary of Public Comments on Exposure Drafts

### Overview of Approach to Cross-cutting Issues

The Director of Research opened a discussion with the Board on the approach to cross-cutting issues within the standards, specifically Climate Risk, Cyber Security, Human Capital, & Governance. The key questions on which the SASB staff asked for guidance from the Board comprised:

- How does the board want to provide ongoing feedback on these topics?
- Does the Board have additional ideas on subject matter experts?
- What type of engagement does the Board want to undertake in the development of white papers describing the organization's understanding of each area?

The Board finalized their Committee structure for each of these four cross-cutting issues. The Board agreed more work should be done on identifying the level and types of exposure to these risks / issues for each industry. The Chair noted the SASB staff would work on strengthening the resources and teams dedicated to these areas. The Director of Research then led discussions on the four cross-cutting issues. The Board provided guidance on the approach moving forward and potential subject matter experts to engage with during research on the topics.



<b>Owner</b>	<b>Action Item</b>
David Post	Organize Cross-cutting Committee Calls

### 2018-2020 Strategic Plan

Matthew Welch, President of the SASB Foundation, and Steve Gunders, Treasurer of the SASB Foundation Board, presented to the SASB Board the proposed Strategic plan for 2018-2020. The President discussed the evolving funding model of the organization, and how the model affects its scope of work. He outlined the plans for staffing, as well as the strategic priorities for the Foundation. The Standards Board relayed their strategic priorities, and the group agreed to create more alignment between the Standards Board and the Foundation on overall priorities for the organization. The group agreed the Standards Board would present their strategic priorities for incorporation into the 2018-20 Strategic Plan as well as provide comments on the Strategic Plan before the Foundation Board votes on it December.

<b>Owner</b>	<b>Action Item</b>
Jean Rogers	Provide Standards Board strategic priorities and Standards Board comments on Strategic Plan to Foundation Board Market Strategy Committee

### Standards Oversight Committee Update

The Standards Oversight Committee (“SOC”) joined the SASB Board for an informational meeting as their committee meeting.

The Chair began with introductions and an update on their current focus and priorities. The Director of Research then provided an update on the staff and Standard Board’s work on the standards, including new items on the research agenda for 2018 and the state of the recently launched Public Comment Period on the standards. After the update, a call for questions and discussion from the SOC was made.

The Q&A portion of the meeting revolved around the following issues:

- Outreach to companies during the ongoing public comment period to promote engagement;
- Public comment activity to date;
- Target number of responses during this public comment period;
- Sector Advisory Groups to be formed in early 2018;
- Priorities of the Standards Board for the upcoming year;
- Policy for reviewing public comments and identifying issues that the SOC needs to address; and
- Process for addressing major needed changes to the standards off-cycle.

Once questions were answered and discussion of the above completed, the Chair called the portion of the meeting with the Standards Oversight Committee to a close.



## Discussion of SICS, Materiality Map, and Fines & Settlements

The Director of Research presented the current state of the SASB industry classification system (“SICS”) and the plans to evaluate and improve the system to ease the utilization by issuers and investors. He noted the key questions going into this work are how well the system exemplifies diversification of risk, and whether SICS gives a clearer picture on ESG risks. He explained the SASB staff is engaging in a research project on the financial characteristics of SICS (correlation and orthogonality) with a quantitative analysis firm. He presented their initial findings to the Board. The Board discussed the importance of SICS to SASB’s work and looks forward to the outcomes of the study.

The Board discussed the current state and importance of the Materiality Map. The Board discussed ways to improve the Materiality Map and communicate best practices of utility to the public. The Director of Research discussed the current and post-codification plans to improve and update the tool.

The Director of Research then opened a discussion on the issue of the use of the term “Fines & Settlements” within the Standards. He noted there are some proposed updates to metrics using this term in the Exposure Draft. The Board agreed to assess public comments on these updates before making unified changes to the term within other industry standards.

## Research Agenda Overview

The Director of Research summarized the preliminary Research Agenda proposals for each sector to the Board. The Board provided initial commentary on certain Research Agenda items and guidance on subject matter expert outreach. The Chair announced the Sector Committees will convene in the ensuing weeks to provide further guidance and commentary on the Research Agendas to the Director of Research and SASB staff.

<b>Owner</b>	<b>Action Item</b>
David Post	Organize Sector Committee Calls on Research Agenda

## All Other Business

The Chair asked the Board if there were any other items to discuss, and noted their next meeting would be a Board conference call on December 20, 2017, to discuss the progress of the public comment period and then an in-person meeting January 23-25, 2018. The Chair adjourned the meeting at 5:20 pm.

Minutes prepared and submitted,

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Sten White, Meeting Secretary

Respectfully submitted for the record,

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Jean Rogers, Chair of the SASB Board