



AmericanCoatings

ASSOCIATIONSM

December 31, 2017
Sustainability Accounting Standards Board
75 Broadway, Suite 202
San Francisco, CA 94111

RE: ACA Comments on Consumer Goods Standards for Building Products and Furnishings

Dear Board Members:

The American Coatings Association (ACA) appreciates the opportunity to provide comments on the Sustainability Accounting Standards Board (SASB) Consumer Goods Standards for Building Products and Furnishings (the “Standard”). ACA urges SASB to amend the exposure draft standard to address issues of applicability, relevance, technical definitions, and the financial burden associated with the proposed reporting.

The American Coatings Association (ACA) represents the \$30 billion paint and coatings industry in the United States, operating in all 50 states, and employing almost 290,000 people engaged in the manufacture and distribution of its products at over 46,000 establishments. ACA is a voluntary, non-profit trade association working to advance the needs of the paint and coatings industry and the professionals who work in it. The organization represents paint and coatings manufacturers, raw materials suppliers, distributors, and technical professionals. ACA serves as an advocate and ally for members on legislative, regulatory and judicial issues, and provides forums for the advancement and promotion of the industry through educational and professional development services.

While ACA appreciates the stated aims and the work that has gone into the development of the standards we have significant concerns with the lack of transparency in the decision-making process, as well as a lack of outreach to affected industries, including the paint and coatings industry. ACA would like to take this opportunity to outline several concerns surrounding the development of SASB’s draft chemical standard and identify specific changes to improve the workability of the standard.

General Comments:

SASB’s Standard Development Procedures Require Improvement to Conform with Essential Procedures- Level Due Process

The paints and coatings industry has engaged with various stakeholders to establish a robust framework of voluntary reporting standards. ACA supports voluntary mechanisms to share sustainability information with interested parties. Due to the complexity of the sectors, ACA believes that if the SEC adopts sustainability standards, those standards must be developed in a transparent open stakeholder process that fully accounts for materiality, relevance, decision-usefulness and cost-

effectiveness. ACA does not believe that SASB has followed that process and therefore we cannot support these standards for adoption by the SEC. Further, ACA believes that classifying raw material suppliers, manufacturers, and processors under the broad 'Chemicals Industry Standard' is inappropriate and demonstrates a fundamental lack of understanding about the paint and coatings industry. As drafted, the current standards fall short of the *Essential Procedures* to be suitable for use in the private sector.

Specific Comments:

CG0203-02. Description of process to assess and manage risks and/or hazards associated with chemicals in products

.15 This section requires the registrant identify chemicals found in its finished products that are targeted for reduction, elimination, or assessment for reasons such as incomplete toxicity data, pending or anticipated regulation that may limit or restrict the use of the chemical in the future, potential for environmental but not human health, in response to a shift in market demand or expectations relating to the usage of a specific chemical, class of chemicals, or category of chemicals that may not be regulated but are recognized by the registrant as being "of concern" to consumers, customers, regulators, and/or others (e.g., non-governmental organizations, scientific researches, etc.). This section highlights using "red lists" such as the Clean Production Action (CPA) Healthy Building Network Red List of Lists.

ACA finds that human health and environmental performance of a finished product are best informed by a risk assessment, which requires evaluation of chemical constituents and their toxicological profile as well as exposure. Evaluating on a chemical by chemical basis without considering the exposure risk in a finish product does not adequately represent hazards or the lack thereof.

This section also references "use of banned substances lists". This should be clarified and ACA suggests the following language: "use of legal or regulatory banned substances lists." Further, these lists and their scope should be explained within the standard. ACA suggests removing the reference to non-regulatory red lists as these lists provide minimal value that lack robust scientific review. Regulatory lists, if used, should come from the respective national authority (ie. EPA). ACA believes that "red list" are not inappropriate and should not be included in a voluntary consensus standard. Furthermore, these lists have no place in a standard that is set to be adopted by a government organization.

ACA recommends that SASB remove this metric.

CG0203.03 Percentage of Applicable Products meeting volatile organic compound (VOC) emissions and content standards

- The registrant shall disclose the percentage of its products (by revenue) for which volatile organic compound (VOC) emissions and content standards are applicable, and which qualify for the U.S. Green Building Council's (USGBC) LEED v4 EQ credit for "Low Emitting Materials," where:

- A product qualifies for EQ credit for “Low Emitting Materials” if it meets emissions and content requirements listed on the most recent version of the Low-Emitting Materials Third Party Certification table maintained by the USGBC.
 - This includes products that have been tested according to CDPH Standard Method v1.1, ANSI/BIFMA M7.1-2011, AgBB Method, EN 717-1:2004, or ISO 16000-6:2011.
- A product is considered “applicable” if it falls into a product category generally used within the envelope of an enclosed indoor environment that can be tested whole or by representative sample in environmental chambers, such as paints, other architectural coatings and finishes, sealants, adhesives, wall coverings, floor coverings, acoustical ceilings, wood paneling, and wall and ceiling insulation used in public and commercial office buildings, schools, residences, and other building types.

SASB lists the definition of specialty chemicals as “paints and coatings, agrochemicals, sealants, adhesives, dyes, industrial gases, resins, and catalysts”, and has classified the entire paints and coatings industry under the chemicals sector. SASB defines the Building Products and Furnishings Sector as including products like “flooring, ceiling tiles, home and office furniture, wood trusses, plywood, paneling, and lumber.” ACA, as stated in our comments on the Resource Transformation Chemical Standard, does not support including the entire paint and coating industry, even companies that exclusively produce flooring, under the Chemicals Standard. However, if paint and coatings remain in the chemicals sector it is entirely inappropriate for SASB to include a direct reference to paints, other architectural coatings and finishes, sealants, adhesives in CG0203.03 as an applicable product.

ACA recommends that SASB either reexamine the classification process to more appropriately delineate the different sectors of the paints and coatings industry, review the definition of “applicable product”, and/or delete the reference to products that are defined as specialty chemicals in the chemical standard.

Thank you for your consideration of the American Coatings Associations comments, if you have any questions please reach out to ACA.

Respectfully Submitted,

/s/

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/s/

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