



1111 19th Street NW > Suite 402 > Washington, DC 20036
t 202.872.5955 f 202.872.9354 www.aham.org

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Via E-mail

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

Re: AHAM Comments on the Exposure Draft of the Sustainability Accounting Provisional Standard, “Consumer Goods Sector: Appliance Manufacturing”

Dear Sustainability Accounting Standards Board:

The Association of Home Appliance Manufacturers (AHAM) respectfully submits the following comments on the Exposure Draft of the Appliance Manufacturing Sustainability Accounting Standard, published in January 2017.

AHAM represents the manufacturers of major, portable and floor care home appliances sold in the United States and Canada, as well as suppliers to the industry. AHAM’s membership is global and produces more than 95% of the household appliances shipped for sale within the U.S. and Canada. The home appliance industry, through its products and innovation, is essential to U.S. consumer lifestyle, health, safety and convenience. Through its technology, employees and productivity, the industry contributes significantly to U.S. jobs and economic security. Home appliances also are a success story in terms of energy efficiency and environmental protection. New appliances often represent the most effective choice a consumer can make to reduce home energy use and costs.

AHAM is an ANSI accredited standards development organization in the U.S. and has authored appliance performance test methods for many home appliances for decades. These standards are the building blocks for several federal energy efficiency test procedures. AHAM is also engaged in the development of sustainability standards for home appliances in a tripartite partnership with UL Environment and the Canadian Standards Association. It is AHAM’s intent to complete a suite of sustainability standards that will cover AHAM appliances in 2018.

AHAM is also very involved in the development of federal appliance efficiency standards related to energy and water consumption. AHAM works closely with the U.S. Department of Energy on these standards as well as with the U.S. Environmental Protection Agency on the ENERGY STAR program and other environmental issues. Likewise, AHAM has a long history of cooperation with the U.S. Consumer Product Safety Commission related to its own federal

product safety responsibilities and its participation in the voluntary safety standards process in the U.S.

Throughout our work with these federal agencies over the decades, AHAM has consistently adhered to the ANSI tenets of transparency, openness and key stakeholder consultation to ensure the credibility of its standards. AHAM has concerns that the Rules of Procedure SASB has adopted do not conform to these same principles, and the result is a standard that may lack credibility.

I. The Rules of Procedure and Sustainability Accounting Standard Development

SASB finalized its Rules of Procedure in February 2017. The Guiding Principles behind the Rules of Procedure document include requirements that SASB's standards must meet certain thresholds for accountability, credibility, transparency and stakeholder consultation. As outlined below, AHAM does not believe that SASB's standard development process has adhered to these principles.

The Rules of Procedure state that this Principle "refers to each standard's technical adequacy in the specific industry or subject area and is provided through staff expertise, *technical review*, and *stakeholder consultation*" (emphasis added). Thus far, SASB's process has fallen short with respect to stakeholder input.

A. Shift From ANSI Process to "Expert-Led" Process

During the development of provisional standards, SASB was accredited by the American National Standards Institute (ANSI). Going forward, SASB standards will be developed under the authority of the SASB technical board. AHAM believes this shift is a mistake. As an ANSI-accredited standards development organization, AHAM conforms to the ANSI Essential Requirements for Standards Developers and we believe SASB needs also to align with ANSI.

We appreciate that the final Rules of Procedure does provide for stakeholder input and clear timelines for standard review and revision. However, the abandonment of ANSI processes means that there is no requirement for consensus with outside parties and only needs to be a consensus within SASB. Therefore, it is foreseeable that standards may be developed and instituted without meaningful engagement with affected businesses or the interested public. The ANSI process has requirements for committees such that there must be representation from the public, government entities, academics, NGOs, and industry. AHAM believes that this process is necessary for credibility and transparency, and SASB should return to an ANSI-driven process for its standards.

B. Stakeholder Consultation

Neither AHAM nor any of its member companies participated in the Industry Working Group that was formed by SASB, which created a lack of appliance industry expertise for this standard. In fact, the provisional standard was drafted by SASB staff and then published for public

comment. It is vital that any SASB standard activity take into account the industries that those standards impact.

SASB states in the Rules of Procedure that its consultations will include “corporate issuers, investors, analysts, and other market participants and intermediaries who are, or may become, involved in directly implementing the SASB Standards or in using the reported information.” AHAM does not believe that SASB has sufficiently engaged industry in the development of its appliance manufacturing standard. Over a series of written communications and discussions with SASB staff, AHAM requested that SASB reconvene its working group so that there could be meaningful discussions between investors, SASB, and the home appliance industry. SASB indicated they could not reconvene the working group. Instead, SASB has moved ahead with issuing its proposed changes to the standard.

II. Proposed Changes to the Home Appliance Standard

Another of SASB’s Guiding Principles is ensuring a credible standard. Criteria for meeting this Principle include materiality, decision-usefulness, and cost-effectiveness. While AHAM appreciates that some of the changes suggested in our July 2016 comments have been incorporated into the standard, the changes still fall short of meeting this Guiding Principle. To correct this, AHAM has developed a set of metrics that do meet SASB’s credibility threshold to replace those in the draft standard.

AHAM drafted these metrics with the following concepts in mind:

1. Product Safety: Companies strive for zero safety incidents. These proposed metrics put an emphasis on the processes and systems that a company has in place to address safety concerns.
2. As stated above, AHAM has invested significant resources in developing technically sound sustainability standards. The proposed environmental metrics leverage this effort.

Topic	Metric	Category	Unit
Products Safety	Development and implementation of a written comprehensive, company-wide safety policy and program whose elements may include: <ul style="list-style-type: none"> - An independent products safety team reporting directly to a corporate officer or senior executive that regularly audits the program - Regular product safety reviews - Compliance with generally accepted 3rd party safety standards - A safety training program 	Discussion & Analysis	N/A

	<ul style="list-style-type: none"> - Post-market surveillance of product safety that includes a well-documented procedure should a product hazard be discovered, which includes time limits for action - Written procedure for recall including reverse logistics - Processes to manage regulatory notifications to CPSC - Confidential mechanism for reporting employee concerns 		
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Topic	Metric	Category	Unit
Product Lifecycle Environmental Impacts	<p>Development and implementation of a voluntary recycling program whose elements may include:</p> <ul style="list-style-type: none"> - A product recycling policy that is issued at the senior executive level - Partnership with a voluntary program such as the EPA WasteWise Program or equivalent that includes tracking and reporting of annual recycling execution including associated appliance unit volumes - Partnership with an appliance recycler who continues to innovate to find solutions for components, materials and substances that may be difficult to recycle or are typically sent to a landfill. 	Discussion & Analysis	
Product Lifecycle Environmental Impacts	<p>Development and implementation of a written comprehensive, company-wide climate policy and program whose elements may include:</p> <ul style="list-style-type: none"> - Completion of an inventory of direct (scope I) and indirect (scope II) GHG emissions from 	Discussion & Analysis	N/A

	<p>manufacturing and operations.</p> <ul style="list-style-type: none"> - Implementation of a GHG reduction program with targets for reduction. - Implementation of a water use reduction program with targets. - Implementation of a comprehensive pollution prevention program for its facilities. 		
Product Lifecycle Environmental Impacts	<p>ENERGY STAR Participation:</p> <ul style="list-style-type: none"> - The number of appliance models eligible for certification under the EPA ENERGY STAR program. - Manufacturers who do not produce appliances for which there is an ENERGY STAR specification may describe their participation in other voluntary federal programs such as SmartWay, Safer Choice, or Waste Wise. 	Quantitative or Discussion & Analysis	Number of models or N/A
Product Lifecycle Environmental Impacts	<p>Certification to AHAM Sustainability Standards:</p> <ul style="list-style-type: none"> - The number of appliance models eligible for certification to an AHAM sustainability standard. - Manufacturers who do not produce appliances for which there is a sustainability standard may describe their intent to certify to standards once they are completed. 	Quantitative or Discussion & Analysis	Number of Models or N/A

We request that SASB consider these metrics for its final manufacturing standard.

Respectfully submitted,



Charlotte Skidmore
Senior Director, Environmental & Sustainability Policy