



Comments Regarding the Exposure Draft Standards

Sustainability Accounting Standards Board

E-Commerce

January 31, 2018

Please find Etsy's feedback regarding the E-Commerce Industry Standard below.

Disclosure Topic: Hardware Infrastructure Energy & Water Management

- **Accounting Metric Code: CG0302-01**
 - **Line of disclosure: .05**
 - We recommend the renewable portion of the electricity grid mix is included in the disclosure as portion of the percentage of renewable energy. Exclusion of this portion does not adequately capture circumstances in which renewable energy availability in the grid mix has been integrated into siting decisions.
- **Accounting Metric Code: CG0302-03**
 - **Line of disclosure: .16**
 - We recommend striking the language “insofar as their selection integrates environmental considerations.”
 - **Line of disclosure: .17**
 - We recommend listing “availability of renewable energy” as an example of an environmental factor.

Disclosure Topic: Data Security & Fraud Protection

- **Accounting Metric Code: CG0302-06**
 - **Line of disclosure: .27**
 - The definition of “data security threat” does not distinguish between security events of note and mere trivialities. For example, there may be trivial attempts to launch Denial of Service attacks, but most are not noteworthy.
 - The definition of “vulnerability” is ambiguous. In order for a security program to properly scope any work or estimate the costs of adhering to the SASB standards, this definition needs to be more explicit regarding what rises to the level of a “vulnerability” with respect to this standard.
 - **Line of disclosure: .29**
 - We suggest removing the clause “and origination of attacks”. Attack attribution is difficult. In addition, publishing this type of

information can tip off threat actors to the types of defenses a security program employs to protect its systems/applications. Further, there may be national security issues that are implicated as a result of attacks from geopolitical entities.

- **Line of disclosure: .31**
 - Disclosure is a subtle and difficult problem, and this definition does not give clear guidance, underscoring the concern that media optics will serve as the primary interpretation of whether this standard is followed, rather than an objective measure of responsible behavior.
- **Accounting Metric Code: CG0302-07**
 - **Line of disclosure: .33**
 - The scope of this task is not clear. If this includes "unintended disclosure" as a result of a third party vendor, then a company's obligation under this standard is contingent on their third-party vendors following a similar reporting policy. This can be difficult for companies given the complexities of vendor relationships and the competing disclosure standards that already exist.
 - **Line of disclosure: .36**
 - The "percentage of breaches" is a difficult metric that can be subjective. Given ambiguity around the definition of a breach, this can create a perverse incentive to over-report trivial breaches.
 - The clause about encrypted data with an encryption key is very specific; we believe that a broader definition will be better here. Any data in which there is reasonable belief that the attacker can recover the plaintext information should be considered on par with the disclosure of the plaintext information itself. For example, weakly encrypted information should be reportable.

Disclosure Topic: Employee Recruitment, Inclusion & Performance

- **Accounting Metric Code: CG0302-10**
 - **Line of disclosure: .48**
 - "Employee engagement" is a subjective term when it is not clearly defined. An example of a definition is: The level of connection, motivation and commitment a person feels for the place they work.
 - Consider also measuring workplace fairness and inclusion.¹
 - **Line of disclosure: .50**
 - If metrics are disclosed, those metrics should be measured and communicated consistently for every company. As such, the

¹ <https://www.kaporcenter.org/tech-leavers/>

document should reference a standardized methodology, if possible.

- **Accounting Metric Code: TA09-07-01**
 - **Line of disclosure: .58**
 - Disclosure on this metric should be considered within the size of the reporting organization. Reporting on the racial diversity of management in a small organization can have the unintended consequences of spotlighting individuals or removing the confidentiality that aggregated data typically provides.
 - **Line of disclosure: .59**
 - Although EEO surveys do not yet reflect the most current terminology, reporting on gender can be more flexible. “Gender” and “biological sex” are different terms with separate meanings. When referring to gender, the correct terminology is men and women. When referring to biological sex, the correct terminology is male and female.
 - **Line of disclosure: .62**
 - Consider whether organizations that choose to report workforce availability metrics use a standardized method of obtaining those metrics. For example, a formula could include: college graduation rates for defined studies, specific SOC codes per location, and age/populations exiting the workforce.
- **Accounting Metric Code: CG0302-13**
 - **Line of disclosure: .66 and .67**
 - It is unclear how H-1B visa holders as a percentage of technical employees represents a robust indicator of inclusion.
- **Accounting Metric Code: CG0302-14**
 - **Line of disclosure: .69**
 - It is unclear how H-1B visa applications represents a robust indicator of inclusion.