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# Public Comment

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Below is some feedback from Terra Alpha Investments regarding proposed SASB standards. Across the board, we feel strongly that all companies need to evolve to measure and disclose data on emissions, water, and material waste, and set targets around their impact. Every sector in some degree needs, uses, and impacts natural resources; we use this environmental data as a material, first step in our investment process for every company. Specific comments are below.

Health Care
Medical Equipment & Services: Terra Alpha Investments is a proponent of having companies from all industries disclose their emissions, water, and waste data. We strongly disagree with the proposed change of eliminating the energy, water, and waste efficiency accounting metrics for the Medical Equipment & Supplies industry. As SASB has even previously pointed out, "The manufacturing of medical equipment and supplies requires the use of energy, water, and material inputs in addition to the creation of waste. As concern over climate change and dwindling natural resources continues to impact pricing, medical equipment and supplies companies will be exposed to fluctuations in costs for these inputs. Firms that are able to improve manufacturing efficiencies and limit dependence on resources are likely to enhance shareholder value." We request that those metrics not be removed, as they provide material information to which investors should have access.

Financials
Commercial Banks: We would like to better understand why SASB is proposing to eliminate the quantitative metric in regards to the "Amount and percentage of lending and project finance that employs: (1) Integration of ESG factors, (2) Sustainability themed lending or finance, (3) Screening, (4) Impact or community lending or finance." It seemed to be the only quantitative factor that addressed ESG integration for the industry. While the credit exposure by industry is a valuable metric, it doesn't cover what would be lost be eliminating the other metric on ESG integration. In fact, SASB is proposing to add a metric on investments and loans incorporating ESG factors by industry for the Investment Banking & Brokerage industry, so we aren't sure why something like that wouldn't be kept for Commercial Banks.

Investment Banking & Brokerage: We applaud the proposed addition of the quantitative metric on the number and total value of investments and loans incorporating integration of ESG factors by industry. This would be quite useful to our analysis of the industry.

Asset Management & Custody Activities: While we believe that all asset managers should be aware of the stranded asset potential within their portfolios, we also understand that finding exact values could be a difficult achievement. We liked the concept of disclosure on the ratio of embedded $CO_2$ emissions of proved hydrocarbon reserves held by investees to total AUM but acknowledge that it is also a difficult one to gain a full understanding of on a quantitative basis.
Security & Commodity Exchanges: Has there been any consideration to adding a Discussion and Analysis metric regarding requirement or recommendation of disclosure of ESG data by companies listed on the exchange?
Insurance: We are a little confused as to why SASB is proposing to delete the metric on "Percentage of policies in which weather-related natural catastrophe risks have been mitigated through reinsurance and/or alternative risk transfer." It is very important to be able to distinguish how much of a liability lies with the underlying insurer vs. a reinsurer. That is information that is very relevant to gauging environmental risks. We also had a question as to why the metric of "Total invested assets by industry and asset class" falls within the category of Integration of ESG Factors in Investment Management. Should there not also be a quantitative metric that provides the percentage of those invested assets that integrate ESG factors?

Electrical & Electronic Equipment
We would like to better understand why SASB is proposing to eliminate the quantitative metric regarding "total energy cost savings achieved through energy performance contracts." As investors, we strive to understand as precisely as possible, the financial impacts of both a company's internal energy consumption reduction initiatives, as well as the impacts of its products for its customers.

Airlines
Fuel price hedges have had material (both positive & negative) impacts on individual airlines financial results throughout the past several decades. Concordantly, we feel the amount of fuel that an airline has hedged (by maturity date), is information that should be disclosed.

Oil & Gas Exploration and Production
We applaud the addition of the "amount invested in renewable energy, revenue generated by renewable energy sales" quantitative metric. We feel that all fossil fuel dependent companies (especially those in the energy sector), should be adapting their business and business models to better align with the future likelihood of a low- to no-carbon energy world.

Infrastructure
Electric Utilities & Power Generators: Terra Alpha supports the proposed addition of the quantitative metric regarding "Greenhouse gas (GHG) emissions associated with power deliveries net of power purchases and sales". We support disclosure of data pertaining to GHG emissions from all aspects of a company's business. We also support the addition of Energy Affordability metrics; these metrics are material and will help investors assess a company's ability to manage its costs and operate efficiently.
Gas Utilities & Distributors: Terra Alpha agrees with the proposed changes to the Integrity of Gas Delivery Infrastructure. Risks related to leaks and therefore fugitive emissions may financially impact companies, so we believe this information is material to investors. We also support the disclosure of average retail gas rates as a quantitative metric as this information can give investors insight into the

effective management and operational efficiency of a company.
Water Utilities & Services: As with the other utilities sectors, the addition of the accounting metric of average retail rates and typical monthly water bills for residential customers can be helpful, material information for investors as they assess a company's management of costs.

Resource Transformation
Chemicals: We support with the proposed addition of the "Discussion of positions on the regulatory and political environment related to environmental and social factors and description of efforts to manage risks and opportunities presented". We agree with SASB's reasoning that the production of air emissions/water effluents/waste from checmical facilities can have environmental impacts resulting in reputational and regulatory repurcussions. These negative consequences can impact a company's bottom line, and thus investors' ability to understand how a company is managing those risks is material to their investment decision.
Containers & Packaging: We are wondering the rationale behind the decision to remove "total waste from manufacturing" as a quantitative metric under the topic of waste management. Terra Alpha advocates for companies from all industries to disclose their emissions, water, and waste data. We use waste data as a piece of our environmental analysis, and while we believe hazardous waste reporting is important, we do not think SASB should remove the requirement for chemical companies to report total waste.

The following comment applies to sections TA03-02-02 (Electronic Manufacturing services & Original Design Manufacturing), TA03-07-02 (Hardware), and TA03-07-02 (Semiconductors):
As a firm that advocates for complete environmental disclosure, we are wondering why the language in TA03-02-02 .50 (and elsewhere) is proposed to change from “The registrant should” to “The registrant may identify which materials and minerals present risk to its operations”. Terra Alpha believes that it is very important that companies disclose materials and minerals that may threaten business operations as that it material information to investors.

The following comment applies to sections TA03-03 (Software & IT Services), TC0201-03 (Semiconductors), TA03-10 (Telecommunication Services), and TA03-15 (Internet Media & Services):
Terra Alpha believes that if a responsible company is presented with two different calculations of a single accounting line item, it should choose the more conservative of the two in order avoid overstating figures to investors. The removal of item .03 from TA03-15 (and elsewhere), which reads “When reporting self-generated energy consumption, the registrant shall not double count fuel consumption. Terra Alpha feels that environmental data is material to investors in the same way that financial data is and should be held to the same standard of conservative discretion.

Transportation Sector
Automobiles
We agree with the proposed addition that a registrant shall discuss its strategies and approach to improving the fuel economy and reducing the use phase emissions of its fleet, item .44, as well as the other proposed changes under items .45, .46, .47, .48, .49, .50, all of which are in the same spirit of item .44 and help to increase transparency of investor-relevant data.

Auto Parts
We agree with the proposed change associated with item .16 that, “The registrant shall disclose its total revenue, in U.S. dollars, from products that are designed to increase fuel efficiency and/or reduce emissions during their use phase…” As these are growth markets and products that enable others to reduce their use and emissions this information is decision-useful in terms of evaluating a company as a potential investment.
o We also agree with item .26 on disclosure of percentages of input materials consumed that are derived from recycled or remanufactured content as purchasing such materials helps to eliminate waste and can be a strategic advantage.
o In addition, we agree with the addition of items .30,.31 associated with product take-back programs as these efforts reduce scope 3 emissions and waste within a firm's supply chain.

Food & Beverage Sector
Agricultural Products
o We disagree with removing items .09,.10,.11,.12,and .13, as we believe a significant amount of carbon dioxide emissions could come from the combustion of biomass for these firms, and thus would be a material piece of information when making investment decisions.
o We also disagree with the removal of CN0101 08. and its associated items, particularly those on the strategies to manage land use, as they don’t not appear to be addressed elsewhere for these types of firms.
o We would also be curious to learn why Climate Change Impact on Crop Yields is being proposed as a item for removal, and if that reason is associated with the inability to accurate measure the link between these two items.