

January 31, 2018

Janine Guillot, Director of Capital Markets Policy and Outreach
David Post, Director of Research
The Sustainability Accounting Standards Board
1045 Sansome St., Suite 450
San Francisco, CA 94111

Dear Janine and David,

RE: 2017 Public Comment for Exposure Draft Standards

Wells Fargo Asset Management (“WFAM”) is fully committed to ESG as an issue of paramount importance and relevance to our clients, our firm, the investment industry and the world.

Wells Fargo commends the efforts of the Sustainability Accounting Standards Board (“SASB”) in leading the development of sustainability accounting standards for U.S. companies. We believe that improving the quality and consistency of sustainability reporting and disclosure will drive the continued efficiency of markets and will be beneficial to market participants globally.

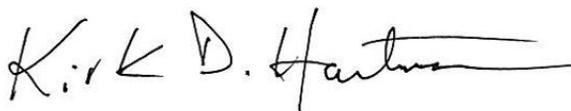
Wells Fargo has supported SASB by actively participating on both the SASB Standards Board and the SASB Investor Advisory Group. We look forward to continuing to support SASB and other industry efforts to advance ESG investing.

We appreciate the opportunity to participate in this Public Comment Period for Exposure Draft Standards. We’ve attached comments from a broad range of WFAM investment professionals with extensive experience covering the referenced industries. Their comments build on the more substantial feedback provided during SASB’s earlier consultation phases. For any questions related to WFAM’s technical feedback, feel free to contact Tom Lyons, Senior Investment Analyst, at tom.lyons@wellsfargo.com.

Sincerely,



Kristi Mitchem
CEO, Wells Fargo Asset Management



Kirk Hartman
Global CIO, Wells Fargo Asset Management

Please find our comments here.

- **Industry:** Commercial Banks
 - **Disclosure Topic:** Systematic Risk Management
 - **Technical Agenda Item:** TA02-08 and TA02-09
 - **Comment:** We find requesting management discussion of how stress tests are integrated into capital planning and strategy is an improvement, and more focus on the tests' primary drivers would be helpful.

- **Industry:** Commercial Banks
 - **Disclosure Topic:** Integration of Environmental Social, and Governance Risk Factors in Credit Risk Analysis
 - **Technical Agenda Item:** TA02-11
 - **Comment:** We find that employing NAICS marks a useful step in standardizing and making banks' disclosures about their industry exposure more useful for risk analysis. We presume SASB would request NAICS exposures at the subsector (as opposed to sector) level.

- **Industry:** Consumer Finance
 - **Disclosure Topic:** Selling Practices
 - **Technical Agenda Item:** TA02-40
 - **Comment:** We find that attention to selling practices through quantitative metrics is a helpful improvement. Adding the number of complaints filed with the CFPB, specifically percentages with company response, those disputed by consumer, and those resulting in investigation by CFPB allow for higher quality risk analysis.

- **Industry:** Insurance
 - **Disclosure Topic:** Integration of ESG Risk Factors in Investment Management (Total invested assets by industry and asset class)
 - **Technical Agenda Item:** TA02-55
 - **Comment:** We find that reference to consistent industry segmentation (e.g. NAICS subsector) would complement the proposed banking metrics. Separately, it is an improvement to include "discussion of how [ESG] factors are integrated into the investment of policy premiums."

- **Industry:** Investment Banking and Brokerage
 - **Disclosure Topic:** Systemic Risk Management
 - **Technical Agenda Item:** TA02-20 and TA02-21
 - **Comment:** In addressing credit derivatives, the revised standards don't appear to address gross exposure, segmented exposure, major counterparties, or long/short positions. With regards to other off-balance sheet exposure, neither agenda item appears to request details on the financial products owned by the banks. In our view, both changes would make the standards more useful to analysts and investment managers.

- **Industry:** Mortgage Finance
 - **Disclosure Topic:** Lending Practices
 - **Technical Agenda Item:** TA02-43
 - **Comment:** We find it helpful that the mortgage segmentation categories appear to have changed to better capture unfair lending practices. Having the original categories - overall, hybrid or option ARM, prepayment penalty, higher rate, and by income classification - would also be helpful.

- **Industry:** Software and IT Services
 - **Disclosure Topic:** Environmental Footprint of Hardware Infrastructure
 - **Technical Agenda Item:** TA03-04
 - **Comment:** The revised metric captures the feedback we provided in the first half of 2017.
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- **Industry:** Software and IT Services
 - **Disclosure Topic:** Data Security
 - **Technical Agenda Item:** TA03-06 and TA03-07
 - **Comment:** We find that TC0103 captures our comments, especially .01. Other requests, especially .03 through .06 may be difficult to get consistent responses on from companies given the fluid, quickly changing nature of the relevant industries.

- **Industry:** Metals & Mining, Iron & Steel
 - **Disclosure Topic:** General Comment
 - **Comment:** An alternative to fully combining the two segments would be to include the steel companies that have mining exposure (or above a specific % of assets or revenue from mining) in the Metals and Mining category. The Metals and Mining category has greater scrutiny and requires greater disclosure. It is important to capture such risk for the steel companies that have mine ownership.

- **Industry:** Oil & Gas - E & P
 - **Disclosure Topic:** General Comment
 - **Comment:** Expressing ESG impacts relative to activity levels, especially to support tracking changes over time, is essential for many risk analyses especially ones related to the environment.

- **Industry:** Oil & Gas - E & P
 - **Disclosure Topic:** Greenhouse Gas Emissions
 - **Technical Agenda Item:** TA04-01
 - **Comment:** The revised metric captures the feedback we provided in the first half of 2017.
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- **Industry:** Oil & Gas - E & P
 - **Disclosure Topic:** Water Management
 - **Accounting Metric:** EM0101-05 to EM0101-07

- **Comment:** We find that water management metrics are central to the ESG performance of several economically marginal sources of production (on a full-cycle basis). These sources include Lower 48 shale and Canadian oil sands. Water impact-reduction efforts and production growth are improving per barrel produced, making these metrics relevant and useful.
- **Industry:** Oil & Gas - E & P
 - **Disclosure Topic:** Health, Safety, and Emergency Management
 - **Technical Agenda Item:** TA04-05-01
 - **Comment:** While available, safety disclosure is often expressed in inconsistent terms across companies. Normalizing disclosure, to the extent possible, would be a valuable improvement. Striving to collect, track and analyze the proposed metrics and use of critical incident management systems allows for higher quality risk assessment and, hopefully, prevention of health and safety emergencies.
- **Industry:** Oil & Gas - E & P
 - **Disclosure Topic:** Health, Safety, and Emergency Management
 - **Technical Agenda Item:** TA04-06-02
 - **Comment:** The revised metric captures the feedback we provided in the first half of 2017.
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- **Industry:** Oil & Gas - E & P
 - **Disclosure Topic:** Management of the Legal and Regulatory Environment
 - **Technical Agenda Item:** TA04-10-01
 - **Comment:** The revised metric captures the feedback we provided in the first half of 2017.
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- **Industry:** Oil & Gas - E & P
 - **Disclosure Topic:** Rights of Indigenous Peoples (New Topic)
 - **Technical Agenda Item:** EM0101-12
 - **Comment:** The revised metric captures the feedback we provided in the first half of 2017.
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- **Industry:** Oil & Gas - E & P
 - **Disclosure Topic:** Climate Impacts to Service Demands (New Topic)
 - **Technical Agenda Item:** TA04-11
 - **Comment:** This is an important adjustment. GHG impacts are a central ESG characteristic for midstream firms.
- **Industry:** Oil & Gas - E & P
 - **Disclosure Topic:** Water Management
 - **Technical Agenda Item:** TA04-18-01
 - **Comment:** Expressing ESG impacts relative to activity levels, especially to support tracking changes over time, is essential for many standards especially ones related to the environment. Activity-based metrics are a useful improvement.

- **Industry:** Oil & Gas - Services
 - **Disclosure Topic:** Chemicals Management
 - **Technical Agenda Item:** TA04-19
 - **Comment:** In some cases total volume disclosure is helpful to understand the magnitude of the operators' impact on the environment, which should be augmented with regional activity based metrics. In energy and other industrial sectors, proximity to sensitive areas is essential to risk assessment and valuation.

- **Industry:** Oil & Gas - E&P, R&M, Services
 - **Disclosure Topic:** Management of the Legal and Regulatory Environment
 - **Comment:** The revised metric captures the feedback we provided in the first half of 2017.