



Summary of Public Comments on 2017/2018 Exposure Drafts

Health Care

Financials

Technology & Communications

Extractives & Minerals Processing (formerly Non-Renewable Resources)

Transportation

Services

Resource Transformation

Food & Beverage (formerly Consumption I)

Consumer Goods (formerly Consumption II)

Renewable Resources & Alternative Energy

Infrastructure

INTRODUCTION	3
High-Level Conclusions	4
HEALTH CARE SECTOR	8
Biotechnology & Pharmaceuticals Industry	9
Medical Equipment & Supplies Industry	10
Health Care Delivery Industry	11
Health Care Distributors Industry	12
Managed Care Industry	13
Drug Retailers Industry	14
FINANCIALS SECTOR	15
Commercial Banks Industry	16
Investment Banking & Brokerage Industry	18
Asset Management & Custody Activities Industry	20
Consumer Finance Industry	22
Mortgage Finance Industry	23
Security & Commodity Exchanges Industry	24
Insurance Industry	25
TECHNOLOGY & COMMUNICATIONS SECTOR	27
Electronic Manufacturing Services & Original Design Manufacturing Industry	28
Software & IT Services Industry	29
Hardware Industry	30
Semiconductors Industry	31
Telecommunication Services Industry	32
Internet Media & Services Industry	34
EXTRACTIVES & MINERALS PROCESSING SECTOR	36
Oil & Gas – Exploration & Production Industry	37
Oil & Gas – Midstream Industry	43
Oil & Gas – Refining & Marketing Industry	45
Oil & Gas – Services Industry	47
Coal Operations Industry	49
Iron & Steel Producers Industry	51
Metals & Mining Industry	52
Construction Materials Industry	54
TRANSPORTATION SECTOR	55
Automobiles Industry	56
Auto Parts Industry	57
Car Rental & Leasing Industry	59
Airlines Industry	60
Air Freight & Logistics Industry	62
Marine Transportation Industry	64
Cruise Lines Industry	65
Rail Transportation Industry	66
Road Transportation Industry	67
SERVICES SECTOR	68
Education Industry	69
Professional & Commercial Services Industry	70

Hotels & Lodging Industry	71
Casinos & Gaming Industry	72
Leisure Facilities Industry	73
Advertising & Marketing Industry	74
Media & Entertainment Industry	75
RESOURCE TRANSFORMATION SECTOR	76
Chemicals Industry	77
Aerospace & Defense Industry	80
Electrical & Electronic Equipment Industry	82
Industrial Machinery & Goods Industry	84
Containers & Packaging Industry	86
FOOD & BEVERAGE SECTOR	88
Agricultural Products Industry	89
Meat, Poultry & Dairy Industry	91
Processed Foods Industry	93
Non-Alcoholic Beverages Industry	95
Alcoholic Beverages Industry	96
Tobacco Industry	97
Food Retailers & Distributors Industry	99
Restaurants Industry	100
CONSUMER GOODS SECTOR	101
Apparel, Accessories & Footwear Industry	102
Appliance Manufacturing Industry	103
Household & Personal Products Industry	104
Building Products & Furnishings Industry	106
Toys & Sporting Goods Industry	108
Multiline and Specialty Retailers & Distributors Industry	109
E-Commerce Industry	110
RENEWABLE RESOURCES & ALTERNATIVE ENERGY SECTOR	111
Biofuels Industry	112
Solar Technology & Project Developers Industry	113
Wind Technology & Project Developers Industry	115
Fuel Cells & Industrial Batteries Industry	116
Forestry Management Industry	117
Pulp & Paper Products Industry	118
INFRASTRUCTURE SECTOR	120
Electric Utilities & Power Generators Industry	121
Gas Utilities & Distributors Industry	124
Water Utilities & Services Industry	125
Waste Management Industry	128
Engineering & Construction Services Industry	129
Home Builders Industry	130
Real Estate Industry	131
Real Estate Services Industry	133

Introduction

In developing its standards, the Sustainability Accounting Standards Board (SASB) borrows a page from the playbook of one of its key stakeholder groups: corporations. Corporations across a variety of industries employ user-centered design to optimize products around how customers want or need to use their products, rather than forcing customers to change their behavior to accommodate their products. Similarly, the SASB relies on extensive feedback from industry experts, investors, and subject matter experts to deliver financially material sustainability information to the capital markets in a way that is cost-effective for issuers and decision-useful for investors.

Each disclosure topic, performance metric, and technical protocol included in SASB's 77 industry standards is the product of an ongoing dialogue between the SASB, market participants, and the broader public. Since 2011, the SASB has gathered feedback not only through direct consultation and convening formal advisory groups, but also by soliciting stakeholder input through periodic Public Comment Periods. The most recent—and, indeed, the most significant—of these comment periods began on October 2, 2017, at which time the SASB issued 248 proposed changes to its provisional standards. As the penultimate step in the SASB's six-year march toward codification, this comment period represented the final opportunity to provide input on the standards and the proposed changes. The SASB correspondingly released drafts of the updated standards (titled Exposure Drafts) for all 77 industries, accompanied by a Basis for Conclusions compendium, which explains the rationale for each proposed change. The release initiated a 90-day comment period (subsequently extended to 120 days through January 31, 2018), during which time, stakeholders submitted public comment letters to the SASB on the proposed changes to the standards and the Exposure Drafts.

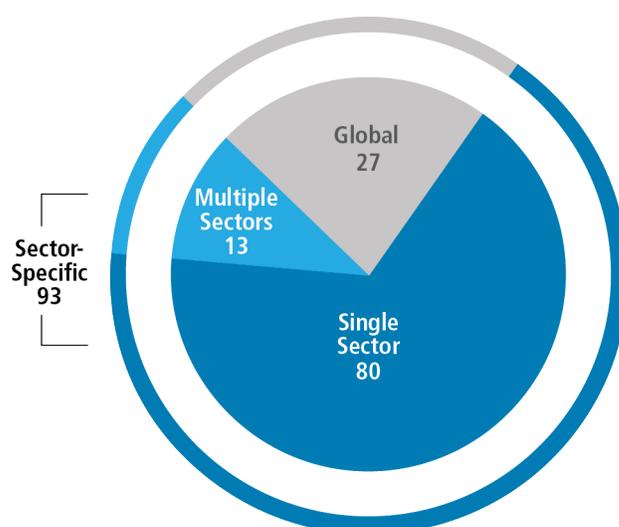
The SASB received 1,596 global and sector-specific comments, which covered 133 of the 248 proposed changes and other components of the Exposure Drafts. Comments were made on 66 of the 77 SASB industry standards. The SASB staff has since reviewed and summarized these comments for consideration by the Standards Board, as well as to provide transparency and public insight into the extent and nature of the comments.

The public comment summaries contained herein provide a summary view of comments received from stakeholders during the comment period, including a general characterization of comments received, a high-level description of overarching comments, and a consolidated summary of comments received for all topics in the Exposure Drafts for each industry. Individual comment letters received are available for review on the [SASB's website](#). Comment letters are just one of the many types of input the SASB will consider when voting to ratify the standards, expected to occur in mid-2018.

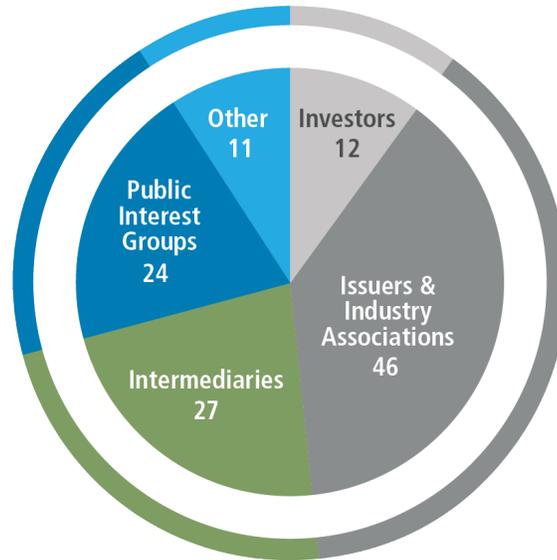
High-Level Conclusions

The SASB received 120 comment letters from 97 unique stakeholders, amounting to 1,596 individual comments. Comment letters included both general input, which applies to the SASB’s standard-setting approach and framework, including systematic sustainability issues (referred to as cross-cutting issues), as well as input applicable at the sector and/or industry-level. While general feedback was a focal point of approximately 23 percent of comment letters received (27 letters), the majority of comment letters, or 78 percent (93 letters), were sector-level comment letters. The vast majority of these sector-level comment letters (84 percent), were focused on a single sector, while a smaller portion focused on two or more sectors (16 percent).

Stakeholder Type	Comment Letters	Unique Entities	Individual Comments
Issuers	24	24	418
Industry Associations	22	17	276
Investors	12	12	165
Intermediaries	27	14	158
Public Interest Groups	24	19	378
Others	11	11	201
TOTALS	120	97	1,596



Feedback was received from a diverse array of stakeholder groups, including issuers, investors, industry associations, financial market intermediaries, public interest groups, and individuals. A plurality of comment letters, 38 percent (representing 46 letters), were received from issuers and industry associations. Investors provided 10 percent of comment letters (12 letters), while intermediaries provided 23 percent of letters (27 letters).



The quantity of letters received varied slightly across sectors, with a minimum of 7 letters and a maximum of 23 letters.¹ The distribution of letters across sectors is included below.

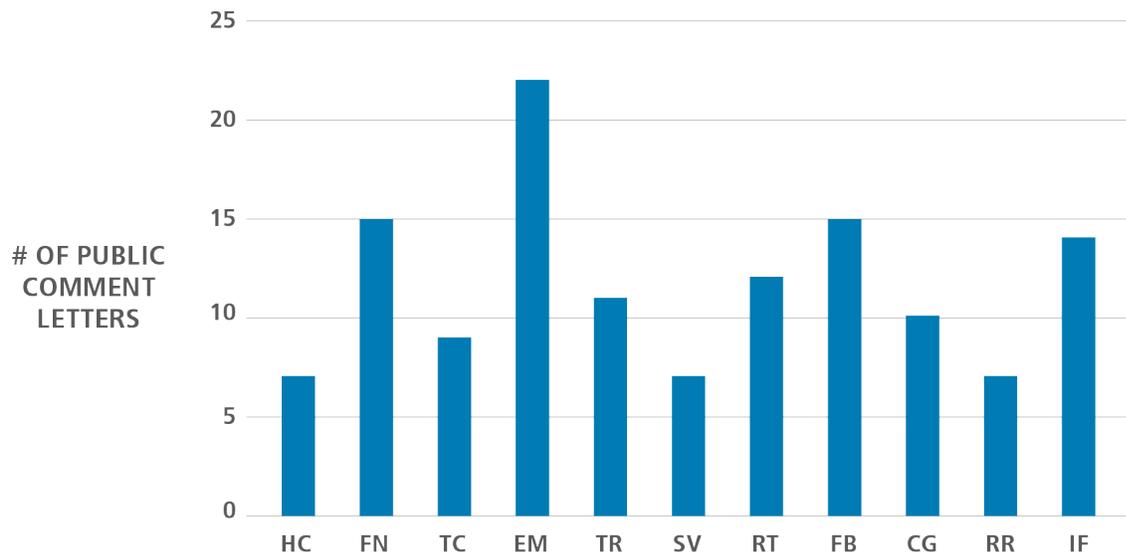


Figure 1: Number of public comment letters received by sector

¹ 14 percent of letters received included feedback for multiple sectors.

The content of the letters varied significantly in focus, with some primarily centered on the proposed changes, and others primarily on the content of the standard that was unchanged from the provisional standard, and the majority contained feedback on multiple aspects of the standards.

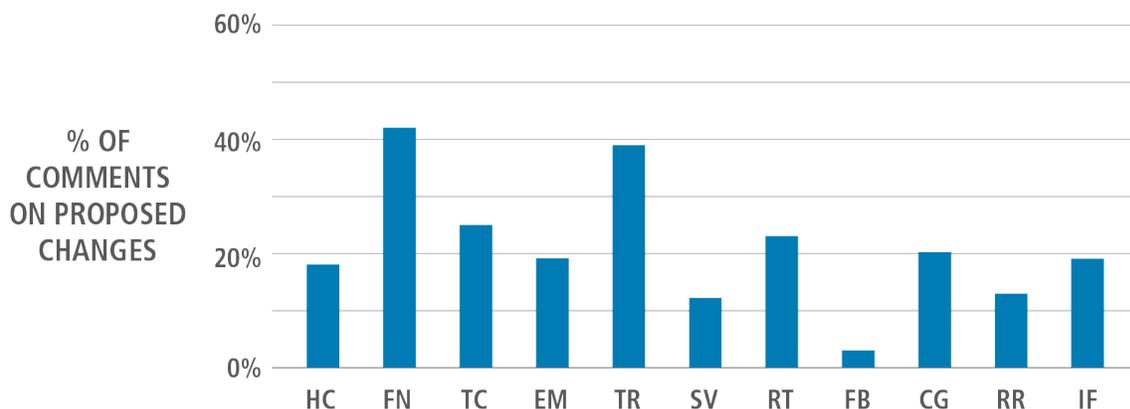


Figure 2: Percentage of individual comments received which relate to Proposed Changes, by sector

Additionally, letters varied in specificity, detail, and intent as follows:

- **Specificity and detail:** The level of specificity and detail varied significantly across sectors and stakeholder types, ranging from a few high-level comments to many lengthy and detailed recommendations.
 - Issuers and industry associations generally provided detailed, industry-specific comments, while investors generally provided higher-level comments.
 - Feedback from other stakeholders, including NGO's, public interest groups, and intermediaries, varied in specificity depending on the organization and subject matter.
 - The number of general, topic, or metric-specific comments per letter varied significantly depending on the sector, ranging from an average of 5 comments per letter, to a high of 18 comments
- **Intent:** The intent of letters varied significantly depending on the stakeholder type and sector.
 - Issuers generally expressed concerns about relevance or materiality of topics and the representativeness, alignment, and applicability of metrics, while some issuers supported the direction of the proposed changes to the standards. Issuers often suggested reducing or revising the scope of disclosure to enhance reporting flexibility, to accommodate company-specific factors and to eliminate concerns about disclosing sensitive information.
 - Investors generally supported the proposed changes to the standards, with some expressing concern where changes may result in a reduction in the comparability or completeness of disclosures. Several investors requested an expansion of the scope of disclosures associated with the standards while also making specific recommendations to enhance the comparability and usefulness of such disclosures.

- Third parties typically provided highly focused feedback in their area of expertise, including both industry and topic-specific feedback, which was often intended to improve, highlight, or enhance specific aspects of a sustainability impact.

Overall, the Public Comment Period provided a significant source of stakeholder feedback for consideration by the SASB and its staff prior to codification.



Summary of Public Comments on 2017/2018 Exposure Drafts

Health Care Sector

Biotechnology & Pharmaceuticals Industry

Medical Equipment & Supplies Industry

Health Care Delivery Industry

Health Care Distributors Industry

Managed Care Industry

Drug Retailers Industry

Prepared by the
Sustainability Accounting Standards Board

February 2018

Biotechnology & Pharmaceuticals Industry

Public comments were received from five stakeholders in the Biotechnology & Pharmaceuticals Industry.² Comments received for the Biotechnology & Pharmaceuticals industry focused on the scope and definition of existing metrics as well as additional topics that stakeholders suggested the SASB should consider for inclusion. Two stakeholders suggested that Antimicrobial Resistance be added as a disclosure topic, while two separate stakeholders suggested that a topic related to Animal Testing be added to the standard. One comment related to proposed changes to the industry standard, but the majority of comments were related to content in the Exposure Draft that was unchanged from the provisional standard. Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Access to Medicines (n/a)** – A public interest group noted that the metric and technical protocol for HC0101-1 should be better aligned with the technical areas of the Access to Medicines Index.
- **Safety of Clinical Trial Participants (1-2)** – A public interest group noted that a reference to the Access to Medicines Index should be included in the title of the metric.
- **Ethical Marketing and Corruption and Bribery (n/a)** – A public interest group noted that the term “internal control framework” should be used instead of “mechanisms” in HC0101-13 and HC0101-28.
- **Energy, Water, and Waste Efficiency (n/a)** – An individual suggested that metrics related to energy consumed per unit produced (HC0101-23) as well as the addition of five years of trailing data for the existing metrics would be useful.
- **Manufacturing and Supply Chain Management (n/a)** – An individual suggested that a metric (HC0101-30) associated with the topic be revised to include company adoption of quality management standards.
- **New Topic: Animal Testing (n/a)** – One intermediary and one organization suggested that a topic related to Animal Testing be included in the disclosure standard.
- **New Topic: Antimicrobial Resistance (n/a)** – An intermediary and a public interest group suggested that a topic related to Antimicrobial Resistance be included in the disclosure standard.

² In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Medical Equipment & Supplies Industry

Public comments were received from three stakeholders in the Medical Equipment & Supplies industry.³ Their comments focused on one proposed change to the standard, and additional topics and metrics that they suggested the SASB should consider adding to the industry standard. Feedback on the proposed change was mixed, with one stakeholder supporting the proposed change and another opposing.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Affordability and Fair Pricing (n/a)** – An individual noted that the use of a purchasing power parity index metric could help track net price increases in markets outside of the U.S.
- **Energy, Water, and Waste Efficiency (1-8)** – An investor disagreed with the removal of the disclosure topic, noting that companies across all industries should disclose emissions, water, and waste data. An intermediary supported the removal of the disclosure topic, and suggested that associated impacts may be better captured through the revision of a metric associated with the Product Design and Lifecycle Management topic.
- **New Topic: Antimicrobial Resistance (n/a)** – An intermediary suggested that a topic related to Antimicrobial Resistance be added to the disclosure standard.

³ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Health Care Delivery Industry

Public comments were received from three stakeholders in the Health Care Delivery industry.⁴ Their comments covered a range of topics, including two for which changes had been proposed in the Exposure Draft of the standard. Comments related to these proposed changes were mixed. Other comments focused on technical aspects of the topics or metrics for which no changes were proposed, and one comment suggested the addition of a new topic to the standard.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Quality of Care and Patient Satisfaction (n/a)** – An individual suggested that the standard include a metric related to individual interactions between patients and hospital staff.
- **Employee Recruitment Development and Retention (n/a)** – An individual suggested that the topic include a metric related to how physicians spend their time across their duties, including clinical work, research, and administration.
- **Pricing and Billing Transparency (n/a)** – An individual suggested that the disclosure topic include a metric related to the percentage of physicians' work billed to the public sector as compared to their private practice.
- **Energy and Waste Efficiency (n/a)** – An individual suggested that food waste be included as a separate metric in this disclosure topic.
- **Climate Change Impacts on Human Health and Infrastructure (1-18)** – A public interest group expressed concern that the revised metric did not adequately cover operational risk, and only focused on the impacts of climate change on human health.
- **Patient Privacy and Electronic Health Records (1-15)** – An intermediary supported the proposed change relating to the addition of security breach metrics, noting the usefulness of such information. An individual suggested that the disclosure topic also include a metric related to the use of “big data” by Health Care Delivery companies.
- **New Topic: Antimicrobial Resistance (n/a)** – An intermediary suggested that a topic related to Antimicrobial Resistance be included in the disclosure standard.

⁴ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Health Care Distributors Industry

Public comments were received from one stakeholder in the Health Care Distributors industry.⁵

This industry had low participation in this PCP phase. Generally, comments recommended the inclusion of additional disclosure metrics for existing topics in the industry standard.

Feedback was provided by a stakeholder on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Fuel Efficiency (n/a)** – An individual suggested considering the addition of metrics related to maintenance and repair savings, as well as the use of GPS and RFID to enhance route planning.
- **Product Lifecycle Management (n/a)** – An individual suggested that the topic should include a metric relating to tracking five-year trends in packaging weight.

⁵ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Managed Care Industry

Public comments were not received for the Managed Care industry.⁶

⁶ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Drug Retailers Industry

Public comments were not received for the Drug Retailers industry.⁷

⁷In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.



Summary of Public Comments on 2017/2018 Exposure Drafts

Financials Sector

Commercial Banks Industry

Investment Banking & Brokerage Industry

Asset Management & Custody Activities Industry

Consumer Finance Industry

Mortgage Finance Industry

Security & Commodity Exchanges Industry

Insurance Industry

Prepared by the

Sustainability Accounting Standards Board

February 2018

Commercial Banks Industry

Public comments were received from 11 stakeholders in the Commercial Banks industry.⁸ The SASB received comments that range from high-level feedback on the Exposure Draft standard and the standard-setting process to detailed feedback on specific metrics and technical protocols. Comments addressed proposed changes as well as parts of the provisional standard with no proposed changes. For example, an intermediary stated that use of the terms “should/may” in the technical protocols rather than the term “shall” represents a weakening of the language, which was noted as a negative development; meanwhile a public company stated a preference for a principles-based ESG framework that is less prescriptive. Additionally, some stakeholders suggested topics and metrics not included in the Exposure Draft. Feedback covered every Exposure Draft disclosure topic and almost all of the associated metrics.

Most stakeholders welcomed the proposed changes to the provisional standard, although there was mixed feedback on the relevance and decision-usefulness of the associated metrics. For example, a public company highlighted the lack of decision-usefulness of metrics with absolute units of measure.

Overall, issuers and investors expressed support for the SASB’s efforts to strengthen the consistency of sustainability disclosures. One stakeholder highlighted the inclusion of activity metrics as a positive development that improves the usefulness of the standards.

Feedback was provided by stakeholders on the specific topics below, which are ordered as the topics occur in the Exposure Draft. Topics for which there is a proposed change are followed by the number contained in the Basis for Conclusion. Where there is no Basis for Conclusion, topics are followed by (n/a). New topics are listed after Exposure Draft topics.

- **Data Security (2-4, 2-5)** – One individual made a number of recommendations to improve the quality of the technical protocols of qualitative (TA02-04-01) and quantitative (TA02-04-01, TA02-05-01) metrics. A public company expressed concern regarding the use of absolute numbers as indicators of performance; for example, the number of data security breaches.
- **Financial Inclusion & Capacity Building (2-1, 2-3)** – One individual provided technical recommendations for strengthening the technical protocols of the proposed metrics FN0101-03, TA02-01-01, and TA02-03-01. Another individual highlighted the importance of this sustainability topic and suggested that it is applicable to not only the Commercial Banks industry, but also to the other six industries in the Financials sector as well. An intermediary supported the proposed changes associated with this topic, but recommended the use of units of measure that highlight the magnitude/importance of commercial banks products, such as the value of no-cost accounts or the percentage of the total loan portfolio.
- **Integration of Environmental, Social, and Governance Factors in Credit Risk Analysis (2-10, 2-11)** – Two stakeholders expressed concerns and a desire for additional explanation of the SASB’s rationale for removing the metric on lending and project finance that employs ESG integration (FN0101-17). An investor stated that standardizing credit exposure by industry

⁸ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

using NAICS was a suitable approach, and would make banks' disclosures more useful for risk analysis. A public interest group expressed support for the rationale behind the proposed change to report commercial and insurance credit by industry (TA02-11-01), but suggested that the metric should be made more specific to enhance comparability. An individual suggested referencing the Financial Accounting Standards Board (FASB) Current Expected Credit Loss standard to capture forward-looking elements that could impact revenues or costs in the intermediate to long term. Another stakeholder suggested including a focus on exclusion lists and disclosure of specific animal welfare practices.

- **Management of the Legal and Regulatory Environment (2-6)** – An individual suggested that the SASB consider expanding the scope of metric TA02-06-01 to include additional reputational impacts, or impacts that may result from incidents associated with regulatory enforcement actions.
- **Systemic Risk Management (2-8, 2-9)** – An investor found the updates to the Systemic Risk Management metrics to be an improvement to the standard. An individual suggested that the scope of the metrics be extended to all banks, rather than just global, systemically-important banks.
- **New Topic: Waste Management (n/a)** – An intermediary suggested the inclusion of a topic and associated metrics for electronic-waste management.

Investment Banking & Brokerage Industry

Public comments were received from seven stakeholders in the Investment Banking & Brokerage industry.⁹ Many stakeholders mentioned in the Commercial Banks industry summary also provided feedback on the Investment Banking & Brokerage industry; therefore, some of the highlighted comments apply to both industries. The SASB received comments that range from high-level feedback on the Exposure Draft standard and the standard-setting process as well as very detailed feedback on specific metrics and technical protocols. The comments address the proposed changes as well as parts of the provisional standard with no proposed changes. Additionally, some stakeholders suggested additional topics and metrics currently not included in the Exposure Draft. Feedback covered all of the disclosure topics in the Exposure Draft and almost all of the associated metrics.

Most stakeholders welcomed the proposed changes to the provisional standard, while feedback on the details specified in the technical protocols of certain metrics in the Exposure Draft was mixed. One intermediary stated that use of the terms “should/may” in the technical protocols rather than the term “shall” represents a weakening of the language, which was noted as a negative development.

Overall, issuers and investors expressed support of the SASB’s efforts to strengthen the consistency of sustainability disclosures. One stakeholder highlighted the inclusion of activity metrics as a positive development improving the usefulness of the standards. At the same time, a public company provided feedback that questioned the decision-usefulness of metrics with absolute units of measure. The company further suggested that the proposed activity metrics for the industry were redundant, as such information is already available in the public domain.

Feedback was provided by stakeholders on the specific topics below, which are ordered as the topics occur in the Exposure Draft. Topics for which there is a proposed change are followed by the number contained in the Basis for Conclusion. Where there is no Basis for Conclusion, topics are followed by (n/a). New topics are listed after Exposure Draft topics.

- **Employee Inclusion (2-15)** – A public company mentioned that reported diversity data could be skewed due to regional differences. An individual also pointed out issues with the term “decision-makers” in the SASB standard, noting that the definition of the term in the technical protocol may not be sufficient to ensure consistent reporting across companies.
- **Integration of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities (2-23, 2-24)** – Two stakeholders saw the inclusion of a metric measuring the number and value of investments and loans integrating ESG factors (TA02-24-01) as a positive development, noting the usefulness of this information. Regarding metrics TA02-23-01 and TA02-24-01, an individual pointed out that revenue figures provide greater context to the number of transactions, and that unfavored industries (from an ESG perspective) will likely incur higher fee income.
- **Management of the Legal and Regulatory Environment (2-16)** – An individual suggested that the SASB consider expanding the scope of metric TA02-16-01 to consider additional

⁹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Consumer Finance Industry

Public comments were received from four stakeholders in the Consumer Finance industry.¹¹ Consumer Finance industry comments largely relate to the changes proposed to the provisional standard. Feedback from one issuer primarily related to the SASB's approach to standards-setting across the sector, with comments that were applicable to similar topics and metrics that appear in multiple industries in the sector. The views expressed by stakeholders on the proposed changes were mixed, at both the topic and metric levels.

Feedback was provided by stakeholders on the specific topics below, which are ordered as the topics occur in the Exposure Draft. Topics for which there is a proposed change are followed by the number contained in the Basis for Conclusion. Where there is no Basis for Conclusion, topics are followed by (n/a). New topics are listed after Exposure Draft topics.

- **Customer Privacy (2-38)** – A public company pointed out that some of the data required by a quantitative accounting metric for opt-in account holders (TA02-38-01) represents a measurement of customer behavior, and therefore does not represent a company's business practices.
- **Data Security (2-39)** – A public company expressed concern regarding the use of absolute numbers—such as number of data security breaches—as indicators of performance.
- **Selling Practices (2-40)** – One investor expressed that the inclusion of quantitative metrics on selling practices provided useful information and was an improvement to the standard. An intermediary suggested that customer retention rate would be a useful indicator for the industry. A public company expressed concern about using data points such as average customer debt, mean and median age of accounts, and the average monthly full payment rate, as they are indicative of consumer behavior rather than business practices. Additionally, the issuer noted that the reporting of total losses resulting from legal proceedings associated with the selling and servicing of products may not provide representative or comparable data with respect to company management of such issues.
- **Financial Inclusion & Capacity Building (2-37)** – An individual suggested that Financials Inclusion is relevant to the Consumer Finance industry.

¹¹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Security & Commodity Exchanges Industry

Public comments were received from four stakeholders in the Security & Commodity Exchanges industry.¹³ The majority of comments in the Security & Commodity Exchanges industry pertain to previously existing topics and metrics in the industry standard; there was only one comment related to a proposed change in the Exposure Draft.

A public company provided feedback that questioned the decision-usefulness of metrics with absolute units of measure. The company further suggested that proposed activity metrics for the industry were redundant, as such information is already available in the public domain.

Feedback was provided by stakeholders on the specific topics below, which are ordered as the topics occur in the Exposure Draft. Topics for which there is a proposed change are followed by the number contained in the Basis for Conclusion. Where there is no Basis for Conclusion, topics are followed by (n/a). New topics are listed after Exposure Draft topics.

- **Promoting Transparent & Efficient Capital Markets (n/a)** – A stakeholder suggested that animal welfare disclosure is relevant for companies in the industry.
- **Managing Business Continuity & Technology Risks (2-47)** – A public company expressed concern over using absolute numbers—performance such as number of data security breaches—as indicators of performance.
- **New Topic: Financial Inclusion & Capacity Building (n/a)** – An individual suggested adding a topic and associated metrics related to financial inclusion to all seven financial industry standards.

¹³ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Insurance Industry

Public comments were received from nine stakeholders in the Insurance industry.¹⁴ The SASB received a variety of comments that range from high-level feedback on the Exposure Draft standard and the standard-setting process to detailed feedback on specific metrics and technical protocols. Comments addressed the proposed changes as well as parts of the provisional standard with no proposed changes. Some stakeholders suggested the addition of topics and metrics that are currently not included in the Exposure Draft. Feedback covered every disclosure topic in the Exposure Draft and all of the associated metrics.

Stakeholders generally agreed with the proposed set of selected topics and metrics. However, there were mixed views about the removal of certain metrics. A public company generally supported the proposed changes for the removal of some metrics and further suggested that some of the remaining metrics were not relevant to measuring performance. In contrast, some investors expressed a desire for additional rationale regarding proposed metric removals and stated that the disclosures provided by these metrics were decision-useful.

Feedback was provided by stakeholders on the specific topics below, which are ordered as the topics occur in the Exposure Draft. Topics for which there is a proposed change are followed by the number contained in the Basis for Conclusion. Where there is no Basis for Conclusion, topics are followed by (n/a). New topics are listed after Exposure Draft topics.

- **Environmental Risk Exposure (2-49, 2-50, 2-51)** – There was general agreement about the proposed metric-level changes among four stakeholders. A public company expressed concern over the metric that asks for a “List of markets, regions, and/or events for which the registrant declines to voluntarily write coverage for weather-related natural catastrophe risks” (FN0301-04), suggesting that the metric is not a fair representation of company exposure to or management of topic-level risks. An investor was confused by the logic for the removal of metric FN0301-05, which measures the percentage of mitigated insurance policies associated with weather-related natural catastrophe risks.
- **Transparent Information & Fair Advice for Customers (2-52, 2-53)** – The proposed updates to the topic received mixed feedback. A public company supported the removal of the proposed metric on losses as a result of legal proceedings associated with failure to provide transparent information about products and services (FN0301-10), while an intermediary opposed the removal. These stakeholders provided similarly mixed views on the decision-usefulness of the complaints-to-claims ratio metric (FN0301-08). The intermediary also recommended additional metrics on responsible sales practices.
- **Integration of Environmental, Social, and Governance Factors in Investment Management (2-55)** – Two investors expressed a desire for additional clarity over how total invested assets by industry and asset class (metric TA02-55-01) communicates company

¹⁴ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.



Summary of Public Comments on 2017/2018 Exposure Drafts

Technology & Communications Sector

Electronic Manufacturing Services & Original Design Manufacturing Industry

Software & IT Services Industry

Hardware Industry

Semiconductors Industry

Telecommunications Services Industry

Internet Media & Services Industry

Prepared by the

Sustainability Accounting Standards Board

February 2018

Electronic Manufacturing Services & Original Design Manufacturing Industry

Public comments were received from four stakeholders in the Electronic Manufacturing Services & Original Design Manufacturing Industry (EMS&ODM).¹⁵ The comments were primarily technical in nature and focused on the metrics in the Exposure Draft that were consistent with the provisional standard. Generally, the four stakeholders focused on different elements of the standard.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Water & Waste Management in Manufacturing (n/a)** – One intermediary expressed concern that the topic included only a quantitative disclosure for hazardous waste (TA03-01-01), and recommended adding a qualitative metric to the topic so that companies can provide broader insight into how they handle this issue.
- **Product Lifecycle Management (n/a)** – One public company expressed concern that this topic was outside the scope of operations for the industry, and was instead managed by its downstream customers. The stakeholder recommended that the topic be removed. An industry group provided information about recent updates for a standard it maintains, which is cited in a technical protocol.
- **Supply Chain Management & Materials Sourcing (n/a)** – One public company expressed concern over the usefulness and substantial reporting burdens of the SASB's critical materials metric (TA-03-02-01), noting that a trace amount of at least one of the listed critical materials is likely present in most products. Further, the company recommended changing the metric related to facility and supplier audits (TC0101-05) to focus on only high-risk facilities.

¹⁵ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Software & IT Services Industry

Public comments were received from five stakeholders in the Software & IT Services industry.¹⁶ The comments were mainly technical notes on metrics, though one public company provided high-level recommendations for where SASB disclosures should occur. The same company also encouraged the SASB to further align with Task Force on Climate-related Financial Disclosures (TCFD) and CDP. While feedback in this industry was generally positive and supportive of the proposed changes, stakeholders recommended additional topics and metrics.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Environmental Footprint of Hardware Infrastructure (3-3)** – An investor noted that their previous comments related to this topic were addressed with the proposed change. A public company agreed with the focus of this topic, but proposed more robust metrics to give more insight into renewable energy management. Another investor disagreed with the proposed removal of a technical protocol on the double counting of fuel consumption related to self-generated energy (TA03-04-01), pointing out that the updated disclosure may result in less conservative reporting of environmental data.
- **Data Security (3-5, 3-6)** – An investor supported both proposed updates to the topic.
- **Recruiting & Managing a Global, Diverse Skilled Workforce (n/a)** – A public company recommended that the SASB include more robust disclosures on the metric (TC0102-12), and provide a clear methodology for how to calculate employee engagement.
- **New Topic: Greenhouse Gas Emissions (n/a)** – An intermediary suggested that disclosure of GHG emissions (Scope 2 & 3) is relevant for this industry due to its sheer size.
- **New Topic: Community Relations (n/a)** – An intermediary suggested adding a topic on tracking company efforts to engage with communities to bridge the digital divide through offering low-cost products and donations to communities in need.
- **New Topic: Digital Inclusion (n/a)** – An investor suggested adding disclosure on efforts to reach people with physical disabilities through accessible products and services.
- **New Topic: Sustainable Solutions (n/a)** – An investor suggested adding disclosure on products and services that provide social and environmental benefits.

¹⁶ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Hardware Industry

Public comments were received from two stakeholders in the Hardware industry.¹⁷ Comments focused on one proposed change to the industry standard related to a technical protocol wording change to a qualitative metric. They also suggested new disclosure topics for the industry.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Supply Chain Management & Materials Sourcing (3-7)** – An investor disagreed with the SASB’s proposed change to the critical materials sourcing metric (TA03-07-02), which updated the language in the technical protocol relating to operational risks from “should” identify to “may” identify.
- **New Topic: Greenhouse Gas Emissions (n/a)** – An intermediary suggested that disclosure of GHG emissions (Scope 2 & 3) is relevant for this industry due to its sheer size.
- **New Topic: Energy Management (n/a)** – An intermediary recommended adding quantitative disclosures on energy management.
- **New Topic: Community Relations (n/a)** – An intermediary suggested adding a topic on tracking company efforts to engage with communities to bridge the digital divide through offering low-cost products and donations to communities in need.

¹⁷ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Semiconductors Industry

Public comments were received from two stakeholders in the Semiconductors industry.¹⁸ The comments suggested a new disclosure topic for the industry and expressed concern over a technical protocol wording change in a qualitative metric.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Supply Chain Management & Materials Sourcing (3-7)** – An investor disagreed with a portion of the SASB’s proposed change to the critical materials sourcing metric (TA03-07-02). Specifically, the investor opposed the change in the technical protocol of the metric from “should” identify operational risks to “may” identify operational risks.
- **New Topic: Greenhouse Gas Emissions (n/a)** – An intermediary suggested that disclosure of GHG emissions (Scope 2 & 3) is relevant for this industry due to the size of the industry.

¹⁸ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Telecommunication Services Industry

Public comments were received from three stakeholders in the Telecommunication Services industry.¹⁹ Feedback in this industry was generally technical in nature and focused both on proposed changes in the Exposure Draft and on the metrics in the Exposure Draft from the provisional standard. Stakeholders generally did not comment on the same topics; thus comments neither aligned nor contrasted with one another. A public company expressed concerns related to the comparability of certain metrics and the competitive sensitivity of disclosure on several topics.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Activity Metrics (n/a)** – A public corporation expressed concern that two of the activity metrics (TA0401-B and TA0401-C) would require the disclosure of competitively sensitive information, and requested clarity on how to report on another activity metric (TA0401-A).
- **Environmental Footprint of Operations (3-10)** – One public corporation noted that a significant number of its network facilities are mixed-use, and requested clarification on why the energy usage metric (TA03-10-01) asks for a breakdown between cellular and fixed networks. An investor disagreed with the proposed removal of a technical protocol on the double counting of fuel consumption related to self-generated energy (TA03-10-01), citing concern that the updated disclosure may result in less conservative reporting of environmental data.
- **Data Privacy (n/a)** – One public corporation commented that disclosure of total fines could be misleading, as breaches at vendor call centers may not be the fault of the company. The issuer also expressed that there are competitive sensitivities associated with disclosing information under two metrics for this disclosure topic (TC0301-03, TC0301-04).
- **Data Security (3-13)** – One public corporation suggested that disclosure on this topic was competitively sensitive, and that the SASB should clarify the definition of data security breaches (TC0301-06) to ensure comparability.
- **Workforce Diversity & Inclusion (n/a)** – One public corporation requested clarification of the definition of “executives” in the gender and racial/ethnic diversity metric (TC0401-14) to ensure comparable disclosure.
- **Managing Systemic Risks from Technology Disruption (n/a)** – One public corporation suggested that disclosure on this topic was competitively sensitive, recommending the removal of a quantitative metric on average interruption frequency and duration (TC0301-09); it also recommended that the SASB revise qualitative metric TC0301-10, pivoting from

¹⁹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

a discussion of systems to prevent service interruptions to a discussion of management approach.

- **Competitive Behavior & Open Internet (3-14)** – One public corporation suggested that disclosure on this topic was competitively sensitive, and recommended that two quantitative metrics (TC0301-11 and TA03-14-01) be replaced with a qualitative disclosure metric. Further, the corporation asked for clarity on the definition of “anti-competitive practices” (TC0301-11) because of legal concerns. It also suggested that disclosures on net neutrality were no longer relevant following recent FCC actions. An intermediary suggested an additional quantitative metric for this topic.
- **New Topic: Greenhouse Gas Emissions (n/a)** – An intermediary suggested that disclosure of GHG emissions (Scope 2 & 3) is relevant for this industry due to its sheer size.
- **New Topic: Community Relations (n/a)** – An intermediary suggested adding a topic on tracking company efforts to engage with communities to bridge the digital divide through offering low-cost products and donations to communities in need.

Internet Media & Services Industry

Public comments were received from three stakeholders in the Internet Media & Services industry.²⁰ Feedback in this industry was generally technical in nature and focused both on proposed changes in the Exposure Draft and on metrics in the Exposure Draft that were consistent with the provisional standard. Stakeholders generally did not comment on the same topics. A public company expressed concerns related to the comparability of certain metrics and the competitive sensitivity of disclosure on several topics.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Activity Metrics (n/a)** – A public company expressed concerns that two activity metrics (TA0401-B and TA0401-C) would require disclosure of competitively sensitive information, and asked for more clarity on how to report on another activity metric (TA0401-A).
- **Environmental Footprint of Hardware Infrastructure (3-15)** – An investor disagreed with the proposed removal of a technical protocol on the double counting of fuel consumption related to self-generated energy (TA03-15-01), citing concern that the updated disclosure may result in less conservative reporting of environmental data.
- **Data Privacy, Advertising Standards & Freedom of Expression (n/a)** – One public corporation commented that disclosure of total fines (TC0401-06) could be misleading, as breaches at vendor call centers may not be the fault of the company. The issuer also expressed that there are competitive sensitivities associated with disclosing information under a metric for this disclosure topic (TC0401-05), and requested clarification on whether another metric (TC0401-04) tracks first or third-party advertising (or both).
- **Data Security (3-18)** – One public corporation suggested that disclosure on this topic was competitively sensitive, and that the SASB should clarify the definition of data security breach (TC0401-10) to ensure comparability.
- **Workforce Diversity & Inclusion (n/a)** – One public corporation requested clarification of the definition of “executives” for the gender and racial/ethnic diversity metric (TC0401-14) to ensure the comparability of disclosures. The corporation also asked that the SASB clarify the relevance of the metric related to foreign nationals in the workforce (TC0401-12). Further, this public company asked the SASB for guidance on how companies should measure employee engagement (TC0401-13), as it felt the current guidance is not specific enough to be comparable.
- **Intellectual Property Protection & Competitive Behavior (n/a)** – One public corporation suggested that disclosure on this topic was competitively sensitive. Further, the company

²⁰ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

asked for greater clarity on the definition of “anti-competitive practices” (TC0401-16) and expressed legal concerns over disclosure on this metric.

- **New Topic: Greenhouse Gas Emissions (n/a)** – An intermediary suggested that disclosure of GHG emissions (Scope 2 & 3) is relevant for this industry due to its size.



Summary of Public Comments on 2017/2018 Exposure Drafts

Extractives & Minerals Processing Sector

Oil & Gas – Exploration & Production Industry

Oil & Gas – Midstream Industry

Oil & Gas – Refining & Marketing Industry

Oil & Gas – Services Industry

Coal Operations Industry

Iron & Steel Producers Industry

Metals & Mining Industry

Construction Materials Industry

Prepared by the
Sustainability Accounting Standards Board

February 2018

Oil & Gas – Exploration & Production Industry

Public comments were received from fourteen stakeholders in the Oil & Gas – Exploration & Production industry.²¹ Comments included high-level feedback on the Exposure Draft—including the SASB’s approach—as well as feedback regarding the materiality of the topics and technical feedback on the applicability and usefulness of associated metrics. Technical feedback focused on the proposed changes to the standards, as well as the metrics in the Exposure Draft for which there were no proposed changes. Stakeholders provided comments on most of the proposed changes that were included in the Exposure Drafts, expressing general support for the SASB’s attention to these issues in the standard, and mixed views on some technical aspects of the proposed changes.

Several stakeholders, including issuers, investors, and third parties, expressed appreciation for the incorporation of feedback previously provided during consultation in the proposed changes to the standard, and supported the SASB’s continued engagement with market participants in the development of the standards. Two issuers and one industry association expressed support for the revisions to the standard’s introductory language, specifically those portions related to the determination of materiality and location of disclosures. One issuer and one industry association expressed concern, however, noting that companies are already required to disclose material information in their regulatory filings, and that the inclusion of risks that are not material to a given issuer may elevate some risks over others in a way that is not representative of the issuer’s consideration and/or management of the issue.

One issuer and one industry association expressed concern regarding the inclusion of metrics that call for incremental disclosures of proved and probable reserves. They noted that such disclosures may not be representative of issuer management of sustainability risks and opportunities due to their speculative nature, and therefore may not provide representative, useful information for investors. One issuer referenced the existing SEC rules regarding disclosures related to reserves as an accepted approach for the disclosure of hydrocarbon reserves. An issuer and an industry association noted that the use of scenario analysis to generate standardized, quantifiable disclosures related to reserves impacts may not provide investors with useful, relevant information, again due to the uncertain nature of such disclosures.

Two issuers also suggested that the use of granular, quantitative metrics may not provide investors with a complete picture of issuer performance on a given sustainability risk or opportunity, noting that such disclosures may not fully represent an issuer’s strategies or processes to manage of that risk or opportunity. Another issuer noted that some terms in the SASB standard may not be sufficiently defined to ensure accurate reporting and comparability. While in some instances issuers proposed specific changes to the standard to address such concerns, in many cases, no proposed changes were provided. An industry association suggested that the SASB seek to better align its standard with existing industry frameworks.

Two investors provided feedback that was generally supportive of the content of the standards, including several of the proposed changes.

²¹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Feedback from third parties, including intermediaries and public interest groups, was generally supportive, though they suggested that the SASB strengthen its disclosures related to methane emissions and seek to further align with the recommendations of the Task Force on Climate-Related Financial Disclosures.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Greenhouse Gas Emissions (4-1, 4-2)** – One issuer expressed concern regarding the lack of context related to the metrics associated with the topic, suggesting that they do not sufficiently describe issuer management of the issue. Two issuers and an industry association expressed concern over the definitions included in the standard, specifically referencing the technical protocols of metrics describing source-specific emissions (TA04-02-01) as well as emissions associated with certain asset types (TA04-01-01). They suggested that the SASB align with existing industry standards to clarify such definitions. An industry association noted that it may not be feasible to report source-specific emissions (TA04-02-01) due to the granularity of such data as well as the lack of data availability from non-operated assets. An issuer suggested that the disclosure of reduction targets may not be a representative nor useful approach to disclosing issuer management of risks associated with the issue. A public interest group suggested that methane-related disclosures in the SASB framework should be strengthened, including disclosures related to Leak Detection and Repair processes, methane-specific reduction targets, and company governance of methane-specific risks. Another public interest group suggested that the SASB consider the use of short-term global warming potential factors for non-CO₂ greenhouse gases, as opposed to long-term values.
- **Air Quality (n/a)** – A public interest group suggested that the disclosure of the amount of pollution emitted does not provide sufficient information to fully describe the risks associated with air quality management. Furthermore, the stakeholder stated that disclosures related to the impacts of said emissions would be more representative and applicable, noting that the impact of such emissions is a function of their quantity, location, and timing.
- **Water Management (4-3)** – Two issuers noted that the metrics related to water usage (EM0101-05, EM0101-06) may require additional clarity of the definitions in the technical protocol, and that the current metrics do not represent issuer exposure to, or management of, water-related risks. One issuer further explained that water management issues tend to be local in nature, and thus aggregate disclosures across company operations may not be a meaningful indicator of water management. An issuer suggested that an existing metric related to the disclosure of the chemical make-up of hydraulic fracturing fluids (EM0101-07) does not provide complete and representative information, as the disclosure of the chemicals used does not relate to the company's management of risks associated with water supply and disposal associated with hydraulic fracturing. An industry association commented that disclosures related to baseline water quality monitoring (TA04-03-01) are U.S.-centric and may not be internationally applicable. Additionally, the association suggested that the indicator may not adequately capture and communicate company

exposure to, or management of, associated risks. One company suggested that the SASB consider the inclusion of disclosures of water-related impacts associated with construction activities and drilled cuttings. An investor commented that the metrics included in the Exposure Draft are relevant and useful, highlighting the importance of water usage for sources of marginal production. One intermediary suggested that the SASB expand its scope of disclosure to include a description of company actions taken to reduce water usage, including short, medium, and long-term targets for water use and recycling. A public interest group recommended that the SASB consider the inclusion of impacts related to non-fresh water sources, noting that some communities desalinate water for potable use.

- **Biodiversity Impacts (n/a)** – An issuer suggested that the metric related to spill volumes (EM0101-10) may not provide representative information of issuer performance at the topic level, citing several concerns with the construction of the metric. The issuer further suggested that the scope of disclosure associated with the metric could be better defined. An issuer and an industry association noted that the construction of the metric related to reserves in or near regions of elevated biodiversity risk (EM0101-11) may not result in comparable, representative disclosures, and may require the disclosure of confidential or competitively-sensitive information. Two issuers expressed concern that the metric and associated technical protocol would not ensure comparable disclosure, and suggested that the protocol should be clarified to eliminate this issue. An intermediary suggested that the SASB consider including additional disclosures related to site restoration and fines or penalties associated with biodiversity incidents.
- **Security, Human Rights, and the Rights of Indigenous Peoples (4-4)** – An issuer expressed concern that the metric related to reserves located in or near areas of conflict (EM0101-12) or in or near indigenous lands (TA04-04-01) may not be an adequate proxy for company exposure to, or management of, risks associated with the topic. An issuer also suggested that these metrics may be challenging for issuers to report, noting challenges in defining boundaries for disclosure. An issuer also noted that the disclosure of the location of reserves within the scope of the metric may require the disclosure of confidential or competitively-sensitive information. An issuer suggested that the current qualitative metric describing company policies for managing and mitigating risks associated with the topic (EM0101-14) may not provide a complete or representative description of company exposure to, and management of, such risks. The issuer also noted that the scope of disclosure should exclude joint venture partnerships, noting that the majority owner/operator of the joint venture determines its policies or practices related to the topic. An institutional investor supported the proposed revisions associated with the topic. An individual investor suggested that the SASB review frameworks referenced in the standards to ensure they include the most recent revisions of the frameworks. An intermediary suggested that the SASB consider additional metrics related to the number of people displaced by company operations, as well as the costs associated with the development of new land for resource extraction. Two public interest groups suggested that the SASB review its disclosures related to the Management of Indigenous Rights across industries, including the Oil & Gas –

Exploration & Production industry, and seek to ensure consistency. Finally, a public interest group noted the challenge in identifying what constitutes “indigenous land,” and suggested that the SASB clarify that companies should perform due diligence to determine whether their operations would fall within the scope of disclosure. The public interest group supported the inclusion of references to the ILO C-169 and free, prior and informed consent (FPIC), citing potential material impacts associated with a company’s social license to operate. The public interest group noted that the SASB should ensure that disclosures associated with FPIC provide representative, comparable, and applicable information, noting challenges and barriers to providing the information required by the SASB’s current set of disclosures. The public interest group proposed examples of metrics it recommended the SASB consider including to enhance the quality of disclosure associated with company exposure to, and management of, risks associated with the topic.

- **Community Relations (n/a)** – An industry association noted that the role of companies is to respect human rights and adhere to local legislation in their area of influence, and suggested that the SASB clarify the topic and associated metrics to reflect this paradigm. An intermediary recommended that the SASB should consider the inclusion of metrics related to community engagement on issues related to disposal practices for drilled cuttings. A public interest group supported the inclusion of the Community Relations disclosure topic, and suggested that the SASB consider including additional discussion on civic space issues, natural resource governance, contract transparency, and shared value creation.
- **Employee Health and Safety (4-5, 4-6)** – A company and an industry association recommended that the SASB clarify its definitions of company employee categorizations associated with the metric on employee incident rates and training hours (TA04-05-01) to ensure comparability. One company suggested that the metric, as well as the proposed revision, may be too granular in nature and might not generate useful information for investors. One issuer expressed support for the inclusion of the qualitative metric describing company management systems, because it can help build a culture of safety (TA04-06-01). One intermediary suggested that the SASB consider additional disclosure on impacts associated with drilled cuttings disposal. An investor expressed support for the standardized disclosures related to health and safety performance included in the SASB standard, suggesting that they generate useful information.
- **Critical Incident Risk Management (4-6)** - An investor supported the idea that this topic should be split to separate Employee Health and Safety from Critical Incident Risk Management.
- **Business Ethics and Payments Transparency (n/a)** – An issuer expressed concern that the current metric related to operations in countries with a low ranking on Transparency International’s Corruption Perception Index (EM0101-20) does not provide investors with representative or complete information regarding company exposure to, or management of, risks associated with the topic. The issuer stated that the current metric may be arbitrary, and expressed concern regarding the index, suggesting it may not appropriately represent

investment risks associated with business ethics or payment transparency. An issuer also noted that the disclosures of the location of reserves within the scope of the metric may require the disclosure of confidential or sensitive competitive information. An intermediary suggested that the SASB consider including a metric related to fines or settlements associated with company incidents related to the topic. A public interest group supported the inclusion of the topic, but suggested that the SASB consider clarifying the scope of the topic name and description, including adding information related to payments transparency, enhancing clarity and alignment with external frameworks such as the Extractives Industry Transparency Initiative (EITI), and including an additional sector-specific transparency index to enhance the quality of disclosure.

- **Reserves Valuation and Capital Expenditures (4-8, 4-9)** – Two issuers expressed concern regarding the metric related to the disclosure of the sensitivity of hydrocarbon reserves levels to future price projection scenarios (TA04-08-01), noting that the current disclosure may not provide useful, representative, or comparable information to investors due to its hypothetical nature; thus, it may result in the disclosure of highly sensitive competitive information. An issuer expressed concern regarding the proposed change that would allow companies to include alternative scenarios because of the variable assumptions individual companies may make, which could hinder comparability. The issuer recommended a qualitative metric focused on company strategies to manage and adapt to changing market conditions, suggesting that it would be a more representative and useful disclosure for investors seeking to understand and compare company performance. An issuer suggested that the SASB seek to further align with the current disclosures recommended by the Task Force on Climate-Related Disclosures, while another issuer suggested that the SASB adhere to existing Security and Exchange Commission (SEC) requirements with respect to disclosures related to reserves. Two issuers suggested that the disclosure of carbon emissions embedded in reserves (EM0101-23) may not offer comparable data due to changes in a company's asset mix over time. Another issuer expressed concern over the metric, stating that it is not a useful or relevant indicator of risks associated with the topic and can already be determined via existing, publicly available information. A third issuer suggested that the metric may not provide useful or representative information as it presumes that hydrocarbon assets will be combusted. Three issuers expressed concern over the proposed metric related to investments in and revenues derived from renewable energy (TA04-09-01), noting that this disclosure may not provide representative or useful information. Two of the issuers suggested that disclosure should focus on company research and development activities instead of specific dollar amounts. One investor expressed support for the inclusion of the metric related to renewable energy investment and revenue (TA04-09-01). A public interest group suggested that the SASB consider emphasizing methane-specific disclosures in its metric related to reserves valuation sensitivity analysis (TA04-08-01). Another public interest group supported the use of the International Energy Agency (IEA) scenarios as reference scenarios, but cited several concerns regarding the usefulness of these scenarios with respect to quantifying climate-related risks. To address this issue, the public interest group suggested that the SASB

Oil & Gas – Midstream Industry

Public comments were received from five stakeholders in the Oil & Gas – Midstream industry.²² Comments include both high-level feedback on the Exposure Draft, including the SASB's approach, as well as technical feedback on metrics. Technical comments focused on the proposed changes as well as the metrics in the Exposure Draft that were consistent with the provisional standard. Feedback most frequently focused on the localized impacts that may result from pipeline development and operation, including both environmental and social impacts. All stakeholders provided constructive examples of the manner in which the fair representation of company disclosures could be improved, although these suggestions did not always align.

One issuer and one industry association expressed support for the revisions to the standards' introductory language, specifically the portions related to the determination of materiality and location of disclosures. The industry association also expressed concern, however, noting that companies are already required to disclose material information in their regulatory filings, and that the inclusion of risks that are not material to a given issuer may elevate some risks over others in a way that is not representative of the issuer's consideration and/or management of the issue.

One issuer also suggested that the use of granular, quantitative metrics may not provide investors with a complete picture of issuer performance on a given sustainability risk or opportunity, noting that such disclosures may not provide a comprehensive indication of an issuer's management of that risk or opportunity. In addition, an issuer noted that some terms in the SASB standard may not be sufficiently defined to ensure accurate reporting and comparability. An industry association suggested that the SASB seek to further align its standard with existing industry frameworks.

Feedback from a public interest group and an intermediary was generally focused on specific suggestions related to the treatment of certain topics or issues (or lack thereof) in the standard, such as greenhouse gas and air emissions, community impacts, and indigenous rights.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **GHG Emissions & Energy Resource Planning (4-11)** – One issuer reiterated comments provided in its letter related to the Oil & Gas – Exploration & Production Standard. One investor noted the importance of the proposed revision to the metric related to gross global Scope 1 emissions (TA04-11-01). One public interest group suggested that the scope of disclosures associated with the topic should be expanded to include the identification of the region in which emissions occur, as well as life cycle emissions.
- **Air Quality (n/a)** – A public interest group suggested that the SASB standard address localized impacts of air emissions, impacts on ozone formation, and the results of any modeling of impacts performed by issuers.

²² In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

- **Ecological Impacts (n/a)** – An issuer expressed concerns regarding the representativeness, usefulness, and completeness of the metrics associated with the topic, suggesting that they do not adequately convey a company's exposure to topic-related risks, nor company strategies to manage and/or mitigate such risks. A public interest group recommended the standard include information related to the ecological impacts of pipeline construction.
- **Operational Safety, Emergency Preparedness, and Response (4-13)** – A public interest group noted that the standard should include information related to the health and safety risks associated with pipeline construction.

Oil & Gas – Refining & Marketing Industry

Public comments were received from six stakeholders in the Oil & Gas – Refining & Marketing industry.²³ Comments include both high-level feedback on the Exposure Draft, including the SASB's approach, as well as technical feedback on metrics. Technical comments focused on the proposed changes as well the metrics in the Exposure Draft that were consistent with the provisional standard. Feedback most frequently focused on the localized social and environmental impacts that may result from pipeline development and operation. All stakeholder feedback provided constructive examples of the manner in which the fair representation of company disclosures could be improved, although such suggestions were not always in alignment.

One industry association expressed support for the revisions to the standards' introductory language, specifically the portions related to the determination of materiality and location of disclosures. The industry association also expressed concern, however, noting that companies are already required to disclose material information in their regulatory filings, and that the inclusion of risks that are not material to a given issuer may elevate some risks over others in a way that is not representative of the issuer's consideration and/or management of the issue.

One issuer expressed concerns regarding references to various United States-based regulatory and/or reporting frameworks and the challenge in applying such frameworks in an international context.

An investor confirmed that the proposed revision was reflective of previous feedback provided in the standards development process.

Feedback from a public interest group and an intermediary was generally focused on specific technical suggestions related to certain topics or metrics in the standard.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Air Quality (n/a)** – One intermediary suggested that the standard should include metrics related to the amount invested in pollution-prevention methods and reduction targets for hazardous air pollutants.
- **Water Management (4-14)** – An intermediary noted that the SASB should expand the scope of disclosure to include a description of company actions taken to reduce water usage, including short, medium, and long-term targets for water use and recycling.
- **Hazardous Materials Management (n/a)** – An issuer noted that the current metric refers to the United States Environmental Protection Agency in its the definition of hazardous waste, which may limit the international applicability of the standard. An intermediary suggested the standard consider additional sources of hazardous waste generation as well as company policies, plans, and/or targets to reduce the generation of such waste. The intermediary also

²³ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

suggested that the standard include information on the localized impacts of hazardous waste generation on biodiversity.

- **Employee Health and Safety (4-15)** – An issuer noted that the SASB should clarify its definitions of “company employee categorizations” associated with the metric on employee incident rates and training hours (EM0103-09) to ensure comparability. One issuer suggested that the metric, as well as the proposed revision, may be too granular in nature to provide useful information to investors.
- **Product Specifications and Clean Fuel Blends (n/a)** – An issuer noted that the current metric refers to the United States regulatory framework for renewable fuel requirements, which may limit the international applicability of the standard.
- **Pricing Integrity and Transparency (n/a)** – A public interest group recommended that the SASB clarify its description of the topic in the standard and align with the Extractives Industry Transparency Initiative (EITI) by adding a metric related to material amounts paid to government entities, as well as volumes of oil and gas received.
- **Management of the Legal and Regulatory Environment (4-16)** – One issuer reiterated the comments provided in its letter related to the Oil & Gas – Exploration & Production Standard. One investor confirmed that the proposed revision was reflective of previous feedback provided in the standards development process.

Oil & Gas – Services Industry

Public comments were received from four stakeholders in the Oil & Gas – Services industry.²⁴ Comments were technical in nature, and focused on proposed changes as well as the metrics in the Exposure Draft that were consistent with the provisional standard. Feedback most frequently focused on further strengthening the applicability and fair representation of disclosures for Oil & Gas – Services companies relative to the Oil and Gas – Exploration & Production companies for whom they are providing services.

An investor provided feedback related to two of the proposed changes to the standards, noting the importance of the data generated by the standard and offering suggestions for how the usefulness could be improved.

Feedback from intermediaries generally focused on specific technical suggestions related to certain topics or metrics in the standard.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Emissions Reduction Services and Fuels Management (n/a)** – Two intermediaries suggested that the standard include Scope 1 greenhouse gas emissions in addition to the current metric describing fuel consumption (EM0104-01). One intermediary suggested that the standard consider the impact of emissions associated with waste disposal facilities.
- **Water Management Services (4-18)** – An investor noted the importance of the normalization of ESG impacts to activity levels, especially for environmental-related issues. An intermediary suggested that the standard currently focuses too narrowly on hydraulic fracturing, noting that water use for hydraulic fracturing is a small fraction of total industry water use, and that the SASB should consider water management more broadly. Another intermediary noted that the standard should include additional sources of waste beyond hydraulic fracturing fluids, including other drilling wastes.
- **Chemicals Management (4-19, 4-20)** – An investor noted the usefulness of the disclosure of total volumes of fluids utilized in operations, additionally suggesting that normalization to regional activity levels and/or localized sensitivities is an important part of risk assessment and valuation. An intermediary suggested that the standard currently focuses too narrowly on hydraulic fracturing, noting that chemical use for hydraulic fracturing is a small fraction of total industry chemical use, and that the SASB should consider chemicals management more broadly.
- **Ecological Impact Management (4-21)** – An intermediary suggested that the SASB revise its metric related to company discussion of strategy or plans to address risks and opportunities related to ecological impacts (EM0104-10) to include a discussion of drilling fluids. The intermediary additionally suggested that the disclosure related to disturbed

²⁴ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

acreage (TA04-21-01) be revised to include additional activities that may impact the total footprint required by the service company.

- **Management of the Legal and Regulatory Environment (4-25)** – An intermediary suggested that the SASB revise the content of the technical protocol associated with the disclosure of corporate positions related to government regulations and/or policy proposals (TA04-25-01) to include additional specificity with respect to waste management and disposal.

Coal Operations Industry

Public comments were received from six stakeholders in the Coal Operations industry.²⁵ Comments were technical in nature, and focused on proposed changes as well as the metrics in the Exposure Draft that were consistent with the provisional standard. Feedback was largely focused on the technical aspects of the scope of disclosure of metrics associated with the topics in the standard, or with the construction of the metrics themselves, with recommendations to generally clarify, reframe, or expand the scope of disclosure.

High-level feedback from one public interest group noted that the SASB should ensure that the set of disclosures provided by the standard enable a reasonable investor to understand risks associated with topics in the standard and to perform peer-to-peer comparison. The public interest group further suggested that the SASB review various instances where the word “should” or “may” was used in the standard rather than “shall” to improve the completeness and representativeness of disclosures. The public interest group additionally suggested that some metrics are more suitably reported on a site-, plant-, or facility-specific basis rather than aggregated at a corporate level. The public interest group also suggested that the SASB review several metrics that reference U.S.-based terms and standards to improve applicability to issuers with operations outside the U.S.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Greenhouse Gas Emissions (n/a)** – One public interest group suggested that the SASB add metrics including the disclosure of Scope 2 and Scope 3 greenhouse gas emissions to the existing metric for Scope 1 emissions (EM0201-01).
- **Water Management (4-26)** – One public interest group expressed concern regarding the proposed change to the technical protocol associated with a metric on incidents of non-compliance with water-quality standards (EM0201-04). The concern noted that incidents related to of voluntary agreements should remain in the scope of disclosure.
- **Waste Management (n/a)** – One public interest group commented on the importance of tailings impoundment integrity.
- **Biodiversity Impacts (n/a)** – An intermediary and one public interest group suggested the SASB consider the addition of disclosures related to restoration and remediation efforts. The public interest group additionally suggested disclosures related to mountaintop removal mining, noting that remediation efforts associated with the mining technique may represent a significant cost.
- **Community Relations and the Rights of Indigenous Peoples (n/a)** – An individual and a public interest group noted inconsistency in the Rights of Indigenous Peoples disclosure topic across the SASB standards. An intermediary suggested the inclusion of a metric

²⁵ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Iron & Steel Producers Industry

Public comments were received from two stakeholders in the Iron & Steel Producers industry.²⁶ Comments were focused on technical feedback associated with the scope and construction of certain metric. There were no proposed changes to the standards, and thus all comments were associated with metrics in the Exposure Draft that were consistent with the provisional standard.

One investor provided high-level feedback on the relationship between the Iron & Steel Producers and Metal & Mining industries. The feedback noted the significant overlap in the extractive portion of both industries, but differentiated between risks related to downstream processing, specifically noting that steel companies with mine ownership have significantly different risks than those that do not.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Air Emissions (n/a)** – One intermediary suggested that the standard include metrics related to the amount invested in pollution-prevention methods, as well as reduction targets related to hazardous air pollutants.
- **Water Management (n/a)** – An intermediary noted that the SASB should expand its scope of disclosure to include a description of company actions taken to reduce water usage, including short-, medium-, and long-term targets for water use and recycling.

²⁶ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

within the scope of disclosure. The public interest group supported the inclusion of references to the ILO C-169 and free, prior, and informed consent (FPIC), citing potential material impacts associated with a company's social license to operate. The public interest group noted that the SASB should ensure that disclosures associated with FPIC provide representative, comparable, and applicable information, noting challenges and barriers in providing this information that may exist in the SASB's current set of disclosures. The public interest group offered examples of metrics it recommended the SASB consider including to enhance the quality of disclosure associated with company exposure to and management of risks associated with the topic.

- **Business Ethics and Payments Transparency (n/a)** – A public interest group supported the inclusion of the topic, but suggested that the SASB consider clarifying the scope of the topic name and description by adding information related to payments transparency, enhancing clarity and alignment with external frameworks such as the Extractives Industry Transparency Initiative (EITI), and including an additional sector-specific transparency index to enhance the quality of disclosure.

Construction Materials Industry

Public comments were received from two stakeholders in the Construction Materials industry.²⁸ Comments were technical in nature, and focused on proposed changes as well as the metrics in the Exposure Draft that were consistent with the provisional standard. Feedback was limited, and largely centered on improving the clarity of existing metrics or increasing the scope of disclosure.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Air Quality (n/a)** – One intermediary suggested the standard include metrics related to the amount invested in pollution-prevention methods as well as reduction targets related to hazardous air pollutants.
- **Energy Management (n/a)** - One intermediary suggested that the SASB consider the addition of a qualitative metric to the topic that would provide discussion of plans, targets, and initiatives to decrease energy consumption and/or integrate renewable energy into a company’s supply mix.
- **Water Management (n/a)** – An intermediary noted that the SASB should expand its scope of disclosure to include a description of company actions taken to reduce water usage, including short-, medium-, and long-term targets for water use and recycling.
- **Waste Management (n/a)** – An intermediary suggested the addition of a discussion and analysis metric associated with the topic regarding a company’s efforts to convert raw materials into finished goods and its management of hazardous waste.
- **Biodiversity Impacts (n/a)** – An intermediary suggested the SASB consider the addition of disclosures related to restoration and remediation efforts, as well as the disclosure of fines or settlements associated with negative impacts to biodiversity.
- **Product Innovation (4-34)** – An industry association suggested that the SASB consider the lifecycle impacts of construction materials products with respect to total environmental footprint. An intermediary suggested that the disclosure of research and development efforts for more efficient or environmentally sound products may be useful to investors and should be considered for inclusion in the standard.

²⁸ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.



Summary of Public Comments on 2017/2018 Exposure Drafts

Transportation Sector

Automobiles Industry

Auto Parts Industry

Car Rental & Leasing Industry

Airlines Industry

Air Freight & Logistics Industry

Marine Transportation Industry

Cruise Lines Industry

Rail Transportation Industry

Road Transportation Industry

Prepared by the
Sustainability Accounting Standards Board

February 2018

Automobiles Industry

Public comments were received from four stakeholders in the Automobiles industry.²⁹ Comments included high-level feedback on the disclosure topics, including proposed changes. While some comments focused on proposed changes in the Exposure Draft, most comments were on the unchanged topics and metrics relative to the provisional standard. The comments covered all topics in the standard except Labor Relations.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Materials Efficiency & Recycling (n/a)** – An intermediary suggested adding metrics on the lifecycle assessment of vehicles to highlight the resource intensity of both internal combustion and electric vehicles.
- **Product Safety (n/a)** – An intermediary suggested including information technology security, such as the functionality of assistance systems and anti-hacking measures, to the product safety topic. Another stakeholder proposed adding a metric on the use of animal-detection technology to prevent harm to animals from automobiles.
- **Fuel Economy & Use-phase Emissions (5-2)** – Three stakeholders commented on their support of the proposed new fuel-economy metric (TA05-02-01).
- **Materials Sourcing (5-4)** – An intermediary expressed concern regarding the removal of conflict minerals from the scope of the topic, given its significance in the automobiles industry.
- **Materials Sourcing (n/a)** – A stakeholder proposed adding a metric on the use of animal leather in vehicles.

²⁹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Auto Parts Industry

Public comments were received from four stakeholders in the Auto Parts industry.³⁰ Comments included technical feedback on specific metrics and were split between the proposed changes and the unchanged topics and metrics relative to the provisional standard. Stakeholders generally agreed with the proposed changes.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Materials Efficiency & Waste Management (n/a)** – One industry association recommended that the SASB update the scope of the metric on manufacturing waste (TR0102-02) to include an option to report the use of biogenic or renewable materials to reduce environmental impact and protect against price volatility of typical inputs materials.
- **Product Safety (n/a)** – One industry association recommended that the recall metric (TR0102-03) align with the reporting requirements of the National Highway Traffic Safety Administration (NHTSA). Specifically, the comment communicated that the metric should be restricted in scope, as the NHTSA does not require the reporting of remediation costs or of significant outcomes related to recalls. Additionally, the association recommended removing voluntary recalls, as voluntary recalls are a proactive step that may not have a negative impact on a company's financial health and reputation. Another stakeholder recommended the addition of a metric on animal-detection technology to prevent harm to animals from automobiles.
- **Product Lifecycle Management (5-5)** – A public interest organization commented that the proposed metric on revenue from products designed to increase fuel efficiency and/or reduce emissions (TA05-05-01) is in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations. An investor agreed with the proposed update to this same metric, which revised the metric from an estimate of the registrant's market share of fuel-efficiency-related products to revenue from such products. However, an industry association recommended that the metric's focus should be on the percentage of products shipped rather than on revenue, since revenue numbers will include differences in product pricing and could be misleading.
- **Product Lifecycle Management (5-6)** – An industry association recommended combining the revised metric on input materials from recycled or remanufactured content (TA05-06-01) with a metric in the materials efficiency topic (TR0102-02) because of the overlap between the metrics. This industry association stated that combining the metrics would avoid duplication and streamline the reporting requirements. In addition, the industry association recommended including biogenic/renewable material in the scope of the metric. One

³⁰ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

investor provided positive feedback on the revised metric, including support for the use of take-back programs to reduce environmental impacts.

- **Product Lifecycle Management (n/a)** – An industry association recommended that the SASB revise this metric (TR0102-05) to include products sold that are classified as legitimate non-waste fuels used for energy recovery. The industry association also recommended recognizing some additional items as examples of products that meet the definition of reusable materials in the same metric.
- **Materials Sourcing (5-8)** – An industry association recommended a revision of the proposed metric (TA05-08-01) on products containing critical materials to include consideration that while certain products can use alternative non-critical raw materials, other products cannot be manufactured without a critical raw material.
- **Materials Sourcing (n/a)** – A stakeholder recommended the addition of a metric on the use of animal leather.

Car Rental & Leasing Industry

Public comments were received from one stakeholder in the Car Rental & Leasing industry.³¹ There were no proposed changes to this industry standard. Feedback was provided by the stakeholder on the topic below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **New Topic: Materials Sourcing (n/a)** – A stakeholder proposed adding a topic and metric on the use of animal leather in vehicles.

³¹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Airlines Industry

Public comments were received from six stakeholders in the Airlines industry.³² Comments included both high-level feedback on the Exposure Draft, including the SASB's approach, as well as substantial technical feedback on metrics. Technical feedback addressed proposed changes in the Exposure Draft and the topics and metrics that were unchanged relative to the provisional standard. Stakeholders generally commented on different proposed changes, with one exception. Four stakeholders provided comments on the proposed addition of the topic Customer Welfare, with multiple views on the topic and metrics emerging.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Environmental Footprint of Fuel Use (5-9)** – An industry association agreed with the proposed removal of the fuel hedging metric (TR0201-04). An investor commented that the amount of fuel hedged should be disclosed, as fuel prices have material impacts on airline financial results.
- **Environmental Footprint of Fuel Use (5-10)**³³ – An industry association does not recommend the development of a single standard to represent fleet fuel efficiency because an airline's fleet efficiency is determined by many factors, so this could be misleading. The association additionally commented that it would be premature to use the new International Civil Aviation Organization (ICAO) carbon dioxide certification standard, as it is yet to be adopted in the United States and after adoption would apply only to new fleet. If the SASB proceeds with the creation of a fleet fuel-efficiency metric, then the association asserted that it would require extensive technical work to create a meaningful metric and would appreciate the opportunity to assist with development of the metric. Another public interest organization asked for more clarity on this technical agenda item.
- **Environmental Footprint of Fuel Use (n/a)** – An industry association commented that gross Scope 1 greenhouse gas (GHG) emissions (TR0201-01) is not decision-useful since it does not account for the size of operations. The association also noted that since more than 99 percent of emissions are carbon dioxide, it is not useful to include other GHGs in the metric scope. The association additionally requested clarification of the definition of "renewable fuel" in the metric on fuel consumed (TR0201-03).
- **Customer Welfare (5-11)**³⁴ – An industry association opposed the addition of this topic and its associated metrics to the standard, while three stakeholders (an individual, an intermediary, and an organization) supported the proposed change. The industry association expressed opposition, citing that Airlines would be the only industry with this topic in its

³² In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

³³ The SASB did not propose a change to the industry standard pursuant to 5-10. The Basis for Conclusions document communicated the SASB's intent to develop a fleet fuel-efficiency metric in the future.

³⁴ The proposed topic on Customer Welfare did not include any metrics in the Exposure Draft. There was an invitation to recommend metrics in the Basis for Conclusions document.

standard, even though there are other customer-facing industries. The association expressed views on problems with the proposed complaints metric, including the unreliability of the data, the difficulty in quantifying a subjective concept, and the domestic scope of the metric. Among the stakeholders that supported the proposed change, the intermediary suggested two metrics, including technical details on (1) percentage of customer satisfaction and (2) discussion of strategy to improve customer well-being. The other stakeholder suggested a few metrics on complaints received.

- **Labor Relations (n/a)** – An industry association provided technical feedback to align the technical protocol with the intent of the metric on the percentage of unionized labor (TR0201-05). The association also recommended the removal of the metric on strikes (TR0201-06), citing that strikes are a rare occurrence for U.S. airlines, and therefore the metric would not provide meaningful information to investors.
- **Competitive Behavior (n/a)** – An industry association recommended the removal of the legal fines and settlements metric (TR0201-07) based on its view that the metric includes legally privileged information.
- **Accidents & Safety Management (n/a)** – An industry association recommended the removal of the metric on outcomes of Safety Management System (TR0102-08), citing that it is outdated and would be overly costly to report.
- **New Topic: Animal Welfare (n/a)** – A stakeholder recommended the addition of a topic on animal welfare, including metrics on animals that died during transportation and animals transported for experimentation, meat, or leather.

Air Freight & Logistics Industry

Public comments were received from four stakeholders in the Air Freight & Logistics industry.³⁵ Comments included both high-level feedback on the Exposure Draft, including the SASB's approach, as well as technical feedback on metrics. Technical feedback addressed proposed changes in the Exposure Draft and the topics and metrics that were unchanged relative to the provisional standard.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Environmental Footprint of Fuel Use (5-13)** – An industry association does not recommend the development of a single standard to represent fleet fuel efficiency because the efficiency of an airline's fleet is determined by many factors, so this could be misleading. Additionally, it would be premature to use the new International Civil Aviation Organization (ICAO) carbon dioxide certification standard, as it is yet to be adopted in the United States and after adoption would apply only to new fleet. If the SASB proceeds with the creation of a fleet fuel-efficiency metric, then the association asserted that it would require extensive technical work to create a meaningful metric and would appreciate the opportunity to assist with development of the metric. Another public interest organization asked for more clarity on this technical agenda item.
- **Environmental Footprint of Fuel Use (n/a)** – An industry association commented that gross Scope 1 GHG emissions (TR0202-01) is not decision-useful since it does not account for the size of operations. The association also noted that since more than 99 percent of emissions are carbon dioxide, it is not useful to include other GHGs in the metric scope. The association additionally requested clarification of the definition of "renewable fuel" in the metric on fuel consumed (TR0202-03).
- **Labor Practices (5-12)** – An industry association and an investor agreed with the proposed topic name change to exclude the word "fair."
- **Labor Practices (n/a)** – An industry association recommended the removal of the metric on independent contractors (TR0202-05) because of the cross-state variations in the definition of "independent contractors," as well as the difficulty of reporting such a metric. The industry association also recommended the removal of the legal fines and settlements metric (TR0202-06), as it includes legally privileged information.
- **Accidents & Safety Management (n/a)** – An industry association recommended the removal of the metric on outcomes of Safety Management System (TR0202-07), citing that it is outdated and would be overly costly to report.

³⁵ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

- **New Topic: Animal Welfare (n/a)** – A stakeholder recommended the addition of a topic on animal welfare, including metrics on animals that died during transportation and animals transported for experimentation, meat, or leather.

Marine Transportation Industry

Public comments were received from one stakeholder in the Marine Transportation industry.³⁶ There were no proposed changes to this industry standard. Feedback was provided by the stakeholder on the topic below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **New Topic: Animal Welfare (n/a)** – A stakeholder proposed adding a new topic and several metrics on the impacts of transportation on animal welfare.

³⁶ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Cruise Lines Industry

No public comments were received from stakeholders in the Cruise Lines industry. There was one proposed change for this industry standard involving a topic name change.

Rail Transportation Industry

Public comments were received from two stakeholders in the Rail Transportation industry.³⁷ Comments included high-level feedback on SASB's approach, as well as feedback on each topic in the Exposure Draft. As there were no proposed changes in the Exposure Draft relative to the provisional standard, all comments focused on content that was consistent with the provisional standard.

The industry association reiterated its position, cited in its 2014 comment letter, that the SASB standards are redundant and burdensome for the rail industry. The industry association cited that much of the information related to three industry topics is already publicly available and any material information on these topics would also be disclosed in SEC filings. It cited various sources, including a public comment letter to the SASB in September 2013 from the Society of Corporate Secretaries and Governance Officials, to support its view that additional reporting requirements for SEC filing creates burden without benefit.

There were no proposed changes to this industry standard. Feedback was provided by the stakeholder on the topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Environmental Footprint of Fuel Use (n/a)** – An industry association commented that it is unclear whether the required disclosure is limited to emissions resulting from locomotive diesel fuel use. The association also stated that the scope of disclosure being determined by financial control is not consistent with current practice, since both the Greenhouse Gas Protocol and the CDP allow companies to choose between financial and operational control; and that since railroads already publicly disclose emissions data, the related SASB metrics are duplicative.
- **Competitive Behavior (n/a)** – An industry association disagreed with the assertion that railroads face heightened risks from antitrust laws compared with other industries. The association also asserted that the metrics are duplicative of information already filed with the SEC, and are burdensome and unnecessary.
- **Accidents & Safety Management (n/a)** – An industry association commented that the reporting of near-miss data could be problematic because there is no standard for tracking near-miss incidents, and public disclosure could be a disincentive to reporting near-miss incidents. The associate stated that the definition of “near miss” in the standard is vague and could be interpreted differently by issuers.
- **New Topic: Animal Welfare (n/a)** – One stakeholder suggested the addition of a topic and several metrics on avoidance of harm to animals, including animals transported for experimentation, meat, or leather.

³⁷ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Road Transportation Industry

Public comments were received from one stakeholder in the Road Transportation industry.³⁸ There were no proposed changes to this industry standard. Feedback was provided by the stakeholder on the topic below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **New Topic: Animal Welfare (n/a)** – A stakeholder proposed adding a new topic and several metrics on the impacts of transportation on animal welfare.

³⁸ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.



Summary of Public Comments on 2017/2018 Exposure Drafts

Services Sector

- Education Industry
- Professional & Commercial Services Industry
- Hotels & Lodging Industry
- Casinos & Gaming Industry
- Leisure Facilities Industry
- Advertising & Marketing Industry
- Media & Entertainment Industry

Prepared by the
Sustainability Accounting Standards Board
February 2018

Education Industry

No public comments were received from stakeholders in the Education industry.³⁹

³⁹ However, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Professional & Commercial Services Industry

Public comments were received from one stakeholder in the Professional & Commercial Services industry.⁴⁰ No high-level feedback was received from other stakeholders for this industry.

Feedback was provided by a stakeholder on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **New Topic: Energy & Water Management (n/a)** – One individual recommended the addition of environmental reporting metrics in this industry related to the environmental and social impacts of operational practices in commercial buildings.

⁴⁰ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Hotels & Lodging Industry

Public comments were received from five stakeholders in the Hotels & Lodging industry.⁴¹ Comments included high-level feedback on the Exposure Draft as well as technical feedback on metrics. The high-level feedback was generally positive and supportive of the Exposure Draft. Among the technical feedback, stakeholders commented on both the proposed changes and the previously existing metrics in the industry standard. A few comments advocated for expanding the scope of disclosure beyond that currently included in the content of the Exposure Draft.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Energy & Water Management (6-4)** – One public interest organization supported the materiality of disclosures related to access to water and encouraged industry reporting of consistent and high-quality metrics related to this topic. One individual noted that the environmental reporting metrics in this industry (SV0201-01, SV0201-02) were detailed but were not consistently included in other SASB industry standards.
- **Labor Practices (6-8)** – One intermediary suggested that legal fees should be included in the metric on total losses as a result of legal proceedings (TA06-08-01).
- **New Topic: Animal Welfare (n/a)** – One organization suggested the addition of a new topic on animal welfare and the addition of animal-welfare and vegan-related metrics.

⁴¹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Casinos & Gaming Industry

No public comments were received from stakeholders in the Casinos & Gaming industry.⁴²

⁴² However, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Leisure Facilities Industry

Public comments were received from one stakeholder in the Leisure Facilities industry.⁴³ Comments included technical feedback on metrics and were focused on a proposed change in the Exposure Draft.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Customer & Worker Safety (6-13)** – One intermediary commented on how the proposed metric (TA06-13-01) should focus on the injury rate for the total workforce in addition to the rate for employees and the rate for contractors.

⁴³ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Advertising & Marketing Industry

Public comments were received from two stakeholders in the Advertising & Marketing industry.⁴⁴ Comments included high-level feedback on the activity metrics from one stakeholder and technical feedback on the metrics from another stakeholder. Comments were largely focused on previously existing metrics in the industry standard rather than on proposed changes, as there was only one proposed change in this industry standard.

One public corporation expressed concerns with several metrics in the Exposure Draft related to several disclosure topics. The concerns were largely related to the comparability of the metrics and the competitive sensitivity of the recommended disclosures.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Activity Metrics (n/a)** – One industry association urged the broader use of marketing accountability metrics and proposed collaboration toward the development of metrics on brand valuation and the measurement of marketing outcomes. One public corporation stated that each activity metric (SV0301-A, SV0301-B, and SV0301-C) would require the disclosure of competitively sensitive information, and also requested clarification of one activity metric (SV0301-C).
- **Advertising Integrity (n/a)** – One public corporation commented that the disclosure of total fines (SV0301-01) could be misleading, as vendor actions or settlements may not involve a company's direct fault.
- **Advertising Integrity (6-15)** – One public corporation expressed concern that there are competitive sensitivities associated with disclosing information related to campaigns that promote tobacco or alcohol products (TA06-15-01).
- **Data Privacy (n/a)** – One public corporation commented that the disclosure of total fines could be misleading, as breaches at vendor call centers may not involve a company's direct fault. The issuer also expressed a concern that the two metrics associated with this disclosure topic (SV0301-05 and SV0301-06) would require the disclosure of competitively sensitive information, and requested the clarification of a metric related to behavioral advertising and consumer privacy (SV0301-04) as to whether the scope of disclosure related to first- or third-party advertising (or both).
- **Workforce Diversity & Inclusion (n/a)** – One public corporation requested clarification of the "executives" and "professionals" reporting categories for the gender and racial/ethnic diversity metric (SV0301-07) to ensure the comparability of disclosures.

⁴⁴ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Media & Entertainment Industry

Public comments were received from three stakeholders in the Media & Entertainment industry.⁴⁵ Comments included both high-level feedback on the Exposure Draft as well as technical feedback on metrics. Among the technical feedback, comments were largely focused on previously existing metrics in the industry standard rather than on proposed changes, as there was only one proposed change in this industry.

As part of its technical feedback, one public corporation expressed concerns with several metrics in the Exposure Draft related to several disclosure topics. The concerns were largely related to the representativeness of the metrics and the proprietary or sensitive nature of some of the recommended disclosures.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Activity Metrics (n/a)** – One public corporation requested clarification on whether the activity metric on the total number of media productions and publications (SV0302-B) refers only to content produced directly or to all content.
- **Journalistic Integrity & Sponsorship Identification (n/a)** – One public corporation commented that disclosure of total fines (SV0302-01) could be misleading, as vendor actions or statements may not involve a company’s direct fault. The issuer additionally noted that disclosures of “embedded advertising” revenue (SV0302-03) may be challenging to delineate from other advertising revenues.
- **Media Pluralism (n/a)** – One public corporation requested clarification of the “executives” and “professionals” reporting categories for the gender and racial/ethnic diversity metric to ensure the comparability of disclosures.
- **Intellectual Property Protection & Media Piracy (n/a)** – One public corporation reported that disclosure under the copyright litigations metric (SV0302-07) would require the disclosure of proprietary, privileged, and/or competitively sensitive information.
- **New Topic: Animal Welfare (n/a)** – One organization suggested the addition of a new topic on animal welfare and a metric on the number of cases of animal abuse identified by the public or by the company.

⁴⁵ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.



Summary of Public Comments on 2017/2018 Exposure Drafts

Resource Transformation Sector

Chemicals Industry

Aerospace & Defense Industry

Electrical & Electronic Equipment Industry

Industrial Machinery & Goods Industry

Containers & Packaging Industry

Prepared by the

Sustainability Accounting Standards Board

February 2018

Chemicals Industry

Public comments were received from seven stakeholders in the Chemicals industry.⁴⁶ Comments included both high-level feedback on the Exposure Draft, including elements of SASB's approach to standards design, as well as technical feedback on metrics. Among the technical feedback, comments were received on both the proposed changes and the metrics and topics in the Exposure Draft that were consistent with the provisional standard.

One industry association and one stakeholder commented on every topic in the Exposure Draft, with multiple metric-specific comments. These stakeholders expressed concerns with several metrics in the Exposure Draft, largely around relevance and comparability. A second industry association commented on select topics and metrics, and similarly expressed concerns around the relevance, feasibility, and comparability of the metrics.

Both industry associations commented on elements of the SASB's standards design, such as the use of the word "shall" versus "may," and requested clarification of the SASB's longer-term process for standards maintenance. One industry association expressed concern with the lack of transparency in the decision-making process and the lack of outreach to affected industries during standards development. The association additionally stated that the SASB's classification of sub-industries of the Chemicals industry is incorrect. One stakeholder suggested that the SASB include a measure of the percentage of data estimated in the standard to facilitate risk interpretation by users.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **GHG Emissions (n/a)** – One industry association recommended that SASB further align its quantitative greenhouse gas emissions (GHG) metric and technical protocol (RT0101-01) with existing GHG reporting protocols (such as those promulgated by the Responsible Care program and the U.S. Environmental Protection Agency [EPA]), report Scope 2 emissions consistent with the EPA GHG reporting program, eliminate the reporting requirement for mobile sources, establish *de minimis* emissions levels for facilities that fall under the scope of reporting, and remove a sub-metric (percentage of emissions covered under a regulatory program). The association further recommended a new version of the quantitative metric (RT0101-01) and requested that the metric focus on emissions reductions over time and the lifecycle of products rather than against targets. An individual suggested multiple technical protocol updates to remove redundancies and improve the clarity of the quantitative metric (RT0101-01).
- **Air Quality (7-1)** – An industry association supported the proposed removal of a metric on production facilities in or near densely populated areas (RT0101-04).

⁴⁶ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

- **Air Quality (n/a)** – Two industry associations commented that the use of regional definitions of volatile organic compound (VOC) emissions are not appropriate, and that the standard should use EPA or national definitions. One industry association suggested that the SASB revise its reporting requirement for air emissions (SO_x, NO_x, HAPs and VOCs) to require not the collection of all emissions data, but only those emissions data collected per local permit requirements. An individual suggested a technical protocol update affecting the reporting of the percentage of emissions data calculated, estimated, or physically monitored to improve the relevance of disclosure.
- **Energy & Feedstock Management (7-2)** – One industry association requested that the SASB further align with the Responsible Care reporting standard by establishing a *de minimis* reporting level of 100 billion Btu and excluding energy use from mobile sources. A public interest group disagreed with the proposed removal of a metric on raw materials from renewable resources (RT0101-06).
- **Energy & Feedstock Management (7-3)** – One industry association voiced support for a proposed metric on self-generated energy (TA07-03-01), while also commenting that the sub-metric on the disclosure of renewable energy consumption could present bias. An individual suggested two technical protocol revisions that address reporting boundaries (financial versus operational control) and the reporting period for calculating inventory of renewable energy credits. A public interest group suggested multiple revisions to the technical protocol of the metric.
- **Water Management (7-4)** – An industry association suggested further alignment with the Chemicals industry water reporting guidelines, the replacement of a metric addressing water recycling and withdrawals with a new water-consumption metric, the ability to utilize additional third-party tools to assess water stress, and the removal of the updated metric addressing incidents of non-compliance with water quality standards (TA07-04-01). Another industry association requested clarification that water incorporated into products is not included in the scope of the proposed metric (TA07-04-01). An individual suggested multiple technical protocol updates and requested the removal of the water recycling sub-metric.
- **Hazardous Waste Management (7-5)** – One industry association requested replacement of the proposed quantitative metric (TA07-05-01) with a qualitative metric, removal of a requirement to disclose the five greatest source regions of hazardous waste, and further revisions based on technical inaccuracies in definitions and a closer alignment with Global Reporting Initiative's (GRI's) waste management standards 306-2. An individual stakeholder suggested including a metric on the percentage of waste disposed on-site versus off-site.
- **Community Relations (7-6)** – One industry association expressed concern with the potential subjectivity of the proposed metric (TA07-06-01) and requested modifications such as an expansion of the reference to the Responsible Care standard. A second association recommended the removal of the proposed metric, citing its lack of specificity. An individual suggested multiple revisions to the metric to improve clarity, including clarification of vague

definitions of terms and an expansion of the scope of community impacts in the technical protocol.

- **Safety & Environmental Stewardship of Chemicals (n/a)** – Two industry associations expressed significant concern with the qualitative metric (RT0101-12) addressing a company's efforts to manage the impact of chemicals on human health and the environment. An industry association expressed significant concern with the workability and relevance of the quantitative metrics (RT0101-10 and RT0101-11) and suggested substantial modifications. Concerns includes potential bias, exclusion of scientific assessment, misuse of regulatory lists, and unclear benefit to investors. Similarly, a second industry association expressed that a quantitative metric (RT0101-10) is unworkable and not relevant to investors.
- **Product Design for Use-phase Efficiency (n/a)** – An individual commented that the metric on revenue from products designed for use-phase efficiency (RT0101-14) is not rigorous enough to be of value to investors and suggested that the metric focus instead on the investment in product design.
- **Political Spending (7-8)** – An individual commented that this topic, proposed to be removed, is important and that the existing quantitative metrics (RT0101-15 and RT0101-16) should be incorporated into the proposed new topic, Management of the Legal & Regulatory Environment.
- **Management of the Legal & Regulatory Environment (7-9)** – An individual suggested a revision to the proposed qualitative metric (TA07-09-01) requesting additional disclosure on regulatory risks. One industry association suggested an alternative version of the proposed metric while voicing support for a qualitative approach. An investor supported the proposed qualitative metric.
- **Health, Safety & Emergency Management (n/a)** – An individual suggested a revision to the technical protocol of the metric to make the standard more cost-effective.
- **New Topic: Supply Chain (n/a)** – An individual suggested that the SASB consider a new topic addressing raw material sourcing risks.
- **New Topic: Occupational Diseases Rate (n/a)** – An intermediary suggested a new disclosure topic addressing occupational disease rates.
- **New Topic: Animal Testing (n/a)** – A stakeholder suggested a topic and metric on product animal testing in the Chemicals industry.

Aerospace & Defense Industry

Public comments were received from two stakeholders in the Aerospace & Defense industry.⁴⁷ Comments include input on the standards introduction section and several disclosure topics, and technical feedback on the proposed metrics and the metrics in the Exposure Draft that were consistent with the provisional standard.

One public company expressed concerns around the relevance, cost-effectiveness, and comparability of the metrics. The issuer reiterated prior comments voicing concern over the competitive sensitivity of reporting certain metrics, especially the Data Security and Supply Chain metrics, and the perceived irrelevance of the data.

Regarding the SASB standards introduction, one public company requested additional clarification of the voluntary nature of SASB's standards and the potential for a company to use its own metrics in addition to SASB's suggested metrics. Further, the company requested that third-party verification of SASB data be required to ensure that the information disclosed is robust and relevant.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Energy Management (n/a)** – One public company commented that companies should clearly report their direct use of renewable energy in addition to their indirect use through purchase power agreements or renewable energy credits.
- **Waste Management (7-11)** – One public company requested clarification of a reference to Global Reporting Initiative (GRI) alignment in the technical protocol, noting that the proposed protocol may require companies to develop expertise in GRI hazardous waste reporting.
- **Data Security (n/a)** – One public company expressed concern that reporting on the topic could bring heightened cybersecurity risks.
- **Data Security (7-12)** – An investor supported the proposed addition of a quantitative metric (TA07-12-01).
- **Product Safety (n/a)** – One public company expressed concern over the proprietary nature of the requested disclosure of the cost to remedy product recalls in the event of safety issues (RT0201-06), unless the safety event was of very high visibility. It also added that the scope of the metric should be expanded or clarified.
- **Fuel Economy & Emissions in Use-phase (n/a)** – One public company stated that the topic should include a discussion of the use of biofuels in aviation fuel, as that is the primary

⁴⁷ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

technology that aircraft manufacturers are considering for reducing carbon dioxide emissions.

- **Supply Chain Management (7-14)** – One public company expressed concern with the cost-effectiveness and relevance of the proposed critical materials metric (TA07-14-01) and suggested an alternative qualitative metric addressing the potential regulatory risks from the use of raw materials beyond those identified as possibly critical by the SASB.

Electrical & Electronic Equipment Industry

Public comments were received from two stakeholders in the Electrical & Electronic Equipment industry.⁴⁸ Comments were primarily feedback on metrics and technical protocols. Among the technical feedback, comments were directed at the cost-effectiveness and relevance of the proposed metrics and the metrics in the Exposure Draft that were consistent with the provisional standard. A public company commented on metrics across all disclosure topics, focusing on the utility of the metrics and in some instances proposing alternative qualitative metrics.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Energy Management (n/a)** – One public company suggested utilizing a greenhouse gas metric instead of the existing metric on energy consumed (RT0202-01), as key stakeholders typically request GHG information.
- **Hazardous Waste Management (n/a)** – One public company questioned the value of the hazardous waste metric (RT0202-02), given the significant amount of contextual information required to properly assess performance and differences in local definitions of waste spills, and suggested replacing the existing metrics (RT0202-03 and RT0202-03) with a qualitative discussion of environmental management systems as they pertain to hazardous waste management.
- **Product Safety (n/a)** – One public company suggested replacing the product recalls metric (RT0202-04) with a qualitative discussion because of concerns that reporting on total recalls may discourage companies from performing voluntary recalls.
- **Product Lifecycle Management (7-15)** – An investor questioned the proposed removal of a metric on energy cost savings (TA07-15-01), stating that the metric would provide useful information about a company's energy efficiency efforts and the impacts of its products on customers.
- **Product Lifecycle Management (n/a)** – One public company commented that the quantitative metric on substances of high concern (RT0202-06) is overly specific to certain types of products and may not be relevant to many companies. The issuer suggested an alternative qualitative metric addressing how a company manages regulatory change and expectations for materials phaseout and replacement.
- **Business Ethics & Competitive Behavior (n/a)** – One public company supported the topic, while requesting additional guidance on thresholds of data gathering for the metrics addressing business ethics.

⁴⁸ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

- **Materials Sourcing (7-18)** – One public company commented that the two critical materials metrics (RT0202-13 and TA07-18-01) would be difficult and costly for companies to calculate, and questioned the value of the metrics.

Industrial Machinery & Goods Industry

Public comments were received from two stakeholders in the Industrial Machinery & Goods industry.⁴⁹ Comments included both high-level feedback on the Exposure Draft, including the SASB's approach, and technical feedback on metrics. Among the technical feedback, comments addressed a proposed metric and the metrics in the Exposure Draft that were consistent with the provisional standard.

An issuer commented on multiple metrics, focusing on their relevance and cost-effectiveness. The issuer generally supported the proposed disclosure topics, but questioned the value of some quantitative metrics and requested additional guidance on the SASB's governance and how a company can disclose contextual information along with quantitative metrics. The company suggested that the SASB replace some quantitative metrics with qualitative metrics on company processes for identifying and mitigating environmental, social, and governance risks.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Employee Health & Safety (n/a)** – A public company suggested expanding the scope of the injury rate metric (RT0203-02) to allow for alternative health and safety metrics, and recommended replacing disclosure on the fatality rate with disclosure on the number of fatalities.
- **Fuel Economy & Emissions in Use-phase (7-19)** – An investor supported the proposed revision of an emissions metric (TA07-19-01). A public company commented that the product categories in the metric may be too product-specific.
- **Fuel Economy & Emissions in Use-phase (n/a)** – A public company commented that the product categories in two metrics (RT0203-03 and RT0203-05) may be too product-specific and suggested the addition of a qualitative metric addressing a company's product emissions strategy over the medium term, which is better aligned with Task Force on Climate-related Financial Disclosures (TCFD) guidance.
- **Remanufacturing Design & Services (n/a)** – A public company, while supporting the relevance of the topic, commented that the metric on revenue (RT0203-07) should be replaced with a qualitative metric on the recycling process and impacts.
- **Materials Sourcing (7-20)** – A public company suggested that the proposed metric (TA07-20-01) would not be cost-effective because it is duplicative of existing SEC requirements and would require the disclosure of confidential business information.
- **Materials Sourcing (n/a)** – A public company suggested that the metric on materials costs for items containing critical materials (RT0203-08) would not be cost-effective because it is

⁴⁹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

duplicative of existing SEC requirements and would require the disclosure of confidential business information.

Containers & Packaging Industry

Public comments were received from three stakeholders in the Containers & Packaging industry.⁵⁰ Comments included both high-level feedback on the Exposure Draft, including the SASB's approach, and technical feedback on metrics. Generally, there were not many overlapping comments, and therefore there was no significant disagreement between stakeholder viewpoints.

Concerns expressed by an industry association, many of which it has expressed in the past, focused on the SASB's standard-setting process, the maintenance of flexibility for reporting companies, and the identification or revision of metrics to improve the usefulness and comparability of sustainability-related disclosures—aspects the standard lacks, according to the comments provided.

Reiterating feedback previously provided, the industry association urged the SASB to maintain its position that the use of its standards is voluntary and that companies retain the flexibility to define material topics that require disclosures. The association also raised concern over the possibility of inconsistent reporting as companies attempt to comply with nation-specific reporting requirements, varying requirements established by government-mandated disclosures, and/or the SASB standard for their industry. While the association provided positive feedback on the SASB's use of American National Standards Institute (ANSI) procedures to guide its standards-setting process, it encouraged the SASB to further incorporate the ANSI Essential Requirements to finalize the standards. The industry association warned against the use of private standards, stating that in many cases such standards have not been developed in a consensus-based process that includes procedural safeguards.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **GHG Emissions (n/a)** – One industry association recommended that the SASB revise the scope of the metric (RT0204-01) pertaining to mobile emissions sources, biomass emissions, and estimates. The industry association further recommended that the metric provide flexibility to use alternative sources to calculate global warming potentials.
- **Air Quality (n/a)** – A public interest group suggested that the SASB include a new metric on air-emissions regulatory violations, similar to the metric used in the Water Management topic.
- **Energy Management (7-22)** – One industry association recommended that the SASB revise the scope of the proposed metric (TA07-22-01) to focus on purchased energy instead of total energy, and remove references to private standards for hydroelectric and other renewable energy in the technical protocol.
- **Water Management (n/a)** – One industry association commented on the complexity associated with aggregating and reporting water data on a global basis. Citing unique

⁵⁰ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

circumstances such as site location and business model, the stakeholder recommended that the standard allow companies to choose water metrics appropriate for their operations and to supplement their disclosure with a discussion of why the metric was selected and other relevant information to explain their company's water sustainability performance. Further, the industry association expressed concern over the standard's reference to the World Resources Institute's Water Risk Atlas tool, Aqueduct, claiming that the tool is incapable of accurately indicating water stress at a facility level and is instead designed to reflect water stress at a large regional level. As an alternative, the industry association recommended companies describe the methods or tools used to determine whether facilities are operating in water-stressed areas. The comments were echoed by a public interest group, which requested greater flexibility in reporting elements of water consumption and/or use.

- **Waste Management (7-24)** – An investor questioned the removal of disclosure on total waste generated and suggested that hazardous waste alone (RT0204-07) is an insufficient metric.
- **Product Safety (n/a)** – One industry association recommended that the SASB remove the product recalls metric (RT0204-08) because of redundancies with existing SEC reporting requirements.
- **Product Lifecycle Management (7-25)** – One industry association recommended several technical protocol revisions addressing the scope of the revised metric on raw materials from recycled content and renewable resources (TA07-25-01), as well as the qualitative metric on strategies to reduce the environmental impact of packaging (RT0204-12).
- **Materials Sourcing (7-26)** – One industry association suggested that the metric (RT0204-14) addressing total aluminum purchased from certified sources be replaced with a qualitative discussion because the certification programs for aluminum sourcing are not as rigorous as those for wood fiber sourcing. A public interest group requested that the SASB include wood fiber that is burned for energy in addition to that used in products within the scope of the wood fiber sourcing metric (TA07-26-01).



Summary of Public Comments on 2017/2018 Exposure Drafts

Food & Beverage Sector

- Agricultural Products Industry
- Meat, Poultry & Dairy Industry
- Processed Foods Industry
- Non-Alcoholic Beverages Industry
- Alcoholic Beverages Industry
- Tobacco Industry
- Food Retailers & Distributors Industry
- Restaurants Industry

Prepared by the
Sustainability Accounting Standards Board
February 2018

Agricultural Products Industry

Public comments were received from six stakeholders, including a stakeholder group representing a public interest group and a consortium of investors, in the Agricultural Products industry.⁵¹ Comments primarily comprised technical feedback on metrics focused on a subset of proposed changes in the Exposure Draft driven by the proposed update to the industry scope (8-1) to remove operation of on-farm activities, with one public interest group explicitly expressing concern with this changed topic scope. Several stakeholders voiced aligned, strong opposition to the proposed changes, which eliminate the Land Use & Ecological Impacts and Climate Change Impacts on Crop Yields topics and associated metrics. Additionally, one investor provided the high-level feedback that all companies need to measure and disclose data and set targets on emissions, water, and material waste.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Land Use & Ecological Impacts (8-6)** – Public interest groups and investors strongly disagreed with the proposed change to remove the Land Use & Ecological Impacts and associated metrics related to farming operations. Stakeholders expressed concern that the metrics in the Environmental & Social Impacts of Ingredient Supply Chains topic in the Exposure Draft do not adequately provide robust or quantitative metrics for investors pertaining to land use management, wastewater, environmental regulations, and fertilizer and pesticide consumption formerly captured by metrics proposed for removal from the Land Use & Ecological Impacts topic. A public interest group, along with a consortium of investors, further emphasized that disclosures on agrochemicals should also be included in downstream industries (e.g., Processed Foods, Food Retailers & Distributors, and Restaurants).
- **GMO Management (8-7)** – An individual and a public interest group, along with a consortium of investors, disagreed with the proposed topic split of Food Safety & Health Concerns to Food Safety and GMO Management, but they shared different reasons for their concerns. The individual contended that a broader set of health concerns (e.g., obesity, salt content, fat content, and natural ingredients) should be addressed, versus only genetically modified organisms (GMOs). The public interest and investor groups voiced concerns with prioritizing GMOs over other agrochemical issues (e.g., fertilizers and pesticides) that were proposed for removal from the Land Use & Ecological Impacts topic (8-6).
- **Workforce Health & Safety (8-8)** – A public interest group, along with a consortium of investors, disagreed with removing the metric on employee exposure to pesticides (CN0101-19). Furthermore, they noted that the updated topic description in the Exposure Draft no

⁵¹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

longer adequately covers supply-chain labor risks originally included in the provisional standard's topic description.

- **Food Safety (n/a)** – An intermediary commented that the metric on product recalls (FB0101-15) in the Exposure Draft inadequately captures financial losses suffered from recalls. As a result, this stakeholder recommended adding metrics on the total number of products recalled and the total related losses and fines.
- **Environmental & Social Impacts of Ingredient Supply Chains (n/a)** – An individual recommended consistent titles, metrics, and language be used for the Environmental & Social Impacts of Ingredient Supply Chains disclosure topic across the industry standards in the Food & Beverage sector.
- **Management of the Legal & Regulatory Environment (8-12)** – A public interest group, along with a consortium of investors, disagreed with the proposed removal of the topic, expressing concern over the lack of a topic or metric in the industry standard focused on political lobbying.
- **New Topic: Food Waste Management (n/a)** – A public interest group recommended adding a food waste management topic pertaining to activities in both the processing of crops and the growing or farming stage of agricultural production.

Meat, Poultry & Dairy Industry

Public comments were received from five stakeholders, including a stakeholder group representing a public interest group and a consortium of investors, in the Meat, Poultry & Dairy industry.⁵² Comments primarily comprised technical feedback on metrics in the Exposure Draft industry standard. While stakeholders commented on the two proposed changes in the Exposure Draft, most stakeholder comments related to recommendations for additional topics and metrics, as well as a further expansion of the metrics' scope. Stakeholders expressed concern over a perceived lack of sufficiently robust metrics, and they provided recommendations for additional disclosures. Since stakeholders focused on different topics, there was little overlap in the comments, with the exception of those on antibiotics, for which there were several comments recommending the addition of more robust metrics.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Water Management, Land Use & Ecological Impacts (8-14, 8-15)** – A public interest group, along with a consortium of investors, disagreed with the proposed technical protocol changes (TA08-14-01) and the proposed move of the metric on non-compliance with water quality permits (TA08-15-01) from the Land Use & Ecological Impacts topic to the Water Management topic. This stakeholder group contended that the revised Exposure Draft no longer adequately captures disclosure on wastewater management of concentrated animal feeding operations (CAFO) and animal-product processing facilities.
- **Land Use & Ecological Impacts (8-16)** – An intermediary recommended adding several metrics on the number of animals at key stages of the animal production process (e.g., number born, slaughtered, etc.) in addition to the total weight of animal production (TA08-16-03).
- **Antibiotic Use in Animal Production** – Two comment letters, one provided by a public interest group and another by a public interest group along with a consortium of investors, strongly advocated for more robust disclosures on the antibiotic topic. These stakeholders emphasized the critical importance of this topic from a societal public-health perspective and provided evidence of financial risks and impacts that could result. Recommendations included requiring a more detailed disclosure by animal protein type and the application of a more stringent definition of “medically important antibiotics” per World Health Organization guidance. Finally, the public interest group recommended an alternative, more precise unit of measure already used in the European Union in lieu of a percent of production, as is in the Exposure Draft (FB0102-17).
- **Animal Care & Welfare (n/a)** – A public interest group provided several specific recommendations for the metric focused on percentage of production certified to third-party

⁵² In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

animal welfare standards (FB0102-20). Recommendations were designed to improve the usefulness of the metric by expanding its scope and refining references. Additionally, an intermediary recommended adding to the topic an additional metric on the percentage of animals produced without mutilation.

- **Environmental & Social Impacts of Animal Supply Chains (n/a)** – An individual recommended adding a new topic on human rights in the supply chain, citing evidence of issues in the Brazilian beef-production supply chain.
- **Environmental Risks in Animal Feed Supply Chains (n/a)** – A public interest group, along with a consortium of investors, recommended adding to the topic a metric focused on agrochemical use and fertilizer pollution, and their impacts on water quality.
- **Food Safety (n/a)** – An intermediary expressed that the existing metrics associated with the topic are inadequate in capturing financial losses suffered from product recalls. As a result, this stakeholder recommended adding metrics on the total number of products recalled and the total related losses and fines.
- **Workforce Health & Safety (n/a)** – A public interest group, along with a consortium of investors, recommended additional qualitative disclosures on the management approach to occupational health and safety.
- **New Topic: Energy Management (n/a)** – An intermediary recommended including a Scope 2 emissions metric in addition to the current Scope 1 emissions metric (FB0102-01). The stakeholder noted that the industry used significant grid electricity and that many companies in the industry already collect data and report on Scope 2 emissions.
- **New Topic: Management of the Legal & Regulatory Environment (n/a)** – A public interest group, along with a consortium of investors, expressed concern over the lack of a topic or metric in the industry standard focused on political lobbying.

Processed Foods Industry

Public comments were received from seven stakeholders, including a stakeholder group representing a public interest group and a consortium of investors, in the Processed Foods industry.⁵³ Comments primarily comprised technical feedback on metrics in the Exposure Draft industry standard. Most stakeholder comments related to recommendations for additional topics and metrics, as well as a further expansion of the metrics' scope. Stakeholders generally commented on different topics, and thus their comments were neither in alignment nor opposition; however, two public interest groups did recommend adding a food waste management topic for the industry.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Health & Nutrition (n/a)** – An individual recommended expanding the metric on the management of ingredients of concern (FB0103-12) to explicitly reference a broader set of ingredients.
- **Food Safety (n/a)** – An intermediary expressed concern that the existing metrics associated with the topic were inadequate in capturing financial losses suffered from product recalls. As a result, this stakeholder recommended adding metrics on the total number of products recalled and the total related losses and fines.
- **Product Labeling & Marketing (8-18)** – A public interest group, along with a consortium of investors, recommended adding to the metric on advertising to children (TA08-18-01) stronger nutritional standards for the products advertised and additional disclosures on social media and digital advertising to avoid loopholes in the referenced Children's Food and Beverage Advertising Initiative's Uniform Nutrition Criteria.
- **Packaging Lifecycle Management (n/a)** – A public interest group recommended extending the scope of the lifecycle management of packaging to include the post-consumer phase by adding metrics on a company's compliance with extended producer responsibility (EPR) laws and more robust definitions for "recyclability."
- **Environmental & Social Impacts of Ingredient Supply Chains (n/a)** – An individual recommended that consistent titles, metrics, and language be used for the Environmental & Social Impacts of Ingredient Supply Chains disclosure topic across industry standards in the Food & Beverage sector. A public interest group, along with a consortium of investors, recommended including robust metrics in the topic on agrochemical use (e.g., pesticide and fertilizer).
- **New Topic: Food Waste Management (n/a)** – Two public interest groups noted food waste as a material issue for the industry and recommended adding a topic on food waste

⁵³ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

management similar to that in the Food Retailers & Distributors and Restaurants industry standards.

- **New Topic: Management of the Legal & Regulatory Environment (n/a)** – A public interest group, along with a consortium of investors, expressed concern over the lack of a topic or metric in the industry standard focused on political lobbying.

Non-Alcoholic Beverages Industry

Public comments were received from three stakeholders, including a letter submitted by a group of individuals, in the Non-Alcoholic Beverages industry.⁵⁴ The comments received primarily constitute broad recommendations from stakeholders across several industries in the Food & Beverage sector. Most were technical feedback on metrics in the industry standard, with none specifically on the proposed changes in the Exposure Draft. All stakeholders commented on different topics, and thus their comments were neither in alignment nor opposition.

A group of individuals expressed concern with the use of intensity and efficiency improvement metrics in corporate reporting. These stakeholders focused their comments on the absolute performance metrics related to energy and water that are contained in the industry standard, as well as the SASB's guidance on normalization and the activity metrics in the standard. The stakeholders recommended disclosure on energy and water through a methodology (flexible budgeting) that they have developed to improve the usefulness and accuracy of measuring resource intensity and efficiency improvements.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Environmental & Social Impacts of Ingredient Supply Chains (n/a)** – An individual recommended that consistent titles, metrics, and language be used for the Environmental & Social Impacts of Ingredient Supply Chains disclosure topic across industry standards in the Food & Beverage sector.
- **New Topic: Energy Management (n/a)** – An intermediary recommended adding a Scope 2 emissions metric. The stakeholder noted that the industry used significant grid electricity and that many companies in the industry already collect data and report Scope 2 emissions.

⁵⁴ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Alcoholic Beverages Industry

Public comments were received from three stakeholders, including a letter submitted by a group of individuals, in the Non-Alcoholic Beverages industry.⁵⁵ The comments received primarily constitute broad recommendations from stakeholders across several industries in the Food & Beverage sector. Most were technical feedback on metrics in the industry standard, with none specifically on the proposed changes in the Exposure Draft. All stakeholders commented on different topics, and thus their comments were neither in alignment nor opposition.

A group of individuals expressed concerns with the use of intensity and efficiency improvement metrics in corporate reporting. These stakeholders focused their comments on the absolute performance metrics related to energy and water that are contained in the industry standard, as well as the SASB's guidance on normalization and the activity metrics in the standard. The stakeholders recommend disclosure on energy and water through a methodology (flexible budgeting) that they have developed to improve the usefulness and accuracy of measuring resource intensity and efficiency improvements.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Environmental & Social Impacts of Ingredient Supply Chains (n/a)** – An individual recommended consistent titles, metrics, and language to be used for the Environmental & Social Impacts of Ingredient Supply Chains disclosure topic across industry standards in the Food & Beverage sector.
- **New Topic: Energy Management (n/a)** – An intermediary recommended adding a Scope 2 emissions metric. The stakeholder noted that the industry used significant grid electricity and that many companies in the industry already collect data and report Scope 2 emissions.

⁵⁵ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Tobacco Industry

Public comments were received from two stakeholders in the Tobacco industry.⁵⁶ The comments received include detailed technical feedback on the proposed changes in the Exposure Draft and recommendations of new topics and metrics. The two stakeholders commented on different proposed changes and topics, thus their comments were neither in alignment nor opposition.

A public company expressed support for the SASB's view that each company determines materiality in respect to all matters and decides whether to publicly disclose specific matters in SEC filings or elsewhere.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Activity Metric (n/a)** – A public company recommended using alternative terminology, product categories, and units of measure for references to smokeless tobacco products.
- **Public Health (8-25)** – A public company disagreed with the proposed technical protocol for registrants to disclose revenues as both gross and net of excise taxes (TA08-25-01). Instead, it recommended disclosure of applicable revenue amounts in accordance with each company's accounting policies and standards. Additionally, the company provided wording changes on the mention of heat-not-burn products in the metric.

Additionally, stakeholders recommended two new metrics for this topic on disclosure of R&D and commercial expenditures on non-combustible products and potential losses from changes in tobacco regulations through a scenario-analysis approach to match the intent in the Task Force on Climate Related Financial Disclosure (TCFD).

- **Marketing Practices (8-24)** – An individual recommended adding to the proposed changes on Marketing Practices (TA08-24-01) a company's audit and compliance mechanisms, non-conformance rates, and associated corrective actions relative to marketing codes. The individual further recommended replacing the metric on the disclosure of fines, settlements, and enforcement actions (FB0301-03) with disclosure of forward-looking balance sheet provisions that are made for potential legal costs as well as for the SASB to consider including a metric on a company's legal defense costs.
- **New Topic: Management of Environmental & Social Impacts in the Supply Chain (n/a)** – An individual recommended adding a topic on the environmental and social impacts of supply chains, with potential metrics on sustainable agricultural practices, social and labor issues in the tobacco supply chain, and suppliers' social and environmental responsibility audit compliance.

⁵⁶ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

- **New Topic: Management of the Legal and Regulatory Environment (n/a)** – An individual recommended adding a disclosure on lobbying, as multinational tobacco firms have been reported to use “intimidating tactics” to influence tobacco government regulations.

Food Retailers & Distributors Industry

Public comments were received from five stakeholders, including a stakeholder group representing a public interest group and a consortium of investors, in the Food Retailers & Distributors industry.⁵⁷ Although there were no proposed changes for the Food Retailers & Distributors industry standard, stakeholders provided technical feedback on provisional metrics and recommended additional topics and metrics. An industry association voiced concerns with several aspects of the SASB approach and process. Technical feedback generally focused on two topics, Food Waste Management and Management of Environmental & Social Impacts in the Supply Chain, and was in alignment.

The industry association strongly recommended the SASB maintain the position that the use of the SASB standards should be voluntary with the SEC and that companies should determine which topics are material. The industry association noted that its members have concerns on the comparability and assurance of data quality for certain metrics within the standard. Furthermore, the association disagreed with the SASB's approach to reference private tools or standards. Finally, the industry association recommended that the SASB standards encourage more comprehensive reporting of sustainability information versus comparisons among companies only on metrics.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Industry Description (n/a)** – A public interest group commented that the industry description should explicitly indicate whether business-to-business food distribution companies are included in the industry.
- **Food Waste Management (n/a)** – Two public interest groups recommended aligning the definition and scope of “food waste” used in the SASB metric (FB0401-06) with widely used industry definitions and third-party standards referenced in the metric.
- **Management of Environmental & Social Impacts in the Supply Chain (n/a)** – A public interest group and another public interest group along with a consortium of investors recommended adding additional metrics to the topic to improve the transparency and accountability of supply chain issues, specifically on antibiotics and agrochemical use. Furthermore, an intermediary suggested the addition of animal-welfare and vegan-related metrics.
- **New Topic: Management of the Legal and Regulatory Environment (n/a)** – A public interest group along with a consortium of investors expressed concern over the lack of a topic or metric in the industry standard focused on political lobbying.

⁵⁷ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Restaurants Industry

Public comments were received from six stakeholders, including a stakeholder group representing a public interest group and a consortium of investors, in the Restaurants industry.⁵⁸ Although there were no proposed changes for the Restaurants industry standard, stakeholders provided technical feedback on provisional metrics and recommended additional topics or metrics. Stakeholders provided comments mainly on two topics, Food & Packaging Waste Management and Supply Chain Management & Food Sourcing Management, and offered generally aligned viewpoints.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Food Waste Management (n/a)** – Two public interest groups and an intermediary recommended aligning the definition and scope of “food waste” used in the SASB metric (FB0501-03) with widely used industry definitions and third-party standards referenced in the metric. Another public interest group recommended adding a metric on the percentage of restaurant locations where post-consumer meal packaging is recycled.
- **Supply Chain Management & Food Sourcing Management (n/a)** – A public interest group and another public interest group along with a consortium of investors recommended adding additional metrics to improve the transparency and accountability of supply chain issues, specifically on antibiotics and agrochemical usage. Furthermore, an intermediary suggested the addition of animal-welfare and vegan-related metrics.
- **New Topic: Management of the Legal and Regulatory Environment (n/a)** – A public interest group, along with a consortium of investors, expressed concern over the lack of a topic or metric in the industry standard focused on political lobbying.

⁵⁸ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.



Summary of Public Comments on 2017/2018 Exposure Drafts

Consumer Goods Sector

Apparel, Accessories & Footwear Industry

Appliance Manufacturing Industry

Household & Personal Products Industry

Building Products & Furnishings Industry

Toys & Sporting Goods Industry

Multiline and Specialty Retailers & Distributors Industry

E-Commerce Industry

Prepared by the

Sustainability Accounting Standards Board

February 2018

Apparel, Accessories & Footwear Industry

Public comments were received from two stakeholders on the Apparel, Accessories & Footwear industry standard.⁵⁹ Both stakeholders provided high-level comments on the industry standard, as well as technical feedback directed at the content of the standard, including two of the proposed changes in the Exposure Draft. Technical feedback varied between stakeholders; an intermediary provided supportive feedback on the proposed changes to the Exposure Draft, while the other stakeholder recommended the inclusion of disclosures on animal-friendly and vegan topics. Given the diverse focus of each stakeholder, the comments provided were generally neither in alignment nor in opposition.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Raw Material Sourcing (9-1)** – An intermediary expressed support for the proposed change to the qualitative metric focused on environmental and social risks associated with sourcing priority raw materials (TA09-01-01).
- **Raw Material Sourcing (n/a)** – Another stakeholder recommended the addition of several metrics related to animal welfare and animal cruelty.
- **Labor Conditions in the Supply Chain (9-3)** – An intermediary supported the proposed addition of a note to the metric focused on supplier performance (TA09-03-01), and commented that the additional disclosure encourages companies to engage in long-term capacity building efforts and develop cooperative relationships with suppliers.
- **New Topic: Circular Economy (n/a)** – An intermediary expressed concern over the lack of a disclosure topic focused on the circular economy. The stakeholder communicated views that this topic is of great significance for the future of the industry.

⁵⁹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Appliance Manufacturing Industry

Public comments were received from one industry association in the Appliance Manufacturing industry.⁶⁰ The industry association provided high-level feedback on the standard-setting approach and process used by the SASB. The stakeholder communicated its views that industry participation in the development of the standard has been insufficient. Similarly, the industry association communicated its view that the SASB's transition away from an American National Standards Institute (ANSI) standards-development process is unfavorable. While the industry association expressed support for the incorporation of stakeholder input in the SASB's standard-setting process, it communicated support for the ANSI standards-setting processes.

Separately, the industry association provided a set of alternative metrics that were recommended to replace the existing metrics associated with the disclosure topics in the industry standard. Such recommended metrics are discussed in the context of the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Product Safety (n/a)** – The industry association proposed adding a qualitative metric on a company's safety policy and program, including elements such as an independent products safety team that reports to a senior executive, regular product safety reviews, compliance with third-party safety standards, post-market surveillance of product safety, and/or written procedures for managing recalls.
- **Product Lifecycle Environmental Impacts (n/a)** – The industry association suggested an alternative set of metrics, both qualitative and quantitative, detailing voluntary recycling programs, climate policies and programs, ENERGY STAR® participation, and certification to the Association of Home Appliance Manufacturers (AHAM) Sustainability Standards.

⁶⁰ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Household & Personal Products Industry

Public comments were received from two stakeholders in the Household & Personal Products industry.⁶¹ Comments provided by an industry association contained both high-level feedback on the Exposure Draft, including the SASB's approach, and technical feedback on metrics. As there were no proposed changes in the Exposure Draft relative to the provisional standard, all comments were focused on content that was consistent with the provisional standard.

The industry association expressed concerns related to the SASB standard-setting process and urged the SASB to maintain its position that the use of the SASB standards is voluntary and that companies determine materiality. The association also raised concern over the possibility of inconsistent reporting as companies attempt to comply with multiple reporting requirements and frameworks. The industry association recommended that the SASB establish further clarity regarding its standards-setting process as it pertains to American National Standards Institute (ANSI), and urged the incorporation of the ANSI Essential Requirements into the SASB standard-setting process as much as possible. Furthermore, the industry association expressed concern regarding the incorporation of third-party, non-consensus standards into the metrics used by the SASB standard.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Water Management (n/a)** – An industry association recommended the standard allow companies to choose water metrics appropriate for their operations and supplement disclosure with a discussion of why the metric was selected and other relevant information to explain the company's water sustainability performance. Further, the industry association objected to the standard's reference to the World Resources Institute (WRI) Water Risk Atlas tool, Aqueduct, claiming the tool is incapable of accurately indicating water stress at a facility level and is instead designed to reflect water stress at a regional level. As an alternative, the industry association recommended that companies describe the methods or tools used to determine whether facilities are operating in water-stressed areas.
- **Packaging Lifecycle Management (n/a)** – The industry association raised concern over the ability of companies to efficiently report metrics associated with this topic, highlighting the challenges of collecting data on recycled content and compostability from packaging suppliers. The industry association also questioned the usefulness of metrics addressing the total weight of packaging and the percentage of packaging (by weight) made from recycled or renewable materials. The industry association recommended several revisions to the technical protocol with the intention of building consistency and clarity among industry standards. Feedback also suggested too large of a focus on reducing the weight and volume of packaging, and instead favored an approach concentrated on packaging optimization.

⁶¹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

- **Product Environmental, Health & Safety Performance (n/a)** – An industry association objected to quantitative metrics associated with the disclosure topic. Instead, it recommended qualitative metrics for the disclosure of REACH substances and California DTSC Candidate Chemicals (CG0202-05 & CG0202-06). Further, the industry association expressed concern over international regulatory requirements referenced in the SASB standard, citing concerns of associated reporting costs and disclosure of competitively sensitive information. The association also suggested a more explicit *de minimis* threshold.
- **New Topic: Animal Testing (n/a)** – One stakeholder recommended the addition of several metrics related to animal testing and welfare.

Building Products & Furnishings Industry

Public comments were received from two industry associations in the Building Products & Furnishings industry.⁶² Comments received from two industry associations contained both high-level feedback on the Exposure Draft, including the SASB's approach, as well as technical feedback on metrics. As there were no proposed changes in the Exposure Draft relative to the provisional standard, all comments were focused on content that was consistent with the provisional standard. High-level concerns from both stakeholders focused on the SASB's standard-setting process, ensuring cost-effectiveness for reporting companies, and identifying or revising metrics to improve the usefulness and comparability of sustainability-related disclosures.

Both industry associations raised similar concerns over the transparency of decision-making in the SASB's standard-setting process, and cited limited stakeholder feedback in developing the industry standard. An industry association suggested that its concern would be resolved by incorporating the American National Standards Institute (ANSI) Essential Requirements to the SASB standards-setting process.

The industry association expressed concerns related to the SASB standard-setting process and urged the SASB to maintain its position that the use of the SASB standards is voluntary and that companies determine materiality. The association also raised concern over the possibility of inconsistent reporting, as companies attempt to comply with multiple reporting requirements and frameworks. Furthermore, the industry association expressed concern regarding the incorporation of third-party, non-consensus standards into the metrics used by the SASB standard.

An industry association also expressed concern with the classification of the Building Products & Furnishings industry and recommended that the SASB reexamine the classification of the different segments of the paints and coatings industry.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Energy Management in Manufacturing (n/a)** – An industry association suggested that purchased electricity should be reported on a net basis and recommended using consistent language to the Pulp & Paper Products industry standard Energy Management topic. The industry association also provided recommendations to improve the clarity of the standard.
- **Management of Chemicals in Products (n/a)** – Both industry associations provided detailed comments on the metrics associated with the disclosure topic. An industry association recommended removing the metric that is focused on discussing risks associated with chemicals in products (CG0203-02). Additional recommendations from both associations were aimed at defining terms, refining references, and improving the clarity of the metrics associated with the disclosure topic.

⁶² In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

- **Product Lifecycle Environmental Impacts (n/a)** – An industry association recommended the product lifecycle impacts metric (CG0203-04) place the same emphasis on the use of renewable resources and products as the use of recyclable materials.
- **Wood Sourcing (n/a)** – An industry association expressed concerns with the reference to third-party standards in the metric on wood sourcing (CG0203-06).

Toys & Sporting Goods Industry

No public comments were received from stakeholders in the Toys & Sporting Goods industry.⁶³

⁶³ However, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Multiline and Specialty Retailers & Distributors Industry

No public comments were received from stakeholders in the Multiline and Specialty Retailers & Distributors industry.⁶⁴

⁶⁴ However, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

E-Commerce Industry

Public comments were received from two stakeholders in the E-Commerce industry.⁶⁵ Public comments were received from an industry association that provided high-level feedback on the Exposure Draft and an issuer whose comments consisted exclusively of technical feedback, some of which were on proposed changes to the Exposure Draft.

An issuer provided technical input on multiple metrics, including recommendations for improved clarity. The industry association expressed concerns related to the SASB standard-setting process and urged the SASB to maintain its position that the use of the SASB standards is voluntary and that companies determine materiality. The association also raised concern over the possibility of inconsistent reporting as companies attempt to comply with multiple reporting requirements and frameworks. The industry association recommended that the SASB establish further clarity regarding its standards-setting process as it pertains to American National Standards Institute (ANSI), and urged the incorporation of the ANSI Essential Requirements into the SASB standard-setting process as much as possible. Furthermore, the industry association expressed concern regarding references to third-party standards in the SASB metrics and whether the metrics associated with the standard would produce a comprehensive representation of sustainability performance.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Hardware Infrastructure Energy & Water Management (n/a)** – An issuer recommended that the scope of the metric on renewable energy consumption (CG0302-01) should include the renewable portion of grid electricity, given the importance of such in siting decisions.
- **Data Security & Fraud Protection (n/a)** – An issuer provided several recommendations to clarify the Data Security & Fraud Protection metrics (CG0302-06 and CG0302-07). In addition, the issuer raised concern that CG0302-06 would require the disclosure of competitively sensitive information.
- **Employee Recruitment, Inclusion & Performance (9-7)** – The issuer's recommendations concentrated on defining terms and eliminating subjectivity to improve the clarity of the standard. The issuer cautioned that metrics associated with disclosure on the racial diversity of management in a small organization could unintentionally spotlight individuals or remove the confidentiality that aggregated data typically provides (TA09-07-01). The issuer also questioned how H-1B visa applications and H-1B visa holders as a percentage of technical employees represent robust indicators of inclusion. An issuer recommended considering the measurement of workplace fairness and inclusion.

⁶⁵ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.



Summary of Public Comments on 2017/2018 Exposure Drafts

Renewable Resources & Alternative Energy Sector

Biofuels Industry

Solar Technology & Project Developers Industry

Wind Technology & Project Developers Industry

Fuel Cells & Industrial Batteries Industry

Forestry Management Industry

Pulp & Paper Products Industry

Prepared by the

Sustainability Accounting Standards Board

February 2018

Biofuels Industry

Public comments were received from three stakeholders in the Biofuels industry.⁶⁶ Comments included some technical feedback on the proposed changes and for certain existing metrics and topics not affected by proposed changes.

An individual suggested an increased standardization of language for agricultural product sourcing metrics among SASB's industries and suggested a new topic. A public interest group strongly disagreed with the proposed removal of a topic in the Exposure Draft and suggested that the proposed change be withdrawn.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Air Quality (n/a)** – One public interest group suggested that the scope of the metric (RR0101-01) be revised to include air emissions from the combustion of biofuel during its use phase (e.g., in transportation fuel), as the metric captures only emissions from biofuels manufacturing facilities within its scope.
- **Product Formulation & Impacts on Food Market (10-1)** – A public interest group strongly disagreed with the proposed removal of this topic and its associated metrics, stating that the potential indirect food price or availability impacts of the Biofuels industry are of material concern to investors and should be disclosed.
- **Sourcing & Environmental Impacts of Feedstock Production (n/a)** – An individual suggested that the SASB seek greater alignment between its industry standards addressing agricultural products and biofuel feedstock sourcing, given inconsistencies in the language and scope of the metrics between industries, and suggested that the SASB should consider a new metric addressing the audit of human rights issues in the supply chain.

⁶⁶ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Solar Technology & Project Developers Industry

Public comments were received from one stakeholder in the Solar Technology & Project Developers industry.⁶⁷ Comments include technical feedback on topics, metrics, and technical protocols, including feedback on several proposed changes in the Exposure Draft.

One issuer provided substantial constructive technical input on multiple disclosure topics and two activity metrics, as well as general support for the proposed disclosure topics. The issuer expressed concerns about the relevance, cost-effectiveness, confidentiality, and comparability of a majority of the Exposure Draft metrics. The company suggested revising the activity metrics to be production-based rather than sales-based.

Feedback was provided by the stakeholder on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Water Management in Manufacturing (n/a)** – An issuer suggested that the SASB seek greater metric alignment with the Global Reporting Initiative (GRI) water standard measurement of water consumption and a solar industry technical standard for the reference definition of “baseline water stress” in RR0102-02.
- **Hazardous Materials Management (n/a)** – One issuer commented that SASB’s currently referenced U.S. Environmental Protection Agency (EPA) definitions for hazardous materials are incorrect, noting the difference between hazardous materials and hazardous waste and suggesting the use of alternative definitions for declarable hazardous substances based on a solar industry technical standard. The issuer requested further clarification that the disclosure topic scope addresses hazardous materials used in manufacturing and not the disposal of hazardous materials at product end-of-life.
- **Community & Ecological Impacts of Project Development (n/a)** – One issuer recommended revising the scope of the project-development-asset impairment metric (RR0102-06) based on concerns over comparability and relevance, citing the inherent difficulty of calculating an impairment charge related to impacts on project development arising from community or ecological factors. The issuer additionally commented on the need for the disclosure to be normalized on a megawatt basis to be comparable.
- **Management of Energy Infrastructure Integration & Related Regulations (n/a)** – An issuer commented that a metric related to the price and cost of solar systems (RR0102-08) constitutes sensitive information and likely could not be disclosed by the company.
- **Product Lifecycle Environmental Impacts (n/a)** – An issuer suggested that the SASB revise the name of the disclosure topic to clarify that the topic scope addresses product end-of-life impacts and not a full product lifecycle. Additionally, the company requested revisions to the metric addressing the percentage of products sold that are recyclable or reusable

⁶⁷ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

(RR0102-11) to improve its scope and clarity. The company further suggested manufacturing scrap be included in the scope of the metric addressing the weight of end-of-life material recovered (RR0102-12). Additionally, the issuer commented that the qualitative metric (RR0102-13) confused hazardous materials with hazardous wastes, and suggested alignment of hazardous waste definitions with an electrical equipment and solar industry standard, rather than the U.S. EPA's definitions.

- **Materials Sourcing (10-5)** – One issuer stated that the requested information concerning the use of critical materials would constitute confidential business information and would likely not be disclosed, and suggested an alternative quantitative metric.

Wind Technology & Project Developers Industry

No public comments were received in the Wind Technology & Project Developers industry.⁶⁸

⁶⁸ However, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Fuel Cells & Industrial Batteries Industry

No public comments were received in the Fuel Cells & Industrial Batteries industry.⁶⁹

⁶⁹ However, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Forestry Management Industry

Public comments were received from two stakeholders in the Forestry Management industry.⁷⁰ Comments included technical feedback on metrics as well as suggestions for how to expand the scope of disclosure associated with the industry standard to include additional performance measures. Feedback was received on most metrics included in the Exposure Draft of the standard.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Ecosystem Services & Impacts (n/a)** – One intermediary requested additional references and clarification of terms used in the technical protocol of the metric addressing third-party-certified forestland (RR0201-01).
- **Ecosystem Services & Impacts (10-9)** – An intermediary expressed concern with the tone of some technical protocol elements of the metric regarding the area of forestland with protected conservation status, noting that the standard is primarily focused on risks (TA10-09-01).
- **Rights of Indigenous Peoples (n/a)** – One public interest group suggested that the SASB consider revising the metrics associated with the topic to align more closely those used in the Metals & Mining industry, as the stakeholder contends that the Metals & Mining industry metrics have a wider scope and additional valuable disclosure requirements. The respondent noted, however, that even the Metals & Mining industry standard falls short of certain international standards referenced by the respondent.
- **Climate Change Adaptation (n/a)** – One intermediary suggested that the SASB develop a new quantitative measure on funding provided to support research related to climate impacts on forestry management and timber production.

⁷⁰ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Pulp & Paper Products Industry

Public comments were received from three stakeholders in the Pulp & Paper Products industry.⁷¹ Comments included both high-level feedback on the Exposure Draft, including on the SASB's approach, and technical feedback on metrics. Among the technical feedback, comments were made on nearly every metric.

The industry association expressed concerns related to the SASB's standard-setting process, providing appropriate flexibility for reporting companies, and identifying or revising metrics to improve the usefulness and comparability of sustainability-related disclosures. It also suggested that the SASB pursue continued improvement in transparency and responsiveness to feedback.

In reiterating feedback previously provided, the industry association continued to urge SASB to maintain its position that the use of its standards is voluntary and that companies retain flexibility to define material topics that require disclosures. The association also raised concern over the possibility of inconsistent reporting as companies attempt to comply with nation-specific reporting requirements, varying requirements established by government-mandated disclosures, and/or the SASB standard. The industry association encouraged SASB to further incorporate the American National Standards Institute (ANSI) Essential Requirements into its standards development process during standards finalization. The industry association cautioned against references to private standards, stating that in many cases these tools or standards have not been developed in a consensus-based process that provides the procedural safeguards.

The industry association provided substantial technical comments on several metrics and feedback on an issue description. A public interest provided technical comments on three topics and their associated metrics.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **GHG Emissions (n/a)** – One industry association recommended that the SASB revise the scope of the metric pertaining to mobile emissions sources and global warming potential. Specifically, the stakeholder requested that mobile emissions sources be excluded from the scope of disclosure and that companies be allowed the flexibility to use alternative methodologies to calculate the global warming potentials of greenhouse gas emissions. In addition, the association suggested that the standard would benefit from allowing additional flexibility for companies to discuss their strategies related to the management of emissions.
- **Air Quality (10-10)** – One industry association recommended that the SASB remove the air emissions metrics, citing challenges to comparability resulting from regional differences in emissions regulations. If the metrics are retained, the association recommended that they be further revised to incorporate past feedback. Additionally, the association suggested that emissions from mobile sources be removed from the scope of disclosure, suggesting that such emissions are likely not material relative to emissions from stationary sources. A public

⁷¹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

interest group requested an additional technical revision to a proposed update to the metric to enhance its clarity.

- **Energy Management (10-11)** – One industry association recommended that the SASB revise the scope of the metric to focus on purchased energy instead of total energy, and remove references to private standards. A public interest group suggested a revision to the technical protocol to incorporate forms of energy transfer other than electrical energy. Another public interest group requested a revision of the metric's scope to include additional biomass fuels used by companies that are not covered by the existing references in the technical protocol, citing a concern that the current metric may result in disclosures that may be incomplete and therefore misleading.
- **Water Management (n/a)** – The industry association feedback noted the complexity of aggregating and reporting water data collected on a global basis. The stakeholder recommended that the standard provide for flexibility in the choice of metrics for reporting water use based on unique circumstances, such as site locations or differences in company business models, while also providing the opportunity for a company to disclose the rationale for its selection of such metrics. Further, the industry association expressed concern over the standard's inclusion of the World Resources Institute's Water Risk Atlas tool, Aqueduct, citing concerns about the tool's ability to identify localized, facility-specific water-stress levels. The industry association recommended companies instead describe the methods or tools used to determine whether facilities are operating in water-stressed areas. These comments were reinforced by a public interest group, which similarly recommended greater flexibility in the reporting of water consumption and/or use.
- **Fiber Sourcing & Recovery (n/a)** – One industry association recommended the replacement of a quantitative metric addressing the percentage of recycled fiber source, and recommended revisions to the technical protocol of a metric (RT0204-07) addressing the procurement of certified wood fiber to improve its clarity. The association cited concerns that the metric may require the disclosure of proprietary business information. A public interest group suggested that the SASB include procured wood fiber that is burned for energy in addition to that used in products within the scope of the wood fiber sourcing metric.



Summary of Public Comments on 2017/2018 Exposure Drafts

Infrastructure Sector

Electric Utilities & Power Generators Industry

Gas Utilities & Distributors Industry

Water Utilities & Services Industry

Waste Management Industry

Engineering & Construction Services Industry

Home Builders Industry

Real Estate Industry

Real Estate Services Industry

Prepared by the
Sustainability Accounting Standards Board

February 2018

Electric Utilities & Power Generators Industry

Public comments were received from eight stakeholders in the Electric Utilities & Power Generators industry.⁷² Comments include both high-level feedback on the Exposure Draft, including the SASB's approach, as well as technical feedback on metrics. Technical feedback from issuers, an accounting and consulting firm, and an investor largely focused on the proposed changes in the Exposure Draft. These stakeholders generally commented on different proposed changes (with the exception of Energy Affordability, where multiple stakeholders provided input); thus the comments neither aligned nor contrasted with one another. Comments from public interest groups generally focused on the overall industry standard. The majority of stakeholders provided comments on the proposed change for the topic of Energy Affordability, with multiple views emerging.

One issuer and one intermediary expressed concerns with several metrics in the Exposure Draft, largely over comparability. These comments were primarily concentrated in the Energy Affordability topic. Another issuer's comments generally comprised high-level support of the proposed changes, and referenced its ongoing support for separate comment letters provided by the Edison Electric Institute (EEI) and the Electric Power Research Institute (EPRI) in January 2016. (These letters were provided pursuant to the comment period conducted in the development of the industry provisional standard).

In reiterating support for the previously referenced letters from EEI and EPRI, this issuer communicated its view that disclosures to the SASB standards should not be included in SEC filings. The issuer stated that such reports are lengthy, and that including disclosures to the SASB standards would reduce usability for investors.

The accounting and consulting firm commented that the standard's use should not be limited to SEC registrants. Rather, the firm encouraged that the SASB recommend the standard for all utilities that wish to use it, regardless of organization type and ownership/control structure (e.g., investor-owned, public power, and electric cooperatives). Furthermore, the firm provided supportive comments on the SASB's process, the standard's ability to consistently communicate performance, and the future addition of supplemental metrics.

An individual expressed concern that the timing of submitting environmental data to regulators (e.g., air quality) is often not aligned with the Form 10-K. As a result, this stakeholder recommended a review of other channels of communication for the standard that are more closely aligned with current regulatory reporting practices.

Multiple public interest groups encouraged the expansion of disclosure topics and metrics, often those related to greenhouse gas emissions. These stakeholders often expressed disagreement with the proposed changes related to removing metrics and/or topics from the Exposure Draft. Furthermore, one public interest group recommended that the standard include more plant-specific metrics (as opposed to company-level metrics), increased incorporation of U.S. regulations, further distinction between facts and opinions, and a reduction in the use of optional disclosures (i.e., use of "should" in the standard).

⁷² In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Greenhouse Gas Emissions & Energy Resource Planning (11-1)** – One issuer commented that the proposed metric’s focus on GHG emissions associated with power deliveries to retail customers would create an inconsistency with GHG emissions reporting, and is inconsistent with the SASB’s Scope of Disclosure Guidance. A public interest group recommended that biogenic emissions be included in the scope of this metric. An investor supported this additional metric.
- **Greenhouse Gas Emissions & Energy Resource Planning (n/a)** – Multiple public interest groups provided detailed comments that supported the inclusion of additional metrics and/or broader metrics centered on aspects of GHG emissions, including Scope 2 and Scope 3 emissions, methane emissions, biogenic emissions, renewable portfolios, as well as management expertise and scenario planning.
- **Air Quality (n/a)** – A public interest group recommended more robust metrics on this topic. The stakeholder recommended that the current metric’s (IF0101-04) inclusion of a geographic area to establish emissions “in or near areas of dense population” be more granular to provide more objective and useful information.
- **Water Management (n/a)** – One issuer commented on methodological challenges of the water withdrawals and consumption metric (IF0101-05). An individual recommended the clarification in the topic description of water withdrawals versus water consumption, while further cautioning against incorporating the WRI/WWF water risk models in metric IF0101-04. A public interest group recommended more robust water scarcity metrics.
- **Coal Ash Management (n/a)** – An individual recommended an expansion of the metric’s categorization of coal ash to better align with regulatory reporting (IF0101-09). A public interest group recommended more robust coal ash-related metrics.
- **Community Impacts of Project Siting (11-3)** – An issuer expressed support for the proposed change to remove the topic and its associated metrics, while two public interest groups expressed concern over this proposed change. One of the stakeholders recommended a more robust focus on transmission and distribution-related issues.
- **Energy Affordability (11-4)** – One issuer expressed high-level support for the addition of this topic and metrics. Another issuer expressed specific concerns related to comparability with each of the three proposed metrics associated with the topic. The issuer stated that the metrics, which focus on average rates (TA11-04-01), average bills (TA11-04-02), and the number of customer disconnections (TA11-04-03), are not only affected by numerous factors outside of the utility’s control, but are sometimes actually driven by these external factors. The issuer cited factors such as regulatory or legislative mandates (e.g., renewable portfolio standards, public purpose programs, etc.), weather, geographic location, and

Gas Utilities & Distributors Industry

Public comments were received from three stakeholders in the Gas Utilities & Distributors industry.⁷³

Comments are primarily technical in nature and largely focused on the proposed changes in the Exposure Draft. Comments constitute both concerns and support for the proposed changes, along with recommendations for further expansion of the industry standard in certain areas.

An issuer expressed concerns with several metrics in the Exposure Draft, largely around comparability. These comments were mostly concentrated in the Energy Affordability topic, but also related to the Integrity of Gas Delivery Infrastructure topic.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Integrity of Gas Delivery Infrastructure (11-7)** – An investor expressed high-level support for the addition of this topic and metrics, while an issuer expressed multiple technical concerns and recommendations related to the metrics. These included: a greater focus on holistic pipeline safety as opposed to pipeline materials related to IF0102-04; improving the comparability of TA11-07-01 by providing time-period guidance; and the shortfalls of current approaches to measuring fugitive emissions leakage related to TA11-07-02. Separately, a public interest group requested more robust disclosures on methane, including leak detection and repair (LDAR).
- **Energy Affordability (11-8)** – An investor expressed high-level support for the addition of a metric focused on average rates (TA11-08-01), while an issuer mentioned specific concerns related to comparability for each of the three proposed metrics associated with the topic. The issuer stated that the metrics, which focus on average rates (TA11-08-01), average bills (TA11-08-02), and number of customer disconnections (TA11-04-03), are not only affected by numerous factors outside of the utility’s control, but are sometimes driven by external factors. The issuer cited external factors like regulatory or legislative mandates (e.g., renewable portfolio standards, public purpose programs, etc.), weather, geographic location, and characteristics of customer populations. The issuer was primarily concerned with comparability across companies, and instead recommended including a discussion and analysis metric.
- **End-Use Efficiency (11-9)** – An issuer commented on potentially confusing technical guidance associated with TA11-09-01—a reference in the technical protocol to a paper produced by an electric utility association.

⁷³ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Water Utilities & Services Industry

Public comments were received from four stakeholders in the Water Utilities & Services industry, and included one comment letter that represented the views of two separate industry associations.⁷⁴ Comments include both high-level feedback on the Exposure Draft, including the SASB's approach and process, as well as technical feedback on metrics. Technical comments primarily focused on topics and metrics in the Exposure Draft that were unchanged relative to the provisional standard, with one clear exception: Water Affordability & Access. All three comment letters provided input on this proposed change. Multiple comments provided by an industry association, and separately, comments representing the views of two different industry associations, were aligned with one another (primarily comments concerning the topics Water Affordability & Access, as well as Water Scarcity).

Several concerns regarding the SASB's process were expressed in comments representing the views of two industry associations. The industry associations stated that industry representation has been insufficient in the development of the standard. Recommendations were made to formulate a working group, with clear industry representation, as well as investors and other stakeholders, to address issues and concerns related to the content of the industry standard.

All three industry associations communicated concerns and recommendations related to providing additional clarification between water utilities and wastewater utilities throughout the industry standard. Furthermore, comments from the two industry associations expressed other concerns related to outdated references in the standard, reporting at a consolidated level versus utility-specific level, and the need for guidance pertaining to infrastructure owners versus operators. Separately, another industry association communicated that the standard should better align with existing sustainability risk frameworks, policies, and regulations. This stakeholder also communicated its views on the improved state of the Exposure Draft standard as compared to prior forms released earlier in the standards development process.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Activity Metrics (n/a)** – An industry association recommended improved clarity in the activity metrics structure, particularly applicability to drinking water, wastewater, or storm water. It was also recommended that the standard include the concept of pretreatment of wastewater as it applies to industrial customers.
- **Effluent Quality Management (n/a)** – An industry association recommended incorporating the concept of wastewater pretreatment in the metrics associated with the topic, given its stated impact on the management of wastewater. Two other industry associations communicated that the discussion and analysis metric associated with the topic, which

⁷⁴ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

focuses on effluents of emerging concern (IF0103-03), is misguided. They recommend that the SASB consider the theme of reducing the environmental impact of effluents and the use of nutrients to create beneficial biosolids. Additionally, they recommended that the SASB focus the metric on disclosure of the largest known and most likely effluent quality concerns, and how those concerns are being addressed.

- **Water Scarcity (n/a)** – Three industry associations say the focus of the topic is misguided and oversimplified. These stakeholders communicated that, while water scarcity represents a risk to water supply, the overall topic of water supply adequacy and resiliency is more appropriate than an exclusive focus on water scarcity. Furthermore, the three industry associations oppose the metric centered on measuring water scarcity through the use of WRI Aqueduct (IF0103-04). The stakeholders commented that though this approach may be useful in other industries, it is misleading, and oversimplifies the complexities of water scarcity as it applies to the water utilities industry. One industry association stated that the other quantitative metric associated with the topic that measures recycled water (IF0103-05) also oversimplifies measurement of water scarcity and supply risks.
- **Drinking Water Quality (n/a)** – Two industry associations commented on the need to establish clearer international guidance related to the metric concentrated on drinking water violations (IF0103-07). Furthermore, these stakeholders provided multiple points of technical feedback on the discussion and analysis metric associated with the topic that focuses on contaminants of emerging concern (IF0103-08). Feedback included concerns over the lack of applicability of the guidance to certain entities in the industry, an outdated reference, and a lack of clarity on an aspect of the metric related to potential emerging contaminants.
- **Water Affordability & Access (11-12)** – While one investor expressed support for the proposed metrics centered on average water rates (TA11-12-01) and typical monthly water bills (TA11-12-02), three industry associations communicated concerns related to the oversimplification of the proposed metrics. Recommendations were provided to incorporate existing industry research and reports to attempt to account for the complexities of water utility rates.
- **End-Use Efficiency (11-13)** – An industry association communicated that the proposed metric focused on rate structures (TA11-13-01) has limited applicability to water utility ratemaking. The stakeholder recommended a more holistic approach by focusing on measures of revenue resilience, while accounting for the complexities of the topic and the existing industry research.
- **Distribution Network Efficiency (n/a)** – Two industry associations recommended a revision to the metric that measures the water pipe replacement rate (IF0103-12) in order to include rehabilitated pipes, as opposed to exclusively total replacement. Separately, these stakeholders communicated support for the approach taken in the metric that measures non-revenue real water losses (IF0103-13).

- **Network Resiliency & Impacts of Climate Change (n/a)** – Two industry associations expressed views that the metric centered on water treatment capacity in flood hazard areas (IF0103-14) is misleading, as it fails to account for risk mitigation activities and infrastructure. These stakeholders separately stated that the metric that measures service disruptions (IF0103-16) should be revised to structure disclosure by disruptions of less than and greater than four hours, consistent with existing industry programs. A third industry association recommended that the discussion and analysis metric related to climate change impacts (IF0103-17) should more specifically include management of risks related to extreme natural events, extreme prolonged drought, and earthquakes.

Waste Management Industry

Public comments were received from one issuer in the Waste Management industry.⁷⁵ Comments are primarily technical in nature and entirely focused on the previously existing topics and metrics in the provisional industry standard, as there was only one proposed change in the Exposure Draft. Comments were supportive of the SASB's efforts to develop standards and were highly constructive in nature. A large majority of the comments constituted technical input on topics and metrics related to greenhouse gas emissions, and the management of waste in terms of energy recovery and recycling. The issuer also recommended greater consistency in terms of references to waste incineration, combustion, and waste-to-energy (WTE) in the standard.

Feedback was provided by stakeholders on the specific topics below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Greenhouse Gas Emissions (n/a)** – The issuer focused its comments on several aspects related to this topic and its associated metrics. The issuer advocated for the use of 20-year global warming potentials (GWP) for the reporting of methane emissions in addition to 100-year GWP. Furthermore, the issuer expressed a view that the Exposure Draft should provide a more complete picture of landfill GHG emissions by including a focus on estimated future emissions. The issuer also expressed concern over how the focus on Scope 1 emissions may be misleading when characterizing the impact of WTE facilities due to lifecycle impacts of WTE, and the stated ability to serve as a source of GHG mitigation. As a result, the issuer recommended expanding the standard to include a qualitative and quantitative focus on Scope 2 and Scope 3 emissions.
- **Recycling & Resource Recovery (n/a)** – The issuer recommended removing energy recovery from scope of recycling (relevant to IF0201-19). At a higher-level, the issuer expressed support for further alignment with widely adopted waste management hierarchies that place energy recovery as the next preferable option for waste management after recycling.

⁷⁵ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary. Furthermore, a public interest group provided extensive comments on biomass energy production, including waste-to-energy (WTE). These comments are not summarized in this industry-specific summary as the comments did not directly pertain to the Waste Management Exposure Draft.

Engineering & Construction Services Industry

No public comments were received from stakeholders in the Engineering & Construction Services industry.⁷⁶

⁷⁶ However, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

Home Builders Industry

No public comments were received from stakeholders in the Engineering & Construction Services industry.⁷⁷

⁷⁷ However, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.

energy and water consumption, as opposed to the existing metrics' focus on strategies to impact energy and water performance. Separately, an intermediary suggested that the qualitative metric's guidance should include a recommended word length.

- **Employee Inclusion (n/a)** – An individual recommended that gender and ethnic diversity be added to the industry standard.
- **Health & Well-Being** – An intermediary provided extensive comments and recommendations on the SASB's approach to health and well-being across all the SASB standards, though much of the input is highly applicable to the Real Estate industry standard. The intermediary's comments recommended an increased focus on and inclusion of health and well-being, primarily in the context of how companies manage their human resources. The comments also highlighted the impacts of buildings on human health and well-being, including indoor air quality. The intermediary expressed views on the significance of the financial impacts generated by the issue, and provided multiple recommendations on including this topic, and related metrics, in the standards.

Real Estate Services Industry

Public comments were received from two stakeholders in the Real Estate Services industry.⁷⁹ Comments are brief and exclusively focused on recommended improvements to a topic and its associated metrics, all of which were unchanged in the Exposure Draft relative to the provisional standard.

Feedback was provided by stakeholders on the specific topic below, organized by the proposed change number that is contained in the Basis for Conclusion or, where there is no Basis for Conclusion, n/a.

- **Sustainability Services (n/a)** – An individual expressed concerns that the current metrics are not focused on energy or water management performance, and recommended metrics that are more directly focused on energy and water consumption. An intermediary recommended technical clarifications for the metric focused on floor area and buildings provided with energy and sustainability services (IF0403-02). These suggestions focused on how organizations should account for buildings sold during the year and the specific services that are included in the scope of the metric.

⁷⁹ In addition, numerous stakeholders provided comments applicable to the SASB standards overall, as opposed to industry-specific comments. Such comments are not reflected in this industry-specific summary.