Subject: Minutes, SASB Standards Board Meeting – March 8, 2018

Meeting Date: March 8, 2018
Meeting Location: Fordham University, New York City
Attendees: The SASB Standards Board (“the Standards Board” or “the Board”)

Committee Members Present:
Verity Chegar, Vice President and ESG Strategist, BlackRock
Daniel L. Goelzer, JD, Senior Counsel, Baker & McKenzie LLP
Jeffrey Hales,** PhD, Professor of Accounting, Georgia Institute of Technology
Robert Hirth, Jr., Chairman, COSO and Senior Managing Director, Protiviti
Kurt Kuehn, former CFO, UPS
Lloyd Kurtz, CFA, Senior Portfolio Manager and Head of Social Impact Investing, Wells Fargo Private Bank
Jean Rogers,† PhD, Founder and Former CEO, SASB
Elizabeth Seeger, Head of Sustainable Investing, KKR
Stephanie Tang, JD, Director of Legal, Corporate Securities, Stitch Fix

*SASB Chair
**SASB Vice Chair

Observers/Presenters:
(during selected sessions)
Holly Coleman, Board Advisor, SASB
Bryan Esterly, Deputy Director of Research, SASB
David Parham, Deputy Director of Research, SASB
David Post, Director of Research, SASB
Tom Riesenberg, Director of Legal Policy and Outreach, SASB
Sten White, Operations Manager, SASB
Jean Rogers, Chair of the Sustainability Accounting Standards Board, called to order the meeting of the Board at 10:15 a.m. on Thursday, March 8, 2018. The Chair conducted a roll call and noted for the record that all members were present; Elizabeth Seeger and Stephanie Tang participated remotely via teleconference.

The Chair reviewed the agenda and updated the Board on the Foundation meeting, and the meeting notes were approved from January 23–24, 2018.

The Chair led a status update on the action items from the January 23–24, 2018, Board meeting. Below is a summary on the status and next steps.

<table>
<thead>
<tr>
<th>Action Items</th>
<th>Update</th>
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<tbody>
<tr>
<td>Improve the Board’s Communication and Transparency</td>
<td>Public Comment Letters, Exposure Drafts and Updated Basis for Conclusions were posted on SASB’s web site.</td>
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<td></td>
<td><strong>Codification Process</strong> was drafted and posted on SASB’s web site.</td>
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<tr>
<td>Update on Communication to Foundation Board</td>
<td>Chair and Vice Chair presented an update to Foundation Board on February 28, 2018</td>
</tr>
<tr>
<td>Decide on Formal Publication Date for Research Agenda</td>
<td>Formal Publication Date will be decided after codification in mid-2018.</td>
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<tr>
<td>Update on Sector Advisory Group formation</td>
<td>Marvin Smith was hired as Sector Advisory Group Manager and starts March 19, 2018</td>
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Preparing for the Public Comment Period Meeting

The Chair thanked the SASB staff for their work preparing for the Public Comment Period Meeting (“the Public Meeting”).

The purpose of the Public Meeting is to share the key issues that arose from the feedback; the Board will not decide on or communicate a course of action. SASB was very pleased to receive a high-volume response across all the sectors. The Board and research staff have worked hard to process and analyze all the public comment letters into actionable summaries. The standards setting process is nearing codification, or completion of the first set of standards for use in the capital markets. SASB continues to have an ongoing dialogue with stakeholders regarding the proposed changes to the standards. SASB is applying the valuable input from the Public Comment Period and stakeholder consultation in anticipation of codification. Comments or topics unable to be addressed at this time will be held for future phases of revisions and or SASB’s research agenda.

Sector Advisory Groups

A recent hire, Marvin Smith, will be the new Stakeholder Outreach Manager and is tasked with
forming the Sector Advisory Groups (SAGs) and responding to public interest in these groups. He starts on March 19, 2018.

There was discussion between the Vice Chair and the Director of Research about how the SAGs would be run and advised. Furthermore, the Vice Chair opened a discussion on how the SAGs would interact with the Board. The Director of Research stated that the Stakeholder Outreach Manager will conduct outreach to individuals who have already applied to be a SAG member and look at leveraging existing relationships of the Board and SASB staff.

Subsequent Public Comment Handling

The Director of Research assured the Board that stakeholders whose public comment letters required follow-up or clarification were promptly contacted via email or phone calls. Formal responses to each suggestion will be delivered after the standards have been codified and published.

There was discussion as to how to handle subsequent feedback received outside the Public Comment Period and whether it would be considered stakeholder consultation or public comment.

The Director of Research suggested that comment letters received after January 31 would be considered after codification. If relevant stakeholder feedback is received that clarifies or improves the current changes being considered, the research team will do their best to incorporate the feedback into the Basis for Conclusions, but only on a case-by-case basis and as time permits. Significant feedback or changes to the standards will be considered after codification.

The Chair will announce at the Public Meeting that SASB is in support of and welcomes all feedback. The Chair stated that SASB will clearly articulate and post on its website how it will handle subsequent feedback, and that it welcomes feedback at all times.

Closed Session

The Board went into the execution session to discuss the SASB Standards Board’s presentation at the recent SASB Foundation Board meeting held in San Francisco on February 27, 2018.

Public Comment Period Preparation

The Board heard a dry run of the Public Comment Period presentation regarding the Extractives & Mineral Processing Sector. Board Member Verity Chegar and SASB’s Deputy Director of Research David Parham went through the presentation and received helpful feedback from the Board.

The Director of Research presented a walk-through of his presentation for March 9, 2018, “Overview of the Public Comment Period.” The Board thanked David for his presentation and provided feedback.

The Chair ran through her presentation plan for the introduction to the Public Meeting. The Board stressed the importance of conveying SASB’s “materiality” definition to the public. The Chair of the Board adjourned the meeting at 4:17 p.m.
Subject: Minutes, SASB Standards Board Meeting, Open to the Public – March 9, 2018

Meeting Date: March 9, 2018
Meeting Location: Fordham University, New York City
Attendees: The SASB Standards Board (“the Standards Board” or “the Board”)

Committee Members Present:
Verity Chegar, Vice President and ESG Strategist, BlackRock
Daniel L. Goelzer, JD, Senior Counsel, Baker & McKenzie LLP
Jeffrey Hales,** PhD, Professor of Accounting, Georgia Institute of Technology
Robert Hirth, Jr., Chairman, COSO and Senior Managing Director, Protiviti
Kurt Kuehn, former CFO, UPS
Lloyd Kurtz, CFA, Senior Portfolio Manager and Head of Social Impact Investing, Wells Fargo Private Bank
Jean Rogers,* PhD, Founder and Former CEO, SASB
Elizabeth Seeger, Head of Sustainable Investing, KKR
Stephanie Tang, JD, Director of Legal, Corporate Securities, Stitch Fix

*SASB Chair
**SASB Vice Chair

SASB Observers/ Presenters:
(during selected sessions)

Alan Beller, Standards Oversight Committee, Foundation Board, SASB
Holly Coleman, Board Advisor, SASB
Henrik Cotran, Sector Analyst, Resource Transformation; Renewable Resources & Alternative Energy, SASB
Bryan Esterly, Deputy Director of Research, SASB
Anton Gorodniuk, Sector Analyst, Financials, SASB
Steven Gunders, Foundation Board, SASB
Sonya Hetrick, Sector Analyst, Services; Transportation, SASB
David Parham, Deputy Director of Research, SASB
David Post, Director of Research, SASB
Tom Riesenberg, Director of Legal Policy & Outreach, SASB
Quinn Underriner, Sector Analyst, Technology & Communications, SASB
Sten White, Operations Manager, SASB
Lynn Xia, Sector Analyst, Consumer Goods; Food & Beverage, SASB
Jean Rogers, Chair of the Sustainability Accounting Standards Board, called to order the meeting of the Board at 9:07 a.m. on Friday, March 9, 2018. The Chair conducted a roll call and noted for the record that all members were present; Elizabeth Seeger and Stephanie Tang participated remotely via teleconference.

The Chair thanked Fordham University for hosting the Public Comment Meeting (“the Public Meeting”) and announced a new collaboration between Fordham University and SASB. The Chair introduced Dr. Barbara Porco, Director for The Center for Professional Accounting Practices. Dr. Porco thanked the Chair and stated her enthusiasm for the partnership.

The Chair introduced the purpose of the day’s meeting, which was to highlight the public comments received during the recent Public Comment Period so the Board could evaluate them. Key issues for 11 sectors were reviewed and discussed, with input from each sector analyst.

The Chair explained that the meeting was not intended to be interactive with a question-and-answer period. SASB encouraged all its stakeholders to send feedback to comments@sasb.org and to join a Sector Advisory Group.

The Chair outlined the Board’s three priorities:

1. Strengthen standards – the Board’s goal is to strengthen the standards prior to codification to ensure they are materiality focused, decision-useful, and cost-effective.
2. Be more responsive – the Board will improve SASB’s responsiveness and transparency to stakeholders by continuing to hold public meetings, publishing all public comments online, and forming Sector Advisory Groups.
3. Improve communications – the Board plans to better communicate the value of the standards, process, and outcomes.

The Chair announced that SASB is coming to the end of its first set of standards codification and that, moving forward, SASB would be on a regular three-year cycle of standard setting and updating.

The Chair went over the agenda for the day and introduced David Post, the Director of Research at SASB.

Overview of Public Comment Period

David Post, the Director of Research at SASB, explained the SASB research approach and referenced SASB’s Conceptual Framework and Rules of Procedure. SASB takes a market-informed approach to standards development. Public Comment Periods are a critical component of SASB’s fundamental market-informed tenet. SASB considers companies and investors its key stakeholders.

He explained the process of addressing public comments from stakeholders and noted that all 120 comment letters from 97 different entities are published on SASB’s website. He described the letters as coming from associations, issuers, investors, and asset owners. The comments covered 67 of SASB’s 77 industries. Fifty-three percent of the proposed changes received comments.
There were three themes:

1. Companies ask for fewer metrics with more D&A while investors ask for more metrics and less D&A.
2. Comments were focused and detailed regarding metrics and technical protocols.
3. Letters addressed climate change (46), human capital (30), and cybersecurity (13).

Then he introduced the SASB research team.

**Extractives & Mineral Processing Sector – Public Comment Discussion**

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<thead>
<tr>
<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas – Exploration &amp; Production</td>
<td>Verity Chegar, Chair</td>
<td>David Parham</td>
</tr>
<tr>
<td>Oil &amp; Gas – Midstream</td>
<td>Elizabeth Seeger</td>
<td><a href="mailto:nrr@sasb.org">nrr@sasb.org</a></td>
</tr>
<tr>
<td>Oil &amp; Gas – Refining &amp; Marketing</td>
<td>Bob Hirth</td>
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<tr>
<td>Oil &amp; Gas – Services</td>
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<td>Coal Operations</td>
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<td>Iron &amp; Steel Producers</td>
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<td>Metals &amp; Mining</td>
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<td>Construction Materials</td>
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**Summary of Public Comment Period**

The Committee Chair, Verity Chegar, introduced the Extractives & Mineral Processing Sector and explained that it was formerly called the Non-Renewable Resources Sector. The Sector Analyst, David Parham, gave a summary of the Public Comment Period, stating that there was a high level of participation in the sector, with 23 individual letters received from 18 entities. More than 400 individual comments were received, and more than half of these comments were focused on the Oil & Gas—Exploration & Production industry. The Sector Analyst went on to explain that the majority of stakeholders consisted of public interest groups and intermediaries, but there was also participation from industry associations, issuers, and investors.

Several themes emerged from the comments:

- There was a high level of participation in the sector, with letters submitted by diverse stakeholder groups
- Letters included highly detailed technical feedback focused on metrics and associated technical protocols
- Issuers raised concerns regarding the suitability of specific metrics and the extent to which they fairly represent company management of topic-level issues

**Summary of Key Issues**

The Committee Chair and the Analyst had a question-and-answer session that covered three key issues:

1. Responsiveness of SASB to stakeholder feedback
2. Accounting for sustainability risks in reserves
3. Sensitivity analysis
Q&A Discussion – Responsiveness of SASB to Stakeholder Feedback

The Committee Chair inquired about the significant amount of feedback SASB received on the Extractives & Mineral Processing Sector during the 2016–2017 consultation period and whether the market felt that the recent proposed changes reflected SASB’s consideration and incorporation of the consultation period’s comments.

The Analyst responded by assuring the Chair that at a high level, many stakeholders felt that they had been heard and that in many cases the proposed updates reflected their feedback. Examples were provided of proposed changes that included revising definitions associated with asset types and/or source-specific greenhouse gas emissions, as well as clarifying the sampling requirements for groundwater monitoring near hydraulic fracturing sites.

Q&A Discussion – Accounting for Sustainability Risks in Reserves

The Committee Chair asked the Analyst how they plan to address several public comment letters that highlighted concerns regarding the appropriateness of reporting metrics related to the quantity of hydrocarbon reserves in areas of elevated sustainability-related risks, such as those in areas of elevated biodiversity risk, near indigenous lands, or in countries with low rankings on Transparency International’s Corruption Perception Index.

The Analyst explained that in the period following the release of the provisional standards, several concerns were raised related to these metrics. The majority of these concerns related to the lack of representative metrics to report the quantity of reserves in a given area that may be characterized by elevated sustainability-related risks. Issuers noted that reporting the magnitude of reserves in a given area does not paint a complete picture of company efforts to successfully operate in such areas without incident. A few examples were provided to illustrate the challenges. Furthermore, additional concerns were discussed that included the type of asset (e.g., open-pit mine versus underground mine), treatment of booked reserves, annual reporting of reserves, and existing Securities and Exchange Commission reporting requirements.

The Analyst noted that he understands this is a priority for SASB’s stakeholders – including issuers and investors – and plans to engage with both sets of stakeholders to fully explore this issue and work toward developing a rigorous, technically sound solution reflective of stakeholder views.

Q&A Discussion – Sensitivity Analysis

The Committee Chair asked the Analyst how they plan to address several public comment letters that highlighted concerns regarding the appropriateness of reporting a metric associated with the Reserves Valuation & Capital Expenditures topic in the Exploration & Production standard related to the sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions.

The Analyst articulated the specific concern of the Reserves Valuation and Capital Expenditures topic in the Oil & Gas – Exploration & Production industry standard and the metric, which describes the application of a sensitivity analysis using the scenarios presented in the International Energy Agency’s World Energy Outlook to report impacts to company hydrocarbon reserve levels resulting from these scenarios.
The Analyst explained that the issuers questioned the usefulness of quantitative disclosures and expressed concerns regarding publishing commercially sensitive information. Per feedback from issuers, it was also noted that a primary value in the application of scenario analysis is in expanding and challenging management thinking regarding the resilience of company strategies for potential future scenarios. In this regard, a single reference scenario would not be helpful or representative, as it would narrow management thinking to a scenario or scenarios that may not be the most informative or valuable from the perspective of testing the resilience of a company’s strategies.

The Analyst noted that investor feedback has consistently supported the importance of comparable and distributive disclosures related to the topic. During consultation, the vast majority of investors supported the Exposure Draft metrics and recommended that the SASB seek to further align with the recommendations of the Task Force on Climate-Related Financial Disclosures.

SASB’s proposed revision was intended to address both sides of the issue: the need for companies to be able to develop and apply scenarios that are informative, useful, and challenging with respect to the resiliency of their strategy, as well as the need of investors for comparable and useful data. By providing a baseline reference scenario, the concerns of investors can be met, and by providing a structured way for companies to disclose additional scenarios that the company views as more likely, useful, or representative (along with an accompanying explanatory narrative), the concerns of companies can be addressed.

The Committee Chair, Verity Chegar, thanked the staff and the Board and concluded the discussion at 10:40 a.m.

Renewable Resources & Alternative Energy Sector – Public Comment Discussion

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<thead>
<tr>
<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
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<tbody>
<tr>
<td>Biofuels</td>
<td>Stephanie Tang, Chair</td>
<td>Henrik Cotran</td>
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<tr>
<td>Solar Energy Technology &amp; Project</td>
<td>Jeff Hales</td>
<td><a href="mailto:renewables@sasb.org">renewables@sasb.org</a></td>
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<tr>
<td>Developers</td>
<td>Kurt Kuehn</td>
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<td>Wind Energy Technology &amp; Project</td>
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<td>Developers</td>
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<td>Fuel Cells &amp; Industrial Batteries</td>
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<td>Forestry Management</td>
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<td>Pulp &amp; Paper Products</td>
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Summary of Public Comment Period

The Committee Chair, Stephanie Tang, introduced the Renewable Resources & Alternative Energy Sector (“Renewables”). The Sector Analyst, Henrik Cotran gave a summary of the Public Comment Period, stating that there was a good level of participation in the sector, with seven individual letters received from seven entities. A total of 68 individual comments were received, and they concentrated on the Solar Energy Technology & Project Developers and the Pulp & Paper Products industries. The Sector Analyst went on to explain that the majority of stakeholders consisted of industry associations and issuers whose comments focused on technical improvements.
Several of the themes that emerged from the comments:

- Numerous technical improvements and clarifications
- Concerns related to the comparability and relevance of metrics

Summary of Key Issues

The Committee Chair and Analyst had a question-and-answer session that covered two key issues:

1. Regulatory definitions for “hazardous waste” and “air emissions”
2. Confidential information disclosure related to certain metrics

Q&A Discussion – Regulatory Definitions for “Hazardous Waste” and “Air Emissions”

The Committee Chair asked the Analyst about the regulatory definitions for “hazardous waste” and “air emissions.”

The Analyst explained the challenges with using definitions from the Environmental Protection Agency (EPA) versus definitions from local or regional standards. He explained that there is a cost issue if SASB elects to change the standard from what the company is already using, and yet there is a higher rate of comparability if there is one metric. The EPA categorization was identified as SASB’s first metric due to its rigor, but it fails to serve non-U.S. companies or facility locations. The Analyst is considering changing the metric to allow for regional or local definitions to be used. The Analyst said that as long as there is disclosure about how the metric is defined, he thinks the lack of direct comparability can be dealt with.

Q&A Discussion – Confidential Information Disclosure Related to Certain Metrics

The Committee Chair asked the Analyst to explain the feedback regarding confidential information related to certain metrics.

The Analyst discussed the challenges of asking companies to disclose certain metrics that may reveal what is considered proprietary information. The price of panels and critical materials used in manufacturing in the solar industry was provided as an example.

The Committee Chair thanked the staff and the Board and concluded the discussion at 11:05 a.m.
Consumer Goods Sector – Public Comment Discussion

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<tr>
<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
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<tbody>
<tr>
<td>Apparel, Accessories &amp; Footwear</td>
<td>Elizabeth Seeger, Chair</td>
<td>Lynn Xia</td>
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<tr>
<td>Appliance Manufacturing</td>
<td>Kurt Kuehn</td>
<td><a href="mailto:consumption2@sasb.org">consumption2@sasb.org</a></td>
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<tr>
<td>Household &amp; Personal Products</td>
<td>Stephanie Tang</td>
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<tr>
<td>Building Products &amp; Furnishings</td>
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<td>Toys &amp; Sporting Goods</td>
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<td>Multiline and Specialty Retailers &amp; Distributors</td>
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<td>E-Commerce</td>
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Summary of Public Comment Period

The Committee Chair, Elizabeth Seeger, introduced the Consumer Goods Sector. The Sector Analyst, Lynn Xia, gave a summary of the Public Comment Period, stating that there was a low level of participation in the sector, with nine individual letters received from eight entities. A total of 117 individual comments were received, and they were focused on five of the seven industries. The Sector Analyst went on to explain that the majority of stakeholders consisted of industry associations and issuers, whose comments were focused on four of the nine proposed changes.

Several of the themes that emerged from the comments:
- The low number of comments relative to input received in past market input periods
- Some industry association concerns related to the standards-setting process and specific metrics
- Numerous technical improvements and clarifications

Summary of Key Issues

The Committee Chair and the Analyst had a question-and-answer session that covered three key issues:
1. Level of engagement in this sector and key takeaways
2. Disclosure of information that may be considered competitively sensitive
3. Supply chain management in the Apparel, Accessories & Footwear industry

Q&A Discussion – Level of Engagement in This Sector and Key Takeaways

The Committee Chair asked about the low level of response in comparison with previous participation for the Consumer Goods Sector.

The Analyst explained that they sent 50 outreach emails to various entities during the stakeholder engagement process and that there were fewer proposed changes in this sector compared with other sectors. The feedback that was received was constructive and was focused on clarifications and improvements at the metric and technical protocol level, rather than the topic level. It was also noted that stakeholders are encouraged to be involved with the SASB in the future through discussions with Analysts, comments submitted through the web.
site, and joining the upcoming sector advisory groups.

Q&A Discussion – Disclosure of Information That May Be Considered Competitively Sensitive

The Committee Chair asked the Analyst to provide additional background on the issue of disclosing information that may be considered competitively sensitive and how they plan to address these concerns.

The Analyst explained that this concern spans several industries and sectors. An example was provided of how, in the E-Commerce industry, disclosing data breaches may increase companies’ vulnerability to hackers. Another example was provided for how disclosing chemicals of concern in the Household & Personal Products standard may expose confidential information on product formulation and design. The Analyst plans to work with other sector analysts on understanding the best way to approach this concern while also achieving the guidelines for developing standards (comparable, cost-effective, useful, verifiable, distributive, etc.).

Q&A Discussion – Supply Chain Management in the Apparel, Accessories & Footwear Industry

The Committee Chair noted that a significant amount of feedback was received during the consultation period related to supply chain management and asked about any new concerns that arose during the Public Comment Period that were in reaction to the proposed changes.

The Analyst discussed the issues surrounding the revision of metrics for raw materials sourcing and labor conditions in the supply chain. SASB’s proposed changes would replace the quantitative metric with a qualitative discussion in the case of raw materials sourcing; and in the case of labor conditions, SASB proposed expanding the metric to include disclosure on additional context around a registrant’s supply chain auditing practices. Most comments were in support of these changes.

Additional Discussion

The Board Chair mentioned that SASB references or incorporates more than 200 third-party standards, and SASB is doing its best to keep up with their changes.

The Committee Chair thanked the staff and the Board and concluded the discussion at 11:40 a.m.
Food & Beverage Sector – Public Comment Discussion

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<tr>
<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
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<tbody>
<tr>
<td>Agricultural Products</td>
<td>Stephanie Tang, Chair Elizabeth Seeger</td>
<td>Lynn Xia</td>
</tr>
<tr>
<td>Meat, Poultry &amp; Dairy</td>
<td>Lloyd Kurtz</td>
<td><a href="mailto:consumption1@sasb.org">consumption1@sasb.org</a></td>
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<tr>
<td>Processed Foods</td>
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<td>Non-Alcoholic Beverages</td>
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<td>Alcoholic Beverages</td>
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<td>Tobacco</td>
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<td>Food Retailers &amp; Distributors</td>
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<td>Restaurants</td>
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Summary of Public Comment Period

The Committee Chair, Stephanie Tang, introduced the Food & Beverage Sector. The Sector Analyst, Lynn Xia, gave a summary of the Public Comment Period, stating that there was a decent level of participation in the sector, with 15 individual letters received from 15 entities. A total of 185 individual comments were received. The Sector Analyst went on to explain that the majority of stakeholders consisted of public interest groups and individuals, whose comments were focused on 10 of the 25 proposed changes.

Several themes emerged from the comments:
- Public interest groups and some investors’ advocacy for more expansive standards
- Numerous technical improvements and clarifications
- Level of issuer control over performance along the supply chain

Summary of Key Issues

The Committee Chair and Analyst had a question-and-answer session that covered three key issues:
1. Addition of the same topics to multiple industries in the sector
2. Genetically modified organisms (GMOs)
3. On-farm operations in the Agricultural Products industry

Q&A Discussion – Addition of the Same Topics to Multiple Industries in the Sector

The Committee Chair asked the Analyst to elaborate on the numerous public comments asking for the same topics (e.g., antibiotics in the meat supply chain, pesticide use, and fertilizer use) to be applied across several industries within the sector.

The Analyst explained that industries in the Food & Beverage Sector are involved in different stages of the same supply chain, so decisions made upstream may have business impacts from consumer trends that affect the entire supply chain. Some examples presented were antibiotic use in protein production and agrochemical use in agricultural products that have downstream implications.
Q&A Discussion – Genetically Modified Organisms (GMOs)

The Committee Chair asked the Analyst to explain stakeholders’ concerns expressed during consultation and in public comments on the topic and metrics of GMOs that are in several of the Food & Beverage sector standards.

The Analyst discussed the strong feedback received from several industries that opposes the inclusion of any metrics on the issue of GMOs. While investors indicate that disclosures on a company’s product mix with and without GMOs is a decision-useful indicator, companies cite a lack of scientific consensus on the impacts. The Analyst noted that GMOs are a subset of a topic that is centered on the importance of product labeling and marketing and not intended to provide disclosures on customer welfare. The Analyst will continue to engage with stakeholders to ensure that the intended goal on the integrity of labeling transparency is clearly communicated through the metric.

The Analyst was asked by a committee member about E.U. regulations versus U.S. standards. In general, SASB takes the stance of neutrality but highly encourages disclosure. The Chair encouraged the audience to read SASB’s materiality bulletin, which guides standards development.

The Committee Chair asked a follow-up question regarding the proposed new topic and metric on GMO management in the Agricultural Products industry. The Analyst reported that stakeholders were overall supportive of this addition and encouraged the inclusion of additional environmental and social considerations such as the use of agrochemicals or organics.

Q&A Discussion – On-farm Operations in the Agricultural Products Industry

The Committee Chair requested discussion on SASB’s removal of several metrics pertaining to farming operations and noted that 80 percent of the public comments received for the Agricultural Products industry were related to this proposed change.

The Analyst explained that nine out of 12 proposed changes pertained to the removal of metrics related to farming operations. During investigation, it became clear that issuers do not typically own or operate farms, and therefore these metrics are not material to their operations. Public comments expressed concerns with the proposed removal of metrics on pesticide and fertilizer use, land use management, and farm labor. Stakeholders indicated these are issues that are of interest to investors, policy makers, and society and pose risks to the supply chain of agricultural products companies. The mixed views presented during the Public Comment Period clearly warrant further investigation by the SASB. A committee member noted that clothing supply chains may also be concerned with these issues.

Additional Discussion

The Analyst was asked by a committee member about water issues relating to the Food & Beverage Sector. The Analyst referenced the WRI (World Resources Institute) water tool, noting that water is reported on a regional level and that water is a core concern for the Alcoholic Beverages and the Non-Alcoholic Beverages industries.

The Committee Chair thanked the staff and the Board and concluded the discussion at 12:15 p.m.
Health Care Sector – Public Comment Discussion

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<tr>
<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
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<tbody>
<tr>
<td>Biotechnology &amp; Pharmaceuticals</td>
<td>Lloyd Kurtz, Chair</td>
<td>Eric Kane</td>
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<tr>
<td>Medical Equipment &amp; Supplies</td>
<td>Bob Hirth</td>
<td><a href="mailto:health_care@sasb.org">health_care@sasb.org</a></td>
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<tr>
<td>Health Care Delivery</td>
<td>Jean Rogers</td>
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<td>Health Care Distributors</td>
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<td>Managed Care</td>
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<td>Drug Retailers</td>
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Summary of Public Comment Period

The Committee Chair, Lloyd Kurtz, introduced the Health Care Sector. The Sector Analyst, David Parham (standing in for the absent Eric Kane), gave a summary of the Public Comment Period, stating that there was a low level of participation in the sector, with eight individual letters received from eight entities. A total of 35 individual comments were received. The Analyst went on to explain that the majority of stakeholders consisted of public interest groups and intermediaries, whose comments were focused on four of the 23 proposed changes.

One of the major themes that emerged from the comments:

- Specific feedback focused on issues related to access to medicines and anti-microbial resistance

Summary of Key Issues

The Committee Chair and Analyst had a question-and-answer session, which covered three key issues:

1. Response rate in the Sector
2. Anti-microbial resistance
3. Climate change concerns

Q&A Discussion – Response Rate in the Sector

The Committee Chair asked the Analyst about the low response rate in the sector, and the Analyst noted that, historically, SASB has had low engagement in the Managed Care, Health Care Delivery, and Health Care Distributors industries. The Analyst noted that the unique landscape of said industries may explain the low engagement. The Analyst stated that one public comment letter was received from a public interest group representing 43 signatory investors, which provided a valuable representative view of a large investor base. The Analyst noted that the Health Care industry had higher levels of engagement in previous consultations, and he expressed to the Committee Chair that the staff is committed to finding ways to elicit more stakeholder feedback, as it is a core part of the standards setting process.

Q&A Discussion – Anti-microbial Resistance

The Committee Chair asked the Analyst about the issue of anti-microbial resistance and the nature of the feedback received from the Public Comment Period across the sector. The Analyst explained the context around this emerging issue and the potential magnitude of the societal cost as diseases develop resistance to medicines. The Analyst noted that the staff is prioritizing
research and subject-matter outreach to better determine the materiality of the topic within multiple industries in the Health Care Sector. The Analyst noted that SASB does have an existing metric on the impact of hospital-acquired infections in the Health Care Delivery industry, but that the metric does not currently address the anti-microbial-resistance angle.

Q&A Discussion – Climate Change Concerns

The Committee Chair asked the Analyst how a stakeholder’s public comment on the proposed change to the Climate Change Impacts on Human Health and Infrastructure topic in the Health Care Delivery industry might be addressed, and asked in general how climate change affects the Health Care Sector. The Analyst described the differentiation of physical aspects of climate change – acute and chronic – and how SASB considers the risks associated with both aspects to be material in the industry. The Analyst explained that the intention of the proposed change is to provide a full scope of disclosure to issuer exposure to said risks, but he appreciates the public comment as it warrants SASB’s taking another look at the proposed updates’ completeness and representativeness to ensure their usefulness to investors when assessing an issuer’s exposure to climate risk.

Additional Discussion

On the topic of climate risk, a committee member noted the uptake of financial impact due to weather-related events in this sector and asked the Analyst to further consider the CMS (Centers for Medicare & Medicaid Services) Emergency Preparedness Rule in the Health Care Delivery industry metrics.

The Committee Chair thanked the staff and the Board and concluded the discussion at 1:45 p.m.

Services Sector – Public Comment Discussion

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<tr>
<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
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<tbody>
<tr>
<td>Education</td>
<td>Dan Goelzer, Sector Chair</td>
<td>Sonya Hetrick</td>
</tr>
<tr>
<td>Professional &amp; Commercial Services</td>
<td>Jeff Hales</td>
<td><a href="mailto:services@sasb.org">services@sasb.org</a></td>
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<tr>
<td>Hotels &amp; Lodging</td>
<td>Bob Hirth</td>
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<td>Casinos &amp; Gaming</td>
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<td>Advertising &amp; Marketing</td>
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<td>Media &amp; Entertainment</td>
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Summary of Public Comment Period

The Committee Chair, Dan Goelzer, introduced the Services Sector, a diverse group of industries subject to a wide range of sustainability issues. The Sector Analyst, Sonya Hetrick, gave a summary of the Public Comment Period, stating that there was a low level of participation in the sector, with eight individual letters received from eight entities. A total of 32 individual comments were received. The Sector Analyst went on to explain that the majority of feedback was for the Hotels & Lodging, Advertising & Marketing, and Media & Entertainment industries and that only one of the 13 proposed changes was commented on.
Several of the themes that emerged from the comments:

- Concerns related to the comparability of metrics and the sensitivity of disclosing competitive information
- Several technical improvements and clarifications

Summary of Key Issues

The Committee Chair and Analyst had a question-and-answer session that covered two key issues:

1. Response rate in the sector
2. Disclosure of confidential business information

Q&A Discussion – Response Rate in the Sector

The Committee Chair asked the Analyst about the low response rate in the sector, and the Analyst noted that, historically, SASB has had low engagement in this sector. The Analyst noted the low participation of stakeholders in the Industry Working Groups during the provisional phase, compared with the participation rate in other sectors, as well as the below-average response rate during the provisional-phase Public Comment Period. The Analyst described the extensive and determined outreach efforts conducted to elicit feedback in the consultation phase and recent Public Comment Period, and surmised that the low engagement may be due less to the lack of outreach and more to the potential that the Services Sector is not as far along in the realm of sustainability reporting as the other sectors are. The Analyst expressed to the Committee Chair that the staff is committed to finding ways to elicit more stakeholder feedback, as it is a core part of the standards setting process, and encouraged stakeholders in the sector to engage in more ways, such as by joining a Sector Advisory Group.

Q&A Discussion – Disclosure of Confidential Business Information

The Committee Chair asked the Analyst about a public comment letter from an issuer that expressed concern about the disclosure of confidential business information and SASB’s general approach to such concerns. The Analyst summarized the public comment received regarding the sensitivity of disclosing competitive metrics in the Advertising & Marketing and the Media & Entertainment industries. The Analyst noted that SASB is aware of such concerns and that the standards are designed to serve the needs of both investors and issuers. Ultimately, it is the issuers’ decision as to what topics are material and the level of detail in their disclosures. The Analyst also noted that the standards state that disclosure should be sufficient for investors to understand the risks that a company faces, but that disclosure itself should not compromise confidential business information. SASB standards development must balance the general investor ask of expanding the scope of disclosure and use of quantitative metrics, and the general issuer preference to limit disclosure and the use of qualitative disclosure given concerns of cost-effectiveness and the representativeness of complex issues when using solely quantitative metrics.

The Committee Chair thanked the staff and the Board and concluded the discussion at 2:10 p.m.
Infrastructure Sector – Public Comment Discussion

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<tr>
<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
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</table>
| Electric Utilities & Power Generators | Jean Rogers, Sector Chair  
|                                     | Kurt Kuehn  
|                                     | Verity Chegar                                                  | Bryan Esterly  
|                                     | infrastructure@sasb.org                                        |                                                            |
| Gas Utilities & Distributors        |                                                                 |                                                            |
| Water Utilities & Services          |                                                                 |                                                            |
| Waste Management                    |                                                                 |                                                            |
| Engineering & Construction Services |                                                                 |                                                            |
| Home Builders                       |                                                                 |                                                            |
| Real Estate                         |                                                                 |                                                            |
| Real Estate Services                |                                                                 |                                                            |

Summary of Public Comment Period

The Committee Chair, Jean Rogers, introduced the Infrastructure Sector. The Sector Analyst, Bryan Esterly, gave a summary of the Public Comment Period, stating that there was a decent level of participation in the sector, with 14 individual letters received from 15 entities. A total of 185 individual comments were received. The Sector Analyst went on to explain that the majority of stakeholders consisted of issuers and industry associations, whose comments were focused on nine of the 15 proposed changes.

Several of the themes that emerged from the comments:
- Addition of an Energy Affordability topic in utilities was a focal point—support and concerns
- Numerous technical improvements and clarifications
- Public interest groups’ advocacy for more expansive standards

Summary of Key Issues

The Committee Chair and Analyst had a question-and-answer session which covered three key issues:

1. Affordability of services
2. Water scarcity versus Water supply risks
3. Real Estate industry response

Q&A Discussion – Affordability of Services

The Committee Chair noted that several stakeholders commented on the proposed change to add the affordability of services topic within the Electric Utilities & Power Generators, the Gas Utilities & Distributors, and the Water Utilities & Services industries and expressed their concerns about the comparability of the proposed metrics. The Committee Chair requested that the Analyst provide additional background on the topic and how the staff may address the commenters’ concerns. The Analyst provided context on the significant amount of input provided from multiple investors and issuers on the topic of affordability, and after further research and materiality determination, the staff and Board decided it merited a proposal to add the topic to the relevant industry standards. A committee member asked why this issue is relevant to investors, and the Analyst replied that affordability is important in the context of regulation around electricity, gas, and water supply.
The Committee Chair asked the Analyst to expand on the concerns expressed through public comments on the comparability of the proposed metrics. The Analyst noted that eight organizations commented on this topic, and although there was general support for the addition of the topic, the concerns on comparability were generally for two reasons: the first being that the proposed metrics can be impacted by external factors out of the issuer’s control (e.g., weather patterns in the service area, regulatory requirements, or affordability programs), and the second being the need to consider the economic conditions of the service area when analyzing the data the proposed metrics would produce. The Committee Chair asked if it is not clear how the normalization of the local economic conditions would be done. The Analyst replied that the public comments and concerns about normalization did not come as a surprise. Given the extensive feedback received, the Analyst noted that the staff would conduct further research and obtain more market feedback, as well as consider a few options with the Board to improve the metric, while being consistent with the criteria for metric development per SASB’s Conceptual Framework.

Q&A Discussion – Water Scarcity Versus Water Supply Risks

The Committee Chair noted that there were multiple comments received on the water scarcity topic in the Water Utilities & Services industry and asked the Analyst to explain in more detail the call for broader disclosure around water supply risks. The Analyst explained that the general feedback received has been that the topic needs to be looked at more holistically, and that scarcity is only one aspect of water supply risk in the industry. The Analyst detailed some of the examples commenters provided, such as water supply adequacy and resiliency. A committee member asked about the level of market input on this topic. The Analyst replied that SASB has received substantial market input on the topic, but the challenge is determining a complete set of metrics on the topic given the diversity of water supply risks to which this industry is exposed. The Analyst noted that, moving forward, the staff and the Board would reconsider the set of proposed metrics in the context of SASB’s Conceptual Framework. The Analyst gave the example of considering the principle of fair representation, given the public comments expressing concern over the representativeness of the WRI (World Resources Institute) Aqueduct metric in this industry and the complexity of water supply risk.

Q&A Discussion – The Real Estate Industry Response

The Committee Chair asked for the Analyst to address the response rate of the Real Estate industry in the most recent Public Comment Period. The Analyst explained that although there were very few comments received from Real Estate industry stakeholders during this Public Comment Period, there has been high levels of engagement with SASB in the past, and generally the industry is satisfied with the standards. The Analyst noted that stakeholders continue to provide feedback on a few issues, such as the health and well-being of occupants. The Analyst stipulated that although there was a low number of comments this period, there are many other previous phases and future periods during which SASB collects market input.

The Committee Chair thanked the staff and the Board and concluded the discussion at 2:45 p.m.
Technology & Communications Sector – Public Comment Discussion

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<tr>
<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
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<tbody>
<tr>
<td>Electronic Manufacturing Services &amp;</td>
<td>Bob Hirth, Sector Chair</td>
<td>Quinn Underriner</td>
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<tr>
<td>Original Design Manufacturing</td>
<td>Lloyd Kurtz</td>
<td><a href="mailto:ICT@sasb.org">ICT@sasb.org</a></td>
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<td>Verity Chegar</td>
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<td>Software &amp; IT Services</td>
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<td>Internet Media &amp; Services</td>
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Summary of Public Comment Period

The Committee Chair, Bob Hirth, introduced the Technology & Communications Sector. The Committee Chair gave an overview of some of the large market cap companies in the sector as well as examples of sustainability issues and risks the sector faces. The Chair also noted the general support for the proposed changes and the standards from commenters. The Sector Analyst, Quinn Underriner, detailed the level of participation during the Public Comment Period, noting that there were nine comment letters received from nine entities, which were relatively dispersed across the six industries and whose comments were focused on 13 of the 18 proposed changes.

Several of the themes that emerged from the comments:

- Varying input on materials sourcing issues
- Ensuring actionable disclosure topics
- Improvements to diversity-related metrics

Summary of Key Issues

The Committee Chair and the Analyst had a question-and-answer session that covered three key issues:

1. Critical materials
2. Product lifecycle management
3. Human capital issues

Q&A Discussion – Critical Materials

The Committee Chair noted that a large issuer expressed concern on the comparability and distribution of the metric “Percentage of products by revenue that contain critical materials,” and asked the Sector Analyst for context on the metric and how the Board and staff may address the comment. The Analyst gave historical context on SASB’s determination of the materiality of critical materials supply risks and explained how the market’s perception of said risk has changed for a number of reasons. The Analyst also noted the regulatory changes related to the topic over time, and the Committee Chair commented on the anticipatory nature and adaptability of standards setting. The Analyst noted the concern raised by a stakeholder in a public comment about how numerous trace elements of the 34 minerals deemed critical are used in manufacturing processes; measuring the amounts would be complex and could impact the distributiveness and cost-effectiveness of the metric. The Analyst noted how SASB maintains that sourcing issues are important in these industries but will continue to conduct further
research to understand the business and sustainability cases of these critical materials. The Committee Chair invited further consultation on determining which critical materials are truly material to these companies’ operations.

Q&A Discussion – Product Lifecycle Management

The Committee Chair opened a discussion on product lifecycle management and asked the Analyst to further explain the stakeholder comments relating to industry scope and control of the issues addressed in the topic. The Analyst added context on the topic, explaining how it has three distinct angles: energy efficiency of products, use of potentially hazardous materials, and end-of-life product take-back. He also explained how the Hardware and the Electronic Manufacturing Services & Original Design Manufacturing industries are asked to disclose on this topic given their unique positions in the supply chain. The Analyst noted that SASB will do further research into the industry structure to ensure the topics and resulting metrics are appropriate in the context of the Conceptual Framework principle in that companies must have the ability to make actionable changes in performance related to a given issue.

Q&A Discussion – Human Capital Issues

The Committee Chair opened a discussion on human capital issues in the sector, noting it is a cross-cutting issue and asking for more detail on the comments received. The Analyst noted that the staff was encouraged by the technical nature of the comments, which may demonstrate a high level of engagement in the sector. The Analyst gave more context on the state of disclosure on racial and gender diversity in the sector and how, in general, disclosure for racial diversity is limited to U.S. operations, while gender diversity figures are disclosed for worldwide operations. SASB must consider the usefulness and cost-effectiveness of the metric if it were to expand the scope to international operations and the operating conditions of the industries. The Committee Chair asked the Analyst to explain the comment on employee engagement. The Analyst explained the concerns over the current guidance on employee engagement allowing companies wide latitude to choose their own methodology, and asked for more specificity in the disclosure guidance. The Analyst noted that SASB builds in flexibility on disclosure guidance based on the differing operating procedures within companies, but also aims to ensure the comparability of metrics. The Analyst said that the staff would conduct further research into industry best practices to see whether providing more specific guidance would be reasonable.

Additional Discussion

A committee member commented that the previously mentioned diversity metric applies to other sectors and acknowledged the difficult nature of the issue of U.S.-centricity versus global applicability. Another committee member asked the Analyst how, given the nature of companies in having production operations in multiple countries with different regulations, the staff thinks about this reality and how the feedback relates to this issue. The Analyst replied that the industry specificity of SASB’s standards allows the staff to look at risks in different ways. For example, regarding the topic of fair labor practices, metrics differ across industries depending on the nature of their respective supply chains. In addition, SASB maintains that companies still may face certain risks regardless of whether they have direct control of the manufacturing.

The Committee Chair thanked the staff and the Board and concluded the discussion at 3:15 p.m.
Financials Sector – Public Comment Discussion

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<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
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<tbody>
<tr>
<td>Commercial Banks</td>
<td>Jeff Hales, Sector Chair</td>
<td>Anton Gorodniuk</td>
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<tr>
<td>Investment Banking &amp; Brokerage</td>
<td>Dan Goelzer</td>
<td><a href="mailto:financials@sasb.org">financials@sasb.org</a></td>
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<tr>
<td>Asset Management &amp; Custody Activities</td>
<td>Verity Chegar</td>
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<td>Insurance</td>
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**Summary of Public Comment Period**

The Committee Chair, Jeff Hales, introduced the Financials Sector. The Committee Chair gave a brief overview of the history of the provisional-phase standards development for the sector and noted the significant increase of engagement and feedback reflected in the recent Public Comment Period. The Sector Analyst, Anton Gorodniuk, gave a summary of the Public Comment Period, stating that there was a decent level of participation in the sector, with 15 individual letters received from 15 entities. A total of 168 individual comments were received. The Sector Analyst went on to explain that the majority of comments were focused on the Investment Banking & Brokerage, the Commercial Banks, and the Insurance industries, and covered 42 of the 56 proposed changes.

Several of the themes that emerged from the comments:
- Significant feedback on proposed changes to the standards due to a significant number of revisions
- Constructive technical feedback from stakeholders regarding the detail of metric or technical protocol construction
- Some specific concerns noted by issuers related to the suitability or representativeness of specific metrics

**Summary of Key Issues**

The Committee Chair and Analyst had a question-and-answer session that covered three key issues:

1. Systemic Risk (Insurance industry)
2. Climate Change Impacts (Insurance industry)
3. Metric Selection Criteria (Consumer Finance industry)

**Q&A Discussion – Systemic Risk**

The Committee Chair opened a discussion on the topic of Systemic Risk Management. He noted that an issuer commented on the proposed metrics in the Systemic Risk Management topic in the Insurance industry and expressed concern that the disclosure guidance in the metrics may ask for confidential business information. The Analyst replied that while systemic risk management is traditionally viewed as a business issue and there is extensive regulation around the issue, the SASB still captures it in its framework given the associated social and
socio-economic implications, and SASB’s materiality determination. The Committee Chair asked how the regulation in the industry intertwines in the proposed metric. The Analyst detailed the proposal of a quantitative and qualitative metric, and a committee member asked to clarify the commenter’s concern. The Analyst clarified that the concern relates to the IAIS (International Association of Insurance Supervisors) statement that the calculated G-SII score should not be disclosed. The Committee Chair noted the stakeholder comment voiced concern about divulging this confidential score. The Analyst explained that the staff is considering the feedback, will continue to conduct further research, and will try to engage with IAIS to better understand the issue and the evolving measure of systemic risk. The Committee Chair thanked the Analyst and suggested a further look at the components of the score and which aspects are useful and proprietary. A committee member commented on the investor use and relevance of this metric, and noted the challenging nature of disclosures being in multiple outlets. The Analyst noted the question is not whether Systemic Risk Management is a relevant and material disclosure topic for the industry, but rather how to capture performance in a cost-effective and decision-useful way.

Q&A Discussion – Climate Change Impacts

The Committee Chair opened a discussion on climate change impacts in the Insurance industry and asked the Analyst to detail a commenter’s concern over a provisional metric that was not a proposed change; i.e. “List of markets, regions, and/or events for which the registrant declines to voluntarily write coverage for weather-related natural catastrophe risks.” The Analyst explained that this metric is within the topic of Environmental Risk Exposure, and noted that the issuer commented that under certain regulatory requirements, the extent to which an insurance company could manage its exposure to weather events may be limited. A committee member asked if this was a case of determining a qualitative or quantitative metric, and the Analyst explained in more detail the disclosure guidance of the specific metric.

Q&A Discussion – Metric Selection Criteria

The Committee Chair opened a discussion on a comment received regarding metric selection in the Consumer Finance industry, specifically, that certain metrics may inappropriately represent company performance. The Analyst noted this comment ties back to the Conceptual Framework metric selection criteria, highlighting that although the specific metric “Number of account holders whose information is used for secondary purposes, percentage who have opted in” may be out of the companies’ direct control, it still satisfies the decision usefulness and representativeness principles of metric selection. The Committee Chair noted that many factors are outside the direct control of companies, and the SASB looks at material issues that companies can actively initiate to manage risk exposure. A Board member noted the importance of the discussion and language that may be included when disclosing a metric, and a committee member noted the importance of maintaining representativeness of disclosures to be able to credibly compare corporate performance on issues.

The Committee Chair asked the Analyst about the other metric that was commented on. The Analyst replied to specific comments on the metric: “(1) Average fees from add-on products; (2) average APR; (3) average age of accounts; (4) average number of trade lines; (5) average annual fees for pre-paid products for customers with FICO scores above and below 660.” He noted that average customer debt, mean and median age of accounts, and the average monthly full payment rate do not provide fair representation of a company’s business practices. The Analyst clarified the average customer debt and the average monthly full payment rate elements
were proposed for removal based on stakeholder feedback; however, SASB retained the third element given the relevancy of the information.

Additional Discussion

A committee member asked about a comment on a consumer finance metric and whether general disclosure on fines and settlements would produce comparable data. The Analyst explained that SASB has received investor feedback that data points on past fines and settlements with discussion on the actions to prevent future violations would be a good indicator of future performance on the issue. The Analyst added further explanation on absolute and normalized values in metrics.

A Board member asked if the Analyst could elaborate on the themes of the other comments received in the Financials Sector. The Analyst replied that for the Commercial Banks and Investment Banking and Brokerage industries, SASB received significant feedback on the topic of integration of ESG factors in business activities.

The Committee Chair thanked the staff and the Board and concluded the discussion at 4:05 p.m.

Transportation Sector – Public Comment Discussion

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<tr>
<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
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<tbody>
<tr>
<td>Automobiles</td>
<td>Kurt Kuehn, Chair</td>
<td>Sonya Hetrick (interim)</td>
</tr>
<tr>
<td>Auto Parts</td>
<td>Jeff Hales</td>
<td><a href="mailto:transportation@sasb.org">transportation@sasb.org</a></td>
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<tr>
<td>Car Rental &amp; Leasing</td>
<td>Jean Rogers</td>
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<td>Airlines</td>
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<td>Air Freight &amp; Logistics</td>
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<td>Road Transportation</td>
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Summary of Public Comment Period

The Committee Chair, Kurt Kuehn, introduced the Transportation Sector. The Sector Analyst, Sonya Hetrick, gave a summary of the Public Comment Period, stating that there was a decent level of participation in the sector, with 11 individual letters received from 12 entities. A total of 70 individual comments were received, and all nine proposed changes in the sector were commented on.

Several of the themes that emerged from the comments:
- Mixed views on a proposed customer welfare topic and a proposed fleet fuel efficiency metric for airlines
- Some concerns related to the comparability and representativeness of metrics
- Multiple technical improvements and clarifications

Summary of Key Issues
The Committee Chair and Analyst had a question-and-answer session that covered three key issues:

1. Customer welfare topic
2. Airline fleet fuel efficiency
3. Tire segment within the Auto Parts industry

Q&A Discussion – Customer Welfare Topic

The Committee Chair opened a discussion on customer welfare in the Airlines industry standard, and the mixed feedback received in the Public Comment Period on the proposed addition of the topic, especially with regards to what metrics could objectively capture performance on the topic. The Committee Chair asked the Analyst how SASB analyzes this feedback. The Analyst noted that there was no proposed metric in the exposure draft, and SASB was looking for feedback on the materiality of the topic and ideas on metric(s) that could capture performance on the topic. The Analyst gave an overview of the comments on the topic from four stakeholders, noting that three stakeholders supported the addition due to decision-usefulness, and some suggested metrics, including “(1) percentage of customer satisfaction, (2) discussion of strategy to improve customer well-being, and (3) complaints received.” The Analyst noted an industry association commented in opposition of inclusion, citing that it would be a topic unique to the Airlines industry, among other concerns. A committee member noted that industry specificity is a core facet of SASB’s work and asked the Analyst to describe why this could be an important and relevant issue to the Airlines industry. The Analyst replied that there are unique customer service issues in the industry and noted that the staff would continue to do further research and engage with stakeholders on the topic, as well as continue to follow the developments of the Department of Transportation’s rules on the subject. A committee member suggested further research on the customer complaint data directly to carriers.

Q&A Discussion – Airline Fleet Fuel Efficiency

The Committee Chair opened a discussion on the topic of fleet fuel efficiency in the Airlines and the Air Freight & Logistics industries, commented on the complexity of the issue, and asked the Analyst to detail the feedback received during Public Comment on the topic. The Analyst noted that no new metrics were proposed in the Exposure Draft and that two stakeholders commented on the topic, with the bulk of comments coming from an industry association. The Analyst explained the industry association expressed concern that using one metric to measure fleet fuel efficiency could be misleading because of the multitude of factors involved, and he expressed the value of the stakeholder feedback received moving forward. The Committee Chair noted that SASB does have an existing emissions topic and metric set in the industries. A committee member asked if SASB is attempting to expose design efficiency or operating efficiency to understand how the fleets are evolving and becoming more efficient, and which method may be the best way to capture performance. The Analyst replied that the metrics that are under consideration look at the age of airplane fleet or certification to the International Civil Aviation Organization standard, and noted that there are existing operating efficiency metrics in the industry standard.

Q&A Discussion – Tire Segment within the Auto Parts Industry

The Committee Chair opened a discussion on industry specificity and the comments received
on the tire segment in the Auto Parts industry. The Analyst noted that a criteria for topic selection in Conceptual Framework is relevant across an industry and mentioned the diverse product lines within the Auto Parts industry. The Analyst detailed the feedback relating to manufacturing processes received from an industry association in the tire segment. The Analyst noted that the standards are designed to surface the minimum set of disclosure topics that are reasonably likely to constitute material information for companies in the industry, and that they may not capture every sustainability issue for every company, but that is not their intent.

The Committee Chair thanked the staff and the Board, and concluded the discussion at 4:40 p.m.

Resource Transformation Sector – Public Comment Discussion

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<th>Industries</th>
<th>Sector Committee Members</th>
<th>SASB Sector Analyst</th>
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<tr>
<td>Chemicals</td>
<td>Lloyd Kurtz, Sector Chair</td>
<td>Henrik Cotran</td>
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<td>Aerospace &amp; Defense</td>
<td>Dan Goelzer</td>
<td><a href="mailto:resource_transformation@sasb.org">resource_transformation@sasb.org</a></td>
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<td>Electrical &amp; Electronic Equipment</td>
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<td>Containers &amp; Packaging</td>
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Summary of Public Comment Period

The Committee Chair, Lloyd Kurtz, introduced the Resource Transformation Sector. The Sector Analyst, Henrik Cotran, gave a summary of the Public Comment Period, stating that there was a high level of participation in the sector, with 17 individual letters received from 13 entities. A total of 124 individual comments were received. The Sector Analyst noted that the majority of the comments were concentrated in the Chemicals and the Containers & Packaging industries and focused on 19 of the 23 proposed changes.

Several of the themes that emerged from the comments:

- Numerous technical improvements and clarifications
- Concerns related to the comparability and relevance of metrics, though general support for proposed changes
- Request for greater alignment with industry standards

Summary of Key Issues

The Committee Chair and Analyst had a question-and-answer session that covered two key issues:

1. Hazardous substance metrics
2. Alignment of water metrics with Global Reporting Initiative (GRI) and Climate Disclosure Project (CDP)
Q&A Discussion – Hazardous Substance Metrics

The Committee Chair opened a discussion on the hazardous substance metric in the Chemicals industry and the comments received expressing concern over the reference lists of hazardous substances present in products. The Committee Chair asked how the SASB staff developed these metrics and about the plan to address stakeholder concerns. The Analyst acknowledged that the comments received signal the high priority of further research and engagement on this area, and explained the concerns may stem from the presumed assumption that identifying chemicals from regulatory lists based on hazard characteristics is a material indicator of registrant risk. The Analyst went on the explain the original materiality determination of the topic and metrics, as well as the value to investors of issuer disclosure on the management of the environmental and regulatory risk of the issue. The Analyst noted that the inclusion of qualitative discussion along with the quantitative information, and analysis of metrics, provides context on the issue and describes risk management and opportunities to prevent investors being misled.

The Committee Chair asked about the relevance of the topic within segments of the Chemicals industry. The Analyst provided context on the companies in the industry and stated that it should be a relevant topic across the industry. The Committee Chair asked about the potential plans on this moving forward, and the Analyst noted that the staff would continue to engage with stakeholders and conduct further research on the issue, as well as review the materiality determination of the topic. A committee member asked whether the staff had input from investors on the issue and whether the staff would continue to gather more feedback from investors on the issue. The Analyst noted that there had been more investor comments in previous stakeholder consultation periods and that, in general, the investor view is that the topic is material, but the metric that is being proposed is not quite perfect to capture performance. A few Board members discussed with the Analyst the relevance and interest in the topic among investors and issuers, and they provided suggestions for a path forward to land on a decision-useful and comparable metric.

Q&A Discussion – Alignment of Water Metrics with GRI and CDP

The Committee Chair opened a discussion on public comments received on the water management metric. The Committee Chair noted that some stakeholders expressed a desire for increased alignment with GRI and CDP water metrics, and asked the Analyst to detail the comments received and how SASB may address them. The Analyst noted that SASB was on the working group with CDP and GRI to revise their set of water metrics. The Analyst explained the existing alignment with their water metrics, but noted SASB’s industry-specific approach and the need to ensure the metrics are applicable to each respective industry that faces the specific water risks.

Additional Discussion

A committee member asked about the state of the Community Relations topic in the Chemicals industry, given the relation to the stakeholder comment received to add an occupational exposure topic. The Analyst gave context on and rationale for the proposed addition of the Community Relations topic to the industry and noted the existing metrics that address employee health and safety.

The Committee Chair thanked the staff and the Board and concluded the discussion at 5:15 p.m.
Concluding Remarks

The Standards Board Chair, Jean Rogers, encouraged the public to consider joining a Sector Advisory Group and detailed the resources available on the SASB website. The Chair noted that the slides and meeting minutes would be available on the website at a later date.

The Chair thanked the staff and the Board for their work and Fordham University for hosting the public meeting. The Chair adjourned the meeting at 5:19 p.m.