



Sustainability Accounting Standards Board

Public Standards Board Meeting

Fordham University
Gabelli School of Business

October 10, 2018

The SASB Lens on Financial Materiality

Standards targeted to the needs of investors for financially relevant ESG information



SASB Standards

Identify ESG factors reasonably likely to affect the *financial condition or operating performance* of companies within an industry

REQUIRE

Evidence of Investor Interest

AND

Evidence of Financial Impact

Industries Grouped by Resource Intensity & Sustainability Impacts

Sustainable Industry Classification System (SICS™): 77 industries within 11 sectors



Health Care

- Biotechnology & Pharmaceuticals
- Medical Equipment & Supplies
- Health Care Delivery
- Health Care Distributors
- Managed Care
- Drug Retailers



Financials

- Commercial Banks
- Investment Banking & Brokerage
- Asset Management & Custody Activities
- Consumer Finance
- Mortgage Finance
- Security & Commodity Exchanges
- Insurance



Technology & Communications

- Electronic Manufacturing Services & Original Design Manufacturing
- Software & IT Services
- Hardware
- Semiconductors
- Telecommunication Services
- Internet Media & Services



Extractives & Minerals Processing

- Oil & Gas – Exploration & Production
- Oil & Gas – Midstream
- Oil & Gas – Refining & Marketing
- Oil & Gas – Services
- Coal Operations
- Iron & Steel Producers
- Metals & Mining
- Construction Materials



Transportation

- Automobiles
- Auto Parts
- Car Rental & Leasing
- Airlines
- Air Freight & Logistics
- Marine Transportation
- Cruise Lines
- Rail Transportation
- Road Transportation



Services

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



Resource Transformation

- Chemicals
- Aerospace & Defense
- Electrical & Electronic Equipment
- Industrial Machinery & Goods
- Containers & Packaging



Renewable Resources & Alternative Energy

- Biofuels
- Solar Technology & Project Developers
- Wind Technology & Project Developers
- Fuel Cells & Industrial Batteries
- Forestry & Paper
- Pulp & Paper Products



Food & Beverage

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



Consumer Goods

- Household & Personal Products
- Multiline and Specialty Retailers & Distributors
- Drug Retailers & Convenience Stores
- E-Commerce
- Apparel, Accessories & Footwear
- Building Products & Furnishings
- Appliance Manufacturing
- Toys & Sporting Goods

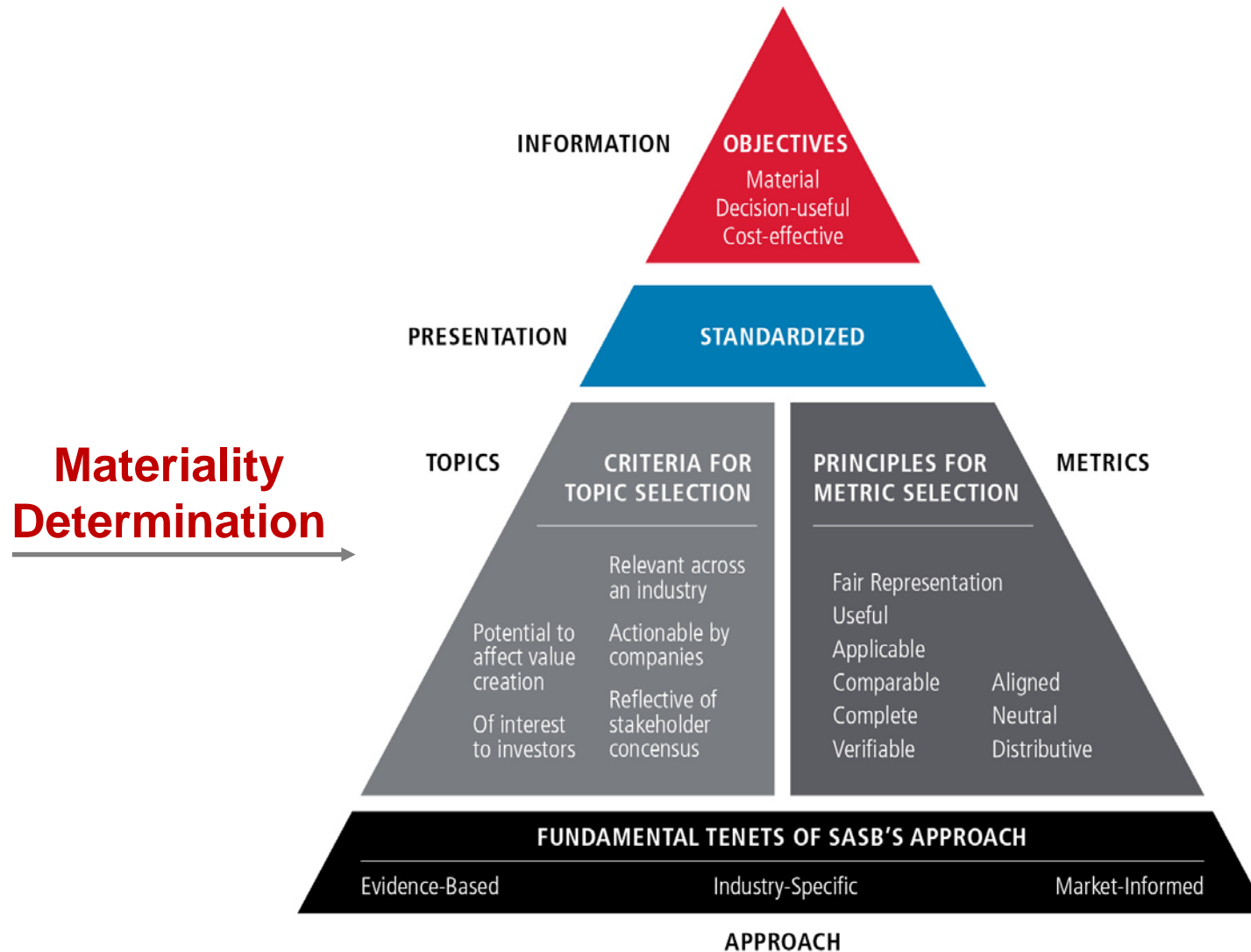


Infrastructure

- Electric Utilities & Power Generators
- Gas Utilities & Distributors
- Water Utilities & Services
- Waste Management
- Engineering & Construction Services
- Home Builders
- Real Estate Real Estate Services

SASB's Conceptual Framework Guides Standards Development

Clear criteria govern SASB standards development



Each Industry Standards Contain a Minimum Set of Topics and Metrics

Apparel, Accessories and Footwear industry includes four topics and nine metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE
Management of Chemicals in Products	Description of processes to maintain compliance with restricted substances regulations	Discussion and Analysis	n/a
	Description of processes to assess and manage risks associated with chemicals in products	Discussion and Analysis	n/a
Raw Material Sourcing	Discussion of environmental and social risks associated with sourcing priority raw materials	Discussion and Analysis	n/a
	Percentage of raw materials third-party certified to an environmental or social sustainability standard, by standard	Quantitative	Percentage (%) by weight
Labor Conditions in the Supply Chain	Percentage of (1) tier 1 suppliers and (2) suppliers beyond tier 1 that have been audited to a labor code of conduct, percentage conducted by a third-party auditor	Quantitative	Percentage (%)
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	Rate
	Discussion of greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	n/a
Environmental Impacts in the Supply Chain	Percentage of (1) tier 1 supplier facilities (2) supplier facilities beyond tier 1 with wastewater discharge meeting or exceeding legal requirements	Quantitative	Percentage (%)
	Percentage of (1) tier 1 suppliers and (2) suppliers beyond tier 1 who have completed the Sustainable Apparel Coalition's Higg Index Facility Module assessment or equivalent environmental data collection	Quantitative	Percentage (%)

High-Level Look at Standards Development: 2012 – 2018

Market input, research, and Standards Board review core to the development process

Market Input

2,800 IWG participants

172 comment letters

141 companies (159)

19 industry associations

38 inst. investors (271)

120 comment letters

1500+ individual comments



Impact on Standards

248 proposed revisions

48 amended revisions

181 new revisions

429
REVISIONS
under final review
by Standards Board

Provisional
Standards

Research &
Consultation

Technical
Agenda

Public
Comment

Codification

2012 - 2016

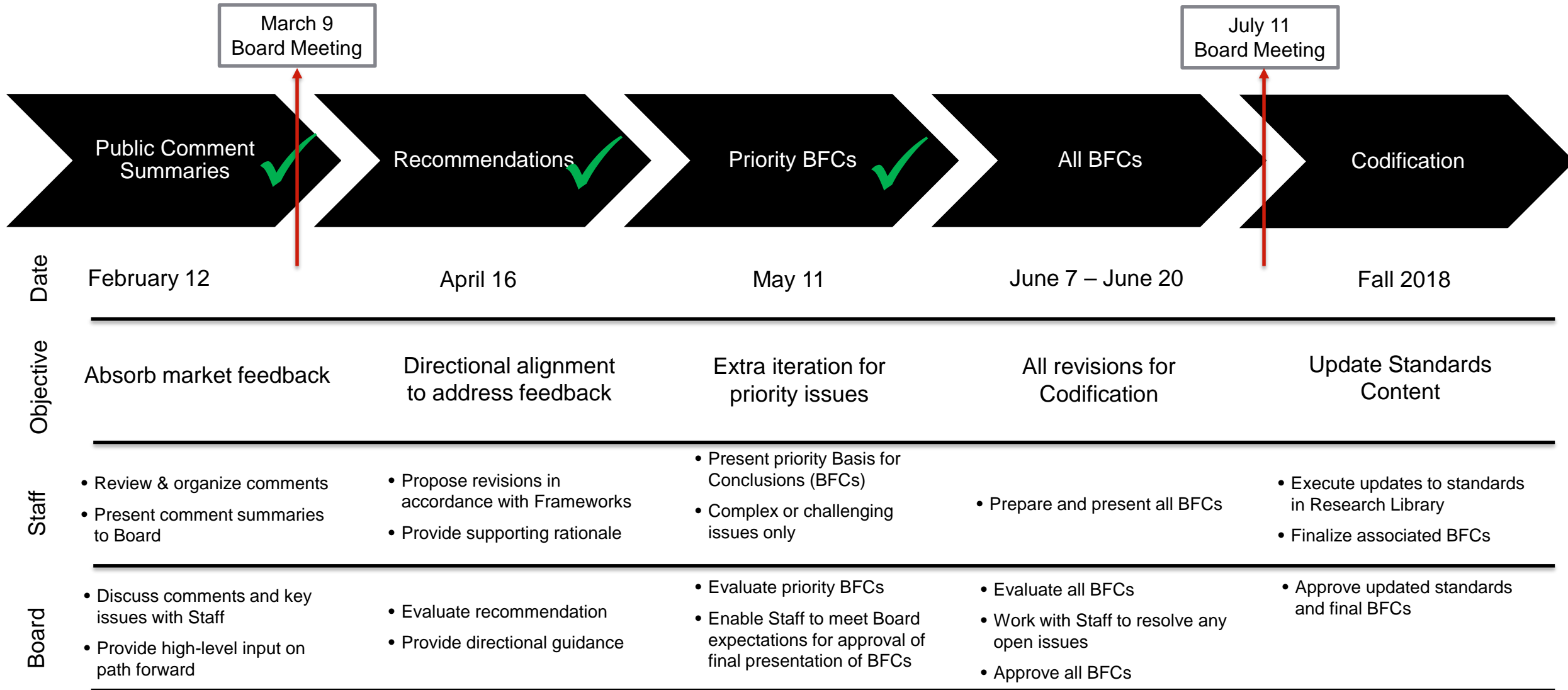
2016 - 2017

2017

2017 - 2018

Q4 2018

Lower-Level Look at Standards Development: Efforts in 2018



October 2018 Board Meeting: Agenda

Time	Agenda Item
9:00 – 9:10am	Introductions, Agenda for the Day
9:10 – 10:55am	Cross-sectoral Issues
	Extractives & Minerals Processing Sector
	Health Care Sector
	Infrastructure Sector
	Technology & Communications Sector
10:55 – 11:05am	BREAK

Agenda for Today's Public Board Meeting

Time	Agenda Item
11:05am – 12:30pm	Resource Transformation Sector
	Renewable Resources & Alternative Energy Sector
	Food & Beverage Sector
	Consumer Goods Sector
12:30 – 1:30pm	BREAK
1:30 – 2:30pm	Financials Sector
	Transportation Sector
	Services Sector
2:30pm	Meeting Adjourned

SASB's Standards Board

Sector Chairs will lead discussion

Verity Chegar

SASB Co-Vice Chair

Vice President, BlackRock
Sustainable Investing

*Sector Chair for Extractives &
Minerals Processing*

Kurt Kuehn

Former CFO, UPS

*Sector Chair for Transportation
and for Infrastructure*

Lloyd Kurtz, CFA

Senior Portfolio Manager, Head of
Social Impact Investing, Wells
Fargo Private Bank

*Sector Chair for Health Care and
for Resource Transformation*

Jeffrey Hales, PhD

The SASB Chair

Professor, Georgia Institute of
Technology – Ernest Scheller Jr.
College of Business

*Sector Chair for Financials and
for Renewable Resources &
Alternative Energy*

Daniel L. Goelzer, JD

Senior Counsel, Baker &
McKenzie LLP, Inc.

Sector Chair for Services

Elizabeth Seeger

Head of Sustainable Investing, KKR

Sector Chair for Consumer Goods

Robert Hirth, Jr.

SASB Co-Vice Chair

Senior Managing Director, Protiviti
Chairman Emeritus, Committee of
Sponsoring Organizations of the
Treadway Commission (COSO)

*Sector Chair for Technology &
Communications*

Stephanie Tang, JD

Director of Legal, Corporate Securities,
Stitch Fix

Sector Chair for Food & Beverage

Research Team

Team leadership and sector analysts are joining in-person or via phone



David S. Post, CFA
Director of Research



Sonal Dalal
Technical Director



Bryan Esterly, CFA
Deputy Director of Research



David Parham
Deputy Director of Research

Eric Kane



Health Care

Biotechnology & Pharmaceuticals; Medical Equipment & Supplies; Health Care Delivery; Health Care Distributors; Managed Care; Drug Retailers

Henrik Cotran



Resource Transformation

Chemicals; Aerospace & Defense; Electrical & Electronic Equipment; Industrial Machinery & Goods; Containers & Packaging

Anton Gorodniuk, CFA



Financials

Commercial Banks; Investment Banking & Brokerage; Asset Management & Custody Activities; Consumer Finance; Mortgage Finance; Security & Commodity Exchanges; Insurance

Lynn Xia



Food & Beverage

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

Bryan Esterly, CFA



Technology & Communication

Electronic Manufacturing Services & Original; Design Manufacturing; Software & IT Services; Hardware; Semiconductors; Telecommunication Services; Internet Media & Services

Lynn Xia



Consumer Goods

Apparel, Accessories & Footwear; Appliance Manufacturing; Household & Personal Products; Building Products & Furnishings; Toys & Sporting Goods; Multiline and Specialty Retailers & Distributors; E-commerce

David Parham



Extractives & Minerals Processing

Oil & Gas - Exploration & Production; Oil & Gas - Midstream; Oil & Gas - Refining & Marketing; Oil & Gas - Services; Coal Operations; Iron & Steel Producers; Metals & Mining; Construction Materials

Henrik Cotran



Renewable Resources & Alternative Energy

Biofuels; Solar Technology & Project Developers; Wind Technology & Project Developers; Fuel Cells & Industrial Batteries; Forestry Management; Pulp & Paper Products

Sonya Hetrick



Transportation

Automobiles; Auto Parts; Car Rental & Leasing; Airlines; Air Freight & Logistics; Marine Transportation; Cruise Lines; Rail Transportation; Road Transportation

Bryan Esterly, CFA



Infrastructure

Electric Utilities & Power Generators; Gas Utilities & Distributors; Water Utilities & Services; Waste Management Engineering & Construction Services; Home Builders; Real Estate; Real Estate Services

Sonya Hetrick



Services

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

Taylor Reed



Research Analyst

Supporting Extractives, Infrastructure and Consumer Goods



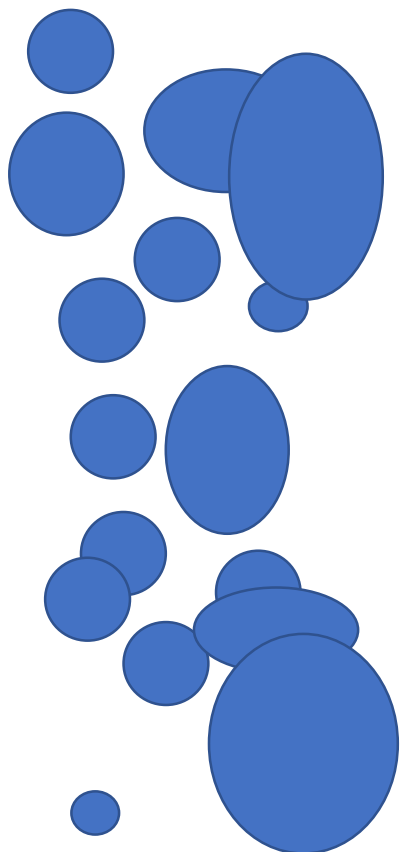
Sustainability Accounting Standards Board

Public Board Meeting Cross Sectoral Issues Discussion

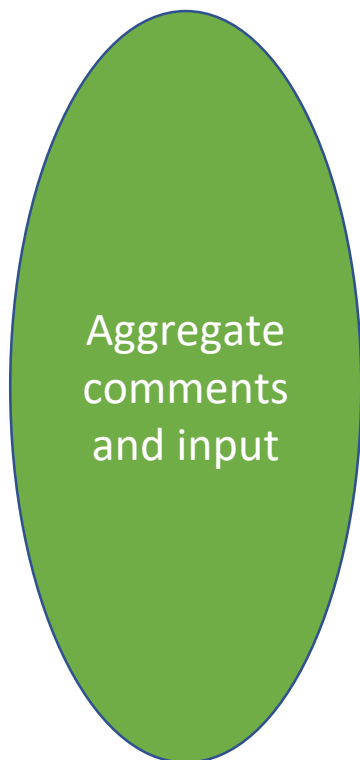
October 10, 2018

Frequently Occurring Metrics Process

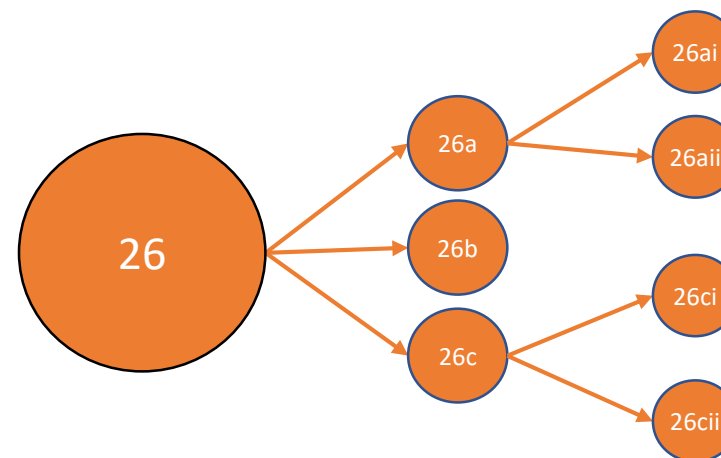
1: Variety of metrics



2: Central point of aggregation and analysis



3: Re-apply industry-specificity in a structured and intentional manner



FOM Codes			Final FOM Code
Primary	Secondary	Tertiary	
<i>General FOM label</i>	<i>Unique metric title</i>	<i>Unique TP</i>	
26	a	i	26 a i
26	a	ii	26 a ii
26	a	iii	26 a iii
26	b		26 b
26	c		26 c
26	d	i	26 d i
26	d	ii	26 d ii



Sustainability Accounting Standards Board

Public Board Meeting Extractives & Minerals Processing Sector Discussion

October 10, 2018

Industries in the Sector
Oil & Gas – Exploration & Production
Oil & Gas – Midstream
Oil & Gas – Refining & Marketing
Oil & Gas – Services
Coal Operations
Iron & Steel
Metals & Mining
Construction Materials

Verity Chegar
Sector Committee Chair
Vice President, BlackRock

Elizabeth Seeger
Sector Committee Member
Director, Sustainability KKR

Bob Hirth
Sector Committee Member
*Chairman Emeritus, COSO
Senior Managing Director, Protiviti*

David Parham
E&MP Sector Analyst,
Deputy Director of Research
nrr@sasb.org



Sustainability Accounting Standards Board

Public Board Meeting Health Care Sector Discussion

October 10, 2018

Industries in the Sector
Biotechnology & Pharmaceuticals
Medical Equipment & Supplies
Health Care Delivery
Health Care Distributors
Managed Care
Drug Retailers

Lloyd Kurtz

Sector Committee Chair
Senior Portfolio Manager, Head of Social Impact Investing, Wells Fargo Private Bank

Bob Hirth

Sector Committee Member
*Chairman Emeritus, COSO
Senior Managing Director, Protiviti*

Elizabeth Seeger

Sector Committee Member
Director, KKR

Eric Kane

Sector Analyst
health_care@sasb.org



Sustainability Accounting Standards Board

Public Board Meeting Infrastructure Sector Discussion

October 10, 2018

Industries in the Sector
Electric Utilities & Power Generators
Gas Utilities & Distributors
Water Utilities & Services
Waste Management
Engineering & Construction Services
Home Builders
Real Estate
Real Estate Services

Kurt Kuehn

Sector Committee Chair
Former CFO, UPS

Daniel L. Goelzer, JD

Sector Committee Member
Senior Counsel, Baker & McKenzie LLP

Verity Chegar

Sector Committee Member
Vice President, BlackRock

Bryan Esterly, CFA

Sector Analyst
Deputy Director of Research
infrastructure@sasb.org



Sustainability Accounting Standards Board

Public Board Meeting Technology & Communications Sector Discussion

October 10, 2018

Industries in the Sector
Electronic Manufacturing Services & Original Device Manufacturing
Software & IT Services
Hardware
Semiconductors
Telecommunication Services
Internet Media & Services

Bob Hirth

Sector Committee Chair
Chairman Emeritus, COSO
Senior Managing Director, Protiviti

Verity Chegar

Sector Committee Member
Vice President, BlackRock

Lloyd Kurtz, CFA

Sector Committee Member
Senior Portfolio Manager, Head of Social Impact Investing, Wells Fargo Private Bank

Bryan Esterly, CFA

SASB Sector Analyst
ICT@sasb.org



Industries in the Sector
Chemicals
Aerospace & Defense
Electrical & Electronic Equipment
Industrial Machinery & Goods
Containers & Packaging

Sustainability Accounting Standards Board

Public Board Meeting Resource Transformation Sector Discussion

October 10, 2018

Lloyd Kurtz

Sector Committee Chair
Senior Portfolio Manager, Head of Social Impact Investing, Wells Fargo Private Bank

Dan Goelzer

Sector Committee Member
Senior Counsel, Baker & McKenzie LLP

Jeff Hales

Sector Committee Chair
Professor, Georgia Institute of Technology

Henrik Cotran

Sector Analyst
resource_transformation@sasb.org



Sustainability Accounting Standards Board

Public Board Meeting Renewable Resources & Alternative Energy Sector Discussion

October 10, 2018

Industries in the Sector
Biofuels
Solar Technology & Developers
Wind Technology & Developers
Fuel Cells & Industrial Batteries
Forestry Management
Pulp & Paper Products

Jeff Hales
Sector Committee Chair
Professor, Georgia Institute of Technology

Stephanie Tang
Sector Committee Member
Director of Legal, Corporate Securities, Stitch Fix

Kurt Kuehn
Sector Committee Member
Former CFO, UPS

Henrik Cotran
SASB Sector Analyst
renewables@sasb.org



Sustainability Accounting Standards Board

Public Board Meeting Food & Beverage Sector Discussion

October 10, 2018

Industries in the Sector
Agricultural Products
Meat, Poultry & Dairy
Processed Foods
Non-Alcoholic Beverages
Alcoholic Beverages
Tobacco
Food Retailers & Distributors
Restaurants

Stephanie Tang, JD

Sector Committee Chair
Director of Legal, Corporate Securities, Stitch Fix

Elizabeth Seeger

Sector Committee Member
Director, KKR

Lloyd Kurtz, CFA

Sector Committee Member
Senior Portfolio Manager, Head of Social Impact Investing, Wells Fargo Private Bank

Lynn Xia

SASB Sector Analyst
consumption1@sasb.org



Sustainability Accounting Standards Board

Public Board Meeting Consumer Goods Sector Discussion

October 10, 2018

Industries in the Sector
Apparel, Accessories & Footwear
Appliance Manufacturing
Household & Personal Products
Building Products & Furnishings
Toys & Sporting Goods
Multiline and Specialty Retailers & Distributors
E-Commerce

Elizabeth Seeger

Sector Committee Chair
Director, KKR

Kurt Kuehn

Sector Committee Member
Former CFO, UPS

Stephanie Tang, JD

Sector Committee Member
Director of Legal, Corporate Securities, Stitch Fix

Lynn Xia

Sector Analyst

Taylor Reed

Research Analyst
consumption2@sasb.org

BREAK
12:20pm – 1:20pm





Sustainability Accounting Standards Board

Public Board Meeting Financials Sector Discussion

October 10, 2018

Industries in the Sector
Commercial Banks
Investment Banking & Brokerage
Asset Management & Custody Activities
Consumer Finance
Mortgage Finance
Security & Commodity Exchanges
Insurance

Jeffrey Hales, PhD
Sector Committee Chair
Professor, Georgia Institute of Technology – Ernest Scheller Jr. College of Business

Verity Chegar
Sector Committee Member
Vice President, BlackRock

Daniel L. Goelzer, JD
Sector Committee Member
Senior Counsel, Baker & McKenzie LLP

Anton Gorodniuk, CFA
SASB Sector Analyst
financials@sasb.org



Sustainability Accounting Standards Board

Public Board Meeting Transportation Sector Discussion

October 10, 2018

Industries in the Sector
Automobiles
Auto Parts
Car Rental & Leasing
Airlines
Air Freight & Logistics
Marine Transportation
Cruise Lines
Rail Transportation
Road Transportation

Kurt Kuehn

Sector Committee Chair
Former CFO, UPS

Stephanie Tang

Sector Committee Member
Director of Legal, Corporate Securities, Stitch Fix

Jeffrey Hales, PhD

Sector Committee Member
Professor, Georgia Institute of Technology – Ernest Scheller Jr. College of Business

Sonya Hetrick

Sector Analyst
transportation@sasb.org



Sustainability Accounting Standards Board

Public Board Meeting Services Sector Discussion

October 10, 2018

Industries in the Sector
Automobiles
Auto Parts
Car Rental & Leasing
Airlines
Air Freight & Logistics
Marine Transportation
Cruise Lines
Rail Transportation
Road Transportation

Daniel L. Goelzer, JD
Sector Committee Chair
Senior Counsel, Baker & McKenzie LLP

Jeffrey Hales, PhD
Sector Committee Member
Professor, Georgia Institute of Technology – Ernest Scheller Jr. College of Business

Bob Hirth
Sector Committee Member
Chairman Emeritus, COSO, Senior Managing Director, Protiviti

Sonya Hetrick
SASB Sector Analyst
services@sasb.org



**Accounting for a
Sustainable Future**