



SUSTAINABILITY ACCOUNTING STANDARDS BOARD

Standards Advisory Group

PURPOSE, RESPONSIBILITIES, MEMBERSHIP, AND GOVERNANCE

CHARTER





Charter of the Standards Advisory Group of the Sustainability Accounting Standards Board

PURPOSE, RESPONSIBILITIES, MEMBERSHIP, AND GOVERNANCE

INTRODUCTION

Companies increasingly recognize that effectively managing financially material environmental, social and governance (ESG) risks and opportunities enhances their ability to improve long-term financial performance. At the same time, investors are increasingly using ESG information to develop a comprehensive view of corporate performance to help them evaluate a company's value. Companies and investors play an important role in evaluating the topics, metrics, and technical protocols included in the SASB's industry-specific standards by providing feedback on the extent to which the content of the standards adheres to the SASB's concepts, principles, and definitions set out in its Conceptual Framework. Accordingly, the SASB has created a Standards Advisory Group comprised of industry experts to advise SASB Staff and the SASB on matters of implementation and emerging issues that should be considered in the standards.

PURPOSE

Each SAG comprises individuals from leading public and private companies, asset owners, asset managers and/or other stakeholders with industry and subject matter expertise who are committed to improving the quality and comparability of SASB sustainability-related disclosure to investors. The primary function of each SAG is to provide feedback regarding the implementation and use of SASB standards, including the process of gathering, assuring and reporting the data associated with the topics and metrics contained in SASB standards.

Members of SASB SAGs also commit to the following:

- Believe standards can improve the quality and comparability of sustainability-related information
- Believe SASB's approach—which is industry-specific and focused on financially material data—provides investors with relevant and decision-useful information
- Provide feedback to the SASB staff on the standards development process and the implementation and use of the standards
- Encourage other stakeholders to participate in SASB's ongoing standards development process

The official designation of the group is the "Sustainability Accounting Standards Board [Sector Name] Standards Advisory Group" (the "[Sector Name] SAG").

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MEMBERSHIP

MEMBER PROFILE

Each SAG shall comprise approximately 20 members, though this number may be slightly higher at the discretion of the SAG Chair. Members will be individuals who hold or have held senior roles (e.g. business or engineering manager, corporate secretary, treasurer, CFO, head of sustainability, investor relations) at companies representing the industries that make up the sector, and who are committed to improving the quality of SASB sustainability reporting. Members may also include senior equity and fixed income analysts and portfolio managers whose work primarily relates to the industries that make up the sector.

MEMBERSHIP DETAILS

The Standards Board shall appoint members following recommendations from the Director of Research, who will consult with the other members of the SASB staff, as appropriate. Members may periodically delegate their functions or their attendance at meetings to other members within their organization with the approval of the SAG Chair. Members may also invite technical experts from within their organization to join SAG meetings where appropriate. Members may represent either their organizations or themselves individually.

If desired, the SAG Chair may stagger membership tenure to establish an orderly rotation and maintain continuity on the SAG. The SAG Chair may appoint one or more official observers to join individual meetings. Official observers are not members of the SAG.

SAG members may either participate as representatives of their organizations or as individuals. The SASB encourages those interested in SAG membership to work with their employer to obtain approval to represent their organization. In determining nominations and appointments, the SASB staff and the SASB will consider whether individuals represent their firms and may express preference for such organizational representatives.

SAG membership will be publicly disclosed. Publication of SAG member names makes their participation transparent to all stakeholders. Members representing themselves rather than their firms will be listed as follows: John Smith, Organization Name, representing himself.

MEMBER TERM

Each SAG member shall meet at least once annually at the sector level. Members will be expected to attend additional thematic engagements scheduled throughout the year. Members shall not be deemed to be employees or agents of the SASB solely because of their membership on a SAG. SAG members may continue their term in the event they shift professional roles within the same sector. If a SAG member moves to a position within another sector they may be asked to vacate their position within the SAG prior to the end of their membership term. SAG Members are expected to serve the entire term. A SAG member wishing to resign

must provide a written resignation letter to the Director of Research and the Chair of the SASB 30 days before their desired termination date.

An individual's status as a SAG member shall remain in effect until one or more of the following occur:

- Member resigns or SASB terminates his/her membership for failure to adhere to the member responsibilities outlined in the "Purpose" section.
- Agreement term lapses without further terms or agreements added.

COMPENSATION AND REIMBURSEMENT

SAG members serve without remuneration. In the case of financial hardship and approved in advance by the Director of Research, SAG members may be reimbursed for travel expenses associated with their SAG participation in accordance with the SASB's travel and expense policy.

CHAIRMAN OF THE COMMITTEE

A member of the SASB shall serve as SAG chair. At the discretion of the SASB Chair, a SAG member may be designated to serve as Co-Chair.

RELATIONSHIP TO SASB

SAG membership does not imply agreement with the content of the SASB standards, nor does it require the member's company to adopt/report utilizing SASB standards. Reporting using SASB standards in SEC filings, financial filings, annual reports, sustainability reports or in other venues is at the discretion of corporate management regardless of SAG membership. SAG members are, however, expected to be supportive of the principles noted in the "Purpose" section of the SAG Charter document.

OPERATING PROCEDURES

MEETINGS

Each SAG shall meet at least annually. Other meetings may be held at the discretion of the SAG Chair. SAG members may be asked by the SASB to participate in an annual symposium to share best practices on the reporting of financially material sustainability information, though participation is not required.

The SAG may form working groups or subgroups as it deems appropriate. Any working group or subgroup shall report any recommendations and advice to the full SAG.

In order to encourage a candid dialogue in SAG meetings, minutes from the annual meeting will not reveal the identity or affiliation of individual speakers.

MEETING PROCEDURES

The SASB Director of Research, or a member of the SASB Research Team serving as a delegate, working in concert with the SAG chair shall identify topics of interest

for the SAG meetings based on the SASB's agenda (or other research initiatives). A draft SAG meeting agenda that includes the content and anticipated length of the meeting will be circulated to SAG members prior to each meeting; SAG members will have an opportunity to suggest additions to the agenda, to be approved by the SAG chair. SAG members are encouraged to invite one or more nonmembers to participate in a meeting (or portion thereof) to provide input or technical expertise regarding the discussion of relevant issues. A SASB staff member shall serve as secretary of each meeting and shall prepare minutes of the meeting, subject to review and approval by the SAG chair.

ANNUAL EVALUATION

Annually, each SAG will conduct a review of its performance relative to the stated objectives outlined in the "Purpose" section of the charter. The SASB will assist SAG members in their self-evaluation, which seeks to assess the participation and commitment of each SAG member, and the continued success of the SAG relative to the needs of the SASB. The SASB may also review the appropriateness of the size, composition, and effectiveness of each SAG and decide to adjust the charter based upon the insights gained from the self-assessment.

TRANSPARENCY

The following information will be made publicly available on the SASB website;

- The SAG Charter
- Complete list of SAG members including their organizational affiliation and
- Agenda and minutes for each of the annual meetings

Subcommittee meetings, thematic engagements, and individual exchanges between SAG members and/or SASB will remain confidential.