Sustainability Accounting Standards Board

Public Standards Board Meeting

Jeffrey Hales, PhD
Chair of the SASB Standards Board

July 11, 2018
**Codification Process & Timeline**

- **Public Comment Summaries**
  - Objective: Absorb market feedback
  - Staff: Review & organize comments, Present comment summaries to Board
  - Board: Discuss comments and key issues with Staff, Provide high-level input on path forward

- **Recommendations**
  - Objective: Directional alignment to address feedback
  - Staff: Propose revisions in accordance with Frameworks, Provide supporting rationale
  - Board: Evaluate recommendation, Provide directional guidance

- **Priority BFCs**
  - Objective: Extra iteration for priority issues
  - Staff: Present priority Basis for Conclusions (BFCs), Complex or challenging issues only
  - Board: Evaluate priority BFCs, Enable Staff to meet Board expectations for approval of final presentation of BFCs

- **All BFCs**
  - Objective: All revisions for Codification
  - Staff: Prepare and present all BFCs, Execute updates to standards in Research Library, Finalize associated BFCs
  - Board: Approve all BFCs, Approve updated standards and final BFCs

- **Codification**

**Timeline:**
- **February 12**
- **April 16**
- **May 11**
- **June 7 – June 20**
- **Fall, 2018**

**Staff:**
- **In Progress**

**Board:**
- **In Progress**

**July 11**
- Board Meeting
Major Changes in SASB Leadership
Chairs of both the Foundation and Standards Board Step Down

Michael R. Bloomberg
CHAIRMAN EMERITUS
Philanthropist, Founder of Bloomberg LP, and three-term Mayor of New York City

Jean Rogers
FOUNDER
Former CEO and Chair of the SASB Standards Board
New Foundation Board Leadership

New Chair (former Co-Vice Chair)

Robert K. Steel – Chair
Partner & CEO
Perella Weinberg Partners

Mary Schapiro – Vice Chair
Promontory Advisory Board Vice Chair
Former Chairman – SEC
SASB’s Foundation Board
Independent board responsible for all aspects of standards setting

Robert K. Steel – Chair
Partner & CEO
Perella Weinberg Partners

Mary Schapiro – Vice Chair
Promontory Advisory Board Vice Chair
Former Chairman – SEC

Alan Beller
Senior Counsel
Cleary Gottlieb Steen & Hamilton

Rudi Bless
Chief Accounting Officer
Bank of America

Audrey Choi
CEO – Institute for Sustainable Investing, Morgan Stanley

Jack Ehnes
CEO – CalSTRS

Steven O. Gunders, CPA
Partner
Deloitte & Touche LLP (Retired)

Robert H. Herz
Former Chairman – FASB

Shawn Lyle
President, Delaware Investments/ Macquarie, Inc.

Jim McIntire
Former Treasurer, State of Washington

Clara Miller
President – The F.B. Heron Foundation

Kevin Parker
CEO – SICM

Curtis Ravenel
Global Head, Sustainable Business and Finance
Bloomberg LP

Laura Tyson, PhD
Director, Institute for Business and Social Impact
Berkeley Haas School of Business

Elisse Walter, JD
Former Chairman – SEC

Matthew Welch
President
SASB (Ex-officio)

Jay Willoughby
CIO, TIFF

Chuck Zegar
Philanthropist, Co-Founder of Bloomberg LP
New Standards Board Leadership
New Chair and two Vice Chairs

Jeffrey Hales, PhD
The SASB Chair
Professor, Georgia Institute of Technology – Ernest Scheller Jr. College of Business
Sector Chair for Financials & Renewable Resources & Alternative Energy

Verity Chegar
Co-Vice Chair
Vice President, BlackRock Sustainable Investing
Sector Chair for Extractives & Minerals Processing

Robert Hirth, Jr.
Co-Vice Chair
Senior Managing Director, Protiviti
Chairman Emeritus, Committee of Sponsoring Organizations of the Treadway Commission (COSO)
Sector Chair for Technology & Communications
SASB’s Standards Board
Independent board responsible for all aspects of standards setting

Verity Chegar
SASB Co-Vice Chair
Vice President, BlackRock Sustainable Investing
Sector Chair for Extractives & Minerals Processing

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

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

Kurt Kuehn
Former CFO, UPS
Sector Chair for Transportation and for Infrastructure

Daniel L. Goelzer, JD
Senior Counsel, Baker & McKenzie LLP, Inc.
Sector Chair for Services

Stephanie Tang, JD
Director of Legal, Corporate Securities, Stitch Fix
Sector Chair for Food & Beverage

Lloyd Kurtz, CFA
Senior Portfolio Manager, Head of Social Impact Investing, Wells Fargo Private Bank
Sector Chair for Health Care and for Resource Transformation

Elizabeth Seeger
Head of Sustainable Investing, KKR
Sector Chair for Consumer Goods

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

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Sector Chair for Technology & Communications

Stephanie Tang, JD
Director of Legal, Corporate Securities, Stitch Fix
Sector Chair for Food & Beverage
## Research Team

Dedicated sector analysts follow industry issues, test materiality, and conduct deep consultation

<table>
<thead>
<tr>
<th>Research Analyst</th>
<th>Industry Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>David S. Post, CFA</td>
<td>Director of Research</td>
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<tr>
<td>Sonal Dalal</td>
<td>Technical Director</td>
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<tr>
<td>Bryan Esterly, CFA</td>
<td>Deputy Director of Research</td>
</tr>
<tr>
<td>David Parham</td>
<td>Deputy Director of Research</td>
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<tr>
<td>Eric Kane</td>
<td>Health Care</td>
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<tr>
<td>Henrik Cotran</td>
<td>Resource Transformation</td>
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<tr>
<td>Anton Gorodniuk, CFA</td>
<td>Financials</td>
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<tr>
<td>Lynn Xia</td>
<td>Food &amp; Beverage</td>
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<tr>
<td>Bryan Esterly, CFA</td>
<td>Technology &amp; Communication</td>
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<tr>
<td>Lynn Xia</td>
<td>Consumer Goods</td>
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<td>David Parham</td>
<td>Extractives &amp; Minerals Processing</td>
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<tr>
<td>Henrik Cotran</td>
<td>Renewable Resources &amp; Alternative Energy</td>
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<tr>
<td>Sonya Hetrick</td>
<td>Transportation</td>
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<tr>
<td>Bryan Esterly, CFA</td>
<td>Infrastructure</td>
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<tr>
<td>Sonya Hetrick</td>
<td>Services</td>
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<tr>
<td>Taylor Reed</td>
<td>Research Analyst</td>
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### Industry Focus

- **Health Care**: Biotechnology & Pharmaceuticals; Medical Equipment & Supplies; Health Care Delivery; Health Care Distributors; Managed Care; Drug Retailers
- **Resource Transformation**: Chemicals; Aerospace & Defense; Electrical & Electronic Equipment; Industrial Machinery & Goods; Containers & Packaging
- **Financials**: Commercial Banks; Investment Banking & Brokerage; Asset Management & Custody Activities; Consumer Finance; Mortgage Finance; Security & Commodity Exchanges; Insurance
- **Food & Beverage**: Agricultural Products; Meat, Poultry, & Dairy; Processed Foods; Non-Alcoholic Beverages; Alcoholic Beverages Tobacco; Food Retailers & Distributors; Restaurants
- **Technology & Communication**: Electronic Manufacturing Services & Original; Design Manufacturing; Software & IT Services; Hardware; Semiconductors; Telecommunication Services; Internet Media & Services
- **Consumer Goods**: Apparel, Accessories & Footwear; Appliance Manufacturing; Household & Personal Products; Building Products & Furnishings; Toys & Sporting Goods; Multiline and Specialty Retailers & Distributors; E-commerce
- **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
- **Renewable Resources & Alternative Energy**: Biofuels; Solar Technology & Project Developers; Wind Technology & Project Developers; Fuel Cells & Industrial Batteries; Forestry Management; Pulp & Paper Products
- **Infrastructure**: Electric Utilities & Power Generators; Gas Utilities & Distributors; Water Utilities & Services; Waste Management Engineering & Construction Services; Home Builders; Real Estate; Real Estate Services
- **Services**: Education; Professional & Commercial Services; Hotels & Lodging; Casinos & Gaming; Leisure Facilities; Advertising & Marketing; Media & Entertainment
- **Extractives, Infrastructure and Consumer Goods**: Supporting Extractives, Infrastructure and Consumer Goods
Recent Key Speaking Engagements

- Fair Fashion Coalition Workshop (May 1, David Post, Lynn Xia, Janine Guillot, SASB Staff)
- Sustainable Investment Leadership Conference (May 2, Janine Guillot, SASB Staff)
- BSR Future of Reporting Program (May 10, Katie Schmitz Eulitt, SASB Staff)
- Andersen Center for Sustainable Business Corporate Workshop (May 10, Jeff Hales, SASB Board)
- Pensions & Investments ESG Breakfast Briefing Series (May 15, Nicolai Lundy, SASB Staff)
- Environmental Leader Conference (May 15, David Parham, SASB Staff)
- Pensions & Investments ESG Breakfast Briefing Series (May 17, David Post, SASB Staff)
- Palmetto Symposium at the University of South Carolina (May 18, Jeff Hales, SASB Board)
- Responsible Investor Americas Annual Conference (June 4, Katie Schmitz Eulitt, SASB Staff)
- Sustainable Brands Annual Conference (June 6, Sonal Dalal, SASB Staff)
- Canadian Accounting Standards Oversight Committee (June 7, Jeff Hales, SASB Board)
- NIRI Annual Conference (June 10, Janine Guillot, SASB Staff)
- Conference Board CSR Council (June 12, Katie Schmitz Eulitt, SASB Staff)
- Society of Corporate Governance National Conference (June 21, David Post, SASB Staff)
- Organisation for Economic Co-operation and Development (OECD) Advisory Group Meeting (July 3, Katie Schmitz Eulitt, SASB Staff)
- Findhorn Foundation SDG Programme (July 2-5 Jeff Hales, SASB Board)
## Agenda for Today’s Public Board Meeting

<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda Item</th>
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<tbody>
<tr>
<td>9:20 – 10:00am</td>
<td>Development of Basis for Conclusions; Path to Codification</td>
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<tr>
<td>10:00 – 10:40am</td>
<td>Extractives &amp; Minerals Processing Sector</td>
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<tr>
<td>10:45 - 11:15am</td>
<td>Health Care Sector</td>
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<td>11:20am – 11:50am</td>
<td>Infrastructure Sector</td>
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<td>11:55 – 12:25pm</td>
<td>Technology &amp; Communications Sector</td>
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<tr>
<td>12:25pm – 1:25pm</td>
<td>BREAK</td>
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</table>
## Agenda for Today’s Public Board Meeting

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<tr>
<th>Time</th>
<th>Agenda Item</th>
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<tbody>
<tr>
<td>1:25 – 1:55pm</td>
<td>Resource Transformation Sector</td>
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<td>2:00 – 2:30pm</td>
<td>Food &amp; Beverage Sector</td>
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<tr>
<td>2:35 - 2:55pm</td>
<td>Consumer Goods Sector</td>
</tr>
<tr>
<td>3:00 – 3:30pm</td>
<td>Renewable Resources &amp; Alternative Energy Sector</td>
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<td>3:35 – 4:15pm</td>
<td>Financials Sector</td>
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<td>4:20 – 4:50pm</td>
<td>Transportation Sector</td>
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<td>4:55 – 5:15pm</td>
<td>Services Sector</td>
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<tr>
<td>5:15 – 5:25pm</td>
<td>Acknowledgment of SASB’s Founder and former Chair, Jean Rogers, PhD</td>
</tr>
<tr>
<td>5:25pm</td>
<td>Meeting Adjourned</td>
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</table>
Sustainability Accounting Standards Board
Public Standards Board Meeting

David S. Post, CFA
Director of Research

July 11, 2018
The Sustainability Accounting Standards Board (SASB)

Discussion Topics

1. Standards Development Process
2. Standards Development Phases
3. Standards Development by the Numbers
4. Discussion Format for Today
Standards Development Process
The SASB Lens on Financial Materiality
Standards targeted to the needs of investors for financially relevant ESG information

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
SASB’s Conceptual Framework Guides Standards Development
Clear criteria govern disclosure topic and metric selection

- **Materiality Determination**
- **Topics**: Relevant across an industry, Actionable by companies, Reflective of stakeholder consensus
- **Criteria for Topic Selection**: Potential to affect value creation, Of interest to investors
- **Principles for Metric Selection**: Fair Representation, Useful, Applicable, Comparable, Complete, Verifiable
- **Fundamental Tenets of SASB’s Approach**: Evidence-Based, Industry-Specific, Market-Informed
- **Approach**: Standardized, Presented
Rigorous Process Drives SASB Standards
Standards for each industry are rooted in evidence and shaped by market input

Industry Research
Evidence of Financial Impacts

Market Input
Industry Working Groups and Issuer, Investor Consultation

Evidence Vetting
Standards Board Review

Public Comment
Exposure Drafts

Revisions & Board Approval

SASB Standard
Average of 5 topics and 13 metrics

Standards maintenance
Ongoing
<table>
<thead>
<tr>
<th>Industries Grouped by Resource Intensity &amp; Sustainability Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Industry Classification System (SICS™): 77 industries within 11 sectors</td>
</tr>
</tbody>
</table>

**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
- 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
Designed for communications to investors
Meet investor needs for comparable, consistent, reliable data

Financial Accounting Standards

International Financial Reporting Standards (IFRS) or US Generally Accepted Accounting Principles (GAAP) govern presentation of the financial statements

Communications to Investors
• Integrated Reports
• Annual Reports
• Regulatory Filings
• Other Investor Communications

SASB Disclosure Topics and Metrics designed to guide management’s discussion and analysis, risk analysis, strategic analysis as appropriate

SASB standards are acknowledged by the EU as a framework for use to provide information pursuant to Directive 2014/95/EU on non-financial reporting.
Insight Across Multiple Asset Classes
SASB standards enable ESG integration across multiple asset classes

- Data-driven corporate engagement
- Input to fundamental equity analysis
- Construct alternative indexes

**PUBLIC EQUITIES**

- Input to credit analysis and internal credit rating assignment
- Assess quality of disclosure for insight into risk

**CORPORATE FIXED INCOME**

- Identify focus areas for fund and portfolio company due diligence
- Report to GPs and LPs on performance on material ESG topics

**PRIVATE EQUITY**

- Use SASB’s Infrastructure sector standards to guide risk assessment and performance reporting for real assets

**REAL ASSETS**
Standards Development Phases
Phase 1: Develop Complete Set of Provisional Standards
Sequential standards development by industry in each sector

DEVELOPMENT TIMELINE
OF EACH SECTOR

<table>
<thead>
<tr>
<th>Industry Research</th>
<th>Industry Working Groups</th>
<th>Evidence Vetting Standards Council</th>
<th>Public Comment Period</th>
<th>Final Reviews</th>
<th>Delta Series Event</th>
<th>Issuance</th>
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<tr>
<td>3 MONTHS</td>
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### Phase 2: Update Complete Set of Provisional Standards

Update all industry standards during a 2-year update process.

#### Date
- **2016 Q4 - 2017 Q1**
- **Q1 2017**
- **2017 Q2 - 2017 Q3**
- **10/2/17**
- **10/2/17-1/31/18**

#### Objective
- **Identify & evaluate key issues**
- **Seat diverse and experienced Board**
- **Iterate to improve proposed changes**
- **Improve quality of standards**

#### Staff
- **Research important issues**
- **Consult with stakeholders on these and other issues**
- **Staff proposed changes based upon research & consultation**
- **Consistent with Conceptual Framework**
- **Multiple staff reviews and QC**
- **Includes redline update to Provisional Standards**
- **Execute consultation lookback to double check**
- **Present to Board approach to considering comments & lookback**

#### Board
- **Investing, accounting, legal, sustainability, finance, standards**
- **3-sectors each based on expertise; 1- sector chair each**
- **Sector Committee review & comment on each proposal**
- **Agreed with all proposed changes**
- **Voted for complete set of 77 industry standards**
- **Review with staff approach to considering comments and consultation lookback**

<table>
<thead>
<tr>
<th>Date</th>
<th>Objective</th>
<th>Staff</th>
<th>Board</th>
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</thead>
</table>
| 2016 Q4 - 2017 Q1 | Identify & evaluate key issues | • Research important issues  
• Consult with stakeholders on these and other issues | • Investing, accounting, legal, sustainability, finance, standards  
• 3-sectors each based on expertise; 1- sector chair each |
| Q1 2017    | Seat diverse and experienced Board | • Staff proposed changes based upon research & consultation  
• Consistent with Conceptual Framework | • Sector Committee review & comment on each proposal |
| 2017 Q2 - 2017 Q3 | Iterate to improve proposed changes | • Multiple staff reviews and QC  
• Includes redline update to Provisional Standards | • Agreed with all proposed changes  
• Voted for complete set of 77 industry standards |
| 10/2/17    | Improve quality of standards | • Execute consultation lookback to double check  
• Present to Board approach to considering comments & lookback | • Review with staff approach to considering comments and consultation lookback |
| 10/2/17-1/31/18 |                          |                                                                      |                                                                      |
Phase 2 (continued): Codification Process & Timeline

**Objective**
- Absorb market feedback
- Directional alignment to address feedback
- Extra iteration for priority issues
- All revisions for Codification
- Update Standards Content

**Staff**
- Review & organize comments
- Present comment summaries to Board
- Propose revisions in accordance with Frameworks
- Provide supporting rationale
- Present priority Basis for Conclusions (BFCs)
- Complex or challenging issues only
- Prepare and present all BFCs
- Execute updates to standards in Research Library
- Finalize associated BFCs

**Board**
- Discuss comments and key issues with Staff
- Provide high-level input on path forward
- Evaluate recommendation
- Provide directional guidance
- Evaluate priority BFCs
- Enable Staff to meet Board expectations for approval of final presentation of BFCs
- Evaluate all BFCs
- Work with Staff to resolve any open issues
- Approve all BFCs
- Approve updated standards and final BFCs

**Dates**
- February 12
- April 16
- May 11
- June 7 – June 20
- Fall, 2018

**Timeline**
- March 9 Board Meeting
- July 11 Board Meeting
Phase 3 and Beyond: Update Complete Set of Standards Every Three Years
SASB standards will be maintained to evolve along with the markets they serve

Multi-year cycle from Q3 2018

Quarterly Standards Board and Sector Advisory Group meetings at the midpoint & end of each period
Sector Advisory Groups
Stakeholders will advise on ongoing standards development

**SAG Purpose**: Provide feedback to the SASB Staff and Standards Board regarding the content and use of the standards

**Apply**: [www.sasb.org/sag](http://www.sasb.org/sag)

**Membership Profile & Time Commitment**

<table>
<thead>
<tr>
<th>Composition</th>
<th>Expertise</th>
</tr>
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<tbody>
<tr>
<td><strong>15-20 Members</strong></td>
<td><strong>Sustainability</strong></td>
</tr>
<tr>
<td><strong>Companies</strong> (60%)</td>
<td><strong>Finance</strong></td>
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<td><strong>Legal</strong></td>
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<td><strong>Investors</strong> (20%)</td>
<td><strong>Buy-side analysts &amp; sector PMs</strong></td>
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<td><strong>Sell-side analysts</strong></td>
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<td><strong>Equity and Fixed Income</strong></td>
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<td><strong>SMEs</strong> (20%)</td>
<td><strong>Industry Consultants</strong></td>
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<td><strong>Accountants</strong></td>
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<td><strong>Attorneys</strong></td>
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**PERIODIC MEETINGS**

**PERIODIC CALLS**

**PUBLIC LISTING OF MEMBERSHIP**
Research Agenda
Drives the next standards update and addresses longer-term issues

- Evolving list of important, typically topic-level, issues in each sector
- 50+ issues at present, to be published soon after codification
- Issues raised by Standards Board and SASB Analysts
- Issues raised during consultation or PCP which required more time to evaluate
- SAGs will provide important input re initial RA and prospective RA items
- Research will commence post-codification and fold into standards update timeline
- Research assistance will be provided by academics
- Will also include long-term projects outside the 3-year review cycle
Standards Development by the Numbers
248 Proposed Updates to the Provisional Standards
Three primary types of proposed changes

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248 changes to provisional standards
Comprising:
- Industry and investor feedback from consultation phase
- Cross-cutting issues, including climate risk (TCFD), human capital, water risk, cybersecurity, governance
Public Comments on Proposed Updates and Balance of Provisional Standards

The public commented on both proposed changes and the balance of the standards

SUMMARY 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)

- 120 public comment letters received from 97 different individuals / organization
- Comments received in 67 of 77 industries
- 53% of 248 proposed changes received comments
- Most comments from Companies & Industry Associations

<table>
<thead>
<tr>
<th>Sector</th>
<th># of Individual Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>40</td>
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<tr>
<td>Financials</td>
<td>168</td>
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<tr>
<td>Technology &amp; Comms</td>
<td>71</td>
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<tr>
<td>Extractives</td>
<td>404</td>
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<tr>
<td>Transportation</td>
<td>70</td>
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<tr>
<td>Services</td>
<td>32</td>
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<tr>
<td>Resource Transformation</td>
<td>114</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>185</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>113</td>
</tr>
<tr>
<td>Renewable Resources</td>
<td>70</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>159</td>
</tr>
</tbody>
</table>

Amounts to 1,596 individual comments
Public Comments on Proposed Updates and Balance of Provisional Standards
Selected submissions demonstrate high quality commenters

<table>
<thead>
<tr>
<th>Associations</th>
<th>Companies</th>
<th>Investors &amp; Asset Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>AICPA</td>
<td>AT&amp;T</td>
<td>Breckinridge Capital</td>
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<td>Airlines for America</td>
<td>CalSTRS</td>
<td>CalPERS</td>
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<td>American Chemistry Council</td>
<td>Chevron</td>
<td>Domini</td>
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<tr>
<td>American Coatings</td>
<td>Conoco Phillips</td>
<td>Longfellow Investments</td>
</tr>
<tr>
<td>American Forest &amp; Paper Products*</td>
<td>Covanta</td>
<td>Office of NY State Comptroller</td>
</tr>
<tr>
<td>American Society of Safety Engineers</td>
<td>Duke Energy</td>
<td>Pinebridge Investments</td>
</tr>
<tr>
<td>Association of Home Appliance Manufacturers</td>
<td>Etsy</td>
<td>Walden Asset Management</td>
</tr>
<tr>
<td>Association of Metropolitan Water Agencies</td>
<td>First Solar</td>
<td>Wells Fargo Asset Management</td>
</tr>
<tr>
<td>Green Electronics Council</td>
<td>Flextronics</td>
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<tr>
<td>Institute of Internal Auditors</td>
<td>GE</td>
<td></td>
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<tr>
<td>Institute of Management Accountants</td>
<td>Goby</td>
<td></td>
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<tr>
<td>IPIECA</td>
<td>HSBC</td>
<td></td>
</tr>
<tr>
<td>Marketing Accounting Standards Board</td>
<td>JP Morgan Chase</td>
<td></td>
</tr>
<tr>
<td>National Council for Air and Stream Improvement</td>
<td>NRG</td>
<td></td>
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<tr>
<td>National Ready Mixed Concrete</td>
<td>Philip Morris International</td>
<td></td>
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<tr>
<td>U.S. Tire Manufacturers Association</td>
<td>Salesforce</td>
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<td>Suncor</td>
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<td></td>
<td>Travelers Insurance</td>
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<td></td>
<td>United Technologies</td>
<td></td>
</tr>
</tbody>
</table>

* Multiple submissions
Consultation Lookback to Identify Missed Actionable Recommendations

72% of actionable issues resolved, with opportunities to resolve remaining issues

**Actionable issues raised**

- **583** distinct, actionable issues were raised as a result of 1,039 stakeholder comments

**Unresolved issues**

- **165** actionable issues, raised by 299 stakeholder comments, have been flagged as unresolved

**Can they be resolved?**

- **53** Issues flagged as **Resolvable** in near-term (~50% duplicate issues)

- **112** Issues flagged as **Unresolvable** in near-term (~30% duplicate issues)

72% of the actionable issues, raised by 740 stakeholder comments, were resolved (reason to drop or BfC)
Discussion format for today
Sector Discussion Format
Focused and open discussion of key issues

- **Timing**: 20-40 minutes per sector, depending upon sector complexity
- **SASB Sector Chair overview**: Identify other Board members on committee; # of proposed revisions; high-level comment re 2-4 sector issues to be discussed
- **Analyst slide comments**: Notes summary stakeholder feedback statistics and number of proposals
- **Analyst issue comment & discussion**: Analyst explains first issue, its historic context, why the issue is complex/controversial and key questions which arose re the issue; full Board then engages the analyst on the issue in an open discussion
- **Repeat**: Repeat above two steps for each of 2-4 issues per sector
- **Materials**: 432 proposed revisions summaries at https://www.sasb.org/standards/public-meetings-sasb/#meetings
Sustainability Accounting Standards Board

Public Board Meeting Extractives & Minerals Processing Sector Discussion

July 11, 2018
Items for Discussion
Extractives & Minerals Processing Sector

1. SASB approach to incorporation of climate-related scenario analysis in Oil & Gas – Exploration & Production and Coal Operations industries

2. Disclosure of hydrocarbon reserves in locations that are subject to elevated sustainability-related risks in the Oil & Gas – Exploration & Production industry

3. References to external industry-based reporting frameworks in multiple industries
Extractives & Minerals Processing Sector

Summary Statistics

<table>
<thead>
<tr>
<th>Industries in the Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas – Exploration &amp; Production</td>
</tr>
<tr>
<td>Oil &amp; Gas – Midstream</td>
</tr>
<tr>
<td>Oil &amp; Gas – Refining &amp; Marketing</td>
</tr>
<tr>
<td>Oil &amp; Gas – Services</td>
</tr>
<tr>
<td>Coal Operations</td>
</tr>
<tr>
<td>Iron &amp; Steel</td>
</tr>
<tr>
<td>Metals &amp; Mining</td>
</tr>
<tr>
<td>Construction Materials</td>
</tr>
</tbody>
</table>

**Provisional Phase**
- 132 industry working group participants
- 14 public comment letters

**Consultation**
- 37 organizations provided feedback

**Exposure Draft**
- 23 public comment letters
- 404 individual comments

**Revisions**
- 57 proposed revisions

The 2017/2018 Public Comment Period materials can be found on the SASB website at https://www.sasb.org/exposure-drafts/

IWG Participant list can be found at SASB website at https://www.sasb.org/standards/sector-resources/. Totals do not include anonymous participants.
Items for Discussion
Extractives & Minerals Processing Sector

1. SASB approach to incorporation of climate-related scenario analysis in Oil & Gas – Exploration & Production and Coal Operations industries

2. Disclosure of hydrocarbon reserves in locations that are subject to elevated sustainability-related risks in the Oil & Gas – Exploration & Production industry

3. References to external industry-based reporting frameworks in multiple industries
Sustainability Accounting Standards Board

Public Board Meeting Health Care Sector Discussion

July 11, 2018
Items for Discussion
Health Care Sector

1. SASB approach to Affordability & Pricing in Biotechnology & Pharmaceuticals

2. Data security in Managed Care and Health Care Delivery

3. References to prescription drug monitoring program (PDMP) database
Health Care Sector
Summary Statistics

<table>
<thead>
<tr>
<th>Industries in the Sector</th>
<th>Provisional Phase</th>
<th>Consultation</th>
<th>Exposure Draft</th>
<th>Revisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biotechnology &amp; Pharmaceuticals</td>
<td>• 81 industry working group participants*</td>
<td>• 28 organizations provided feedback</td>
<td>• 8 public comment letters</td>
<td>• 43 proposed revisions</td>
</tr>
<tr>
<td>Medical Equipment &amp; Supplies</td>
<td></td>
<td></td>
<td>• 35 individual comments</td>
<td></td>
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<tr>
<td>Health Care Delivery</td>
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<tr>
<td>Health Care Distributors</td>
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<tr>
<td>Managed Care</td>
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<tr>
<td>Drug Retailers</td>
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</table>

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Health Care Sector

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2. Data security in Managed Care and Health Care Delivery

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Sustainability Accounting Standards Board

Public Board Meeting Infrastructure Sector Discussion

July 11, 2018
Items for Discussion
Infrastructure Sector

1. Affordability in Utilities industries, including potential addition of qualitative metric

2. Revision of Water Scarcity topic in Water Utilities industry to focus on supply risks more broadly and generally maintain metrics (revised qualitative metric)

3. Industry-specific nature of GHG emissions in the Waste Management industry, including avoided emissions and waste-to-energy
Infrastructure Sector

Summary Statistics

<table>
<thead>
<tr>
<th>Industries in the Sector</th>
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</thead>
<tbody>
<tr>
<td>Electric Utilities &amp; Power Generators</td>
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<tr>
<td>Gas Utilities &amp; Distributors</td>
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<tr>
<td>Water Utilities &amp; Services</td>
</tr>
<tr>
<td>Waste Management</td>
</tr>
<tr>
<td>Engineering &amp; Construction Services</td>
</tr>
<tr>
<td>Home Builders</td>
</tr>
<tr>
<td>Real Estate</td>
</tr>
<tr>
<td>Real Estate Services</td>
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</tbody>
</table>

**Provisional Phase**
- 175 industry working group participants
- 25 public comment letters

**Consultation**
- 92 consultations

**Exposure Draft**
- 14 public comment letters
- 167 individual comments

**Revisions**
- 28 proposed revisions

*Development Timeline*

- 2015
- 2016
- 2017
- 2018

*The 2017/2018 Public Comment Period materials can be found on the SASB website at https://www.sasb.org/exposure-drafts/*

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Items for Discussion
Infrastructure Sector

1. Affordability in Utilities industries, including potential addition of qualitative metric

2. Revision of Water Scarcity topic in Water Utilities industry to focus on supply risks more broadly and generally maintain metrics (revised qualitative metric)

3. Industry-specific nature of GHG emissions in the Waste Management industry, including avoided emissions and waste-to-energy
Sustainability Accounting Standards Board

Public Board Meeting Technology & Communications Sector Discussion

July 11, 2018
Items for Discussion
Technology & Communications Sector

1. Measurement of facility auditing – high-risk versus all facilities; percentage versus absolute measurement

2. Approach on independent “certification” for cybersecurity
Technology & Communications Sector

Summary Statistics

<table>
<thead>
<tr>
<th>Industries in the Sector</th>
<th>Provisional Phase</th>
<th>Consultation</th>
<th>Exposure Draft</th>
<th>Revisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Manufacturing Services &amp; Original Device Manufacturing</td>
<td>• 159 industry working group participants*</td>
<td>• 20 organizations provided feedback</td>
<td>• 9 public comment letters</td>
<td>• 48 proposed revisions</td>
</tr>
<tr>
<td>Software &amp; IT Services</td>
<td></td>
<td></td>
<td>• 66 individual comments</td>
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</tr>
<tr>
<td>Hardware</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Semiconductors</td>
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<td></td>
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<tr>
<td>Telecommunication Services</td>
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<td></td>
<td></td>
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<tr>
<td>Internet Media &amp; Services</td>
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</table>

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The 2017/2018 Public Comment Period materials can be found on the SASB website at https://www.sasb.org/exposure-drafts/

Development Timeline

2013
2016
2017
2018
Items for Discussion
Technology & Communications Sector

1. Measurement of facility auditing – high-risk versus all facilities; percentage versus absolute measurement

2. Approach on independent “certification” for cybersecurity
BREAK
12:25pm – 1:25pm
Sustainability Accounting Standards Board

Public Board Meeting Resource Transformation Sector Discussion

July 11, 2018
1. Challenges developing a robust, comparable definition for chemical hazard risk assessments in the Chemicals industry standard

2. Discuss benefits and stakeholder concerns regarding the disclosure of regional regulations for the hazardous waste metric in multiple industries
Resource Transformation Sector
Summary Statistics

<table>
<thead>
<tr>
<th>Industries in the Sector</th>
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</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>Aerospace &amp; Defense</td>
<td>Electrical &amp; Electronic Equipment</td>
</tr>
<tr>
<td></td>
<td>Industrial Machinery &amp; Goods</td>
<td>Containers &amp; Packaging</td>
</tr>
</tbody>
</table>

**Provisional Phase**
- 127 industry working group participants*
- 28 public comment letters

**Consultation**
- 35 organizations provided feedback

**Exposure Draft**
- 17 public comment letters
- 124 individual comments

**Revisions**
- 37 proposed revisions

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1. Challenges developing a robust, comparable definition for chemical hazard risk assessments in the Chemicals industry standard

2. Discuss benefits and stakeholder concerns regarding the disclosure of regional regulations for the hazardous waste metric in multiple industries
Sustainability Accounting Standards Board

Public Board Meeting Food & Beverage Sector Discussion

July 11, 2018
Items for Discussion
Food & Beverage Sector

1. Discuss the approach for the metric on advertising targeted toward children in multiple industries

2. Discuss the ability and cost-effectiveness for companies to collect data from contracted suppliers in the Meat, Poultry & Dairy industry
Food & Beverage Sector

Summary Statistics

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

- **Provisional Phase**
  - 150 industry working group participants*
  - 19 public comment letters

- **Consultation**
  - 37 organizations provided feedback

- **Exposure Draft**
  - 15 public comment letters
  - 185 individual comments

- **Revisions**
  - 47 proposed revisions

The 2017/2018 Public Comment Period materials can be found on the SASB website at https://www.sasb.org/exposure-drafts/

*IWG Participant list and other standard-setting documentation can be found at SASB website at https://www.sasb.org/standards/sector-resources/. Total reflects participants for the Consumption I sector and does not include anonymous participants.
Items for Discussion
Food & Beverage Sector

1. Discuss the approach for the metric on advertising targeted toward children in multiple industries

2. Discuss the ability and cost-effectiveness for companies to collect data from contracted suppliers in the Meat, Poultry & Dairy industry
Sustainability Accounting Standards Board

Public Board Meeting Consumer Goods Sector Discussion

July 11, 2018
Items for Discussion
Consumer Goods Sector

1. Employee engagement metric in the E-Commerce industry, including
determination around 3rd party reference

2. Customer privacy metric in the E-Commerce industry, and how it addressing
stakeholder concerns
Consumer Goods Sector

Summary Statistics

<table>
<thead>
<tr>
<th>Industries in the Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel, Accessories &amp; Footwear</td>
</tr>
<tr>
<td>Appliance Manufacturing</td>
</tr>
<tr>
<td>Household &amp; Personal Products</td>
</tr>
<tr>
<td>Building Products &amp; Furnishings</td>
</tr>
<tr>
<td>Toys &amp; Sporting Goods</td>
</tr>
<tr>
<td>Multiline and Specialty Retailers &amp; Distributors</td>
</tr>
<tr>
<td>E-Commerce</td>
</tr>
</tbody>
</table>

Provisional Phase

- 124 industry working group participants*
- 20 public comment letters

Consultation

- 37 organizations provided feedback

Exposure Draft

- 9 public comment letters
- 117 individual comments

Revisions

- 14 proposed revisions

The 2017/2018 Public Comment Period materials can be found on the SASB website at https://www.sasb.org/exposure-drafts/

Development Timeline

2014
2016
2017
2018

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Items for Discussion
Consumer Goods Sector

1. Employee engagement metric in the E-Commerce industry, including determination around 3rd party reference

2. Customer privacy metric in the E-Commerce industry, and how it is addressing stakeholder concerns
Sustainability Accounting Standards Board

Public Board Meeting Renewable Resources & Alternative Energy Sector Discussion

July 11, 2018
1. Evolution of critical materials metric in multiple industries, including stakeholder feedback and reasoning behind final metric

2. Review of changes for Solar industry and the nature of stakeholder input that drove revisions
Renewable Resources & Alternative Energy Sector

Summary Statistics

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

Provisional Phase
- 138 industry working group participants*
- 15 public comment letters

Consultation
- 14 organizations provided feedback

Exposure Draft
- 7 public comment letters
- 68 individual comments

Revisions
- 22 proposed revisions

The 2017/2018 Public Comment Period materials can be found on the SASB website at https://www.sasb.org/exposure-drafts/

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Development Timeline
- 2015
- 2016
- 2017
- 2018
Items for Discussion
Renewable Resources & Alternative Energy Sector

1. Evolution of critical materials metric in multiple industries, including stakeholder feedback and reasoning behind final metric

2. Review of changes for Solar industry and the nature of stakeholder input that drove revisions
Sustainability Accounting Standards Board

Public Board Meeting Financials Sector Discussion

July 11, 2018
Items for Discussion
Financials Sector

1. Measuring level of incorporation of ESG factors in the key financial activities

2. Approach to assessing systemic risk in the Insurance industry
Financials Sector
Summary Statistics

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

Provisional Phase
- 198 industry working group participants*
- 25 public comment letters

Consultation
- 26 organizations provided feedback

Exposure Draft
- 15 public comment letters
- 168 individual comments

Revisions
- 65 proposed revisions

The 2017/2018 Public Comment Period materials can be found on the SASB website at https://www.sasb.org/exposure-drafts/

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Items for Discussion
Financials Sector

1. Measuring level of incorporation of ESG factors in the key financial activities

2. Approach to assessing systemic risk in the Insurance industry
Sustainability Accounting Standards Board

Public Board Meeting Transportation Sector Discussion

July 11, 2018
Items for Discussion
Transportation Sector

1. Definition for independent contractors in Air Freight & Logistics

2. Revision from serious marine incidents to marine casualties in Marine Transportation and Cruise Lines

3. Revision from renewable fuel to alternative fuel and sustainable fuel in Airlines and Air Freight & Logistics
Transportation Sector

Summary Statistics

<table>
<thead>
<tr>
<th>Industries in the Sector</th>
<th>Provisional Phase</th>
<th>Consultation</th>
<th>Exposure Draft</th>
<th>Revisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobiles</td>
<td>• 122 industry working group participants*</td>
<td>• 13 organizations provided feedback</td>
<td>• 11 public comment letters</td>
<td>• 14 proposed revisions</td>
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<tr>
<td>Auto Parts</td>
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<tr>
<td>Car Rental &amp; Leasing</td>
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<tr>
<td>Airlines</td>
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<tr>
<td>Air Freight &amp; Logistics</td>
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<tr>
<td>Marine Transportation</td>
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<tr>
<td>Cruise Lines</td>
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<td>Rail Transportation</td>
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<tr>
<td>Road Transportation</td>
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</table>

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Development Timeline

- 2013
- 2016
- 2017
- 2018
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2. Revision from serious marine incidents to marine casualties in Marine Transportation and Cruise Lines

3. Revision from renewable fuel to alternative fuel and sustainable fuel in Airlines and Air Freight & Logistics
Sustainability Accounting Standards Board

Public Board Meeting Services Sector Discussion

July 11, 2018
Items for Discussion

Services Sector

1. SASB approach to racial/ethnic group representation in diversity metric in multiple industries

2. Appropriate geographic divisions for activity metric on media recipients in Media & Entertainment
**Services Sector**

**Summary Statistics**

<table>
<thead>
<tr>
<th>Industries in the Sector</th>
<th>Provisional Phase</th>
<th>Consultation</th>
<th>Exposure Draft</th>
<th>Revisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>• 200 industry working group participants*</td>
<td>• 27 organizations provided feedback</td>
<td>• 8 public comment letters</td>
<td>• 16 proposed revisions</td>
</tr>
<tr>
<td>Professional &amp; Commercial Services</td>
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<tr>
<td>Hotels &amp; Lodging</td>
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<tr>
<td>Casinos &amp; Gaming</td>
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<tr>
<td>Leisure Facilities</td>
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<tr>
<td>Advertising &amp; Marketing</td>
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<tr>
<td>Media &amp; Entertainment</td>
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Accounting for a Sustainable Future