December 31, 2020

Jeffrey Hales
Sustainability Accounting Standards Board (SASB)
1045 Sansome Street, Suite 450
San Francisco, CA 94111

Re: Conceptual Framework and Rules of Procedure Exposure Drafts

Dear Dr. Hales:

We appreciate the opportunity to comment on the Sustainability Accounting Standards Board’s (SASB) exposure drafts on the Conceptual Framework and Rules of Procedure (the “Exposure Drafts”). Bank of America Corporation is one of the world’s largest financial institutions, providing a diverse range of banking and non-banking financial services and products domestically and internationally. In July of 2020, we issued our first SASB index responding to five sets of industry metrics; we are proud to have implemented SASB reporting as part of our suite of environmental, social and governance (ESG) reporting.

Your effort to update your governing documents to expand and tailor the reach of SASB standards to a more global level is commendable and necessary to achieve the continuing expansion of companies using the SASB reporting framework. The evolution of ESG reporting has been remarkable over the past few years and we encourage the SASB Foundation Board (the Board) to continue its efforts to broaden its constituency, contributing further in that momentum. In that regard, we wish to congratulate the SASB on its announced intent to merge with the International Integrated Reporting Council (IIRC), to form the Value Reporting Foundation.

We believe that many of the proposed updates in the Exposure Draft are necessary to improve the foundation of SASB standards and the procedural actions of SASB operations as more companies around the globe implement SASB reporting. We are supportive and in certain cases offer some further considerations for additional revisions. This is especially relevant in regards to the proposed change to the definition of materiality. We support the Board’s intent to internationally align the materiality definition; however, we believe the proposed approach would be better served to align with materiality definitions used in national jurisdictions. We have responded to each of the questions in the Exposure Draft in the appendix.

We welcome the opportunity to express our views on the Exposure Draft. Should you have any questions, please contact Chris Ackerlund (980.386.3025) or me (980.387.6061).

Sincerely,

Michael Tovey
Corporate Controller

Cc: Rudolf Bless, Chief Accounting Officer
    Chris Ackerlund, Accounting Policy Executive
Appendix

The following are our responses to the questions posed by the SASB.

**Conceptual Framework:**

**Question 1 – Do you believe the concepts described in the Conceptual Framework exposure draft are appropriate for a global standard-setting organization? Are there concepts or principles that warrant discussion in—or removal from—the Conceptual Framework to help the Standards Board more effectively develop standards that have global applicability?**

Yes, we believe the concepts are appropriate and that none warrant further discussion or removal from the conceptual framework.

**Question 2 – Should SASB describe its approach to governance in the Conceptual Framework (CF)? Is SASB’s approach to governance, as described above, sufficiently clear?**

Yes, we recommend that the SASB include a discussion of its approach to governance in the CF, specifically in the section, Five Dimensions of Sustainability For Businesses. We think the inclusion of information provided in the preface to this question in the invitation to comment clearly articulates the approach and would provide a readily accessible reference for users of the CF in understanding why such topics are deliberately limited in the standards. Moreover, we agree with the Board’s approach to governance given the variance in governance regulations across regions.

**Question 3 – Are all aspects of the proposed definition of financial materiality clear and understandable? Does the definition accurately reflect SASB’s mission to facilitate communication between companies and investors about financially material, decision-useful sustainability information?**

The materiality definition should be further considered as follows. The concept of financial materiality in the US is legally defined with accompanying established body of case law, which also is the case in other national jurisdictions. We believe that realigning the definition of financial materiality could potentially disrupt SASB implementation in jurisdictions where the definitions are not aligned. Instead, we encourage the Board to follow the same approach it has followed for governance, which recognizes the importance of jurisdictional variation.

We also note that this approach is the same followed by the Taskforce on Climate-related Financial Disclosure (TCFD) which states, “companies should determine materiality…consistent with how they determine the materiality of other information included in their financial filings.” This is a far more practical application of materiality and aligns more closely with the way preparers view financial materiality for financial reporting purposes. The TCFD notes that use of a jurisdictional materiality approach allows for “as much compatibility as possible with national disclosure requirements.” We feel that this is critical to support the continuing global expansion of SASB reporting.

We have other concerns regarding the proposed definition of financial materiality; however, we have not included them in this response given our fundamental objection to the one-size-fits-all materiality approach that fails to recognize the importance of jurisdictional variations. Consequently, we strongly urge the Board to adopt a jurisdictional materiality approach similar to the TCFD.

**Question 4 – Are the characteristics of topic and metric selection (as framed and defined in the exposure draft) supportive in establishing standards that produce financially material, decision-useful, and cost-effective information (i.e., SASB’s three core objectives)? Are the definitions of the characteristics sufficiently clear? Are any characteristics that may be supportive of the objectives of the Standards missing, and therefore should be added? Are any characteristics redundant or misaligned with these objectives, and therefore should be removed?**
We believe that the updates to the characteristics of topic are largely appropriate and achieved the goal of clarifying the framework. We agree with the removal of “useful” as a redundant characteristic given that the objective of the SASB is to have decision-useful information for investors. However, the addition of “understandable” as a new characteristic seems similarly redundant in nature. If one of the core objectives of SASB metrics is to be “decision-useful,” then they implicitly must be understandable. In fact, the definition of the “understandable” characteristic notes that they are understandable if they can be used in investment decisions, creating a somewhat circular reference. Hence, we would recommend that such characteristic be eliminated, essentially being subsumed by the decision-useful characteristic.

**Question 5 – When read alongside the Rules of Procedure exposure draft, are there important aspects of SASB’s approach to standard-setting that are missing from the Conceptual Framework exposure draft? Are there any material inconsistencies between the Conceptual Framework and Rules of Procedure exposure drafts?**

We believe that the updates to the Conceptual Framework and Rules of Procedure make them more complementary and we do not believe there to be any material aspects of SASB’s approach to be missing from the document. Further, there do not appear to be any significant inconsistencies between the two exposure drafts.

**Question 6 – Please share any additional comments, concerns, or questions regarding the Conceptual Framework exposure draft.**

We have no further comments or concerns with the ED.
**Rules of Procedure:**

**Question 7** – *Does the Rules of Procedure exposure draft provide a clear description of the Standards Board’s operating procedures? Are there any areas that should be further clarified?*

Yes, the ED provides a clear description of the operating procedures of the Board, and we do not believe there are other areas that should be clarified further.

**Question 8** – *Does the exposure draft clearly explain the activities that the Standards Board and technical staff engage in to determine when and if standard-setting is necessary? Are these activities consistent with the mission of SASB and the objectives of the SASB Standards? Are there other activities that should be pursued to monitor the relevant industries and issues?*

Yes, we believe the Exposure Draft clearly explains the activities that the Board and technical staff engage in to determine when and if standard-setting is necessary. We believe the activities are consistent with the mission of the SASB and the objectives of the SASB standards. Further, these activities appear comprehensive.

**Question 9** – *Are the ways in which stakeholders can participate in SASB’s due process for standard-setting activities clear? Is it sufficiently clear how such participation may inform standard-setting outcomes? Are there other methods the Standards Board and/or technical staff should pursue to obtain market input on the Standards?*

Yes, we believe that SASB’s outreach to stakeholders and the manner in which stakeholders can participate in the standard-setting process are described clearly. The methods described appear comprehensive.

**Question 10** – *Is SASB’s governance structure sufficiently and clearly articulated in the document and in a way that appropriately contextualizes subsequent content in the document? Is the independence of the Standards Board clear? Is the oversight role of the Foundation Board of Directors clear?*

Yes, we believe that all matters are described sufficiently and clearly; however, we are concerned that Section 9.10(f) of the By-Laws permits the chair and vice chair of the SASB to participate in fundraising activities of the SASB Foundation. It is not entirely clear that the optimal level of independence in standard setting can be achieved if voting SASB members participate in fundraising activities. We believe that this particular responsibility should be reconsidered.

**Question 11** – *When read alongside the Conceptual Framework exposure draft, are there important aspects of policies and practices followed by the Standards Board that are missing from the Rules of Procedure exposure draft?*

No, we do not believe so.

**Question 12** – *Please share any additional comments, concerns, or questions regarding the Rules of Procedure exposure draft.*

We have noted no other matters.