To: Taylor Reed  
From: Catherine Sheehy, UL  
Date: September 2, 2021  
RE: Raw Materials Sourcing in Apparel – Public Comment

UL is pleased to participate in the public comment period for the SASB standard-setting project, seeking to revise and clarify metrics CG-AA-440a.1 and CG-AA-440a.2 and the associated technical protocols in the Apparel, Accessories and Footwear Standard. As a science-based testing, inspection, and certification firm, and standards development organization, UL sees the value of standards and criteria to enable consistent, comparable measurement and reporting, and we appreciate this consultative process.

These comments reflect the feedback of several UL subject matter experts in responsible sourcing, sustainable materials, and sustainability reporting. Please contact me if you have any questions about our comments.

Question 1: Does the proposed change to the “priority raw materials” definition in the qualitative metric (CG-AA-440a.1) improve (1) alignment with common industry practices and guidance, (2) cost of implementation for companies, and (3) usefulness of disclosures?

The current SASB standard defines priority raw materials as those that are essential to the entity’s “principal products”, where principal products are those that accounted for 10 percent or more of consolidated revenue in any of the last three fiscal years, consistent with 17 CFR 229.101.

The suggested change would adopt the Textile Exchange’s definition of priority materials, based on the volume of raw material it uses and the relative sustainability risks and opportunities related to each raw material.

We believe the Textile Exchange’s definition is more in line with industry and broader stakeholder perspectives on accountability for material inputs, therefore improving alignment with growing consensus on how to quantify material sourcing risks. A volume based metric corresponds well with life cycle thinking and hotspot analysis, which helps us understand the relatively high impact issues across a product life cycle.

However, we note that the scope of this SASB standard covers a broad range of industries and the intent is to cover social impact issues as well as environmental impacts. Traceability from a social perspective requires a more comprehensive reputational risk analysis. For example, the Dodd-Frank Act s. 1502 enacted in 2010, directs the US Securities and Exchange Commission to issue rules regarding the disclosure of companies’ use of conflict minerals if those minerals are “necessary to the functionality or production of a product” manufactured or contracted to be manufactured by those companies. The Act requires companies to exercise due diligence on the source and chain of custody of their conflict minerals (https://www.sec.gov/opa/Article/2012-2012-163htm---related-materials.html). Our experience in the social domain suggests that stakeholders have a much lower threshold for materiality than those suggested here.

**UL recommends** the SASB team consider a blended approach, where it emphasizes the Textile Exchange’s approach with respect to environmental impact risks, but apply a different lens to understand potential social risks, such as a skill level based approach as noted in question 2.

There may be additional effort required by companies to apply this kind of analysis.
Question 2: Do you agree with the rationale to structure metrics by priority raw material (e.g., cotton, leather, etc.) versus by another component such as sourcing region or environmental/social factor (e.g., water scarcity, animal welfare, etc.)?

We agree that environmental and social factors vary considerably by material, though the geographic provenance of those materials is relevant to understanding the relative risk assessments for those materials. For instance, the way a particular material is processed, e.g., use of pesticides, manner of transportation, etc., varies significantly across geographic regions for the same product as well as across product categories. Nonetheless, a materials based approach seems logical from an environmental perspective.

This approach may not adequately cover material social issues, however, where one important aspect is the level of skill across the value chain. Risks of exploitative labor practices are more often associated with a lower skill level workforce and this workforce is frequently present in the raw materials sector. Social auditing best practice requires that workers in less-skilled positions be specifically included in social assessment sampling (https://www.theconsumergoodsforum.com/social-sustainability/sustainable-supply-chain-initiative/key-projects/benchmarking-recognition/) The International Labor Organization provides some guidance on how to characterize skill level that may be useful here: https://www.ilo.org/ilostat-files/Documents/description_OCU_EN.pdf

UL recommends that the SASB team consider incorporating the quantification of labor skill level associated with the priority raw materials as an additional lens, perhaps considering an “and / or” approach, where metrics are structured by material and/or where the skill level associated with the source material is predominantly skill level 1 per ILO broad skill level guidance.

Question 3: Do the proposed changes to the quantitative metric (CG-AA-440a.2) improve the comparability, completeness, and usefulness of disclosures?

Related to environmental outcomes, the two proposed changes relevant here – redefining “priority” raw materials, and more granular and standardized calculations to enable comparability of disclosures, seems value add.

Our previous comments related to social impact issues holds true here, too. The textile and footwear industry does not rely on any certification schemes to address social risk at their raw material supplier, bar SA8000 which focuses on social risk. More recently the Sustainable Supply Chain Initiative (SSCI) under the Consumer Goods Forum has created benchmark tools for primary production to assist schemes and standards in the social space and to create some form of cohesiveness. See the tools here: https://www.theconsumergoodsforum.com/social-sustainability/sustainable-supply-chain-initiative/key-projects/benchmarking-recognition/

Question 4: The Board considered two approaches to revise the list of certifications/standards included in metric CG-AA-440a.2. Do you have a preference between the two approaches, and if so, why? What principles would you consider when evaluating the credibility and/or selection of third-party certifications/standards?

As a standards development organization and testing, inspection, and certification firm, we believe in the importance of standards in normalizing an agreed set of rules for products, processes, services, or enterprises. Once developed and issued, they enable the accurate measurement of attributes, an agreed level of quality or safety, and can promote inter-operability or a common understanding of results. UL also advocates for third-party certification, concurring with the International Organization for Standardization (ISO) view that the value of certification is the degree of confidence and trust engendered through an

As a long-term member of the US Green Building Council, the International Green Building Council, and as chairs and participants in country-level and international standards development panels, we also have seen a fluctuation of approaches to the question of providing an illustrative list of standards companies can reference in determining compliance versus citing principles for certification / standards identification and selection to guide compliance.

The value of providing an illustrative list is that it can simplify decision-making for both the issuers who are reporting their actions as well as the users of the data. The drawback is that any illustrative list may suffer from sin of omission of credible labels and certification programs at any point in time, or reflect changes over time in any of the programs referenced.

UL recommends adopting a list of requirements for both programs and auditors of those programs to cover the environmental and social domains most holistically. SASB may consider separate program documents that provide curated lists of potential credible certification programs. See, for example, the Association of Plastic Recyclers endorsement requirements for PCR certification organizations: https://plasticsrecycling.org/images/PCR_Certification/APR-Endorsed-PCR-Certifier-Application.pdf

For standards development bodies and resulting standards or requirements documents related to these issues:

- The credibility of a standards setting process and/or development body demonstrated by, e.g., membership in recognized standards organizations such as Canadian Standards Association, ANSI, ASTM, Iseal, Global Ecolabelling Network, or adherence to the principles espoused by such entities.
- The science- and evidence-based approach to criteria development (e.g., rules, material definitions).
- The frequency of standards review and updates.
- The stakeholder engagement process for developing requirements.
- The transparency of the criteria – the evaluation criteria should be available to the public for review.

For third-party certifiers and certification program operators:

- Accreditation to relevant standards covering certifying bodies (e.g., ISO 17065 Conformity assessment — Requirements for bodies certifying products, processes and services (https://www.iso.org/obp/ui#iso:std:iso-iec:17065:ed-1:v1:en)) or credibility principles (e.g., Iseal (http://www.isealalliance.org/defining-credible-practice/iseal-credibility-principles), Global Ecolabelling Network GENICES program (https://globalecolabelling.net/gen-members/genices/)).
- Approach to constructing market facing claims per ISO 14021 Environmental Labels And Declarations - Self-Declared Environmental Claims (Type II Environmental Labelling), and the relevant in-region consumer or fair marketing protection agency, such as the US Federal Trade Commission.
- For social auditors, membership in the Association of Professional Social Compliance Auditors (APSCA) and individual auditor certification to the Certified Social Compliance Auditor (CSCA) program (https://www.theapsca.org/faqs/).

Question 5: Do you agree with the Board’s conclusion to not expand the scope of the Raw Materials Sourcing disclosure topic to include materials used for packaging?

Packaging questions are particularly relevant to wholesaling and retailing organizations in scope of this standard. If that is better covered by organizations that align with multiple SASB standards, we support the philosophy of not encumbering this standard with those requirements.

Question 6: Do the proposed changes improve the usefulness of disclosures for companies identified in the industry scope (companies involved in design, manufacturing, wholesaling, and retailing)?

Yes, we believe these changes enhance the disclosure requirements.