



SASB CONCEPTUAL FRAMEWORK AND SASB RULES OF PROCEDURE EXPOSURE DRAFTS:

Response to Public Comments and Explanation of Changes

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

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Introduction

From April 7, 2016, through July 6, 2016, the Sustainability Accounting Standards Board held a 90-day public comment period on Exposure Drafts of the organization's key standards-setting governance documents: the *SASB Rules of Procedure* and *SASB Conceptual Framework*. The purpose of these publications is to document the principles and procedures associated with SASB's standards-setting work. Based on feedback received during the public comment period, SASB has incorporated changes to the Exposure Drafts to produce an updated version of each document. These updated publications reflect three key changes, as follows:

1. **Independent Governance:** From its founding through development of the provisional-phase sustainability accounting standards, SASB was governed by a Board of Directors that had fiduciary duty for the organization but no standards-setting oversight. In 2015 the Board of Directors formed an Advisory Committee that developed recommendations regarding the appropriate long-term structure and governance model of SASB to maintain the standards. The Advisory Committee has recommended that the organization adopt a two-tier model, similar to that of the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB), separating financial responsibilities and assets from standards-setting activities. Therefore, SASB will adopt a two-tier structure in 2017 prior to the ratification of the standards. In this revised governance model, a new independent entity called the SASB Foundation Board of Directors will be responsible for finances and governance, and will also delegate authority for standards setting to a newly appointed technical board, which is responsible solely for standards-setting activities. The body formerly known as the Board of Directors will become the SASB Foundation Board of Directors (hereafter "Directors"). The Directors will appoint the technical board, officially titled the Sustainability Accounting Standards Board (hereafter "the SASB"), in 2017. This additional layer of governance mitigates potential conflicts of interest, helping ensure the independence and integrity of the SASB's standards-setting process.
2. **ANSI process to expert-led process:** During the development of provisional standards, SASB was accredited by the American National Standards Institute (ANSI) and followed ANSI best practices in standards setting, including openness, transparency, and balance. Going forward, SASB's standards will instead be developed under the authority of the SASB through an expert-led process. The Directors determined that a process led by experts in standards-setting, financial reporting, and securities law, was more appropriate for the development of standards for use by financial markets, which need to meet certain requirements under securities law and be appropriate for use in mandatory financial reporting and analysis, than a process that relied on consensus. Additionally, the scope of standards-setting for 79 industries and a myriad of sustainability issues makes a consensus-driven model impractical. Rather, the SASB's process—while retaining its transparency—will rely upon market feedback, technical research with respect to materiality, an agenda-setting process to establish items for possible update, and an exposure draft process to obtain market feedback on proposed changes to the standards. This is a process that is similar to that of the FASB and IASB.
3. **Composition of Standards-Setting Body:** In the Exposure Drafts of the *SASB Rules of Procedure* and the *SASB Conceptual Framework*, a "Standards Council" was proposed

to serve as the organization's independent standards-setting body. This is now proposed to be the newly appointed technical board (the SASB). Where the composition of the Standards Council was proposed to equally represent three key stakeholder groups, the members of the SASB will comprise 5-9 members from a variety of backgrounds and experience in standards-setting, corporate reporting, and/or investment analysis. The purpose of this change is to ensure the SASB comprises members that bring significant relevant experience and expertise to the standards-development process and are accountable for carrying the standards-setting mission forward rather than representing a specific constituency. All interested parties are welcome and encouraged to become involved in the standards-setting process through consultation, Advisory Committees and Groups, and public comment periods; additionally, the SASB expects to receive a broad range of input through ongoing stakeholder outreach.

Comments Received Overview

During the public comment period, SASB received 29 comment letters, totaling 110 pages. Responses came from the following types of organizations:

- 3 Professional Associations
 - The American Institute of CPAs (AICPA)
 - CFA Institute
 - IEEE Standards Association
- 4 Consultants/Service Providers
 - Ag Resources Strategies, LLC
 - Framework, LLC
 - Oekom
 - PwC
- 3 Advocacy/Public Interest Groups
 - Climate Disclosure Standards Board (CDSB)
 - Investor Environmental Health Network (IEHN)
 - UN Global Compact
- 9 Industry Associations
 - American Chemistry Council (ACC)
 - American Forestry & Paper Association (AF&PA)
 - American Gas Association (AGA)
 - American Institute for Packaging and the Environment (AMERIPEN)
 - American Water Works Association (AWWA)
 - Association of Home Appliance Manufacturers (AHAM)
 - National Association of Real Estate Investment Trusts (NAREIT)
 - Rubber Manufacturers Association (RMA)
 - Edison Electric Institute (EEI)
- 4 Investors
 - British Columbia Investment Management Corporation (bcIMC)
 - Clean Yield Asset Management
 - Northern Trust
 - Societe General
- 4 Issuers
 - Kaz Canada, Inc.
 - Teck Resources
 - Vale
 - Vivendi
- 2 Individuals

Responses to Comments Received: SASB Rules of Procedure

The following table summarizes key comments received on the *SASB Rules of Procedure* and SASB's responses. (Note: In the Exposure Draft of the *SASB Rules of Procedure*, the Board of Directors oversaw SASB's organization, and the Standards Council oversaw standards development. In the updated document, these entities have been renamed: the Board of Directors is now the SASB Foundation Board of Directors, and the standards-setting role of the Standards Council is now performed by a newly appointed technical body known as the Sustainability Accounting Standards Board ("the SASB"). For clarity, the tables below refer to these entities by their new names.)

Issue Area	Summary of Key Comments	SASB Response
The SASB	<p>1. Several respondents expressed concern about inadequate industry representation on the SASB and how someone with expertise in another industry would vote on their industry standards (i.e., it is impossible for the voting body to have individuals with operational expertise in each of the 79 industries).</p> <ul style="list-style-type: none"> • AGA described it as a "fundamental flaw" that the voting body would not include individuals with operational expertise in the 79 industries." 	<p>The revised approach is an "expert-led" model similar to that used by the FASB and IASB and other accounting standards setters where the SASB that has authority and accountability for standards-setting. It will follow the principles and procedures laid out in the <i>SASB Conceptual Framework</i> and <i>SASB Rules of Procedure</i>. This model was chosen specifically to avoid certain constituents or industries being expected to weigh in on the standards for other industries. This model will be similar to how the original Standards Council operated during the development of SASB's provisional standards, with members providing oversight of standards development according to due process but not representing a specific stakeholder type. The perspectives and insights of industry experts are now built into due process, through representation on standing Advisory Committees and ad hoc Advisory Groups, consultation with SASB sector analysts, and other avenues for input such as public comment periods.</p>
	<p>2. Several stakeholders asked for more information in the <i>Rules of Procedure</i> on the selection criteria and process for members of the SASB. How will the criteria assure independence and diversity of interests? EEI asked that SASB release for public comment a detailed document on this process; others asked for transparency in the selection process.</p> <ul style="list-style-type: none"> • IEEE and ACC asked SASB to clarify how stakeholders might propose themselves or others to the Governance & Nominating Committee as nominees to the SASB. • Framework, LLC, asked the SASB to provide, 	<p>In the revised <i>SASB Rules of Procedure</i>, SASB has expanded upon the selection criteria for choosing the members of the SASB and clarifications of the SASB's role.</p> <p>The new composition of the SASB is intended to ensure independence from the needs of specific stakeholder types to allow the SASB to focus their attention on the content and quality of the standards and the standards-setting process.</p> <p>Nominations to the SASB will be made by the Governance & Nominating committee</p>

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	<p>at a minimum, the Directors’ opinion regarding the “technical expertise, availability, and objectivity” of each proposed member, as well as any potential conflicts of interest that exist or are likely to arise; and adopt processes for public feedback and nominations of proposed members of the SASB.</p>	<p>of the Directors, which appoints and delegates standards-setting authority to the SASB.</p>
	<p>3. Regarding the third category of stakeholders (accountants, lawyers, public servants, NGOs) on the SASB, some respondents raised questions about the weight given to their input. Support for having the third category varied, with NAREIT and AFPA raising concerns about involvement of NGOs and others when the standards are supposed to be focused on improving communication between companies and investors.</p>	<p>Under the revised <i>SASB Rules of Procedure</i>, responsibility for and authority over standards and updates rest with SASB’s newly appointed technical board, the SASB, comprising 5 to 9 experts with diverse backgrounds, including, but not limited to, experience and expertise in investing, corporate reporting, and standards setting and regulation. In contrast, the April 2016 Exposure Draft discussed a board comprising nine members with equal representation of “corporate issuers, investors, and a third category of other stakeholders.” Although third-party stakeholders may continue to provide input via public comment, participation on Advisory Committees, consultation, and other channels, the composition of the SASB will reflect the goal of creating an expert-led standards-setting organization, independent from the competing wishes of specific stakeholder groups.</p>
	<p>4. Some respondents asked SASB to consider whether a “consensus” decision on the SASB is superior to a majority vote. AMERIPEN said SASB failed to adopt a consensus process in the standards-setting procedures described in the Exposure Draft. They noted that a consensus process is strongly favored in ANSI, the OMB Circular, and Section 12(d) of the National Technology Transfer and Advancement Act (Public Law 104-113).</p>	<p>Although consensus-seeking may be appropriate for some decision processes and favored under ANSI, the SASB concluded that this approach is not suitable for standards-setting in the context of the capital markets, which are highly technical and highly regulated. Thus, the SASB elected to shift to an expert-led model and changed the composition of its standards-setting body accordingly. In this framework, decision-making by a majority of experts who are focused on due process and quality of outcomes is preferable to constituent groups with potentially competing interests representing their particular stakeholders’ perspectives.</p>
	<p>5. AMERIPEN and others said the Exposure Draft doesn't mention that a quorum of the SASB should have any minimum representation from each</p>	<p>Because the SASB will not have equal representation from three stakeholder group types, this comment no longer</p>

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	stakeholder group, and found it concerning that the vote could proceed even if one group is underrepresented.	applies. Quorum and voting requirements have been updated to reflect the new structure.
Standards Oversight Committee (SOC)	1. Some respondents requested more information on the roles and responsibilities of the SOC.	The revised <i>SASB Rules of Procedure</i> includes additional information, including staggered terms of the initial SOC members, elaboration of process and reporting related to due process appeals to the SOC, and removal of reference to the ability of the SOC to recommend changes to the <i>SASB Rules of Procedure</i> .
	<p>2. Some respondents commented on the Standards Oversight Committee's ("SOC") review process and outcomes, suggesting improvements:</p> <ul style="list-style-type: none"> • CFA Institute asked about the level of transparency around deliberations by the SOC and the SASB. • PwC asked SASB to consider providing anonymous due process mechanisms to broaden participation and ensure high quality of standards. • PwC asked SASB to consider requiring the SOC to provide an annual summary report on stakeholders' due process complaints and responses. • AFPA said the Exposure Draft doesn't provide room for industry-specific technical complaints and that the total of three corporate members on the SASB is not adequate to consider such complaints. • According to AFPA, while the standards Oversight Committee is good, there is a range of safeguards in ANSI due process that the Exposure Draft doesn't follow. 	<p>The revised <i>SASB Rules of Procedure</i> provides for increased transparency around deliberations of the SOC via periodic reporting on due process inquiries and actions, as well as public file disclosures including correspondence, analyses, and other materials related to due process inquiries. It also allows for anonymous input if desired and clarifies opportunities for raising technical concerns (versus due process complaints). Additionally, meetings of the SASB will be open to the public.</p> <p>Technical considerations are intended to be addressed during the consultation process directly with dedicated sector analysts from the SASB staff, through Advisory Committees or ad hoc Advisory Groups, or during the Public Comment Period.</p>
	<p>3. Some comments focused on the adequacy of the proposed SOC structure.</p> <ul style="list-style-type: none"> • Some requested balanced representation of interests on the SOC. Some had concerns that because the appeals process rests with a committee of the Directors, this means a single organization dominates the standards-setting process and there is no impartiality. • One respondent suggested considering staggered member terms to provide for continuity. • PwC asked for clarification of criteria to evaluate SOC members' performance in monitoring the standards-setting process (in the context of the Directors —re-approval vote). 	The SASB anticipates that SOC members will have staggered terms to balance the twin goals of providing for continuity and refreshing perspectives. Authority for standards setting is delegated via the bylaws by the Directors to the SASB, which will function independently and have no financial responsibilities. This model is similar to the FASB's and IASB's organizational structure.

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<p>SASB Foundation Board of Directors</p>	<p>1. Some stakeholders are seeking more information on the composition of the Governance & Nominating Committee, which nominates members for appointment to the SASB.</p>	<p>The Governance & Nominating Committee of the Directors recommends candidates for membership on the SASB. Nominees are voted on and appointed as members by the Directors.</p>
	<p>2. Different stakeholders asked about how the Directors represent the diversity present in the various economic sectors.</p>	<p>The Directors are senior leaders in business, regulation, financial reporting, and investing, and are chosen for their independence of thought and leadership.</p>
	<p>3. PwC commented that in addition to fiduciary duty to oversee the SASB staff, the Directors should explicitly state that it oversees the CEO. They said independence of the Directors and SOC from technical standards activities is key to the credibility of SASB.</p>	<p>The Directors are responsible for hiring, evaluating, and compensating a CEO who has operational responsibility for the finance, HR, and other support activities of the organization. Certain staff support the technical work of the SASB.</p>
<p>ANSI</p>	<p>1. Almost all industry associations that commented asked SASB to follow ANSI procedures (i.e., meet ANSI Essential Requirements) fully and develop ANSI standards.</p> <ul style="list-style-type: none"> • They said concerns are heightened because SASB is seeking endorsement from the SEC. • Several associations said private standards adopted for government use should be developed with the same level of due process protection as government standards (and referenced requirements in OMB Circular A-119). • AFPA believes the due process for updates to the standards after codification is inadequate; it wants information on how one might appeal decision of the SASB. 	<p>The revised <i>SASB Rules of Procedure</i> removes references to the SASB as an “American National Standards Institute-accredited standards developer.”</p> <p>An expert-led process overseen by individuals with expertise in standards-setting and policy with respect to financial markets is more appropriate for setting SASB standards than one managed under ANSI-accreditation.</p> <p>The new governance structure and standards-setting process are similar to the FASB’s approach and more familiar to the SEC than an ANSI-based model.</p>
	<p>2. If the SASB has elected not to develop ANSI standards, several associations said references to ANSI accreditation were misleading and/or confusing.</p> <ul style="list-style-type: none"> • According to AWWA, if SASB doesn’t follow ANSI, it should clearly state that the standards are not and will not be ANSI standards and that SASB is not seeking balanced representation. According to AWWA: “It would not be appropriate to retroactively apply an ANSI-compliant methodology at a later date, to standards developed without such a methodology.” • Specifically, for example, AFPA said: “In the spirit of public disclosure and transparency, it would be appropriate for SASB to publicly provide its ANSI-accredited procedures and an explanation of why it decided not to incorporate them in the Proposal. If SASB is 	<p>See above. References to ANSI have been removed from the <i>SASB Rules of Procedure</i> and <i>Conceptual Framework</i>, and are being removed from other official communications, as the SASB will not be following an ANSI process for ratification and maintenance of the standards.</p>

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	<p>not planning to follow [...] ANSI [...], SASB should cease referring to themselves as an ANSI-accredited standards developer because it is misleading.”</p>	
<p>Advisory Groups (AG)</p>	<p>Stakeholders commented on the structure and role of these groups:</p> <ul style="list-style-type: none"> • According to AWWA, SASB should identify, as is customary, a steering committee or other oversight group with representation from actual members of the sector potentially subject to the standard. They say that the proposed Advisory Group structure is inadequate, highlighting the difference between “oversight” (systematic, balanced deliberations and voting) versus “consultation” and asking for the former. • IEEE asked: <ul style="list-style-type: none"> ○ What is the decision-making authority of the AGs? ○ What is the term/time limit for the AGs? ○ What is the role for staff (support, partner, sole decision-maker)? • The CFA Institute asked for more information on the governance and level of transparency on the workings of the AGs. • AICPA supported the use of AGs and would help reconstitute the Assurance Advisory Group. 	<p>The revised <i>SASB Rules of Procedure</i> moves from limited-life Advisory Groups to “standing Advisory Committees and ad hoc Advisory Groups” and discusses the role of the SASB staff liaison to the Committees or Groups. The SASB will clarify the purpose, responsibilities, size, qualifications for membership, term, and operating procedures of each Committee and Group. The SASB staff is engaged with issuers and investors in a formal process of deep consultation, and will seek to incept Advisory Groups and Committees to provide ongoing feedback as appropriate through the standards revision cycle.</p> <p>Note: The revised <i>SASB Rules of Procedure</i> provides flexibility to convene such Committees and Groups when and as the SASB sees fit. Current intention is to convene these groups for implementation review and best practices.</p>
<p>Public Comment Periods (PCP)</p>	<p>1. Some organizations commented that comment periods should only be allowed to be lengthened beyond 90 days, if needed, and not shortened. Others asked that the <i>Rules of Procedure</i> specify circumstances under which public comment periods may be lengthened or shortened.</p> <ul style="list-style-type: none"> • AMERIPEN said PCPs should be standardized in accordance with ANSI. • UN Global Compact suggested that the comment period be shortened to no less than 45 days and AHAM asked the SASB to specify a floor of 60 days. <p>2. Other comments asked for more information on details of public comment periods.</p> <ul style="list-style-type: none"> • AWWA asked that the SASB explain how PCPs will be widely advertised beyond posting on SASB’s website and how stakeholders will be promptly informed. • AWWA asked the SASB to clarify who “affected parties” are. • EEI asked the SASB to specify if and in what 	<p>Discussion of public comment periods has been amended in the revised <i>SASB Rules of Procedure</i>. The duration of PCPs will be 90 days, however in some cases they may be shortened (to no less than 60 days) or lengthened, as the SASB deems necessary, to facilitate outcomes that balance timeliness with thoroughness and inclusion. This discussion no longer includes the survey portion and 75 percent target from the Exposure Draft.</p> <p>When it initiates a PCP, the SASB and its staff will inform all those stakeholders who have provided contact information, as well as perform outreach to the issuer and investor communities through relationships with Industry Associations and SASB’s Investor Advisory Group; and via SASB’s website and other social media outlets.</p>

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	<p>manner it will respond to public comments and outline a detailed process.</p>	<p>As noted in the revised <i>SASB Rules of Procedure</i>, all public comments received will be posted publicly on SASB’s website in a timely fashion along with SASB’s response.</p>
<p>Agenda-setting/ updates/ interpretations</p>	<p>1. How are revisions proposed, how might one appeal decisions of the SASB regarding the agenda for Updates?</p> <ul style="list-style-type: none"> • E.g. PwC and CFA Institute asked for clarification on how external stakeholders can submit agenda items for consideration by the SASB and its staff, and how agenda proposals are handled. • IEEE asked whether the technical agenda would be final or a “living” draft. • Rubber Manufacturers’ Association said that the process for Updates to the standards is not fair and impartial because the SASB controls it and the SASB is appointed by the Directors. 	<p>The process around setting the technical agenda (including items proposed by external stakeholders) and making updates to the standards is further elaborated upon in the revised <i>SASB Rules of Procedure</i>.</p> <p>The new process implies changes to the agenda-setting exercise, where technical agenda items will be adopted by the SASB based on public feedback and staff recommendations.</p> <p>Although members of the SASB are appointed by Directors, they are granted full and final authority over standards-setting; they operate independently and are delegated authority for standards setting by the Directors.</p>
	<p>2. What could necessitate an update to the standards? What is the cycle for updates—is it more frequent for fast-changing industries? What test determines whether standards need updating, and how is that decision made?</p>	<p>The revised <i>SASB Rules of Procedure</i> specifies a minimum of a three-year timeframe for regular reviews and updates (as needed) to the standards. It also makes a new provision for interim updates to address emerging issues requiring more immediate response by the SASB. Proposed updates, including interim updates, will be based on changes in market factors that impact the likelihood or intensity of material sustainability-related risks and opportunities, as indicated by independent research and/or stakeholder input, in the professional judgment of the SASB and its staff.</p>
	<p>3. PwC asked that the <i>SASB Rules of Procedure</i> articulate the interpretations process more clearly (governance, due process, transparency, public comment period); what is the authoritative standing of interpretations?</p>	<p>Under the revised <i>SASB Rules of Procedure</i>, interpretations will go through the same agenda-setting and approval process as other updates and will then become part of the authoritative source of the standards.</p>
	<p>4. Some respondents said the Exposure Draft provided no information on what is really meant by “consultation” with industry, or on who makes determinations of cost-effectiveness and how.</p> <ul style="list-style-type: none"> • Teck Resources asked how often is ‘regular’ (“The SASB will regularly consult with relevant stakeholders ...”) and in what way 	<p>In the revised <i>SASB Rules of Procedure</i>, “consultation” is clarified; it involves direct consultation with issuers and investors to obtain feedback on the materiality of impacts related to the topics identified in the standards, on their quality in terms of decision-usefulness and cost-effectiveness,</p>

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	<p>will stakeholders—in particular, corporate issuers—be engaged?</p>	<p>and to identify changing or emerging issues.</p> <p>As discussed in the revised <i>SASB Rules of Procedure</i>, SASB will subject the standards to a “regular” review process every three years, but intends to maintain ongoing communications with issuers regarding materiality, implementation, and other issues.</p>
<p>Balance/weight of stakeholder views</p>	<p>1. Stakeholders raised the question of whether investors’ needs and views should be prioritized in the SASB’s standards-setting.</p>	<p>The SASB’s goal has been, and continues to be, issuing standards that facilitate the disclosure of material information in a way that is decision-useful for investors and cost-effective for issuers. SASB believes that meeting these goals will allow investors to obtain the information they need without placing an undue burden on corporations. SASB standards are designed for use in mandatory filings through the existing mechanism for disclosure in the U.S. (i.e., Forms 10-K, 20-F, and 40-F). These forms, and the Commission that oversees this communication, are designed for the protection of investors.</p>
<p>Decision-making criteria for standards</p>	<p>1. Some stakeholders commented on the “threshold” for determining materiality.</p> <ul style="list-style-type: none"> • AHAM asked SASB to incorporate specific language in the <i>SASB Rules of Procedure</i> to ensure research meets the “threshold criteria of being evidence- and science-based when considered for standard development.” It also said that the 75 percent target (mentioned in the Exposure Draft) is good, but a vote of disagreement must be accompanied by a comment and the standards development committee must consider all comments and attempt to resolve disagreement. • CFA Institute asked about the rationale for choosing the 75 percent threshold and what happens if the threshold is not met. <p>2. Some stakeholders asked how SASB will evaluate cost-effectiveness.</p> <ul style="list-style-type: none"> • CFA Institute asked: How is cost-effectiveness established? Is it via anecdotal information from respondents? What is done to verify this? What type of costs are considered? In financial accounting, companies would overstate direct and indirect costs, so the CFA Institute recommended SASB should ensure there is 	<p>The revised <i>SASB Rules of Procedure</i> removes references to a 75 percent threshold, and provides more information on the vote of the SASB to approve updates to the standards.</p> <p>The SASB is commissioning an independent cost-benefit analysis to help determine the potential costs to issuers in providing disclosures using SASB standards. This will help inform the SASB on how best to consider and assess cost/benefit as part of its ongoing standard-setting process. The SASB will also actively engage with issuers in implementation reviews to identify specific</p>

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	<p>no assumption of cost constraints that have not been empirically substantiated.</p> <ul style="list-style-type: none"> • PwC commented that cost-effectiveness is important because sustainability reporting currently has weaker internal controls. PwC asked SASB to explain further how it will analyze cost-effectiveness during implementation review, and clarify how it is expected to affect topic selection. 	<p>challenges to data collection, assurance, or reporting.</p>
	<p>3. IEEE suggested that the <i>SASB Rules of Procedure</i> should clarify weighting/decision-making criteria for research projects to be promoted inside of SASB.</p>	<p>The SASB staff will undertake research with respect to standards as directed by the SASB to facilitate technical agenda-setting or an understanding of updates that are needed for the standards. When issues are raised by market participants, are clearly material to investors, and require research to formulate a disclosure approach, the SASB will undertake this research via its staff or with the assistance of Advisory Committees or Groups in cooperation with the SASB.</p>
Others	<p>1. Teck Resources asked SASB to clarify its alignment with the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), the Dow Jones Sustainability Indices (DJSI), and others as they change.</p>	<p>The SASB incorporates metrics from other standards or frameworks in two ways:</p> <p>1) Direct reference: If one of the metrics included in a SASB standard is a direct reference to another organization's protocol, then by definition, when theirs is updated so is the SASB's by reference to the current standard.</p> <p>2) Derived from: A SASB standard may include a metric that is based on another standard, but required updating to be compliant with financial reporting boundaries, for example, or so the output would be decision-useful for investors. In these cases, if the source metric changes, SASB Standard's will not change with it unless an update is deemed necessary and issued.</p> <p>The SASB maintains a list of the 200 other organizations that it references in the standards on its website, and each reference is noted in the technical protocols of the standard in which it is relevant.</p>
	<p>2. What is the Sustainability Accounting Code? What</p>	<p>The revised <i>SASB Rules of Procedure</i></p>

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	is its function within the standards-setting process?	makes reference to “standards” rather than a “Code” as the authoritative source of the SASB standards.
	3. CFA Institute suggested articulating the mechanisms and frequency of assessing the overall effectiveness of the different institutional organizations, as well as the link between internal/ external resourcing inputs versus organization outcomes.	As indicated in the revised <i>SASB Rules of Procedure</i> document, the Directors oversee the Foundation and delegate authority for standards-setting to a newly appointed technical board known as the SASB. Please see Table 1 in the updated <i>SASB Rules of Procedure</i> document for a delineation of roles and activities of the SASB. Effectiveness is determined by adherence to the <i>SASB Conceptual Framework</i> and <i>SASB Rules of Procedure</i> and quality of outcomes.
	4. Some organizations cautioned that SASB should not claim that its approach “represents a ‘consensus’ based on alleged industry input.” <ul style="list-style-type: none"> • EEI said the standards don’t achieve industry consensus because the individuals who participated in SASB’s Industry Working Groups (IWGs) represented their own personal views, and SASB did not involve the major industry associations. 	The SASB’s provisional standards development process sought broad consensus on the likely materiality of disclosure topics for each industry based on input from diverse stakeholder voices. Going forward, the SASB’s standards-setting and maintenance process involves deep consultation with key issuers in each industry to further ascertain the likely materiality and other impacts of the standards and metrics.
	5. Teck Resources suggested SASB demonstrate how companies have applied SASB standards, maintain a public list of issuers who have applied the standards to date, and white papers on key learnings in their application. IEE also asked about adoption and whether there will be certifications.	The SASB does not intend to certify issuers for compliance with the standards. It will continuously monitor the landscape of company disclosure, which is summarized in the annual State of Disclosure Report, including use of the standards in company filings. The standards are designed for use in mandatory SEC filings as part of compliance with existing disclosure regulations.

Responses to Comments Received: SASB Conceptual Framework

The following table summarizes key comments received on the *SASB Conceptual Framework* and SASB's responses.

Issue Area	Summary of Key Comments	SASB Response
ANSI compliant process	1. Several respondents mentioned SASB's claims around being an ANSI-accredited standards developer. Although this point was not as integral to the <i>SASB Conceptual Framework</i> as to the <i>SASB Rules of Procedure</i> , the Exposure Draft of the <i>SASB Conceptual Framework</i> still mentioned SASB's use of an ANSI-based process.	The revised <i>SASB Conceptual Framework</i> and <i>SASB Rules of Procedure</i> remove references to SASB as an "American National Standards Institute-accredited standards developer." An expert-led process, overseen by individuals with expertise in standards-setting and financial reporting, is more appropriate to development of the SASB standards than one managed under ANSI-accreditation.
Reporting and validation	1. One respondent asked whether error boundaries would improve the decision-usefulness of the metrics.	Current financial disclosures are reported as single items, without reference to error bounds or ranges. Similarly, SASB expects issuers to use the standards to report sustainability data from company records and would not anticipate any significant differences in data gathering and reporting protocols.
	2. Respondents asked how to determine the reporting boundary for an organization.	Reporting boundaries are addressed in technical protocols for the standards. SASB recommends following financial reporting boundaries.

Issue Area	Summary of Key Comments	SASB Response
Materiality definition	1. Some stakeholders wondered whether SASB's definition of materiality was too narrow and should be broadened.	<p>The SASB has identified disclosure topics that meet the materiality definition set forth by the Supreme Court and used by the SEC—that is, information that would significantly alter the “total mix” of information available to the reasonable investor and, consistent with Item 303 of Regulation S-K and the two-part test that companies use to determine their disclosure obligations, would affect the financial condition or operating performance of a company.</p> <p>Adherence to this definition allows the SASB to focus its standard-setting on the small handful of critical, industry-specific sustainability issues that are likely to be important to both companies and their investors.</p>
SEC filings as venue	1. One respondent questioned whether SEC documents are the right place for this information.	<p>Companies are required to disclose material information, as appropriate, in SEC filings. Investors rely on SEC filings to obtain key information on corporate performance, as this information has been vetted by senior management and its preparation has been given thoughtful consideration and is subject to appropriate controls, oversight, and assurance. Thus, from both the corporate and investor perspectives, SEC filings are the natural place for material sustainability information that is reasonably likely to have a bearing on a company's financial condition or operating performance. Incorporation of material sustainability information into these mandatory filings may also eliminate the need for companies to engage in other costly and non-standardized questionnaires and voluntary reports in order to furnish information to investors.</p>

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Relationship to other reporting frameworks	<p>Some respondents inquired about SASB's relationship to and/or overlap with other sustainability reporting frameworks.</p> <ul style="list-style-type: none"> • One respondent asked about SASB's alignment with other reporting frameworks such as CDP, GRI, IIRC, and the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD). • Another respondent wondered whether the SASB is duplicative of other existing reporting organizations. 	<p>SASB, as described generally in the <i>SASB Rules of Procedure</i> and <i>SASB Rules of Procedure Conceptual Framework</i>, and as specifically demonstrated in the standards and metrics themselves, seeks to align with other organizations that have established metrics for sustainability reporting. When the SASB's due process determines that a sustainability issue is reasonably likely to have material impacts on companies in an industry, it identifies the best metric to capture performance on that issue for ease of use by investors. The SASB draws upon metrics from more than 200 other organizations in its standards—these organizations are referenced in the standards' technical protocols and published on SASB's website. They include regulatory bodies, industry associations, voluntary reporting frameworks, and others. To the extent possible, the SASB is committed to incorporating metrics that are already in use in order to maintain the cost-effectiveness of the standards.</p> <p>SASB's purpose is not duplicative of the efforts of other organizations. However, SASB is the only organization that produces sustainability standards specifically for use in SEC filings, for the purpose of providing material information to investors.</p>