



Subject: Minutes, SASB Standards Board Meeting – September 19, 2019

Meeting Date: September 19, 2019
Meeting Location: Fordham University, New York City
Attendees: The SASB Standards Board

Daniel L. Goelzer, JD, Senior Counsel, Baker & McKenzie LLP (ret.)
Elizabeth Seeger, Director, Sustainable Investing, KKR
Jeffrey Hales*, PhD, Charles T. Zlatkovich Centennial Professor of
Accounting, University of Texas at Austin
Kurt Kuehn, Former CFO, UPS
Lloyd Kurtz, CFA, Senior Portfolio Manager and Head of Social Impact
Investing, Wells Fargo Private Bank
Marc Siegel, Partner, EY
Robert Hirth, Jr.** , Senior Managing Director, Protiviti; Chairman
Emeritus, Committee of Sponsoring Organizations of the Treadway
Commission (COSO)
Stephanie Tang, JD, Director of Legal, Corporate Securities, Stitch Fix
Verity Chegar**, Director, Sustainable Investing, BlackRock

*SASB Chair

**SASB Vice Chair

Observers/Participants:

Anton Gorodniuk, Lead Analyst
Bryan Esterly, Director of Research - Standards
David Parham, Director of Research - Projects
Ekaterina Hardin, Analyst, Extractives & Minerals Processing Sector Lead
Gail Glazerman, Analyst, Resource Transformation & Renewable Resources
Sector Lead
Janine Guillot, Director of Capital Markets Policy and Outreach
Kelli Okuji Wilson*, Analyst
Marvin Smith, Stakeholder Outreach Manager
Shivani Kuckreja*, Associate Analyst
Taylor Reed*, Analyst, Consumer Goods Sector Lead
Tom Riesenber, Director of Legal & Regulatory Policy

Closed Meeting

On the morning of September 19, 2019, the SASB Standards Board received an internal update from Marvin Smith, Stakeholder Outreach Manager, regarding the SASB Standards Advisory Group matters, and an update from Janine Guillot, Director of Capital Markets Policy and Outreach. No standard setting issues were discussed.

Public Meeting

The Standards Board Chair called the public meeting of the Board to order at 12:30 p.m. on Thursday, September 19, 2019. He stated that the objective of the September 19th meeting was to hear back from the Research Team regarding implementation efforts, and about research done to help guide thinking about prioritization of standard-setting projects. The following meeting on September 20th will focus on specific projects proposals. The Chair noted that the entire board was in attendance with Stephanie Tang participating remotely. The broadcast began at 12:30 p.m. ET.

The Chair continued by reviewing the project driven approach that SASB uses to consider making changes to the standards. Moving forward, the Research Team has been working on a framework for thinking about the prioritization of standards-setting projects around eleven characteristics. This framework was a key point of discussion for the meetings on September 19th and 20th as the Research Team looked to the Board to identifying the characteristics that they viewed as top priority.

Implementation Status

The Director of Research for Standards opened this session by reviewing recent data about SASB references in corporate use and disclosures. Following this, a member of the Research Team elaborated on the extent to which SASB monitors, analyses and seeks investor feedback on implementation status. He explained that we have observed a range in the quality of reporting and dived deeper into the type of feedback received from companies regarding barriers to implementation. He also highlighted what steps companies take in order to produce high quality reporting.

Continuing, staff explained that the types of questions that companies bring to SASB focus on five topics: conceptuality, practicality, presentation, legality and technicality. He concluded by mapping the 11 characteristics from the framework for thinking about the prioritization of standards-setting projects to the five topics identified from the types of questions brought forth by companies and organizations to SASB about implementation barriers. The Board also discussed the topic of format of disclosures as a common issue that is raised by companies.

The Director of Research for Standards concluded this section by speaking to market feedback and identifying that the greatest opportunities for improvement gravitate around conceptuality, practicality and presentation, or, as articulated by the Chair: the what, why, and how for implementation.

SAG Survey Feedback Report

The Stakeholder Outreach Manager opened this session by explaining that a recent SAG Member Experience Survey was designed to help SASB understand how members of the SAG

use the standards. The goal of the survey was to leverage SAG member feedback to inform agenda prioritization efforts. This survey is a starting point to a conversation SASB plans to continue to facilitate and SASB understands that the results of the survey are biased due to the respondents being familiar with the SASB standards.

In total, 95 SAG members replied, 68 corporates and 27 investors. The survey scope covered 9 of the 11 prioritization characteristics.

The key findings from the survey were:

1. Corporate respondents found the Application Guidance useful and would appreciate more.
2. Both corporate and investor respondents identified topics and metrics as relevant, financially material and decision useful.
3. Respondents were familiar with the Technical Protocol and would appreciate more clarity.
4. Respondents consistently highlighted climate and human capital as key thematic issues.
5. Respondents, especially those operating across multiple industries, felt there were opportunities to improve industry descriptions.

The Board dived into the methodology of the survey, some specific data points gathered from the survey and discussed the thematic findings in more detail such as the idea of creating more guidance and where that might be appropriate, as well as the feedback around how certain companies do not clearly fit into the existing industry descriptions.

The Stakeholder Outreach Manager concluded by discussing the next steps identified for this project.

Global Gap Analysis

A member of the Research Team opened this session by highlighting that because globalization is such an important organizational goal for SASB the Research Team identified a need to assess the global applicability of the standards as they are now in order to have a systematized process in moving forward. He reviewed the approach behind this project, especially highlighting the use of frequently occurring metrics categories to structure the metrics analysis. He dived further into the scope of the project and the detailed steps that the team took to conduct the research, emphasizing that during the assessment of global applicability of all the metrics the level of complexity was assessed, as well of the metrics that were identified as not globally applicable to give insights into prioritization as well as potential solutions to the uncovered challenges.

Preliminary results of the analysis showed that 82 percent of the total metrics are currently globally applicable. The Board discussed the complexity of the project as well as the nuanced findings, specifically that the use of nonexclusive references in the methodology helped to identify global applicability of metrics. They also reflected on barriers faced around language in the collection of data during this project and the various scenarios that analysts came across in the analysis.

Finally, the Lead Analyst mapped the findings of the project to the 11 prioritization characteristics for standards-setting projects and discussed possible next steps with the Board. The Board noted that examples of where gaps lie would be very helpful in thinking further about this project.

Consistency Review

A member of the Research Team opened this session by explaining that the team had been working on a high-level systematic analysis about the consistency of the various elements of the Materiality Map and understanding how this might suggest opportunities for improvements in the standards.

Corporate Reporting Dialogue Report

The Director of Research for Projects opened this session by reviewing the Corporate Reporting Dialogue and the Better Alignment Project launched by the CRD. He reviewed the participants of the project and the scope of the project as identifying commonalities and differences between the participants' frameworks and jointly working together toward better alignment.

The Director of Research for Projects and the Board dived deeper into Phase I and Phase II of the Better Alignment Project. Key highlights of the results thus far emphasize that additional clarity on purpose and use of various frameworks is needed. In general, all the participants' frameworks are aligned with and/or not in conflict with the TCFD's Principles for Effective Disclosure and are also aligned with the TCFD's 11 recommended disclosures. Finally, some significant differences were identified related to purpose, function, use, and audience of the participating frameworks.

The Director of Research reviewed suggested actions that SASB could take to address the surfaced issues and the Board raised questions around how those projects might be executed. They also discussed the potential of having a consolidated reporting platform, and that conducting this review is the essential first step to that.

Closing Discussion

Concluding the meeting, the Board discussed different ways of reporting on adoption and gathering data about third-party assurance. A Board member surfaced the idea of simplifying the 11 characteristics for prioritization of standard-setting projects and asked about how those 11 characteristics relate to the 5 types of feedback that companies bring to SASB: conceptuality, practicality, presentation, legality and technicality.

The Director of Research for Standards explained that the 5 dimensions are essentially a pathway to corporate adoption, and the 11 characteristics are traits of potential standard setting projects and that there are issues outside of standard setting that might fall into one of the five dimensions for corporate adoption such as general education, case studies, webinars, investor forums etc. They further discussed the details of how one might use these two frameworks for thinking about prioritization. The Chair adjourned the meeting at 4:19 p.m. ET and the broadcast ended at the same time.



Subject: Minutes, SASB Standards Board Meeting – September 20, 2019

Meeting Date: September 20, 2019
Meeting Location: Fordham University, New York City
Attendees: The SASB Standards Board

Daniel L. Goelzer, JD, Senior Counsel, Baker & McKenzie LLP (ret.)
Elizabeth Seeger, Director, Sustainable Investing, KKR
Jeffrey Hales*, PhD, Charles T. Zlatkovich Centennial Professor of Accounting, University of Texas at Austin
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Anton Gorodniuk, Lead Analyst
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Gail Glazerman, Analyst, Resource Transformation & Renewable Resources Sector Lead
Kelli Okuji Wilson*, Analyst
Marvin Smith, Stakeholder Outreach Manager
Shivani Kuckreja*, Associate Analyst
Taylor Reed*, Analyst, Consumer Goods Sector Lead
Tom Riesenbergh, Director of Legal & Regulatory Policy

Closed Meeting

On the morning of September 20, 2019, the SASB Standards Board received an internal update from Tom Riesenbergh, Director of Legal & Regulatory Policy, and an update from Bryan Esterly and David Parham, the Directors of Research regarding internal Research Team matters. No standard setting issues were discussed.

Public Meeting

The Standards Board Chair called the public meeting of the Board to order at 10:30 a.m. on Friday, September 20, 2019. He reviewed the focus of the prior day's meeting and reminded the Board that during this session they will be hearing specific project proposals from members of the Research Team. The Chair noted that the entire board was in attendance with Stephanie Tang participating remotely. The broadcast began at 10:30 a.m. ET.

Rules of Procedure & Conceptual Framework

A member of the Research Team opened these sessions by noting that she was looking to the Board to gain approval to advance revisions of SASB's governance documents, the Rules of Procedure and the Conceptual Framework. She noted that the governance documents do not currently reflect SASB's updated mission statement nor do they reflect SASB's focus on a project-based approach. She also emphasized the need to clarify and improve upon points of confusion in both documents. She continued by reviewing the work done thus far on these projects and highlighted that the project team for these projects will be tasked with defining the projects objectives, scope and plan in much more detail.

The Board further deliberated on the scope of the projects and the timelines for completion of the projects. One Board member further noted that the roles of the vice chairs should be clarified in the Rules of Procedure and that the financial materiality definition is a high priority item in the Conceptual Framework.

Noting support from the Board for these projects, the Chair approved of moving forward with both projects.

Human Capital

A member of the Research Team opened this session by stating that she was presenting a proposal to take look at the Human Capital framework as a research project, the focus of which is to assess scope and prevalence of various human capital management themes across sectors and industries, and to determine feasibility to create an evidence-based view on human capital management in the SASB standards. She further reviewed the objectives and outcomes of the project, and she also reviewed the sources of market feedback driving this project.

She then discussed fundamental shifts in human capital matters, the current human capital management issues in the SASB standards, and a preliminary gap analysis of those issues and known challenges and opportunities for SASB.

The Board raised questions regarding the research done for this project, deliberated on the scope and timeline for completion of the project, discussed FASB's approach to human capital matters, and how human capital stacks up against other cross-cutting issues the Research

Team has identified.

Noting support for these projects from the Board, the Chair approved of moving forward with a Human Capital research project.

Consumer Goods

The Director of Research for Standards prefaced the next three discussions by stating that these topics will not be project proposals but rather early stage ideas and concepts that the staff could turn into project proposals. The purpose of sharing them with the Board at this point was to have more examples to consider for the discussion around agenda prioritization, and to get some initial feedback from the Board around these topics.

A member of the Research Team opened this session by explaining that the need to examine the Apparel, Accessories and Footwear industry came out of her normal sector coverage of Consumer Goods. Recent media coverage about the environmental and social impacts of the fashion apparel supply chain guided her to examine the activities within the apparel industry, finding that there are vast differences in the requirements of those activities in terms of value chain. She further discussed specific findings and reviewed what 11 prioritization characteristics would map to this project if it were to turn into a formal research project.

The Board discussed some hypotheses around this research and agreed that this project might have to be redefined from a global perspective.

Extractives & Minerals Processing

A member of the Research Team opened this session by explaining that there are currently two areas of interest in the Extractives and Minerals Processing Sector: Climate driven energy transition and the management of waste and hazardous materials within the Metals and Mining industry. She mapped what 11 prioritization characteristics connect to these issues and highlighted media coverage of these issues. She continued by reviewing how these topics are currently reflected in the standards and what the findings of her preliminary research could mean for the future of the Extractives and Minerals Processing sector.

The Board reflected on what might become the scopes of the projects, to what extent SASB should seek to align with existing mainstream investor focused climate related disclosure frameworks, such as TCFD, and on how SASB could account for business model shifts within its existing industry classification system. Furthermore, the Board reflected on the need to approach these projects strategically and from a global perspective and reflected on investor interest in the disclosure of these issues due to recent catastrophes around the world.

Resource Transformation

A member of the Research Team began by highlighting that she has been focusing on two areas of research that might turn into formal research projects. One project is in Renewable Resources and whether the Pulp and Paper Products standards should incorporate the topic of bio-based products innovation. The other project is in Resource Transformation and about whether the Chemicals Standards should include a topic regarding feedstock management. The Analyst mapped the projects to the 11 prioritization characteristics and gave an overview about how the issues around the projects surfaced through her research, specifically focusing on shifts and changes in these industries on a global scale.

The Board raised questions related to the prevalence of the problems defined and about the research done so far.

Decision on Prioritization Discussion

The Director of Research for Standards began by reviewing the Research Team recommendation for ranking the 11 prioritization characteristics. The Board deliberated on the presented approach and especially highlighted globalization as a high priority. They discussed how project updates might be communicated to the public and reflected on the user experience of the SASB website. Finally, they reflected on internal operations regarding the management of and communication around projects. The Chair adjourned the meeting at 1:27 p.m. ET and the broadcast ended at the same time.

The final board meeting for 2019 is scheduled for December 4th.

Minutes prepared and submitted,



Blanka Fuzvolgyi, Operations Associate

Respectfully submitted for the record,



Jeff Hales, Chair of the Board