Delta Series for the Consumption 1 Sector
Changing Standards for a Changing World
8:30  **Host Remarks** – Curtis Ravenel, Bloomberg LP

8:40  **SASB Overview** – Jean Rogers, SASB

8:50  **Honored SASB Board Member** - Bob Eccles, Harvard Business School

9:00  **Keynote**: Cindy Fornelli, Center for Audit Quality

9:15  **SASB: Consumption Sector Overview and Looking Forward**
Katie Schmitz Eulitt, Jerome Lavigne-Delville, SASB

9:50  **Coffee Break**

10:10 **Delta Series Platinum Sponsor** - Bruno Bertocci, UBS

10:45  **Panel: Do Investors Care about Sustainability? Investor Relations vs. Institutional Investor Perspectives**, Ted Allen, NIRI, Carol Clark & Graham Staley
Anheuser-Busch InBev, Bruno Bertocci, UBS Global Asset Management

11:50 **Closing Remarks**- Matthew Orsagh, CFA Institute

12:00  **Lunch (followed by afternoon workshops)**
Special Thanks to Our Supporters

- Bloomberg Philanthropies
- GORDON AND BETTY MOORE FOUNDATION
- The Betsy and Jesse Fink FOUNDATION
- THE F.B. HERON FOUNDATION
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- generation foundation
- EILEEN FISHER COMMUNITY FOUNDATION
- THE ROCKEFELLER FOUNDATION
- TomKat Charitable Trust
- SASB Board of Directors
- The Grantham Foundation
- Metanoia Fund
Curtis Ravenel

Global Head, Sustainability Group
Bloomberg L.P.
Michael Bloomberg, SASB Board Chairman

"The more complete and reliable the information that investors have, the better markets work—and that benefits not only individual investors but all of society."
Jean Rogers
SASB CEO and Founder
Bob Eccles

Professor of Management Practice, Harvard Business School and Founding Chair, SASB Board
Some Reflections on Nonfinancial Reporting
Consumption Sector Delta Series Conference
Sustainability Accounting Standards Board
Professor Robert G. Eccles
October 16, 2014
A Brief History of Financial Accounting

Major Developments

- 1400s: Franciscan friar Luca Paccioli invents double-entry bookkeeping
- 1875: AICPA's predecessor, AAPA, formed
- 1887: SEC established, companies must now have financial statements audited by independent CPAs
- 1896: All states have CPA laws; 49 use Institute's Uniform CPA Exam
- 1933-34: GAAP become increasingly controversial
- 1936: Corporate merger movement draws attention to segment reporting; tension develops between accounting standards and executives
- 1936-60s: SEC usurps FASB's standards-setting body role
- 1950: Scottish and English Chartered Accountants settle in US to report on British interests
- 1954: Institute merges with American Society of CPAs to unite accounting profession nationally
- 1955-on: Arthur Andersen automates GE's payroll processing; accountants are first to use computers in business
- 1959: Increasing number of lawsuits filed against auditors, APB "attacked on all sides"
- 1960s: APB (Accounting Principles Board) formed in response to criticism of probity of Institute's committee on GAAP; partners of Big 8 firms would have a vote
- 1965-70s: FASB formed: profession loses its authority to pronounce GAAP to an independent body w. full-time members; Big 8 firm participation in
- 1973: Sarbanes-Oxley Act passed; FASB no longer funded voluntarily by companies, mandatory funding required
- 1990s: IASB formed: movement toward unification of GAAP and international standards
- 2001: 2002

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An Even Briefer History of Nonfinancial Accounting

IR Framework

1997

2001

2002

2010

2011

2013

2014

Climate Change Reporting Framework

GRI G4

SASB Board Additions:
Michael Bloomberg, Chair
Mary Schapiro, Vice Chair

Global Reporting Initiative™

One Report

Integrated Reporting

SASB

CDP

Building Public Trust

From Transparency to Performance

2010

2011

2013

2014

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Status of SASB Standards

- Health Care: 6 industries
- Tech and Comm: 6 industries
- Transportation: 8 industries
- Resource Transformation: 5 industries
- Renewable Resources and Alternative Energy: 8 industries

Yearly breakdown:
- 2013:
  - Q3: Financials: 7 industries
  - Q4: Non-renewable Resources: 8 industries
- 2014:
  - Q1: Services: 10 industries
  - Q2: Consumption: 15 industries
  - Q3: Infrastructure: 10 industries
  - Q4: Transportation: 8 industries
- 2015:
  - Q1: Resource Transformation: 5 industries
  - Q2: Renewable Resources and Alternative Energy: 8 industries
- 2016:
  - Q1: Tech and Comm: 6 industries
  - Q2: Transportation: 8 industries

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SASB provides guidance on the materiality of sustainability issues and standards for comparable disclosure to investors.

SASB is a practical application of integrated reporting for the U.S. capital markets.

SASB considers GRI guidance and other KPIs during its standard-setting process.

SASB standards for non-financial information complement FASB standards for financial information.

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Materiality and Societal Significance

- The SEC does not distinguish between financial and nonfinancial information in its treatment of materiality
  - Entity-specific
  - Binary
  - Requires judgment
  - Should ultimately be decided by the board of directors

- Materiality and Societal Significance determine
  - Reporting
  - Resource allocation amounts and techniques
  - Stakeholder engagement
  - Opportunities for innovation
**Sustainable Value Matrix**

### Societal Significant
- Sustainability reporting
- High stakeholder engagement
- No capital investments (but significant engagement expenses)
- Minor innovation

### Material Societal
- Integrated reporting
- Very high stakeholder engagement
- New capital budgeting
- Major innovation

### Potential/Developing
- No reporting
- Minimal stakeholder engagement
- Minor (if any) expenses for stakeholder engagement
- No innovation

### Material
- Integrated reporting
- Medium stakeholder engagement
- Traditional capital budgeting
- Moderate innovation
Four Recommendations*

1. The IIRC needs to establish certification criteria for integrated reports
2. Market and regulatory forces need to be in proportion and evolve by country
3. The Big Four firms and the accounting profession need to be more proactive
4. All key reporting organizations need to collaborate to clarify their respective and mutual messages

Cindy Fornelli

Executive Director, Center for Audit Quality
Investor Data, Policy Insights

Cindy Fornelli
Executive Director
Center for Audit Quality

SASB Consumption Sector Delta Series Conference
October 16, 2014
New York, NY
CAQ 2014 Main Street Investor Survey

• Confidence in Capital Markets

Percentage of those who have some, quite a bit, or a great deal of confidence

Source: The CAQ’s Eighth Annual Main Street Investor Survey
CAQ 2014 Main Street Investor Survey

• Confidence in U.S. Public Companies

Percentage of those who have some, quite a bit, or a great deal of confidence

* Change is statistically significant; Source: The CAQ’s Eighth Annual Main Street Investor Survey
Investor Data, Policy Insights

CAQ 2014 Main Street Investor Survey

- Confidence in Entities to Look Out for Investors

  *Percentage of respondents expressing confidence that each entity is effective in looking out for investors’ interests*

<table>
<thead>
<tr>
<th>Entity</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
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<tbody>
<tr>
<td>Independent auditors who audit publicly traded companies</td>
<td>75</td>
<td>72</td>
<td>70</td>
<td>67</td>
</tr>
<tr>
<td>Independent audit committees of publicly traded companies</td>
<td>71</td>
<td>69</td>
<td>65</td>
<td>63</td>
</tr>
<tr>
<td>Financial advisors and brokers</td>
<td>70</td>
<td>69</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td>Stock exchanges</td>
<td>70</td>
<td>55</td>
<td>50</td>
<td>48</td>
</tr>
<tr>
<td>Financial analysts</td>
<td>68</td>
<td>65</td>
<td>63</td>
<td>60</td>
</tr>
<tr>
<td>Credit rating agencies</td>
<td>64</td>
<td>57</td>
<td>54</td>
<td>49</td>
</tr>
<tr>
<td>Investigative journalists</td>
<td>58</td>
<td>62</td>
<td>60</td>
<td>58</td>
</tr>
<tr>
<td>Corporate management of publicly traded companies</td>
<td>54</td>
<td>52</td>
<td>48</td>
<td>51</td>
</tr>
<tr>
<td>Government regulators and oversight</td>
<td>50</td>
<td>50</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Corporate boards of directors</td>
<td>49</td>
<td>49</td>
<td>46</td>
<td>47</td>
</tr>
<tr>
<td>Congress</td>
<td>24</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

NA: Not available; Source: The CAQ’s Eighth Annual Main Street Investor Survey
Investor Data, Policy Insights

Cindy Fornelli
Executive Director
Center for Audit Quality

SASB Consumption Sector Delta Series Conference
October 16, 2014
New York, NY
Sustainability Accounting Standards Board

Consumption Sector Overview and Looking Forward

October 16, 2014

Katie Schmitz Eulitt
Director, Stakeholder Engagement

Jerome Lavigne-Delville
Director, Standards Development

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Agenda

• SASB Progress Snapshot
• The Why
• The How
• The What
• Investor use of SASB research and data
• Consumption Sector Findings & Next Steps
SASB Standards Issued to Date

standards issued to date
SASB Progress Snapshot

SASB standards draw wide interest across the global capital markets

>4,200
STANDARDS DOWNLOADS
in 65+ countries

27% Other
Countries

Top Capital Markets
1. U.S. ($25.9B)
2. E.U. ($10.4B)
3. Japan ($4.6B)
4. Hong Kong ($3.1B)
5. China ($3.9B)

Source: WFE, June 2014
The Path Ahead

By 2016, SASB will have issued standards for more than 80 industries in 10 sectors:

- **Health Care**: 6 industries
- **Tech and Comm**: 6 industries
- **Transportation**: 8 industries
- **Resource Transformation**: 5 industries
- **Renewable Resources and Alternative Energy**: 8 industries
- **Financials**: 7 industries
- **Non-renewable Resources**: 8 industries
- **Services**: 10 industries
- **Consumption**: 15 industries
- **Infrastructure**: 10 industries
Focusing specifically on US-listed companies, how satisfied are you with the information currently being provided by these companies on the following topics?

- How risks and opportunities are identified and quantified in financial terms
- Comparability of sustainability reporting between companies in the same industry
- Relevance and implications of sustainability risks issues
- How the company identifies social and environmental impacts in its supply chain
- Key performance indicators related to each identified material issue
- Sustainability strategy that is linked to business strategy
- Internal governance of sustainability issues
- Process used to identify material sustainability issues

Investors are challenged to understand how non-financial performance impacts returns

Source: PwC

Sustainability Goes Mainstream, May 2014
Half the Picture is Inadequate
In an intangibles-focused economy, the impact of non-financials on business value is magnified

Components of S&P 500 Market Value

- 1975: 17% Intangible assets, 83% Tangible assets
- 1985: 32% Intangible assets, 68% Tangible assets
- 1995: 32% Intangible assets, 68% Tangible assets
- 2005: 20% Intangible assets, 80% Tangible assets
- 2010: 20% Intangible assets, 80% Tangible assets

Source: Ocean Tomo, LLC Annual Study of Intangible Asset Market Value

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Enter SASB
Filling the void, enhancing market efficiency with improved non-financial disclosure

SASB envisions a world where a shared understanding of corporate sustainability performance allows companies and investors to make informed decisions that drive value and improve sustainability outcomes.

SASB’s mission
The mission of SASB is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors.

That mission is accomplished through a rigorous process that includes evidence-based research and broad, balanced stakeholder participation.

Facts about SASB
• Independent 501(c)3 non-profit
• American National Standards Institute (ANSI) accredited standards developer
• Developing industry-specific standards for 10 sectors and 80+ industries
• Guided by the U.S. Supreme Court’s definition of materiality, SASB prioritizes topics of disclosure and standardizes the form of disclosure.
The Universe of Sustainability Issues

How do companies prioritize? How do investors understand ESG value drivers?

Environment

- Climate change
- Environmental accidents and remediation
- Water use and management
- Energy management
- Fuel management and transportation
- GHG emissions and air pollution
- Waste management and effluents
- Biodiversity impacts

Social capital

- Communications and engagement
- Community development
- Customer satisfaction
- Customer health and safety
- Disclosure and labeling
- Marketing and ethical advertising
- Access to services
- Customer privacy
- New markets

Human capital

- Diversity and opportunity
- Training and development
- Recruitment and retention
- Compensation and benefits
- Labor relations and union practices
- Employee health, safety and wellness
- Child and forced labor

Business model and innovation

- Long term viability of core business
- Accounting for externalities
- Research, development and innovation
- Product societal value
- Product lifecycle impact
- Packaging
- Product pricing
- Product quality and safety

Leadership and governance

- Regulatory and legal challenges
- Policies, standards, codes of conduct
- Business ethics and competitive behavior
- Shareholder engagement
- Board structure and independence
- Executive compensation
- Lobbying and political contributions
- Raw material demand
- Supply chain standards and selection
- Supply chain engagement and transparency
Narrowing The Focus

SASB’s prioritization starts with a comprehensive set of sustainability issues
Rigorous, Transparent Process

SASB standards are rooted in evidence and shaped by consensus
Table 1. Material Sustainability Topics & Accounting Metrics

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>CODE</th>
<th>ACCOUNTING METRIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Medicines</td>
<td>HC0102-01</td>
<td>Description of initiatives to promote access to healthcare services defined by the Access to Medicine Index.</td>
</tr>
<tr>
<td>Drug Safety and Side Effects</td>
<td>HC0102-02</td>
<td>Description of initiatives to promote access to healthcare services defined by the Access to Medicine Index.</td>
</tr>
<tr>
<td>Safety of Clinical Trial Participants</td>
<td>HC0102-03</td>
<td>Description of initiatives to promote access to healthcare services defined by the Access to Medicine Index.</td>
</tr>
<tr>
<td>Access to Medicines</td>
<td>HC0102-04</td>
<td>Description of initiatives to promote access to healthcare services defined by the Access to Medicine Index.</td>
</tr>
<tr>
<td>Access to Medicines</td>
<td>HC0102-05</td>
<td>Description of initiatives to promote access to healthcare services defined by the Access to Medicine Index.</td>
</tr>
<tr>
<td>Access to Medicines</td>
<td>HC0102-06</td>
<td>Description of initiatives to promote access to healthcare services defined by the Access to Medicine Index.</td>
</tr>
</tbody>
</table>

SASB Standards and Technical Protocol

Access to Medicines

**Description**
Pharmaceutical companies play an important role in providing access to medicines. Firms can develop pricing frameworks that account for differing levels of needs across various countries. Further, the industry can target priority disease states and develop programs to access medicines.

**Accounting Metrics**

HC0102-01: Description of initiatives to promote access to healthcare services defined by the Access to Medicine Index.

01. Disclosure applies to initiatives the registrant, launched, funded, supported, sold, or marketed during the fiscal year that related to improving access to healthcare services in the form 10-K. The registrant was authorized for sale and available during the fiscal year. Initiatives that began or concluded during the registrant, however, should indicate this condition.

02. The following issues as they relate to access to healthcare services defined by the Access to Medicine Index:

- Discussion: research and development, pricing, policy and market access issues.
- Description: initiatives to promote access to healthcare services defined by the Access to Medicine Index.
- Accounting: metrics

SASB Industry Brief

**Evidence of Materiality | Pharmaceuticals**

The following graph demonstrates an aggregate assessment of how the top ten companies in the industry are currently reporting on material sustainability issues in the form 10-K. The analysis was completed in 2014, but the graph does not reflect disclosure on all issues.
Cost-Effective Disclosures
SASB provides a cost-effective way to report on material sustainability factors

SASB standards average 5 topics and 14 metrics (79% quantitative) per industry.
Materiality Map™
Visual tool to compare disclosure topics on an industry-by-industry basis
Welcome to SASB Standards Navigator Beta

Welcome to the SASB Standards Navigator, the source of authoritative SASB Standards recognized by SASB. To get started select a Sector and Industry below in order to view a SASB Industry Standard. To find a specific company's SICS Sector or Industry enter the company's stock ticker in the text box to the right.

Enter a company stock ticker to find the company's SICS sector and industry.
SASB Enterprise Resource Platform (ERP) Partner Program

Innovation for sustainability tracking and reporting

ERP Platforms:

- Track all SASB Metrics
- Assess data for accuracy
- Provide auditors a view tracked data
- Capture discussion and analysis alongside quantitative data
- Provide SASB technical guidance for all SASB Metrics
SICS Licensing™

1st launch of investable products through Corporate Knights Capital
Public Comment Portal
An online feedback tool for SASB stakeholders

SASB | Public Comment Portal

Welcome to SASB's Portal for Public Comment

Guidelines
SASB welcomes comments from the public. Those providing comments should keep in mind that the proposed disclosure standards are intended to be integrated in standard filings of publicly-traded companies, such as the Form 10-K. As such, they reflect auditable information that is likely to be material to investors and can be disclosed in a cost-effective manner.

SASB seeks feedback on both draft and provisional standards:
- In the third phase of SASB’s standards development process, SASB releases the Exposure Draft Standard for a 30 day public comment period. Public comment period is currently open for the Services sector. The deadline to submit comments is July 16.
- SASB standards are considered provisional for at least one year after the initial release. During this time, SASB welcomes feedback from the public. Public comment for provisional standards is open for the Health Care, Financials, Technology & Communications, and Non-Renewable Resources sectors.

Specifically, SASB would like comments to address the following:

Disclosure Topics
- Identify any disclosure topics in the Standards that may not be material to a reasonable investor, including an explanation.
- Suggest any disclosure topics not included in the Standards that may be material to a reasonable investor, including evidence supporting your assertion.

Accounting Metrics
- Provide comments to correct, improve, or add to accounting metrics in the standards.
- Suggest additional or alternate accounting metrics to measure performance with respect to a disclosure topic.

Cost Effectiveness
- How costly would it be for companies to collect, analyze, and report information required for the proposed accounting metrics?
- Do you anticipate this cost to be a barrier to reporting, adoption, or usage of the proposed accounting metrics?
- What aspects of reporting, if any, would you foresee being most costly for reporting organizations?

Click Here to Comment

Contact Us

Comment on the Standards
Phone: 415-630-5220
Looking Ahead

SASB is working with stakeholder groups in anticipation of finalization and adoption.

- Interrogate the quality of the standards
- Field-test implementability with PwC
- Assess investor usability with UBS
- Perform cost/benefit analysis
Making An Impact

SASB has gained broad support from all stakeholder groups

INVESTORS

“CalPERS supports the Sustainability Accounting Standards Board (SASB), and we encourage the SEC to continue its dialogue with SASB as they develop industry-specific sustainability accounting standards for publicly listed companies.”

Anne Simpson, CalPERS Senior Portfolio Manager and Director of Global Governance

ACCOUNTANTS

“The standards being developed by SASB are the clear answer to the compelling demand from almost all investors for broader disclosure of non-financial information.”

Samuel Di Piazza, Retired CEO, PricewaterhouseCoopers Intl.

COMPANIES

“In our quest to provide a fair, open and efficient market, we advocate for more standardized disclosure of material sustainability issues. SASB will help us immeasurably in this goal.”

Evan Harvey, Managing Director, NASDAQ OMX

LAWYERS

“SASB standards build a new wing on an existing structure in a modern context.”

Jeffrey Smith, Partner, Crowell & Moring
Standards Based on Materiality and Supporting Financial Analysis

Jerome Lavigne-Delville
Director, Standards Development

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A Shared Definition of Materiality

SASB is guided by the Supreme Court definition in prioritizing disclosure topics

“Material information” is defined by the Supreme Court as presenting a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the “total mix” of information made available.


### EVIDENCE OF INTEREST

Issue frequency in five data-driven tests:

- Financial risks
- Legal drivers
- Industry norms
- Stakeholder concerns
- Innovation opportunity

### EVIDENCE OF FINANCIAL IMPACT

Issue impact on financial value drivers:

- Revenue & Costs
- Assets & Liabilities
- Cost of capital
Evidence of Interest
SASB uses state-of-the-art technology to gather evidence of interest

Measures frequency with which **hundreds of topic-specific keywords** appear across different source documents

- SEC Filings (Form 10K, 20F)
- Legal and regulatory news
- CSR Reports
- Media
- Shareholder Resolutions
- Innovation-related news

Keyword searches powered by: Bloomberg
Evidence of Financial Impact

Financial analysis of sustainability performance

Financial Drivers

- REVENUE
  - Demand for Products & Services
  - Intangible Assets & Long-Term Growth

- COST
  - Operational Efficiency/Cost Structure
  - Valuation of Core Assets of Liabilities

Types of Financial Impact

- ASSETS & LIABILITIES
  - Operational Risk & Cost of Capital
# Evidence of Financial Impact

Financial analysis of sustainability performance

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>E&amp;S Impact of Products</strong></td>
<td><strong>Human Capital</strong></td>
<td><strong>Environmental Externalities</strong></td>
<td><strong>Impacts from Externalities</strong></td>
<td><strong>License to operate</strong></td>
</tr>
<tr>
<td>• Product safety</td>
<td>• Diversity</td>
<td>• GHG emissions</td>
<td>• ESG integration in investment</td>
<td>• Community relations</td>
</tr>
<tr>
<td>• Lifecycle impacts</td>
<td></td>
<td></td>
<td>• Stranded assets</td>
<td>• Systemic risk</td>
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<tr>
<td>• ESG solutions</td>
<td></td>
<td></td>
<td>• Climate impacts on agriculture</td>
<td>• Political spending</td>
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<td><strong>ESG impact on demand</strong></td>
<td><strong>Customer Responsibility</strong></td>
<td><strong>Human Capital</strong></td>
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<td><strong>Resource Constraints</strong></td>
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<td>• Disease migration</td>
<td>• Customer privacy</td>
<td>• Labor relations</td>
<td></td>
<td>• Materials sourcing</td>
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<tr>
<td>• ESG integration in financial services</td>
<td>• Labelling &amp; marketing</td>
<td>• Health &amp; safety</td>
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<td></td>
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<tr>
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<td>• Accident &amp; safety</td>
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<td>• Accident &amp; safety</td>
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<tr>
<td></td>
<td>• Business ethics</td>
<td></td>
<td></td>
<td>• Business ethics</td>
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</tbody>
</table>
Standards Support Financial Analysis

SASB standards support a variety of investment strategies

<table>
<thead>
<tr>
<th>MACRO TRENDS</th>
<th>PORTFOLIO ALLOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which industries are facing headwinds due to sustainability issues?</td>
<td>How can I diversify my ESG risk?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COMPANY BENCHMARKING</th>
<th>SECURITY VALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which companies are leaders? Which are laggards?</td>
<td>How should I adjust my discounted-cash-flow analysis for sustainability risk?</td>
</tr>
</tbody>
</table>
Consumption Sector Findings

Jerome Lavigne-Delville
Director, Standards Development

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Drivers of Sustainability Impact
License to operate, common capitals and externalities

Extensive **license to operate**
- Quasi public service
- Exclusive use of public goods
- Quasi monopoly
- Intellectual protection
- Fiduciary duty

Use of **common capitals**
- **Natural capital** (natures’ input to the factors of production).
- **Common capitals** such as infrastructure
- **Human capital**

High **costs on society** and negative **environmental externalities**
- **High impact on society**, including impact on public health, outsourcing and offshoring, and high incidence of corrupt practices.
- **Environmental externalities**, includes industries with large environmental footprint, (GHG emissions, pollution), or those subject to externalities (climate change, water scarcity).
ADAPTATION TO CLIMATE CHANGE AND WATER SCARCITY
Climate impacts prevalent across the sector, through crop yield or commodity prices, water scarcity. Impacts prevalent in direct operations and supply chain

PRODUCT STEWARDSHIP & SOCIAL UTILITY
Food safety and nutrition, labelling and marketing, responsible drinking, public health, packaging lifecycle and product design

LAND USE, ECOLOGICAL IMPACT AND GHG EMISSIONS
Land use and ecological impacts of large-scale and intensive operations needed to feed rising populations
# Suggested Material Issues for the Consumption I Sector

<table>
<thead>
<tr>
<th>Environment</th>
<th>Agricultural Products</th>
<th>Meat, Poultry, and Dairy</th>
<th>Processed Foods</th>
<th>Non-Alcoholic Beverages</th>
<th>Alcoholic Beverages</th>
<th>Tobacco</th>
<th>Household &amp; Personal Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Use &amp; Eco. Impacts</td>
<td>Land Use &amp; Eco. Impacts</td>
<td>Land Use &amp; Eco. Impacts</td>
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#DELTASERIES
Consumption Industry Working Groups
Composition, balance, gravitas, participation

- Agricultural Products
- Meat, Poultry, & Dairy
- Processed Foods
- Non-Alcoholic Beverages
- Alcoholic Beverages
- Tobacco
- Household & Personal Products

Balanced across interest groups
Corporations | Market Participants | Public Interest/Intermediaries

SASB INDUSTRY WORKING GROUPS REFLECT BROAD-BASED INTEREST

150 Surveys Completed
$8.1T Assets Under Management
$1.5T Market Cap
IWG Feedback on Disclosure Topics
General agreement on materiality of suggested disclosure topics

- For **84% of topics** across all industries, more than 75% of IWG participants agreed on materiality

### Industry Overview

<table>
<thead>
<tr>
<th>Industry</th>
<th>Completed surveys</th>
<th>Avg. approval</th>
<th>Lowest agreement</th>
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</thead>
<tbody>
<tr>
<td>Agricultural Products</td>
<td>27</td>
<td>88%</td>
<td>70%</td>
</tr>
<tr>
<td>Meat, Poultry &amp; Dairy</td>
<td>26</td>
<td>97%</td>
<td>85%</td>
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<tr>
<td>Processed Foods</td>
<td>29</td>
<td>89%</td>
<td>83%</td>
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<tr>
<td>Non-Alcoholic Beverages</td>
<td>18</td>
<td>77%</td>
<td>61%</td>
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<tr>
<td>Alcoholic Beverages</td>
<td>16</td>
<td>81%</td>
<td>69%</td>
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<tr>
<td>Tobacco</td>
<td>7</td>
<td>68%</td>
<td>43%</td>
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<tr>
<td>Household &amp; Personal Products</td>
<td>28</td>
<td>81%</td>
<td>75%</td>
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</table>
IWG Feedback On Accounting Metrics – Consumption 1
Building agreement on usefulness and cost-effectiveness of key metrics

86% Relevant / Useful
82% Cost-effective
75% Comparable*
81% Auditable

Average % of participants agreeing that metrics meet criteria

Not all SASB suggested metrics are quantitative, some require qualitative disclosure
## Industry Working Group Feedback for Consumption I Sector

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<th>Agricultural Products</th>
<th>Meat, Poultry, and Dairy</th>
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**Borderline IWG Approval: ~75%**  **Medium IWG Approval: 50-75%**  **Low IWG Approval: <50%**
SUSTAINABILITY ACCOUNTING STANDARDS BOARD

Accounting for a Sustainable Future
Coffee Break
9:50-10:05
Delta Series Platinum Sponsor - UBS

Bruno Bertocci, Managing Director, UBS Global Asset Management
Panel: Do Investors Care about Sustainability? Investor Relations vs. Institutional Investor Perspectives

Moderator: Ted Allen, Director of Practice Resources, National Investor Relations Institute (NIRI)

Panelists:
Carol Clark, Global VP, Beer & Better World, Anheuser-Busch InBev
Graham Staley, VP, Global Investor Relations, Anheuser-Busch InBev
Bruno Bertocci, Managing Director, UBS Global Asset Management
A Look into Recent Trends:

✓ Pressure from Activists
✓ Greater International Interest Europe
✓ Dissatisfaction With Current Disclosures
✓ Deluge of Questionnaires
Ceres has criticized the SEC for not following through on commitments outlined in the Commission’s 2010 guidance on climate change disclosure. Ceres’ Investor Network on Climate Risk, which represents $8T AUM, argues that climate change has become a major concern of the “reasonable investor.” Ceres members also filed 142 shareholder proposals on environmental issues this year.
Growing International Interest

Developments in the EU, India, and China, which are significant markets for many multinational companies, represent what now is a growing trend toward compelling greater transparency in corporate reporting of nonfinancial risks. Investors also are showing more interest. According to PwC, 82% said they consider climate change or resource scarcity in investment decisions.
Institutional Investors Are Dissatisfied With the Current State of Disclosure

Investors want better information from companies

Source: PwC Investor Survey, winter/spring series, May 2014

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Deluge of Questionnaires

Another challenge for many companies is coping with a flood of surveys, questionnaires, and information requests on ESG issues from advocacy groups, investor advocates, and research firms.

Companies are challenged to efficiently communicate their non-financial performance. Confusion in the Market Place.
Closing Remarks

Matthew Orsagh, CFA
Director, Capital Markets Policy
CFA Institute
October 2014
Cultures Change Slowly

Be patient
Where have we come From? Where are We going?

This man may be able to tell us

Spoiler alert – he’s dead
ESG Assets Under Management

UNPRI Progress

2014: 1260 Signatories

2006 ≈ 150
2010 ≈ 750

2014: $45 Trillion Assets Under Management

2006 ≈ $4 Trillion
2010 ≈ $20 Trillion
Demand for ESG Data

Bloomberg ESG Data Offered

2009: 72 data fields
2014: 733 data fields

Annual Data Pulls

2010: 49 Million (from August 2010-Dec 2010)
2011: 138 Million hits
2012: 173 Million hits
2013: 359 Million hits
ESG Data Disclosure Improving

CDP Disclosure Scores for S&P 500 Companies

Climate Disclosure leadership Index (CDLI):
Those is top 10% of disclosure included in CDLI

2009: Mean score of 80 (321 companies reporting)
2014: Mean score of 98.5 (348 companies reporting)
CFA Candidates Trained in ESG

200,000+ people taught ESG is part of investment process annually
Be Patient

Meet Luca Pacioli

Father of Modern Accounting

Born in Tuscany in 1445
(569 years ago)

Signs of Accounting’s Being Perfected Yet: None
8:30 Host Remarks – Curtis Ravenel, Bloomberg LP
8:40 SASB Overview – Jean Rogers, SASB
8:50 Honored SASB Board Member – Bob Eccles, Harvard Business School
9:00 Keynote: Cindy Fornelli, Center for Audit Quality
9:15 SASB: Consumption Sector Overview and Looking Forward – Katie Schmitz Eulitt, Jerome Lavigne-Delville, SASB
9:50 Coffee Break
10:10 Delta Series Platinum Sponsor – Bruno Bertocci, UBS
11:50 Closing Remarks – Matthew Orsagh, CFA Institute
12:00 Lunch (followed by afternoon workshops)
Accounting for a Sustainable Future