Conceptual Framework

RECORD OF PUBLIC COMMENT

October 2, 2013

Introduction

The following table outlines all comments received during the 45-day public comment period for the draft Conceptual Framework, which concluded on July 27, 2013. The table includes the name of the commenter, the type of comment, relevant comment excerpts and how SASB addressed the comment. Please note that the “Relevant Section of Draft Framework” refers to the sections in the draft Conceptual Framework, which had a different structure than the final Conceptual Framework.

Name, Affiliation of Person providing Comment	Relevant Section of Draft Framework	Topic of Comment	Comment Excerpts	SASB Response
Cary Krosinsky, Network for Sustainable Financial Markets	0	Definition of Sustainability	The draft CF also does not clearly explain scope of the terms “environmental, social and governance” factors – first encountered on page 3 (Introduction). Is “sustainability” a term that covers just E&S factors and related governance issues, or is it broader?	Comment addressed. Definition of sustainability was revised in new version of the framework to provide more clarity around the scope and definitions of its components.
Ed Waitzer, Stikeman Elliott LLP	0	SASB's General Principles	Edit general principles down. Relevance unclear.	Comment addressed in new CF version.
Geoff Rawle, Shearman & Sterling LLP	0	Definition of Sustainability	Introduction could emphasize that Sustainability means not how long the environment or society can sustain the business, but how long the business can sustain itself given its environmental, social and governance character. Subtle difference, but more investor focused. Target audience is investors, not environmentalists.	Comments addressed. Definition of sustainability was updated.

Jessica Fox, Electric Power Research Institute	1	Beneficiaries of Standards	It is clear that the focus audience for this framework is the financial community. However, throughout the Framework there are some conflicting statements regarding this audience. At times the audience is the "reasonable investor" (1.8-1.9) at others it's "investors and the public" (ex. 1.3, 2.1). It is our understanding that a "reasonable investor" and the "general public" are looking for different information pertaining to sustainability, and that their definitions of materiality are going to be significantly different. We encourage SASB to consistently emphasize (as they do in the "Other Beneficiaries" section) that while others may be interested in and use the information disclosed in the financial filings as a result of SASB standards, the definition of materiality and associated metrics is for the "reasonable investor."	The focus of the standards has been clarified with the reasonable investor as the sole beneficiary
Ed Waitzer, Stikeman Elliott LLP	1.1	Objectives of Sustainability Accounting and Disclosure	The discussion of "GAAP existing for the purpose of quantifying financial capital" opens up a discussion that I am not sure is relevant for our purposes. I, for one, wouldn't accept that statement (made several times in the exposure draft). To give a simple example, it ignores assets and liabilities.	The characterization of financial accounting was revised in the latest version of the CF to address this comment.
Geoff Rawle, Shearman & Sterling LLP	1.1	Beneficiaries of Standards	Tough section for me. 1.11 suggests disclosure rules are more collective, less individual focused. Investors might subsequently apply to industry to aid portfolio analysis. Rules for disclosure still apply to specific issuer.	Comment addressed through a further differentiation of beneficiaries between individual and portfolio investment.

Robert Herz, Formerly of FASB	1.1	Objectives of Sustainability Accounting and Disclosure	This sentence provides an inaccurate, incomplete , and misleading description of the mission of the FASB and purpose of US GAAP. Not sure where to begin in correcting this. For starters, financial accounting and ONE of the primary financial statements (the balance sheet) quantify and report in financial terms the assets , liabilities , and owners' equity ("capital ") of the reporting entity. This "capital" is the difference between the measured and reported assets and the measured and reported liabilities. The assets include monetary assets , physical assets (which may include "natural "assets), and certain intangible assets (some of which may relate to "human' assets) . The liabilities include financial liabilities and operating liabilities , some which may relate to environmental or societal obligations,. The SASB CF should not mischaracterize financial accounting and reporting or the mission of the FASB , but should more clearly explain the inherent limitations of it in providing relevant and decision-useful information on material matters relating to long-term sustainability and value creation.	The characterization of financial accounting was revised in the latest version of the CF to address this comment.
Andrew Park, Bloomberg LP	1.2	Definition of Sustainability	Regarding use of "sustainability": This is a contentious term with many meanings, but used here without dedicated context. Should it be footnoted? (Or referenced forward to Section 2.1?)	Comment addressed. Definition of sustainability was clarified and term is footnoted in other parts of the document.
Bob Willard, Sustainability Advantage	1.2	Objectives of Sustainability Accounting and Disclosure	Section 1.20 supports peer-to-peer comparisons. Consider including a benchmark which describes the KPIs for a truly sustainable enterprise in any industry sector. Then companies can be compared to each other by assessing how close they each are to a science-based "gold-standard" ESG benchmark. Such	Comment noted. However, like FASB, SASB makes no judgment about performance. SASB metrics provide the rigorous and reliable data on performance such that others can rate or rank. Investors and other analysis of the information will be able to assign judgment as to what constitute best practices or a gold standard based on SASB disclosure and benchmark performance.

Bob Willard, Sustainability Advantage	1.2	Systemic Sustainability Issues	As section 1.2 acknowledges, "SASB's concern is with accounting for forms of capital beyond financial capital, upon which firms and their investors rely for sustained, long-term value creation." Section 2.1 and 2.4 acknowledge the materiality of social capital. Section 3.32 acknowledges that SASB is researching human, social, and natural capital KPIs. However, the social capitals KPIs for the finance sector include treatment of employees and customers for some industries but not all, and none of them include community / social impact metrics. We need help from the accounting profession on appropriate, consistent metrics for these three capitals. Today, they are a black art. It would be especially helpful if SASB provided rigorous accounting guidance on how to measure social impacts / outcomes (rather than social outputs) in a more comprehensive way.	Comment Noted. While SASB provides a framework for consistent and comparable disclosures of material sustainability information, accounting and disclosure on sustainability topics is only selected for industries where the topic is material and therefore may not be addressed systematically in all industries. This concept is further elaborated in the Framework in the section on Systemic Sustainability Issues.
Cary Krosinsky, Network for Sustainable Financial Markets	1.2	Definition of Sustainability	On page 4 (in 1.2), the CF deals with accounting for forms of capital beyond financial capital, "…which include natural, human and social capitals." Later in the same paragraph, "SASB is also concerned with accountability of companies' management of corporate governance issues associated with sustainability." What does this mean, especially since clarity has not been provided on what is meant by "sustainability."?	Comment addressed. Definition of sustainability was revised and reference to the different capitals in new section 1.2 was replaced by the defined concept of sustainability.
Robert Herz, Formerly of FASB	1.2	Objectives of Sustainability Accounting and Disclosure	I believe the word "accounting "is somewhat misleading. The metrics and information that SASB develops are not part of a coherent accounting system. Rather they are part of a system of reporting certain information on certain matters. I would be pleased to discuss comments b1 and b2 more fully with you.	Comment addressed. Concept of sustainability accounting is now better defined as follows: SASB's approach to sustainability accounting consists in defining metrics or indicators – both qualitative and quantitative – that express a fair representation or "account for" company performance on material sustainability topics, for consideration by investors.

Cary Krosinsky, Network for Sustainable Financial Markets	1.3	Beneficiaries of Standards	At the end of 1.3, the CF notes that SASB standards are intended to provide a complete view of a corporation's performance and positioning with respect to material issues for the public, as well as investors. While addressing issues that are material to the public is a worthy goal, it is in tension with other CF statements about the investor focus of securities filings and the target investor audience for SASB standards. This tension, and the influence of broader public interests on SASB standards, should be clearly resolved. In addition, addressing public issues is inconsistent with the concepts of integrated reporting put forth by the IIRC. (The IIRC does not attempt to address the public's disclosure needs.) Introduction of this general public perspective also implies that the SASB standards could be a lot broader than just ES (and G) factors. (Nevertheless, we agree that ESG factors alone cannot fully capture an entity's value creation, either in terms of past or future cash flows.)	Comment addressed. Reference to public interest was removed and focus on investor interest is now emphasized as the sole beneficiary of the standards.
Cary Krosinsky, Network for Sustainable Financial Markets	1.3	Objectives of Sustainability Accounting and Disclosure	In 1.3, the CF introduces the notion of sustainability impacts, with reference to environmental, social and governance performance, and the term "sustainability fundamentals" is used. However, there is no definition of the scope and nature of such fundamentals (other than the implication that they differ from financial fundamentals).	Comment addressed. Fundamentals changed to information.

Geoff Rawle, Shearman & Sterling LLP	1.3	Objectives of Sustainability Accounting and Disclosure	objectives: wouldn't shy away from using the income statement analogy	Unclear what the comment is in reference to.
Adam Kanzer, Domini Social Investments	1.4	Objectives of Sustainability Accounting and Disclosure	The intention of this paragraph is very unclear, and is factually inaccurate. *The Form 10-K is a form of regulation, so it is unclear what it means to say that it is not a substitute for regulation. *Most importantly, the Securities and Exchange Act of 1934 was enacted specifically to serve a social purpose (See Section 2). The "public interest" is explicitly referenced more than 200 times in the Act and its various amendments.2 *"Companies are ultimately responsible for determining information material to their operations…" There are many notable exceptions to this in the securities laws in the areas of corporate governance and executive compensation, for example. It is critically important for investors to have more than just management's view of materiality. There is an even stronger case for taking a different approach for sustainability factors, as corporations have a long track record of failing to disclose this information under the current materiality standards. I think it would be helpful to state up front SASB's view that sustainability risks/opportunities vary by	First part of comment addressed. Reference to "substitute for regulation" was removed. Rest of comment noted. However, SASB operates within the strict boundaries of securities laws and the standards are not intended to absolve companies from their responsibility to determine what information is material and should be disclosed to investors. Similarly it is not SASB's role to assessment a company's failure to disclose material information - instead this is determined by the SEC or courts considering the specific context of a company's operations and disclosures.

			industry and sector, and to further explain why SASB is needed – this information is not being disclosed, despite its materiality to financial performance and social and environmental impact, rather than spend such time explaining how SASB intends to comply with a system that is currently not adequately serving investors' needs.	
Robert Stein, Crowell & Moring	1.4	Objectives of Sustainability Accounting and Disclosure	Although SASB recognizes that each company is ultimately responsible for determining information material to its operations and which it therefore must disclose in its SEC filings, including periodic and current reports and registration statements, SASB intends to facilitate comparable corporate reporting by developing key performance indicators unique to industries suitable for disclosure in such filings.	Suggested edits incorporated.
Cary Krosinsky, Network for Sustainable Financial Markets	1.5	Definition of Sustainability	Paragraph 1.5 introduces the notion of "material sustainability" issues, still without having explained the scope of what they are or providing a unified definition of the term "sustainability."	Comment addressed. Definition of sustainability and materiality strengthened and more prominently referenced throughout document.

Geoff Rawle, Shearman & Sterling LLP	1.5	Primary Users: Corporations Issuing Securities to the Public in the U.S.	Primary users: A duty to disclose arises from an offer or sale of securities to the public or periodic reporting obligations. If it doesn't make your message unclear, rather than "issue securities" consider "offer or sell". The legally relevant act for securities law purposes is the offer or sale not the issuance. Periodic reporting obligation do not necessarily come in concert with an offer or sale of public securities. "Or" is probably better than "and" and consider "periodic reporting requirements under the U.S. Federal securities laws" rather than "U.S. Federal disclosure requirements". Note that entities or than companies may be subject to public reporting – LLCs, MLPs, Trusts, REITs to name a few. Note that the JOBS Act changed the standard from 500 owners to 2000 owners. The opposite of "foreign" is "domestic" not national. Consider "disclosure requirements under the U.S. Federal securities laws". The chart highlights/summarizes specific "key" or "major" disclosure requirements; important to speak generally not exhaustively here (we don't include S-3, S-4, F-1, F-3, F-4, etc.). Forms are not requirements per se, they just indicate a format for how disclosure requirements must be satisfied. Consider adding "Form of" to the first column title. S-1 is most often filed by private not public companies, so best to strike "a public company's" from its timing of filing. S-1 needn't be the "initial" form. It's just the basic/simplest form. It is required by the "Securities Act of 1933" or the "Securities Laws," not by the SEC. S-1 is required for offers and sales of securities to the public, not "for public companies". For each of the periodic reports, consider adding "by companies subject to periodic reporting". Perhaps it would help readers to describe the forms in terms of "Annual Report," "Quarterly Report," "Current Report," "Foreign Annual Report," "Registration Statement"	Suggested edits incorporated.

Jeff Hales, Scheller College of Business, Georgia Institute of Technology	1.5	Primary Users: Corporations Issuing Securities to the Public in the U.S.	Regarding for use by publicly-held corporations: why so narrow?	Comment noted. Focus is determined by issuers who file Form 10-Ks or 20-Fs to the SEC. The standards are applicable to other entities, but are not enforceable by the SEC.
Robert Stein, Crowell & Moring	1.5	Primary Users: Corporations Issuing Securities to the Public in the U.S.	[2] Generally, a company must register a class of securities with the SEC under the Exchange Act (1) prior to listing such securities on a national securities exchange (e.g., NYSE and NASDAQ) or (2) if (A) the securities are equity securities and are held by more than 2,000 persons (or 500 persons who are not accredited investors) and (B) the company has more than $10 million in assets. A company with securities offered pursuant to a registration statement that is effective under the Securities Act, if such securities are not otherwise registered under the Exchange Act, is also subject to the bulk of reporting requirements of the Exchange Act.	Suggested edits incorporated.
Ed Waitzer, Stikeman Elliott LLP	1.6	Primary Users: Corporations Issuing Securities to the Public in the U.S.	In paragraph 1.6, shouldn't we be more precise? The reference should be to U.S. federal securities laws (i.e., there are lots of other legal disclosure requirements).	Suggested edits incorporated.
Ed Waitzer, Stikeman Elliott LLP	1.6	Primary Users: Corporations Issuing Securities to the Public in the U.S.	I'm not sure why we need Table 1.	Comment addressed. Table 1 is now Exhibit 1.
Robert Stein, Crowell & Moring	1.6	Primary Users: Corporations Issuing Securities to the Public in the U.S.	Both national and foreign companies—to the extent that they sell/offer their securities to the public, ***or their securities are traded on a national securities exchange,*** in the United States	Suggested edits incorporated.

Robert Stein, Crowell & Moring	1.6	Primary Users: Corporations Issuing Securities to the Public in the U.S.	SEC Disclosure Requirement: from "Form S-1" to "Securities Act Registration Statements (Forms S-1, S-3, S-4, S-8, S-11, F-1, F-3, F-4, F-8, F-9, F-10 and F-80)"	Suggested edits incorporated.
Robert Stein, Crowell & Moring	1.6	Primary Users: Corporations Issuing Securities to the Public in the U.S.	Description: In general, all securities offered in the United States must be registered under the Securities Act or must qualify for an exemption from the registration requirements. Registration statements must include, among other information, a description of the company's properties and business, a description of the security to be offered for sale, information about the management of the company and financial statements certified by independent accountants.	Suggested edits incorporated.
Robert Stein, Crowell & Moring	1.6	Primary Users: Corporations Issuing Securities to the Public in the U.S.	Added: Form 6-K in table	Suggested addition incorporated.
Adam Kanzer, Domini Social Investments	1.7	Primary Users: Corporations Issuing Securities to the Public in the U.S.	The intent and meaning of this paragraph is unclear.	Comment t addressed. Reference to foreign corporation is now: "Foreign companies—to the extent that they offer their securities to the public, or their securities are traded on a U.S. domestic securities exchange, in the United States—may be subject to disclosure requirements under the Securities Act and Exchange Act "
Geoff Rawle, Shearman & Sterling LLP	1.8	Primary Beneficiary: The “Reasonable Investor”	Not just publicly listed companies must report. Disclosure obligations arise from registering securities for offer and sale, listing on an exchange or triggering the size threshold (10m/2000). Consider saying just “public companies” or “companies subject to public reporting	Suggested edits incorporated.

			requirements" or footnote if you want to keep it simple.	
Robert Stein, Crowell & Moring	1.8	Primary Beneficiary: The "Reasonable Investor"	The U.S. securities laws seek to protect-investors by requiring publicly-listed companies ***and companies that make public offerings of their securities***	Suggested edits incorporated.
Adam Kanzer, Domini Social Investments	1.9	Primary Beneficiary: The "Reasonable Investor"	Delete "mainstream" and clarify the ultimate goal of investors. The current phrasing is unclear. Delete the second bullet referring to "specialty-focused investors." The exclusion of investors investing "for reasons other than economic purposes," implies that investors that have more than purely economic purposes in mind are not 'reasonable' investors. Although the intent of this exclusion is unclear, the implications of this statement are very clear – many will read this to exclude social investors, faith-based investors, labor funds and many public pension funds. SASB should embrace these categories of investors as "reasonable" investors. They are the most immediate audience for SASB's standards, and the most well-informed on sustainability issues.	Comment addressed. References to mainstream investors and specialty-focused investors were removed.
Andrew Park, Bloomberg LP	1.9	Primary Beneficiary: The "Reasonable Investor"	Specialty-focused investors: Would this encompass what we consider 'thematic investors'? Thought this term was a touch awkward...	Suggested edits incorporated.
Ed Waitzer, Stikeman Elliott LLP	1.9	Primary Beneficiary: The "Reasonable Investor"	I'm not sure why we start making references to "mainstream investors" (para 1.9) or their investment strategies. Aren't we trying to adhere to the legal definition of materiality? Likewise, why are we editorializing on certain investors that should be excluded? Is this really relevant to our focus?	Comment addressed. Reference to mainstream investors was removed.

Jeff Hales, Scheller College of Business, Georgia Institute of Technology	1.9	Primary Beneficiary: The "Reasonable Investor"	Regarding "Specialty-focused investors who are investing for reasons other than economic purposes:" - What other reasons are there? Who are these people or entities? Perhaps could be worded better. ESG issues are economic, not necessarily financial. Most reasons are economic.	Comment addressed. Reference to specialty-focused investors was removed.
Kathy Nieland, PricewaterhouseCoopers	1.9	Primary Beneficiary: The "Reasonable Investor"	Evidence of Interest - How will the SASB ensure that the shareholder resolutions examined and investors surveyed represent the perspective of a 'reasonable investor'? Shareholder resolutions are frequently proposed by shareholders that the SASB would exclude as specialty focused (p. 1.9). And the 'broader range of stakeholders' (p. 3.59) may not always reflect the interest of a 'reasonable investor'.	Comment addressed. Exclusion of specialty-focused investors were removed. In addition, shareholder resolutions are a proxy to assess stakeholder concerns, defined as "Issues that are of high importance to stakeholders, including communities, NGOs and the general public, or reflect social and consumer trends, and which rise to the level of interest to investors when they have economic implications."
Robert Stein, Crowell & Moring	1.9	Primary Beneficiary: The "Reasonable Investor"	"This excludes: Short-term traders who are not beneficial owners of the firm; Specialty-focused investors who are investing for reasons other than economic purposes."	Comment addressed. Reference removed.
Cary Krosinsky, Network for Sustainable Financial Markets	1.10	Institutional Investors, Fiduciary Duty and Portfolio Risks	In describing the fiduciary duties of institutional investors in 1.10, the duty of impartiality should be highlighted as part of the duty of loyalty. The duty of loyalty requires that fiduciaries align their investment practices so as to serve the interests of beneficiaries on an impartial basis. This requires that they balance the short- and long-term interests of young and older beneficiary groups, considering inter-generational fairness in managing risks, generating current returns and long-term capital growth and addressing cost of living / inflation issues. The systemic long-term effects of investment activities are important considerations for fiduciaries. These fiduciary issues have important implications for development of sustainability accounting and reporting standards.	Comment addressed. This section was revised to clarify the fiduciary duty of institutional investors in relation with sustainability issues.

Adam Kanzer, Domini Social Investments	1.12	Beneficiaries of Standards	This paragraph is correct, but suggests that these issues are not relevant to smaller or less broadly diversified investors. I would suggest that these issues are relevant to all investors. In fact, small investors with portfolios with concentrated ESG risks may be more vulnerable than universal owners. The universal owner thesis is helpful, but should not be necessary to demonstrate the need for improved ESG disclosure standards.	Comment addressed through a further differentiation of beneficiaries between individual and portfolio investment.
Barbara Brown, BrownFlynn	1.12	Beneficiaries of Standards	In 1.12, the framework states, "Identification of sustainability issues at the industry and sector levels enables the analysis of sustainability risks and opportunities across diversified investment portfolios..." The framework should clarify who will be able to recognize opportunities as a result of SASB's identification of sustainability issues as the industry level. Companies may be confused by this language, thinking that SASB is going to shed light on opportunities for their individual company. From the company's perspective, the SASB materiality maps will highlight only risks (not opportunities), and will serve as a policing tool that encourages them to focus on the "lower threshold" needed to remain compliant with SEC regulations. In the rest of the framework, SASB primarily uses the word, "risk" when it applies to companies and "opportunity" only as it applies to the Reasonable Investor. The only exception is in 4.5, where the framework explicitly states, "for those issues deemed material, SASB identifies industry-specific sustainability accounting metrics that enable a company to characterize their	Comment addressed in the definition of users for the standards. The materiality map is not the standard and should not be confused as such. The map is an input to the standards setting process. It prioritizes issues on the basis of materiality, i.e. relevance to a reasonable investor. Companies are able to comply with existing law in a cost-effective manner by using SASB standards to disclose their material impacts. They will save time and money in conveying performance on these issues to investors in a decision useful format. Because these issues are material, and therefore have economic impacts, a company may also derive economic benefits by

			performance with respect to the issues. The metrics may describe impacts as well as opportunities for innovation." Since the materiality maps are limited to the "lower threshold" and in essence will represent decade-old outputs of more advanced companies who use other frameworks, companies who look to SASB for inspiration will find themselves late to the game for sustainable innovations... SASB should be clear about what a company can expect to gain from focusing on the SASB framework--primarily a sustainability risk assessment.	managing performance on these issues.
Farha-Joyce Haboucha, Rockefeller & Co.	1.12	Institutional Investors, Fiduciary Duty and Portfolio Risks	We believe that the concept of addressing portfolio risk by seeking public disclosure on sustainability performance is important, but SASB needs to emphasize the importance of the integration of sustainability and ESG issues in both individual investment decision-making and overall portfolio construction.	Comment addressed through a further differentiation of beneficiaries between individual and portfolio investment.
Adam Kanzer, Domini Social Investments	1.13	Beneficiaries of Standards	Here the Framework states that SASB's goal is "broadening" the definition of materiality to include ESG information. The current definition already includes ESG information, however, as the SEC has made clear in its climate change guidance. I would suggest that SASB's goal is to "clarify" that this is the case and offer specific standards for eliciting this information, which has not been forthcoming. SASB also intends to "broaden" disclosures to include externalities, which are not generally captured by the current framework. I would also suggest that this paragraph be rephrased to affirmatively state that SASB's factors "will also benefit sustainable development." These things cannot ultimately be separated. It may no longer make sense to speak of primary and secondary beneficiaries.	Comment addressed. Distinction between primary and secondary beneficiary was removed.
Farha-Joyce Haboucha, Rockefeller & Co.	1.14	Beneficiaries of Standards	We believe that the concept of improving public disclosure on the performance of material ESG issues to enable investors to better understand systemic effects of corporate activities is an important one, but is not very well understood or utilized by the investment community at this time.	Comment addressed through a further differentiation of beneficiaries between individual and portfolio investment.

			The concept is sophisticated as it asks investors to understand how externalities from one industry can impact other industries and the overall public well-being. To implement this concept, we encourage SASB to emphasize the importance of integration of sustainability and ESG issues not only in individual investment decision-making, but in overall portfolio construction as well. SASB needs to provide guidance for how this can be operationalized.	
James McRitchie, Corporate Governance	1.14	Beneficiaries of Standards	Delete the word "large," since consistent public disclosure helps all investors, not just large investors.	Comment incorporated.
Ed Waitzer, Stikeman Elliott LLP	1.15	Beneficiaries of Standards	I'm not sure what paragraph 1.15 adds. The difficulty with making gratuitous comments is that some will take issue with them.	Comment incorporated. Paragraph removed.
Adam Kanzer, Domini Social Investments	1.16	Definition of Mainstream Investor	I would add references to the UN PRI and the Carbon Disclosure Project here. It would be helpful for SASB to define "mainstream," or simply avoid the term.	Comment addressed. Reference to mainstream removed. Reference to UNPRI is made later in their study of the way in which investors integrate sustainability issues in financial analysis.
Andrew Park, Bloomberg LP	1.16	Definition of Mainstream Investor	This transition is unclear: are you saying that the $3 trillion in AUM that take ESG into account constitutes "mainstream investor"? Wouldn't people see that group more as an SRI-defined group? Or are these two entirely unrelated statements of fact?	Comment addressed. Sentence clarified.
Cary Krosinsky, Network for Sustainable Financial Markets	1.16	Definition of Sustainability	There is ambiguity and uncertainty of meaning when, on page 7, in paragraphs 1.16 through 1.20, ESG and sustainability seem to be used interchangeably, but without definition. In addition, the second bullet in 1.17 talks of "sustained value creation" (rather than "sustainable value creation"). The fourth bullet simply refers to "key material issues," without further explanation.	Comment addressed. ESG and sustainability concepts now related in sustainability definition (Section 2), with footnote references when relevant in other sections of the Framework. Reference to key material issue changed to material sustainability issues. The concept of "sustained value creation" was meant here.

Geoff Rawle, Shearman & Sterling LLP	1.16	Definition of Mainstream Investor	Who are mainstream investors? Is this referring to 25.2 tr figure?	Comment addressed. Reference to mainstream investors removed.
Ed Waitzer, Stikeman Elliott LLP	2	Key Definitions and Approach	When we get to the discussion of key definitions and method for determining materiality, I had thought this might also be boiled down to one or two key points. We don't need to provide an extended discussion of the law.	Comment addressed. Discussion of the law was reduced to the minimum necessary to define the concept of materiality and explain SASB research method.
Farha-Joyce Haboucha, Rockefeller & Co.	2	Holistic Performance and Value Creation	We applaud the description of the Standards referring to factors that have the potential to affect corporations' long-term value creation in the interest of investors and the public. We believe in the concept that successful corporations need healthy societies. However, this concept appears to be undervalued in the current investment thinking environment and it needs to be revived and re-emphasized. It is crucial today to refocus corporations on the long-term path of value creation in order to help avoid the kind of financial crisis that occurred in 2008.	Comment noted
Geoff Rawle, Shearman & Sterling LLP	2	Holistic Performance and Value Creation	Sustainability metrics measure the availability of ESG resources, or suitability of ESG conditions, or adequacy of ESG conditions that a business needs to create value. Still a meaningful test if it references the public?	Comment addressed. Reference to the public here was removed.
Adam Kanzer, Domini Social Investments	2.1	Definition of Sustainability	The phrase "factors that have the potential to affect corporations' long-term value creation and are in the interest of investors and the public" needs unpacking. What is meant by "long term value creation"? What is implied by the conjunction 'and'? How is the public interest defined and how does SASB balance the public interest and investor interests? Would SASB consider a significant social impact to be material if it had only a tenuous relationship to cash flow, stock price or other	Comment addressed. References to the public and long-term value creation here were removed. Definition of sustainability was updated.

			financial metrics? Your reference to the public interest here is correct, but appears to be inconsistent with statements made up front about using the 10-K for social purposes. The balance of this paragraph is also unclear.	
Andrew Park, Bloomberg LP	2.1	Definition of Sustainability	"In order to remain consistent with the definition of materiality"? Something about "maintaining materiality" doesn't seem quite right.	Suggested edits incorporated.
Kathy Nieland, PricewaterhouseCoopers	2.1	Definition of Sustainability	The Conceptual Framework's definition of sustainability includes the argument that "the public deserve to be informed" (p. 2.1). This statement is inconsistent with traditional financial reporting which focuses on providing information that is material from the perspective of a reasonable investor, not the perspective of the public.	Comment addressed. Reference to the public here was removed.
Robert Stein, Crowell & Moring	2.1	Definition of Sustainability	As such, these impacts are closely associated with business models and operations and must be evaluated on an industry basis in order to maintain materiality.	Comment addressed. Sentence clarified.
Tom Quaadman, Center for Capital Markets Competitiveness, U.S. Chamber of Commerce	2.1	Definition of Sustainability	We agree with the SASB's recognition that the primary beneficiary and target audience of companies' reports it the long-term "reasonable investor", which excludes "specialty focused" shareholders, which pursue non-economic motives through their share ownership. In this regard, we believe the SASB should further clarify language throughout the Proposed Framework which suggests that disclosures should be tailored to the interests other than that reasonable shareholder For example, Paragraph 2.1 refers to the interests of "shareholders and the public," and, while we believe these interests are in the line with one another in many cases, such language could give the impression that the Conceptual Framework requires	Comment addressed. Reference to the public here was removed.

			disclosures tailored to interest other than the reasonable investor.	
Adam Kanzer, Domini Social Investments	2.4	Accounting for Non-financial Capital	It is critically important to note that “some forms” of environmental and social capital can be accounted in terms of assets and liabilities. Some cannot. This is where the concept of the ‘capitals’ starts to break down in terms of its usefulness. These are not, in fact, forms of capital. Monetizing these issues does not necessarily capture their true character. Capital is fungible, for example, while the world’s supply of polar bears or honey-bees is not. This paragraph is also unclear. What does the word “although” imply?	Comment addressed: Sentence now reads: "In addition, unlike financial capital, non-financial capitals associated with sustainability cannot always be reduced to a single fungible unit of measure, like a currency, that can be aggregated and accounted for as assets or liabilities."
Andrew Park, Bloomberg LP	2.4	Accounting for Non-financial Capital	"Clear flows": Not sure exactly what this means. Is there a simpler way to say this?	Comment addressed: Sentence now reads: "In addition, unlike financial capital, non-financial capitals associated with sustainability cannot always be reduced to a single fungible unit of measure, like a currency, that can be aggregated and accounted for as assets or liabilities."
Farha-Joyce Haboucha, Rockefeller & Co.	2.4	Accounting for Non-financial Capital	While we agree that SASB should provide information useful to investors as opposed to information that is more geared towards public policy decisions, we are not clear on what SASB means by “target setting.” We believe that one of the goals of corporate disclosure is to shed light on what targets a company could achieve so investors can utilize this information in their investment decisions. In Item 2.4, SASB makes the case that sustainability information is qualitatively different from financial information. However, in order for investors to understand and grasp the quality of that information, they need to know companies’ targets on sustainability and how they derive at those targets. We are not sure why SASB wants to avoid including “target-setting” as part of the materiality assessment framework of companies.	Comment noted. The concept of target-setting here was used in the context of policy making, not corporate management. Paragraph was clarified by using the term "for public policy- or government target-settings" instead. SASB does not and will not set targets for corporate performance.

Bob Willard, Sustainability Advantage	2.5	Accounting for Non-financial Capital	Section 2.5 says that "using universal metrics (comparable and additive across all industries and sectors) … will lead to disclosure on issues that are not material to all industries and add to the disclosure burden of companies." On the contrary, since ESG issues that are of interest to a broad range of important stakeholders are, by definition, material to company success (see 3.59), and since company success is material to investors, therefore ESG performance that is material to other important stakeholders is material to investors (see 3.61 and 3.62). Industry-specific ESG sub-issues and sub-metrics are helpful on material ESG issues, which is the value that SASB provides.	Comment addressed. Section 2.5 was merged into the section on relationship with Financial Accounting and the internal contraction noted in the comment was addressed in relevant part of the Framework.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	2.5	Accounting for Non-financial Capital	"add to the disclosure burden of companies" - Not so clear for multi sector firms	Comment addressed. Reference removed.
Adam Kanzer, Domini Social Investments	2.6	Accounting for Non-financial Capital	It is important to recognize that the "complete accounting" may actually be necessary to obtain a complete understanding of the risks and opportunities faced by the company. The Framework does not provide sufficient information to understand what will be left out that may be useful. The very next paragraph, 2.8, states that SASB will offer a "scientifically accurate and complete accounting." The two paragraphs appear to directly contradict each other.	Comment addressed. The Concept of complete accounting here refers to accounting for the benefit of public policy or government target-setting, not corporate accounting. Paragraph was moved to the Cost-benefit analysis section and updated as follow: "When identifying accounting metrics for material sustainability issues, SASB will default to the minimum information that is still decision-useful (i.e., it presents a relative view of performance by which peers can be compared), rather than a complete accounting that may be necessary for public policy- or government target-settings. "

Bill Baue, Sustainability Context Group	2.6	Accounting for Non-financial Capital	...We do not agree with the mutual exclusivity the Exposure Draft implies in 2.6 and 2.7, whereby the minimum decision-useful information for comparing performance between peers and industries necessarily precludes a degree of accounting or information associated with scientific accuracy and target setting. To the contrary, we believe investors and other end-users of SEC-mandated material information have a right to expect, at minimum, data that aligns with scientific accuracy and underpins target setting.	Comment noted. SASB's mission is to provide decision useful information, which means the ability to discern relative differences in corporate performance, not absolute, weighing the costs and benefits of providing such information. Information provided in the Form 10-K is not meant for public policy- or government target-settings, where absolute values are necessary.
Farha-Joyce Haboucha, Rockefeller & Co.	2.6	Accounting for Non-financial Capital	Item 2.6: We agree with the basic concept and especially with the idea that SASB's purpose is to provide information that primarily supports investment decision-making. Our concern, however, is with the qualification that "SASB will default to the minimum information that provides decision-useful information." We are not sure how the determination of what constitutes minimum information will be derived.	Comment addressed. Reference to minimum set of information is now included under a section of the Framework about cost-benefit analysis and reads as follows: "When identifying accounting metrics for material sustainability issues, SASB will default to the minimum information that is still decision-useful (i.e., it presents a relative view of performance by which peers can be compared), rather than a complete accounting that may be necessary for public policy- or government target-settings."
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	2.6	Accounting for Non-financial Capital	How does the 75 percent rule and other criteria factor in to this objective??	Reference to 75% was removed.

Robert Herz, Formerly of FASB	2.6	Accounting for Non-financial Capital	I'm confused. I thought the goal is to identify "material" information to be reported .	Comment addressed. Section 2.6 was merged into the section on relationship with Financial Accounting.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	2.7	Accounting for Non-financial Capital	Industry level measures are not the objective or outcome of this process. Also differentiation of firms is not incompatible with use for regulatory purposes. Follow the FASB lead on this issue? Focus on investors (and maybe others?) because they lack the ability to prescribe the information they need? Who are the stakeholders of interest?	Comment addressed. Paragraph removed.
Jessica Fox, Electric Power Research Institute	2.7	Accounting for Non-financial Capital	Further, 2.7 states, "SASB is concerned with differentiating performance between issuers and industries, not with providing a scientifically accurate and complete accounting for regulatory purposes." Because this information is not scientifically accurate or complete, SASB should clarify that the reported information is not intended to be used as a basis for environmental regulatory compliance decisions, rules, or proceedings.	Comment addressed. Paragraph removed and concept addressed in following paragraph in the cost benefit analysis section; "When identifying accounting metrics for material sustainability issues, SASB will default to the minimum information that is still decision-useful (i.e., it presents a relative view of performance by which peers can be compared), rather than a complete accounting that may be necessary for public policy- or government target-settings. SASB is concerned with differentiating performance between issuers and industries, not with providing a scientifically-accurate, and complete accounting, for regulatory purposes. "

Jeff Hales, Scheller College of Business, Georgia Institute of Technology	2.8	Relationship to US GAAP and Fair Value Accounting (FVA)	Remove section: Relationship to US GAAP and Fair Value Accounting (FVA)	Comment addressed. Section removed.
Kathy Nieland, PricewaterhouseCoopers	2.8	Relationship to US GAAP and Fair Value Accounting (FVA)	The SASB's discussion of "pricing" environmental and social capital (p. 2.8 & p. 2.10) and the relationship of US GAAP and Fair Value Accounting does not substantially contribute to the Conceptual Framework or provide substantial guidance to companies. Further, this discussion may expose the Conceptual Framework to criticism and resistance by mainstream companies and investors. Finally, the discussion of "Pricing implies the SASB's accounting standards will seek to quantify the value of discrete social and environmental topics, rather than seeking to ensure reasonable investors have access to the "total mix" of information in their decision making process. The SASB should either remove p. 2.8 - 2.10 to focus on its primary objective and avoid unnecessary criticism or provide compelling evidence to substantiate its assertion.	Commend Addressed. Section was removed and certain elements were merge into section on Relationship with Financial Accounting. Reference to pricing was removed and emphasis added on access to the total mix of information.
Robert Herz, Formerly of FASB	2.8	Relationship to US GAAP and Fair Value Accounting (FVA)	Same as comment b1.	Comment addressed. Section 2.8 was merged into the section on relationship with Financial Accounting and comment addressed as part of new merged section.
Adam Kanzer, Domini Social Investments	2.9	Relationship to US GAAP and Fair Value Accounting (FVA)	Many non-financial issues cannot be priced, or are of infinite value. How does SASB intend to address this?	Commend Addressed. Section was removed and certain elements were merge into section on Relationship with Financial Accounting. Reference to pricing was removed and emphasis added on access to the total mix of information.

Andrew Park, Bloomberg LP	2.9	Relationship to US GAAP and Fair Value Accounting (FVA)	Is this the right word? The lead-up suggests that we're talking about valuation, which I think to be different from performance. Just seeking clarification!	Comment addressed. Section removed.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	2.9	Relationship to US GAAP and Fair Value Accounting (FVA)	"SASB will seek to define parameters that express a true and fair representation of actual performance, for consideration by investors and analysts." -This makes it sounds like you are coming up with a new set of financials. I don't think this is the objective.	Comment addressed. Section removed.
Bob Willard, Sustainability Advantage	3	Method for Determining Materiality of Sustainability Issues	Further, the ESG issues for each sector and industry should be mapped into the 3 x 3 matrix in Figure 1 on page 23, so that all ESG issues are acknowledged and the rationale is more transparent for selecting the subset of ESG issues that is material enough to warrant disclosure for each sector and industry. The credibility, integrity, and attractiveness of the SASB process and its disclosure guidance would be significantly enhanced by making this rigor more open and transparent to potential users.	This figure was removed. Comment was noted and this method is actually used by the research team to characterize all material issues proposed by SASB
Cary Krosinsky, Network for Sustainable Financial Markets	3	Method for Determining Materiality of Sustainability Issues	Page 16 addresses “Accounting for Other Forms of Capital and Externalities – A Concept of Holistic Performance and Value Creation.” While this appears to be a response to Integrated Reporting and the IIRC’s draft Reporting Framework, the IR/IIRC concepts and definitions of the capitals do not line up with SASB’s references to some (but not all) IIRC capitals. It would also be helpful if SASB's use of the terms ES&G would map conceptually or definitionally onto the IIRC capitals (which themselves are still a work in progress).	Comment addressed. Specific reference removed. Definition of sustainability was clarified with respect to different nomenclatures (ESG, capitals etc.).
Geoff Rawle, Shearman & Sterling LLP	3	Method for Determining Materiality of Sustainability Issues	Might break up legal info definition of materiality, and what sustainability issues are material.	Comment addressed. Definition of materiality was improved and separated from the SASB method.
Geoff Rawle, Shearman & Sterling LLP	3	Method for Determining Materiality of Sustainability Issues	Initial review of table of contents – unclear what to expect from section 3	Comment noted.

Jeff Hales, Scheller College of Business, Georgia Institute of Technology	3	Method for Determining Materiality of Sustainability Issues	This links most closely, but is actually only being used for items considered emerging but not yet material.	Comment addressed. Elements of forward looking adjustment were edited to "High / systemic impact with low probability and externality
Robert Herz, Formerly of FASB	3	Method for Determining Materiality of Sustainability Issues	The existing section 3 is very long and to me it seems to cover both conceptual matters as well as describing at length your processes for identifying material issues. Therefore, you might consider trying to first focus the document on key concepts and to later separately in the document cover relevant aspects of your process.	Comment incorporated. Principles now addressed earlier in the document and method for determining material sustainability issues in a following section.
Robert Herz, Formerly of FASB	3	Method for Determining Materiality of Sustainability Issues	A conceptual framework is meant to assist the standard setter in dealing with issues it will encounter over time in a coherent and consistent manner. Therefore, I suggest you try to do a bit of internal "road testing" of the document amongst your standard setting group by identifying some thorny issues you have already encountered in your standard setting activities and asking yourselves whether the material in the draft conceptual framework actually helps you resolve these matters in a clear and consistent manner . If so, great. If not, why not and what do you need to address in the conceptual framework in order to accomplish that goal?	Comment noted. The document was revised with this consideration in mind and in consultation internally with SASB staff
Robert Herz, Formerly of FASB	3	Method for Determining Materiality of Sustainability Issues	It seemed to me that the organization and sequencing could be improved by moving Section 4 on the Characteristics of Sustainability Accounting and Disclosure up in the document to be Section 3 and by including "material" as one of the key characteristics with a short discussion of materiality.	Comment addressed. Principles now addressed earlier in the document and materiality defined as a key definition.
Robert Stein, Crowell & Moring	3.2	The Legal Definition of Material Sustainability Issues	The U.S. securities laws, and rules and regulations promulgated thereunder, require disclosure of certain material information~~.~~ The U.S. Supreme Court has stated that a fact is material if, in the event such fact is omitted from a disclosure document, there is “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.”	Edits incorporated

Robert Stein, Crowell & Moring	3.3	The Legal Definition of Material Sustainability Issues	(mainly Forms 20-F ***and 6-K***)	Edit incorporated.
Farha-Joyce Haboucha, Rockefeller & Co.	3.4	The Legal Definition of Material Sustainability Issues	We strongly support the emphasis on protecting the interest of long-term shareholders, but we question the de-emphasis on potential investors as they could become shareholders as well. SASB stresses the role of active (current) shareholders.	Comment addressed. Exclusion of potential investors was removed.
Geoff Rawle, Shearman & Sterling LLP	3.4	The Legal Definition of Material Sustainability Issues	Some readers may not share the premise that sustainability information is material; so "if" may be better than "when"	Unclear what the comment is in reference to.
Geoff Rawle, Shearman & Sterling LLP	3.5	Known Trends, Demands and Uncertainty – the MD&A Section of Form 10-K	Perhaps a little more introduction on how this fits /why this is relevant	Comment addressed. This section was revised to provide more context.
Betty Moy Huber, Davis Polk	3.9	Known Trends, Demands and Uncertainty – the MD&A Section of Form 10-K	The SEC continues to focus on MDEA (or in the case of 20-F filers, "Operating and Finance Review and Prospects" (OFR)) disclosure, key focus areas include material known trends and uncertainties. *Footnote: Item 5 of Form 20F contains OFR requirements.	Comment addressed.
Geoff Rawle, Shearman & Sterling LLP	3.9	Known Trends, Demands and Uncertainty – the MD&A Section of Form 10-K	Might tie this back to sustainability metrics? i.e. the companies must consider if sustainability data are known trends, demands or uncertainties and so they must be disclosed.	Comment addressed.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	3.9	Known Trends, Demands and Uncertainty – the MD&A Section of Form 10-K	Referencing governmental accounting standards?	Comment addressed. Reference removed in update of section.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	3.12	Legal Proceedings	If this is the route, why not design KPIs to fit into exactly these areas?	Unclear what the comment is in reference to.

Ed Waitzer, Stikeman Elliott LLP	3.14	Evidentiary Requirements for Materiality at the Industry Level	Nor was I sure what paras 3.14 and 3.15 add.	Comment addressed. Section was removed.
Geoff Rawle, Shearman & Sterling LLP	3.14	Evidentiary Requirements for Materiality at the Industry Level	Title and chart seem to establish varying thresholds. Threshold [Significance of Impact] [level of impact][relevance] for Materiality Determination. Evidence does not seem like the best terminology. Preparation of “periodic reports” rather than “Form 10-K”. Consider adding “for reporting purposes” to the end of the sentence. Extra (.	Comment addressed. Section was removed.
Jessica Fox, Electric Power Research Institute	3.14	Evidentiary Requirements for Materiality at the Industry Level	The draft Conceptual Framework discusses the SASB process for identifying material issues for industries, with a potential interpretation that identification of issues may automatically trigger disclosure requirements. However, section 3.14 and 5.4 state that companies make the ultimate determination of materiality. The draft does not specify what a company does if they determine that an issue deemed material for the industry through SASB’s process is actually not material for the company. Options may include not reporting on that indicator at all, making a statement that the issue is not material, or providing a narrative as to why the issue has been deemed not material for the company. EPRI recommends that SASB provide guidance for addressing this situation, as well as expectations for disclosure.	Comment noted. Specific disclosure guidance is provided in the standards themselves.
Robert Stein, Crowell & Moring	3.14	Evidentiary Requirements for Materiality at the Industry Level	SASB is approaching the question of materiality as a company would in the preparation of its Form 10-K upon the guidance of the Supreme Court and SEC. However, SASB recognizes that a company has the ultimate responsibility under the securities laws to determine which facts are material to it, and a court of competent jurisdiction is the sole arbiter of whether an omitted fact is material.	Comment addressed. Section was removed.
Geoff Rawle, Shearman & Sterling LLP	3.15	Evidentiary Requirements for Materiality at the Industry Level	Chart is difficult for me – doesn’t company determination of materiality attempt to match the courts’ determination of materiality? Why would companies ever want to disclose more than they are required to by courts, given disclosure creates liability? Not sure I follow how U.S. courts’ determination differs from Company determination.	Comment addressed. Chart was removed.

			Would have thought SASB wants its metrics to have the same threshold of materiality as others.	
Robert Stein, Crowell & Moring	3.15	Evidentiary Requirements for Materiality at the Industry Level	Unlike an individual company, which make materiality assessments at the company level based on its unique circumstances, SASB will develop its standards based on materiality assessments at the industry level. This approach will lead to the development of standards that will likely be material to most, if not all, companies within such industry.	Comment addressed. Section was removed. Relevant elements merged into other sections of the Framework.
Adam Kanzer, Domini Social Investments	3.18	Industry-level Approach and SICS	If companies with similar products and services have similar impacts, there is an argument that the information is not material. The MD&A is meant to focus on what differentiates an issuer from its peers, not what is similar: "Item 503(c) specifies that risk factor disclosure should clearly state the risk and specify how the particular risk affects the particular registrant; registrants should not present risks that could apply to any issuer or any offering."3 This presents an important opportunity for SASB to challenge the current SEC model and to create space for disclosure of externalities and systemic risks.	Comment noted. We are not presenting risks that apply to ANY issuer or offering. We are asking companies to present performance on issues that apply to their industry and their peers, so that investors can benchmark performance. It is through the presentation of performance that the unique aspects of a company's situation are presented. SASB addresses externalities and systemic risks where they present a potential impact to an investor's portfolio.

Farha-Joyce Haboucha, Rockefeller & Co.	3.18	Industry-level Approach and SICS	Companies operating in the same sector may have very different business models. Therefore, we do not agree with the assertion that companies that provide similar products and services tend to have similar business models and use resources in the same way. Strategies can affect business models and outsourcing, for example, can be part of one company's business model and strategy, but may not be part of another company's in the same industry. Our concern is that by making that assumption without extensive research into the possible business models of an industry, SASB could miss setting standards for some important criteria that differentiate companies based on their businesses.	Comment noted. SASB agrees that materiality is ultimately determined at the company level, in light of its specific context of operation. However, SASB cannot create standards that are customized for all individual situation. Instead, materiality is determined at the industry level as guidance for what issues are likely to be material. Industries are conceived as representative of the operating structure of most companies in the industry. There may very well be additional company specific issues that are not addressed. However, as a standards setting body, we have to focus on the issues that are most likely to apply to all companies within an industry. This provides a minimum set of issues for disclosure that are comparable in a cost effective manner. It does not provide the maximum set.
Jessica Fox, Electric Power Research Institute	3.18	Industry-level Approach and SICS	Further, it is stated in section 3.18 that material issues are identified at an industry level because "companies that provide similar products and services tend to have similar business models…" SASB should be aware that this is not necessarily true in regards to the electric utility industry. There are several business models in this industry which can impact the materiality of certain sustainability issues. We have also learned through our own work on the EPRI Materiality Assessment that other externalities including, but not limited to, geography, level of stakeholder engagement, and regulators can impact what a company deems material. SASB should be aware of these differences as it develops the standards for the utility industry and also recognize that this impacts the need for clear	Comment noted. SASB agrees that materiality is ultimately determined at the company level, in light of its specific context of operation. However, SASB cannot create standards that are customized for all individual situation. Instead, materiality is determined at the industry level as guidance for companies to make their own materiality determination. Industries are conceived as representative of the operating structure of most companies in the industry.

			guidance regarding reporting of SASB-identified issues deemed by a company to be immaterial.	
Cary Krosinsky, Network for Sustainable Financial Markets	3.19	Industry-level Approach and SICS	Section 3.19 states that up to 80 % of market capitalization (and thus shareholder valuation risks) are materially comprised of intangible assets. How the SASB conceptual model maps to this valuation estimate could be more clearly delineated, even in rough approximation and level of valuation coverage.	Comment noted. Link between SASB materiality determination and intangible value is addressed in several sections of the Framework, both conceptually (Section 1 on Characteristics) and practically in the research method (Section 3). Also specific reference removed.
Geoff Rawle, Shearman & Sterling LLP	3.19	Industry-level Approach and SICS	Are IP, intangibles and brand excluded from financial performance? What about intangible assets FAS 142 or going concern valuation? Seems to contain an assumption that these are poor reflections of real value. Any empirical support for this assumption?	Comment noted. Section on relationship with Financial accounting further articulates that many aspects of intangible value is already addressed in financial accounting. Also specific reference removed.
Cary Krosinsky, Network for Sustainable Financial Markets	3.20	Systemic Sustainability Issues	The definition of the material “capitals” that are cross-cutting and core to the conceptual framework could use further clarification. a. Section 3.2 identifies cross-cutting issues but provides limited definition of what all is included in each category, how they impact the materiality map and how they would be applied in the standards setting process: i. Natural Capital (same as Environmental factors or issues?) ii. Social Capital iii. Human Capital iv. Innovation and ESG Products and Services v. Leadership and Governance	Comment addressed. Reference to the capitals is now used in the definition of sustainability and was divorced from the definition of cross-cutting issues (now systemic issues).
Geoff Rawle, Shearman & Sterling LLP	3.21	Industry-level Approach and SICS	seems to be the start of a new SASB-specific section	Comment noted

Ed Waitzer, Stikeman Elliott LLP	3.25	Systemic Sustainability Issues	I had the same concerns when I got to para 3.25 – don't we want to keep this tied very directly to the legal concept of "materiality"? The same applies to much that follows – very interesting but doesn't really go to defining our basic conceptual framework (and, I suspect, can only lead to losing some of our audience).	Comment addressed. Definitional elements were removed from this section, which now only address SASB method w/r/t systemic issues
Farha-Joyce Haboucha, Rockefeller & Co.	3.25	Systemic Sustainability Issues	We generally support SASB's approach to cross-cutting issues, but we caution that some cross-cutting issues may prove material for some industries in the future and therefore some careful thought needs to be given as to how this is approached.	Comment noted. SASB Approach on systemic sustainability issues will be applied at the initial research process phase and as SASB periodically updates its standards.
Adam Kanzer, Domini Social Investments	3.26	SASB Approach to Cross-cutting Issues	This paragraph criticizes existing efforts as producing information on "immaterial" issues without "sufficient benefit." It is unclear what is being criticized here, and how SASB will address this concern. The Supreme Court definition of materiality is flexible. If concerted efforts by investors are producing new disclosures, these disclosures may indeed be material.	Comment addressed. Reference to disclosure on immaterial issues was removed.

Adam Kanzer, Domini Social Investments	3.26	Systemic Sustainability Issues	It is curious – and concerning – to see a sustainability-focused organization declaring “as a matter of principle” that it will not address certain ESG issues.	Comment noted. This sentence must be understood in context of the paragraph, as follows: "However, SASB will not, as a matter of principle, systematically include certain sustainability issues in the disclosure standard for all industries. Instead, SASB will systematically assess the materiality of these issues, understanding how they specifically and uniquely impact, or are impacted, by business in all 10 sectors and 88 industries for which it develops standards. Ultimately, SASB will ensure that any cross-cutting systemic sustainability issue included in the standard meets the definition of materiality in Section 2."
Adam Kanzer, Domini Social Investments	3.29	Systemic Sustainability Issues	3.29 and 3.30: These paragraphs are very unclear. To take one cross-cutting issue, greenhouse gas emissions are relevant across industries. Why would the metrics for measuring them change?	Comment noted. Systemic sustainability issues will be evaluated for all industries but their inclusion in the standards will hinge on whether such issues are material for each specific industry. This includes climate change. Metrics will also be different for similar issues in different industries. For example, In real estate, geographic location of vulnerable assets, or the average energy efficiency, in airlines, the age of the fleet and the fuel efficiency (gallons per passenger mile) matter, as well as the fuel hedging practices of the airlines, which can mask a need for conservation or fuel switching, in automobiles, the fuel efficiency of the fleet in mpg (CAFÉ standards) and the alternative fuel vehicles under development are key metrics.

Andrew Park, Bloomberg LP	3.29	Systemic Sustainability Issues	This last part is a bit confusing to me.	Comment addressed. Section on systemic sustainability issues was revised for clarity and simplification.
Bob Willard, Sustainability Advantage	3.29	Systemic Sustainability Issues	Section 3.29 says that “only certain key industries are truly relevant for cross-cutting issues,” and 3:30 says that “requiring universal disclosure on cross-cutting issues poses the risk of requiring immaterial information and undermines SASB’s efforts to streamline ESG disclosure by focusing on issues that drive value creation.” Some industries will be able to do better on some cross-cutting issues that others, but that doesn’t mean they should not report on risks and opportunities associated with material generic, cross-cutting issues like climate change, water, human capital and political contributions (as acknowledged in 3.38), and how the company is adding to human capital, social capital, and natural capital (as acknowledged in 3.32). All industries should report on cross-cutting issues, because their performance on those issues is critical to their ability to drive holistic value creation for important stakeholders, including investors.	Comment noted. Systemic sustainability issues will be evaluated for all industries but their inclusion in the standards will hinge on whether such issues are material for each specific industry.
Robert Herz, Formerly of FASB	3.29	SASB Approach to Cross-cutting Issues	Is “relevant“ the correct word here ? Do we mean that only certain industries are impacted by material cross-cutting issues?	Comment addressed. Reference to "relevant" removed.
Adam Kanzer, Domini Social Investments	3.30	SASB Approach to Cross-cutting Issues	I would also discourage SASB from making decisions about its framework based on recent court decisions, as is suggested at the end of paragraph 3.30 as this is an evolving area, and the court	Comment addressed. Reference removed.

			decisions are problematic and not entirely consistent.	
Farha-Joyce Haboucha, Rockefeller & Co.	3.31	SASB Approach to Cross-cutting Issues	Timing of issues is an important variable when considering disclosure. It is probably the most worrisome issue for sustainability reporting as many companies are relying on a determination of timing that is quite different from that of many stakeholders. Climate change is a prime example of such a potential timing discrepancy. SASB needs to work on solving for that discrepancy.	Comment addressed. Timing of impact of issues is addressed in definition of materiality and method to determine materiality at the industry-level.
Adam Kanzer, Domini Social Investments	3.32	Systemic Sustainability Issues	The list of "cross-cutting" issues is unclear. Why, for example, is "supply chain" under Leadership and Governance? Why are "externalities" only listed under "Social Capital"? Are the issues in parentheses meant be illustrative or inclusive? It is unclear how, or whether, SASB will address "cross-cutting" issues that apply to every industry and sector, such as political activity, tax strategy, greenhouse gas emissions, etc.	Comment addressed. As provided in the Framework, systemic sustainability issues are not material to the same extent in every industry, nor is the same disclosure appropriate. This is the core work of our organization. Prioritizing those issues, and arriving at the best disclosure to characterize performance.
Andrew Park, Bloomberg LP	3.32	SASB Approach to Cross-cutting Issues	Didn't quite understand this sentence, so tried to restructure.	Edits incorporated
Cary Krosinsky, Network for Sustainable Financial Markets	3.32	SASB Approach to Cross-cutting Issues	"Sustainability" is finally defined on page 8, but readers are given slightly different explanations of the term in 3.38, in the bullets in 3.32 and in the headings in Table 3 for the "Universe of Sustainability Issues."	Comment addressed. Definition of sustainability was revised in new version of the framework to provide more clarity around the scope and definitions of its components.
Farha-Joyce Haboucha, Rockefeller & Co.	3.32	SASB Approach to Cross-cutting Issues	All of the issues listed in this section, e.g. Natural Capital, Social Capital, Human Capital, Innovation and ESG Products and Services, and Leadership and Governance, tend to have more long term than immediate impact and therefore are more likely to be determined as not material by companies. This timing discrepancy happens when companies' understanding of these issues differs from that of long-term oriented stakeholders. Item 3.32: This	Comment noted. The forward looking adjustment in SASB's method to assess materiality of forward-looking sustainability issues with potentially-significant impact on companies (see New Section 3 of Framework)

			item has long-term material implications for investors.	
G. DeWolf Shaw, DeWolf Research	3.32	SASB Approach to Cross-cutting Issues	My comments are limited to 3.32, human capital, which is essential to value (HCV) annually using a standardized method and cause to become an SEC required reporting requirement along with Human Capital Turnover Ratios (HT), together for the reporting of annual trends for KPI analysis by securities analysts... Recommendation for (1) Human Capital Valuation and (2) Human Capital Turnover Disclosures under future SASB Disclosure Rules (using the same logic as the SEC PV 10 "flat pricing" Proven and 50% probable reserves in oil and gas, since 2010. 1. Standardized PV 10% of Human Capital (HC) - 3 disclosures (PV 10 of HC value of line employees) and (PV 10 of non-line i.e., management employees) using the Lev and Schwartz Human Capital Accounting Model (1971), which is opined by an authorized by a Certified Human Capital Strategist (Human Capital Institute) just as a reservoir engineering firm does in oil and gas and/or the corporate audited by the corporation's auditors 2. Require Human Capital Turn-Over Rates disclosure, calculations similar to Commercial Bank of Ceylon	Comment noted. The purpose of this document is to outline principles and processes by which standards are developed -- not to suggest specific metrics. Specific recommendation for KPIs were taken into account by the SASB research team in developing specific accounting metrics for human capital issues.
Farha-Joyce Haboucha, Rockefeller & Co.	3.33	SASB Approach to Cross-cutting Issues	This section does not solve our concerns as spelled out in Items 3.31 and 3.32.	Comment noted. Concepts of timing and forward looking adjustments are addressed in New Section 3 of the Framework, under the method for determination of materiality.
Adam Kanzer, Domini Social Investments	3.35	Holistic Performance and Value Creation	SASB’s efforts to “streamline” should also be put in the current context, where most companies do not disclose sustainability information. Also, SASB does not define “value creation.” In paragraph 3.35, the phrase “net value creation” is used, again without definition.	Comment noted. Value creation in the context of this Framework refers to the economic value creation that result from companies activities, mainly (but not only) for the benefit of investors.

Andrew Park, Bloomberg LP	3.36	Holistic Performance and Value Creation	Found this sentence a bit confusing. Can we simplify in any way?	Comment noted.
Cary Krosinsky, Network for Sustainable Financial Markets	3.38	Holistic Performance and Value Creation	The ESG descriptions/explanations in paragraph 3.38 could better describe the meanings of and linkages between ESG and the capitals. For example, governance seems to be a catch-all for several fundamental drivers of value creation, namely customers and human resources, as well as innovation and other intangibles.	Comment addressed. Relationship between ESG nomenclature and the capitals was clarified in the definition of sustainability in Section 2. Definition of governance was updated to include specific elements covered.
Farha-Joyce Haboucha, Rockefeller & Co.	3.38	Holistic Performance and Value Creation	First, we believe that in identifying the three broad dimensions of sustainability accounting – environmental, social and governance, SASB has insufficiently addressed the issue of communities in which companies operate. While SASB talks about communities in other sections, it does not recognize the importance of the business impact on communities in the "social" section. It would be beneficial if this section discusses in more detail the relationship of business with communities and the risks this relationship may present to investors. Second, and this applies to Item 3.39 as well, the governance dimension presents an interesting perspective. This is an important topic that SASB is trying to redefine. However, we are puzzled by the limited redefinition of governance which seems to only include the "management of issues that are inherent to the business model or common practice in the industry." We are concerned that by avoiding the classical definition of governance, SASB will dilute the impact of these particular criteria.	Comment addressed. This section was merged with the definition of sustainability in Section 2 and specific reference to relationships with the Community were included under Social Capital. … "It addresses the management of relationships with key outside stakeholders, such as customers, local communities, the public, and the government. " Definition of governance was refine to be less exclusionary of traditional definition of governance, focusing instead on specific governance issues where SASB standards can provide incremental value above and beyond what is already required to be reporting in Form 10-k.

Jeff Hales, Scheller College of Business, Georgia Institute of Technology	3.38	Holistic Performance and Value Creation	Do the KPIs fit well into these groupings? Beyond that, do they roll up into a single measure of capital? Is that the intent?	Comment addressed. This section was merged with section on relationship with financial accounting. Relationship between issues and accounting metrics or KPIs is addressed in Section 5 on structure of accounting standards.
Robert Herz, Formerly of FASB	3.38	Holistic Performance and Value Creation	Would it be useful in this section to provide a few examples of specific SASB metrics and explain how each of them provides material, decision-useful information in assessing sustainability and long-term value creation?	Comment addressed. This section was merged with the definition of sustainability in Section 2 and examples of issues were incorporated.
Adam Kanzer, Domini Social Investments	3.40	SASB's Approach to Governance	It is unclear what is meant by the distinction drawn between actual and potential investors, or why such a distinction should be drawn as we don't see any distinction between the types of information they need to make their investment decisions. It is also unclear how SASB intends to balance short-term vs. long-term investors.	Comment addressed. Exclusion of potential investors was removed. Focus on long-term investors will be achieved through the selection of sustainability issues that can materially affect long-term value creation.
Andrew Park, Bloomberg LP	3.41	SASB's Relationship to ESG Issues of SEC Concern	Regarding reference to "companies": Consider referencing in footnote?	Comment incorporated.
Betty Moy Huber, Davis Polk	3.41	SASB's Relationship to ESG Issues of SEC Concern	requirements for companies to disclose to the SEC (but not to the public) - an update earlier this month due to court ruling	Comment addressed.
Betty Moy Huber, Davis Polk	3.41	SASB's Relationship to ESG Issues of SEC Concern	"The SEC has taken up a number of sustainability issues independently" - Add: or at the direction of Congress. Comment: Dodd Frank= conflict minerals & foreign payments independently is a bit of a stretch	Comment incorporated.
Adam Kanzer, Domini Social Investments	3.42	SASB's Relationship to ESG Issues of SEC Concern	It is incorrect that an SEC review of a potential ESG issue will "either result in dismissal of the issue or a line item mandate for disclosure." This was not the case with climate change, for example, where the SEC chose to issue guidance rather than a line item, and left the door open for a rulemaking. The SEC may choose not to address an issue for a wide variety of reasons unrelated to materiality, and the Commission has no requirement to publicly state why it chose not to pursue any particular rulemaking	Comment addressed. Reference to interpretative guidance was added. SASB policy is to refrain from addressing issues that are under current SEC review, and to follow SEC specific guidance or interpretation for issues that the SEC has already addressed.

			petition. There is no formal "dismissal" of an issue based on a materiality finding. Broadly conceived, materiality is determined by investor needs, not by Commission action, and the needs of investors change over time. If SASB determines that an issue such as corporate political contributions is material, it should develop indicators. Perhaps this may influence SEC decision-making on the issue. If the SEC has already enacted a rule, then of course it makes sense for SASB to focus its efforts elsewhere. But SASB should never interpret lack of SEC action as an indication that an issue is immaterial.	
Betty Moy Huber, Davis Polk	3.42	SASB's Relationship to ESG Issues of SEC Concern	Check: For example, the SEC is expected to be considering a petition to require publicly traded corporations to disclose to shareholders all of their political donations.	Comment addressed. Reference was checked.
Bob Willard, Sustainability Advantage	3.43	SASB's Relationship to ESG Issues of SEC Concern	SASB should provide one-stop comprehensive guidance on ESG disclosure, including on cross-cutting governance issues that are already required by, or under review by, the SEC. However, section 3.43 says that "Whenever an issue is under consideration by the SEC, SASB will not duplicate SEC efforts … SASB's efforts are best placed by focusing on the myriad of issues for which there is no clear guidance to companies regarding the materiality of the issue or basis for disclosure." If SASB omits KPIs on cross-cutting ESG issues like climate change, conflict minerals, payments to foreign governments, or political donations, it sends a message that these issues are not material. They are, and should be included in SASB guidance. Including such issues also shows that SASB is building on a strong base of SEC filing expectations. It adds to the credibility of SASB's ESG issues and KPIs.	Comment addressed. Reference to interpretative guidance was added. Also SASB approach was clarified as follows: SASB policy is to refrain from addressing issues that are under current SEC review, and to follow SEC specific guidance or interpretation for issues that the SEC has already addressed.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	3.43	SASB's Relationship to ESG Issues of SEC Concern	Not sure I agree with this. Getting SEC buy-in may not be best achieved by only addressing issues they are not considering	Comment addressed. Reference to interpretative guidance was added. Also SASB approach was clarified as follows: SASB policy is to refrain from addressing issues that are under current SEC review, and to follow SEC specific guidance or

				interpretation for issues that the SEC has already addressed.
Robert Herz, Formerly of FASB	3.43	SASB's Relationship to ESG Issues of SEC Concern	But presumably SASB will seek to provide input to the SEC on the issue and potential reporting requirements.	Comment noted. Providing input to the SEC is outside SASB's formal standards developing process and therefore the scope of this Framework. SASB is a resource for the SEC in terms of understanding the materiality of issue by industry and the best way to disclose them, if appropriate.
Bill Baue, Sustainability Context Group	3.44	The Source of Materiality of Industry-specific Sustainability Issues	Thankfully, the SASB Framework lends itself to a context-based approach in three ways, therefore requiring very little modification of the existing format. Our suggestions for how to include robust and impactful "context" requirements are as follows: a. Revise the "Forward-looking Adjustment" Principle form "externalities" to "sustainability context" to more comprehensively cover all three "main factors" identified by the Exposure Draft (3.44- "extensive license to operate" and "use of common capitals" in addition to high costs on society and/or environmental externalities"); b. In the "Characteristics of Sustainability Accounting and Disclosure: Principles" section (4.2), replace "directional" (and its definition) - which lacks the necessary elements of time/pace and proximity to relevant social or ecological threshold that define sustainability - with "contextual: The metric provides clarity about whether the numerical value signals sustainable performance"; c. Multi-Stakeholder Industry Working Groups present an ideal opportunity to initiate discussion toward identifying methods that companies can use to determine their sustainability thresholds in material area of impact for their industries. We believe this is the most cost-effective means of	Comment noted. The context of company's operation in crucial to understanding the impact of that company on sustainability issues. However, SASB believes that the analysis and reporting of such context information is not within the boundary of current disclosure requirements. Contextual information is not auditable or comparable, nor is it within the control of corporations and therefore it does not meet the criteria we set out for good metrics. Complete accounting to provide context is not SASB's objective. SASB provides context by enabling investors to benchmark performance. Understanding limits and aggregate impacts is the work of analysts, policy makers, and regulators.

			sourcing this necessary information, as it spreads the burden across the peer-group. Regardless, we believe the benefits of clearly identifying industry-specific sustainability thresholds far outweigh the costs of unsustainable performance.	
Farha-Joyce Haboucha, Rockefeller & Co.	3.45	Industries with Extensive License to Operate	This is a very good section, but it omits banks and other similar financial institutions as companies that enjoy benefits granted by society to the private sector.	Comment incorporated.
Farha-Joyce Haboucha, Rockefeller & Co.	3.53	High Costs on Society and Environmental Externalities	We do not believe that outsourcing automatically creates a high cost to society. When it is done correctly it could contribute to the resilience of the communities where the outsourcing is performed. Therefore, the development of good metrics in the area of supply chain management is critical.	Comment addressed. Statement was made more objective.
Robert Herz, Formerly of FASB	3.53	High Costs on Society and Environmental Externalities	I am not an expert on this, but my guess is that some who see benefits in outsourcing may take issue with this sentence. Thus, it may come across as a politically biased view of outsourcing.	Comment addressed. Statement was made more objective.

Adam Kanzer, Domini Social Investments	3.54	High Costs on Society and Environmental Externalities	The discussion of externalities, generally, needs further clarification. This paragraph notes that externalities include “industries with … a large environmental footprint.” There is a problem with the sentence structure, as industries are not externalities. Rather, all companies, in all industries, produce both positive and negative externalities. It is unclear how externalities are “related to but different from the concept of natural capital…” This entire paragraph is extremely confusing. It is noted that externalities, by definition, do not currently affect the financial returns of companies. This meets the definition, but not the reality, of externalities. It is very often the case that these issues are merely off-balance sheet – they are not being measured, but are currently impacting customer or employee loyalty or employee productivity, for example, and resulting in a myriad of other inefficiencies with serious financial implications.	Comment addressed. Relationship between natural capital and externalities is addressed in the definition of sustainability in Section 2. Reference to impact of externalities on customer and employee satisfaction was added.
Andrew Park, Bloomberg LP	3.55	High Costs on Society and Environmental Externalities	This presumes that the externalities in question are negative. Probably true, but not always?	Comment noted. While the SASB standards address issues related to 'negative' externalities, company actions in relation with such issues can be positive, contributing to minimizing such externality and differentiating the company from peers. Purely positive externalities - or public goods - are not addressed as art of the SASB definition of sustainability.
Robert Herz, Formerly of FASB	3.55	High Costs on Society and Environmental Externalities	Is this an accurate statement? What if these cause the company to become subject to fines or penalties or to reputational damage?	Comment addressed. Reference to fines and reputational damage as a way in which externalities can become internalized was added.
Andrew Park, Bloomberg LP	3.56	High Costs on Society and Environmental Externalities	"cost-benefit" what? Calculations? Isn't "cost-benefit" modifying something?	Comment incorporated. Reference to cost benefit remove.

James McRitchie, Corporate Governance	3.56	High Costs on Society and Environmental Externalities	3.56 states, "…social externalities associated with offshoring are likely to cancel its cost benefit and force companies to find new markets or bring production back on-shore." (my emphasis) Although this addresses a real problem, I don't think it rises to the level of "likely." I don't see most companies brining offshore activities back because new cost benefit information or analysis forces them to bring production home. Many will; most will not. This kind of exaggeration is counter-productive.	Comment addressed. Statement was made more objective.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	3.57	Importance and Types of Evidence of Materiality	This is a disconnect with the legal and financial definitions given earlier, which were linked to decision usefulness, probability of occurrence, and impact.	Comment addressed. This paragraph was folded in a section on Evidence-based Determination of Materiality and link with definition of materiality was made stronger.
Barbara Brown, BrownFlynn	3.58	Evidence of Interest	In Section 3.58, SASB states that materiality is determined through the lens of the Reasonable Investor, the definition of which is described by the Supreme Court. Unfortunately, this perspective is inherently retroactive. While other reporting initiatives are more inclusive (taking a "could do" approach to determining key issues), SASB narrows the scope to "would have." We believe that any organization that chooses to report should take a more proactive approach to determining its material concerns. Furthermore, the Reasonable Investor may be able to determine which information would have impacted his or her decisions, but would likely be unable to determine how information would impact the decisions of other critical stakeholders. While SASB states that the Evidence of Interest prong would include a broad range of stakeholders, the emphasis of financial impact in determining the prioritized sustainability issues may exclude key factors.	Comment noted. However, SASB cannot change the legal definition of materiality and must operate within its constraints. In addition, the consideration of other stakeholder's views in the evidence of interest test is only as a proxy for what could ultimately material to investors. Specifically, the Framework now state: "• Stakeholder concerns: Issues that are of high importance to stakeholders, including communities, NGOs and the general public, or reflect social and consumer trends, and ***which rise to the level of interest to investors when they have economic implications***."

Adam Kanzer, Domini Social Investments	3.59	Evidence of Interest	It is unclear why “sustainability reports” are listed under “interest from broader range of stakeholders” as these reports reflect management decisions and investor demands as well as interest from other stakeholders. It is also unclear how SASB intends to balance and interpret these inputs. The SEC, in its climate guidance, noted that these reports may contain material information.	Comment addressed. This section was removed and relevant concepts were addressed in SASB standards setting process in Section 6. While CSR reports may contain material information, presenting it outside of mandatory reports is not necessarily useful. SASB is helping companies to disclose material information in the legally mandated mechanism for communication by companies to investors, in a decision useful format.
Robert Stein, Crowell & Moring	3.59	Evidence of Interest	Company determination of materiality. Evidence of interest is assessed both though a systematic review of issues disclosed by companies in the relevant industries in their ***SEC filings*** and through a survey of a subgroup of those same companies during the SASB IWG process. Company disclosure in ***SEC filings*** is considered a proxy for what ***the company considers*** would be material to mainstream investors.	Comment incorporated
Adam Kanzer, Domini Social Investments	3.62	Evidence of Financial Impact	In addition to the list provided, sustainability issues have financial impact due to dwindling natural resources, physical impacts caused by damage done to ecosystems (extreme weather events, flooding due to erosion, etc.), damage to social systems (caused by corruption and tax avoidance, for example), lower workforce productivity due to mishandling of labor relations, etc. In other words, negative corporate activities create harms that in and of themselves can have financial implications, separate from any pressures brought to bear by stakeholders.	Comment incorporated.
Kathy Nieland, PricewaterhouseCoopers	3.64	Evidence of Financial Impact	Evidence of Financial Impact - How will the SASB execute its research of financial impact (p.3.64), including the sources of information it will rely on and the types of analysis it will use to validate the implications of non-financial topics on financial valuation results? The SASB should ensure it relies on robust and diverse sources of evidence beyond	Comment addressed. Reference to robust and diverse sources of evidence added.

			expert opinion to support its determination of financial impact.	
Adam Kanzer, Domini Social Investments	3.67	Evidence of Financial Impact	“Potential impacts” are here defined as distinct from other forms of impact due to their latency. This is unclear. Acute impacts are also “potential” before they happen.	Comment addressed. This paragraph is now limited to actual and potential impact.
Kathy Nieland, PricewaterhouseCoopers	3.68	Forward-looking Adjustment	Forward-looking adjustment - The SASB's accounting standards will include material topics that are "forward-looking" in nature (p.3.68) and do not yet materially impact the financial condition of a company. The SASB should clarify the process and intended outcome of its forward-looking adjustment effort (p.3.72)? The SASB should also clarify what its 'evidence gathering approach' entails for forward-looking adjustments and describe the tests it will use to determine 'probability of occurrence' and 'magnitude of impact' (p.3.75).	Comment addressed. Name of forward looking adjustment was changed. New version of framework emphasize that forward looking element of issues is taken into account as incremental evidence and its assessment is based on a similarly robust and diverse sources of evidence. In addition the framework state that "SASB does not recommend an issue for disclosure nor engage in standards setting solely on the basis of a forward-looking adjustment."
Adam Kanzer, Domini Social Investments	3.72	Forward-looking Adjustment	Figure 1 does not appear to address externalities unless management believes they will impact company finances or operations, in which case they are no longer pure externalities.	Comment addressed. Figure 1 removed.
Jessica Fox, Electric Power Research Institute	3.73	Forward-looking Adjustment	There is confusion over the meaning of the term “required” in the current Framework. EPRI would suggest that the Framework establish that there is not a regulatory “requirement” at present. For example, there is confusion in the Framework regarding the “requirement” or “regulation” for companies to report on a material issue. In 3.73, SASB describes that a material issue will “require	Figure 1 with reference to requirement was removed.

			disclosure", but does not clarify that this is a requirement to be in accordance with the SASB Framework, not a legal requirement.	
Adam Kanzer, Domini Social Investments	3.74	Forward-looking Adjustment	Reasonably likely events with a less predictable impact may still be material to long-term investors. It has been management's inability to predict the magnitude of impact, or the likelihood of occurrence, that has kept substantial ESG data out of corporate reports. This model is inadequate to provide guidance to issuers or protect investors with respect to a wide range of sustainability issues.	Comment addressed. Paragraph removed in update of section.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	3.74	Forward-looking Adjustment	I don't think this is the definition of materiality, per se, but rather guidance related to which contingent events to recognize or disclose. For GAAP, any reasonably likely material loss/liability has to be disclosed. And it has to be booked if it is probable and can be estimated.	Comment addressed. Paragraph removed in updated of section.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	3.76	Forward-looking Adjustment	Regarding "multi-stakeholder": Again....inconsistency. Who is the audience?	Comment addressed. Reference removed in update of section.
Adam Kanzer, Domini Social Investments	4.2	Characteristics of Sustainability Accounting and Disclosure - Principles	This is a good list of criteria. It does not address how SASB views the need to quantify data, or the form the indicators will take. Will SASB seek narrative disclosure where information cannot be meaningfully quantified?	Comment addressed. Reference was added that SASB will seek quantitative metrics and to the extent necessary, narrative disclosure. Narrative disclosure also play a role to provide context on the quantitative metrics, providing necessary information to make the disclosure decision useful.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	4.2	Characteristics of Sustainability Accounting and Disclosure - Principles	Not really the definition of relevance. More like faithful representation...but not quite that either, since the issues are generally broader than the metrics	Comment addressed. Relevance was added as a criteria that applies to KPIs vs. Principles that apply to issues)
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	4.2	Characteristics of Sustainability	How does completeness fit with the minimum KPI objective?	Comment noted. Completeness here relates to sufficient information needed to capture

		Accounting and Disclosure - Principles		performance on an issue. It is not incompatible with the concept of a minimum set, rather must be evaluated a cost benefit analysis of disclosure.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	4.2	Characteristics of Sustainability Accounting and Disclosure - Principles	How could it be decision useful if it can't even be signed directionally?	Comment noted. This is the intent of the "Directional" criteria.
Jessica Fox, Electric Power Research Institute	4.2	Characteristics of Sustainability Accounting and Disclosure - Principles	At present, EPRI is not aware of sufficient standards and tools that would allow for a verification of ESG issues to the same degree, for example, that is expected of financial reporting. The framework should explicitly recognize this, and provide sufficient time (likely to take years) before requiring verification efforts that would have rigor approaching that of financial reporting. Also, paragraph 4.2 of the current framework notes that the stated aim is not to raise costs for business through this process. Verification efforts or potential penalties for errors will cause additional costs.	Comment noted. SASB will defer to the standard for auditing of non-financial information adopted by PCAOB and will not comment in this framework on the state / quality of auditing standards.
Kathy Nieland, PricewaterhouseCoopers	4.2	Characteristics of Sustainability Accounting and Disclosure - Principles	Auditability - the SASB should ensure that the standard-setting process is sufficient to achieve the minimum criteria it outlines in p.4.2. The SASB appropriately encourages the use of the attestation standard AT101 (p.6.2) for assurance over disclosures relating to its accounting standards. To facilitate the use of AT101, the SASB should explicitly include an accounting standard review process that ensures standards, and associated technical protocols, meet the AICPA's definition of suitable criteria. The existing financial statement exposure drafts do not provide sufficient guidance on how to prepare disclosures to ensure competent persons using the same criteria would be able to obtain materially similar results.	Comment noted. SASB Standards Council was set up to ensure the integrity the standards development process and ensure the quality of the standards. Process follows ANSI best practices. Suggestion to make sure that standards are suitable criteria for AICPA will be considered as an additional duty of the Standards Council
Robert Herz, Formerly of FASB	4.2	Characteristics of Sustainability Accounting and Disclosure - Principles	So if there are material issues that are applicable to some, but not most companies, in an industry, SASB would not seek to develop metrics relating to this issue? Would they nonetheless need to be covered by the affected companies in their SEC filings?	Comment noted. SASB would not develop standards for issues that are applicable to only some companies in an industry. However these issues would still need to be disclosed by the

				company, in the format the company deems appropriate.
Robert Herz, Formerly of FASB	4.2	Characteristics of Sustainability Accounting and Disclosure - Principles	I wonder whether the “qualitative“ information in the SASB standards will meet both the comparability and easy to verify/auditability criteria ? Additionally, with regard to certain of the “quantitative” metrics in SASB standards, further definition/specification of what is to be included in computing the metric may needed in order to make them comparable and auditable.	Comment addressed. Emphasis was added on the role of Technical Protocols to ensure that accounting metrics, both qualitative and quantitative, are comparable and auditable.
Adam Kanzer, Domini Social Investments	4.3	Characteristics of Sustainability Accounting and Disclosure - Principles	What is meant by “all types” of investors? Investors are not unified in their objectives or their perspectives. Many, for example, still believe that sustainability issues are not material. How will SASB apply this standard without producing ‘lowest common denominator’ decisions that may not be useful for any type of investor?	Comment noted. Reference to investors of all types is meant to mirror the focus of the SEC which is to protect investors of all types, as opposed to specialty investors or those representing specialty interests
Bob Willard, Sustainability Advantage	4.3	Characteristics of Sustainability Accounting and Disclosure - Principles	I agree with almost all the principles in section 4.3, but I have concerns that “Expected to bring benefits that exceed the perceived costs” may be an unintended escape clause for companies mired in the status quo. That principal should be dropped.	Comment addressed. This principle was dropped and the concept of cost benefit is addressed in a different section of the Framework.
Farha-Joyce Haboucha, Rockefeller & Co.	4.3	Characteristics of Sustainability Accounting and Disclosure - Principles	By asserting that SASB’s standards are material to “investors of all types” – both current and potential, the organization contradicts the statements made in Item 3.40.	Comment addressed. Narrow scope of investors (long-term, actual vs. potential) was removed for the purpose of determining governance issues (former section 3.40.
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	4.3	Characteristics of Sustainability Accounting and Disclosure - Principles	This is very strongly worded and ignores other stakeholders	Comment addressed. Wording was lightened.

Robert Herz, Formerly of FASB	4.3	Characteristics of Sustainability Accounting and Disclosure - Principles	All? Really? This may turn out to be a major limiting factor.	Comment addressed. Reference to "all" was removed and emphasis is on investors of all types.
Robert Herz, Formerly of FASB	4.3	Characteristics of Sustainability Accounting and Disclosure - Principles	I understand the emphasis on SEC filings. But currently and without significant revamping by the SEC of the required format, organization, and specific disclosure requirements of its filings, I think it may be difficult to transform these into "integrated reports". On the other hand, I believe that the SASB standards can help provide a lot of the content for a true "integrated report ".	Comment addressed. Reference to "Determined to support the shift to integrated reporting". Comment also taken into consideration for the section of the framework related to harmonization and link with Integrated Reporting, where reference to the Form 10-k as a platform for integrated reporting was deleted.
Robert Herz, Formerly of FASB	4.6	Characteristics of Sustainability Accounting and Disclosure - Decision-useful	Question on this section and on SASB standards. I recognize that their use is at present voluntary. But if a company chooses to report using them, must it report all SASB metrics and information applicable to it or can it selectively report only some of them? And will there be a consistency requirement as to the metrics that are reported from one period to another by a company?	Comment noted. Companies make their own determination of materiality of the issues presented by SASB. Therefore, in theory, it is possible that they determined some of these issues not to be material. Also it is possible that an issue material one year becomes immaterial the following year. However, in practice, SASB list of material issues for the industry was developed to highlight issues that are applicable to most if not all companies and therefore carry a strong likelihood of materiality. In addition, to the extent that an issue is recognized as material one year, it is hard to argue that it is not

				material year on year. In the Standards' disclosure guidance, SASB recommends for companies to disclose 3 years of data.
Jessica Fox, Electric Power Research Institute	4.7	Cost-Benefit Analysis	Sections 4.7 and 4.8 outline the intent of SASB to utilize cost-benefit analysis to help determine materiality. While we support this concept, we wonder how SASB is quantifying some of these more “intangible” items, many of which are benefits. Cost-benefit analysis can be an extremely useful tool in the discussion of sustainability, and it would be of interest to the utilities to better understand the practice that is being undertaken by SASB in regards to this topic. We propose that SASB publish a technical paper outlining their cost-benefit analysis process as a tool for companies to use beyond the materiality discussion, such as program and project evaluation.	Comment noted. Cost-benefit of disclosure is taken into account day-to-day in the research process to ensure that the standards reflect the minimum set of disclosure necessary to convey material information to investors. In The framework for cost benefit analysis is currently being developed and the analysis will be performed at a later stage once standards have been completed and have started to be adopted by the market place.
Kathy Nieland, PricewaterhouseCoopers	4.7	Cost-Benefit Analysis	Cost-effectiveness - the SASB should consider the processes and tests it will use to evaluate the cost-effectiveness of its proposed standards (p 4.7 & 4.8). We observe that the SASB's initial industry exposure drafts and associated briefs omit any discussion of cost-effectiveness.	Comment noted. The framework for cost benefit analysis is currently being developed and the analysis will be performed at a later stage once standards have been completed and have started to be adopted by the market place.
Robert Herz, Formerly of FASB	4.7	Cost-Benefit Analysis	Other costs to companies may include the costs of gathering the information (systems costs), the costs of associated internal controls, and training. There may also be additional costs (or savings) to investors from changing their approaches and models to consuming the new information.	Comment addressed. Suggestions incorporated.

Kathy Nieland, PricewaterhouseCoopers	5.3	Adoption of Standards	The SASB recognizes that materiality should be established at a company level (p. 5.3) however the Conceptual Framework repeatedly incorporates prescriptive language such as "should" (p. 5.4 & 5.6). The SASB should clarify its intentions with regard to materiality and use consistent language throughout its Conceptual Framework. Specifically, the SASB should explicitly describe whether its industry-level accounting standards are: intended to be guidance for companies in performing their own determination of materiality; or are intended to be prescriptive in nature.	Comment addressed. Emphasis on guidance for companies' own determination of materiality was added. Reference to "should" was changed from "should disclose" to "should use the standards."
Andrew Park, Bloomberg LP	5.4	Adoption of Standards	In the exercise of determining industry-level sustainability issues, SASB used a “pure-play” definition, which assumes that companies operate primarily in a single industry. While this simplification is necessary to maintain a coherent understanding of industry drivers and challenges, companies are, of course, often more complex (i.e., straddle two or more industries) and will not always reflect such an abstraction. Therefore, material sustainability issues of one industry can be applicable across multiple other industries depending on a company’s structure, and those disclosures should be included alongside material issues related to that company’s primary industry.	Comment noted. While SASB adopts a pure play with respect to industries in the SICS classification, SASB industry-level classification can encompass several sub-industries, capturing some of the complexity of different business models (e.g. asset management which includes large asset managers and hedge funds).
Jeff Hales, Scheller College of Business, Georgia Institute of Technology	5.4	Adoption of Standards	Only one standard per company? What if they have material operations in multiple industries?	Comment addressed. New version states: "SASB Standards should be used for companies’ primary industry as identified in the Sustainability Industry Classification System (SICS™). To the extent that companies generate significant revenue from multiple industries, SASB Standards for these other industries should also be used."

Katarina Danihlikova Engel, Dow	5.4	Adoption of Standards	I miss clearer guidelines on the standards application for the complex corporations involved in several industries and sectors. Paragraph 5.4 should be more specific and include for example clarification if the various metrics should be reported on a specific industry level or a corporate level.	Comment noted. SASB will consider providing additional guidance for industries that have a tendency to be consolidated with others (e.g. Finance, O&G)
Kathy Nieland, PricewaterhouseCoopers	5.4	Concept of Materiality	The Conceptual Framework makes reference to 'highly material' topics (p.5.4) and a 'high threshold' for materiality (p.6.10). Financial reporting views materiality as a single threshold, rather than a graduated concept. The SASB's incorporation of differing degrees of materiality is inconsistent with the approach used in traditional financial reporting.	Comment addressed. References to different degrees of materiality were removed.
Jessica Fox, Electric Power Research Institute	6	Adoption of Standards	The Consultation Framework clearly states the timing for each step of the standards development process described in section 6. However, it would be helpful to know the time expected between the public notice period and the release of the exposure draft (appears to be two months in the graphic on the website). We consider the overall time frame outlined in 6.1 and 6.11 to be an aggressive schedule, with a plan to review 80+ industries in 2 ½ years. For such involved research, and considering the importance of responding back to comments and public feedback during these review periods, we encourage SASB to reduce the focus on the time-frame and assure that the process is given the time required and deserved to ensure a quality product reflective of working group and comment-period participants.	Comment addressed. New graphic was included showing the length of all major steps including the public comment period.

Adam Kanzer, Domini Social Investments	6.1	Adoption of Standards	SASB should not seek "conclusive evidence of mainstream (average) investor interest" before moving forward on an issue. "Average" is not equivalent to "reasonable." It is also unclear how SASB will find "conclusive evidence" of interest, or how it will determine an "average." This is an extremely low standard that could result in standards that are of little use to investors seeking to understand corporate sustainability performance.	Comment addressed. The adoption section was simplified and this reference removed.
Jessica Fox, Electric Power Research Institute	6.11	Updating the Standards	In terms of timing of reporting, there is concern, given the present schedule as to whether ESG data itself would be available at the same time as the development of certain financial reporting filings. For example, a significant amount of environmental performance data including, but not limited to, verified greenhouse gas emissions, waste generation, and items detailed in the toxic release inventory would not be available in time for inclusion in financial reporting. This will be dependent upon the industry and the specific issues/metrics chosen; however, SASB should be aware that it may not be possible early in the year to report certain data. As well, we are concerned that annual updating of performance indicators (6.11) will negate consistent tracking of indicators over time, may require significant lead time for data collection, and may put an undue burden on reporters.	Comment addressed. The "re-formulation" section was simplified and renamed "Updating the Standards". Reference to specific updating process was removed. Reference to the need for continuity for year-on-year comparison was added. In addition, Once a company understands the financial reporting calendar, and synchs up with aggregation of operational data, there is no reason for most metrics that data cannot be compiled and audited on a similar time frame. Operational data is in fact the basis for determining financial performance. They are not separate and unrelated data sets.
Jessica Fox, Electric Power Research Institute	6.4	Adoption of Standards	Also, section 6.4 states that, "SASB creates standards for disclosure and accounting of material sustainability information, but it has no mandate for enforcement." It is unclear whether enforcement could be a future step. EPRI suggests that SASB offer a clear forward looking statement as to whether it is the intent to promote the enforcement of disclosure of these issues in financial filings in the future.	Comment addressed. Section on enforcement was removed. Enforcement is the responsibility of the SEC.

Andrew Park, Bloomberg LP	6.9	Adoption of Standards	The reference back to the discussion on cross-cutting issues is clearly apropos. I'm otherwise a bit confused by this paragraph -- don't quite understand what its main thrust is. Also unclear how it flows from the preceding paragraph. I've read both together a number of times and still don't have a clear grasp of what they're saying. Consider revising"?	Comment addressed. Paragraph removed. Topic addressed under harmonization under "SASB's Relationship to ESG Issues of SEC Concern"
Robert Stein, Crowell & Moring	6.9	Adoption of Standards	If the SEC takes action, it will be based on findings that certain key ESG issues or categories of ESG issues are material, regardless of the industry, and warrant a specific inclusion (line item mandate) in the Form 10-K. If the SEC rules unfavorably, it will be based on findings that the ESG issues or categories of ESG issues do not rise to the level of a line item mandate and is therefore not material. In these cases, SASB will not take on the issue, unless it is for specific industries where SASB research has determined it to be highly material.	Comment addressed. Paragraph removed. Topic addressed under harmonization under "SASB's Relationship to ESG Issues of SEC Concern"
Andrew Park, Bloomberg LP	6.13	Updating the Standards	Regarding public review process: insert reference?	Comment addressed. The "re-formulation" section was simplified and rename "Updating the Standards". This reference was removed.

Bob Willard, Sustainability Advantage	7.1	Harmonization	Section 7.1 says "SASB complements global initiatives including the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), the Global Initiative for Sustainability Ratings (GISR), the Carbon Disclosure Project (CDP), and others." This harmonization is laudable. It would add to the credibility, relevance, and educational value of SASB KPIs if SASB's ESG issues were overtly mapped against the superset of ESG issues synthesized from these other global initiatives. Then SASB's sector- and industry-specific material ESG issues can be shown within these common material ESG issues. An example of this kind of mapping is in the attached worksheets where the gold-standard ESG benchmark KPIs (see below) are mapped against GRI G4 issues and indicators.	Comment noted. SASB effort for harmonization will consist in ensuring complementarity of the frameworks during the standards development process. However SASB does not plan to produce any mapping that shows exactly how the different frameworks fit together. SASB standards are designed for a completely different purpose than other initiatives, and they are quite different in content and rigor in technical protocol. SASB metrics are industry specific and highly material- related to operational parameters. GRI metrics are generic and globally applicable, not designed to disclose information that is relevant to investors, and therefore not suitable in most cases for inclusion in a Form 10-K. IIRC has no metrics. CDP has metrics on carbon emissions. Where carbon emissions are highly material, we work with CDP to determine the scope that is relevant for reporting in the 10-K.

Robert Stein, Crowell & Moring	7.1	Harmonization	I suggest a global search for repeating definitions for all terms	Comment addressed.
Jessica Fox, Electric Power Research Institute	7.5	Harmonization	Finally, related directly to materiality, it is unclear in the Framework as to the boundary intended for this reporting. Section 7.5 states that SASB and the IIRC are "fully aligned on many of the core concepts of integrated reporting including materiality, boundary, accounting for capitals, and a principles-based approach." From a boundary perspective this does not appear to be true – nor should it be. The IIRC Consultation Draft suggests reporting throughout the full value chain, from upstream suppliers to downstream customers. It appears that the SASB Consultation Framework is only looking for information on suppliers in respect to leadership and governance and mentions nothing about downstream consumers. It is also our understanding that in order to report for the full value chain, companies would have to complete a value chain mapping. Mapping the value chain is duplicative of a Materiality approach, will be costly to complete on a company-by-company basis, and will require more industry engagement to develop. EPRI suggests that you consider more carefully the boundary for the Framework, as it is not likely feasible to use both a materiality approach and a value chain approach, as is suggested by IIRC.	Comment addressed. References to alignment with specific elements of the IIRC framework were removed, including the concept of boundary, for which SASB follows the GAAP consolidation rules.

Andrew Park, Bloomberg LP	7.6	Harmonization	What request is this exactly? Or is this in reference to general investment research?	Comment addressed. Referenced sections were deleted.
Robert Herz, Formerly of FASB	7.6	Harmonization	I don't think the phrase "as determined by SASB" is accurate in the context of this sentence. At present, isn't it up to the individual issuer (and not SASB) to determine what is material information that should be reported in order to comply with the existing SEC requirements?	Comment addressed. Referenced sections were deleted.
Robert Herz, Formerly of FASB	7.6	Harmonization	Repeat of comment b15 above. While I understand how and where the information in SASB standards might be included in different sections of SEC filings, I believe that the required format and organization of these filings will need to change if they are to serve as effective "integrated reports" as envisaged by the IIRC.	Comment addressed. Referenced sections were deleted.
Robert Stein, Crowell & Moring	7.6	Harmonization	SEC filings are mandatory for corporations (both U.S. and Foreign) that issue securities to the public in the United States, or that have securities that trade on a national securities exchange. Inclusion or omission of information is the ultimate responsibility of senior management.	Comment addressed. Referenced sections were deleted.
Robert Stein, Crowell & Moring	7.6	Harmonization	To the extent that the management of natural, human and social capitals is material, as determined on a company-by-company basis, disclosure of company performance in these area is legally required. *[NTD: SASB is not the arbiter of what is legally required to be disclosed]*	Comment addressed. Referenced sections were edited.
Robert Stein, Crowell & Moring	Appendix I	Appendix	NTD: Is the section necessary? These terms are defined in the document	Comments incorporated.

Adam Kanzer, Domini Social Investments	N/A	Systemic Sustainability Issues	Materiality: The Framework appears to adopt the SEC's view, while also attempting to redefine it. The Framework discusses cross-cutting issues ("systemic" issues may be a better descriptor), and externalities, which are largely excluded by application of the SEC's materiality framework. It is difficult to understand how SASB will square this circle – apply the SEC's approach to materiality while also capturing systemic risks and externalities. In this context, it is also unclear how investors will achieve comparable, reliable disclosures if determinations of materiality are for corporate managers to make.	Comment addressed. Clear reference is made to the fact that SASB works within the constraints of the legal definition of materiality. It also recognizes that a forward looking adjustment will be used to address issues that may not come under the radar with traditional quantitative rules of thumb in the determination of materiality. Cross-cutting issues were re-named systemic sustainability issues.
Adam Kanzer, Domini Social Investments	N/A	Beneficiaries of Standards	The Framework is also unclear with respect to the audience for its standards. It purports to take an investor perspective, but then narrows the field of investors (improperly, in my view) and also discusses the public interest. In some places it appears to place these interests in conflict with each other, while in others it rightfully argues that these interests are, in many ways, aligned.	Comment addressed. Focus of standards was refined to include only investors and remove the exclusion of certain investors. Concern of other stakeholders is only taken into account to the extent that it raise to the level of investor interest.
Adam Kanzer, Domini Social Investments	N/A	Definition of Sustainability	The Capitals: Humans and ecosystems are not forms of capital. Corporate managers and investors should be trained to evaluate these external dependencies for what they are, rather than to convert them to forms of capital, a term that undervalues nature, society and human beings. Capital flows behave very differently from ecosystems and communities. A full understanding of risks and opportunities will depend upon understanding these stakeholders for what they are, and understanding the corporation's proper place within these complex interdependent networks.	Comment addressed. The definition of sustainability encompasses concepts that can be characterized as non-financial capitals and other that are more relationships (e.g. governance) or management practices (business model and innovation). Social capital is a hybrid notion in that there is certainly value (capital) resulting from a company's reputation with stakeholders and its ability to deal with governments and other representatives of society. At the same time this dimension could be captured in terms of dependencies. Under the definition of sustainability, Social capital is defined as "• Social Capital (or dependencies)"

Adam Kanzer, Domini Social Investments	N/A	Definition of Sustainability	Unfortunately, the Framework leaves a number of critical questions unanswered. For example, the document does not adequately define "sustainability," "sustainable outcomes" or "value creation" – all terms that mean very different things to different people. These terms should all be clearly defined so that we can place the Framework in context, and better understand SASB's intentions and ultimate goals.	Comments addressed. Definition of sustainability was updated.
Barbara Brown, BrownFlynn	N/A	Beneficiaries of Standards	Additionally, SASB should be clear about the value proposition for companies. As it currently stands, most of the value in this framework goes to the Reasonable Investor, but SASB needs buy-in from companies in order to obtain the necessary information to build out the framework. The SASB framework can provide value to companies by supporting improved performance of ESG metrics and benchmarking peers within industries. In general, SASB presumes that companies view the disclosure of ESG data as an action that always will please the Reasonable Investor. Unfortunately, many companies realize that disclosing ESG data may lead to negative analysis that does not exist when using the current parameters of financial reporting. SASB must clearly demonstrate that companies have an interest in reporting all ESG information, both positive and negative, in order to take advantage of the opportunities that transparency provides.	Comment noted. The framework defines the users of the standards in relation to companies requirement to disclose material information. In terms of benefit for companies, the benefits outlined for the beneficiaries of the standards (investors) can also apply for internal management of reporting companies. As noted in the framework, those include: include: • Attention to management of critical capitals; • Vulnerability to depletion or misuse of these capitals; • Scenario-planning regarding alternative resources; • Risks associated with mismanagement of certain environmental or social issues; and • Opportunities associated with global or industry sustainability challenges.

Bill Baue, Sustainability Context Group	N/A	Definition of Sustainability	The Conceptual Framework's commitment to the multi-capital model could stand to be strengthened... By creating a framework that instructs companies to report their use of a shared capital stock with no supporting acknowledgement of the size of that capital stock, its health, or the reporting company's claim of share for the stock in question, SASB is, in our opinion, missing a critical step in helping companies and investors better evaluate sustainability risks and opportunities - namely, the step of placing corporate sustainability metrics in their appropriate supporting "context"... We believe the long-term viability of the SASB Framework (as well as the long-term viability of capital markets and human existence on our planet) hinges on requiring companies to measure and disclose their impacts on the multiple capitals within the "context" of sustaining stocks of these vital common capitals at levels required to ensure ongoing shareholder value creation and stakeholder well-being.	Comment noted. Definition of sustainability was clarified with respect to different nomenclatures (ESG, capitals etc.).

Cary Krosinsky, Network for Sustainable Financial Markets	N/A	Accounting Metrics	Given the above CF provisions, we suggest that SASB consider including the following KPIs in the work products and which are material to cash flows and reasonable investor evaluation of returns on capital, as core intangible drivers of the viable, durable and also sustainable enterprise: a. Innovation i. New products Innovation, defined as percentage of revenues in the last five years from new products, new services and new markets ii. Business model innovation, defined as percentage of revenues in the last five years from totally new business models iii. Research and Development investment per year to drive future innovation iv. Brand capital, defined as total investment in advertising, digital branding and CRM databases b. Leadership & Governance i. Business model viability & sustainability, defined as five year average performance spread (ROIC > WACC) and five year cumulative Economic Profit (EP) or CFROI (cash flow ROI) from the current business model ii. Named officer compensation governance for innovation & sustainability, defined as the percentage and amount of named officer compensation tied to achieving five-year sustainable growth from new products, new markets and new business models iii. Pay for Performance Governance, defined as the percentage of named officer compensation that is performance-based for long-term sustainable investors c. Human Capital i. Human Capital Investment, defined as total invested in current enterprise total direct compensation (base, bonus, long-term incentive compensation), benefits and human resources technology ii. Key Employee Turnover, defined as the percentage of pivotal employee loss from pivotal positions tied to five-year strategic plans	Comment noted. The Conceptual Framework does not address specific KPIs. However, these suggestions will be considered in the development of accounting metrics.

Cary Krosinsky, Network for Sustainable Financial Markets	N/A	Definition of Sustainability	We note that two key components of materiality that appears to be missing are Structural Capital and Customer Relationship Capital of the firm, which are material to cash flows, investor risks and corporate governance. (See the attached appendix, which includes a materiality analysis.) a. Structural Capital includes such metrics and KPIs as: i. Number of management layers from the CEO to the front line ii. Number of full time equivalent employees (FTE) iii. Net operating profit after tax / FTE or Economic Profit / FTE iv. Number of managers v. Named officer key performance metrics, operational and strategic vi. Longest accountable performance period for named officers vii. CEO internal total pay differentials to median pay for management layers two and three viii. Number and type of core business processes ix. Amount of investment in core IT systems that support the enterprise b. Structural Capital, Human Capital and Intellectual Capital combine together to create “Organizational Capital” as a higher order intangible value driver category c. Customer Relationship Capital includes such CRM metrics as: i. Revenues and cash flows tied to the customer portfolio, defined as average five-year customer life-time value by key customer segments ii. Customer depth, defined as depth and breadth of the number of products used by customer quintile iii. Customer Loyalty, defined by net promoter score iv. Customer portfolio risk, defined as percentage of customer portfolio equal to or greater than 70 % of revenue and or profits v. Customer Retention, defined as customer churn rate percentage	Comment noted. SASB's definition of sustainability does not include all non-financial capital (e.g. structural capital or customer relationship capital) but instead those non-financial capital with a direct environmental and social implications.

Cary Krosinsky, Network for Sustainable Financial Markets	N/A	Concept of Materiality	We also note that the SASB conceptual framework document references the use of ESG data and integration with financial analysis, including the impact on company analysis (management quality and corporate strategy), valuation (including cash flow and WACC) performance indicators and the ideas of "sustainability fundamentals" and long-term value creation. However, it is not clear how those KPIs would be material for a fully integrated ESG model that would drive sustained long-term value creation based on the Health Care and Financial Services work products delivered to date.	Comment noted. Integration of ESG factors in financial analysis is addressed to describe the intended use of the standards. It is also used in the method to determine materiality to identify the financial impact of sustainability issues. In other words, financial impact is used for the determination of issues that are suggested for disclosure by companies in a specific industry. However, it is not included in the SASB standards, which only include guidance on issues that may be material for an industry and how to determine materiality at the company level and metrics to account for performance in a comparable and auditable way.
Cary Krosinsky, Network for Sustainable Financial Markets	N/A	Definition of Sustainability	Everything hinges on the definition or concept of sustainability, upon which the SASB standards will be built. The draft CF should be consistently clear on the definition of "sustainability" and should establish meaning of the term early in document. Different definitions and explanations of the concept are used in different parts of the Introduction, as well as in the first two sections.	Comments addressed. Definition of sustainability was updated.
Cora Olsen, Novo Nordisk	N/A	Accounting Metrics	I do have one important comment so far, and that is regarding the use of 'performance' and 'impact'. Those two words are used interchangeably throughout the framework as I read it, but are two very different things. Accounting for impact is extremely difficult and is not the same as performance. Caution needs to be used and great care must be taken in the framework in order to avoid confusion – is it impact or is it performance you are seeking companies to report on?	Comment addressed. Use of impact was limited, focusing on performance.
Ed Waitzer, Stikeman Elliott LLP	N/A	Accounting for Non-financial Capital	While advocating for simplicity, let me come back for a minute to the notion of the balance sheet – because I think it's key to accounting for sustainability. Surely, part of our focus needs to be on ensuring that balance sheets	Comment addressed. Please refer to new section on relationship between financial and sustainability accounting

			provide for capital maintenance (defined broadly) over time. This is a concept that isn't addressed in the paper and, I would argue, should be.	
Ed Waitzer, Stikeman Elliott LLP	N/A	General Conceptual Framework Comment	Keep it simple and focused	Comment noted.
Geoff Rawle, Shearman & Sterling LLP	N/A	General Conceptual Framework Comment	Use of charts is very helpful	Comment noted.
Jessica Fox, Electric Power Research Institute	N/A	Systemic Sustainability Issues	EPRI would like to highlight, as noted above, that the electric power industry is quite diverse. It includes companies of varying sizes, geographies, generation portfolios, and customer base. Some power companies are primarily distribution and transmission, while others may have little to no distribution; some are primarily coal powered; others are hydroelectric; and still others may have no generation at all. Further, some companies are regulated, while others operate in a price competitive market. Metrics that are reasonable and comparable in a regulated atmosphere may not apply under a competitive structure. As a result, the supply chains, environmental impacts, and social constructs are diverse and cannot be easily "benchmarked" or compared. While the comparability from an investor standpoint can be quite useful, it will be critical for SASB to diligently consider the best metrics that can be standardized and normalized to allow for the stated goal of comparability, especially for the diverse electric power industry.	Comment noted. SASB agrees that materiality is ultimately determined at the company level, in light of its specific context of operation and specific business model. However, SASB cannot create standards that are customized for all individual situation. Instead, materiality is determined at the industry level as guidance for companies to make their own materiality determination. Industries are conceived as representative of the operating structure of most companies in the industry. However, differentiation is made within industries and if an issue doesn't apply across most companies in an industry, we don't address it in the standards setting process.

Jessica Fox, Electric Power Research Institute	N/A	Forward-looking Adjustment	Tools to support forward-looking statements regarding sustainability issues are not well-developed or in some cases are absent. EPRI suggests that at present, there not be a requirement of forward-looking statements, but the availability of a safe harbor should a company decide to voluntarily make such statements.	Comment addressed. Name of forward looking adjustment was changed to address the confusion with forward-looking information. Also, the SASB standards currently do not require forward looking statements. Reference to the forward looking adjustment in the Framework refers to the method for determination of material issues were the forward looking nature of certain sustainability issues is taken into account as incremental evidence of materiality. However, "SASB does not recommend an issue for disclosure nor engage in standards setting solely on the basis of a forward-looking adjustment."
John F. Murphy, DirecTV	N/A	Concept of Materiality	While the [Exposure Draft] states that SASB is not concerned with providing a scientifically accurate and complete accounting for regulatory purposes, U.S. companies are required to accurately and completely report material information to the SEC in quarterly and annual reports. Yet, even with the guidance offered by the ED, the intersection of sustainability and materiality is decidedly murky. Lack of clear and commonly understood standards of materiality can lead to disclosure of issues that investors might deem immaterial and create a burden for companies who must make such determinations without sufficient standards or benefit. The SASB should provide more guidance to assure a common and consistent approach to the determination of materiality for reporting purposes.	Comment addressed. Reference to complete accounting did not address company accounting but to complete accounting that would allow regulators to understand the full impact of corporate activity on a sustainability issue. This concept was clarified in the new version of the Framework.

John F. Murphy, DirecTV	N/A	Harmonization	The ED states that the goal of SASB is to harmonize SASB disclosure standards with existing reporting standards. In addition to the global initiatives, the SASB must work on integrating with other frameworks such as the FASB's in regard to avoid confusion, duplication and to assure that SEC filings are prepared in a cost effective manner. However, the ED provides no roadmap on how to execute such integration. Consequently, it is unclear how the SASB plans to adopt existing metrics, or how it will integrate the existing reporting standards into its own framework.	Comment addressed. Framework now provide explanation on how harmonization with be insured in the research process: "To ensure internal consistency, prominent sustainability issues will be treated with a consistent, but not necessarily uniform, approach. SASB's analysts will be prompted to recommend identical or similar performance indicators. While the SASB will not be constrained to utilize a common performance indicator at the expense of a more suitable industry-specific indicator, harmonization of reporting will be encouraged wherever possible. This important process of consistency and harmonization will also be aligned with existing disclosure standards, wherever applicable." Harmonization with FASB is not addressed because SASB metrics are relevant to the MDA section, not USGAAP, and because SASB metrics are non-financial in nature.
John F. Murphy, DirecTV	N/A	Accounting for Non-financial Capital	However, we believe the SASB's lack of clarity on accounting for non-financial capital and roadmap towards integration need to be further expanded upon. In summary, we believe refinement of the following would provide for a clearer understanding of the concepts and definitions relevant to SASB's standard-setting process: Further clarification on how to account for what is considered material. Harmonization of SASB framework with existing frameworks.	Comment addressed. Concept of accounting for non financial forms of capital was clarified.

Katarina Danihlikova Engel, Dow	N/A	Harmonization	It is clear that SASB provides guidance and standards to be reported on the annual and other periodic SEC filings. However, you don't mention if/how your standards could be applied to the separate sustainability reports lot of public companies currently publish and might keep preparing even in the light of the integrated reporting principles.	Comment noted. While the SASB standards could be used in other voluntary reporting frameworks, the official mission of SASB is to provide disclosure guidance and standard accounting metrics for disclosure of material sustainability information in mandatory SEC filings, such as the Form 10-K.
Katarina Danihlikova Engel, Dow	N/A	Harmonization	All public companies must file in XBRL format with the SEC. This crucial fact needs to be mentioned on the Framework as well as your plan for developing taxonomies related to your proposed standards.	Comment noted. Obligations to report with XBRL apply to the financial information in financial statements, not to the other section of the Form 10-k, where SASB disclosures will be made (e.g. MD&A)
Kathy Nieland, PricewaterhouseCoopers	N/A	Harmonization	The Conceptual Framework could better clarify the governing mechanism the SASB will employ to ensure the complementary relationship of its standards with financial reporting.	Comment noted. At this time complementarity is ensured at a conceptual level, as explained in the section of the framework on the "relationship between financial and sustainability accounting".
Kathy Nieland, PricewaterhouseCoopers	N/A	Accounting for Non-financial Capital	The SASB's emphasis on prescribing non-financial topics at an industry level may lead to different outcomes than a company-specific process. Given that the FASB has recently consciously moved away from industry level standards, SASB's approach represents a diversion from that used in traditional financial reporting.	Comment noted. However FASB deals with the accounting of financial capital and flows, which are fungible and can be accounted and compared across industries. As described in the section on relationship between financial and sustainability accounting … "unlike financial capital, non-financial capitals associated with sustainability cannot always be reduced to a single fungible unit of measure, like a currency, that can be aggregated into clear flows that can be and counted accounted for as assets or liabilities."

Kathy Nieland, PricewaterhouseCoopers	N/A	Concept of Materiality	Despite the fact that the Conceptual Framework provides a clear outline of the SASB's "three-pronged" approach to evaluating evidence of materiality, it could describe in more detail how the SASB intends to execute this approach.	Comment addressed. Method for determination of material sustainability issue was reinforced.
Kathy Nieland, PricewaterhouseCoopers	N/A	Forward-looking Adjustment	The SASB should ensure its process for gathering evidence of 'forward-looking adjustment' does not conflict with the FASB's tentative decisions related to its disclosure framework project.	Comment noted. SASB will follow the evolution of the Disclosure Framework Project on disclosure notes in financial statement.
Kathy Nieland, PricewaterhouseCoopers	N/A	General Conceptual Framework Comment	The SASB should more clearly describe the ultimate intended output of the Conceptual Framework. For instance, the framework currently describes various outputs... It is not clear if these are all unique outputs, and if so, how they differ from each other. In addition, it is unclear if the SASB's existing exposure drafts are intended to be accounting standards or rather a list of metrics that will be incorporated into a future standard.	Comment noted. Purpose of the framework is described in introduction as "This Conceptual Framework sets out the basic concepts and definitions behind SASB's sustainability accounting standards (the SASB Standards) and serves as additional guidance for the adoption of the standards by corporations and the use of material sustainability information by investors." SASB exposure drafts correspond to early stage of development of the standards and therefore are not yet the standards.
Kathy Nieland, PricewaterhouseCoopers	N/A	Definition of Sustainability	The SASB should be consistent and clear in how it uses the term "capitals."	Comment addressed. Concepts of non-financial capital were refined and better integrated with the ESG nomenclature in the definition of sustainability
Kathy Nieland, PricewaterhouseCoopers	N/A	Harmonization	The Conceptual Framework could better clarify the governing mechanism SASB will employ to ensure the complementary relationship of its standards with emerging developments with Integrated Reporting.	Comment noted. Harmonization with other reporting initiative is addressed in the Framework, with a specific reference to integrated reporting. No governing mechanism has been put in place as of yet.

Kathy Nieland, PricewaterhouseCoopers	N/A	Definition of Mainstream Investor	The SASB should define or avoid sustainability language that may not be consistently interpreted by a mainstream investor audience.	Comment noted
Kathy Nieland, PricewaterhouseCoopers	N/A	General Conceptual Framework Comment	The SASB should take care to avoid relative references that will lose meaning with time such as "a recent report" (p. 1.17) or "Recent legal precedence" (p.3.30).	Comment addressed.

Kathy Nieland, PricewaterhouseCoopers	N/A	Standards Development	Expert opinion- The standard-setting process described in the Conceptual Framework relies heavily on the opinions of experts. We recommend the SASB consider how to structure the process so that it (a) solicits opinions from the right experts, (b) ensures those participants have sufficient expertise and information, and (c) incorporates diverse evidence beyond just expert opinions.	Comment noted. Recommendation is not relevant for the framework but it is for the internal processes of recruiting experts.
Michelle Edkins and Claudia Kruse, International Corporate Governance Network	N/A	Beneficiaries of Standards	In our view, if the focus on drafting disclosure standards for the benefit of companies making disclosures and for one clearly defined audience, namely investors, were diluted, any reporting would likely be significantly less valuable to all stakeholders. In our view, the CF is not sufficiently clear on this investor focus – a matter that we encourage SASB to address. In particular, SASB needs to be clear whether materiality will be determined from the public's or the investor's perspective when developing its standards, as the CF currently stipulates both. Focusing on both will likely dilute the value of the outcome, as discussed above. We would strongly recommend that SASB be consistent with the IIRC framework and specify investors as the primary audience. In our view, large institutional investors are a relevant starting point for SASB's disclosure framework given the long-term nature of their investment approach and inherent interest in the continuity of investee companies. Such disclosures will be relevant for other investors and stakeholders too.	Comment addressed. Investor focus was reinforced as the sole beneficiary of the standards.

Michelle Edkins and Claudia Kruse, International Corporate Governance Network	N/A	Definition of Sustainability	In order to develop a coherent framework SASB needs to establish its point of departure upfront by setting out what it means by the term ”sustainability”. Given that the same terms can mean very different things to different stakeholders, we consider it essential that SASB develop a glossary that clearly defines sustainability and related terms used in the document and their inter-linkages for the purpose of the SASB standards. This includes terms used in the CF such as *environmental, social and governance factors, *natural, human and social capitals, *management of corporate governance issues associated with sustainability, *sustainability impacts, *sustainability fundamentals, *material sustainability issues, *sustainability accounting, *ESG risks, opportunities and factors.	Comment addressed. Specific reference removed. Definition of sustainability was clarified with respect to different nomenclatures (ESG, capitals etc.).
Michelle Edkins and Claudia Kruse, International Corporate Governance Network	N/A	Harmonization	The various references to “Other forms of Capitals” throughout the document could be read as the bridge to the IIRC’s draft Reporting Framework. However, the CF only references some but not all Capitals of the IR Framework. While we acknowledge that the latter is itself still work in progress, we consider it important that SASB aligns itself conceptually to the IIRC framework as closely as possible. This dovetails with our view that initiatives like SASB provide essential quantitative underpinning for the principles-based IIRC IR Framework.	Comment noted. SASB standards are designed for integration in the Form 10-k, to provide a complete accounting of both financial and non-financial performance. While SASB seeks alignment with the concept of integrated reporting as defined by the IIRC and its definition of the capitals, SASB also recognizes that many capitals, including financial, manufactured or intellectual capitals are either already captured by the current disclosure framework (Reg. S-K; GAAP), or not part of SASB's definition of sustainability.

Michelle Edkins and Claudia Kruse, International Corporate Governance Network	N/A	Accounting for Non-financial Capital	SASB focusses on measurable criteria whereas many environmental, governance and social issues, though potentially material, defy quantification. We recommend SASB address how it would deal with these factors, and what it considers the role of narrative disclosures to be. In our view the latter, if meaningful, can be of great value, too.	Comment addressed. In the section on relationship with financial accounting, the Framework provides: "SASB's approach to sustainability accounting consists in defining metrics or indicators – both qualitative and quantitative – that express a fair representation of or "account for" company performance on material sustainability topics sustainability performance, for consideration by investors and analysts. And ensure that reasonable investors has access to the "total mix" of information in their decision making process. ". In addition, guidance on accounting for specific metrics provides that: "Sustainability accounting metrics should be accompanied by a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported."
Paul Noe, American Forest & Paper Association	N/A	Definition of Sustainability	The SASB states that it intends the disclosure of environment, social and governance (ESG) information to be purely for accurate and complete accounting to determine performance differences within industry groups, and is not for the creation of policies or regulatory action. It would be helpful for SASB to explain what steps it is taking to prevent the latter from occurring. AS a manufacturing industry that is highly dependent on what SASB refers to as "common capitals" (natural and human capital), the forest products industry has an interest in understanding better the processes by which SASB proposes to evaluate how changes to common capitals influence the long-term performance of an industry. SASB already has used the paper industry as an example in a presentation of what its materiality map for industries could look like. In this example, SASB assigned materiality	Definition of sustainability was clarified with respect to different nomenclatures (ESG, capitals etc.).

			levels to issues without explaining how those materiality determinations were made. This example of a materiality map had been created using the forest products industry even though our industry work group is not set to convene until Q4 2014 and, at least as we are aware, industry representatives have not been consulted on its development.	
Steve Lydenberg, Harvard Kennedy School	N/A	Institutional Investors, Fiduciary Duty and Portfolio Risks	Please take a close look at Keith Johnson's analysis of fiduciary duty and the mistaken assumptions that economists and lawyers of the Law and Economics school tend to make about it... I think SASB should be careful about making assertions about the link between fiduciary duty in investment and modern portfolio theory. It may be correct to say, as SASB does in its Framework discussion document, that currently many in the legal and regulatory profession associate fiduciary duty with modern portfolio theory, but 1) that is a relatively recent development in legal scholarship and 2) there are also many who in the legal profession who dispute, or qualify, this claim.	Comment addressed. Section on institutional investors was corrected to address this comment.

Tom Quaadman, Center for Capital Markets Competitiveness, U.S. Chamber of Commerce	N/A	Harmonization	The vision of the SASB for disclosing material information on environmental, social, and governance factors appears inconsistent with the vision of the IIRC. On one hand, the IIRC envisions that extant financial reporting, such as financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles and other disclosures required by the Securities and Exchange Commission in Form 10-K including Management Discussion and Analysis, would be one component of an integrated report. On the other hand, the SASB's Proposed Framework envisions ESG disclosures, as promulgated by the SASB, would be additional disclosures included within MD&A in annual SEC filings on Form 10-K. These two visions are quite different and difficult to reconcile as, among other issues discussed below and in the attached letter, each applies a contradictory standard of materiality. Importantly, the SASB is proposing to establish disclosure requirements for the SEC on ESG factors. The existence of multiple overlapping and sometimes contradictory reporting standards is a very significant concern for public companies and their shareholders which already suffer from "information overload."	Comment addressed. Specific reference to the consistency between the IIRC Framework and the SASB standards was removed and this section now focuses on the relationship of SASB with the boarder concept of Integrated reporting, as follows: "SASB's work of promoting disclosure of material sustainability issues in annual and other SEC filings of publicly listed companies in the United States is a practical implementation of the concept of integrated reporting in the context of US capital markets. Form 10-K, and other mandatory SEC filings for publicly listed companies, are meant to present a fair and comprehensive account of companies' performance and ability to create long-term value, including not only operational and financial results but also the management of financial, manufactured and intellectual capitals, governance information and, as complemented by SASB disclosure guidance and accounting standards, non-financial information (including Environmental, Social, and Human capitals). "

Tom Quaadman, Center for Capital Markets Competitiveness, U.S. Chamber of Commerce	N/A	Concept of Materiality	Furthermore, notwithstanding its purported deference to U.S. standards and case law, the SASB's Proposed Framework appears to significantly change the definition of materiality for public companies subject to the securities acts. First, the SASB intends to broaden the definition of materiality to include non-financial ESG information. Second, the SASB proposed to determine materiality at the industry-level based on a comprehensive assessment of evidence of materiality at the industry-level based on a comprehensive assessment of evidence of materiality using a three-prong approach—evidence of interest, evidence of financial impact, and forward looking adjustment, using the SASB's specific industry definitions. Third, the SASB is proposing to make its own determination of materiality, including by assessing evidence of interest with an unspecified broad range of stakeholders (other than investors and companies but including non-market participants) through a systematic review of sustainability issues raised by them.	Comment noted. SASB is not changing the definition of materiality or broadening it in any way. SASB is interpreting the definition to identify those issues that warrant standards setting. On the first point - the legal definition of sustainability does not exclude non-financial information. On the second point - the approach referred to is not a re-definition of materiality but rather it is the SASB research method to identify sustainability issues that are likely to be material for companies in the same industry, deferring to company's assessment of materiality in their own context. On the last point - stakeholder concerns are only taken into account in the definition of materiality to the extent that they rise to the level of interest to investors with economic implications.
Virginia Fogg, Robert Lamm, and Darla Stuckey; Society of Corporate Secretaries and Governance Professionals	N/A	Definition of Sustainability	Threshold Question. As an initial matter, the definition and scope of "sustainability issues" changes throughout the Draft. Given that the Draft proposes that new requirements be imposed on companies, SASB needs to ensure that it is providing companies with a clear understanding of what these requirements would entail and what their scope is... We believe this term should be clearly defined and understood first before new disclosure requirements are imposed on these topics.	Comment addressed. Definition of sustainability was revised in new version of the framework to provide more clarity around the scope and definitions of its components.

Virginia Fogg, Robert Lamm, and Darla Stuckey; Society of Corporate Secretaries and Governance Professionals	N/A	Concept of Materiality	The Society believes the current framework is more than adequate to address disclosure of any sustainability information that might affect a particular company and strikes the appropriate balance by avoiding yet another disclosure on top of the existing avalanche of corporate disclosures, particularly where the added disclosure is as likely to confuse as to assist shareholders in making investment decisions. The current framework that applies to public company disclosures and communications regarding sustainability (and a number of other issues that might be of interest to a particular set of stakeholders) is as follows: (1) any material sustainability information is already required to be disclosed in the company's Form 10-K or Form 10-Q, including in Management's Discussion and Analysis and Risk Factors; (2) the Securities and Exchange Commission ("SEC") actively regulates public company disclosures and has a number of avenues to provide guidance to companies, in both formal and informal ways, regarding the form and level of disclosure appropriate for a given company; (3) any stakeholder interested in obtaining further information from a company regarding sustainability has the ability to contact the company directly to engage in discussions and encourage the company to provide additional public disclosures outside of its securities filings; and (4) if direct engagement with a company fails, stakeholders have the option to submit shareholder proposals related to a company's sustainability disclosures and practices. These particular elements are outlined in more detail in the sections that follow. The Draft seeks additional disclosures of "material sustainability issues" from public companies. It defines "material information" using language from the U.S. Supreme Court's decision in TSC Industries v. Northway, 426 U.S. 438 (1976), with reference to SEC rules and regulations. Given that all material information is already required to be disclosed by companies under the securities laws, we question the need for any additional standards for disclosing material sustainability information. In addition, we do not understand the difference SASB	Comment addressed. Conceptual Framework now provides "SASB Standards provide disclosure guidance and accounting standards for a minimum set of sustainability issues or topics that have a significant impact on most, if not all, companies in an industry and which—depending on the specific operating context—are likely to be material to a company within that industry. Each company is ultimately responsible for determining which information is material, and which such company is therefore required to include its Form 10-K or 20-F and other periodic SEC filings."

			draws between “material issues” and “material information.” As the Draft explicitly recognizes, a company is in the best position to determine what sustainability information is material to it and whether it should be disclosed. (See, e.g., paragraph 1.4) As stated above, many companies already do disclose material sustainability information. For example, many companies disclose information regarding climate change risk in their Form 10-Ks. And several companies in the food and beverage industry disclose information about the risks associated with the regulation of water usage. The Draft also acknowledges that companies are disclosing such information. (See, e.g., paragraph 3.59). In addition, company disclosures are regulated by the SEC. The SEC has a variety of mechanisms available to it to ensure that companies are disclosing all material information (whether relating to sustainability or otherwise), including its regular review of periodic filings and the comment letter process. As the Draft states, the SEC “has taken up a number of sustainability issues independently.” (Paragraph 3.41) The Interpretive Release issued by the SEC on disclosure related to climate change is a good example. In that release, the SEC reminded companies “of their obligations under existing federal securities laws and regulations and to consider climate change and its consequences as they prepare disclosure documents to be filed with [the SEC] and provided to investors.” (SEC Release No. 33-9106 (Feb. 2, 2012), p. 27.) Following the reminder of general disclosure principles in the interpretive release on climate change and similar disclosure guidance issued on other recently emerging issues such as cyber security and European sovereign debt exposures2, companies should apply the general principles of disclosure to sustainability issues and include any material information in its periodic reports.	

Virginia Fogg, Robert Lamm, and Darla Stuckey; Society of Corporate Secretaries and Governance Professionals	N/A	Concept of Materiality	The Proposed "Materiality" Standards are Inconsistent With the U.S. Securities Laws. Although the Draft purports to define "material information" and "materiality" by referring to U.S. securities laws (see, e.g., paragraphs 1.8 and A1.3), it introduces new concepts and its own standards for materiality for sustainability accounting standards, including a spectrum of "evidentiary requirements for materiality determinations" and, as part of that spectrum, an "industry materiality" standard (see, e.g., paragraph 3.15). These unique standards and new concepts are not consistent with well-established principles of securities laws. If they were to be adopted as proposed, they would fundamentally change the legal framework of materiality and disclosure under securities laws with far-reaching consequences that would almost certainly result in confusion and uncertainty. First, the Draft's suggestion that there can be a spectrum of "evidentiary requirements" for materiality determinations is untenable. "Materiality" has been the subject of extensive case law, regulation and interpretation. In each instance, the same analysis is undertaken, and information is either determined to be material or it is not. The Draft's implication in Table 2 (page 13) that companies use a different standard to assess materiality than U.S. courts do is misguided. In fact, companies look to relevant case law to guide them in making materiality determinations.3 We are concerned with the Draft's reference to, and reliance on, materiality standards that appear to be based on merely "relevant" information (Paragraph 3.4) and "decision-useful information" (Paragraphs 2.6 and 4.4). Neither of these are recognized standards for materiality determinations under securities laws. Nor do we think they should be, since arguably any fact or information about a company could be considered "relevant" or "useful" to some investor. The Supreme Court has been careful not to set the threshold for materiality too low, citing concerns that "a minimal standard might bring an overabundance of information within its reach, and lead management 'simply to bury the shareholders in an avalanche of trivial information."	Comment addressed. Conceptual Framework now provides: "In identifying sustainability topics that are likely to be material in an industry, SASB follows the definition of materiality adopted by U.S. Securities laws and case law. According to the U.S. Supreme Court, an item is material if there is, "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 the information made available."

			Basic, Inc. v. Levinson, 485 U.S. 224, 231-232 (1988) (quoting TSC Industries, 426 U.S., at 448-449). In fact, these proposed lower standards are precisely the type of threshold the Supreme Court cautioned against. The Draft also appears to equate "material information" with "information about material issues." The assumption that "information about material issues" automatically rises to the level of itself being "material information" is not valid. If a particular fact is not material to a company, it does not suddenly rise to the level of being considered material merely because it relates to a topic "of interest" to certain investors. Instead, the appropriate standard is "material information about material issues," or simply "material information." The proposal to create an "industry materiality" standard is similarly flawed. Materiality (or the lack thereof) is determined based upon the specific facts and circumstances facing a particular company. The U.S. Supreme Court has declined over the years to create bright-line tests for materiality.4 The SEC and Financial Accounting Standards Board (the "FASB") have similarly declined to set predetermined standards of materiality.5 The Draft even includes a FASB statement that "the Board cannot specify a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation." (Paragraph 3.16 quoting the FASB's Concepts Statement.) Yet this is exactly what SASB's Draft attempts to do with its "industry materiality" standard ("To the extent that the management of natural, human and social capitals is material, as determined by SASB in an industry-specific context, disclosure of company performance in these areas is legally required." (Paragraph 7.6, emphasis added)). Despite its claims to the contrary, the Draft's "industry materiality" standard is not consistent with the SEC or FASB approach to entity-specific materiality determinations or the Supreme Court's fact-specific standard. The Draft even acknowledges that the sustainability information it wants companies to disclose will not necessarily be material to all companies in an industry. (See paragraph 3.15, referring to material	

			sustainability issues as "…industry issues that are likely to be material to most, if not all, companies within the industry." (emphasis added)) It also recognizes that "companies, and possibly U.S. courts, make the ultimate determination of materiality." (Paragraph 3.14) These statements highlight an internal inconsistency with SASB's concept of "industry materiality." If the information is not material to certain companies in the industry, it is not clear why all companies in that industry should be required to include such information in their SEC filings. In fact, given the public and investor familiarity with the current standards for material disclosures in Forms 10-K and 10-Q, we believe that requiring additional disclosures of sustainability issues could confuse investors and lead them to assume that information is likely to have an imminent financial impact on a particular company when that is not the case. The inclusion of sustainability information in SEC filings should not be held to a different standard than that applicable to other information. Given the far-reaching consequences any new standard of materiality would have beyond the scope of sustainability disclosures discussed in the Draft, SASB should ensure that any sustainability accounting standards it proposes for disclosure in SEC filings are consistent with well-established principles of U.S. securities laws.	

Virginia Fogg, Robert Lamm, and Darla Stuckey; Society of Corporate Secretaries and Governance Professionals	N/A	Cost-Benefit Analysis	We also note that the burden on issuers to comply with the types of standards proposed by the Draft is likely to be significant. The Draft states that "SASB strives to determine that a proposed standard fills a significant need on the part of investors and the perceived costs it imposes, compared with possible alternatives, are justified in relation to the overall expected benefits" (Paragraph 4.3) and that "[c]ost-benefit is an essential element of SASB's proposed sustainability accounting standards" (Paragraph 4.7). However, the perfunctory language used in the Draft about the costs SASB considers in its cost-benefit analysis and the lack of any detailed discussion on this point suggests that SASB has not sufficiently identified or fully assessed the costs to companies to comply with their proposed standards. For example, the costs referenced in the Draft are "costs to companies for incremental additional reporting and auditing." (Paragraph 4.7, emphasis added.) This significantly understates the burden that would be imposed on companies and their auditors to comply with the proposed standards. In addition to collecting and assessing information in the particular format and manner prescribed by the proposed standards, because this information would be provided in a Form 10-K (and therefore would be subject to CEO/CFO certification), companies will also have to establish rigorous disclosure controls and procedures to capture and appropriately verify such information. Any additional audit work required to be performed by outside auditors will give rise to additional financial costs to companies as well as time and effort spent during the audit process. In addition, auditing these new standards would call for new and additional auditing infrastructure to be created and implemented as there are no current Public Company Accounting Oversight Board auditing standards for this type of information. It is not clear that SASB has fully considered all of these aspects of the additional burdens its proposed standards would impose on reporting companies. In addition, the Draft refers to "cost savings to companies for more streamlined communication with investors on material issues." However, the Draft does not provide any explanation as to where	Comment noted and addressed. As explained in the Framework, SASB consider the cost benefit of every accounting metrics to ensure that it is the most cost beneficial way to disclose material information about sustainability issues. In addition, consideration will be given in a cost benefit analysis of the Standards to the fact that companies are already required, by law, to disclose material sustainability information and that they already disclose a large amount of sustainability information in various forms, including SEC filings, annual reports and sustainability reports. In addition, to the extent that disclosure of SASB information represents an incremental cost, it is a cost of legal compliance. In that context, the SASB Standards represent a more cost effective way for companies to communicate with investors on material sustainability information.

			these savings would come from. We expect that most companies, especially those that already provide separate and comprehensive sustainability reports to investors, would experience cost increases. The Society believes that the burden and costs to companies to comply with these proposed standards would not be outweighed by the benefit, if any, to investors and do not justify the imposition of additional requirements. The Draft does not provide any explanation as to where these savings would come from. We expect that most companies, especially those that already provide separate and comprehensive sustainability reports to investors, would experience cost increases. The Society believes that the burden and costs to companies to comply with these proposed standards would not be outweighed by the benefit, if any, to investors and do not justify the imposition of additional requirements.	

Virginia Fogg, Robert Lamm, and Darla Stuckey; Society of Corporate Secretaries and Governance Professionals	N/A	Concept of Materiality	The Proposed Concept of "Industry Materiality" Is Based on Erroneous Assumptions. In addition to being at odds with well-established securities law, the Draft's idea of "industry materiality" is based on key assumptions that are not accurate. To support its idea of "industry materiality", the Draft states that "companies that provide similar products and services tend to have similar business models and use resources in the same way." (Paragraph 3.18) This assumes that that all companies within a specific industry are alike and therefore susceptible to a "one-size-fits-all" approach to sustainability disclosures. This assumption is invalid, as even companies in a specific industry face different issues based upon their individual circumstances. For example, within the pharmaceutical industry, there are significant differences among companies that are research-based versus those that produce generic drugs, companies that produce consumer drugs versus those that produce genetic-based treatments, and so on. Even as between two research-based companies that both sell similar types of products, there can be vast differences between the two regarding how their manufacturing and supply chains operate, how they consume resources, etc. The same distinctions can – and should – be made between companies in a wide variety of industries. Each of these distinctions directly impacts whether and to what extent certain sustainability metrics are significant or material to any one individual company. What is material to one may not even be significant, much less material, to another, depending on how they operate and are structured. However, the Draft appears to ignore these distinctions. To categorize companies within various industries, SASB is proposing to use a "Sustainable Industry Classification System." Similar systems (e.g., "GICS" codes) have proven to be unreliable and confusing. For example, the use of GICS codes by certain proxy advisory firms in order to establish "peer groups" by which executive compensation is measured has proven highly problematic, resulting in "peer groups" of companies that have few, if any, similar characteristics and in some cases are not	Comment addressed. Reference to industry materiality was removed. the Conceptual Framework now provides "SASB Standards provide disclosure guidance and accounting standards for a minimum set of sustainability issues or topics that have a significant impact on most, if not all, companies in an industry and which—depending on the specific operating context—are likely to be material to a company within that industry. Each company is ultimately responsible for determining which information is material, and which such company is therefore required to include its Form 10-K or 20-F and other periodic SEC filings." In addition, the Framework provides "As discussed above, analysis of the impact of sustainability topics at the industry-level is meant to provide guidance for disclosure on sustainability topics that are likely to be material at the company-level."

			even in the same industry. We do not believe that SASB's approach will work any better. On many prior occasions, the SEC and others have implemented disclosure requirements designed to provide industry comparability.6 Due to the infirmities of GICs codes and the other factors referred to above, these results are rarely achieved due to differences among companies within the same industry.	
Virginia Fogg, Robert Lamm, and Darla Stuckey; Society of Corporate Secretaries and Governance Professionals	N/A	Beneficiaries of Standard	Other Concerns. We are also concerned with the many references to interests of "the public" and stakeholders other than investors. (See, e.g., paragraphs 1.14, 1.15, 2.1, 3.59, 3.63, and 3.76.) Given that this proposed framework would add disclosure to SEC filings with the attendant liability, and the intended audience is investors, the general public does not, and should not, factor into the analysis. SEC filings are not the appropriate forum for soliciting information to "enable policy makers" to make public policy decisions or determining "how	Comment addressed. Reference to interest of the public was removed. In addition the Framework provides that concern of other stakeholders is only taken into account in the following context: "Issues that are of high importance to stakeholders, including communities, NGOs and the general public, or reflect social

			externalities from one industry can impact other industries and public well-being.” (Paragraph 1.14)	and consumer trends, and which rise to the level of interest to investors when they have economic implications."
Virginia Fogg, Robert Lamm, and Darla Stuckey; Society of Corporate Secretaries and Governance Professionals	N/A	Adoption of Standards	Voluntary Disclosure Standards Should be Developed by Private Ordering. As noted above, the Society believes that existing requirements already mandate the disclosure of material information relating to sustainability and that the adoption of new standards expanding the definition of “materiality” would be both unnecessary and confusing to investors. However, based on discussions and other anecdotal evidence, we believe that the companies represented by our members would generally support appropriate disclosure of sustainability information, even in cases where it is not deemed material under the federal securities laws, and would favor the development of voluntary disclosure standards through a private ordering (non-regulatory) process. We welcome the opportunity to work with SASB and other organizations to accomplish this goal. In fact, many companies already voluntarily disclose information on a variety of sustainability matters using existing third-party standards, such as the Sustainability Reporting Framework developed by the Global Reporting Initiative as well as through participation in the Carbon Disclosure Project – just to name two. In our view, the development of voluntary disclosure standards through private ordering has a number of benefits. First, such standards provide a degree of consistency and uniformity in disclosures. While it is difficult if not impossible to achieve a high degree of comparability across companies and industries, as noted above, having a set of standards that companies look to when providing information about sustainability issues is helpful.	Comment noted. However, the mission of SASB is to provide sustainability accounting standards for use by publicly-listed corporations in the U.S. in disclosing material sustainability issues for the benefit of investors and the public. SASB standards are designed for disclosure in mandatory filings to the Securities and Exchange Commission (SEC), such as the Form 10-K and 20-F.

			In addition, standards developed through private ordering are more flexible than regulatory rules and can be more easily modified or adapted as needed over time. SEC rules and rules of other government agencies, once adopted, tend to remain in place indefinitely and are not often updated to reflect new developments and changed circumstances. Outside the regulatory regime, however, there is greater flexibility to create new standards or modify existing standards as issues emerge. Given the number of recently identified and emerging sustainability issues, we believe there is a significant benefit with having a high level of flexibility and adaptability for sustainability standards. Voluntary standards through private ordering provide (and should provide) for disclosures by informal means (e.g., in web posting, reports or other communications to stakeholders) rather than by inclusion in securities filings such as Form 10-K and Form 10-Q reports. As stated earlier, many companies are already providing information concerning sustainability and other environmental, social and governance matters by means of these less formal communications, and we believe that this is the best way to provide such information. These other informal, targeted communications facilitate disclosures that may be more meaningful to interested stakeholders.	

Virginia Fogg, Robert Lamm, Darla Stuckey - Society of Corporate Secretaries and Governance Professionals	N/A	Beneficiaries of Standards	The Draft Inappropriately Creates its Own "Reasonable Investor" Standard. The Draft also uses an inappropriate standard for the "reasonable investor" when applying its materiality analysis. Specifically, it replaces the "reasonable investor" standard in U.S. securities laws with its own definition and incorrectly looks to non-investors and special interest groups of investors for its assessment of the reasonable investor's perspective. Although the Draft refers to the "reasonable investor" standard used by the U.S. Supreme Court in TSC Industries (see e.g., paragraphs 1.8 and 3.58), it actually instead creates its own definition of the "reasonable investor" (paragraph 1.19). In effect, the Draft reverse engineers the materiality analysis by assuming that sustainability information is material and then defining the term "reasonable investor" to mean an investor that deems such information to be material. We believe this approach is illogical. Compounding the issue, the Draft then improperly looks to the interests of a subgroup of investors with special interests and a broad range of non-investor stakeholders to assess the level of investor interest in sustainability and proceeds to use this flawed approach to support its determination of material sustainability issues (see paragraph 3.59). First, as noted above, materiality is a complex analysis that must be applied in the context of the particular facts and circumstances of each case. The "reasonable investor" perspective is similarly dependent on the facts and circumstances involved and cannot be assessed in a vacuum. The Draft's attempt to define certain sustainability metrics as material to a reasonable investor without reference to a specific company or its particular facts and circumstances is flawed. The U.S. Supreme Court's "reasonable investor" standard has been interpreted by a number of different courts,7 though none of those interpretations are represented here. Instead, the Draft uses its own definition of "reasonable investor," which is vague and under-inclusive in certain respects while over-inclusive in others. For example, Paragraph 1.9 states that "the 'reasonable	Comment addressed. The focus of the standards has been clarified with the reasonable investor as the sole beneficiary. Exclusion of short-term and specialty-focused investors was removed. The Framework now provides that "the primary beneficiary and target audience for the SASB standards is the "reasonable investor," understood as an investor who invests primarily for economic reasons with a variety of investment horizons—from short-term to long-term—and investment strategies – from income generation to asset valuation. "

			investor' is understood as mainstream investors with a variety of investment strategies and investment horizons." This definition is sufficiently vague as to mean almost any investor. The Draft goes on to state that the definition excludes (1) "[s]hort-term traders who are not beneficial owners of the firm" and (2) "[s]specialty-focused investors who are investing for reasons other than economic purposes." The exclusions lack clarity as to which investors might fit within the first exclusion and whether anyone who invests does so "for reasons other than economic purposes." The Draft's concept of the "reasonable investor" makes the assumption that all investors have similar or even identical interests. This assumption is wrong and applies a "one-size-fits-all" approach to investment objectives that simply does not exist. This definition also appears to exclude retail investors. Given that securities laws are equally--if not more--concerned with protecting retail investors as compared to sophisticated institutional investors, it is odd that retail investors seem to be omitted from this definition. Moreover, the Draft does not even follow its own definition of "reasonable investor" and instead inappropriately looks at only a subgroup of self-identified investors interested in sustainability issues as well as non-investors. Paragraph 3.58, for example, states that "SASB assesses the materiality of sustainability issues by looking at evidence of interest from the perspective of the "hypothetical 'reasonable investor.'" Then in Paragraph 3.59, "evidence of interest" is determined by looking at the views of stockholders who submit stockholder proposals on sustainability topics, investors who are part of the SASB industry working group ("IWG"), company disclosures, and "a broader range of stakeholders" including "non-market participants during the SASB IWG process." This "evidence of interest" is not reflective of all investors, but only of a subgroup of investors who have identified themselves with a high level of interest in sustainability issues.8 This also incorrectly attributes the views of non-investors ("non-market participants") to the "reasonable investor."	