



PUBLIC COMMENT PERIOD

Opening Date: April 7, 2016

Comments Due: July 6, 2016

OVERVIEW OF SASB PUBLIC COMMENT PERIOD ON GOVERNANCE DOCUMENTS AND CLASSIFICATION SYSTEM

With the release of this overview and its accompanying documents on April 7, 2016, the Sustainability Accounting Standards Board (SASB) officially opens a 90-day public comment period to solicit feedback on two governing documents and one proposal that together will provide a foundation for the organization's ongoing standard-setting work as it prepares to transition from a provisional phase to a codification and maintenance phase.

Background

In 2012, the SASB began developing provisional sustainability accounting standards for 10 sectors and 79 industries. In March of 2016, the SASB will release provisional standards for its tenth and final sector, bringing the 44-month provisional phase to a close. This transition marks a pivotal point for the SASB and its standards, as the organization enters a period of deep consultation on the provisional standards prior to codifying the standards and beginning the ongoing process of maintenance.

Rationale

To achieve these new objectives, the SASB has developed and/or updated two governance documents to guide the principles and practices of its standards setting going forward. Additionally, it has proposed a small number of structural changes to the Sustainable Industry Classification System™ (SICS™), which underpins the organization's industry-specific standard-setting efforts.

The Documents

During this provisional phase, the SASB's work was guided by a set of principles and processes outlined in the *SASB Conceptual Framework*. However, as the organization moves into the next stage of its work, new processes are required. Therefore, the SASB has developed a new document, the *Rules of Procedure*, and modified its existing *Conceptual Framework* accordingly. The focus of the two documents is as follows:

1. The **Conceptual Framework** has been updated to focus on the fundamental principles that guide the SASB's work. It also outlines the purpose of that work, which relates the SASB standards to their benefits (and beneficiaries), and the SASB's role in the broader sustainability, accounting, and financial reporting arenas.

2. The SASB **Rules of Procedure** establishes the processes, practices, and procedures related to the SASB's standard-setting activities. These include standards-development activities, ongoing consultation with stakeholders, codification of the standards, and their ongoing maintenance. The *Rules of Procedure* also outlines the organization's governance structure with respect to standard-setting activities.

The Proposal

Addressing sustainability in a way that is meaningful to investors requires an industry-specific approach, as the material impacts of environmental, social, and governance issues differ greatly depending on the nature of a company's core business and its competitive circumstances. SICs groups companies into industries and sectors based on shared resource intensity and sustainability-related risks and opportunities.

As a natural consequence of its standards-development work, the SASB's understanding of each industry's sustainability characteristics has increased significantly since 2012. Today, equipped with an almost full set of provisional standards, the SASB has taken a fresh look at the original SICs taxonomy and proposed changes that better serve the classification system's purpose.

Feedback

Together, these two documents and reclassification proposal provide a foundation for the SASB's work as it looks ahead to the completion of its provisional standard-setting and turns its attention to their codification and long-term maintenance.

The SASB welcomes comments from the public on these key elements of the groundwork that will support its future efforts. For more details, please see:

- SASB Conceptual Framework – Exposure Draft
- SASB Rules of Procedure – Exposure Draft
- SASB Sustainable Industry Classification System Amendments

More information regarding the public comment period may be found at <http://www.sasb.org/comment/>, and comments may be submitted to comments@sasb.org. The SASB requests that respondents please submit comments in the form of a letter on official letterhead.