



Jean Rogers, PhD PE
Executive Director

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May 1, 2013

Dear Members of the INCR Listing Standards Drafting Committee,

I write on behalf of the Sustainability Accounting Standards Board (SASB), a 501c3 organization that provides sustainability accounting standards for the disclosure of material sustainability issues by publicly-listed corporations in the U.S, for the benefit of investors and the public. SASB represents 13 Board members, 13 Standards Council members, 130 Advisory Council members, and >350 members in our working groups for two sectors (out of ten total) to date. These working groups represent \$800B market capital and \$952 AUM in Health Care and \$1.1T market capital and \$4.9 AUM in Financials.

This letter responds to the public comment period for the INCR Listing Standards Drafting Committee Consultation Paper: *Proposed Sustainability Disclosure Listing Standards for Global Stock Exchanges*. SASB strongly supports your work to establish a minimum global standard for corporate reporting that benefits investors and companies. In response to the consultation paper, SASB would like to point out the following U.S. considerations:

- The Securities and Exchange Commission (SEC) currently governs disclosure requirements for companies publicly-traded in the U.S. The mandatory annual report, the Form 10-K (established by Regulation S-K), is the most substantive of the reports filed with the SEC.
- In the context of the Form 10-K, companies are required to disclose material information. According to the U.S. Supreme Court, information is material if “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.” Materiality is a filter to determine what information is necessary to paint the most accurate picture of a company’s health and performance. Regulation S-K requires material information to be disclosed in the Form 10-K.
- M2 of your proposed listing standard suggests linking annual financial filings to a GRI content index. A company’s GRI index includes both material and immaterial (based on the Supreme Court definition) information, and therefore is not an appropriate index for use by companies filing the Form 10-K (or the Form 20-F, which is filed by international companies traded on US exchanges).
- SASB is developing industry specific standards for disclosure of material ESG issues in the Form 10-K. These will address ESG disclosure requirements for material issues in the U.S. Between now and 2015, SASB is developing standards for 88 industries in 10 sectors.
- SASB proposes that the committee recommend that U.S. companies include material information disclosed using SASB standards in the MD&A section of the Form 10-K, as opposed to the GRI index, in order to comply with existing regulation for the disclosure of material issues the Form 10-K.

Thank you for the opportunity to comment on *Proposed Sustainability Disclosure Listing*

Standards for Global Stock Exchanges. We would be happy to further discuss the considerations outlined in this letter.

Best regards,

A handwritten signature in black ink, appearing to be 'JR', with a stylized flourish extending to the left.

Jean Rogers PhD PE
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Sustainability Accounting Standards Board