



SASB & The Investment Integration Project (TIIP)

Moderator: William Burckart of TIIP

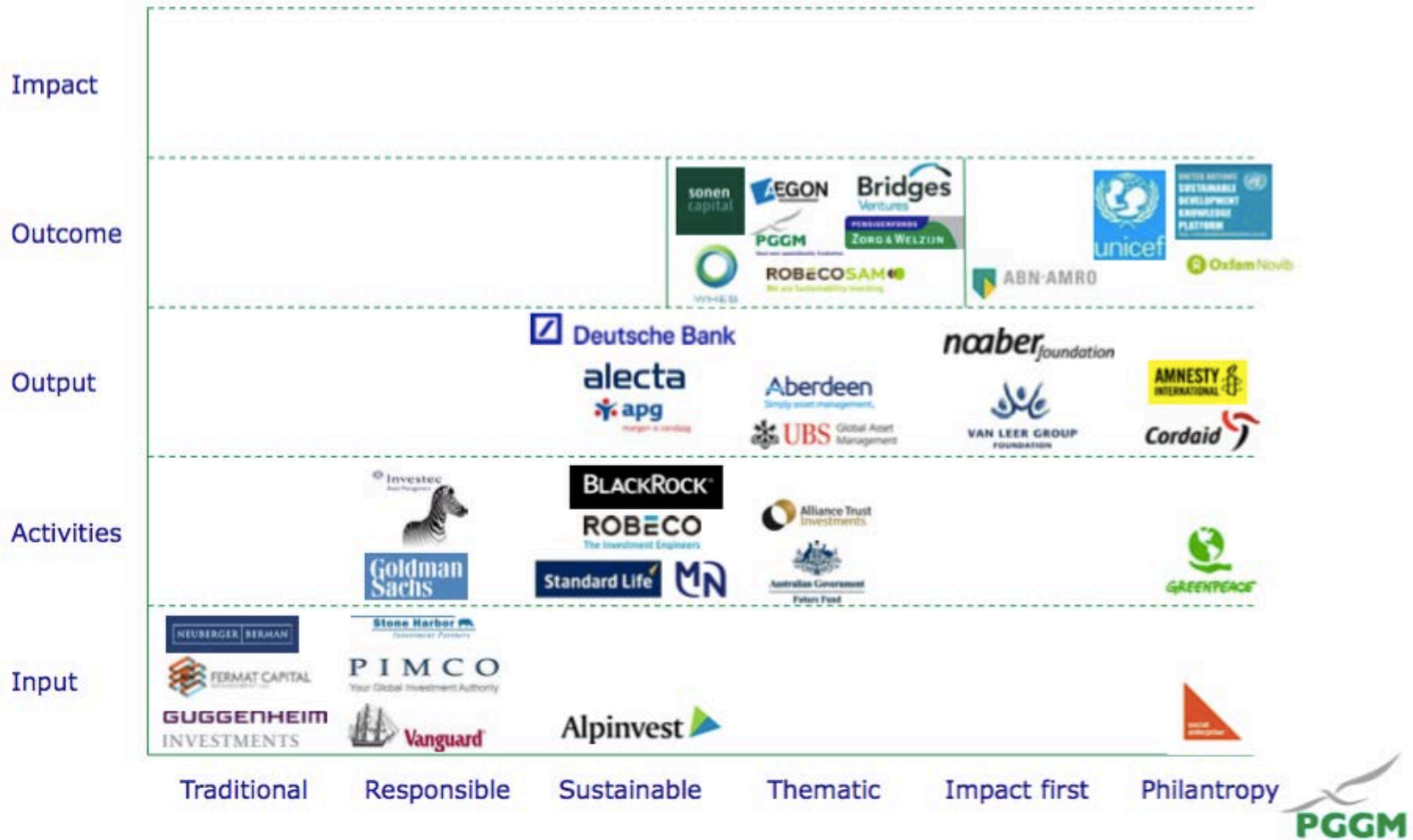
Speakers: Steve Lydenberg of TIIP, and Janine Guillot of SASB



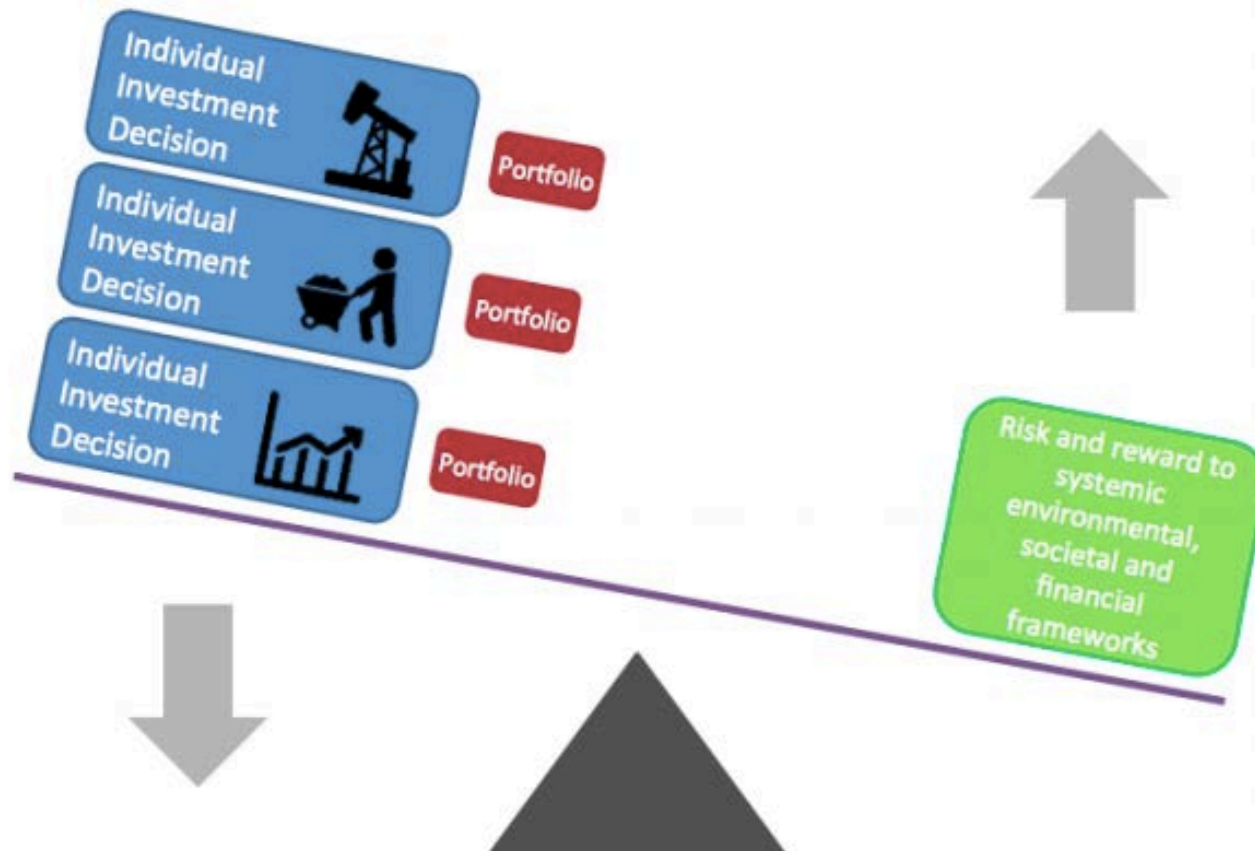
“All investing has an impact...”



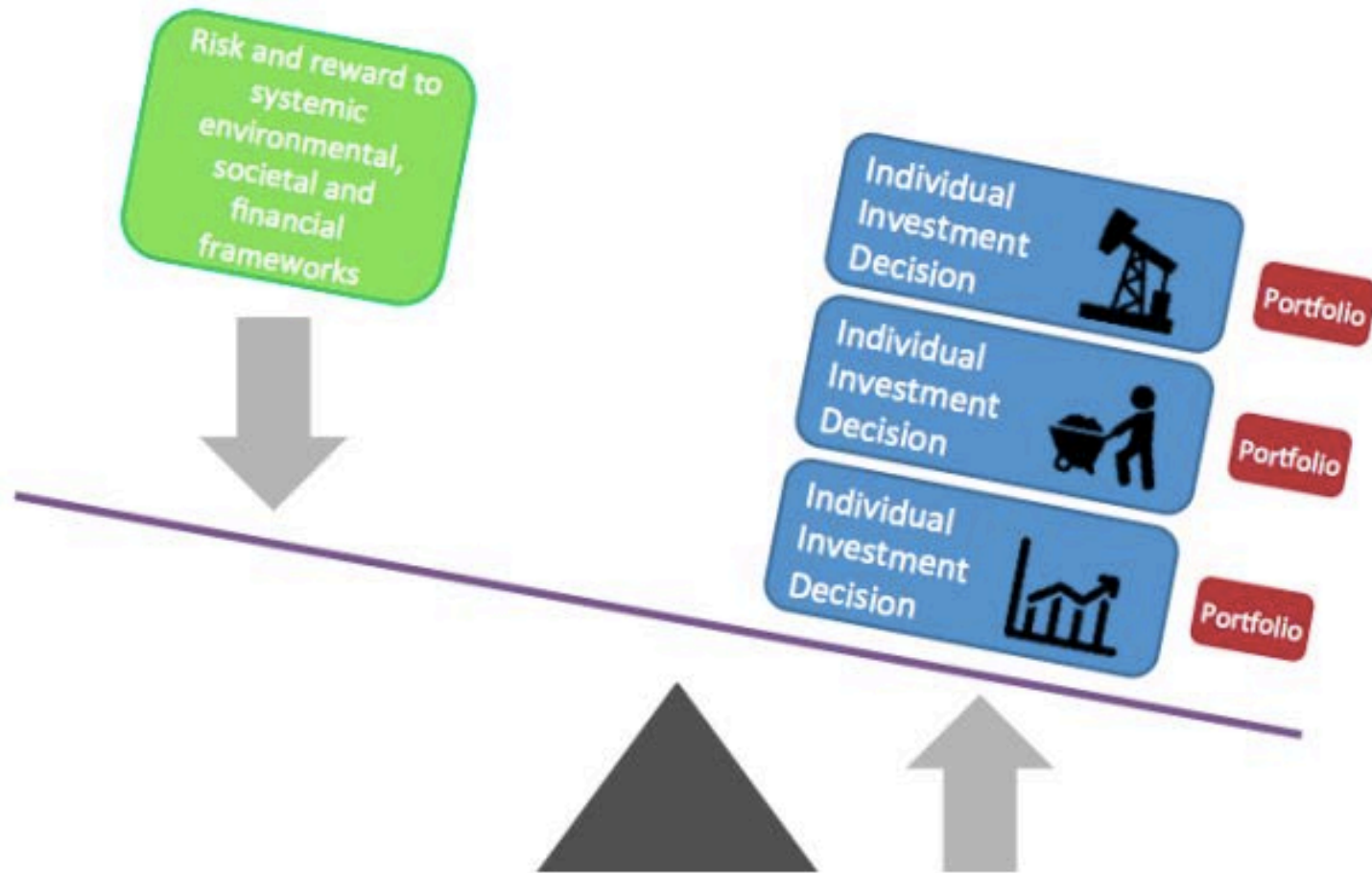
Broad spectrum of activity



But we've seemingly hit a wall



But we've seemingly hit a wall



Much progress in RI

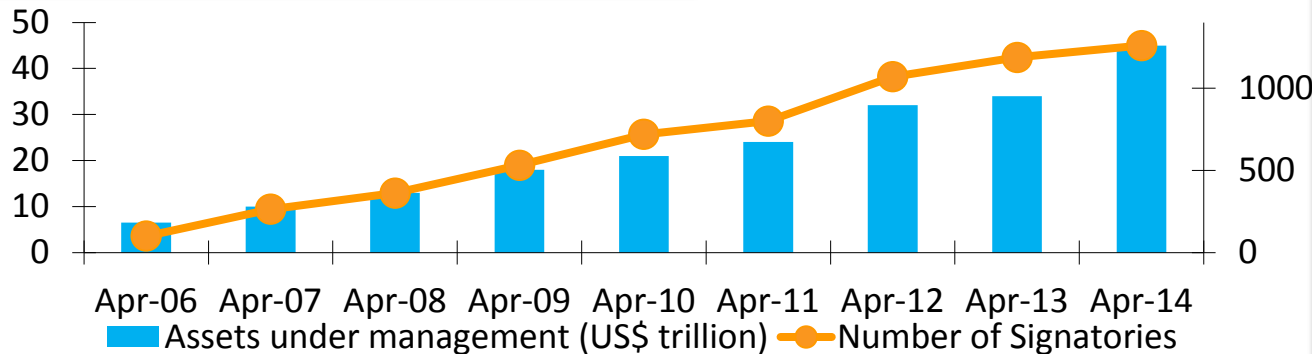


IMPACT INVESTING KNOWLEDGE CENTER TOOLS & TRAINING NEWS & EVENTS THE NETWORK



Department of Labor opens the door for ESG considerations

BY HAZEL BRADFORD | OCTOBER 22, 2015 3:48 PM | UPDATED 4:12 PM



FINANCE BLACKROCK

BlackRock's Fink tells S&P 500 firms to think long-term

by Reuters APRIL 14, 2015, 7:13 PM EST



Does this mean real change?

FUND*fire*

A Financial Times Service

HNW Investors Skeptical of ESG Despite Huge Marketing Push

Article published on January 27, 2016

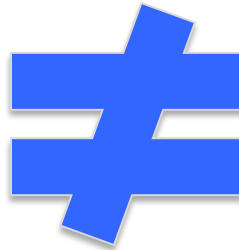
By Danielle Verbrigghe

Many top brokerages, asset managers and banks have ramped up the focus on promoting socially responsible products. But some high-net-worth and institutional investors still remain skeptical of the merit of such investments.



What would real change look like?

Portfolio Level



Systems Level



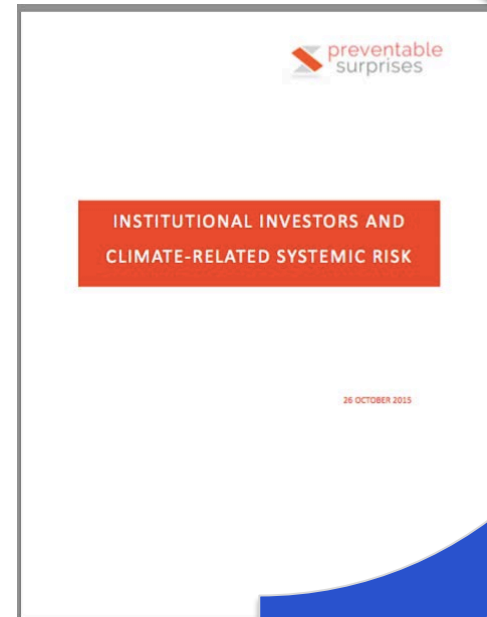
People are circling around this

NEWS

PRI TO CONSIDER NEW PRINCIPLE FOCUSING ON SYSTEMIC RISKS

By AMANDA WHITE

NOVEMBER 18, 2015



Forbes / Investing

The Little Black Book of Billionaire Secrets

DEC 4, 2015 @ 09:01 AM 992 VIEWS

Bloomberg To Head Climate Risk Taskforce To Bring Greater Transparency For Investors

The Investment Integration Project (TIIP)



Reason for TIIP

Asset owners and managers do not understand *how and to what extent* their investment decision-making impacts the environmental, societal and financial systems they operate within, or how these systemic frameworks in turn impact their portfolios.

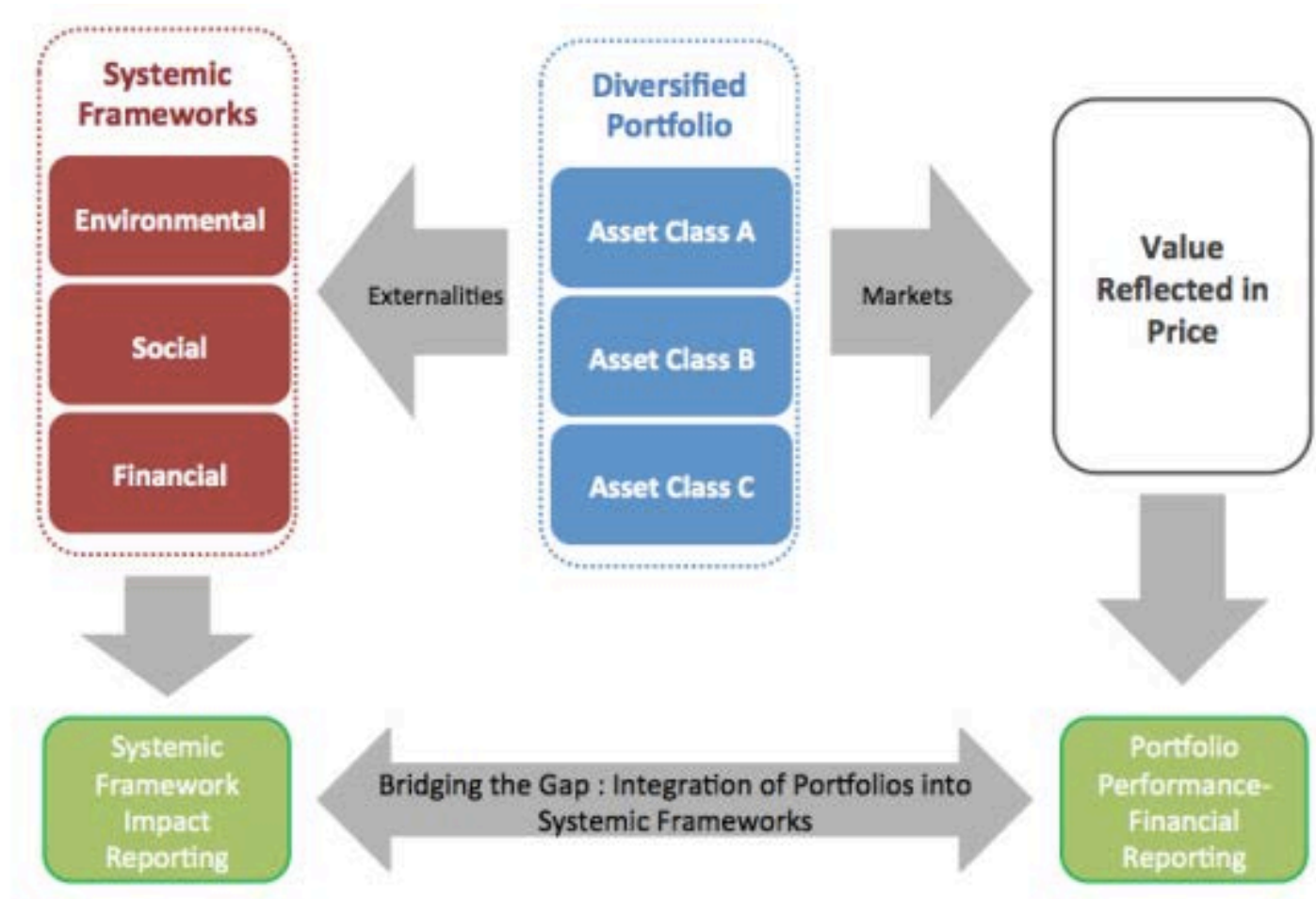


TIIP approach

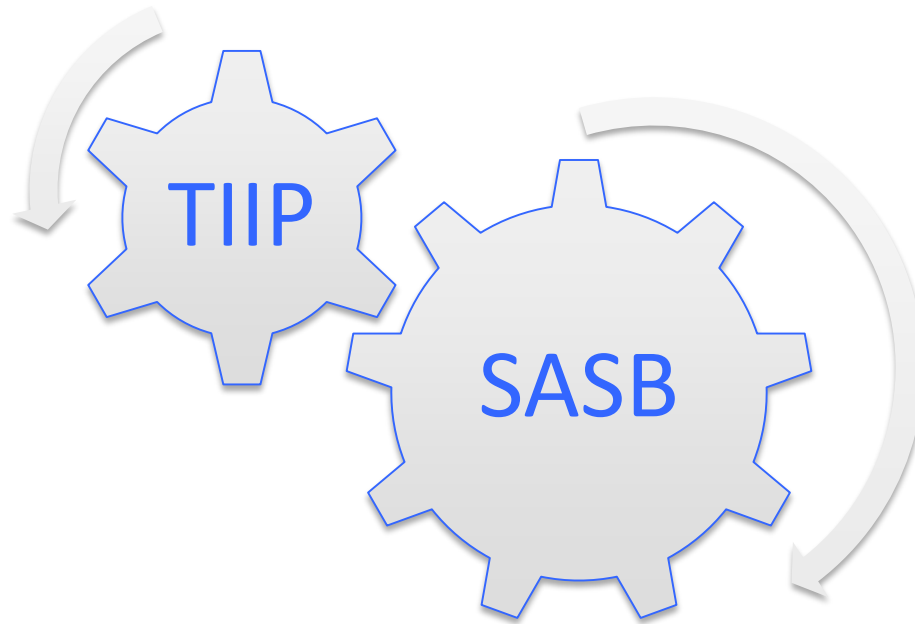
TIIP offers a pre-competitive research network that is building a library of best practice research and guidance to help asset owners and managers to fast track the integration of portfolios and systemic frameworks.



What does it look like?



Ultimate goals



The SASB Mission

Improved non-financial disclosure results in enhanced market efficiency

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

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

Facts about SASB

- Independent 501(c)3 non-profit
- American National Standards Institute (ANSI) accredited standards developer
- Developing industry-specific standards for 10 sectors and 80+ industries
- Guided by the U.S. Supreme Court's definition of materiality, SASB prioritizes material sustainability factors for disclosure to investors



The SASB Difference

SASB standards are created for the market, by the market



Comparing Fundamentals, Competing on Performance

SASB standards enable peer-to-peer comparisons and foster competition

SASB Metrics

← → <http://www.tblanalysts.com/rt/chemicals/compare>

Sustainability Accounting Stan... TBL Analysts - Google Search ×

⌂ ☆ ⚙

Sustainability Fundamentals: Chemicals Industry

Sector

RT

Industry

Chemicals

View

Company Compare

This view compares the company you have selected to other companies in the same industry. Click on the column heading to sort the report on any of the metrics shown.

Company Name & Ticker	<u>GHG Emissions</u>	<u>Air Quality</u>			<u>Energy & Feedstock Management</u>			<u>Water Management</u>		<u>Hazardous Waste Management</u>			<u>Health, Safety & Emergency Management</u>	
	Scope 1 GHG Emissions	Nitrogen Oxide Emissions	Sulfur Oxide Emissions	VOC Emissions	Total Energy Consumed	Electricity Used	% Electricity	Total Water Use	Total Water Withdrawal	Total Waste	Hazardous Waste	% Hazardous Waste	Total Recordable Incident Rate	Total Fatalities
	Mill. mtCO ₂ e	Th metric tons	Th metric tons	Th metric tons	Th MWh	Th MWh	%	Th m3	Th m3	Th metric tons	Th metric tons	%	Rate	Number
Dow Chemical DOW	27.7	17.1	2.0	8.8	165,361.0	--	--	--	3,121,000.0	1,500.0	615.0	41%	0.2	0.0
DuPont DD	13.6	7.9	9.9	8.1	44,583.4	6,265.1	14.1%	20,193.8	20,193.8	--	405.2	--	0.6	1.0
LyondellBasell LYB	--	8.1	2.2	7.3	92,777.8	--	--	139,000.0	--	1,740.0	1,110.0	64%	0.2	--
Braskem BAK	9.8	--	--	--	52,893.1	306.6	0.6%	70,854.2	--	70.4	27.9	40%	0.4	0.0
Monsanto MON	1.5	3.8	1.6	0.1	6,972.2	2,438.9	35.0%	1,338,000.0	964,000.0	--	--	--	0.6	1.0
Syngenta AG SYT	0.7	0.5	--	0.5	2,758.3	683.3	24.8%	37,800.0	37,800.0	379.0	236.0	62%	0.3	2.0
FMC Corp FMC	--	--	--	--	8,250.5	--	--	21,433.0	--	29.6	--	--	0.5	0.0
Average	5.3	5.3	1.9	3.2	25,761.8	3,624.3	27.6%	212,269.5	324,730.8	13,333.1	166.6	37%	0.7	0.4

Peer comparison

Peer comparison

Consistent units

Complete data set

Benchmarking

A Market-Driven Response

SASB addresses needs of all market participants—both investors *and* issuers

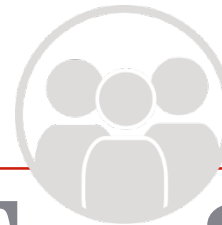
Issuers

- A minimum set of disclosure topics that are likely to have material impacts on companies in an industry, and a model for disclosing information on those factors in a decision-useful way to investors
- A method to understand and improve performance on ESG-related value drivers
- A way to better satisfy the requirements of Regulation S-K in the U.S. and Directive 2014/95/EU in Europe

Investors

- Comparable data for benchmarking and evaluating performance
- Standardized, decision-useful information in a trusted channel (i.e., 10-K and 20-F)
- Tools and resources to analyze and understand sustainability risk at the portfolio level
- Guidance for more focused corporate engagement efforts

**SASB INDUSTRY WORKING GROUPS
REFLECT BROAD-BASED INTEREST**



>2,800

PARTICIPANTS

\$23.4T

**ASSETS UNDER
MANAGEMENT**

\$11.0T

MARKET CAP

Major Themes from Standards Setting

Interesting patterns have begun to emerge after 10 sectors and 79 industries

	Market cap of companies affected	Percentage of U.S. equity market
CLIMATE CHANGE		
Event readiness in health care delivery, carbon intensity of reserves in oil and gas, emissions from refining, vulnerability of real estate and insurance, impact on crop yields	\$33.8T	93%
PRODUCT ALIGNMENT & SAFETY		
Counterfeit drugs, food quality and nutrition, car and airline safety, responsible gambling and drinking, product design and take-back	\$29.1T	80%
RESOURCE INTENSITY & SCARCITY		
24/7 health care facilities and data centers, fuel management in transport rare earth minerals in manufacturing, water consumption in beverages, oil and gas, agriculture	\$26.9T	75%
ACCESS & AFFORDABILITY OF SERVICES		
Orphan drugs and pricing, access to medicine and coverage, transparency in procedures and billing, financial inclusion and capacity building	\$8.3T	23%
FINANCING & RESPONSIBLE LENDING		
Responsible lending and transparency of terms in mortgages, consumer finance, and education, financial literacy initiatives	\$3.9T	11%

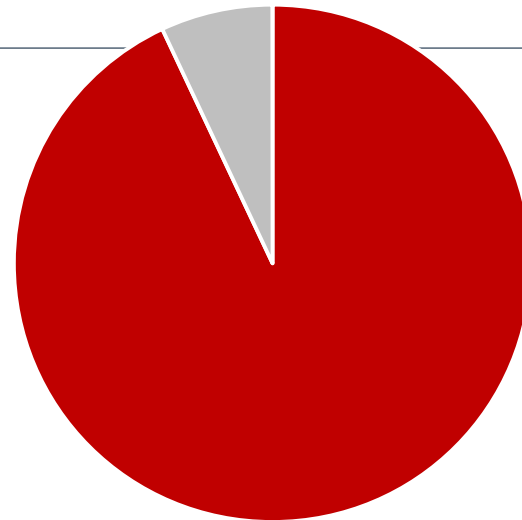
Climate Change: Ubiquitous but Differentiated

Climate change affects majority of capital markets, but industry impacts are unique

CLIMATE CHANGE

Impacts 72 of 79 industries

- *Event readiness* in Health Care Delivery
- *Carbon intensity of reserves* in Oil & Gas – Exploration & Production
- *Emissions from refining* in Oil & Gas – Refining & Marketing
- *Vulnerability of real estate* in Insurance
- *Impact on crop yields* in Agricultural Products
- *Financed emissions* in Commercial Banks



93%

Percentage of
U.S. equity
market
impacted

\$33.8T

Market cap of
companies
affected

The key question we aim to answer:

How can efforts like SASB and TIIP help bridge the divide between portfolio level decisions and systemic frameworks?



Big Takeaways

To bridge the gap between portfolios and systems, asset owners and managers will need to take three concrete steps:

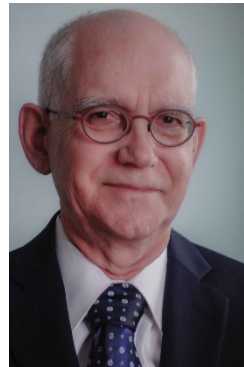
- acknowledge the connection between investment decision-making and systems-level risks and rewards;
- determine which systemic frameworks they can most appropriately and usefully focus on; and
- implement investment practices that allow them to contribute to the preservation and enhancement of these system while simultaneously achieving competitive financial returns for their portfolios.

Thank you for attending

Have more questions? Contact our speakers:



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