

SASB Technical Deep Dive: Accelerating Change through ESG Disclosure

September 25, 2020

Session Agenda



Presentation: Accounting for Climate Risk



Panel: Technical Deep Dive on Climate Risk and the SASB Standards



Questions



9/25/20

Submitting Questions

The moderator and speakers will address as many questions as possible during the webinar.

We'll have a Q+A session at the end, time permitting.

The slides and a recording of the webinar will be shared with all registrants.

Microphones are muted. Please type in your question and click "send."





Accounting for Climate Risk



The Sustainability Accounting Standards Board

Non-profit standards-setting organization for financially material ESG information





Climate Risk is Ubiquitous, but Industry-Specific

Industry-specificity applies both to risk exposure and performance measurement



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Climate Risk





Regulatory Risk



Metals & Mining

Performance Measurement

- Direct GHG Emissions
- Indirect GHG Emissions
- Energy Usage
- Fuel Usage
- > Water Usage
- Physical Asset Exposure
- Product Design
- Material Sourcing
- Supply Chain Management
- Legal/Regulatory Management
- Emergency Preparedness



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Climate Risk is Ubiquitous, but Industry-Specific

Industry-specificity applies both to risk exposure and performance measurement

	Physical	Transition	Regulatory
Sector & Industries	Risk	Risk	Risk
Extractives & Minerals Processing			
Oil & Gas – Exploration & Production			
Oil & Gas - Midstream			
Oil & Gas – Refining & Marketing			
Oil & Gas - Services			
Coal Operations			
Iron & Steel Producers			
Metals & Mining			
Construction Materials			
Financials			
Commercial Banks			
Investment Banking			
Asset Management & Custody Activities			
Consumer Finance			
Mortgage Finance			



Climate Risk in the SASB Standards

Measuring performance on climate risk requires industry-specific metrics

Industry	Торіс	Metric
Health Care Delivery	Climate Change Impacts on Human Health & Infrastructure	Physical risks due to (1) extreme weather events and (2) changes in disease morbidity and mortality rates
Insurance	Environmental Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes
Mortgage Finance	Environmental Risk to Mortgaged Properties	Mortgage loan losses due to weather- related natural catastrophes, by geographic region
Hotels & Lodging	Climate Change Adaptation	Number of lodging facilities located in 100-year flood zones
Water Utilities & Services	Network Resiliency & Impacts of Climate Change	Number and volume of sanitary sewer overflows (SSO)



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Accounting for Emissions: The Tale of Two Companies



The importance of industry-specific, representative metrics





- > Company A and Company B are both companies in the Metals & Mining industry
- > They both operate in similar regions
- > They both extract a similar mix of commodities



The importance of industry-specific, representative metrics



Company A and Company B both have direct emissions (Scope 1), which they report in accordance with the SASB standards



Company A and Company B also both rely on the electrical grid for energy and therefore have indirect emissions (Scope 2)



The importance of industry-specific, representative metrics



- Production: 10,000 kmt
- Energy Usage: 13 million GJ
 - > % from Electrical Grid: 30%
 - > % Renewable: 70%
- Scope 2 Emissions: 770,000 tons CO2e



- Production: 2,500 kmt
- > Energy Usage: 4.5 million GJ
 - > % from Electrical Grid: 90%
 - ➤ % Renewable: 10%
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A mix of information is needed to get the complete picture

To fully understand climate-related risk, a mix of information is needed:



Qualitative context: governance, strategy, risk management





Industry-agnostic information: Scope 2 emissions





Industry-specific information: Production, energy usage, % renewable





Importance of Industry-Specificity: The Life of a Carbon Molecule





How do the decisions of economic actors result in emissions?



How can the SASB standards help companies and investors understand these interactions?



How do the decisions of economic actors result in emissions?



Power Generator

Company A



How do the decisions of economic actors result in emissions?





How do the decisions of economic actors result in emissions?





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Panel: Technical Deep Dive with the Research Team



Introducing the Panelists









Lynn Xia Lead Analyst, Sector Lead – Food & Beverage Panelist Marvin Smith Director of Stakeholder Outreach Panelist



David Parham Director of Research -Projects Moderator



Would you like to learn more about SASB?



The standards show what information to integrate into performance management https://www.sasb.org/standards-overview/download-current-standards/

Questions? info@sasb.org

The Implementation Primer offers guidance to integrate SASB standards core communications with investors. https://www.sasb.org/implementation-primer/

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The Materiality Map can help you compare industries https://www.sasb.org/standards-overview/ materiality-map/

Annual SASB Symposium (Virtual) on Nov. 30 – Dec. 1 https://www.sasb.org/symposium/2020-symposium/







Accounting for a Sustainable Future