THE NETWORK FOR
SUSTAINABLE FINANCIAL MARKETS

July 27th 2013

Sustainability Accounting Standards Board
Request for Comment on Conceptual Framework

The undersigned participants in the Network for Sustainable Financial Markets (SFM), an international, non-partisan, non-profit organization comprised of financial market professionals and academics, submit these comments in response to the request for comment.[1]

Background

SASB has developed a Conceptual framework to guide its process of standards setting and has asked for comment on their conceptual framework.

http://www.sasb.org/approach/conceptual-framework/

"SASB's Conceptual Framework is a foundational document that guides SASB's standards development process and explains the concepts and definitions relevant to SASB's work. The framework is essential to fulfilling SASB's goal of developing standards that are useful, cost-effective, comparable and auditable.

Specifically, SASB would like comments to address the following question: does the Conceptual Framework provide a clear and complete understanding of the concepts and definitions relevant to SASB's standards-setting process?"

Some of the undersigned are SASB Advisory Council members. We all see work of the SASB as critical to improving sustainability of the financial markets. These comments are submitted with the intent of helping to improve focus and effectiveness of the SASB in performing its role.

The SASB model and framework have been developed over the last 12 to 24 months. While the overall framework is a good evolution in thinking, it does NOT provide a clear, complete, and consistent description of the concepts and definitions relevant to SASB's standards

[1] Signatories support this document in their personal capacities; organizational affiliations are listed for identification purposes only.

setting process. In addition, the summary of fiduciary duty in the framework omits several key aspects of fiduciary responsibilities that relate to sustainability. The following outlines in detail a number of suggested revisions to the Conceptual Framework.

Specific Comments and Feedback for SASB

We note the following for consideration as SASB continues to further refine and clarify its core concepts and definitions.

> "Does the Conceptual Framework (CF) provide a clear and complete understanding of the concepts and definitions relevant to SASB's standards setting process?" (Excerpt from invitation to comment.)

The short answer is, not yet. The following points provide comments on how the CF could be strengthened to better achieve those goals.

1. 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.

2. 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?

3. 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.)

4. 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."?

5. 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).

6. 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.”

7. On page 4 (and throughout the document), reference is made to “sustainability accounting,” though meaning of the term is not defined. We assume it refers to application of the SASB standards.

8. 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.[2]

9. 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.

10. Paragraph 1.20 again speaks of ESG risks, opportunities and factors, though there has not yet been a definition of ES or G.

11. "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.”

12. These ambiguities carry through, for example, to the SASB Materiality Map for Health Care issues, and the clusters of draft KPIs for the Pharmaceutical Industry. The challenge is to provide clearer definitions of key terms used by SASB and what they include.

13. 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).

14. 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.

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[2] For further information on the evolving application of fiduciary duties, see Hawley, James P., Johnson, Keith L. and Waitzer, Edward J., Reclaiming Fiduciary Duty Balance (September 21, 2011). Rotman International Journal of Pension Management, Vol. 4, No. 2, p. 4, Fall 2011; Waitzer, Ed and Sarro, Douglas. The Public Fiduciary: Emerging Themes in Canadian Fiduciary Law for Pension Trustees. The Canadian Bar Review, Vol. 91, 163 - 209 (2012); and Lydenburg, Steve. Reason, Rationality, and Fiduciary Duty. Journal of Business Ethics, 2013, Available at http://www.springerlink.com/openurl.asp?genre=article&id=doi:10.1007/s10551-013-1632-3.

15. 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.

16. 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

17. 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

18. 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

19. 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.

a. This includes in the conceptual draft paragraphs 1.2, 1.3, 1.17, 1.19, 1.2,2.1, 2.2, 2.4, 2.5, 2.8 , 2.9, 2.10,3.7, 3.13, 5.6 and 5.8

b. If the above sections suggest a fully integrated ESG model capturing ALL material capitals impacting cash flows and their valuation impact, then it would appear the additional KPIs outlined above in our sections 17 and 18 should be considered in the standards setting process and opened up for comment by participants, given their materiality to long-term sustainable value creation for reasonable and or long-horizon (sustainable) investors

20. Paragraph 3.68 addresses forward-looking sustainability issues that might not yet have been manifested in the financial condition of companies. Given the inter-generational loyalty and impartiality fiduciary obligations of many institutional investors and the materiality of systemic future cost of living risk factors to fiduciaries, the SASB might consider taking a broader view of materiality. For example, with recent enactment of SEC regulations on disclosure of company climate change exposures and insights about the materiality of systemic risks gained from the financial crisis, issues that have not yet been manifested can nonetheless be material to reasonable fiduciary investors. Company practices relating to management of the capitals, innovation, strategic planning and other drivers of future cash flow are also very material to sustainability. Addressing these valuation effects and the duty of impartiality ramifications of such potential future cash flow, as well as systemic factors, and cost of living drivers could resolve much of the need to choose between viewing materiality from the perspective of investors or the public, which was highlighted above in paragraph 3.

21. We encourage SASB to provide more definition and clarity to key terms used in the CF and to expand the factors used to inform a holistic evaluation of sustainable value to include a more comprehensive view of future value drivers. We believe this would increase the value of the CF and SASB industry work products to investors with long-term fiduciary obligations. It would also improve alignment with the conceptual models and work of the IIRC and GRI.

We hope these comments will be helpful and look forward to seeing the revised version of the SASB Conceptual Framework.

Respectfully submitted,

Cary Krosinsky, Executive Director,
Network for Sustainable Financial Markets
Co-Author and Co-Editor Sustainable Investing: The Art of Long Term Performance,
Evolutions in Sustainable Investing, The Short Guide to Sustainable Investing
Lecturer, Columbia University, RFK Center for Human Rights & Justice,
University of Maryland Robert H. Smith School of Business,
Bard College MBA for Sustainability
SASB Advisory Council Member

Keith L. Johnson, Co-Chair
SFM Fiduciary Duty Working Group
Reinhart Institutional Investor Services, Chairman
SASB Advisory Council Member

Alan Willis
Alan Willis & Associates
Member of IIRC Working Group
Member of Sustainability Advisory Board of CPA Canada
SASB Advisory Council Member

Ralf Frank, Managing Director
DVFA – Society of Investment Professionals of Germany
Delegate – ESG – European Federation of Financial Analyst Societies (EFFAS)
Member IIRC Technical Task Force
SASB Advisory Council Member

Mark Van Clieaf, Managing Director
MVC Associates International,
Member Society for Human Resource Management Investor Metrics Task Force,
SASB Advisory Council Member
Formerly PWC Management Consulting

Stephen Viederman, Chair, Finance Committee,
Christopher Reynolds Foundation
SASB Advisory Council Member

Jim Hawley, Professor at the School of Economics and Business Administration
Saint Mary's College, USA
SASB Advisory Council

Toby Heaps, CEO, Corporate Knights
SASB Advisory Council

Keith Ambachtsheer, Director,
Rotman International Centre for Pension Management,

Rotman School of Management, University of Toronto, Canada

Robert AG Monks
Co-Founder Institutional Shareholder Services
Co-Founder The Corporate Library (now part of GMI ratings)
Author Corpocracy
Author The New Global Investors
Author Citizens Disunited

Andrew Clearfield
Investment Initiatives
Former Director, International Corporate Governance – TIAA-CREF
Former Managing Director CREF Investments
Member Board of Governors International Corporate Governance Network – 2005 – 2008

Gerrit Heyns
CEO
Osmosis Investment Management

Nick Robins
Head, HSBC Climate Change Centre of Excellence
Previously head of SRI Funds Henderson Global Investors
Co-Author & Co-Editor Sustainable Investing: The Art of Long Term Performance
Author The Corporation That Changed the World

Howard Sherman
Executive Director
Governance Metrics International (GMI Ratings)

Rebecca K. Darr
Senior Fellow, The Aspen Institute
Co-Founder, Atayne LLC (a certified B Corp)

Michael Mainelli, FCCA, FCSI, FBCS
Chairman Z/Yen Group
Alderman Professor Gresham College, London UK
Co-Author, The Road to Long Finance: A Systems View of the Credit Scrunch

Member Editorial Board, Journal of Business Strategy
Member Editorial Board, Journal of Strategic Change

James McRitchie
Publisher, Corporate Governance

Dr. Hazel Henderson,
President, Ethical Markets Media (USA and Brazil)
Author, Ethical Markets: Growing the Green Economy (2006)

James O'Loughlin
CEO JOL Consulting
Former Head of Investments Process
The Co-operative Asset Management
Author The Real Warren Buffet: Managing Capital , Leading People

John Jarrett
Partner and Co-Founder BHJ Partners
Former Director Global Research GMI Ratings

Sean Kidney, CEO
Climate Bonds Initiative
Member UK Government Capital Markets Climate Initiative

Christine Berry, Head of Policy & Research, ShareAction, UK

Gabriel Thoumi, CFA
Climate and Ecosystem Science and Financial Consultant, USA

Bill Baue, Corporate Sustainability Architect, USA
Co-Author, The Accountability Web: Weaving Corporate Accountability and Interactive Technology

Jay Youngdahl
Senior Fellow, Initiative for Responsible Investment
Hauser Center for Nonprofit Organizations, Harvard University

Angelo Calvello, PhD
Founder of Environmental Alpha and Consultant on climate change risk management, USA

Karel Leeflang, Managing Director
StrategyPod Consulting, Geneva , Tampa, Toronto, London

Kazutaka Kuroda, Social Media Director, Network for Sustainable Financial Markets (SFM)

Frank Jan de Graaf, Academic & Responsible Investment Specialist, the Netherlands
Director, Network for Sustainable Financial Markets

Dr. Andreas G. F. Hoepner
Lecturer in Banking & Finance, School of Management, University of St. Andrews
Deputy Director, Centre for Responsible Banking & Finance, School of Management, University of St. Andrews
Academic Fellow, United Nations backed Principles for Responsible Investment

Peter Sweatman
Chief Executive, Climate Strategy & Partners
Visiting Professor, IE University, Madrid
Previously Managing Director Climate Change Capital

Frank Curtiss
Head of Corporate Governance
RPMI Railpen Investments

Raj Thamotheram
President Preventable Surprises
Founder and President Network for Sustainable Financial Markets
Previously Global Head of Corporate Governance AXA Investment Advisors
Previously Head of Corporate Governance USS, UK
Co-Author Preventable Surprises

Adam Kanzer
Managing Director and General Counsel, Domini Social Investment LLC, USA
SASB Advisory Council

Cynthia A. Williams
Osler Chair in Business Law
Osgoode Hall Law School
York University
SASB Advisory Council

Marcy Murninghan
The Murninghan Post, The Lighthouse Investment Group
SASB Advisory Council Member

Michael Musuraca, Fund Manager

Rob Lake, Independent Responsible Investment Advisor

Summary of Business Model & Innovation Materiality Research - Example

#	Issue	Description	KPI	Evidence of Materiality	Evidence of Reasonable Investor Interest
1	Customer Capital & Loyalty / Engagement	Customer loyalty has a material impact on a firms cash flows, margins and returns and is impacted by how well customers are willing to promote to others	Net Promoter Score Index	Articles on use of Net Promoter score Disclosures by SAP and other companies using Net Promoter Score See Mercer profit patterns http://www.rerolle.eu/public/1997da_Profit_pattern__english.pdf http://www.amazon.ca/Profit-Patterns-Anticipate-Strategic-Reshaping/dp/0812931181	Morningstar describes its "Moat" process including customer loyalty and customer switching costs and impact on competitive advantage, cash flows and returns GoldmanSachs Sustainability KPI's for equity research http://www.investopedia.com/terms/f/firstmover.asp EFFAS ESG standards including ESGV V = Viability includes customer, innovation and other sustainable value drivers http://www.effas-esg.com/wp-content/uploads/2011/07/KPIs_for_ESG_3_0_Final.pdf

2	Customer Capital & Customer Portfolio Risk	Customer portfolio structure and distribution impacts the risk of cash flows from customers; when 5 – 10 % of customers = + 70 % of profits this is a huge risk for shareholders and not disclosed today	% of Customer Portfolio = > than 70 % of revenue or profits	If 5 to 10 % of customers = > 70 % of revenues and or profits then is a material risk to the sustainability of cash flows and returns http://knowledge.wpcarey.asu.edu/article.cfm?articleid=1473	http://www.ruthnbolton.com/Publications/jm.75.3.1.pdf Balancing risk and return in a customer portfolio
3	Customer Capital & Customer Retention	Customer Retention and High Value Customer retention or churn materially impact	Customer Churn Rate %	If customer portfolio has a high churn or turnover rate than this impacts sustainability of the profits and returns – high value customer in particular Google articles and research on customer portfolio risk, retention and churn See Mercer profit patterns http://www.rerolle.eu/public/1997da_Profit_pattern__english.pdf http://www.amazon.ca/Profit-Patterns-Anticipate-Strategic-Reshaping/dp/0812931181	GoldmanSachs Sustainability KPI for equity research http://www.investopedia.com/search/default.aspx?q=customer%20churn

4	New Product / New Market Innovation	R&D and Commercialization of New Products and New Services which drives growth in revenues, profit and returns R&D is already DISCLOSED in financial statements	% Revenue in the last 5 years from New Products, New Services, New Markets	New Product, New services, New Market innovation is at the core of sustainability and its cash flows and returns over time Innovation is key to High Return On Invested Capital and in stopping the fade of returns on capital	See creditsuisseholt model for valuation and the Fade factor which is stopped by Innovation See Bart Madens books and articles See Morningstar moat and valuation model See GoldmanSach Sustain Valuation Model http://www.investopedia.com/search/default.aspx?q=new%20product http://www.investopedia.com/search/default.aspx?q=new product New CNBC series on Innovation and Disruption EFFAS ESG standards including ESGV http://www.effas-esg.com/wp-content/uploads/2011/07/KPIs_for_ESG_3_0_Final.pdf

5	Branding & Advertising Investment	Investment in Branding and Digital Marketing to drive awareness, trial, future sales, cash flows and returns for shareholders This should separate those cash outlays which are short term current period promotion oriented from Longer Term multi- year investments in the Brand and customer relationship	$ Total Investment on Advertising and Digital Branding & CRM	See http://papers.ssrn.com/sol3/papers.cfm?abstract_id=270688 Pablo Fernandez Valuation of Brands and Intellectual Capital http://www.interbrand.com/en/best-global-brands/2012/best-global-brands-methodology.aspx Interbrand Valuation Model	See http://papers.ssrn.com/sol3/papers.cfm?abstract_id=270688 Pablo Fernandez Valuation of Brands and Intellectual Capital See Morningstar moat and valuation model

6	New Business Model Innovation	R&D and Commercialization of New Business Model which drives growth in revenues, profit and returns and disrupts current business model	% Revenue in the last 5 years from New Business Models	New Business Model innovation is at the core of sustainability and its cash flows and returns over time Business Model Innovation and Disruption is key to High Return On Invested Capital and in stopping the fade of returns on capital See McKinsey Book "Creative Destruction" See Book "Blue Ocean Strategy" See IBM research on innovation & new business models See McKinsey Research on Innovation & new business models See Mark Van Clieaf research on the 5 Levels of Innovation and 5 Levels of CEO Work and 5 Levels of Corporate Governance The expected level of innovation directly impacts the PE and Future Value of the enterprise and its valuation It will be innovation such a Clean Energy business models which will be key to true Sustainability The Median Future Value for the S&P 500 is approximately 50 % as of March 2012 which means that 50 % of the Valuation of the S&P 500 is based on an expectation for growth and innovation which is a material risk for investors	See creditsuisseholt model for valuation and the Fade factor which is stopped by Innovation https://www.credit-suisse.com/investment_banking/holt/en/index.jsp See Bart Madens books and articles including CFROI valuation and wealth generation See Morningstar moat and valuation model See GoldmanSachs Sustain Valuation Model http://www.goldmansachs.com/our-thinking/archive/crossing-the-rubicon-immersive/gs-sustain-exec-summary.pdf http://people.stern.nyu.edu/adamodar/ and also Asowth Damodaran "Dark Side of Valuation" http://www.investopedia.com/search/default.aspx?q=new%20business%20model http://www.cnbc.com/id/100729362 New CNBC series on Innovation and Disruption http://www.nytimes.com/2013/06/30/business/an-unstoppable-climb-in-ceo-pay.html?ref=business&_r=0

7	Business Model Viability / Sustainability	Business model financial viability and sustainability is key for long term shareholders	Average 5 Year Performance Spread (ROIC > WACC) from current business models and positive Economic Profit Or CFROI < discount rate	Business Model Financial Viability is key to long term sustainability If a company has not provided a ROIC > WACC over 5 years + and generated a cumulative 5 yr positive Economic Profit then generally its is NOT a viable / sustainable business long term - same for CFROI < discount rate See McKinseys research on corporate finance and ROIC See Stern Stewarts Research on ROIC See Marakon's Research on Business Strategy and Returns See BCG Valuation and Strategy Model Enterprise ROIC usually fades over time due to lack of innovation and competitive advantage High & Sustained ROIC (moats) is evidence of competitive advantage See Mark Van Clieaf research on the 5 Levels of CEO work and ROIC	See Creditsuisseholt model for valuation and the Fade factor which is stopped / slowed by Innovation See Bart Madens books and articles including CFROI valuation and wealth generation See Morningstar moat and valuation model http://online.barrons.com/article/SB50001424053111904239304577573172588569002.html See GoldmanSachs Sustain Valuation Model http://www.goldmansachs.com/our-thinking/archive/crossing-the-rubicon-immersive/gs-sustain-exec-summary.pdf See UBS VCAM Valuation Model See EVA Dimensions model for valuation http://people.stern.nyu.edu/adamodar/pdfiles/papers/returnmeasures.pdf http://value-quest.blogspot.ca/2008/01/michael-mauboussin-roic-patterns-and.html http://www.investopedia.com/search/default.aspx?q=new%20business%20model

Summary of Governance & Structural Capital Materiality Research - Example

#	Issue	Description	KPI	Evidence of Materiality	Evidence of Reasonable Investor Interest
1	Structural Capital and Number of Management Layers, Structure & Accountability Design	The number of value adding management layers and their accountability and authority directly impacts the viability and sustainability of the enterprise Too many layers results in role confusion and lack of accountability to customers, regulators, and broader society and lack of ability to innovate effectively Too few value adding layers or missing layers will impact the ability of new companies to create new innovation – such as clean energy business models	# Management Layers from CEO to Front Line Worker	See Book "Sustainability" and the Hierarchy of 6 Levels of Strategy Books on Management Structure design and Accountability Design by Elliott Jaques, David Billis, Warren Kinston, Brian Dive, Amy Kessler & Greg Kates http://www.globalro.org http://globalro.org/en/go-library/dissertations-theses-a-scholarly-papers.html http://globalro.org/en/go-library/comprehensive-annotated-ro-bibliography.html MVC Research and Articles on the 5 Levels of CEO Work http://www.iveybusinessjournal.com/topics/governance/are-boards-and-ceos-accountable-for-the-right-level-of-work#.UZC0Rr-iryc	Goldman Sachs Sustain Quality of Management Analysis http://www.goldmansachs.com/our-thinking/archive/crossing-the-rubicon-immersive/gs-sustain-exec-summary.pdf CFA Institute request to Mark Van Clieaf to present to Chicago CFA's about Work Levels & 5 Levels of Innovation Impacting Valuation Financial Management Association Practitioner Demand Driven Academic Research Initiative (PDDARI) http://69.175.2.130/~finman/Practitioners/PDDARIpage.htm

2	Structural Capital and Longest Accountable Performance Period for CEO & NEO’s	Measures the Accountability Horizon of Named Officers relative to the Risk and Investment Horizon of the Enterprise	Longest Accountable Performance Periods for Named Officers in LTIP Design	FSB http://www.financialstabilityboard.org/publications/r_090925c.pdf IIF http://www.iif.com/press/press+releases+2008/press+75.php Books and research on Management Structure design, Accountability Design and Longest Accountable Performance Periods by Elliott Jaques, David Billis, Warren Kinston, Brian Dive, Amy Kessler & Greg Kates http://globalro.org/en/go-library/dissertations-theses-a-scholarly-papers.html http://globalro.org/en/go-library/comprehensive-annotated-ro-bibliography.html MVC Research and Articles on the 5 Levels of CEO Work & Innovation http://www.iveybusinessjournal.com/topics/governance/are-boards-and-ceos-accountable-for-the-right-level-of-work#.UZC0Rr-iryc	FSB http://www.financialstabilityboard.org/publications/r_090925c.pdf IIF http://www.iif.com/press/press+releases+2008/press+75.php SEC http://www.sec.gov/comments/df-title-ix/executive-compensation/executivecompensation-303.pdf http://www.sec.gov/interps/account/sab99.htm

3	Structural Capital & CEO Internal Pay Equity	Large CEO internal pay differentials are seen as material risk indicators of Corporate Governance and CEO Succession Risk and Enterprise Sustainability	CEO Total Pay Differential to Median of 3rd Management Layer (Ratio of Total CEO Pay to divided by Median Total Pay of 3rd Layers of Management)	Dodd Frank – SEC http://www.sec.gov/spotlight/dodd-frank/corporategovernance.shtml Section 953 requires additional disclosure about certain compensation matters, including pay-for-performance and the ratio between the CEO's total compensation and the median total compensation for all other company employees. Moodys http://www.moodys.com/sites/products/AboutMoodysRatingsAttachments/2005700000426959.pdf Boardmember Magazine 2009, Heres One Way to Get a Grip on CEO Pay – CEO Pay Multipliers Executive Compensation Strategies – Pay Equity Multipliers July 2006 , V0l4 by Mark Van Clieaf Elliott Jaques book " Equitable Payment" Pay differential Thesis by Edna Homa and Roy Richardson http://www.requisite.org/roii-library/roii-store.html http://globalro.org/en/go-library/dissertations-theses-a-scholarly-papers.html http://globalro.org/en/go-library/comprehensive-annotated-ro-bibliography.html	Moodys http://www.moodys.com/sites/products/AboutMoodysRatingsAttachments/2005700000426959.pdf Dodd Frank – SEC http://www.sec.gov/spotlight/dodd-frank/corporategovernance.shtml Section 953 requires additional disclosure about certain compensation matters, including pay-for-performance and the ratio between the CEO's total compensation and the median total compensation for all other company employees. http://www.sec.gov/comments/df-title-ix/executive-compensation/executivecompensation-303.pdf http://www.sec.gov/interps/account/sab99.htm http://www.sec.gov/rules/proposed/s70306/mvclieaf040506.pdf

4	Investment in Total Structural / Human Capital & Enterprise Compensation approved by Directors (Organizational Capital)	Structural and human capital (Organizational Capital) are key inputs to sustaining growth and innovation of companies and makes up a large portion of Intangible Assets	$ Total Current Enterprise Investment in Compensation & Benefits & HR Technology	Measuring Organizational Capital in the New Economy http://ideas.repec.org/p/iza/izadps/dp1524.html Baruch Lev, Valuation of Organizational Capital http://www.nber.org/chapters/c10619.pdf Roland Burgman on Intangible Capital http://www.personeel.unimaas.nl/L.Bollen/articles/MD%20VBO%20published.pdf http://www.emeraldinsight.com/journals.htm?articleid=874343 http://unstats.un.org/unsd/nationalaccount/workshops/2006/newYork/ia12.pdf Employee Engagement Impact on Performance http://www.engageforsuccess.org/wp-content/uploads/2012/09/The-Evidence.pdf	All banks currently disclose their total enterprise compensation costs as part of mandatory reporting and SEC filing http://www.sec.gov/comments/df-title-ix/executive-compensation/executivecompensation-303.pdf http://www.sec.gov/interps/account/sab99.htm http://www.sec.gov/rules/proposed/s70306/mvclieaf040506.pdf AXA Investment Advisors – RI AXA Human Capital Fund http://www.axa.com/en/responsibility/initiatives/index.aspx?initiative=6551 http://www.axa-im.com/en/responsible-investment/milestones

5	Named Officer Compensation directly tied to Innovation & Sustainability outcomes – Strategic Governance	Innovation and growth is a key part of sustaining the valuation of companies and stopping declining returns on capital while meeting the needs of customer and broader society	% of Named Officer Compensation tied to achieving 5 yr growth from New Products, New Markets, New Business Models	Goldman Sachs Sustain Quality of Leadership AXA Investment Advisors – RI AXA Human Capital Fund http://www.shrm.org/hrdisciplines/compensation /articles/pages/compensation-innovation.aspx CEO Incentives and Compensation http://www.emeraldinsight.com/journals.htm? articleid=17015663	Goldman Sachs Sustain Quality of Leadership http://www.goldmansachs.com/our-thinking/archive/crossing-the-rubicon-immersive/gs-sustain-exec-summary.pdf AXA Investment Advisors – RI AXA Human Capital Fund http://www.axa-im-international.com/funds/axa-framlington/axa-wf-framlington-human-capital-a-eur-620