SUSTAINABILITY ACCOUNTING STANDARDS BOARD
SASB™

ANNUAL REPORT 2014

Today's sustainability challenges mean business.
Are our markets ready?


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WALL ST
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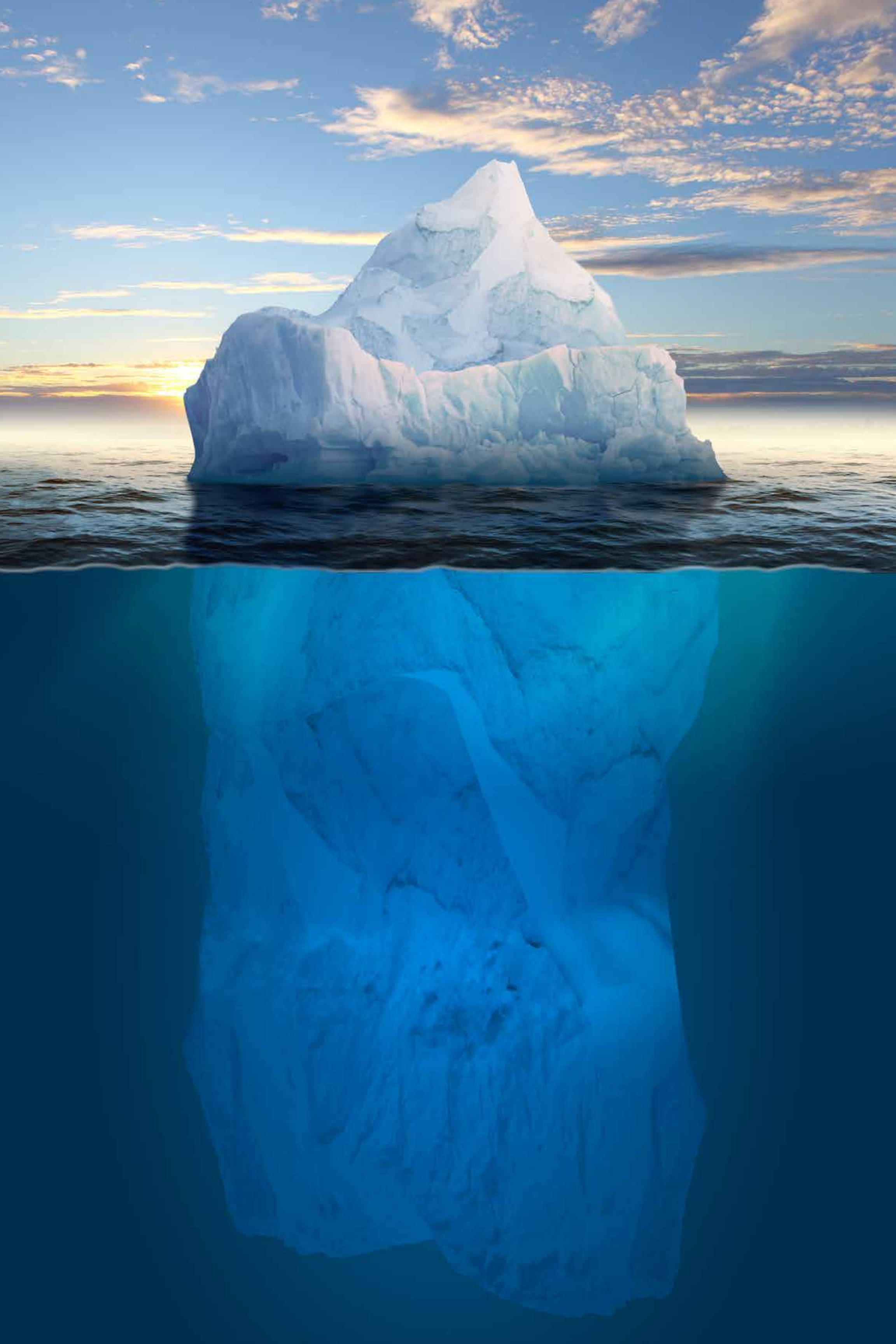
BROAD ST

For decades our markets have relied on financial data to determine a company's long-term value.

But in today's world, financials are no longer enough.

Global sustainability challenges impact our capital markets and society.



It's time we understand what these challenges are, and how we can create sustained economic value in this changing world.

It’s time for SASB.

SASB envisions capital markets that value all forms of capital.

OUR MISSION 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.

SASB's numbers add up.

SASB is developing standards that are **decision-useful** for investors and **cost-effective** for corporations. Here's the progress SASB made through the end of 2014.

PARTICIPANTS

2,100+

INDIVIDUALS

>$21.7T

ASSETS UNDER MANAGEMENT

>$9.8T

MARKET CAPITALIZATION

SASB's industry working groups are carefully balanced between corporate professionals, investors, and other stakeholders.

6 out of 10

SASB has passed the halfway point of delivering the first set of sustainability accounting standards to the US capital markets. To date, we've issued standards for **45 industries** in **6 sectors**. By **2016**, standards for more than **80 industries** in **10 sectors** will be available.

On average **5** topics per industry,

81% of metrics are quantitative

The course of an evolution

2010 Harvard IRI paper, "From Transparency to Performance," authored by Steve Lydenberg, Jean Rogers, David Wood

2011 Jean Rogers founded SASB and started as CEO

SASB incorporated in California as 501(c)(3) nonprofit

Board of Directors formed, Bob Eccles named as inaugural chair

2012 First operating grant received from Bloomberg Philanthropies

SASB's public launch of standards-setting activities

Jeff Hales appointed as chair of Standards Council

2013 Accreditation received from the American National Standards Institute (ANSI)

Release of Conceptual Framework, the principles that guide standards development

First set of standards issued for six industries in Health Care Sector

Corporate pilot program launched at the Clinton Global Initiative

One year anniversary of standards-setting celebrated alongside Mayor Michael R. Bloomberg and Vice President Al Gore

Industry working group participants reach 1,000 (1/3 corporate professionals, 1/3 investors, 1/3 other stakeholders)

SASB set out to develop standards for more than 80 industries across 10 sectors. **That was two years ago.** The milestones listed here demonstrate SASB's progress in improving the usefulness of information available to the capital markets.

2014

Memorandum of Understanding with the IIRC announced

Standards issued for seven industries in Financials Sector

Standards issued for six industries in Technology and Communications Sector

Michael Bloomberg and Mary Schapiro appointed as Chair and Vice Chair of Board of Directors

Standards issued for eight industries in Non-Renewable Resources Sector

Harvard Business School published case on SASB

Standards issued for eight industries in Transportation Sector

Partnership program for software providers launched

Robert Herz, former head of FASB, appointed to SASB Board of Directors

SASB announced cash contribution and pro bono services from PwC

Standards Navigator, a digital tool to access the Standards, launched

Standards issued for 10 industries in Services Sector

Industry Working Group participants exceed 2,000

LETTER FROM THE CEO & FOUNDER

Accounting for a sustainable future. It's what we do. Our sustainability accounting standards are a reflection of the challenges that affect us today and in the future. They address the things that matter to investors and society—issues with the most risk and opportunity. They show us how to measure environmental, human, and social capital. And they help us pick the companies best positioned to succeed in the dynamic world we live in today.

Like a good stock, SASB has delivered on its market promise—issuing standards for one sector per quarter. We're now past the halfway point of delivering the first set of sustainability accounting standards to the US capital markets. Along the way, we've amassed a significant body of evidence from which important themes have emerged.

The title of this report states that today's sustainability challenges mean business, leading us to pose the bold question: Are our markets ready? The answer to this question will define the course of our economy in today's changing world. But it begins with knowing what these sustainability challenges are, and how they are impacting capital markets and society.

Our 2014 Annual Report explores the key themes that have emerged through our research thus far—climate change, product alignment and safety, access and affordability of services, financing and responsible lending, and resource intensity and scarcity. If you are an investor, analyst, corporate leader, or citizen of the world, these themes matter to you. They represent known trends and uncertainties likely to affect the financial condition or operating performance of a company, and sometimes the outlook for entire industries. These themes are ubiquitous, systemic, intractable, global, and critical to the future—of our economy, society, and the environment.

If only we could harness the power of the capital markets to address these global sustainability challenges. What will it take? The answer, it seems, is right in front of us. It will take the prioritization of key sustainability issues, industry by industry. It will take a clear way to measure and benchmark corporate sustainability performance alongside financial performance. And it will take a tangible link between sustainability performance and value. In other words, all that's needed are the fundamentals. Sustainability fundamentals right alongside financial fundamentals, for the world to see and the markets to value. Addressing global sustainability challenges is possible, but to do so at the scale we need, we must harness the muscle of the capital markets. With the traction we've gained over the past two years, and with your continued support, we can help our capital markets account for all forms of capital.

Are our markets ready? SASB is working to ensure the answer is yes.

Sincerely,
Jean Rogers, PhD PE
Founder & Chief Executive Officer
Sustainability Accounting Standards Board

Severe weather. Growing population. Resource pressures. Every industry faces material sustainability challenges.

Powerful themes have emerged from our analysis of 45 industries. From the effects of climate change to a growing demand for services brought on by population growth, the impacts on business and society are undeniable. While sustainability issues affect different industries in different ways, SASB research shows that no industry is unaffected. Sustainability risk is embedded across diversified investment portfolios, manifesting itself in manifold ways.

Here are the key themes that have emerged from SASB's standards development process:

- Climate Change
- Product Alignment & Safety
- Access & Affordability of Services
- Financing & Responsible Lending
- Resource Intensity & Scarcity

STATE OF DISCLOSURE

Disclosure on these issues varies widely, and in some cases is absent. Companies that **understand and act on the risks and opportunities** associated with these themes are best positioned to succeed.

SASB analyzes a representative sample of 10-K filings for every industry to understand the current state of disclosure on topics identified in the SASB standards. SASB research shows that 70 percent of SASB disclosure topics are already being addressed in companies' 10-K filings. Of those disclosures, however, 37 percent consist of boilerplate information, which doesn't help investors evaluate (or companies manage) performance. Only 10 percent of those disclosures use metrics. There is a need to improve the quality of sustainability disclosure.

The following pages provide examples of the state of disclosure of topics included in SASB standards. SASB sorts the disclosure into four categories of increasing effectiveness: no disclosure, boilerplate information, industry-specific disclosure, and use of metrics.

CLIMATE CHANGE

From cause to effect, climate change is changing our markets. It is the foremost sustainability challenge of our time, affecting 51 out of the 57 industries SASB had researched through 2014. But the impacts and sources of climate change are not the same for every industry. Understanding these differences can impact the success of investors and companies.

INDUSTRY IMPACTS OF CLIMATE CHANGE

Automobiles

Disclosure Topic: Fuel Economy & Use-Phase Emissions

Transportation accounts for a major proportion of overall greenhouse gas emissions—**28 percent of US greenhouse gas emissions in 2011.** Regulatory incentives to promote fuel-efficient and alternative energy vehicles will drive demand and create new market opportunities for automakers. By 2025, California and nine other states will require that plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs), or fuel cell vehicles (FCVs) account for 15.4 percent of total sales in those states. In addition to regulatory drivers, cost considerations are shifting consumer preferences to more fuel-efficient and alternative fuel vehicles.

What Investors Need to Know: How well are the automaker's fleets positioned to meet growing demand for fuel-efficient cars?

State of Disclosure: 0% no disclosure, 14% boilerplate, 43% industry-specific, 43% metrics

Commercial Banks

Disclosure Topic: Integration of Environmental, Social, and Governance Risk Factors in Credit Risk Analysis

In the six-year period following the Kyoto Protocol, the top 10 banks financed more than **$150 billion** worth of coal operations. When a bank invests in or provides lending to firms that produce significant greenhouse gas emissions, the bank indirectly exposes itself to climate-related risks that could diminish returns and reduce value for shareholders if not accounted for and managed properly.

What Investors Need to Know: How are banks integrating ESG factors into the lending and project finance process?

State of Disclosure: 50% no disclosure, 30% boilerplate, 20% industry-specific, 0% metrics

Airlines

Disclosure Topic: Fuel Hedging

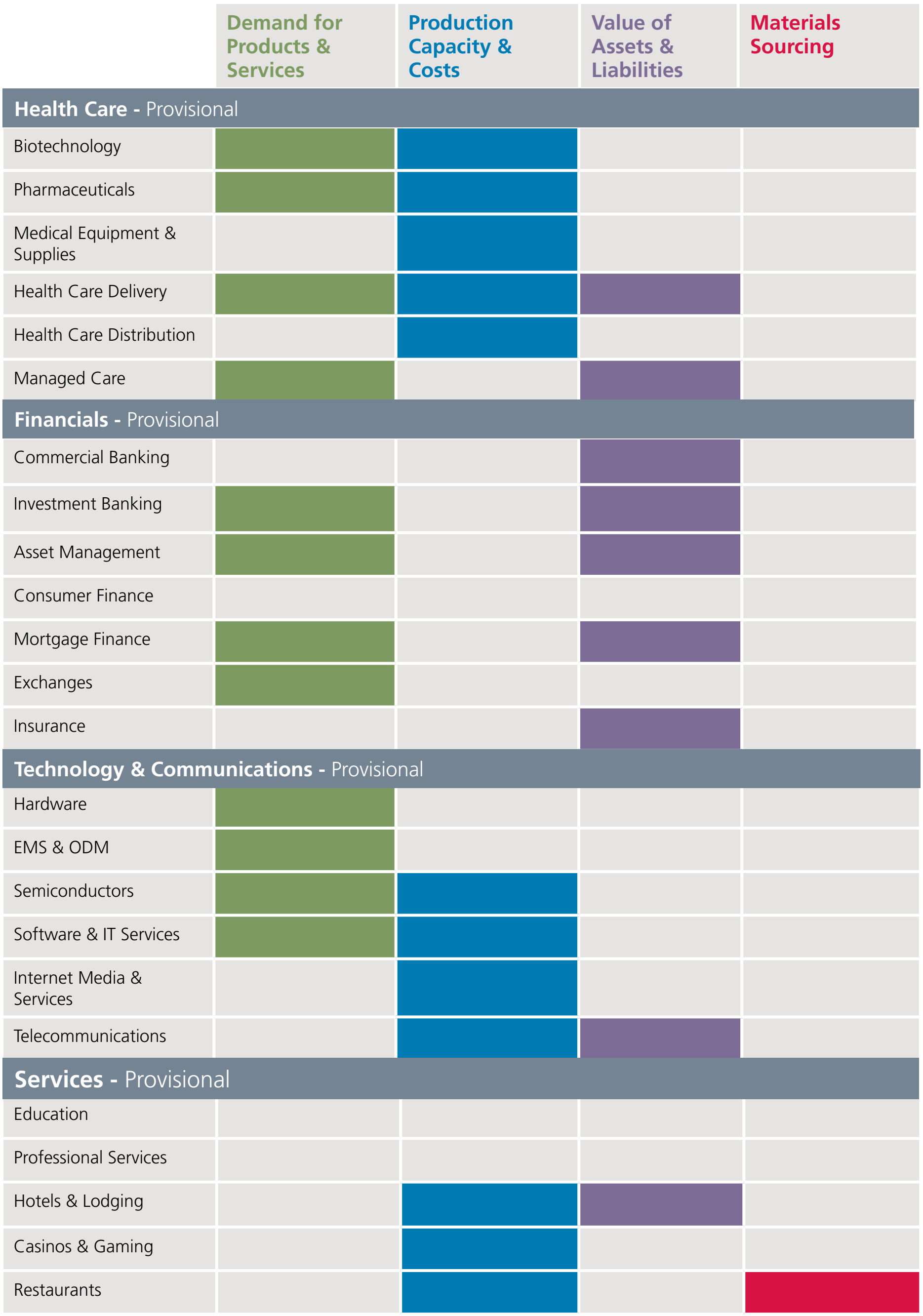
In 2012, the global airlines industry spent **$207.6 billion** on fuel, which was **31 percent** of its operating costs. **Nine** of the top 10 US-based companies in the airlines industry are using financial instruments to hedge fuel prices. In 2013 average fuel hedging was 22 percent. While fuel hedging can help manage financial risk, it masks the underlying ESG risk. Companies that hedge significant portions of their fuel budgets have little incentive to reduce fuel use and invest in efficiency measures, thereby addressing carbon risk.

What Investors Need to Know: How are airline companies managing Scope 1 emissions and emission reduction targets?

State of Disclosure: 0% no disclosure, 0% boilerplate, 50% industry-specific, 50% metrics

Climate Change Impacts Across Industries

Climate change affects the majority of industries SASB has researched, though in unique ways. This chart illustrates the different impacts of climate change in SASB standards issued to date.



	Demand for Products & Services	Production Capacity & Costs	Value of Assets & Liabilities	Materials Sourcing
Services - Provisional Continued...				
Leisure Facilities		■		
Cruise Lines		■		
Advertising & Marketing				
Media Production & Distribution				
Cable & Satellite		■	■	
Non-Renewable Resources - Provisional				
Oil & Gas - Exploration & Production		■	■	
Oil & Gas - Midstream		■		
Oil & Gas - Refining & Marketing	■	■		
Oil & Gas - Services	■			
Coal Operations		■	■	
Iron & Steel Producers		■		
Metals & Mining		■		
Construction Materials	■	■		
Transportation - Provisional				
Automobiles	■			
Auto Parts		■		
Car Rental & Leasing	■			
Airlines		■		
Air Freight & Logistics		■		
Marine Transportation		■		
Rail Transportation		■	■	
Road Transportation		■		
Resource Transformation - Provisional				
Chemicals	■	■		
Aerospace & Defense	■			
Electrical & Electronic Equipment	■	■		
Industrial Machinery & Goods	■			
Containers & Packaging	■	■		

PRODUCT ALIGNMENT & SAFETY

It's time to account for the true cost of our products. The lifecycle of an ordinary, everyday product has extraordinary impacts on our environment and society. Products that are misaligned with society's needs can have devastating consequences for companies, investors, and the public. **Product design and attention** to safety can reduce risks while increasing brand loyalty and market share.

INDUSTRY IMPACTS FOR PRODUCT ALIGNMENT & SAFETY

Biotechnology

Disclosure Topic: Counterfeit Drugs

The global market for counterfeit drugs has reached **$431 billion**, representing **10-15%** of the world's pharmaceuticals market. An estimated **100,000** annual deaths are attributed to substandard or counterfeit drugs worldwide. The drugs that are most ubiquitous and profitable are most likely to be targeted for counterfeiting.

What Investors Need to Know: How well are biotech and pharma companies managing this risk to their revenue, brand, and customers?

State of Disclosure: 100% no disclosure, 0% boilerplate, 0% industry-specific, 0% metrics

Oil & Gas Services

Disclosure Topic: Fracking

A Congressional study shows that between 2005 and 2009, oil and gas companies used fracking products containing 29 chemicals that are known or possible human carcinogens. Fracking wells are not classified as injection wells due to the 2005 Energy Policy Act, which exempted them from regulation under the Safe Drinking Water Act. Companies are allowed to withhold information about the chemical composition of fracking fluids when they are considered "trade secrets." Regulators have sought to address these concerns through several actions and proposed rules, with potential for significant costs and business risks to oil and gas services companies.

What Investors Need to Know: What companies are addressing chemical-related risks, opportunities, and impacts?

State of Disclosure: 30% no disclosure, 0% boilerplate, 70% industry-specific disclosure, 0% metrics

ACCESS & AFFORDABILITY OF SERVICES

Industries are facing a new economic conundrum. Increased social and regulatory pressures aimed at furthering equality and inclusiveness in health care, finance, and education, means meeting higher demand at lower prices. Innovative business models that focus on **access and affordability** are key to navigating this challenge and creating new opportunities.

INDUSTRY IMPACTS FOR ACCESS & AFFORDABILITY OF SERVICES

Pharmaceuticals

Disclosure Topic: Access to Medicines

Pharmaceutical companies can develop pricing frameworks that account for differing levels of economic development and health care needs across various countries. GlaxoSmithKline, the top ranked company on the 2012 Access-to-Medicines Index, is researching new vaccines and treatments for HIV/AIDS, malaria, and tuberculosis, the **three diseases** identified as priorities by the World Health Organization.

What Investors Need to Know: Which pharmaceutical companies are promoting access to health care products in the countries that need it the most?

State of Disclosure: 20% no disclosure, 50% boilerplate, 30% industry-specific, 0% metrics

Commercial Banks

Disclosure Topic: Financial Inclusion & Capacity Building

In the US, an estimated **11 percent** of consumers are "unbanked," meaning they do not have a checking, savings, or money market account, and their spouses also do not have such an account. The expansion of services to new customers will bring new revenue and increased market share. Companies that manage lending risk and improve financial literacy initiatives are also likely to increase interest income, lower credit risks, and reduce the cost of capital.

What Investors Need to Know: How are companies serving customers through financial literacy programs and what percentage of their new accounts are held by first-time account holders?

State of Disclosure: 30% no disclosure, 40% boilerplate, 30% industry-specific, 0% metrics


BANK

FINANCING & RESPONSIBLE LENDING

The right data can rebuild trust. The recent financial crisis reignited demand for transparency in **financing and responsible lending**. Access to capital or education goes too far when it saddles customers with bankruptcy or a lifetime of debt. To regain public confidence, companies must provide full disclosure of the lending terms and consider the effect of financing on the life of the customer.

INDUSTRY IMPACTS FOR FINANCING & RESPONSIBLE LENDING

Mortgage Finance

Disclosure Topic: Subprime Mortgages

Between 2003 and 2006, the percentage of mortgage originations that were subprime increased from **8 to 20**. This increase was driven by strategic decisions to steer borrowers into riskier products, as well as to offer loans to those who were previously unable to qualify. These practices led to defaults and foreclosures for customers, and write-downs and credit losses for banks.

What Investors Need to Know: How are companies practicing responsible lending to prevent debt and default on the part of borrowers?

State of Disclosure: 88% no disclosure, 0% boilerplate, 12% industry-specific disclosure, 0% metrics

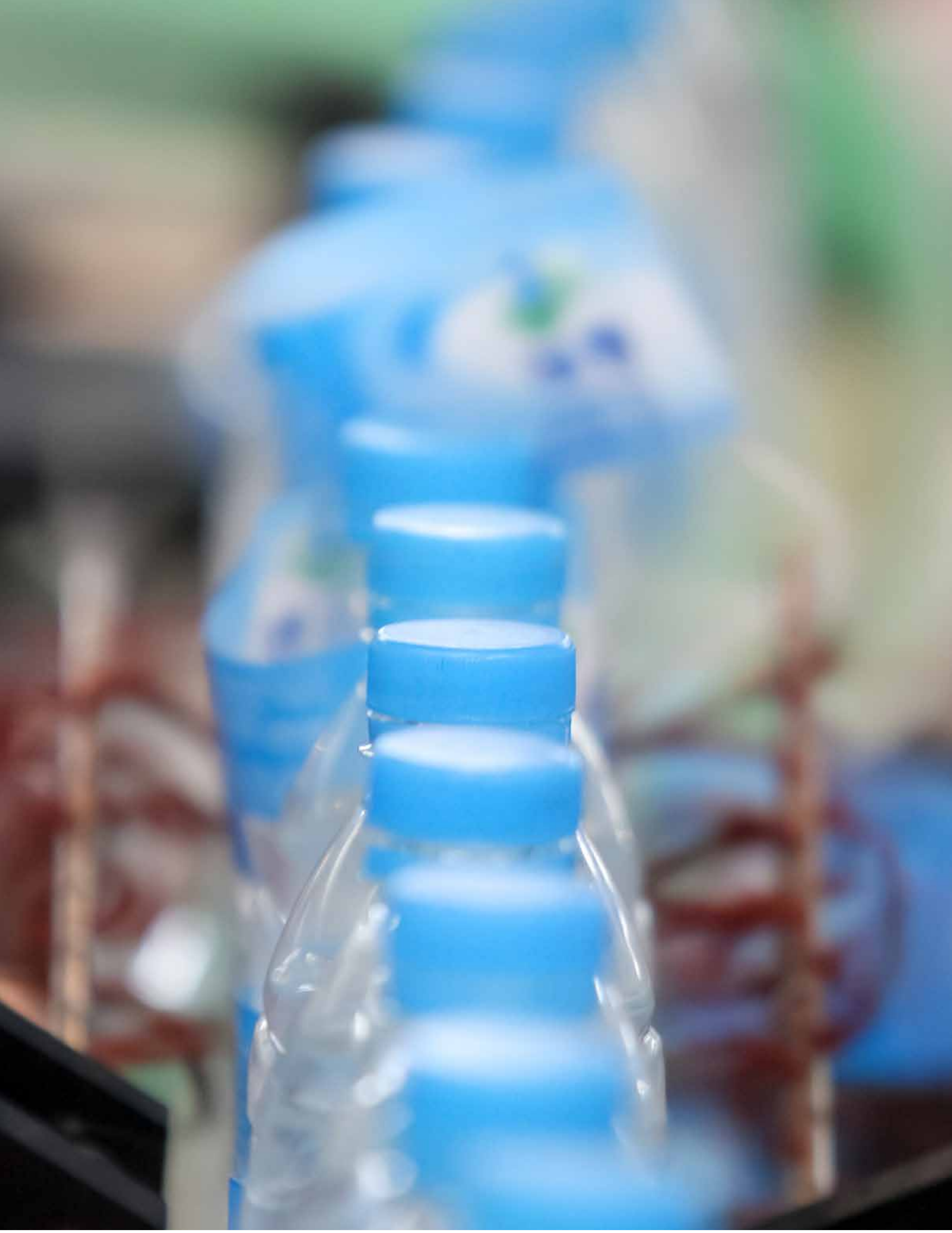
Education

Disclosure Topic: Quality of Education & Gainful Employment

Increasing undergraduate and graduate tuition is pushing more students to take on federal and private loans. By the second quarter of 2014, total student debt in the US reached **$1.2 trillion**, the second largest category of household debt after mortgage loans. Colleges need to provide high quality education in order to increase the likelihood that graduates will obtain employment and pay off loans.

What Investors Need to Know: How are colleges increasing graduation, on-time completion, and job placement rates?

State of Disclosure: : 0% no disclosure, 0% boilerplate, 10% industry-specific, 90% metrics

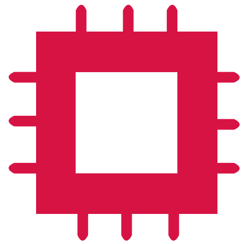


RESOURCE INTENSITY & EFFICIENCY

Industries are operating in the ecological red. Population growth and industrial activity are increasing demands on a decreasing supply of natural resources. From production to pricing, this imbalance affects all industries in all sectors, at all stages of operations. Companies that maximize **resource efficiency** and find ways to minimize dependency on scarce resources can find a competitive edge in a world of planetary limits.

INDUSTRY IMPACTS FOR RESOURCE INTENSITY & EFFICIENCY

Semiconductors



Disclosure Topic: Water Management in Manufacturing

An estimated **2,200 gallons** of water are used for creating an integrated circuit (IC) on a **300 mm wafer**. This places significant constraints on the water supplies of local communities where semiconductors are manufactured. Large water withdrawals in water-scarce regions create operational risks related to price and availability, as well as possible tensions with local communities.

What Investors Need to Know: How much water are companies withdrawing, and what's the percentage recycled and percentage from regions with high baseline water stress?

State of Disclosure: 30% no disclosure, 50% boilerplate, 10% industry-specific, 10% metrics

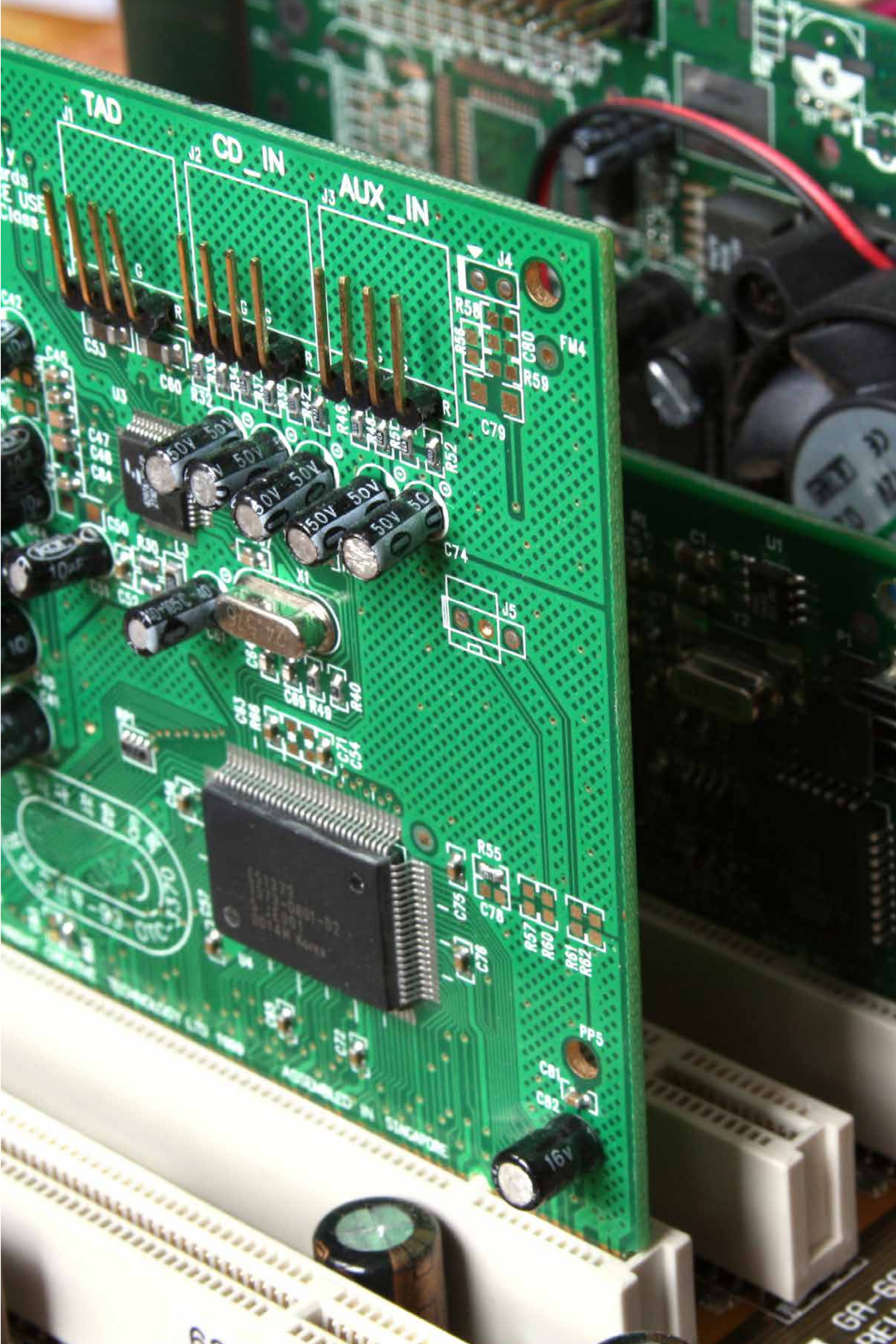
Hardware

Disclosure Topic: Rare Earth Minerals

Hardware components depend on rare earth minerals, the global production of which is limited and subject to price volatility. There are material sourcing risks related to **rare earth minerals** due to a low substitution ratio, concentration of deposits in only a few countries, and geopolitical considerations. Technology companies also face competition from increasing global demand for these minerals from other sectors, including Transportation, Renewable Energy and Infrastructure, which, along with supply constraints, can result in significant price increase and supply chain-risks.

What Investors Need to Know: How are companies addressing the risks associated with the use of rare earth minerals?

State of Disclosure: 30% no disclosure, 10% boilerplate, 50% industry-specific disclosure, 10% metrics

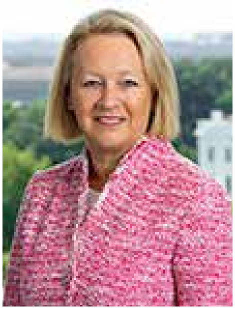

J1 TAD
J2 CD_IN
J3 AUX_IN
J4
R58
C80
FM4
R59
C79
C74
J5
R55
C75
C78
R57
R60
R61
R62
C76
PP5
C81
C82
16v
50V

MOMENTUM IS BUILDING

Companies. Investors. Accountants. Lawyers. The public. SASB has steadily gained broad support.

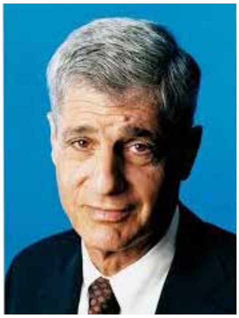
"More than 30 years ago I started a company on the idea that greater market transparency leads to better investment decisions, and that idea is at the heart of SASB's mission. The more complete and reliable the information that investors have, the better markets work—and that benefits not only individual investors but all of society."

Michael R. Bloomberg, Chair of the SASB Board, CEO & Founder, Bloomberg LP



"Markets work best when they offer investors access to material information that supports informed decisions. I am thrilled to help SASB achieve their mission of developing standards that will provide the information our investors and markets need and deserve."

Mary Schapiro, Former Chair, the US Securities & Exchange Commission



"Former New York mayor Michael Bloomberg, who was a co-chair of the "Risky Business" report, and former Securities and Exchange Commission chairwoman Mary Schapiro are leading an effort to encourage businesses to incorporate [climate risk] reporting into their quarterly disclosures, but such reporting is still considered optional by the SEC. I believe that such disclosures should be considered material and mandated by the SEC, not just requested by investors."

Robert E. Rubin, Former US Treasury Secretary

"SASB standards will enhance the ability of investors to better understand, compare, and benchmark the impact of material sustainability information on companies across various industries."

Robert Herz, Former Chair, the Financial Accounting Standards Board

"The CAQ and SASB share the goal of increasing investor confidence in the capital markets. We hope to learn from each other as we both work to improve the usefulness of information made available to investors."

Cindy Fornelli, Executive Director, Center for Audit Quality

"Applied SASB standards can mitigate the risks associated with an investment's long-term value creation. Companies that integrate SASB standards in their financial reporting provide investors material sustainability detail at the sector and industry level. A company that includes sustainability accounting metrics in its reporting signals to investors that ESG risks are not empty rhetoric, but a key element in its risk assessment and business strategy."

Jack Ehnes, Chief Executive Officer, California State Teachers' Retirement System

THANK YOU FOR YOUR SUPPORT

SASB has accomplished a lot since its official launch just two years ago. And we did it with **your generous support.**

Board of Directors

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Bloomberg Philanthropies

Doris Duke Charitable Foundation

Eileen Fisher Community Foundation

The F.B. Heron Foundation

Ford Foundation

Generation Foundation

Gordon and Betty Moore Foundation

Jeremy Grantham Foundation for the Protection of the Environment

Metanoia Fund

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Beth Richtman
Portfolio Manager, Infrastructure
and Forestland Group
CalPERS

Jean Rogers, PhD PE
CEO, SASB
Ex-officio member of the
Standards Council

*Chair

THE ROAD AHEAD

In 2015, SASB will issue standards for 35 more industries

ISSUED

Healthcare

Biotechnology; Pharmaceuticals; Medical Equipment & Supplies; Health Care Delivery; Health Care Distributors; Managed Care

Financials

Commercial Banks; Investment Banking & Brokerage; Asset Management & Custody Activities; Consumer Finance; Mortgage Finance; Security & Commodity Exchanges; Insurance

Technology & Communications

Electronic Manufacturing Services & Original Design Manufacturing; Software & IT Services; Hardware; Semiconductors; Telecommunications; Internet Media & Services

Non-Renewable Resources

Oil & Gas – Exploration & Production; Oil & Gas – Midstream; Oil & Gas – Refining & Marketing; Oil & Gas – Services; Coal Operations; Iron & Steel Producers; Metals & Mining; Construction Materials

Transportation

Automobiles; Auto Parts; Car Rental & Leasing; Airlines; Air Freight & Logistics; Marine Transportation; Rail Transportation; Road Transportation

Services

Education; Professional Services; Hotels & Lodging; Casinos & Gaming; Restaurants; Leisure Facilities; Cruise Lines; Advertising & Marketing; Media Production & Distribution; Cable & Satellite

Resource Transformation

Chemicals; Aerospace & Defense; Electrical/Electronic Equipment; Industrial Machinery & Goods; Containers & Packaging

IN PROCESS

2015

Consumption I & II

Agricultural Products; Alcoholic Beverages; Meat, Poultry & Dairy; Tobacco; Processed Foods; Household & Personal Products; Non-Alcoholic Beverages; Food Retailers & Distributors; Apparel, Accessories & Footwear; Drug Retailers & Convenience Stores; Appliance Manufacturing; Multiline and Specialty Retailers & Distributors; Building Products & Furnishings; E-commerce; Toys & Sporting Goods

Renewable Resources & Alternative Energy

Biofuels; Fuel Cells & Industrial Batteries; Solar Energy; Forestry & Paper; Wind Energy

2016

Infrastructure

Water Utilities; Integrated Utilities; Electric Utilities; Gas Utilities; Waste Management; Infrastructure Construction; Architecture, Engineering & Construction; Home Builders; Real Estate Owners & Developers; Real Estate Investment Trusts

GET INVOLVED

ALL

- Participate in the standards development process via industry working groups
- Comment on provisional standards
- Follow us on Twitter and LinkedIn
- Join our newsletter list

ISSUERS

- Use SASB standards to disclose material sustainability information in SEC filings

INVESTORS

- Call for use of SASB standards by portfolio companies and ask about their performance on SASB disclosure topics

FUNDERS

- Support SASB via financial and in-kind contributions

FINANCIALS AND MD&A

SASB is transitioning to an **earned income model** that will enable SASB to become a financially sustainable organization.

MANAGEMENT'S DISCUSSION & ANALYSIS

2014 SUMMARY

SASB's mission 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.

Throughout 2014 SASB continued to see demand for sustainability standards as evidenced by megatrends in several areas:

- **Regulatory Pressure**, including reporting mandates in multiple markets, disclosure reform, and exchange listing requirements;
- **Economic Pressure**, including resource constraints, climate change, and changing valuations with the rise of intangibles;
- **Investor Pressure**, including shareholder resolutions, questionnaire overload, and calls for divestment;
- **Current State of Disclosure**, including the proliferation of boilerplate disclosures and the inappropriate use of the word materiality in corporate communications.

SASB's most critical challenge through the year was to deliver on its mission of standards-setting while ensuring stable funding from philanthropic sources and making investments to promote use of the standards and establish streams of earned income. To define and balance efforts in these areas, SASB adopted its first formal strategic plan, which is expected to guide the organization over the next three years. The plan establishes five goals for the organization, with several initiatives to support each:

- Goal 1: Develop and maintain world-class sustainability accounting standards
- Goal 2: Promote investor use of SASB standards to make decisions
- Goal 3: Promote corporate use of SASB standards in SEC filings
- Goal 4: Align with international efforts
- Goal 5: Transition to a sustainable business model

To achieve these goals, SASB operates in three major program areas:

- Research and Standards Development - goal 1
- Market Strategy and Adoption - goals 2 and 3
- Products (Education, Licensing, Events) - goal 5

SASB is funded by philanthropic gifts and earned income from products. In 2014, philanthropy provided the majority of the funding for the organization, with earned income from products being small and still a relatively new income stream for the organization. However, SASB is focused on building its earned income revenue, with the goal of shifting the mix toward 80% of funding coming from earned income within the next five years.

In 2014 total expenses were $6.9 million, more than double the $3.1 million expense base for SASB in 2013. The increase in expenses reflects investments in the following, all aligned with the strategic plan adopted in 2014:

- Expansion of the research team, to maintain the pace of standards development and release provisional standards for all industries by Q1 2016
- Investments in staff and vendors to promote use of the standards, which is essential to SASB's mission and to establishing demand for revenue-generating SASB products
- Staff and vendor costs to launch Education and Licensing programs, designed to generate earned income in 2015

FINANCIAL RESULTS

SASB's financial statements are presented according to U.S. GAAP standards and they reflect the specific reporting requirements of not-for-profit organizations. The following section discusses highlights of the financial statements that follow.

Overview

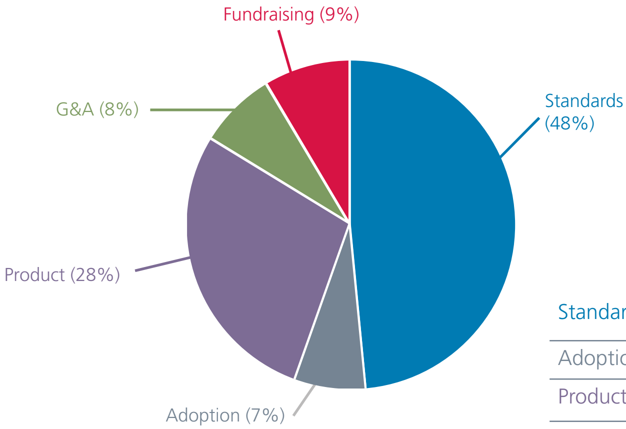
The organization ended the year with a net operating loss of $1.6 million versus a net surplus of $2.5 million in 2013. The reduction in cash for the period was more modest, with a net decrease of $702,305 in cash. The operating loss reduced net assets by $1.6 million, producing a year-end total of $1.7 million. 2014 grant revenue decreased $1.1 million, from $5 million in 2013 to $3.9 million in 2014. The results of SASB's 2014 fundraising efforts are not fully reflected on the Statement of Financial Position. SASB's fundraising efforts secured a $2 million commitment from a donor who will make 2015 and 2016 gifts to SASB via a Donor Advised Fund (DAF). Because the gift is expected through a DAF, it could not be booked as an unconditional pledge and therefore does not show up on the Statement of Financial Position.

Earned income decreased, from $50K in 2013 to $30K in 2014. However, In-kind support increased greatly, from $47K to $1.1 million in 2014. The increase in In-kind support was driven primarily by a sizable gift from PwC ($596K), but was also due to getting a more complete statement of In-kind support from Bloomberg LP. While Bloomberg LP did provide In-kind support in 2013, it was not acknowledged in a statement.

Total expenses grew from $3.1 million in 2013 to $6.9 million in 2014; excluding In-kind support, the expense increase is from $3.1 million to $5.8 million. The increase in expenses reflects SASB's transition from pure standard-setting to an organization that sets standards but also promotes their use develops products to build up streams of earned income and lessen the organization's dependence on philanthropic support.

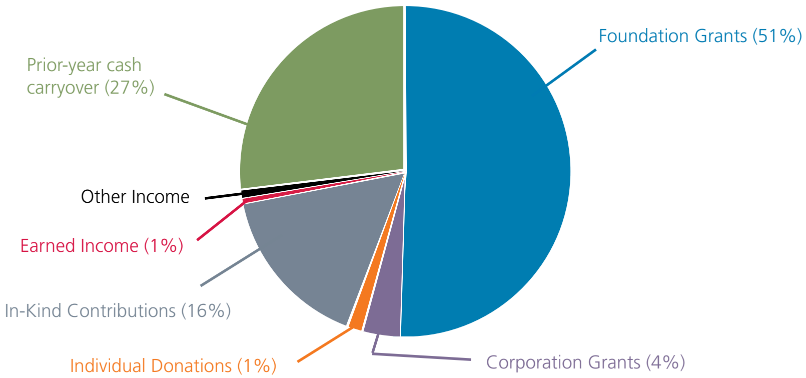
Grant revenue comes from foundations, corporations, and individuals. SASB received the majority of its grant support from foundations in 2014 (both current assets and assets released from restrictions). SASB also secured its first major corporate gift, in the amount of $1 million over four years. Individual gifts came largely from members of the SASB Board. Earned income was approximately $30K, down $20K from the previous year. The majority of this income was from sponsorship fees for SASB events, such the Delta Series. The remainder came from licensing deals booked in 2014 that are recognized ratably over a twelve-month period. In addition, some licensing deals booked in 2014 were revenue share programs, reported quarterly, so the first revenue from those programs will be reported and recognized in 2015.

USE OF FUNDS, BY PROGRAM AREA



Standards	3,361,621
Adoption	499,881
Product	1,965,769
G&A	524,531
Fundraising	594,919
Total	**6,946,720**

SOURCES OF FUNDS



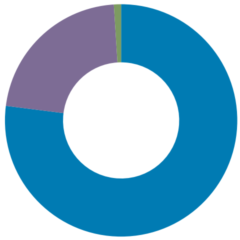
Foundation Grants	3,565,333
Corporation Grants	250,500
Individual Donations	90,118
In-Kind Contributions	1,115,055
Earned Income	29,841
Other Income	16,838
Prior-year cash carryover	1,879,035
Total	**6,946,720**

STATEMENT OF ACTIVITIES

The following charts showing operating revenues and program and support costs for the past two years:

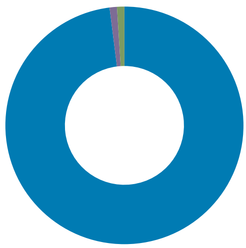
2014 Sources of Operating Revenue

Grants	77%
In-Kind Donations	22%
Earned Income	1%
Other Income	0%



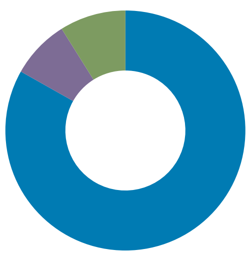
2013 Sources of Operating Revenue

Grants	98%
In-Kind Donations	1%
Earned Income	1%
Other Income	0%



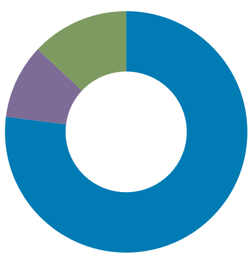
2014 Expenses

Program Expenses	84%
General & Administrative	8%
Fundraising	8%



2013 Expenses

Program Expenses	77%
General & Administrative	10%
Fundraising	13%



Program Expenses

Program expenses include the staff and vendor costs associated with Standards Development, Market Strategy/Adoption, and Earned Income Products. In addition, these program expenses include an allocation of shared services costs for direct support of these activities (e.g., marketing and communications, technology, occupancy, etc.).

General and administrative expenses represent the unallocated portion of shared services costs as well as un-allocable costs, such as expenses associated with the Board and purely corporate expenses.

STATEMENTS OF FINANCIAL POSITION

The results of SASB's 2014 fundraising efforts are not fully reflected on the Statement of Financial Position. SASB's fundraising efforts secured a $2 million commitment from a donor who will make 2015 and 2016 gifts to SASB via a Donor Advised Fund (DAF). Because the gift is expected through a DAF, it could not be booked as an unconditional pledge and therefore does not show up on the Statement of Financial Position.

OUTLOOK FOR 2015

SASB is positioned to make tremendous progress on its goals if it secures adequate funding to both invest in its mission and invest in securing the long-term sustainability of the organization through growing streams of earned income.

Expense Base

The increase in SASB's expenses from 2013 to 2014 was driven by investments in program areas to promote adoption of the standards (corporate and investor use) and to develop earned income products that will diversify SASB's future revenue streams to a mix of philanthropy and earned income. While the higher expense base for these program areas creates greater funding pressure than standards development alone, management and the Board recognize that SASB's mission cannot be achieved without corporate and investor use of the standards, and SASB's future cannot be secured unless earned income revenue opportunities are developed. After extensive analysis and optimizing cost structures where possible, the Board chose to maintain these program areas in SASB's 2015 plans and to raise funds for operations at a budget level similar to 2014.

The 2015 expense budget—excluding In-kind support—for the organization is $6.7 million, which is consistent with the expense run rate during the second half of

2014. In other words, SASB has approached a steady state for expenses to support its programs, and the organization does not plan to further increase expenses without a marked acceleration in fundraising and earned income.

Major Transitions and Investments

The 2015 budget provides judicious resourcing for SASB to navigate three major transitions:

- Provisional standards to final standards
- Standards development to standards adoption
- Grant funding to earned income

Provisional standards to final standards – A Board committee is exploring the process for revisiting each set of provisional standards and determining a process for finalization. Work on standards finalization will begin in the second half of the year, while the organization is completing its work on the last two sectors of provisional standards.

Standards development to standards adoption – While the organization has been able to focus on building and refining a process for standards development, it now must be a multifaceted organization, with focused outreach to key groups — 10-K preparers, investors, auditors, accountants, and other intermediaries, and securities lawyers and governance professionals—to promote use of the standards. A newly formed Market Strategy group will develop communications, events, and outreach to these constituents. The group will convene several corporate and investor roundtables, as well as hold personal meetings, and secure time and space at influential events and in publications.

Grant funding to earned income – SASB's earned income plans were established and incubated in 2014 in three key areas: Events, Licensing, and Education. A fourth category of investor-focused products may be defined and potentially developed in 2015. The Events programs include SASB's Delta Series, which by 2016 is expected to transition into an annual conference. Corporate and investor roundtables will produce additional event revenue, through participation fees and sponsorships. SASB launched its licensing program and secured several licensing customers, which are expected to grow through 2015. In fall of 2015 SASB will launch a certificate program targeted at a market of over 500,000 professionals.

These programs are projected to begin earning income in 2015 and to generate several million dollars in the coming years, based on market research and analogous programs at similar organizations. Five years from now, SASB expects these programs to contribute 60-80% of its operating budget. However, the speed of revenue growth depends on publishing the remaining provisional standards, which is on track for Q1 of 2016. It also depends on the rate of standards finalization and corporation and investor adoption of the standards, which drives demand for these products.

2014 Development Metrics

- Average time to cultivate donors – 7.5 months from initiation
- Closing success rate – 78% conversion to gifts
- Capture rate – 55% of the ask received
- Average size of gift - $717,850
- Repeat donors – 43%
- Average duration of gift – 1.6 years

Fundraising Challenges

While charitable giving in the United States has increased over the last four years, it is still not at the pre-recession levels reached in 2007.[1] Grant funding is inherently unstable, as funders choose where and when to invest their philanthropic dollars. Sustainability accounting, while potentially transformative of capital markets and a means for donors to greatly leverage their funding, is not a usual category for philanthropic program emphasis. A number of potential donors – while understanding the theory of change and the potential to create positive sustainability outcomes – take a pass due to lack of a typical program "fit." A positive trend is the momentum from foundations and high net worth individuals focused on impact investing who realize that "all investing is impact investing."

Many grantors will support an organization for 2-3 years at most, if they make multi-year gifts. Many foundations make only five and six figure gifts, with a relative few able to make seven and eight figure gifts. The time from cultivation of a grant to disbursement can be as long as 18 months. While investors, companies and market intermediaries will increasingly be the source of earned income for SASB in the future, corporations only make up 5% of charitable funding (foundations 15% and individuals 72%)[2].

It is for these reasons that SASB is working to diversify its revenue streams and shift the organization to a higher level of earned income and a lower level of grant funding in 2015 and subsequent years. To fund that transition and support its current expense base, SASB has invested in growing its fundraising capacity through moving to an in-house development team, led by a Chief Development Officer (CDO). A team of two was recruited in the third and fourth quarters of

[1] Lilly Family School of Philanthropy, Indiana University, Giving USA 2014 www.givingUSAreports.org
[2] Ibid.

2014, and a third development professional is expected to be hired in early 2015. The development team is complemented by a new chair of the Board's Development Committee. The CDO and Development Chair have developed a strategy of energizing the Board for fundraising, engaging with existing donors to make larger and multi-year gifts, and building a strong pipeline of new prospects, including foundations, corporations, and high net worth individuals. This diversification strategy is beginning to pay dividends, with SASB securing its first corporate supporter in 2014, securing three new foundation supporters in the final months of 2014, and doubling Board giving versus the prior year. SASB expects an acceleration of fundraising through 2015, as the new prospects identified and cultivated in 2014 and the first part of the year are closed in the latter part of the year.

Attracting and Retaining Staff

Achieving the SASB mission requires a highly capable and highly committed staff. SASB will make several key hires in 2015 and it must attract and successfully recruit top-tier talent for these roles. The rising profile that SASB has in the marketplace will be a helpful factor in recruitment. At the same time, top talent has options in the for-profit sector as well. SASB must find employees for whom the mission and the opportunity to do something new and transformative in the capital markets is an important draw, alongside traditional compensation, where competitors may be able to offer better compensation and benefit packages. SASB's turnover rates are typical of non-profit organization of its size and stage, but still the organization recognizes the importance of investing in things that matter to employees—a comfortable office space, a good working atmosphere, capable and committed colleagues, camaraderie, training, coaching, and advancement. The organization is running initiatives in several of these areas.

Conflict of Interest

As an independent, non-partisan standard setter, SASB must conduct its work with the highest integrity, in ways that avoid both conflicts of interest and the appearance of such conflicts. To that end, SASB adopted a more rigorous conflict of interest policy for the start of 2015 and it chartered a Board committee to study legal and operating models that will govern the finalization of SASB standards. The process is being designed to ensure separation of standard setting and commercial activities, and the rules of procedure for that process will be exposed for public comment in 2015.

Statement of Financial Position
As of December 31, 2014

ASSETS	2014	2013
Cash and cash equivalents	$1,764,723	$2,467,028
Grants and pledges receivable	$497,390	$1,056,000
Prepaid expenses and other assets	$71,524	$14,167
Property and equipment, net	$70,506	$90,517
TOTAL ASSETS	**$2,404,143**	**$3,627,712**

LIABILITIES		
Accounts payable and accural liabilities	$165,601	$177,159
Accured payroll liabilities	$531,350	$99,993
TOTAL LIABILITIES	**$696,951**	**$277,152**

NET ASSETS		
Unrestricted	$430,135	$2,294,560
Temporarily restricted	$1,277,057	$1,056,000
TOTAL NET ASSETS	**$1,707,192**	**$3,350,560**

TOTAL LIABILITIES AND NET ASSETS	**$2,404,143**	**$3,627,712**

Statement of Activities and Changes in Net Assets
Years ended December 31, 2014

	2014	2013
REVENUE AND SUPPORT		
Foundation grants	$1,301,000	$4,400,000
Corporation grants	$500	$35,500
Individual donations	$90,118	$58,803
In-kind contributions	$1,115,055	$47,127
Earned income	$29,841	$47,973
Other income	$16,839	$3,948
Net assets released from restrictions	$2,514,333	$541,305
TOTAL REVENUE AND SUPPORT	**$5,067,686**	**$5,134,656**
EXPENSES		
Program expenses	$5,827,270	$2,429,341
General and administrative	$509,922	$318,969
Fundraising	$594,919	$394,741
TOTAL EXPENSES	**$6,932,111**	**$3,143,051**
INCREASE IN UNRESTRICTED NET ASSETS	**($1,864,425)**	**($1,991,605)**
Foundation grants	$2,750,00	$1,000,000
Individual donations		$56,00
Change in discount on long-term receivables	($14,610)	-
Net assets released from restrictions	($2,514,333)	($541,305)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	**$221,057**	**$514,695**
Increase in net assets	($1,643,368)	$2,506,300
Net assets at beginning of year	$3,350,560	$844,263
NET ASSETS AT END OF YEAR	**$1,707,192**	**$3,350,563**

Statement of Cash Flows

Years ended December 31, 2014

	2014	2013
Operating Activities		
Increase in net assets	($1,643,368)	$2,506,297
Prepaid Expenses and Other Assets		
Depreciation	$37,277	$37,142
Change in discount on long-term receivables	$14,610	
Changes in :		
Grants and pledges receivable	$544,000	($700,850)
Prepaid expenses and other assets	($57,357)	($2,047)
Accounts payable and accrued liabilities	($11,558)	$96,780
Accrued payroll liabilities	$431,357	$62,482
Deferred Revenue	-	
CASH PROVIDED BY OPERATING ACTIVITIES	**($685,039)**	**$1,999,804**

INVESTING ACTIVITIES

	2014	2013
Acquisition of property and equipment	($17,266)	-
Cash used for investing activities	**($17,266)**	-

	2014	2013
Net increase in cash and cash equivalents	($702,305)	$1,999,804
Cash and cash equivalents at the beginning of year	$2,467,028	$467,224
Cash used cash equivalents at end of year	**$1,764,723**	**$2,467,028**

Additional cash flow information:

	2014	2013
State registration taxes paid	$150	$150
Interest and finance charges paid		-

FINANCIAL STATEMENTS & AUDITORS NOTES

1. Organization

Sustainability Accounting Standards Board (SASB) is a 501(c)(3) non-profit organization incorporated in California in 2011. SASB is engaged in the creation and dissemination of sustainability accounting standards for use by publicly-listed corporations in disclosing material sustainability issues for the benefit of investors and the public. Through the first quarter of 2016, SASB has committed itself to developing standards for more than 80 industries in 10 sectors suitable for use in providing decision-useful information in the SEC Forms 10-K and 20-F.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of SASB have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, SASB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Grants and Pledges Receivable

Grants and pledges receivable are recognized as unrestricted or temporarily restricted contributed revenue when the contractual obligation is received and amounts are stated at estimated net realizable value.

Support and Revenue Recognition

SASB records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in unrestricted or temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities and changes in net assets as net assets released from restrictions.

Property and Equipment
Property and equipment purchased by SASB are stated at cost. Property and equipment donated to SASB are recorded at estimated fair value as of the date of the gift. The costs of additions and major improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated over the estimated useful lives of the assets (between three and fifteen years) utilizing the straight-line method.

Income Taxes
Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, SASB is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that SASB has adequately evaluated its current tax positions and has concluded that as of December 31, 2014, SASB does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

SASB has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. SASB may periodically receive unrelated business income such as sublease rent requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, SASB calculates and accrues the applicable taxes payable.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses
The costs of providing SASB's various programs and other activities have been

summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributed Services and Costs

Contributed services and costs are reflected at the fair value of the contribution received in accordance with ASC 958.605.30-11 "*Revenue Recognition of Not-For-Profit Entities*." The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

3. Cash and Cash Equivalents

Cash and cash equivalents of $1,764,723 and $2,467,028 at December 31, 2014 and 2013, respectively, consist of funds on deposit bank accounts. Checking account balances of $789,402 and $2,467,028 at December 31, 2014 and 2013, respectively, do not bear interest. Savings account balance of $140,349 at December 31, 2014 bears interest at the rate of 0.015% per annum. Although amounts on deposit exceed federally insured balances, SASB attempts to limit its credit risk associated with cash and cash equivalents by utilizing well capitalized and highly rated financial institutions.

4. Grants and Pledges Receivable

Grants and pledges receivable of $497,390 and $1,056,000 at December 31, 2014 and 2013, respectively, consist of amounts due from foundations and individual donors. As of December 31, 2014, management considers all receivables to be fully collectible and has therefore not established an estimated allowance for uncollectible amounts. Bad debt expense amounted to $46,000 for the year ended December 31, 2014. There were no bad debts for the year ended December 31, 2013. Grants and pledges receivable at December 31, 2014 are expected to be collected as follows:

Year ending December 31, 2015	$12,000
Year ending December 31, 2016	$250,000
Year ending December 31, 2017	$250,000
Total grants and pledges receivable	512,000
Less: Unamortized discount	(14,610)
Grants and pledges receivable (discounted)	$497,390

Grants and pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 2.0% per annum. The discount related to the present value calculation is accreted back into income over the estimated collection period of the grants and pledges receivable.

5. Property and Equipment

Property and equipment consist of the following at December 31:

	2014	2013
Equipment furniture and fixtures	$6,482	$6,482
Trademark	$71,884	$54,618
Website Development	$91,636	$91,636
Less: accumulated depreciation and amortization	(99,496)	(62,219)
	$70,506	**$90,517**

Depreciation and amortization expense amounted to $37,277 and $37,142 for the years ended December 31, 2014 and 2013, respectively.

6. Leases

SASB leases it corporate office space until a multi-year operating lease in San Francisco from an unrelated third party with an expiration date of June 30, 2015. The monthly lease expense is variable depending on the number of workstations rented. Office rent expense amounted to $273,760 and $161,834 for the years ended December 31, 2014 and 2013, respectively. Future minimum lease payments as of December 31, 2014 are as follows: Year ending December 31, 2015: $156,390.

7. Contributed Services

During the years ended December 31, 2014 and 2013, SASB was the recipient of a substantial amount of in-kind contributions. SASB was the beneficiary of pro-bono legal, research, and professional services in connection with its operational activities. In accordance with ASC 958.605.30-11, *Not-for-Profit Entities Revenue Recognition – Gifts in Kind*, SASB has determined that the estimated value of these professional services amounted to $1,115,055 and $47,124, respectively, and these amounts have been reflected as in-kind contributed income on the statements of activities and changes and as in-kind expenses on the statement of functional expenses.

8. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts, which are not reflected in the combined financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate SASB to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond the SASB's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management and operating personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Certain of the grants and contracts (including current and prior costs) are subject to audit, adjustment, and final acceptance by the granting agencies. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Accordingly, no accrual for estimated losses for any of the matters noted above has been made in the financial statements as of December 31, 2014.

9. Accrued Payroll and Related Benefits

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, SASB is required to record a liability for the estimated amount of for future employment obligations. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position. Accrued payroll liabilities amounted to $531,350 and $99,993 at December 31, 2014 and 2013, respectively, and are reflected on the statements of financial position.

10. Advertising and Marketing

Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses amounted to $14,710 and $44,072 for the years ended December 31, 2014 and 2013, respectively, and are reflected on the statement of functional expenses.

11. Retirement Plan

SASB offers employees the opportunity for participation in a salary reduction retirement plan (the "Plan") qualified under Internal Revenue Code Section 401(k). The Plan provides employees with the opportunity to defer a portion of their salary subject to annual statutory limitations. Employees must meet certain age and work requirements in order to be eligible to participate in the Plan. The Plan provides for discretionary employer contributions which amounted to $120,528 and $60,431 for the years ended December 31, 2014 and 2013, respectively.

12. Net Assets

Unrestricted Net Assets

Unrestricted net assets of $430,135 and $2,294,560 at December 31, 2014 and 2013, respectively, represent the cumulative net surpluses from operating activities since the organization's inception. The Board of Directors may elect certain unrestricted balances to be set aside as Board-designated funds, with future changes subject to approval by the Board. There were no Board-designated funds at December 31, 2014 and 2013.

Temporarily Restricted Net Assets

Temporarily restricted net assets are summarized as follows for the year ended December 31:

	2014	2013
Bloomberg Philanthropies	-	$1,000,000
Doris Duke Charitable Foundation	$375,000	-
Ford Foundation	$750,000	-
Board Pledge A	-	$40,000
Board Pledge B	-	$16,000
PricewaterhouseCoopers LLP	$166,667	-
Discount on long-term receivables	($14,610)	-
Total unrestricted net assets	**$1,277,057**	**$1,056,000**

Restricted contributions to temporarily restricted net assets amounted to $2,750,000 and $1,056,000 for the years ended December 31, 2014 and 2013, respectively. Net assets released from restrictions amounted to $2,514,333 and $541,305 for the years ended December 31, 2014 and 2013, respectively. These amounts were transferred from temporarily restricted net assets to unrestricted net assets on the statements of activities and changes in net assets.

13. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, SASB has evaluated subsequent events through March 24, 2015, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.

MANAGEMENT'S REPORT ON FINANCIAL RESPONSIBILITY AND INTERNAL CONTROLS

The Sustainability Accounting Standards Board's management is responsible for preparing the organization's financial statements and ensuring the accuracy of the information in this report. The statements have been prepared according to US GAAP. SASB management also establishes and maintains the systems for financial reporting and internal controls designed to ensure the completeness, accuracy, and integrity of financial reporting.

SASB's Board of Directors, through the Audit Committee and the office of the Treasurer, oversees the organization's financial and accounting policies, policies and procedures for internal controls, and its independent audits. The organization's auditors render an objective, outside opinion on the financial statements each year, and they have direct access to discuss matters with the Audit Committee, both with and without the presence of management.

SASB's internal controls are designed to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position of the organization as of December 31, 2014.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD

Jean Rogers, PhD PE
Chief Executive Officer and Founder

April 27, 2015
San Francisco, California

sasb.org

Printed on FSC certified, 100% recycled content, 100% post-consumer waste paper using soy ink