



2018 ANNUAL REPORT

BUILDING MOMENTUM

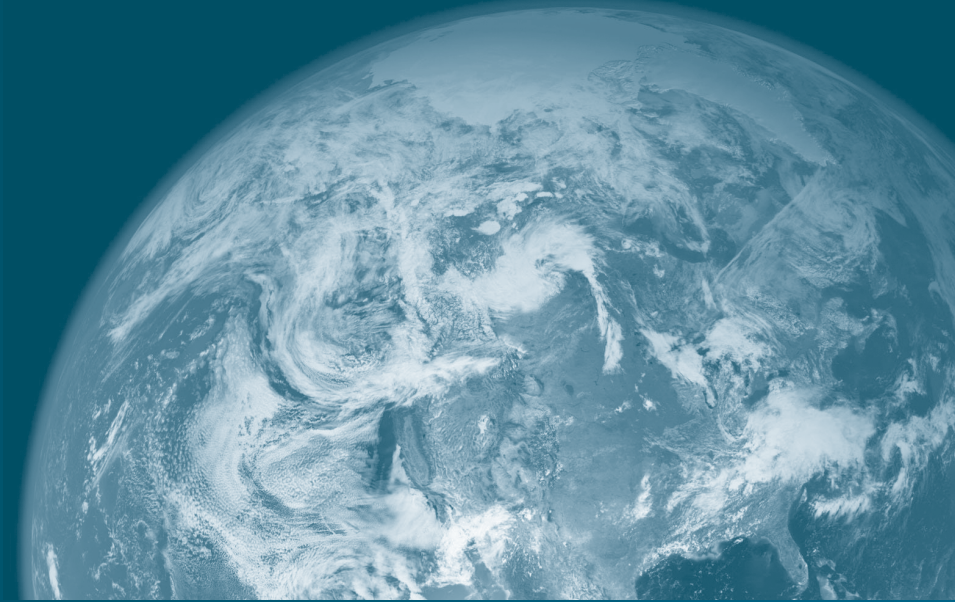
SASB





OUR MISSION

THE MISSION OF THE SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) FOUNDATION IS TO ESTABLISH INDUSTRY-SPECIFIC DISCLOSURE STANDARDS ACROSS ENVIRONMENTAL, SOCIAL, AND GOVERNANCE TOPICS THAT FACILITATE COMMUNICATION BETWEEN COMPANIES AND INVESTORS ABOUT FINANCIALLY MATERIAL, DECISION-USEFUL INFORMATION.

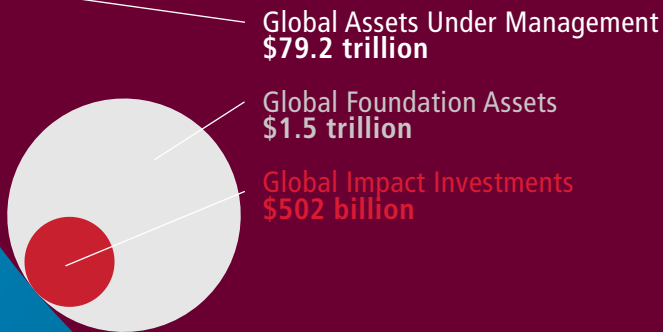


OUR VISION

THE SASB FOUNDATION ENVISIONS AN INVESTMENT UNIVERSE IN WHICH A SHARED UNDERSTANDING OF SUSTAINABLE BUSINESS PRACTICES ENABLES BOTH COMPANIES AND INVESTORS TO MAKE MORE INFORMED DECISIONS THAT DRIVE IMPROVED LONG-TERM OUTCOMES FOR NOT ONLY BUSINESSES AND THEIR SHAREHOLDERS, BUT ALSO FOR THE GLOBAL ECONOMY AND SOCIETY AT LARGE.

CLIMATE CHANGE | POPULATION
RESOURCE CONSTRAINTS | TECHN
GLOBALIZATION | ECONOMIC INE

For companies, investors, and broader society, economic prosperity in the 21st century will require transformative change at a scale that cannot be financed by governments and civil society alone. Now more than ever, the opportunity is within reach to unleash the power of financial markets to address global environmental, social, and market challenges for mutual benefit. By aligning market signals with sustainable economic growth, we can build a future in which gains for one catalyze gains for all.



Global foundation assets are equal to roughly 2 percent of global assets under management—or roughly equivalent to the area of the Earth’s surface covered by the United States alone. Meanwhile, global impact investing assets are equal to roughly two-thirds of one percent of global assets—or the same as the surface area of India alone.

Large-scale challenges call for large-scale solutions. By helping identify the economic upside of addressing critical global challenges, SASB mobilizes markets, facilitates capital formation, and unlocks an unprecedented level of impact.

GROWTH
TECHNOLOGICAL INNOVATION
EQUALITY | URBANIZATION

NASDAQ WELCOMES
SUSTAINABILITY
ACCOUNTING
STANDARDS BOARD



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2019 SASB FOUNDATION BOARD OF DIRECTORS

The SASB Foundation is responsible for the financing, oversight, and administration of the organization. In addition to carrying out its financial and strategic governance functions, the Board of Directors appoints the members of the SASB via the Governance & Nominating Committee and ensures SASB's compliance with due process via the Standards Oversight Committee.

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TOP: SCREENSHOT FROM ETHICAL CORP. WEBCAST. BOTTOM: © JAGGED EDGE ARTS/SASB

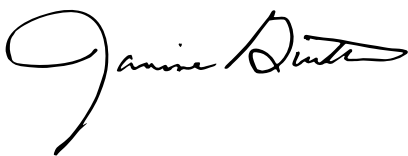
Our work at the Sustainability Accounting Standards Board (SASB) Foundation is rooted in the idea that global capital markets are unmatched in their ability to grease the wheels for progress. At the same time, we recognize they can only do so when they know where to apply the grease. Existing market infrastructure was never designed to account for 21st century challenges such as climate change, resource constraints, population growth, globalization, and technological innovation, among others. That's why SASB is working to modernize that infrastructure, starting with the codification of our standards last November. Today, our goal is to ensure SASB's standards evolve in a way that enables markets to allocate financial capital to its best, most sustainable users, thereby supporting a more robust and resilient economy.

Achieving that goal starts with companies and investors. In this Annual Report for 2018 and look at our work in 2019, you'll read about the rapidly growing number of companies across nearly every industry and continent that have begun to use SASB standards in their core communications with investors. You'll also read about how the standards have been embraced by the global investment community—including the 44 (and counting) members of our Investor Advisory Group (IAG), who collectively manage more than US\$33 trillion. These organizations support SASB's work because of our focus on financial materiality, the rigor of our due process, and the opportunity to help shape the standards through ongoing market consultation, including with our Standards Advisory Group (SAG).

You'll also learn how SASB standards are becoming further embedded in market infrastructure as we respond to demand for supporting resources like our Engagement Guide, educational opportunities like our Fundamentals of Sustainability Accounting (FSA) credential, and licensing our IP to power products such as State Street Global Advisors' new R-Factor scoring system. These tools and resources don't only promote more effective reporting; they incentivize more sustainable performance—which, after all, is what companies, investors and society truly care about.

Spurred by SASB's work in 2018 and beyond, these developments have facilitated a critically important dialogue between companies and investors about environmental, social, and governance topics that materially impact financial performance. By opening a new line of communication, SASB standards help both the users and providers of financial capital manage the existing and rapidly evolving risks and opportunities they face. They help markets more efficiently price those risks and opportunities. And they help deliver environmental and social outcomes that are mutually beneficial not just for companies and their shareholders, but for the world at large.

Sincerely,



JANINE GUILLOT
CEO of the SASB Foundation

LETTER FROM THE CEO



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SASB STANDARDS BOARD

The Sustainability Accounting Standards Board is an independent standard-setting board that is accountable for the due process, outcomes, and ratification of the SASB standards, including any changes to the standards. Members of the Standards Board are appointed by the SASB Foundation Board of Directors.

JEFFREY HALES, PHD
CHAIR

Charles T. Zlatkovich Centennial Professor of Accounting, University of Texas at Austin

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VERITY CHEGAR
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SECTOR CHAIR FOR FOOD & BEVERAGE



TOP: © SASB; BOTTOM: © JAGGED EDGE ARTS/SASB

Without question, 2018 was a pivotal year for SASB. In the not-too-distant future, we hope it will also be recognized as a pivotal year for global capital markets. The release of our industry standards last November not only marked the culmination of six years of work, it provided a starting point for the next phase of our efforts and for those of broader markets.

A rapidly growing number of companies, investors, and other market participants around the world are using SASB standards in their financial reporting, analysis, and supporting resources. This market momentum is enhancing the quality of communication between companies and investors on the financial impacts of sustainability. Importantly, this market activity also brings new learning opportunities to SASB. By monitoring the use of our standards, we can ensure that the standards meet the needs of companies of all sizes, across every industry, and on every continent. We also glean new insights from investors, whose strategies span a variety of methodologies, asset classes, time horizons, and risk appetites.

Since our first industry working group in 2012, SASB has endeavored to provide market-driven solutions to the capital markets' need for consistent, comparable, and reliable sustainability information available to all investors. This objective remains core to our mission, and to that end we're actively engaged in listening to our key stakeholders through both formal and informal outreach—most notably through our Standards Advisory Group (SAG).

Comprised of an esteemed group of corporate, investment, and other professionals with relevant industry or subject-matter expertise, the SAG provides SASB with invaluable advice from the leading edge of practice among preparers and users of corporate reporting. We want to know: what's working? What isn't? What could use more clarity? How can SASB better support use? SAG members' input on technical matters, implementation considerations, and emerging issues will help us ensure SASB standards remain cost-effective for companies and decision-useful for investors. Similarly, their broad geographic footprint provides a diversity of regional perspectives that will help us maintain a globally applicable set of standards.

As we transition from the release of our industry standards to supporting use and implementation, SASB's mission continues to guide our work. We remain committed to the principles that have always underpinned our due process: evidence-based research, broad and balanced stakeholder outreach, public transparency, and independent oversight. With financial materiality as our north star, SASB aims to ensure more sustainable global economies by helping to make capital markets more efficient, informed, and resilient.

Sincerely,



JEFFREY HALES, PHD
Chair of the Standards Board

LETTER FROM THE CHAIR



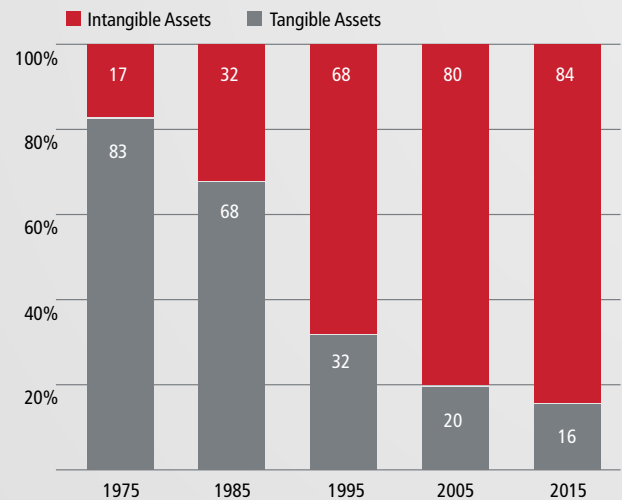
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SURVEYING THE LANDSCAPE

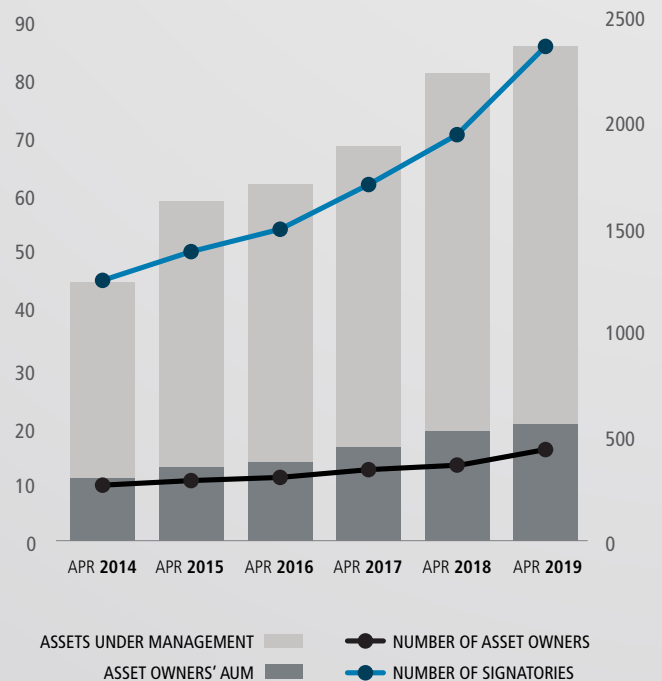
Like the world around them, today's business leaders—and the markets that provide their financing—face no shortage of great challenges. Broad macroeconomic trends such as population growth, globalization, and technological innovation have contributed to environmental, social, and financial impacts as daunting as they are unsustainable—climate change, resource scarcity, and rising economic inequality among them. Ongoing efforts by governments and civil society are important but offer an incomplete solution. Creating a sustainable, robust, and resilient future requires not only a globally coordinated effort, but extraordinary financing. By mobilizing capital markets to address these challenges head-on, SASB is helping direct trillions of dollars toward more sustainable outcomes in a way that creates value for companies, investors, economies, and the world alike.

BY THE NUMBERS

An increasing share of the market cap of S&P 500 companies is attributable to intangible assets. Sustainability issues are among a variety of factors that contribute to this increasing gap between book and market values.



As a result, a growing number of investors are looking beyond traditional financial statements, as evidenced by the rise in signatories to the Principles for Responsible Investment.



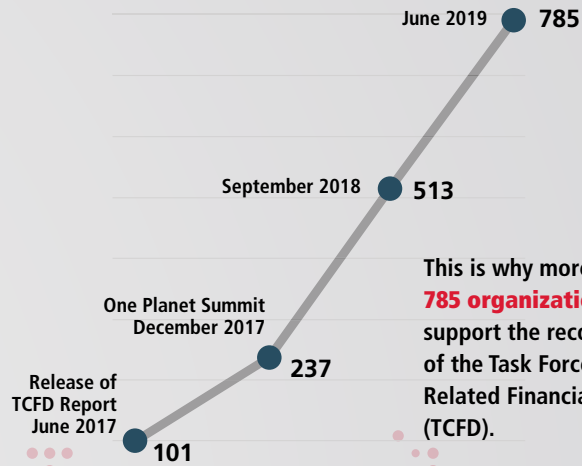
Source: Ocean Tomo, Intangible Asset Market Value Study (March 5, 2015).

Source: UN PRI website, "About the PRI," accessed July 11, 2019.



Today, roughly **one of every three** dollars under professional management globally is invested using sustainable strategies—an increase of 34 percent in just two years.

Global Sustainable Investment Alliance, 2018 Global Sustainable Investment Review (April 2019).



This is why more than **785 organizations** now support the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).

And it's why at least **47 stock exchanges** around the world—including 8 of the 10 largest by market capitalization—have produced guidance to assist listed companies with reporting on environmental, social, and governance (ESG) matters.

Research Spotlights the SASB Solution

A growing body of research indicates SASB's approach to sustainability can mobilize an unprecedented amount of financial capital to address sustainability challenges. By identifying those areas where the interests of companies and their investors are well-aligned with those of broader society—in other words, where they can "do good while doing well"—SASB helps transform global capital markets into powerful and efficient forces for good.

For example, research from **Harvard Business School** has shown the SASB approach can help companies enhance business outcomes, including their return on sales, sales growth, return on assets, and return on equity, while also enjoying improved risk-adjusted shareholder returns.

Meanwhile, **Russell Investments** found evidence that SASB-focused ESG scores are better predictors of market return than more broadly defined ESG scores, even after adjusting for known drivers of equity returns.

For more information, see sasb.org/research-on-sasb.

Sources: Khan M., G. Serafeim, and A. Yoon (November 2016). "Corporate Sustainability: First Evidence on Materiality," *The Accounting Review*, Vol. 91, No. 6, pp. 1697-1724; Emily Steinbarth, Scott Bennett (February 2018). *Materiality Matters: Targeting the ESG Issues that Impact Performance*, Russell Investment Management Ltd.

Source: TCFD, 2019 Status Report (June 2019).

Source: Sustainable Stock Exchange Initiative website, "Stock Exchange Guidance on ESG Reporting," accessed July 11, 2019.



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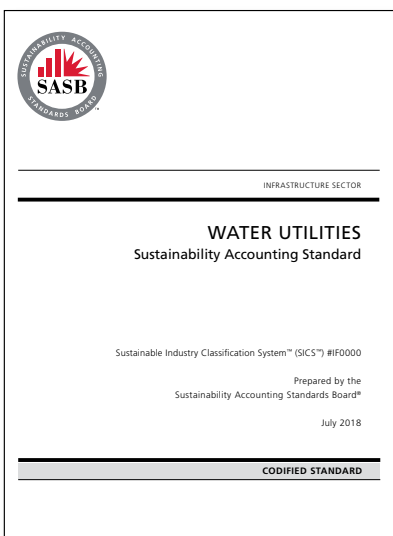
SASB rings the opening bell at NASDAQ.

SETTING THE STAGE

November 2018 marked a pivotal moment for global capital markets. The codification and release of SASB’s 77 industry-specific standards established infrastructure that enables a race to the top on sustainability performance, which in turn creates mutual benefit for companies, investors, and society at large. Companies have long understood that environmental, social, and governance factors can have important financial implications, but progress—at both the micro- and macroeconomic levels—has been hampered by the absence of standardized performance and risk metrics. As more companies adopt SASB standards to measure, manage, and report their performance on key, industry-specific sustainability factors, the body of financially material sustainability information will continue to increase. This, in turn, will usher in a new, more robust era of financial management and analysis that unlocks more sustainable outcomes.

BY THE NUMBERS

SASB’s standard-setting process is driven by evidence-based technical research, detailed input from a broad and balanced set of market participants, and expert-led oversight with full transparency and multiple opportunities for public feedback.



6 years, 4 months of standard-setting work

Covering 77 industries across 11 sectors

Involving input from hundreds of Industry Working Group members representing \$11T in market cap and \$23.4T of assets under management

And deep consultation with 141 companies, 19 industry associations (representing hundreds of companies), and 38 institutional investors

Including 12 public comment periods, which elicited 300+ comment letters

Requiring 248 technical updates to the provisional standards before codification

Resulting in 6 topics and 14 metrics, on average, per industry



SASB rings the opening bell at the London Stock Exchange.

TOP: © LONDON STOCK EXCHANGE GROUP ; BOTTOM: © JAGGED EDGE ARTS/SASB



The SASB Standards Advisory Group (SAG)

To ensure the broadest possible applicability and uptake, SASB standards have always been shaped by and for the market. With the release of the standards in November 2018, the Standards Advisory Group (SAG) was established to help SASB better understand implementation considerations and emerging issues through a diverse group of experts whose perspectives represent a wide range of corporate and investment functions across a variety of industries, sectors, and geographical regions.

Today, the SAG consists of 174 industry experts from leading companies, investment firms, and third parties who advise SASB as it works to improve the quality and comparability of sustainability-related disclosure. Representing organizations headquartered in 24 different countries around the world, these members have contributed their views to SASB's analysis of general and industry-specific implementation considerations, SASB guidance, and SASB's standard-setting approach. This feedback ensures SASB's process and outcomes effectively serve the needs of companies and investors, thus positioning the standards to become essential, next-generation market infrastructure.

For more information, see sasb.org/provide-feedback/standards-advisory-group/.

BUILDING MOMENTUM

Although the standards were only released in November, a rapidly growing number of companies and investors have already begun to incorporate them into their reporting and decision-making processes. They include many of the world's largest investors, corporations, and other market participants who recognize that delivering shareholder returns and sustainable environmental and social outcomes are not mutually exclusive—but rather can be mutually supportive—pursuits. Companies are using SASB standards to drive greater transparency, better risk management, improved long-term performance, and a stronger, more valuable brand. Investors are using them across asset classes to inform their analyses, drive their engagements, and better meet their risk and return objectives.

SASB INDEX

For the first time, we are providing a Sustainability Accounting Standards Board (SASB) index that identifies where in this report or in our other publicly available disclosures we provide information identified in the Electric Utilities & Power Generators industry standards within the Infrastructure sector. Though we do not yet address all metrics included in the standards, we continue to evaluate our future disclosures in light of investor interest in the SASB framework.

Topic	Accounting Metric	Related Disclosure
Environmental & Energy	(1) Total global water consumption, percentage change over prior period, percentage of water recycled, and percentage of water reused	Corporate Responsibility Report, Section 10.2
Water	(1) Total water consumed, percentage renewable, percentage used in (i) critical equipment and vehicles and (ii) all other equipment	Corporate Responsibility Report, Section 10.2
Water Management	(1) Total water consumed, percentage of each category with high or extremely high Baseline Water Stress	Corporate Responsibility Report, Section 10.2
Water Management	(2) Discussion of water management risk and discussion of mitigation and action to mitigate those risks	Corporate Responsibility Report, Section 10.2
Water Management	(3) Discussion of water management risk and discussion of mitigation and action to mitigate those risks	Corporate Responsibility Report, Section 10.2

SUSTAINABILITY ACCOUNTING STANDARDS BOARD

SASB is an independent, private sector standards-setting organization dedicated to the disclosure of material sustainability information that meets investor needs. The table information can be found in NIKE's FY2017 Sustainable Business Report (SBR) and

TOPIC	ACCOUNTING METRIC	DISCUSSION AND ANALYSIS	UNIT OF MEASURE	CODE
MANAGEMENT OF ENVIRONMENTAL & ENERGY	Description of processes to reduce compliance with relevant substantive regulations	Discussion and Analysis	N/A	CM001-01
MANAGEMENT OF ENVIRONMENTAL & ENERGY	Description of processes to assess and manage risks associated with climate change	Discussion and Analysis	N/A	CM001-02
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-01
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-02
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-03
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-04
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-05
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-06
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-07
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-08
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-09
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-10
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-11
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-12
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-13
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-14
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-15
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-16
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-17
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-18
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-19
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-20
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-21
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-22
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-23
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-24
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-25
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-26
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-27
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-28
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-29
ENVIRONMENTAL & ENERGY	Percentage of total energy and total water with high or extremely high environmental risk	Discussion and Analysis	N/A	EM001-30

General Mills SASB Reference

The Sustainability Accounting Standards Board (SASB) standards are used to measure and disclose material sustainability information. This table references the Standard for the addresses each topic. Note that some responses

Topic	SASB account
Energy Management	(1) Total energy
Water Management	(1) Total water with high or extremely high environmental risk
Water Management	(2) Number of incidents of water quality permits
Water Management	(3) Discussion of water management risk and discussion of mitigation and action to mitigate those risks
Food Safety	(1) Global Food Safety Initiative (GFSI) (2) associated corrective action index
Food Safety	(2) Percentage of ingredients sourced from Global Food Safety Initiative (GFSI)
Food Safety	(3) Total number of recalls of food products (1) number of recalls and (2) percentage corrected
Health & Nutrition	(1) Number of recalls issued and (2) Revenue from products labeled and nutrition attributes
Health & Nutrition	(2) Discussion of the process to identify nutritional and health concerns on revenue from products labeled as (i) (GMOs) and (ii) non-GMO
Product Labeling & Marketing	(1) Number of incidents of non-compliance and/or marketing codes
Product Labeling & Marketing	(2) Total weight of packaging (2) per materials, and (3) percentage that is through its lifecycle
Product Labeling & Marketing	(3) Discussion of strategies to reduce that through its lifecycle
Product Labeling & Marketing	(4) Percentage of food ingredients sourced environmental and/or social standard
Product Labeling & Marketing	(5) Supplier's social and environmental performance rate and (2) associated corrective action
Product Labeling & Marketing	(6) Percentage of food ingredients sourced Baseline Water Stress
Product Labeling & Marketing	(7) List of priority food ingredients and environmental and social considerations
Product Labeling & Marketing	(8) Number of incidents of non-compliance and/or marketing codes
Product Labeling & Marketing	(9) Total weight of packaging (2) per materials, and (3) percentage that is through its lifecycle
Product Labeling & Marketing	(10) Discussion of strategies to reduce that through its lifecycle
Product Labeling & Marketing	(11) Percentage of food ingredients sourced environmental and/or social standard
Product Labeling & Marketing	(12) Supplier's social and environmental performance rate and (2) associated corrective action
Product Labeling & Marketing	(13) Percentage of food ingredients sourced Baseline Water Stress
Product Labeling & Marketing	(14) List of priority food ingredients and environmental and social considerations

SASB CODE SASB METRIC

IB-550b.1	Percentage of total remuneration that is variable for Material Takers (MRTs)
IB-550b.2	Percentage of variable remuneration of MRTs to which malus/clawback provisions were applied
IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory and (c) securitization transactions
CB-230a.2	Description of approach to identifying and addressing data security risks
CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote community development
CB-410a.1	Commercial and industrial credit
CB-410a.2	Description of approach to incorporate credit analysis
CB-000.B	(1) Number and (2) value of loans (b) small business and (c) corporate
AC-270a.3	Description of approach to inform and services
AC-410a.1	Amount of assets under management (1) integration of ESG issues, (2) and (3) screening
AC-410a.2	Description of approach to incorporate and governance (ESG) factors in management processes and strategies
AC-410a.3	Description of proxy voting and procedures
AC-550a.3	Total exposure to securities financing
AC-550a.4	Net exposure to written credit
AC-000.A	(1) Total registered and (2) total management (AUM)
AC-000.B	Total assets under custody and supervision

WELLS FARGO GRI and SASB Index

Our 2018 Corporate Responsibility Report was prepared in accordance with the Global Reporting Initiative Standards (GRI) "Core" option and contains many elements of the "Comprehensive" option. This combined reporting index includes all the GRI Standards disclosures covered in the report and aligns them with the applicable Sustainability Accounting Standards Board (SASB) indicators.

For SASB indicators in bold type, we believe we have fulfilled or substantially fulfilled the applicable indicator with the information provided in the report and/or referenced in this index. SASB indicators in non-bold type are included as they relate to the applicable GRI indicators, but we are not necessarily claiming that they have been fulfilled in the report and/or this index.

GRI STANDARD	DISCLOSURE NUMBER	WELLS FARGO RESPONSE	RELATED SASB INDICATORS
Name of the organization	102-1	Wells Fargo & Company (WFC)	
Activities, brands, products, and services	102-2	2018 Annual Report , Pages 284-285 (Wells Fargo & Company) (PDF) Wells Fargo & Company (NYSE: WFC) is a diversified, community-based financial services company with \$1.9 trillion in assets. Wells Fargo's vision is to satisfy our customers' financial needs and help them succeed financially. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, investment and mortgage products and services, as well as consumer and commercial finance, through 7,800 locations, more than 13,000 ATMs, the internet (wellsfargo.com), and mobile banking and has offices in 37 countries and territories to support customers who conduct business in the global economy. With 259,000 full-time equivalent team members, Wells Fargo serves one in three households in the United States. Wells Fargo & Company was ranked No. 26 on Fortune's 2018 rankings of America's largest corporations.	
Location of headquarters	102-3	420 Montgomery Street San Francisco, CA 94104	
Location of operations	102-4	2018 Annual Report , Page 285 (Wells Fargo's Extensive Network) (PDF)	
Ownership and legal form	102-5	2018 Annual Report , Pages 284-285 (Wells Fargo & Company) (PDF) 2018 Form 10-K , Part I (Item 1 Business) (PDF)	
Markets served	102-6	2018 Annual Report , Pages 284-285 (Wells Fargo & Company) (PDF) 2018 Form 10-K , Part I (Item 1 Business) (PDF)	
Scale of the organization	102-7	2018 Annual Report , Pages 284-285 (Wells Fargo & Company) (PDF) 2018 Form 10-K , Part I (Item 1 Business) (PDF)	
Information on employees and other workers	102-8	See total number of team members by employment type and gender and team members by region charts following this index.	

A collection of corporate reports using SASB standards, including Nike, General Mills, Gap Inc., and Morgan Stanley; available at sasb.org/company-use

BY THE NUMBERS

Early adopters of SASB standards include many of the world's largest companies and investors, representing nearly every industry, sector, and geographic region.

79 reporting companies across 19 countries

44 IAG members representing \$33T AUM across 11 countries

247,000+ standards downloads by 23,000+ unique users in 200+ countries

The SASB Investor Advisory Group (IAG)

Through their engagements with portfolio companies, investors are an important lever for adoption of the SASB standards. In developing the standards, SASB has worked to amplify investors' voices in the market, and they have begun to respond in kind, serving as advocates and ambassadors for SASB's approach. For example:

- The IAG launched a collaborative engagement pilot program in 2018, which expanded to involve the entire IAG in 2019.
- Results of the 2018 pilot included SASB disclosure on the investor relations section of a large-cap apparel company's website, as well as the inclusion of SASB metrics in the sustainability and/or integrated reports of other high-profile companies in the processed foods, real estate services, and alcoholic beverages industries, among others.
- Additionally, several IAG members have included references to SASB standards in their proxy voting guidelines, open letters to investees, and client communications, including BlackRock, Vanguard, and Walden Asset Management (a division of Boston Trust), providing further impetus for corporate uptake.

Having established "proof of concept" with these initial efforts, the IAG will continue to ramp up its efforts—and its impact—driving further adoption of the SASB standards and more sustainable outcomes.

For more information, see sasb.org/investor-use/supporters/.

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SUPPORTING THE MARKET

As uptake expands, so does the market's need for support. SASB provides a variety of tools, resources, events, and programs to help companies, investors, and other market participants more effectively integrate financially material sustainability factors into their work. From licensing SASB intellectual property for use in products and services, to membership programs and publications, SASB offers a full suite of first- and third-party solutions to help companies, investors, and other market participants drive performance in the key areas where the interests of business and the interests of broader society are well aligned.

BY THE NUMBERS

Interest in SASB's first- and third-party resources is growing along with uptake of the standards.



97+ Alliance members from 11 countries
(70% SALES GROWTH IN 2018)



47+ licensing organizations
(~400% LICENSING REVENUE GROWTH IN 2018)



25% Navigator subscriber growth in 2018
\$1.6M in sales
(60% YEAR-OVER-YEAR GROWTH IN 2018)



1,000+ FSA registrants from 40+ countries
2,000+ downloads of the TCFD Implementation Guide, jointly published with CDSB



906 industry-specific questions in the updated Engagement Guide
107 attendees discussing the future of ESG at an Alliance event bringing companies and investors together

2018 Symposium (sold out with overflow attendance)
40% REVENUE GROWTH FROM SPONSORSHIPS

114 events at which SASB, staff, and Foundation board members spoke or presented in 2018



SASB analyst Gail Glazerman speaks at the CFA Institute conference.

© SASB

SASB Licensing Partners

As global capital markets increasingly depend on high-quality sustainability information, SASB standards increasingly represent vital market infrastructure to help both companies and investors. Through their use of the standards and related SASB resources in licensed products and services, a growing number and variety of organizations are helping build that infrastructure.

Since 2014, the SASB Foundation has licensed its standards and related tools and resources to power a range of investment strategies, platforms, and products, including investment strategies from Columbia Threadneedle and Russell Investments, services from Truvalue Labs and Clarity, and indices developed by ET Index. Two recently licensed products—State Street Global Advisors’ R-Factor scoring system and Truvalue Labs’ artificial intelligence-driven data platform—represent next-generation ESG tools that both capture and incentivize company performance on financially material ESG factors.

Mission-aligned products such as these enable market participants to allocate capital in line with SASB’s approach to sustainability and thus help realize the SASB Foundation’s vision: An investment universe in which a shared understanding of sustainable business practices enables market participants to make more informed decisions that drive improved long-term outcomes for not only companies and investors, but also for the global economy and society at large.

For more information, see sasb.org/license-sasb-framework/.

SOME OF OUR PARTNERS:



GLASS LEWIS



NORGES BANK
INVESTMENT MANAGEMENT

PIMCO

TEMASEK

ACHIEVING IMPACT

In 2018, ESG went mainstream. With the codification of SASB standards, the market's embrace of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the ever-increasing assets under management by signatories to the PRI, sustainability is now a core consideration among investors and corporations alike. Nevertheless, work remains to be done to harmonize a complex reporting landscape, evolve the standards alongside markets, enhance disclosure quality, and achieve meaningful impact.

BY THE NUMBERS

Widespread adoption of SASB standards will unleash competitive forces to tackle sustainability challenges, forging a future in which successful businesses and sustainable outcomes are mutually reinforcing.

Percentage of companies that say they are likely to adopt SASB standards



Source: The Sustainability Imperative: Business and Investor Outlook – 2018 Bloomberg Sustainable Business & Finance Survey



SASB is 1 of 8 members in the Corporate Reporting Dialogue



981 metrics reviewed for alignment with other frameworks as part of the Better Alignment Project

SASB is 1 of 12 members of the Impact Management Project's Structure Network, a collaborative effort to provide complete rules of the road for impact measurement, management, and reporting



71% of SASB metrics directly map to Sustainable Development Goals (SDGs)

Source: Calvert Research Management, "Incorporating the UN Sustainable Development Goals into ESG Investment Research via SASB Tools," SASB ESG Integration Insights (2017 Omnibus Edition)

The following table shows our Scope 1 GHG emissions between 2013 and 2015 for our GPP, LP, GD, Corporate Services and GPT business segments:

Scope 1 (t CO ₂ e)	2013	2014	2015
Liquids Pipelines ¹	121,000 ^{2,3}	56,000 ³	44,000 ²
Gas Pipelines & Processing	2,273,000	1,899,000	1,822,000
Gas Distribution ⁴	301,000	328,000	339,000
Green Power & Transmission	100	300 ⁵	200 ⁵
Corporate Services	2,000	2,000	1,000
Total – Scope 1	2,698,000	2,285,000	2,206,000

¹ Our Scope 1 estimates for our LP business segment in the U.S. include vehicle emissions and fugitive emissions from terminal operations (methane and carbon dioxide), as well as stationary combustion-related emissions from pumps, heaters, emergency generators and vapor destruction units. Currently, our Scope 1 emissions inventory does not include emissions that result from space heating, water heating and other small combustion sources. These emissions sources, however, are minor in terms of our LP U.S.'s total Scope 1 and 2 emissions profiles.

How SASB Unlocks Impact

SASB's underlying theory of change is simple: what gets measured gets managed. Companies have a vested financial interest in driving progress on the sustainability issues that are likely to affect their bottom line. If they don't, their competitors will, creating a "race to the top" that will benefit not only companies and their shareholders, but society more broadly.

For example, energy consumption can indirectly contribute to climate change and air pollution because it involves the combustion of fossil fuels by utilities. Meanwhile, energy consumption also accounts for approximately 9 percent of revenue in the Metals & Mining industry, where operating profit margins average about 10 percent. Energy management is therefore a business-critical issue for companies in the industry—and an example of how financially material sustainability factors can help align the interests of business, investors, and society at large.

Applying statistical techniques to the 30 percent of metals and mining companies that currently report energy management metrics, SASB created a normal distribution of results for all companies in the industry. The results indicate that if companies in the bottom half of performance improved their energy consumption per dollar of revenue to the industry average, not only would they significantly improve their operating margins, they would facilitate the following environmental impacts:

- 120,000 MWh reduction in energy use per year (equivalent to 10% of U.S. coal-fired power generation)
- 35,000 tons reduction in direct CO₂ emissions per year (equivalent to emissions associated with 7.5 million passenger vehicles)
- 1.2 billion cubic meters of reduced water usage per year (equivalent to average daily U.S. water use of 8.8 million homes).

Through transparency and quantitative rigor, SASB standards can move industry performance, impacting business, society, and the planet.

For more information, see sasb.org/standards-overview/materiality-map/.

SHARING OUR VISION

SASB is extremely grateful to the following group of committed organizations and individuals with the vision to support standards that enhance the efficiency of capital markets and powerfully address the sustainability challenges of our time. Their generosity fuels the research and outreach needed to develop and maintain our standards and to engage with global capital markets, helping corporations and investors focus on financially material sustainability issues. We are pleased to recognize this distinguished group upon whose shoulders SASB stands. With their support, we work to enhance the efficiency, stability, and resilience of global capital markets so that they may support sustainable, inclusive economic development.

DONORS & SUPPORTERS 2012 – 2018

Contributors at \$1,000,000 and above

Bloomberg Philanthropies
Deloitte ^
Ernst & Young
Gordon and Betty Moore
Foundation
KPMG
PwC ^
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Foundation
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Other Generous Foundation Contributors

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GE Foundation
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Other Generous Corporations and Organizations

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Maryland State Retirement Agency *

Materiality Consulting LLC *

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TIAA Global Asset Management *

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Waste Analytics *

Wells Fargo Asset Management *

Wespath Investment Management *

Workiva *

Other Generous Individual Contributors

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Amira Strasser

The Catherine Odelbo Philanthropic Fund

The Gunders Philanthropic Account Fund

The Spinella Welch Family Charitable Fund

John Truzzolino

Laura Tyson

Jack Wadsworth

Ed Waitzer

Edward White

Jay Willoughby

ALLIANCE SUPPORTERS JANUARY – MAY 2019

Other Generous Corporations and Organizations

Aon *

Arisaig Partners *

AVAIO Capital *

Barrow Hanley *

BC Investment Management Corp. *

BlackRock Inc. *

Brunel Pension Partnership *

Caisse de dépôt et placement du Québec *

CarVal Investors *

Cliffwater *

Danske Bank Markets *

ESG Global Advisors Inc. *

Federated Investors Inc. *

Fidelity Investments *

Hermes Investment Management *

ISS ESG *

Loomis Sayles *

Manulife Asset Management *

Nissay Asset Management *

Norges Bank Investment Management *

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Oregon State Treasurer *

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PGGM Investments *

Quantitative Management Associates *

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State Street Global Advisors *

The Carlyle Group *

The Office of New York City Comptroller *

UAW Retiree Medical Benefits Trust *

United Nations Joint Staff Pension Fund *

Vanguard Group *

Walden Asset Management / Boston Trust & Investment Management Company *

^ Designates support as both a generous donor and Alliance member

* Designates support as an Alliance member exclusively

FINANCIALS

MANAGEMENT'S DISCUSSION & ANALYSIS

2018 SUMMARY

The mission of the Sustainability Accounting Standards Board (SASB) Foundation is to establish industry-specific disclosure standards across environmental, social, and governance topics that facilitate communication between companies and investors about financially material, decision-useful information. This mission is accomplished through a rigorous process that includes evidence-based research and broad, balanced stakeholder participation.

The SASB Foundation supports the work of the SASB Standards Board, engages with SASB Alliance members, and provides the market with education and resources that advance the use of SASB standards and the field of sustainability accounting.

The organization operates in three program areas:

- Standard Setting
- Outreach and Adoption
- Education and Resources

We fund our work through three sources: philanthropic grants, market support grants, and earned income from products and membership fees. In recent years we have focused on increasing funding from diversified, annually recurring sources to reduce our reliance on one-time capital. 2018 saw strong growth in earned income and market support grants, which raised the percentage of budget support from annually recurring revenues from 45% in 2017 to 75% in 2018.

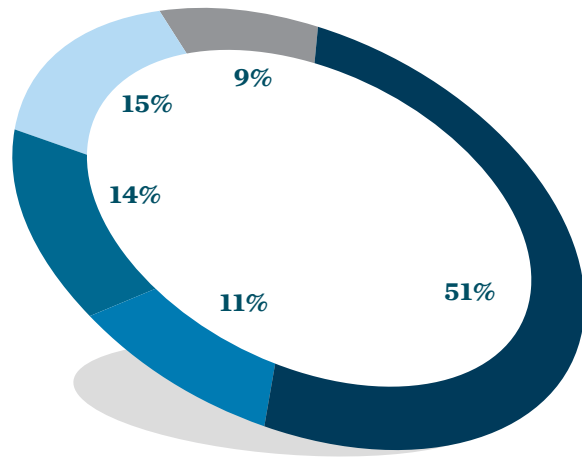
Net assets increased by \$6.8 million but the organization moved from a \$2.3 million operating surplus to a \$1.3 million operating deficit for 2018. This shift was due to a significant portion of 2018 cash funding coming from multi-year grants that began in July and for which only half a year of revenue could be recognized. We expect to return to an operating surplus in 2019. Despite the accrual-based operating loss, net cash increased again in 2018, by \$387K, and the organization ended the year with a \$1.9 million cash balance.

While there are still concerning aspects of the organization's financial condition (a portion of the annual budget must be raised from unpredictable, one-time philanthropic grants and there is a \$3 million, zero-interest loan due at the end of 2020), we are advancing our mission and making significant progress toward a sustaining financial model.



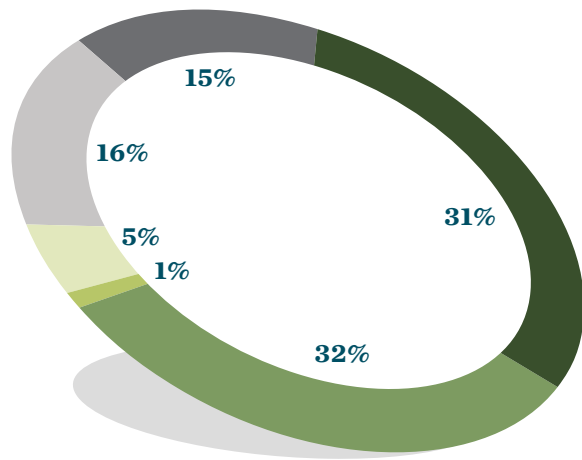
Uses of Funds 2018 (cash basis)

Standards	4,099,675
Outreach	905,940
Education & Partnerships	1,073,538
G&A	1,217,517
Fundraising	726,465
Total	8,023,136



Sources of Funds 2018 (cash basis)

Foundation Grants	3,131,334
Corporation Grants	3,275,000
Individual Donations	106,000
In-Kind Contributions	552,716
Earned Income	1,586,367
Other Income	1,296
Prior Year Cash Carryover	1,553,779
Total	10,206,492



FINANCIALS

FINANCIAL RESULTS

SASB's financial statements are presented according to U.S. GAAP standards and reflect the specific reporting requirements of not-for-profit organizations. The following discusses highlights of SASB's activities and financial position as presented in the accompanying audited financial statements.

2018 Revenue: Earned Income Products

Revenue recognized from earned income is presented on the Statement of Activities and totaled \$1.36 million in 2018 vs \$757K in 2017. Revenue recognition lags actual product sales, since the service period for many products covers 12 months and goes into the next fiscal year.

Sales grew significantly in 2018, totaling nearly \$1.6 million (vs. \$1 million in 2017). The growth is due to several factors:

- Increasing interest in SASB, as the November 2018 standards codification approached, which spurred organizations to license SASB standards and to educate their staff
- Increased staffing for outreach to market participants, including educating them on SASB offerings
- A focus on Alliance Membership and Licensing (and a bundled offering of the two) as key tools for organizations to educate their staff and incorporate the standards into their commercial work

	2018 Sales	2017 Sales
Education	\$1,175,387	\$841,884
FSA Exam (Levels I & II)	\$184,445	\$163,190
SASB Symposium	\$389,485	\$320,290
SASB Alliance	\$584,300	\$339,470
Publications	\$17,157	\$18,934
Resources	\$140,964	\$140,964
Navigator	\$72,700	\$54,870
Licensing Partnerships	\$338,280	\$86,094
Total	\$1,586,367	\$982,848

Education

Fundamentals of Sustainability Accounting (FSA)

The FSA credential educates professionals on the newly evolving practice of sustainability accounting, helping them to see the role it plays in investment analysis, sustainability, accounting, and law. The credential is earned by passing both Level I (principles) and Level 2 (practices) exams. The Level I exam was released in fall 2015 and Level II was released in fall 2016. By the end of 2018, over 800 candidates had registered for the FSA program, over 600 people had taken the Level I exam to begin the credential process, over 300 had taken the Level II exam, and 250 passed both exams and were awarded the credential.

FSA test takers live in 54 countries, with two-thirds in the US, 10% in Canada and the rest living around the world. Their professional mix at the end of 2018 was:

21%	Consulting
34%	Investor
13%	Corporate Sustainability
7%	Finance/Accounting
5%	Professor
5%	Student
15%	Other

26% of test takers are less than 7 years into their career, 50% are 7-20 years into their career, and 24% are 20+ years into their career.

SASB Symposium

SASB held its third annual conference, the SASB Symposium, at Fordham University on December 4. The conference again sold out, with nearly 400 attendees from 14 countries working in the fields of sustainability, investment management, accounting and corporate reporting, and law and policy. The speakers were 50%

women and 24% from outside the U.S. There were 17 organizations sponsoring the Symposium, including 5 new sponsors.

SASB Alliance Membership Program

The SASB Alliance provides a forum for education and community among organizations and professionals that wish to help shape and advance the field of sustainability accounting. The number of organizational members grew dramatically in 2018, ending the year at 59 members, up from 36 in 2017. 2018 was also the first year that organizations had an opportunity to renew their membership. 94% of organizational members renewed, indicating strong value from the program. The number of individual members also increased, up to 80 members from 68 in 2017.

Publications Library

Since its launch in late 2016, the Publications Library has housed all SASB publications but distinguished between those that could be accessed for free and those that required an annual Library subscription fee. While interest in SASB's work has grown, the number of paying subscribers has remained low. As such, in 2019 we plan to retire the Publications Library as a standalone product offering and instead repurpose the content as free downloads or as components of our other programs, depending on the content. We believe providing content in this way will better support our goal of promoting greater understanding and use of SASB standards, while not significantly impacting SASB revenue.

Resources

Licensing

Licensing allows organizations to use SASB's intellectual property (IP) to develop a robust and standardized ESG data architecture for use in their commercial activities, including research, processes, services, and products. SASB offers organizations the opportunity to license our Sustainable Industry Classification System (SICSTM), SASB standards, and related data. Customers have licensed SASB's IP for integration into data platforms and investor tools, investible products, sustainability management and reporting software, and services that make use of, or reference, SASB's work. There was a dramatic growth in licensing in 2018, with sales nearly four times the 2017 level.

Navigator

The SASB Navigator is a subscription-based research and information tool providing easy navigation and searchability for all of the SASB topics, metrics, and technical protocols as well as the evidence of materiality for each topic and analysis of disclosure quality of those topics in four years' worth of annual SEC filings for 4,400+ companies. The number of users with access to the Navigator grew dramatically in 2018 with most Alliance members gaining access, sometimes with hundreds of staff members.

2018 Revenue: Grants

Total grant commitments grew significantly in 2018, with \$14.5 million committed versus just \$6.5 million committed in 2017. Near \$12 million of the total was tied to multi-year grants, so 2019 commitments are expected to be below this high 2018 total.

Grant contributions are either motivated primarily by philanthropic considerations (i.e., the social outcomes enabled by SASB standards) or primarily by business considerations (i.e., SASB standards improve the business conditions in which market participants operate). Therefore, SASB segments its grant-seeking by philanthropic grants and market support grants.

2018 Revenue: Philanthropic Grants

In 2018, SASB enjoyed support from a broad base of philanthropic funders. Individual donors and private foundations associated with the SASB Foundation board of directors remain our strongest source of funding, totaling approximately \$3 million in 2018. Individual gifts came largely from the SASB Foundation board, although other individual contributors include SASB staff, SASB Alliance members, and other individuals who support SASB's mission.

2018 Revenue: Market Support Grants

The majority of new grant commitments in 2018 came from market participants, in particular firms in the accounting and auditing profession. While the accounting profession has supported SASB in past years, 2018 marked a broadening of support to additional firms and an increased level of funding from each firm. The new level of support began in mid-2018, so the revenue recognized for the year on an accrual basis is less than the total cash support. This is the main factor for the accrual based operating loss in 2018. SASB expects to have an operating surplus in 2019 and beyond, with market support grants making up over a third of revenues.

FINANCIALS

2018 Expenses

Program expenses include the staff and vendor costs associated with Standard Setting, Outreach and Adoption, and Education and Resources. 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 Foundation Board of Directors and purely corporate expenses (HR, finance, insurance, etc.).

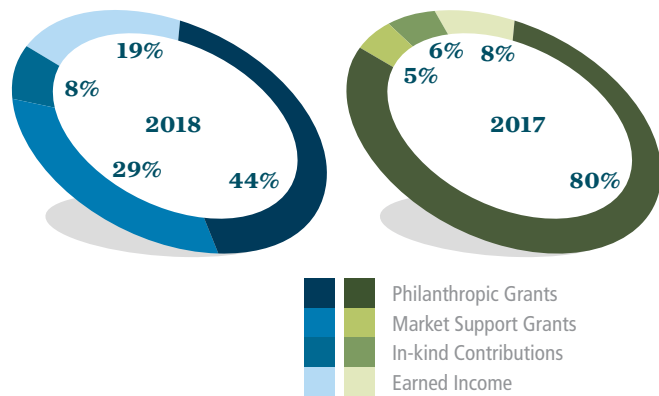
2018 expenses increased to \$8.4 million from \$7 million in 2017. This reflects a planned increase in expenses after a deliberately constrained budget in 2017. The 2018 expense base was much more in line with the 2016 total of \$8.7 million.

Key components of the expense increase were:

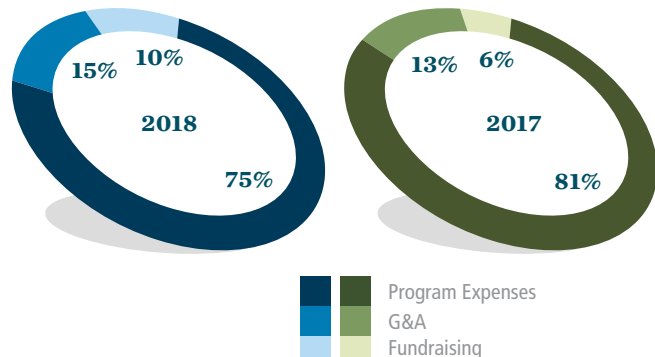
- More robust staffing than 2017, but still lean at an average of 34 FTEs through the year
- Transition costs related to staffing changes
- A significant consulting engagement on SASB's global strategy and positioning
- A redesign and refresh of the sasb.org website

Comparison with Prior Year

Sources Of Operating Revenue	2018	2017
Philanthropic Grants	44%	80%
Market Support Grants	29%	5%
In-kind Contributions	8%	6%
Earned Income	19%	8%



Expenses	2018	2017
Program Expenses	75%	81%
G&A	15%	13%
Fundraising	10%	6%



FINANCIAL POSITION

Net assets increased by \$6.8 million, rising from \$487K to \$7.3 million, including a \$400K increase in cash balance and a \$3.9 million increase in grants receivable. Loans payable remained at \$3 million (zero interest loans due December 31, 2020) and current liabilities increased by \$422K, primarily due to an increase in earned income booked but not yet recognized (\$245K) and the implementation of the new lease accounting standard (\$201K).

OUTLOOK FOR 2019

While funding is often challenging for organizations setting voluntary standards, SASB expects to build on its past success and have a strong 2019. We expect to reach a projected 85% of budget coverage from annually recurring cash revenues vs. 75% in 2018. Absent significant changes in SASB's operational scope and expense, we expect to achieve self-sustaining annual revenues within the next few years. The organization should also return to operating surpluses on an accrual basis, given that we will be able to recognize a full year of revenues from the multi-year market support grants that were first committed in mid-2018.

2019 Priorities

SASB has three major priorities for 2019:

- Promoting investor and corporate use of the codified standards
- Responding to global interest in the standards
- Continuing and accelerating progress toward diverse and sustaining revenues

Promoting investor and corporate use of the codified standards

In 2019 SASB will continue to engage investors and license SASB standards for integration in their work. Through the Investor Advisory Group, SASB will motivate 50+ specific investor engagements with corporations to ask them to use the standards.

SASB's Research staff will continue to engage corporations on the standards, but those conversations are shifting from being largely about feedback on the

standards to a focus on implementation questions. We are also reaching corporations through individual outreach, engagement with trade associations, and appearances at key conferences. The 2019 focus is on encouraging and supporting corporate use of the standards for public reporting to investors.

Responding to global interest in the standards

Nearly 50% of standards downloads come from outside the US as market participants worldwide recognize that the SASB standards, because they are industry-based and not country-based, have utility across the globe. Half of the companies reporting SASB topics and metrics are from outside the US. SASB has added a non-US director to the Foundation board and is cultivating non-US candidates for both boards. While all full-time staff are US-based, SASB has a network of contractors and collaborating organizations elsewhere that help inform and shape our work. We continue to consider the best ways to support global use of the standards.

Achieving diverse and sustaining revenues

The organization continues a strong focus on increasing the portion of the budget that comes from annual, sustaining revenues that are raised from a diverse set of funders and customers, which minimizes dependence on any one source. After achieving 75% of budget coverage from annual funding sources in 2018, SASB expects to reach 85% from annual funding sources in 2019—continuing the significant and important shift we achieved in 2018.

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CHALLENGES AND OPPORTUNITIES

Fundraising

Raising philanthropic dollars is challenging for any organization, and SASB's market orientation makes it less known and less understood within traditional philanthropic circles. In addition, SASB is no longer a new organization, of the type that attracts general operating support grants as startup capital. At this point in SASB's life cycle, philanthropic gifts are smaller and more often directed to specific projects and opportunities.

Corporate grants, especially from the accounting and auditing profession, have become a significant source of annual funding, representing one-third of the annual budget. Other corporate support takes the form of corporate purchases of SASB products and resources, and we are working to build those revenues.

Attracting and Retaining Staff

Achieving the SASB mission requires a highly capable and committed staff. SASB has continued to attract a talented staff and has worked to retain them in the face of the scarce resources and changing conditions common to ambitious startup enterprises. 2018 was a challenging year, with a great amount of work going into two major efforts: 1) codifying the standards, and 2) updating our position and messaging to reflect the global relevance of SASB standards and making clear SASB standards are intended for corporations to communicate material sustainability information to investors regardless of disclosure location. The workload was significant as the staffing remained modest.

We must guard against overwork that could weaken retention of key staff. At the same time, SASB's successes and market momentum have given it a high profile and a strong reputation, which attracts top-tier talent for open positions. We have added new talent to our existing staff, which creates a team with a blend of experience and fresh thinking and perspectives.

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. Our two-tier governance structure, which has The SASB Foundation delegating standard setting authority to the independent operations of the SASB Standards Board, helps to ensure the insulation of standard setting activities from funding considerations.

Confidentiality and Information Security

SASB stakeholders entrust SASB with the information SASB needs to understand an issue from multiple views and create good, balanced standards. To maintain this trust, SASB and its stakeholders must both be clear when comments and feedback are meant for private advice or the public record, and its systems and processes should support that separation. In addition, systems must remain secure, with SASB identifying and mitigating risk factors. SASB continues to monitor processes and systems to ensure the tightest possible management of data and information.

FINANCIAL STATEMENTS & AUDITOR'S NOTES

STATEMENT OF FINANCIAL POSITION

As of December 31	2018	2017
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	1,940,834	1,553,779
Accounts, grants, and contributions receivable	3,768,402	1,085,943
Prepaid expenses and other assets	248,256	181,726
Total current assets	5,957,492	2,821,448
<i>Noncurrent Assets</i>		
Grants and contributions receivable, net	5,481,592	1,569,144
Equipment, leaseholds, and trademarks	103,731	170,795
Right of use asset - premises	1,052,784	
Other Assets	64,350	42,650
Total noncurrent assets	6,702,457	1,782,589
Total assets	12,659,949	4,604,037
Liabilities		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities	221,039	254,542
Unearned income	500,305	255,493
Deferred rent liability		18,467
Lease payable - current portion	201,177	
Accrued payroll liabilities	616,844	588,620
Total current liabilities	1,539,365	1,117,122
<i>Noncurrent Liabilities</i>		
Loan payable	3,000,000	3,000,000
Lease payable - noncurrent portion	851,607	
Total noncurrent liabilities	3,851,607	3,000,000
Total liabilities	5,390,972	4,117,122
Net Asset		
Without donor restriction	(3,489,294)	(2,163,072)
With donor restriction	10,758,271	2,649,987
Total net assets	7,268,977	486,915
Total Liabilities and Net Assets	12,659,949	4,604,037

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FINANCIAL STATEMENTS & AUDITOR'S NOTES

STATEMENT OF ACTIVITIES

As of December 31	2018	2017
<i>Net assets without donor restrictions</i>		
Revenue and support		
Foundation grants	2,181,000	1,066,999
Corporation grants	113,275	
Individual donations	77,448	176,865
In-kind contributions	552,716	568,880
Earned income	1,365,066	756,549
Other income	1,296	16,168
<i>Net assets released from restrictions</i>		
Corporation grants	1,920,829	475,000
Foundation grants	891,667	6,184,359
Individual donations	10,000	
Total net assets released from restrictions	2,822,496	6,659,359
Total net assets without donor restrictions	7,113,297	9,244,820
Expenses		
Program expenses	6,375,100	5,662,979
General and administrative	1,236,085	935,650
Fundraising	828,334	382,040
Total expenses	8,439,519	6,980,669
Increase (decrease) in net assets without donor restrictions	(1,326,222)	2,264,151
<i>Net assets with donor restrictions</i>		
Foundation grants	200,000	6,245,000
Corporation grants	10,775,000	
Changes in discount on long-term receivables	(44,220)	(29,651)
Net assets released from restrictions	(2,822,496)	(6,659,359)
Increase (decrease) in net assets with donor restrictions	8,108,284	(444,010)
Increase (decrease) in net assets	6,782,062	1,820,141
Net (deficit) assets at beginning of year	486,915	(1,333,226)
Net assets at end of year	7,268,977	486,915

FINANCIAL STATEMENTS & AUDITOR'S NOTES

STATEMENT OF CASH FLOWS

Year ended December 31	2018	2017
Operating activities		
Increase (decrease) in net assets	6,782,062	1,820,141
Adjustments to reconcile to cash provided by operating activities		
Depreciation and amortization	88,025	88,025
Change in discount on long-term receivables	44,220	29,651
Changes in:		
Accounts, grants, and contributions receivable	(6,639,127)	(1,603,754)
Prepaid expenses and other assets	(66,530)	(118,440)
Other assets	(21,700)	-
Accounts payable and accrued liabilities	(33,503)	(204,131)
Unearned income	244,812	201,477
Deferred rent liability	(18,467)	(4,468)
Accrued payroll liabilities	28,224	188,087
Cash provided by (used for) operating activities	408,016	396,588
Investing activities		
Acquisition of equipment, leaseholds, and trademarks	(20,961)	-
Recognition of right of use asset - premises	(1,052,784)	-
Cash used for investing activities	(1,073,745)	-
Financing Activities		
Lease payable	1,052,784	-
Cash provided by financing activities	1,052,784	-
Net increase (decrease) in cash and cash equivalents	387,055	396,588
Cash and cash equivalents at beginning of year	1,553,779	1,157,191
Cash and cash equivalent at end of year	1,940,834	1,553,779
Additional cash flow information:		
State registration taxes paid	150	150
Interest and finance charges paid	4,693	2,211

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Notes to Financial Statements

December 31, 2018 and 2017

1. Organization

Previously registered as the Sustainability Accounting Standards Board before changing its name in 2017, the SASB Foundation (SASB) is a 501(c)(3) non-profit organization incorporated in California in 2011.

SASB sets industry-specific standards for corporate sustainability disclosure, with a view towards ensuring that disclosure is material, comparable, and decision-useful for investors.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of SASB have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

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.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to SASB's ongoing operations and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Cash and Cash Equivalents

SASB's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk

Financial instruments that potentially subject SASB to concentrations of credit risk consist principally of cash and cash equivalents and investments. SASB maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. SASB manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy.

To date, SASB has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members and foundations supportive of SASB's mission.

Receivables and Credit Policies

Accounts receivable consist primarily of receivables from earned revenues. SASB determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience and, an assessment of

economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible.

Grants and Contributions Receivable

SASB records contributions receivable that are expected to be collected within one year at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the allowance for uncollectible receivables based on historical experience and, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible.

Equipment, Leasehold Improvements, and Trademarks

SASB records equipment additions at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. SASB reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. SASB has

determined that no long-lived assets were impaired during the year ended December 31, 2018 and 2017, respectively.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). SASB groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

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2. (continued...)

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Unearned Income

Unearned income represents funds received in advance for annual membership and licensing fees which will not be earned until the subsequent fiscal year.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, and it has opted to do so as of December 31, 2018.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature,

where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and wages, legal and professional, etc.) have been allocated based on time and effort using SASB's payroll allocations. Other expenses (depreciation and amortization, insurance, and occupancy) have been allocated on headcount at either SASB or the SASB San Francisco office.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Income Taxes

SASB is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. SASB is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. SASB

files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income, if any.

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. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that SASB continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

Recent and Relevant Accounting Pronouncements

The following pronouncements became effective for fiscal years beginning subsequent to December 15, 2017:

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. SASB has adjusted the presentation of these statements accordingly.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) Accounting for Leases, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, ASU No. 2018-10, and ASU No. 2018-11. This new pronouncement is effective for fiscal years beginning after December 15, 2019, but SASB has elected early implementation.

The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

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2. (continued...)

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of May 31, 2019 (the date of the Independent Auditors' Report), SASB management has made this evaluation and has determined that SASB has the ability to continue as a going concern.

3. Cash and Cash Equivalents

Cash and cash equivalents of \$1,940,834 and \$1,553,779 at December 31, 2018 and 2017, respectively, consist of funds on deposit in multiple bank accounts. Checking account balances of \$406,946 and \$346,079 at December 31, 2018 and 2017, respectively, do not bear interest. Savings account balances of \$1,533,888 and \$1,207,700 at December 31, 2018 and 2017, respectively, bear interest at the rate of 0.04% to 0.11% per annum, respectively. Certain 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 \$9,249,994 and \$2,655,087 at December 31, 2018 and 2017, respectively, consist of amounts due from foundations, corporations, and individual donors. As of December 31, 2018, management considers all receivables to be fully collectible and has therefore not established an estimated allowance for uncollectible amounts.

Bad debt expense amounted to \$8,329 and \$24,904 for the years ended December 31, 2018 and 2017, respectively. Grants and pledges receivable are expected to be collected as follows:

	2018	2017
Year ending December 31, 2018	-	1,085,943
Year ending December 31, 2019	3,768,402	968,333
Year ending December 31, 2020	3,408,334	483,333
Year ending December 31, 2021	1,150,000	150,000
Year ending December 31, 2022	1,000,000	-
Total grants and pledges receivable	9,326,736	2,687,609
Less: Amounts due within one year	(3,768,402)	(1,085,943)
Less: Unamortized discount	(76,742)	(32,522)
Grants and pledges receivable long term (net of discount)	5,481,592	1,569,144

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 1.4% 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. Liquidity

SASB regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. SASB has various sources of liquidity at its disposal, including cash and cash equivalents and the future collection of receivables.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2018	2017
Cash and cash equivalents	1,940,834	1,553,779
Accounts, grants, and contributions receivable (current portion)	3,768,402	1,085,943
Less: amounts not available to be used within one year: Net assets with donor restrictions for programs	-	-
Financial assets available to meet general expenditures over the next twelve months	5,709,236	2,639,722

SASB receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, SASB must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of SASB's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

6. Equipment, Leaseholds, and Trademarks

Property and equipment consist of the following at December 31:

	2018	2017
Leasehold improvements	324,808	324,808
Equipment and furnishings	20,961	-
Trademark	71,884	71,884
Less: accumulated depreciation and amortization	(313,922)	(225,897)
	103,731	170,795

Depreciation and amortization expense amounted to \$88,025 for the years ended December 31, 2018 and 2017, respectively. There were no dispositions during the years ended December 31, 2018 and 2017.

7. Right of Use Asset and Leases

In accordance with ASU 2016-02, Leases, SASB is required to reflect the present value of future operating lease payments (discounted at an appropriate borrowing rate) as a "Right of Use" asset and a corresponding lease liability. Accordingly, SASB has recorded a total lease liability in the amount of \$1,052,784 (split between current amount of \$201,177 and noncurrent amount of \$851,607) and a corresponding right of use asset for the premises in the amount of \$1,052,784.

SASB leases corporate office space in San Francisco under a multi-year operating lease agreement from an unrelated third party with an expiration date of May 31, 2023. The monthly base rent as of December 31, 2018 is \$19,478 per month and is subject to a 3% increase annually every June 1. Office rent expense amounted to \$218,025 and \$220,999 for the years ended December 31, 2018 and 2017, respectively. Future minimum lease payments as of December 31, 2018 are as follows: Year ending December 31, 2019: \$249,289; and Year ending December 31, 2020: \$264,957; Year ending December 31, 2021: \$272,906; Year ending December 31, 2022: \$281,093; and Year ending December 31, 2023: \$118,561.

8. Advertising and Marketing

Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses amounted to \$10,916 and \$22,424 for the years ended December 31, 2018 and 2017, respectively, and are reflected on the statement of functional expenses.

9. Contributed Support

During the years ended December 31, 2018 and 2017, SASB was the recipient of a substantial amount of in-kind contributions. SASB was the beneficiary of pro-bono research, professional services, and certain tangible items 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 items for the years ended December 31, 2018 and 2017 amounted to \$552,716 and \$568,880, respectively, and such amounts have been

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reflected as in-kind contributed income on the statements of activities and changes in net assets and offsetting in-kind expenses of \$552,716 and \$568,880, respectively, on the statement of functional expenses.

10. 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 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 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, 2018 and 2017.

11. 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. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position. Accrued payroll liabilities amounted to \$616,844 and \$588,620 at December 31, 2018 and 2017, respectively, and are reflected on the statements of financial position.

12. Loan Payable and Related Party Transactions

Loan payable of \$3,000,000 at December 31, 2018 and 2017 represents a noninterest-bearing loan from Bloomberg Philanthropies to be repaid as SASB raises sufficient funds from its contributed income activities which management believes will occur during the year ending December 31, 2020. Michael Bloomberg has control over decisions at Bloomberg Philanthropies and is the Chairman Emeritus of the Board at SASB. There was no interest expense for the years ended December 31, 2018 and 2017.

13. Net Assets

Unrestricted Net Assets

Unrestricted net deficit of (\$3,489,294) and (\$2,163,072) at December 31, 2018 and 2017, respectively, represents the cumulative net deficits 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, 2018 and 2017.

Temporarily Restricted Net Assets

Temporarily restricted net assets are summarized as follows as of December 31:

	2018	2017
Deloitte & Touche LLP	2,020,847	395,842
Ernst & Young	1,062,500	-
Ford Foundation	116,666	150,000
Grantham Foundation	-	25,000
KPMG	1,666,666	-
PriceWaterhouseCoopers LLP	4,500,000	-
Robertson Foundation	666,667	1,000,000
Rockefeller Brothers Fund	41,667	91,667
Zegar Family Foundation	750,000	1,000,000
Board Pledges	10,000	20,000
Unamortized discount on long-term receivables	(76,742)	(32,522)
Total temporarily restricted net assets	10,758,271	2,649,987

Restricted contributions to temporarily restricted net assets amounted to \$10,975,000 and \$6,245,000 for the years ended December 31, 2018 and 2017, respectively. Net assets released from restrictions amounted to \$2,822,496 and \$6,659,359 for the years ended December 31, 2018 and 2017, respectively. These amounts were transferred from temporarily restricted net assets to unrestricted net assets on the statements of activities and changes in net assets.

14. 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 \$305,789 and \$282,500 for the years ended December 31, 2018 and 2017, respectively. Employer contributions are subject to a vesting schedule in accordance with Internal Revenue Service regulations.

15. Fair Value Measurements

Composition of certain assets utilizing fair value measurements at December 31, 2018, is as follows:

	Totals	Level 1	Level 2	Level 3
Grants and pledges receivable	\$9,249,994	-	\$3,768,402	\$5,481,592
Prepaid expenses and other assets	\$248,256	-	-	\$248,256
Totals	\$9,498,250	-	\$3,768,402	\$5,729,848

Composition of certain assets utilizing fair value measurements at December 31, 2017, is as follows:

	Totals	Level 1	Level 2	Level 3
Grants and pledges receivable	\$2,655,087	-	\$1,085,943	\$1,569,144
Prepaid expenses and other assets	\$181,726	-	-	\$181,726
Totals	\$2,836,813	-	\$1,085,943	\$1,750,870

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets are valued based on "unobservable inputs," such as a company's own estimates and pricing models. All level 3 assets identified above are based on historical cost basis figures.

16. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, SASB has evaluated subsequent events through May 31, 2019, 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.

17. Operating Deficit and Going Concern

SASB has developed resources, publications, and education programs which generate earned income, contributing to our diversified funding model and supporting our independence as a standard setter. SASB has experienced real growth in earned income. Recorded sales amounted to \$1,365,066 in 2018, \$756,549 in

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2017, and \$352,742 in 2016. We are proud of the offerings we support and the communities we've created with our Fundamentals of Sustainability Accounting (FSA) program, SASB Symposium, licensing agreements, SASB Navigator, SASB Library, and SASB Alliance.

Market support grants from corporations provide another pillar in SASB's sustainable revenue model. 2018 saw great increases in this year, with substantial multi-year commitments of \$11.5 million pledged from the "Big 4" accounting firms and the first annual installments totaling \$3.5 million were received.

The remaining pillar in SASB's business model is annual philanthropy from foundations, individuals, and SASB's board of directors. 2018 funding from these sources was similar to 2017.

In total, annual recurring revenues from these three pillars of support grew from covering 45% of the budget in 2017 to 80% of the budget in 2018. The remainder of the budget is covered by one-time capital gifts. SASB is striving to reach self-sufficiency from annual recurring revenues within the next few years.

SASB closed 2018 with a strong cash balance of \$1.9 million. Expenses for the full year were just under \$8 million (excluding in-kind goods and services), against a Board-approved budget of \$8.2 million. Despite strong support from the accounting profession and strong growth in earned income, SASB recorded a decrease in net assets without donor restriction of \$1.3 million. This is primarily due to timing issues with revenue recognition of \$3.5 in grants from the accounting profession.

Recognition of these gifts began in the second half of the year, with only a portion of the dollars collected in 2018 recognized as revenue on an accrual basis. Additionally, there is a lag between closing earned income sales and recognition of the associated revenue, as our licensing and membership contracts are recognized over a 12 month period. Therefore, the growth in earned income sales was not fully reflected in the revenue recognized on an accrual basis in calendar year 2018.

MANAGEMENT'S REPORT ON FINANCIAL RESPONSIBILITY AND INTERNAL CONTROLS

The SASB Foundation'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. Management also establishes and maintains the systems for financial reporting and internal controls designed to ensure the completeness, accuracy, and integrity of financial reporting.

The SASB Foundation's Board of Directors, through the Audit Committee and the Finance Committee, 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.

The Foundation'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, 2018.



Matthew Welch
SASB Foundation President



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