

30 November 2025

Emmanuel Faber, *Chair*
International Sustainability Standards Board
Opernplatz 14
60313 Frankfurt am Main
Germany

Dear Mr Faber

Exposure Draft: Proposed Amendments to the SASB Standards

Deloitte Touche Tohmatsu Limited (DTTL) welcomes the opportunity to provide feedback on the International Sustainability Standards Board (ISSB)'s Exposure Draft: *Proposed Amendments to the SASB Standards*.

Investors attach importance to industry-specific sustainability information. We therefore believe the main objective has to be for the ISSB to publish guidance that identifies topics of common relevance to an industry from an investor perspective to inform the identification of sustainability-related risks and opportunities and related material information.

To achieve this the ISSB should articulate clearly the role of the SASB Standards in its standards' architecture and explain their role as supporting industry content. As part of that, a clear explanation of the relationship between cross-industry and industry-specific disclosure requirements is needed and the language and concepts in the SASB Standards should be fully aligned with those of the IFRS Sustainability Disclosure Standards (the ISSB Standards).

However, we consider that the proposals do not fully achieve this objective. Any duplicate content with that in IFRS S1 and IFRS S2 should be removed from the SASB Standards, leaving only additional disclosure requirements appropriate to the industry. For example, there is duplication in the SASB Standards of the disclosure requirements of IFRS S2 on scope 1 greenhouse gas (GHG) emissions in many of the industry standards. This is confusing to apply, given an entity reporting under the ISSB Standards would need to consider all cross-industry metrics in IFRS S2 and not only direct emissions. We therefore strongly recommend that the SASB Standards only add industry-specific disclosures where they go beyond what is already required by IFRS S1 and IFRS S2 (e.g., specified disclosure of methane emissions or percentage of emissions subject to emissions-limiting regulations). This approach should also be extended to any future cross-industry topical

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standards issued by the ISSB (e.g., on biodiversity, ecosystems and ecosystem services (BEES) and human capital).

A further clarification is needed that the concepts and principles of IFRS S1 apply to the SASB Standards when these are used as part of the ISSB architecture of standards. These include the qualitative characteristics of information, materiality, connected information, guidance on aggregation and disaggregation of information, and use of estimation and judgement. To support proportionate application, it is essential that preparers understand they may apply reliefs to the industry-based content, such as the use of information available to the entity without undue cost or effort. We do not think it is sufficient for these points only to be made in educational material.

The ISSB should take the opportunity through these amendments to rationalise further the industry-based content. In particular, we believe that the ISSB should focus its proposals on material information about entities' drivers of value and risk and key performance indicators. The industry metrics and guidance should be limited to disclosures that are truly common within a particular industry, appropriately giving recognition to the need for entity-specific disclosures to fulfil the fair presentation requirement and enable entities to 'tell their story' rather than providing long lists or tables of metrics and disclosures.

We recognise the IFRS Foundation's commitment to maintain the SASB Standards to enable an entity to apply them as a standalone document. This, however, should not interfere with serving the primary objective of providing a coherent, clear, and effective architecture for the application of the ISSB Standards. Maintenance of the SASB Standards can be readily achieved by cross-references to the relevant principles, disclosure requirements, and application guidance addressed in the ISSB Standards.

We agree with the objective to use the process to revise the industry standards to consider coverage of BEES while the ISSB continues to develop its thinking on these topics more broadly. The sustainability-related risks and opportunities on many BEES- and human capital-related matters are industry-specific in their nature, which should be reflected in the disclosures and metrics identified. We therefore expect that relevant industry-specific content on these matters should enhance the decision-usefulness of disclosures. However, it would not be possible to conclude on the appropriateness of any such proposals without understanding the interaction with cross-industry standard-setting on BEES and the plans for any future standard-setting on human capital.

On the effective date, we agree with the approach set out and consider that at least 12-18 months would be needed to allow preparers to make the necessary changes. We agree with the proposal to permit early application. It would be important in particular to allow first-time preparers under the ISSB Standards to use the revised content straightaway, rather than starting with the existing content and then having to migrate to the new content, adding to cost and effort—or leading to the risk of entities deferring implementation until the new standards are effective.

Finally, this consultation is extensive and covers a very wide ground, including amendments to nine separate standards and many consequential amendments to others.

We consider this is too much for one consultation to ensure sufficient stakeholder input, notwithstanding the longer-than-usual consultation period. Stakeholder input is particularly important, given the significance of industry content to an understanding of sustainability-related risks and opportunities and to disclosure of decision-useful information. This content is therefore core to the overall success of the ISSB Standards. We recommend that in the future, the ISSB issue consultations on fewer industries at the same time, and that the architecture of how the industry content fits into the ISSB Standards as a whole is resolved before further proposals on specific industries are issued.

We have set out our detailed response to the consultation questions in the Appendix to this letter, including our comments on the disclosure topics and related metrics that we observe are commonly reflected in corporate reporting in the priority industries.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'V Poole', with a stylized flourish at the end.

Veronica Poole

Deloitte Global IFRS and Corporate Reporting Leader
Deloitte Touche Tohmatsu Limited

Appendix

Question 1 – Objective

The ISSB is proposing to amend the SASB Standards with the objective of providing timely support to entities applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. The proposed amendments have been drafted under the assumption that an entity would apply the SASB Standards alongside IFRS Sustainability Disclosure Standards. This assumption allows the SASB Standards to remain targeted and proportionate while avoiding unnecessary duplication of requirements already included in IFRS S1 and IFRS S2. The proposed amendments aim:

- to further enhance the international applicability of:
 - industry groupings, including to reflect value chains in emerging markets and developing economies;
 - disclosure topics in those industry groupings; and
 - metrics and supporting technical protocols;
- to improve interoperability with other sustainability-related standards and frameworks, while ensuring continued focus on the needs of investors in order to serve as a global baseline of sustainability-related disclosures to meet the needs of capital markets;
- to amend the disclosure topics and metrics in the SASB Standards related to biodiversity, ecosystems and ecosystem services (BEES) and human capital, to align the SASB enhancements with the ISSB's research projects on those topics and to enable feedback on this Exposure Draft to provide input to those research projects;
- to align the language and concepts in the SASB Standards with IFRS Sustainability Disclosure Standards; and
- to enhance the SASB Standards' clarity, conciseness and cost-effectiveness for preparers.

(a) Do you agree with the objective of the proposed amendments to the SASB Standards and related areas of focus?

(b) Do the proposed amendments meet this objective? Why or why not?

1(a) In answering the question of whether the objectives as stated are appropriate we note that investors attach importance to industry-specific sustainability information. We therefore believe the main objective has to be for the ISSB to publish guidance that identifies topics of common relevance to an industry from an investor perspective to inform the identification of sustainability-related risks and opportunities and related material information.

To achieve this the ISSB should articulate clearly the role of the SASB Standards in its standards' architecture and explain their role as supporting industry content. As part of that, a clear explanation of the relationship between cross-industry and industry-specific disclosure requirements is needed and the language and concepts in the SASB Standards should be fully aligned with those of the ISSB Standards. Any duplicate content with that in IFRS S1 and IFRS S2 should be removed from the SASB Standards, leaving only additional disclosure requirements appropriate to the industry.

The architectural design should position the industry content and guidance as clearly supporting entities in telling a connected story rather than leading to lists of unconnected information or compliance tables. To this end, the objective should include maintaining and enhancing the decision-usefulness of disclosures to primary users of general-purpose financial reports.

The architectural design that positions the SASB Standards as providing supporting industry content for the ISSB Standards should make it clear that the general requirements in IFRS S1 (i.e., the concepts and principles, including materiality) and practical reliefs (including on availability of information without undue cost or effort) are clearly applicable to the industry content. Revisions to the SASB Standards under the IFRS Foundation's due process provide the opportunity for this structural transition and proper integration to be made.

This approach would still allow existing SASB reporters to continue to apply the industry-specific content as they do today, while also serving to encourage them to take steps toward adopting the ISSB Standards.

We agree with the objective on interoperability but only to the extent that the proposals are consistent with the ISSB's overall mandate to develop standards that meet the information needs of investors and capital markets participants. We agree that using the same metrics and methodologies commonly used or referenced already by entities in their reporting helps create a more effective corporate reporting ecosystem, particularly for entities that may be reporting to broader stakeholders in addition to reporting to investors.

However, this objective must not be pursued at the expense of the ISSB's focus on material information for the primary users of its standards.

We agree with the objective to use the process to revise the industry standards to consider coverage of BEES while the ISSB continues to develop its thinking on these topics more broadly. The sustainability-related risks and opportunities on many BEES- and human capital-related matters are industry-specific in their nature, which should be reflected in the disclosures and metrics identified. We therefore expect that relevant industry-specific content on these matters should enhance the decision-usefulness of disclosures. However, it would not be possible to conclude on the appropriateness of any such proposals without understanding the interaction with cross-industry standard-setting on BEES and the plans for any future standard-setting on human capital.

1(b) In commenting on whether the objectives are appropriately met we refer to our answer to 1(a) above and the need for the ISSB to articulate clearly the role of the SASB Standards in its standards' architecture and position them unambiguously as supporting industry content. We consider that the proposals do not fully achieve this objective and this lack of full architectural integration may lead to confusion, reporting of the industry content without reference to the key principles and concepts of IFRS S1, and/or without appropriate integration into the holistic narrative about entities' sustainability-related risks and opportunities.

In that regard, an explicit clarification is needed that the concepts and principles of IFRS S1 apply to the SASB Standards when these are used as part of the ISSB architecture of standards. These include the qualitative characteristics of information, materiality, connected information, guidance on aggregation and disaggregation of information, and use of estimation and judgement. To support proportionate application, it is essential that preparers understand they may apply reliefs to the industry-based content, such as the use of information available to the entity without undue cost or effort. We do not think it is sufficient for these points only to be made in educational material.

Furthermore, there is duplication in the SASB Standards of the disclosure requirements in IFRS S2 on Scope 1 greenhouse gas (GHG) emissions in many of the industry standards. This is confusing to apply, given an entity reporting under the ISSB Standards would need to consider all cross-industry metrics in IFRS S2 and not only direct emissions. We therefore strongly recommend that the SASB Standards only add the industry-specific disclosures where they go beyond what is already required by IFRS S1 and IFRS S2 (e.g., specified disclosure of methane emissions or percentage of emissions subject to emissions-limiting regulations). This approach should also be extended to any future cross-industry topical standards issued by the ISSB (e.g., on biodiversity, ecosystems and ecosystem services (BEES) and human capital).

The ISSB should take the opportunity through these amendments to rationalise further the industry-based content. In particular, we believe that the ISSB should focus its proposals on material information about entities' drivers of value and risk and the key performance indicators. The industry metrics and guidance should be limited to disclosures that are truly common within a particular industry, appropriately giving recognition to the need for entity-specific disclosures to fulfil the fair presentation requirement and enable entities to 'tell their story' rather than providing long lists or tables of metrics and disclosures. To reiterate, we strongly believe the industry content should not lead to checklist disclosures that are not clearly decision-useful to primary users.

We recognise the IFRS Foundation's commitment to maintain the SASB Standards to enable an entity to apply them as a standalone document. This, however, should not interfere with serving the primary objective of providing a coherent, clear, and effective architecture for the application of the ISSB Standards. Maintenance of the SASB Standards can be readily achieved by cross-references to the relevant principles, disclosure requirements, and application guidance addressed in the ISSB Standards.

Question 2 – enhancements to interoperability with other standards and frameworks

In considering necessary amendments to the SASB Standards, the ISSB has identified possible amendments that would enhance the interoperability and alignment of the SASB Standards with other sustainability-related standards and frameworks, such as those of the Global Reporting Initiative (GRI), European Sustainability Reporting Standards, and the guidance published by the Taskforce on Nature-related Financial Disclosures (TNFD).

Paragraphs BC33–BC41 of the Basis for Conclusions explain the approach taken to improving interoperability and alignment with other sustainability-related standards and frameworks. Appendix B of the Basis for Conclusions provides a list of some of the proposed amendments that would enhance interoperability with the GRI Standards and alignment with TNFD disclosure recommendations, while maintaining a focus on the needs of primary users of general-purpose financial reports.

- (a) Do you agree with the proposed approach to enhancing interoperability and alignment with other sustainability-related standards and frameworks? Why or why not?
- (b) Do you agree that the proposed amendments to the nine priority industries and targeted amendments to other SASB Standards will result in improved interoperability and thus achieve the objectives of improving the decision-usefulness of disclosed information for primary users and cost-effectiveness for preparers? Why or why not?
- (c) Could the interoperability and alignment of any disclosure topics or metrics be further enhanced while achieving the objectives of improving the decision-usefulness and cost-effectiveness of the information? What amendments would you propose and why?

2(a) As stated above in our response to question 1, we agree with the approach taken but only to the extent that the disclosure topics and related metrics are consistent with the information needs of the intended primary users of the reported information. When consistent with that objective, we agree that it is useful to leverage terms, definitions, metrics, and methodologies that are already familiar to entities and users; and to enhance consistency across the SASB Standards by harmonising disclosure requirements on the same disclosure topics and metrics as far as possible.

We note that the approach taken to enhance interoperability should also help first-time preparers to apply the ISSB Standards, as they may be able to use some of the existing disclosures and metrics that they have been reporting under other standards and frameworks.

2(b) We agree that the proposed amendments have largely achieved the interoperability objective. Specifically, we agree that the use of terms, definitions, metrics, and methodologies that are already familiar to entities and users helps to improve cost-effectiveness for preparers

This approach is likely to be most useful in relation to disclosure topics and metrics that are pervasive across industries—such as in relation to employees and working conditions, water management and air quality.

However, we note that the proposals include detailed, granular requirements in instances, such as location-specific disaggregation or multiple disclosure requirements on one topic. We question whether these requirements would lead to material information for primary users and encourage the ISSB to take the opportunity through these amendments to rationalise further the industry-based content by focusing the proposals on material information about entities' drivers of value and risk and key performance indicators. The industry metrics and guidance should be limited to disclosures that are truly common within a particular industry, appropriately giving recognition to the need for entity-specific disclosures to fulfil the fair presentation requirement. If the architecture of the ISSB Standards is clear and the industry content is positioned as clearly supporting application of the ISSB Standards rather than being seen as requiring long lists or tables of additional metrics and disclosures, the principles in IFRS S1 would apply, bringing in the concept of materiality and requiring entities to consider the need for additional information if relevant, including disaggregation of metrics.

We agree with the proposal to make targeted consequential and related amendments to 41 other SASB industry standards. This will particularly benefit preparers of entities that have activities across multiple industries and should enhance the consistency of the disclosed information across industries more generally, supporting comparability across industries. However, we have not undertaken a detailed exercise to validate that the proposed amendments for these 41 standards would be practical to implement by entities with activities in those industries.

We provide more details on the specific proposals for the priority industries in our responses below.

2(c) We have not identified any significant potential further enhancements. We set out some detailed considerations in our responses below on the specific proposals for the priority industries.

Question 3 – amendments to the climate-related content in the SASB Standards

The ISSB is proposing to enhance the nine priority industries comprehensively, including the climate-related content in the priority industries. The ISSB also is proposing targeted amendments to some climate-related metrics in other SASB Standards. The proposed amendments are intended to assist preparers in identifying climate-related risks and opportunities and to enhance the decision-usefulness of industry-specific information about these risks and opportunities.

The Industry-based Guidance on Implementing IFRS S2 (IFRS S2 industry-based guidance) is derived from, and is largely identical to, the climate-related content in the SASB Standards. The ISSB has maintained alignment between the SASB Standards and the IFRS S2 industry-based guidance. Therefore, the ISSB considered that the proposed amendments to the climate-related content in the SASB Standards could have implications for preparers who are implementing IFRS S2. The ISSB decided that it should propose making consequential amendments to the IFRS S2 industry-based guidance should it amend the climate-related content in the SASB Standards. That proposal is set out in the separate Exposure Draft Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2. The ISSB also considered how it could use the effective date of the final amendments to ensure that they would not negatively affect preparers' implementation of IFRS S1 and IFRS S2.

- (a) Do you agree that the ISSB should amend the climate-related content in the SASB Standards for the priority industries and make targeted amendments to the climate-related content in the SASB Standards for other industries, as proposed in this Exposure Draft? Why or why not?
- (b) Do you agree that the proposed amendments would enhance the decision-usefulness of the industry-specific information about climate-related risks and opportunities? Why or why not?
- (c) Do you agree that the proposed amendments would further clarify how the climate-related content in the SASB Standards and the IFRS S2 industry-based guidance relates to the requirements in IFRS S2?

3(a) We agree that the ISSB should amend the climate-related content for both the priority industries and, as targeted amendments, to the climate-related content in other SASB Standards. It is essential for the efficiency of application and comparability of disclosures that the SASB Standards and the industry-based content in IFRS S2 are consistent. However, we have not undertaken a detailed exercise to validate that the proposed amendments for the additional 41 standards would be practical to implement by entities with activities in those industries.

3(b) Overall, we agree that the proposals should help to enhance the decision-usefulness of industry-specific information. In particular, further aligning metrics, technical protocols, concepts and terminology more closely with those in IFRS S2 should help preparers to integrate industry-specific content into their overall disclosures.

However, we think decision-usefulness would be further enhanced by integrating the industry-related content into the overall architecture of the ISSB Standards, as set out in our response to question 1. Furthermore, as we also explain in our response to question 1, duplicate disclosures (for example, on disclosure of scope 1 greenhouse gas (GHG) emissions) should be removed from the industry content so that it is clear that an entity considers the industry-specific content in the context of the cross-industry content as a whole. To clarify further, we do not agree that industry content would only refer to direct GHG emissions, while the cross-industry metrics in IFRS S2 refer to scopes 1, 2 and 3 GHG emissions. For example, the priority industries require significant sources of energy for powering many of their activities, and we note that energy management is already identified as a disclosure topic for most of these industries.

We therefore strongly recommend that the SASB Standards only add industry-specific disclosures where they go beyond what is already required by IFRS S1 and IFRS S2 (e.g., specified disclosure of methane emissions or percentage of emissions subject to emissions-limiting regulations).

3(c) Please see our response to question 3(b), where we set out our view that further clarity would be best achieved by i) integrating the industry-specific requirements into the ISSB Standards as a whole and ii) removing all requirements from the industry-specific content that duplicate requirements in IFRS S2.

Question 4 – Information related to Biodiversity, ecosystems and ecosystem services and human capital

The ISSB proposes to amend disclosure topics and metrics in the SASB Standards related to biodiversity, ecosystems and ecosystem services (BEES) and human capital. The ISSB is pursuing research projects on BEES and human capital.

The ISSB seeks to understand the extent to which the SASB Standards, and the proposed amendments, meet user needs for information on risks and opportunities related to BEES and human capital.

- (a) Do the SASB Standards, including the proposed amendments, enable entities to provide decision-useful information about their BEES-related risks and opportunities to users of general-purpose financial reports? Why or why not?
- (b) In the nine industries that the ISSB has prioritised for enhancement in the Exposure Draft, are there other BEES-related disclosures not addressed through the proposed amendments that would be useful for users of general-purpose financial reports in their decision-making? If so, please explain which disclosures and why.
- (c) Do the SASB Standards, including the proposed amendments, enable entities to provide decision-useful information about their human capital-related risks and opportunities to users of general-purpose financial reports? Why or why not?
- (d) In the nine industries that the ISSB has prioritised for enhancement in the Exposure Draft, are there other human capital-related disclosures not addressed through the proposed amendments that would be useful for users of general-purpose financial reports in their decision-making? If so, please explain which disclosures and why.

4(a) The sustainability-related risks and opportunities on many BEES- and human capital-related matters are industry-specific in their nature, which should be reflected in the disclosures and metrics identified. We therefore expect that relevant industry-specific content on these matters should enhance the decision-usefulness of disclosures.

The ISSB's decision to undertake standard-setting on BEES over the coming year provides an opportunity for the cross-industry and industry-specific requirements to be considered together. It would be important to maintain a clear standards architecture, with topics that are included in cross-industry standards not duplicated in the industry-specific content.

Furthermore, as we set out in our response to question 1, we think that the ISSB should focus its proposals on material information about entities' drivers of value and risk and key performance indicators and limit the industry metrics and guidance to disclosures that are truly common within a particular industry.

For BEES-related matters, entities are likely to experience practical challenges in obtaining data across complex global operations, as envisaged in the proposals in many instances. We encourage the ISSB to engage further with entities to assess the extent to which it is practical for them to obtain the data for detailed quantitative disclosure on all specific metrics proposed. Guidance will be needed to explain to what extent it would be possible to rely on qualitative information – for example, the extent to which an entity's policies could provide sufficient understanding of an entity's approach to identifying and responding to these risks and opportunities.

More generally, and as we note in our more detailed responses below, it is not always clear on what basis a topic or metric has been assessed as decision-useful for one industry and not another (e.g., business ethics). We provide some more specific comments in our response to parts (c)–(d) of this question, as well as our detailed responses on the priority industries.

4(b) We include some specific comments in our response to the questions on the priority industries.

4(c) We observe that the additions on BEES are more fulsome than those on human capital. While we are unable to conclude on the appropriateness of these proposals without understanding the interaction with cross-industry standards on BEES and the plans for any future standard-setting on human capital, we make some general observations below.

Data relating to non-employees

In our experience, entities are likely to experience practical challenges in obtaining data across complex global operations for all non-employees as defined in the proposals. While we agree with the importance of health and safety, as well as working conditions for all individuals working under the direction of an entity, we encourage the ISSB to engage further with entities to assess the extent to

which it is practical for them to obtain the data on all non-employees on all specific metrics proposed. Consideration could be given to narrowing the scope to non-employees working onsite.

Working conditions/Labour practices

We note the proposals tend to focus more on health and safety and collective agreements, rather than working conditions/labour practices more broadly, such as worker treatment and fair pay. We acknowledge that health and safety is likely to be especially decision-useful to many of the priority industries where this is often included as a principal risk or KPI. It is not clear, however, why broader worker-related topics have mostly not been proposed, including within the supply chain—as we state above, it will be important to understand how the ISSB intends to address these topics, which are relevant to most industries with complex supply chains, as part of the ISSB Standards as a whole.

Human rights

Human rights as a topic is largely only addressed in the proposals in the context of operations in conflict areas. To our understanding, investors are particularly interested in an entity's exposure to and management of the risks of specific human rights abuses such as forced labour or child labour in the supply chain—risks that may be more pervasive than those relating to specific geopolitical events such as conflicts. We recommend that the ISSB consider these aspects of human rights.

Community relations and rights of Indigenous Peoples

We agree that it is appropriate to merge disclosure requirements in these areas into one overarching topic, while continuing to identify Indigenous Peoples as an intrinsic group. Entities are likely to address community/affected stakeholder considerations as a whole, together with specific policies and approaches appropriate to the needs and rights of Indigenous Peoples.

Supply chain management

It is not clear as to why the supply chain management disclosure topic is separated into environmental and social aspects for the processed foods industry, but not for others, where the topic has been included. Further alignment of requirements across industries would be possible.

4(d) Some considerations are included in our response to question 4(c), and we include further specific comments in our response to questions on the priority industries.

Question 5 – Effective date

The ISSB proposes to set an effective date for the amendments that will occur between 12 and 18 months after their issuance and permits early application. The ISSB's rationale for this proposal can be found in paragraph BC161 of the Basis for Conclusions.

Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?

We agree with the proposed approach and consider that at least 12-18 months would be needed to allow preparers to make the necessary changes, both for existing SASB reporters, and for entities not already using the SASB Standards to familiarise themselves with the content. We encourage the ISSB to consider if transition reliefs would be needed for any disclosures that preparers identify as challenging to apply or where they may need more time to put in place data collection systems.

We agree with the proposal to permit early application. It would be important in particular to allow first-time preparers under the ISSB Standards to use the revised content straightaway, rather than starting with the existing content and then having to migrate to the new content, adding to cost and effort—or leading to the risk of entities deferring implementation until the new standards are effective.

Question 6 – Coal Operations SASB Standard

The Exposure Draft includes proposals to enhance the *Coal Operations* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general-purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Coal Operations* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Coal Operations industry description;
- to add two activity metrics relating to workforce composition;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics, and add metric EM-CO-110a.3 *Total Scope 1 methane emissions*;
- to revise the Water Management disclosure topic and associated metrics, remove metric EM-CO-140a.2 and add three metrics:
 - EM-CO-140a.3 *Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress*;
 - EM-CO-140a.4 *Total water discharged by (1) destination and (2) level of treatment*; and
 - EM-CO-140a.5 *Percentage of production from mine sites where acid and metalliferous drainage (1) has the potential to occur, (2) is actively mitigated or (3) is under treatment or remediation*;
- to revise the Waste Management disclosure topic and associated metrics, including changing the disclosure topic name to Waste & Hazardous Materials Management;
- to revise the Biodiversity Impacts disclosure topic and associated metrics, including changing the disclosure topic name to Ecological Impacts, remove metric EM-CO-160a.2 and add metric EM-CO-160a.4 *(1) Total spatial footprint of operations, (2) area disturbed and (3) area restored*;
- to revise the metrics in the Rights of Indigenous Peoples disclosure topic, relocate them to the Community Relations disclosure topic and rename the topic ‘Community Relations & Rights of Indigenous Peoples’, resulting in the metrics:
 - EM-CO-210b.3 *Percentage of (1) proved and (2) probable coal reserves in or near Indigenous Peoples’ land*; and
 - EM-CO-210b.4 *Description of engagement processes and due diligence practices related to upholding Indigenous Peoples’ rights*;
- to add an Operations in Conflict Areas disclosure topic and two metrics:
 - EM-CO-210c.1 *Percentage of (1) proved and (2) probable coal reserves in conflict-affected and high-risk areas*; and
 - EM-CO-210c.2 *Description of engagement processes and due diligence practices related to operating in conflict-affected and high-risk areas*;
- to revise the Labour Relations disclosure topic and associated metrics, including changing the disclosure topic name to Labour Practices;
- to revise the Workforce Health & Safety disclosure topic and associated metrics;
- to revise the Reserves Valuation & Capital Expenditures disclosure topic and associated metrics, including changing the disclosure topic name to Climate Resilience; and
- to revise the Tailings Storage Facilities Management disclosure topic and associated metrics.

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Coal Operations* SASB Standard? Why or why not?
- (b) Do you agree with the Coal Operations industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Coal Operations* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Coal Operations* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to primary users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Do you agree with the proposed addition of metric EM-CO-110a.3 *Total Scope 1 methane emissions*? Why or why not? If not, what would you suggest instead and why?
- (f) Are there any jurisdictional considerations related to the *Coal Operations* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (g) Do you have any comments on how the proposed amendments would affect the *Coal Operations* SASB Standard’s interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity’s prospects.)

6(a) We broadly agree with the proposed disclosure topics. However, the ISSB should take the opportunity through these amendments to rationalise further the industry-based content. In particular, we believe that the ISSB should focus its proposals on material information about entities' drivers of value and risk and key performance indicators. The industry metrics and guidance should be limited to disclosures that are truly common within a particular industry, appropriately giving recognition to the need for entity-specific disclosures to fulfil the fair presentation requirement and enable entities to 'tell their story' rather than providing long lists or tables of metrics and disclosures.

Please also refer to our overall comments on the proposals in questions 1-4, including our view on the importance of integrating the industry-specific requirements into the architecture of the ISSB Standards as a whole and removing duplicate requirements from the industry-specific content.

We agree that GHG emissions, climate resilience, community relations and rights of Indigenous Peoples, health and safety, and labour practices are most commonly considered by entities in this industry as principal risks and/or KPIs. However, we note that the proposals include detailed, granular requirements in instances, such as location-specific disaggregation or multiple disclosure requirements on one topic. We recommend that the ISSB reconsiders the extent to which these requirements would be likely to lead to material information for primary users and remove any additional content that does not fulfil this purpose, keeping in mind that the principles in IFRS S1 would already require entities to consider the need for additional information if relevant, including disaggregation of metrics.

6(b) We agree that the proposed updates to the industry description result in a clearer description of the activities of entities in this industry. We think that the description is more explicit in encompassing broader upstream and mid-stream coal-related activities (by adding the word 'production'), and in scoping in coal-based products more broadly, such as through refining or post-extraction production processes (rather than only referencing the narrower activity of the first phase of extraction). The ISSB could consider scoping in emerging technologies (e.g., 'clean coal', together with a definition).

6(c) We agree with the inclusion of labour practices as a topic, reflecting that a large number of workers may be employed in often hazardous conditions and possibly without sufficient protection of workers' rights across the supply chain. We consider the scope of this topic should be broader than collective agreements and include consideration of matters such as working conditions, hours worked, and pay—factors which can support productivity and the reputation of the entity.

The proposed additional topic on operations in conflict areas has a narrow focus, for example, in relation to the effects of specific geopolitical events. We recommend that the focus should rather be on operations in areas of high risk and include disclosure of working conditions more broadly, and the likelihood of human rights abuses such as forced labour or child labour. If refocused in this way, the relevant content under this topic could become part of the labour practices topic, removing the need for a separate topic on operations in conflict areas. This would lead to a broader disclosure on labour practices, including human rights.

We agree that it is appropriate to merge community relations and rights of Indigenous Peoples into one overarching topic, while continuing to identify Indigenous Peoples as an intrinsic group. Entities are likely to address community/affected stakeholder considerations as a whole, together with specific policies and approaches appropriate to the needs and rights of Indigenous Peoples.

The proposals for this industry do not include a number of disclosure topics that are included for comparable industries. It would be important for the ISSB to clarify the rationale for their inclusion/exclusion in the basis for conclusions. We have identified the following as relevant topics:

- air quality (metals & mining and iron & steel): Cast coal operations, blasting, and spontaneous combustion from open-cast pits generate large quantities of dust
- energy management (metals & mining and iron & steel): Significant energy (diesel or electricity) is used by large vehicles that transport waste byproducts and coal ore

- business ethics (metals & mining): Entities in the coal operations industry may do business in jurisdictions where corruption can be a concern, which could lead to financial penalties and additional barriers to doing business (including restrictions on operations)
- management of legal and regulatory (oil & gas – exploration & production): Entities are unable to operate in the coal operations industry without permits and licenses, and therefore managing associated risks is important.

6(d)

Greenhouse gas emissions (EM-CO-110a.1, EM-CO-110a.2 and EM-CO-110a.3)

We consider the requirements to disclose scope 1 GHG emissions and targets should be removed from this industry content as they duplicate IFRS S2 requirements (see our response to questions 1 and 2 above). An entity should instead be required to apply the cross-industry requirements on metrics and targets in IFRS S2. We agree with the inclusion of additional industry-specific disclosures on the percentage of scope 1 GHG emissions subject to emissions-limiting regulations and scope 1 methane emissions. We recommend further consultation with entities on the more granular requirements (such as disaggregation) to validate their feasibility. Consideration should be given to the need for relief on the required approach for measurement of methane (e.g., where a specific jurisdictional approach is required).

Water management (EM-CO-140a.1, EM-CO-140a.3 and EM-CO-140a.4)

The requirements on describing water-related risks and opportunities and strategies to manage them are notably granular and could be streamlined so that disclosure focuses on the strategic matters.

Ecological impacts (EM-CO-160a.3)

Entities are unlikely to be able to apply consistent definitions and boundaries in relation to environmentally sensitive locations, as set out in paragraphs 3 and 4, even though the proposals include clear high-level principles and references. Different applications of definitions and boundaries would affect the consistency and comparability of related quantitative metrics. We recommend that the ISSB consider to what extent quantitative disclosure is practical at this early stage of reporting on BEES data. We also strongly recommend that the ISSB validate with entities in the industry the feasibility of meeting the requirements on ‘proved and probable reserves’ (including definitions, methodology, and commercial sensitivity).

Waste & hazardous materials management (EM-MM-150a.9 and EM-CO-150a.7)

It is unclear why there is different wording between the coal operations and metals & mining industries. The waste management disclosure topic in the metals & mining industry specifies ‘Number of significant incidents associated with hazardous materials and waste management’, whereas the reference in the coal operations industry is to ‘... hazardous waste management’. We recommend that the wording be aligned.

Community relations and rights of Indigenous Peoples (EM-CO-210b.2 and EM-CO-210b.3)

The proposed metrics may be more weighted towards examples of challenges rather than the progress an entity has made with respect to its reconciliation efforts with Indigenous Peoples. Consideration should be given to also include metrics that reflect how entities may interact, collaborate or communicate with Indigenous Peoples, or reconciliation commitments that they may have. Examples may include but are not limited to number of partnerships, employment of Indigenous Peoples, and community investments.

In relation to the metric that is proposed on ‘proved and probable reserves’, we strongly recommend that the ISSB validate with entities in the industry the feasibility of meeting the requirements (including definitions, methodology, and commercial sensitivity).

Operations in conflict areas (EM-CO-210c.1 and EM-CO-210c.2)

Further to our comment in question 6(c) above, we recommend the ISSB considers refocusing the metrics under a topic on operations in areas of high risk and merging them with the labour practices topic.

In relation to the metric that is proposed on 'proved and probable reserves', we strongly recommend that the ISSB validate with entities in the industry the feasibility of meeting the requirements (including definitions, methodology, and commercial sensitivity).

We recommend the disclosure EM-CO-210c.2 is broadened to include human rights such as forced labour or child labour.

Labour practices

Further to our comment in question 6(c) above, we recommend the ISSB considers refocusing and merging the operations in conflict areas topic into this topic, particularly EM-CO-210c.2. This would allow a broader disclosure on labour practices, particularly in areas of high operational risk to an entity and its workers. Consideration could be given to introducing a worker conditions metric, for example, the number of operations and suppliers considered to have a significant risk of incidents of forced or compulsory labour. This would be particularly relevant when entities operate in less developed economies.

Workforce health & safety (EM-CO-320a.1)

We support the update to the metric, replacing 'fatality rate' with 'number of fatalities', which will lead to more comparable information across entities. A fatality rate is not as comparable for entities that might have different denominators on account of the contractual hours worked or use of a full-time equivalent (FTE) calculation. We question to what extent the metrics on average hours of health, safety and emergency response training would be decision useful, as it would not be an indicator of the quality of the processes involved.

Climate resilience

Consistent with our earlier comments on the standards architecture, we consider it important that the disclosures are clearly positioned as additional detailed industry-specific content accompanying the requirements on climate resilience in IFRS S2.

Tailings Storage Facilities Management (EM-CO-540.a.2)

We note the topic is focused on the storage of tailings, whereas some industry guidance takes a broader view of the management of tailings more generally. It may be appropriate in the narrative disclosure for an entity to describe how tailings storage facilities management is incorporated within a broader policy for tailings management.

Activity metrics (EM-CO-000.C and EM-CO-000.D)

We acknowledge the importance of labour conditions and health and safety of non-employees as well as employees. However, we expect that entities, especially those with global and complex operations and supply chains, would experience practical difficulties in sourcing reliable data on non-employees. The ISSB could consider introducing relief for preparers if this data is not available without undue cost or effort, for example, by narrowing the scope to non-employees working onsite.

6(e) We agree with the inclusion of metric EM-CO-110a.3 Total Scope 1 methane emissions given the high global warming potential (GWP) of this GHG and the resulting risks of higher costs associated with regulations and taxes or emissions limiting programmes. We recommend further consultation with entities on the more granular requirements (such as disaggregation) to validate their feasibility. Consideration should be given to the need for relief on the required approach for measurement of methane (e.g., where a specific jurisdictional approach is required).

Consistent with our earlier comments on the standards architecture we consider it important to state clearly that this metric would be relevant as part of the disclosures on scope 1 GHG emissions under IFRS S2, in keeping with the requirement to disaggregate information when it is material.

6(f) Our comments on working conditions, including human rights, reflect the likely investor interest in how an entity manages the risks related to operating in jurisdictions that do not have robust laws and regulations for worker protection.

There are likely jurisdictional considerations in respect of Indigenous Peoples. In jurisdictions such as Canada, the proposed definition of Indigenous Peoples' land may result in a high percentage of reserves being classified as in or near Indigenous Peoples' land. To enhance the relevance and comparability of this metric across jurisdictions, consideration should be given to whether it may be beneficial to refine the metric to consider, for example, the status of the land on which the entity operates, such as whether it is subject to existing or potential Indigenous Peoples' land claims.

In some other jurisdictions, the term 'Indigenous Peoples' is less commonly used, and consideration should be given to using a different term in those jurisdictions.

6(g) Please see our responses to questions 4(a) and 4(c).

Question 7 – Construction Materials SASB Standard

The Exposure Draft includes proposals to enhance the *Construction Materials SASB Standard*, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general-purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Construction Materials SASB Standard* as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Construction Materials industry description;
- to add two activity metrics relating to workforce composition;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics;
- to revise the Air Quality disclosure topic and associated metric;
- to revise the Energy Management disclosure topic and associated metric;
- to revise the Water Management disclosure topic and associated metric;
- to revise the Waste Management disclosure topic and associated metric;
- to revise the Biodiversity Impacts disclosure topic and associated metrics, including changing the disclosure topic name to Ecological Impacts;
- to revise the Workforce Health & Safety disclosure topic and associated metrics;
- to revise the Product Innovation disclosure topic and associated metrics;
- to add a Supply Chain Management disclosure topic and associated metric EM-CM-430a.1 *Description of the process to manage supply chain risks arising from environmental and social issues*; and
- to revise the Pricing Integrity & Transparency disclosure topic and associated metric.

The section on 'Proposed amendments to the SASB Standards' in the Basis for Conclusions sets out the ISSB's reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Construction Materials SASB Standard*? Why or why not?
- (b) Do you agree with the Construction Materials industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Construction Materials SASB Standard*? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Construction Materials SASB Standard*? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to primary users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Do you agree with the proposed addition of the Supply Chain Management disclosure topic and associated metric? If you disagree, which aspects do you disagree with and what would you suggest instead?
- (f) Are there any jurisdictional considerations related to the *Construction Materials SASB Standard* that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (g) Do you have any comments on how the proposed amendments would affect the *Construction Materials SASB Standard's* interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity's prospects.)

7(a) We broadly agree with the proposed disclosure topics. However, the ISSB should take the opportunity through these amendments to rationalise further the industry-based content. In particular, we believe that the ISSB should focus its proposals on material information about entities' drivers of value and risk and key performance indicators. The industry metrics and guidance should be limited to disclosures that are truly common within a particular industry, appropriately giving recognition to the need for entity-specific disclosures to fulfil the fair presentation requirement and enable entities to 'tell their story' rather than providing long lists or tables of metrics and disclosures.

We agree that GHG emissions, air quality, energy management, water management, ecological impacts, workforce health & safety, product innovation, and supply chain management are most commonly considered by entities in this industry as principal risks and/or KPIs.

We observe that the following metrics are commonly disclosed by entities in this industry:

- GHG emissions (percentage subject to emissions-limiting regulations)
- Air Quality (NOx emissions, SOx emissions, volatile organic compounds, particulate matter)
- Energy management (total energy consumed, purchased energy consumed, self-generated energy consumed)
- Water management (total water withdrawal, total water consumed, waste water discharged (and related quality), percentages of water withdrawn from water-stressed locations)
- Workforce health & safety (fatalities, recordable incident rate).

However, we note that the proposals include detailed, granular requirements in instances, such as location-specific disaggregation or multiple disclosure requirements on one topic. We therefore recommend that the ISSB reconsiders the extent to which these requirements would be likely to lead to material information for primary users and removes any additional content that does not fulfil this purpose, keeping in mind that the principles in IFRS S1 would already require entities to consider the need for additional information if relevant, including disaggregation of metrics.

Please also see our overall comments on the proposals in questions 1-4, including our view on the importance of integrating the industry-specific requirements into the architecture of the ISSB Standards as a whole and removing duplicate requirements from the industry-specific content.

7(b) We agree that the proposed updates to the industry description result in a clearer description of the activities of entities in this industry. We think that the description is more explicit in encompassing broader upstream and mid-stream elements of mining and production (referencing ‘operate their own quarries... produce construction materials’), reflecting the breadth of activities that take place in this industry up to the point of sale of construction materials to an end user.

7(c) We broadly agree with the proposed disclosure topics. The proposals for this industry do not include a number of disclosure topics that are included for comparable industries. It would be important for the ISSB to clarify the rationale for their inclusion/exclusion in the basis for conclusions. We have identified the following as relevant topics:

- labour practices (coal operations, metals & mining): A large number of workers are employed in this industry, often in hazardous conditions and possibly without sufficient protection of workers’ rights across the supply chain. Factors related to collective agreements, working conditions, hours worked, and pay can support productivity and the reputation of the entity
- business ethics (metals & mining): Entities in this industry sell large volumes of products to construction entities or wholesalers. Failing to maintain high standards can negatively impact an entity’s prospects. The risks could be compounded by resource scarcity or disrupted supply chains.

7(d)

Greenhouse gas emissions (EM-CM-110a.1 and EM-CM-110a.2)

We believe the requirements to disclose scope 1 GHG emissions and targets should be removed from this industry content as they duplicate IFRS S2 requirements (see our response to questions 1 and 2 above). An entity should instead be required to apply the cross-industry requirements on metrics and targets in IFRS S2. We agree with the inclusion of additional industry-specific disclosures on scope 1 GHG emissions, such as the percentage of emissions subject to emissions limiting programmes.

Workforce health & safety (EM-CM-320a.1)

We support the update to the metric, replacing ‘fatality rate’ with ‘number of fatalities’, which will lead to more comparable information across entities. A fatality rate is not as comparable for entities that

might have different denominators on account of the contractual hours worked or use of an FTE calculation.

Activity metrics (EM-CM-000.B and EM-CM-000.C)

We acknowledge the importance of labour conditions and the health and safety of non-employees as well as employees. However, we expect that entities, especially those with global and complex operations and supply chains, would experience practical difficulties in sourcing reliable data on non-employees. The ISSB could consider introducing relief for preparers if this data is not available without undue cost or effort, for example, by narrowing the scope to non-employees working onsite.

7(e) We agree that an entity sourcing raw materials from upstream suppliers can be associated with significant environmental and social impacts that can adversely affect local communities, workers, and ecosystems, and which can lead to risks for the entity. As a result, we observe that entities may seek to reduce their exposure to financial, operational, or reputational risks through due diligence of suppliers, supported by codes of practice and certification programmes, monitoring, and supplier audits.

However, we do not think the supply chain management disclosure topic need necessarily be included as a separate requirement, particularly as the disclosure requirement itself is a qualitative description of the entity's process. We consider that more useful disclosure of how risks in the supply chain are managed would form part of the disclosure on specific risks included elsewhere in the requirements—for example, in relation to ecological impacts and operating in areas of high risk, including consideration of human rights of workers in the supply chain (as we propose above). While the ISSB could consider adding specific requirements to this effect in the proposals, we expect that the existing requirements in IFRS S1 and IFRS S2 could support this disclosure already. As a result, we do not consider this topic and related disclosure are necessary on the basis that they would fall under existing requirements and guidance.

7(f) We have no comment on this question.

7(g) Please see our responses to questions 4(a) and 4(c).

Question 8 – Iron & Steel Producers SASB Standard

The Exposure Draft includes proposals to enhance the *Iron & Steel Producers* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general-purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Iron & Steel Producers* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Iron & Steel Producers industry description;
- to revise the activity metric EM-IS-000.A, add two activity metrics relating to workforce composition and add one activity metric to disaggregate recycled steel production;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics;
- to revise the Air Quality disclosure topic and associated metric;
- to revise the Energy Management disclosure topic and one associated metric, and remove one metric;
- to revise the Water Management disclosure topic and associated metric;
- to revise the Waste Management disclosure topic and associated metric;
- to add a Labour Practices disclosure topic and two associated metrics:
 - EM-IS-310a.1 *Percentage of employees covered by collective agreements*; and
 - EM-IS-310a.2 (1) *Number of work stoppages and (2) the total days idle*;
- to revise the Workforce Health & Safety disclosure topic and associated metric; and
- to revise the Supply Chain Management disclosure topic and associated metric.

The section on 'Proposed amendments to the SASB Standards' in the Basis for Conclusions sets out the ISSB's reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Iron & Steel Producers* SASB Standard? Why or why not?
- (b) Do you agree with the Iron & Steel Producers industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Iron & Steel Producers* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Iron & Steel Producers* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Are there any jurisdictional considerations related to the *Iron & Steel Producers* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (f) Do you have any comments on how the proposed amendments would affect the *Iron & Steel Producers* SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity's prospects.)

8(a) We broadly agree with the proposed disclosure topics. However, the ISSB should take the opportunity through these amendments to rationalise further the industry-based content. In particular, we believe that the ISSB should focus its proposals on material information about entities' drivers of value and risk and key performance indicators. The industry metrics and guidance should be limited to disclosures that are truly common within a particular industry, appropriately giving recognition to the need for entity-specific disclosures to fulfil the fair presentation requirement and enable entities to 'tell their story' rather than providing long lists or tables of metrics and disclosures.

We agree that GHG emissions, energy management, air quality, water management, ecological impact, waste management, labour practices, supply chain management, and workforce health & safety are most commonly considered by entities in this industry as principal risks and/or KPIs. In addition, we observe that business ethics and community relations, and rights of Indigenous Peoples are also frequently reflected by companies in principal risks and/or KPIs. It is not clear why the ISSB has not included them in the proposals.

We observe that the following metrics are commonly disclosed by entities in this industry:

- GHG emissions

- Air quality (Nitrogen oxide (NOx) emissions; Sulphur dioxide (SOx) emissions; and particulate matter)
- Energy management (energy consumption and renewable energy consumption)
- Water management (water consumption)
- Labour practices (percentage of employees covered by collective agreements)
- Workforce health & safety (number of fatalities and total recordable incident rate for employees).

However, we note that the proposals include detailed, granular requirements in instances, such as location-specific disaggregation or multiple disclosure requirements on one topic. We therefore recommend that the ISSB reconsiders the extent to which these requirements would be likely to lead to material information for primary users and removes any additional content that does not fulfil this purpose, keeping in mind that the principles in IFRS S1 would already require entities to consider the need for additional information if relevant, including disaggregation of metrics.

We have set out our responses in parts (b)-(f) below. Please also see our overall comments on the proposals in questions 1-4, including our view on the importance of integrating the industry-specific requirements into the architecture of the ISSB Standards as a whole and removing duplicate requirements from the industry-specific content.

8(b) We agree that the proposed updates to the industry description result in a clearer description of the activities of entities in this industry, in particular, by including in its scope broader upstream and more detailed midstream iron and steel-related activities. It is helpful that the first phase of production (from iron ore to pig iron) and secondary phases (from pig iron into cast or wrought iron and steel), and recycling of iron and steel are included in the scope of activities.

The additional cross-references to the content on coal operations and iron and steel are also helpful, reflecting the normal practice that most producers of iron and steel do not themselves mine the ore and related raw materials used in the production process.

8(c) We agree with the inclusion of labour practices as a topic for this industry, noting especially that most entities in this industry rely on other entities in the supply chain to provide raw materials that are themselves subject to considerable environmental and social risks and effects. However, the scope of this topic should be broader than collective agreements and include matters such as consideration of working conditions, hours worked, and pay—factors which can support productivity and the reputation of the entity.

We agree with the inclusion of supply chain management for this industry in the absence of other topics that would likely include disclosure on this matter. For other industries, we would consider that supply chain management would be encompassed in disclosure on topics such as community relations and rights of Indigenous Peoples or operations in areas of high risk.

8(d)

Greenhouse gas emissions (EM-IS-110a.1 and EM-IS-110a.2)

The requirements to disclose scope 1 GHG emissions and targets should be removed from this industry content as they duplicate IFRS S2 requirements (see our response to questions 1 and 2 above). An entity should instead be required to apply the cross-industry requirements on metrics and targets in IFRS S2. We agree with the inclusion of additional industry-specific disclosures on scope 1 GHG emissions targets.

Labour practices (EM-IS-310a.1)

Further to our comment in question 8(c) above, we recommend the ISSB considers expanding disclosure requirements to include labour practices more broadly. This would allow a broader disclosure on labour practices, particularly in areas of high operational risk to an entity and its workers. Consideration could be given to introducing a worker conditions metric, for example, the number of

operations and suppliers considered to have a significant risk of incidents of forced or compulsory labour. This would be particularly relevant when entities operate in less developed economies.

Workforce health & safety (EM-IS-320a.1)

We support the update to the metric, replacing ‘fatality rate’ with ‘number of fatalities’, which will lead to more comparable information across entities. A fatality rate is not as comparable for entities that might have different denominators on account of the contractual hours worked or use of an FTE calculation.

Given the potentially dangerous working environment, we do not understand why a discussion of management systems used to foster a safe working environment is not included in this standard (while it is included for coal operations).

8(e) Our comments on working conditions reflect the likely investor interest in how an entity manages the risks related to operating in jurisdictions that do not have robust laws and regulations for worker protection, particularly in the supply chain.

8(f) Please see our responses to questions 4(a) and 4(c).

Question 9 – Metals & Mining SASB Standard

The Exposure Draft includes proposals to enhance the *Metals & Mining* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general-purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Metals & Mining* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments achieve the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Metals & Mining industry description;
- to revise the activity metrics and add one activity metric relating to workforce composition;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics;
- to revise the Air Quality disclosure topic and associated metric;
- to revise the Water Management disclosure topic and one associated metric, remove one metric and add three metrics:
 - EM-MM-140a.3 *Total water discharged by (1) destination and (2) level of treatment*;
 - EM-MM-140a.4 *Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress*; and
 - EM-MM-140a.5 *Percentage of production from mine sites where acid and metalliferous drainage (1) has the potential to occur, (2) is actively mitigated or (3) is under treatment or remediation*;
- to revise the Waste & Hazardous Materials Management disclosure topic and associated metrics;
- to revise the Biodiversity Impacts disclosure topic and associated metrics, including changing the disclosure topic name to Ecological Impacts, and to remove one metric and add metric EM-MM-160a.4 (1) *Total spatial footprint of operations*, (2) *area disturbed* and (3) *area restored*;
- to revise the Security, Human Rights & Rights of Indigenous Peoples disclosure topic and associated metrics through separating them into two disclosure topics: a revised Community Relations disclosure topic titled Community Relations & Rights of Indigenous Peoples, and a new disclosure topic, Operations in Conflict Areas. Revisions to the metrics would include:
 - revising metrics EM-MM-210a.2 and EM-MM-210a.3 and relocating them to the revised Community Relations & Rights of Indigenous Peoples disclosure topic with new metrics EM-MM-210b.3 and EM-MM-210b.4;
 - revising metric EM-MM-210a.1 and relocating it to the proposed Operations in Conflict Areas disclosure topic as metric EM-MM-210c.1; and
 - adding new metric EM-MM-210c.2 to the proposed Operations in Conflict Areas disclosure topic;
- to revise the Labour Practices disclosure topic and associated metrics;
- to revise the Workforce Health & Safety disclosure topic and associated metric and add metric EM-MM-320a.2 *Description of management systems used to foster a safe working environment*;
- to add a Supply Chain Management disclosure topic and associated metric EM-MM-430a.1 *Description of the process to manage supply chain risks arising from environmental and social issues*;
- to revise the Business Ethics & Transparency disclosure topic, including changing the disclosure topic name to Business Ethics, and associated metrics; and
- to revise the Tailings Storage Facilities Management disclosure topic and associated metrics.

The section on 'Proposed amendments to the SASB Standards' in the Basis for Conclusions sets out the ISSB's reasoning for these proposals.

- (h) Do you agree with the proposed amendments to the Metals & Mining SASB Standard? Why or why not?
- (i) Do you agree with the Metals & Mining industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (j) Do you agree with the disclosure topics in the Metals & Mining SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (k) Do you agree with the metrics and technical protocols in the Metals & Mining SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (l) Do you agree with the proposed addition of a Supply Chain Management disclosure topic and associated metric? Why or why not? If not, what would you suggest instead and why?
- (m) Are there any jurisdictional considerations related to the Metals & Mining SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (n) Do you have any comments on how the proposed amendments would affect the Metals & Mining SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity's prospects.)

9(a) We broadly agree with the proposed disclosure topics. However, the ISSB should take the opportunity through these amendments to rationalise further the industry-based content. In particular, we believe that the ISSB should focus its proposals on material information about entities' drivers of value and risk and key performance indicators. The industry metrics and guidance should be limited to disclosures that are truly common within a particular industry, appropriately giving recognition to the need for entity-specific disclosures to fulfil the fair presentation requirement and enable entities to 'tell their story' rather than providing long lists or tables of metrics and disclosures.

We agree that GHG emissions, water management, ecological impacts, community relations and rights of Indigenous Peoples, and workforce health & safety, are most commonly considered by entities in this industry as principal risks and/or KPIs. In addition, we observe that management of the legal and regulatory environment and climate resilience are also frequently reflected by companies in principal risks and/or KPIs. It is not clear why the ISSB has not included them in the proposals.

We observe that the following metrics are commonly disclosed in relation to principal risks/KPIs:

- GHG emissions
- Water management (total water withdrawal by source)
- Ecological impacts (total spatial footprint of operations and area disturbed)
- Community relations and rights of Indigenous Peoples (processes used to manage risks and opportunities associated with community rights and interests)
- Workforce health & safety (number of fatalities; total recordable incident rate for employees; hours of health, safety and emergency response training).

By contrast, air quality, energy management, waste management, operations in conflict areas, labour practices, supply chain management, business ethics, and tailings storage management may be less commonly included by entities in principal risks or organisational KPIs in this industry.

We further note that the proposals include detailed, granular requirements in instances, such as location-specific disaggregation or multiple disclosure requirements on one topic. We therefore recommend that the ISSB reconsiders the extent to which these requirements would be likely to lead to material information for primary users and removes any additional content that does not fulfil this purpose, keeping in mind that the principles in IFRS S1 would already require entities to consider the need for additional information if relevant, including disaggregation of metrics.

Please see our overall comments on the proposals in questions 1-4, including our view on the importance of integrating the industry-specific requirements into the architecture of the ISSB Standards as a whole and removing duplicate requirements from the industry-specific content.

9(b) We agree that the proposed updates to the industry description result in a clearer description of the activities of entities in this industry. The description is helpful in distinguishing between the manufacturing of non-ferrous metals in this industry as opposed to those included in the iron & steel industry, and in encompassing broader upstream- and midstream-related activities, including both extraction and production phases.

It would, however, be useful to include examples of metal products that are produced to clarify further which non-ferrous metals are included.

9(c) We agree with the inclusion of labour practices as a topic, reflecting that a large number of workers may be employed in often hazardous conditions and potentially without sufficient protection of workers' rights across the supply chain. However, the scope of this topic should be broader than collective agreements and include consideration of matters such as working conditions, hours worked, and pay—factors which can support productivity and the reputation of the entity.

The proposed additional topic on operations in conflict areas has a narrow focus, for example, in relation to the effects of specific geopolitical events. We recommend that the focus should instead be on operations in areas of high risk, and include disclosure of working conditions more broadly, and the likelihood of human rights abuses such as forced labour or child labour. If refocused in this way, the relevant content under this topic could become part of the labour practices topic, removing the need for a separate topic on operations in conflict areas. This would lead to a broader disclosure on labour practices, including human rights.

We agree that it is appropriate to merge disclosure requirements on community relations and rights of Indigenous Peoples into one overarching topic, while continuing to identify Indigenous Peoples as an intrinsic group. Entities are likely to address community/affected stakeholder considerations as a whole, together with specific policies and approaches that are appropriate to the needs and rights of Indigenous Peoples.

The proposals for this industry do not include a number of disclosure topics that are included for comparable industries. It would be important for the ISSB to clarify the rationale for their inclusion/exclusion in the basis for conclusions. We have identified the following as relevant topics:

- management of the legal and regulatory environment (oil & gas – exploration & production): entities are unable to operate in this industry without permits and licenses, and therefore managing associated risks is important, including in relation to mine closure
- climate resilience (coal operations): mining sites are often large and in regions that are vulnerable to temperature extremes and therefore subject to climate-related risks (although, consistent with our earlier comments on the standards architecture, we consider it important that the requirements are clearly positioned as additional industry-specific content as part of the requirements on climate resilience in IFRS S2
- product innovation (processed foods): entities in this industry may be shifting their business model to mining of raw materials used in technology and/or low-carbon products.

9(d)

Greenhouse gas emissions (EM- MM-110a.1 and EM- MM-110a.2)

We believe the requirements to disclose scope 1 GHG emissions and targets should be removed from this industry content as they duplicate IFRS S2 requirements (see our response to questions 1 and 2 above). An entity should instead be required to apply the cross-industry requirements on metrics and targets in IFRS S2. We agree with the inclusion of additional industry-specific disclosures on the description of scope 1 GHG emissions targets.

Water management (EM-MM-140a.1, EM-MM-140a.3 and EM-MM-140a.4)

The requirements for describing water-related risks and opportunities and strategies to manage them are notably granular and could be streamlined so that disclosure focuses on the strategic matters.

Ecological impacts (EM-MM-160a.3)

Entities are unlikely to be able to apply consistent definitions and boundaries in relation to environmentally sensitive locations, as set out in paragraphs 3 and 4, even though the proposals include clear high-level principles and references. Different applications of definitions and boundaries would affect the consistency and comparability of related quantitative metrics. We recommend that the ISSB consider the extent to which quantitative disclosure is practical at this early stage of reporting on BEES data. We also strongly recommend that the ISSB validate with entities in the industry feasibility of meeting the requirements on 'proved and probable reserves' (including definitions, methodology, and commercial sensitivity).

Waste & hazardous materials management (EM-MM-150a.9 and EM-MM-150a.7)

It is unclear why there is different wording between the coal operations and metals & mining industries. The waste management disclosure topic in the metals & mining industry specifies 'Number of

significant incidents associated with hazardous materials and waste management’, whereas the reference in coal operations is to ‘... hazardous waste management’. We recommend that the wording is aligned.

Community relations and rights of Indigenous Peoples (EM-MM-210b.2 and EM-MM-210b.3)

The proposed metrics may be more weighted towards examples of challenges rather than the progress an entity has made with respect to its reconciliation efforts with Indigenous Peoples. Consideration should be given to also include metrics that reflect how entities may interact, collaborate or communicate with Indigenous Peoples, or reconciliation commitments that they may have. Examples may include but are not limited to number of partnerships, employment of Indigenous Peoples, and community investments.

In relation to the metric that is proposed on ‘proved and probable reserves’, we strongly recommend that the ISSB validate with entities in the industry the feasibility of meeting the requirements (including definitions, methodology, and commercial sensitivity).

Operations in conflict areas (EM—2MM10c.1 and EM-MM-210c.2)

Further to our comment in question 9(c) above, we recommend the ISSB considers refocusing the metrics under a topic on operations in areas of high risk (including security risks such as sabotage), broadening the disclosure EM-MM-210c.2, and also including the risk of human rights abuse, such as forced labour.

In relation to the metric that is proposed on ‘proved and probable reserves’, we strongly recommend that the ISSB validate with entities in the industry the feasibility of meeting the requirements (including definitions, methodology, and commercial sensitivity).

Workforce health & safety (EM-MM-320a.1)

We support the update to the metric, replacing ‘fatality rate’ with ‘number of fatalities’, which will lead to more comparable information across entities. A fatality rate is not as comparable for entities that might have different denominators on account of the contractual hours worked or use of an FTE calculation. We question to what extent the metrics on average hours of health, safety, and emergency response training would be decision useful as it would not be an indicator of the quality of the processes involved.

Business ethics (EM-MM-510.a.1 and EM-MM-510.a.2)

Consideration should be given to leveraging (or relying on) existing disclosures that entities may make on their approaches to prevent corruption and bribery, for example, through the Extractive Industries Transparency Initiative.

Tailings Storage Facilities Management (EM-MM-540.a.2)

We note the topic is focused on storage of tailings, whereas some industry guidance takes a broader view of the management of tailings more generally. It may be appropriate in the narrative disclosure for an entity to describe how tailings storage facilities management is incorporated within a broader policy for tailings management.

Activity metrics (EM-MM-000.B and EM-MM-000.C)

We acknowledge the importance of labour conditions and health and safety relating to non-employees as well as employees. However, we expect that entities, especially those with global and complex operations and supply chains, would experience practical difficulties in sourcing reliable data on non-employees. The ISSB could consider introducing relief for preparers if this data is not available without undue cost or effort, for example, by narrowing the scope to non-employees working onsite.

9(e) We agree that activities in this industry can cause significant environmental and social impacts that can adversely affect local communities, workers, and ecosystems, which can lead to risks for the entity. As a

result, we observe that entities may seek to reduce their exposure to financial, operational, or reputational risks through due diligence of suppliers, supported by codes of practice and certification programmes, monitoring, and supplier audits.

However, we do not think the supply chain management topic need necessarily be included as a separate requirement, particularly as the disclosure requirement itself is a qualitative description of the entity's process. We consider that more useful disclosure of how risks in the supply chain are managed would form part of the disclosure on specific risks included elsewhere in the requirements—for example, in relation to ecological impacts and operating in areas of high risk, including consideration of human rights of workers in the supply chain (as we propose above). While the ISSB could consider adding specific requirements to this effect in the proposals, we expect that the existing requirements in IFRS S1 and IFRS S2 could already support this disclosure. As a result, we do not consider this topic and related disclosure are necessary on the basis that they already fall under existing requirements and guidance.

9(f) Our comments on working conditions, including human rights, reflect the likely investor interest in how an entity manages the risks related to operating in jurisdictions that do not have robust laws and regulations for worker protection.

There are likely jurisdictional considerations in respect of Indigenous Peoples. In jurisdictions such as Canada, the proposed definition of Indigenous Peoples' land may result in a high percentage of reserves being classified as in or near Indigenous Peoples' land. To enhance the relevance and comparability of this metric across jurisdictions, consideration should be given to whether it may be beneficial to refine the metric to consider, for example, the status of the land on which the entity operates, such as whether it is subject to existing or potential Indigenous Peoples' land claims.

In some other jurisdictions, the term 'Indigenous Peoples' is less commonly used, and consideration should be given to using a different term in those jurisdictions.

9(g) Please see our responses to questions 4(a) and 4(c).

Question 10 – Oil & Gas – Exploration & Production SASB Standard

The Exposure Draft includes proposals to enhance the *Oil & Gas – Exploration & Production* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general-purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Oil & Gas – Exploration & Production* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Oil & Gas – Exploration & Production industry description;
- to revise the activity metrics and add two activity metrics relating to workforce composition;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics and add metric EM-EP-110a.4 *Total Scope 1 methane emissions*;
- to revise the Air Quality disclosure topic and associated metric;
- to revise the Water Management disclosure topic and associated metrics and add two new metrics:
 - EM-EP-140a.5 *Total water discharged by (1) destination and (2) level of treatment*; and
 - EM-EP-140a.6 *Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress*;
- to revise the Biodiversity Impacts disclosure topic and associated metrics, including changing the disclosure topic name to Ecological Impacts, and to add metric EM-EP-160a.4 (1) *Total spatial footprint of operations*, (2) *area disturbed* and (3) *area restored*;
- to revise the Security, Human Rights & Rights of Indigenous Peoples disclosure topic and associated metrics through separating them into two disclosure topics: a revised Community Relations disclosure topic titled Community Relations & Rights of Indigenous Peoples, and a new disclosure topic, Operations in Conflict Areas. Revisions to the metrics would include:
 - revising metrics EM-MM-210a.2 and EM-MM-210a.3 and relocating them to the revised Community Relations & Rights of Indigenous Peoples disclosure topic with new metrics EM-MM-210b.3 and EM-MM-210b.4;
 - revising metric EM-MM-210a.1 and relocating it to the proposed Operations in Conflict Areas disclosure topic as metric EM-MM-210c.1; and
 - adding new metric EM-MM-210c.2 to the proposed Operations in Conflict Areas disclosure topic;
- to revise the Workforce Health & Safety disclosure topic and associated metrics;
- to revise the Reserves Valuation & Capital Expenditures disclosure topic and associated metrics—including changing the disclosure topic name to Climate Resilience;
- to revise the Business Ethics & Transparency disclosure topic and associated metrics—including changing the disclosure topic name to Business Ethics;
- to revise the Management of the Legal & Regulatory Environment disclosure topic and associated metric;
- to revise the Critical Incident Risk Management disclosure topic and associated metrics;

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Oil & Gas – Exploration & Production* SASB Standard? Why or why not?
- (b) Do you agree with the Oil & Gas – Exploration & Production industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Oil & Gas – Exploration & Production* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Oil & Gas – Exploration & Production* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Do you agree that the proposed amendments to the Water Management disclosure topic would provide useful information to primary users in a cost-effective manner for preparers?
- (f) Do you agree with the proposed addition of metric EM-EP-160a.4 (1) *Total spatial footprint of operations*, (2) *area disturbed* and (3) *area restored* and with the content of that metric? Why or why not? If not, what do you recommend and why?
- (g) Are there any jurisdictional considerations related to the *Oil & Gas – Exploration & Production* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (h) Do you have any comments on how the proposed amendments would affect the *Oil & Gas – Exploration & Production* SASB Standard’s interoperability and alignment with other sustainability-related standards or frameworks? (Note that

the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity's prospects.)

10(a) The landscape within which oil and gas entities operate is evolving with the introduction of alternative energy sources and delivery models, including technological innovation. As a result, the boundaries of the segments are likely to be less clear-cut over time, with overlapping activities. The division of activities into four standards is not likely to be future proof. As the lines blur between the segments, it may become difficult for entities to identify which specific standard would be applicable. In addition, many entities in this industry are vertically integrated and are active across many segments of the value chain. These entities would potentially need to apply the four oil & gas standards, involving consideration of 15 sustainability disclosure topics and multiple related metrics (many of which vary across the standards) and more than 10 activity metrics (although we recognise that the entity would assess the standards for material information, which might lead it to exclude some topics or standards on that basis).

For these reasons, the ISSB should streamline its proposals. We recommend the ISSB creates one integrated oil & gas standard, based on a core set of topics and metrics (together with the industry descriptions), and provide supplemental requirements or guidance as needed for specific segments (notably exploration & production, which includes the most topics and metrics). To identify the core requirements, the ISSB could start with the topics and disclosures that are largely common across the segments in the current proposals, such as GHG emissions (which should be addressed through cross-industry metrics and targets in IFRS S2), air quality (pollutants emitted), water management (withdrawal and discharged), ecological impacts (description), workforce health and safety, management of the legal and regulatory environment, and critical incidents risk management (process safety event rates and description of management systems). Taking such an approach could lead to a core set of requirements addressing around seven topics supported by no more than 12 core metrics/disclosures.

Supplemental requirements or guidance could help address topics and metrics for specific activities. For example:

- community relations and rights of Indigenous Peoples, climate resilience, and business ethics (exploration and production)
- competitive behaviour (midstream)
- hazardous materials management, product specifications, and pricing integrity and transparency (refining and marketing)
- hazardous materials management and business ethics (services).

In order to maintain and enhance the decision-usefulness of disclosures, the ISSB should focus its proposals on material information about entities' drivers of value and risk and key performance indicators. We agree that GHG emissions, climate resilience, community relations and rights of Indigenous Peoples, health and safety, and labour practices are most commonly considered by entities in this industry as principal risks and/or KPIs.

We observe the following metrics are commonly disclosed in relation to principal risks/KPIs across the industry as a whole:

- GHG emissions (Scope 1 methane intensity, Scope 1 and 2 GHG emissions, description of Scope 1 GHG emissions targets and analysis of performance, energy consumed, and renewable energy consumed)
- Air quality (NO_x emissions, SO_x emissions, and volatile organic compound (VOC) emissions)
- Workforce health and safety (number of fatalities and reported recordable injury frequency for all workers)

- Water management (freshwater withdrawal, freshwater consumption, and water withdrawal in areas of water stress or scarcity)
- Ecological impacts (description of environmental management policies and practices, number of oil spills, volume of oil spills, and volume of oil spills recovered)
- Climate resilience (description of how sustainability-related risks and opportunities influence capital strategy and investments, and amount invested in renewable energy)
- Business ethics (description of management systems for prevention of corruption)
- Management of the legal and regulatory environment (description of entity positions related to government regulations or policy proposals affecting the industry)
- Critical incident risk management (process safety event rates and description of management systems used to identify and mitigate events),

However, we note that the proposals include detailed, granular requirements in instances, such as location-specific disaggregation or multiple disclosure requirements on one topic. We therefore recommend that the ISSB reconsiders the extent to which these requirements would be likely to lead to material information for primary users and removes any additional content that does not fulfil this purpose, keeping in mind that the principles in IFRS S1 would already require entities to consider the need for additional information if relevant, including disaggregation of metrics.

Please see our overall comments on the proposals in questions 1-4, including our view on the importance of integrating the industry-specific requirements into the architecture of the ISSB Standards as a whole and removing duplicate requirements from the industry-specific content.

10(b) We agree that the proposed updates to the industry description result in a clearer description of the activities of entities in this industry. Replacing 'upstream operations' with 'upstream portions' is helpful in encompassing the whole of the upstream value chain rather than referring to 'own operations' only.

We recommend that language is added to reflect developments in innovation and lower-carbon technologies including alternative delivery models, as we reference in our response to 10(a).

10(c) See our response to 10(a) in addition to the comments below.

The proposed additional topic on operations in conflict areas has a narrow focus, for example in relation to the effects of specific geopolitical events. We recommend the focus should instead be on operations in areas of high risk (including security risks such as sabotage) and include disclosure of working conditions, as well as the risk of human rights abuses, such as forced labour or child labour.

We agree that it is appropriate to merge disclosure requirements on community relations and rights of Indigenous Peoples into one overarching topic, while continuing to identify Indigenous Peoples as an intrinsic group. Entities are likely to address community/affected broader stakeholder considerations as a whole, together with specific policies and approaches appropriate to the needs and rights of Indigenous Peoples.

The proposals for this industry do not include a number of disclosure topics that are included for comparable industries. It would be important for the ISSB to clarify the rationale for their inclusion/exclusion in the basis for conclusions. We have identified the following as relevant topics:

- Energy management (metals & mining): We think this is relevant given the large dependency on energy to power the machinery involved in exploring and producing oil and natural gas
- Labour practices (metals & mining): A large number of workers are employed in this industry, often in hazardous conditions and possibly without sufficient protection of workers' rights across the supply chain. Factors related to collective agreements, working conditions, hours worked, and pay can

support productivity and the reputation of the entity (as evidenced by the activity metrics for this industry on volume of product output).

10(d)

Greenhouse gas emissions (EM-EP-110a.1, EM-EP-110a.2, EM-EP-110a.3, EM-EP-110a.4)

We believe the requirements to disclose scope 1 GHG emissions and targets should be removed from this industry content as they duplicate IFRS S2 requirements (see our response to questions 1 and 2 above). An entity should instead be required to apply the cross-industry requirements on metrics and targets in IFRS S2. We agree with the inclusion of additional industry-specific disclosures on the emissions from flaring, other combustion, vented, and fugitive emissions; GHG emission targets; and scope 1 methane emissions. We strongly recommend further consultation with entities on the more granular requirements (such as disaggregation) to validate their feasibility. Consideration should be given to the need for relief on the required approach for measurement of methane (e.g., where a specific jurisdictional approach is required).

Air quality (EM-EP-120.a.1)

In respect of disaggregation requirements, the ISSB could consider if these are necessary or whether the general principles on aggregation/disaggregation in IFRS S1 would be sufficient.

Ecological impacts (EM-EP-160a.3)

Entities are unlikely to be able to apply consistent definitions and boundaries in relation to environmentally sensitive locations, as set out in paragraphs 3 and 4, even though the proposals include clear high-level principles and references. Different applications of definitions and boundaries would affect the consistency and comparability of related quantitative metrics. We recommend that the ISSB consider to what extent quantitative disclosure is practical at this early stage of reporting on BEES data. We also strongly recommend that the ISSB validate with entities in the industry feasibility of meeting the requirements on 'proved and probable reserves' (including definitions, methodology and commercial sensitivity).

Community relations and rights of Indigenous Peoples (EM-EP-210b.2 and EM-EP-210b.3)

The proposed metrics may be more weighted towards examples of challenges rather than the progress an entity has made with respect to its reconciliation efforts with Indigenous Peoples. Consideration should be given to also include metrics that reflect how entities may interact, collaborate or communicate with Indigenous Peoples, or reconciliation commitments that they may have. Examples may include but are not limited to number of partnerships, employment of Indigenous Peoples, and community investments.

In relation to the metric that is proposed on 'proved and probable reserves', we strongly recommend that the ISSB validate with entities in the industry the feasibility of meeting the requirements (including definitions, methodology, and commercial sensitivity).

Operations in conflict areas (EM-EP-210c.1 and EM-EP-210c.2)

Further to our comment in question 10(c) above, we recommend that the ISSB consider refocusing the metrics under a topic on operations in areas of high risk (including security risks such as sabotage), broadening the disclosure EM-EP-210c.2, and also including the risk of human rights abuse, such as forced labour.

In relation to the metric that is proposed on 'proved and probable reserves', we strongly recommend that the ISSB validate with entities in the industry the feasibility of meeting the requirements (including definitions, methodology, and commercial sensitivity).

Workforce health & safety (EM-EP-320a.1)

We support the update to the metric, replacing ‘fatality rate’ with ‘number of fatalities’, which will lead to more comparable information across entities. A fatality rate is not as comparable for entities that might have different denominators on account of the contractual hours worked or use of an FTE calculation. We question to what extent the metrics on average hours of health, safety, and emergency response training would be decision-useful, as it would not be an indicator of the quality of the processes involved.

Climate resilience

Consistent with our earlier comments on the standards architecture, we consider it important that the requirements are clearly positioned as additional industry-specific content accompanying the requirements on climate resilience in IFRS S2.

Business ethics (EM-EP-510a.1 and EM-EP-510a.2)

Consideration should be given to leveraging (or relying on) existing disclosures that entities may make on their approaches to prevent corruption and bribery, for example, through the Extractive Industries Transparency Initiative.

Activity metrics (EM-EP-000.B, EM-EP-000.C, EM-EP-000.D and EM-EP-000.D)

We acknowledge the importance of labour conditions and health and safety of non-employees as well as employees. However, we expect that entities, especially those with global and complex operations and supply chains, would experience practical difficulties in sourcing reliable data on non-employees. The ISSB could consider introducing relief for preparers if this data is not available without undue cost or effort, for example, by narrowing the scope to non-employees working onsite.

We support the changes to replace the ‘number of sites’ with ‘production’ (i.e., million barrels of oil equivalent) for the onshore and offshore activity metrics, which provides better and more comparable information on the scale of activities.

10(e) We broadly support the amendments to the water management topic summary. The inclusion of references to onshore and offshore makes the summary clearer.

The summary could be further improved by referring to examples of the activities that require water—for example, activities relating to cooling and processing.

However, we note that the proposals include detailed, granular requirements in instances, such as location-specific disaggregation or multiple disclosure requirements on one topic. We therefore recommend that the ISSB validate the extent to which these requirements would be likely to lead to material information for primary users and remove any additional content that does not fulfil this purpose, keeping in mind that the principles in IFRS S1 would already require entities to consider the need for additional information if relevant, including disaggregation of metrics.

10(f) We observe that entities are already reporting total spatial footprint of operations, area disturbed, and area restored, and they could be included in the requirements, to the degree that the information is decision-useful to primary users.

10(g) The oil and gas industry is closely regulated in many jurisdictions, with mandatory disclosure requirements on a wide range of matters. We recommend that the ISSB consider opportunities to reduce duplication in reporting requirements, while still preserving globally comparable and decision-useful information.

There are likely jurisdictional considerations in respect of Indigenous Peoples. In jurisdictions such as Canada, the proposed definition of Indigenous Peoples’ land may result in a high percentage of reserves being classified as in or near Indigenous Peoples’ land. To enhance the relevance and comparability of this metric across jurisdictions, consideration should be given to whether it may be beneficial to refine the metric

to consider, for example, the status of the land on which the entity operates, such as whether it is subject to existing or potential Indigenous Peoples' land claims.

In some other jurisdictions, the term 'Indigenous Peoples' is less commonly used, and consideration should be given to its use in those jurisdictions.

10(h) Please see our responses to questions 4(a) and 4(c).

Question 11 – Oil & Gas – Midstream SASB Standard

The Exposure Draft includes proposals to enhance the *Oil & Gas – Midstream SASB Standard*, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general-purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Oil & Gas – Midstream SASB Standard* as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Oil & Gas – Midstream industry description;
- to add two activity metrics relating to workforce composition and one activity metric for the total operational pipeline under management;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics and add metric EM-MD-110a.3 *Total Scope 1 methane emissions*;
- to revise the Air Quality disclosure topic and associated metric;
- to revise the Ecological Impacts disclosure topic and associated metrics;
 - to add a Workforce Health & Safety disclosure topic and two associated metrics: EM-MD-320a.1 (1) Number of fatalities and (2) total recordable incident rate for (a) employees and (b) non-employee workers; (3) average hours of health, safety and emergency response training; and
 - EM-MD-320a.2 Description of management systems used to foster a safe working environment;
- to revise the Competitive Behaviour disclosure topic and associated metric; and
- to revise the Operational Safety, Emergency Preparedness & Response disclosure topic and associated metrics, including changing the disclosure topic name to Critical Incident Risk Management, and to remove two metrics and add two metrics:
 - EM-MD-540a.5 *Process safety event rates for loss of primary containment (1) events of greater consequence (Tier 1) and (2) events of lesser consequence (Tier 2)*; and
 - EM-MD-540a.6 *Description of management systems used to identify and mitigate low-probability, serious accidents*.

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Oil & Gas – Midstream SASB Standard*? Why or why not?
- (b) Do you agree with the Oil & Gas - Midstream industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Oil & Gas – Midstream SASB Standard*? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Oil & Gas – Midstream SASB Standard*? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Do you agree with the proposed addition of metric EM-MD-110a.3 *Total Scope 1 methane emissions*? Why or why not? If not, what would you suggest instead and why?
- (f) Are there any jurisdictional considerations related to the *Oil & Gas – Midstream SASB Standard* that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (g) Do you have any comments on how the proposed amendments would affect the *Oil & Gas – Midstream SASB Standard*’s interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity’s prospects.)

11(a) Please see our response to question 10(a).

11(b) We agree that the proposed updates to the industry description result in a clearer description of the activities of entities in this industry, including initial transportation through to subsequent liquefaction and regasification. It is helpful that the scope encompasses the operation of storage and distribution terminals as well as those operators that are contracted purely to transport oil and gas.

We recommend that language be added to reflect developments in innovation and lower-carbon technologies, including alternative delivery models, as we reference in our response to 10(a).

11(c) See our response to question 10(a). In addition, the proposals for this industry do not include a number of disclosure topics that are included for comparable industries. It would be important for the ISSB to clarify

the rationale for their inclusion/exclusion in the basis for conclusions. We have identified the following as relevant topics:

- energy management (metals & mining): Energy is needed to power transport activities and storage
- labour practices (metals & mining): A large number of workers are employed in this industry, often in hazardous conditions and possibly without sufficient protection of workers' rights across the supply chain. Factors related to collective agreements, working conditions, hours worked, and pay can support productivity and the reputation of the entity.

11(d)

Greenhouse gas emissions (EM-MD-110a.1, EM-MD-110a.2 and EM-MD-110a.3)

The requirements to disclose scope 1 GHG emissions and targets should be removed from this industry content as they duplicate IFRS S2 requirements (see our response to question 2b) above). An entity should instead be required to apply the cross-industry requirements on metrics and targets in IFRS S2. We agree with the inclusion of additional industry-specific disclosures on Scope 1 GHG emissions targets and scope 1 methane emissions. We recommend further consultation with entities on the more granular requirements (such as disaggregation) to validate their feasibility. Consideration should be given to the need for relief on the required approach for measurement of methane (for example, where a specific jurisdictional approach is required).

Ecological impacts (EM-MD-160a.4)

Entities are unlikely to be able to apply consistent definitions and boundaries in relation to environmentally sensitive locations, even though the proposals include clear high-level principles and references. Different applications of definitions and boundaries would affect the consistency and comparability of related quantitative metrics. We recommend that the ISSB consider to what extent quantitative disclosure is practical at this early stage of reporting on BEES data. We also strongly recommend that the ISSB validate with entities in the industry feasibility of meeting the requirements on 'proved and probable reserves' (including definitions, methodology and commercial sensitivity).

Workforce health & safety (EM-MD-320a.1)

We support the update to the metric, replacing 'fatality rate' with 'number of fatalities', which will lead to more comparable information across entities. A fatality rate is not as comparable for entities that might have different denominators on account of the contractual hours worked or use of an FTE calculation. We question to what extent the metrics on average hours of health, safety, and emergency response training would be decision-useful, as it would not be an indicator of the quality of the processes involved.

Competitive behaviour (EM-MD-520a.1)

We strongly recommend that the ISSB should validate with entities whether they would view expenses incurred from legal proceedings as commercially sensitive, and/or whether existing disclosures in the financial statements would be sufficient to meet the objective.

Critical incident risk management (EM-MD-540a.2)

We recommend that the ISSB clarify what entities should include in the measurement of 'pipelines inspected' as part of this metric. Without clarification, inspection could be interpreted in different ways by entities to include a variety of formal (e.g., regulatory) types and more informal types, which would lead to diversity in practice.

Activity metrics (EM-MD-000.C and EM-MD-000.D)

We acknowledge the importance of labour conditions and health and safety of non-employees as well as employees. However, we expect that entities, especially those with global and complex operations and supply chains, would experience practical difficulties in sourcing reliable data on non-employees.

The ISSB could consider introducing relief for preparers if this data is not available without undue cost of effort, for example, by narrowing the scope to non-employees working onsite.

11(e) We agree with the inclusion of metric EM-MD-110a.3 Total Scope 1 methane emissions given the high global warming potential (GWP) of this GHG and the resulting risks of higher costs associated with regulations and taxes or emissions limiting programmes. We consider it is especially relevant in the context of risks of leakages during storage or transport, particularly from pipelines. We strongly recommend further consultation with entities on the more granular requirements (such as disaggregation) to validate their feasibility. Consideration should be given to the need for relief on the required approach for measurement of methane (e.g., where a specific jurisdictional approach is required).

Consistent with our earlier comments on the standards architecture we consider it important to state clearly that this metric would be relevant as part of the disclosures on scope 1 GHG emissions under IFRS S2, in keeping with the requirement to disaggregate information when it is material.

11(f) Please see our response to question 10(g).

11(g) Please see our responses to questions 4(a) and 4(c).

Question 12 – Oil & Gas – Refining & Marketing SASB Standard

The Exposure Draft includes proposals to enhance the *Oil & Gas – Refining & Marketing* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general-purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Oil & Gas – Refining & Marketing* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Oil & Gas – Refining & Marketing industry description;
- to revise the activity metrics and add two activity metrics relating to workforce composition;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics;
- to revise the Air Quality disclosure topic and associated metrics;
- to revise the Water Management disclosure topic and one associated metric, remove one metric and add metric EM-RM-140a.3 *Total water discharged by (1) destination and (2) level of treatment*;
- to revise the Hazardous Materials Management disclosure topic and associated metrics;
- to add a Workforce Health & Safety disclosure topic and associated metrics;
- to revise the Product Specifications & Clean Fuel Blends disclosure topic and associated metrics;
- to revise the Pricing Integrity & Transparency disclosure topic and associated metric;
- to revise the Management of the Legal & Regulatory Environment disclosure topic and associated metric; and
- to revise the Critical Incident Risk Management disclosure topic and associated metrics and remove one metric

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Oil & Gas – Refining & Marketing* SASB Standard? Why or why not?
- (b) Do you agree with the Oil & Gas – Refining & Marketing industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Oil & Gas – Refining & Marketing* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Oil & Gas – Refining & Marketing* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Are there any jurisdictional considerations related to the *Oil & Gas – Refining & Marketing* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (f) Do you have any comments on how the proposed amendments would affect the *Oil & Gas – Refining & Marketing* SASB Standard’s interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity’s prospects.)

12(a) Please see our response to question 10(a).

12(b) We agree that the proposed updates to the industry description result in a clearer description of the activities of entities in this industry. We think that the description is clearer in connecting the different grades of oil output with their use cases.

There are no references to marketing in the industry description, and we recommend that they are added to the industry description and topic summaries to ensure such activities are explicitly included in the scope.

We recommend that language is added to reflect developments in innovation and lower-carbon technologies, including alternative delivery models, as we reference in our response to 12(a).

12(c) See our response to question 10(a). Additionally, we note that the ‘hazardous materials management’ disclosure topic is described subtly differently for this industry and oil & gas – services from other industries where the terminology ‘waste and hazardous materials management’ is used instead. We recommend using the same terminology for the two disclosure topics.

The proposals for this industry do not include a number of disclosure topics that are included for comparable industries. It would be important for the ISSB to clarify the rationale for their inclusion/exclusion in the basis for conclusions. We have identified the following as relevant topics:

- Energy management (iron & steel): Refineries typically require significant electrical power to operate
- Labour practices (iron & steel): A large number of workers are employed in this industry, often in hazardous conditions and possibly without sufficient protection of workers' rights across the supply chain. Factors related to collective agreements, working conditions, hours worked, and pay can support productivity and the reputation of the entity.

12(d)

Greenhouse gas emissions (EM-RM-110a.1 and EM-RM-110a.2)

We believe the requirements to disclose scope 1 GHG emissions and targets should be removed from this industry content as they duplicate IFRS S2 requirements (see our response to question 2b) above. An entity should instead be required to apply the cross-industry requirements on metrics and targets in IFRS S2. We agree with the inclusion of additional industry-specific disclosures on scope 1 GHG emissions targets.

Hazardous materials management (EM-RM-150a.1)

We agree with the proposal for disclosure of absolute figures rather than percentages for hazardous waste generated and waste recycled. Absolute numbers in this context are more easily comparable between entities rather than percentages, as they can be understood without requiring further context regarding the numerator or denominator.

Workforce health & safety (EM-RM-320a.1)

We support the update to the metric, replacing 'fatality rate' with 'number of fatalities', which will lead to more comparable information across entities. A fatality rate is not as comparable for entities that might have different denominators on account of the contractual hours worked or use of an FTE calculation. We question to what extent the metrics on average hours of health, safety, and emergency response training would be decision-useful, as it would not be an indicator of the quality of the processes involved.

Product specifications & clean fuel blends (EM-RM-410a.2)

We agree with the proposal to replace 'market share' with 'revenue' as it facilitates better connectivity with financial information.

Pricing integrity & transparency (EM-RM-520a.1)

We strongly recommend that the ISSB should validate with entities whether they would view expenses incurred from legal proceedings as commercially sensitive, and/or whether existing disclosures in the financial statements would be sufficient to meet the objective.

Critical incident risk management (EM-RM-540a.3)

While we note this disclosure would not require quantitative information about an entity's KPIs in relation to tier 3 and tier 4, we recommend that the ISSB validate that this additional layer of disclosure (i.e., beyond tiers 1 and 2) is practical for entities to measure and disclose, and decision-useful to primary users.

Activity metrics (EM-RM-000.C and EM-RM-000.D)

We acknowledge the importance of labour conditions and the health and safety of non-employees as well as employees. However, we expect that entities, especially those with global and complex operations and supply chains, would experience practical difficulties in sourcing reliable data on non-

employees. The ISSB could consider introducing relief for preparers if this data is not available without undue cost of effort, for example, by narrowing the scope to non-employees working onsite.

12(e) Please see our response to question 10(g).

12(f) Please see our responses to questions 4(a) and 4(c).

Question 13 – Oil & Gas – Services SASB Standard

The Exposure Draft includes proposals to enhance the *Oil & Gas – Services* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general-purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Oil & Gas – Services* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Oil & Gas – Services industry description;
- to revise one activity metric, remove three activity metrics and add two activity metrics relating to workforce composition;
- to revise the Emissions Reduction Services & Fuels Management disclosure topic and one associated metric, including changing the disclosure topic name to Greenhouse Gas Emissions, and to remove metric EM-SV-110a.3 and add metric EM-SV-110a.4 (1) *Gross Scope 1 emissions* and (2) *percentage subject to emissions-limiting regulations*;
- to add an Air Quality disclosure topic and associated metric EM-SV-120a.1 *Air pollutant emissions: (1) NOx (excluding N2O), (2) SOx, (3) volatile organic compounds and (4) particulate matter*;
- to revise the Water Management Services disclosure topic and an associated metric, including changing the disclosure topic name to Water Management, and to remove metric EM-SV-140a.1 and add two metrics:
 - EM-SV-140a.3 (1) *Total water withdrawal, by source, (2) total water consumed; (3) percentages of water (a) withdrawn and (b) consumed from water-stressed locations*; and
 - EM-SV-140a.4 *Total water discharged by (1) destination and (2) level of treatment*;
- to revise the Chemicals Management disclosure topic and an associated metric, including changing the disclosure topic name to Hazardous Materials Management, and remove metric EM-SV-150a.1;
- to revise the Ecological Impact Management disclosure topic and associated metrics, including changing the disclosure topic name to Ecological Impacts, and remove metric EM-SV-160a.1;
- to revise the Workforce Health & Safety disclosure topic and associated metrics;
- to revise the Business Ethics & Payments Transparency disclosure topic and associated metrics, including changing the disclosure topic name to Business Ethics;
- to revise the Management of the Legal & Regulatory Environment disclosure topic and associated metric; and
- to revise the Critical Incident Risk Management disclosure topic and associated metric

The section on 'Proposed amendments to the SASB Standards' in the Basis for Conclusions sets out the ISSB's reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Oil & Gas – Services* SASB Standard? Why or why not?
- (b) Do you agree with the Oil & Gas – Services industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Oil & Gas – Services* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Oil & Gas – Services* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) The proposed amendments discussed in paragraphs BC126–BC130 would revise, add and remove a series of metrics in the *Oil & Gas – Services* SASB Standard to better reflect an entity's business activities while 'off-contract'. Do you agree with these proposed amendments? Why or why not? If not, what would you suggest instead and why?
- (f) Are there any jurisdictional considerations related to the *Oil & Gas – Services* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (g) Do you have any comments on how the proposed amendments would affect the *Oil & Gas – Services* SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity's prospects.)

13(a) Please see our response to question 10(a).

13(b) We agree that the proposed updates to the industry description result in a clearer description of the activities of entities in this industry.

We recommend that language is added to reflect developments in innovation and lower-carbon technologies, including alternative delivery models, as we reference in our response to 10(a).

13(c) See our response to question 10(a).

We note that the ‘hazardous materials management’ disclosure topic is described subtly differently for this industry and oil & gas – refining & marketing from other industries where the terminology ‘waste and hazardous materials management’ is used instead. We recommend using the same terminology for the two disclosure topics.

The proposals for this industry do not include a number of disclosure topics that are included for comparable industries. It would be important for the ISSB to clarify the rationale for their inclusion/exclusion in the basis for conclusions. We have identified energy management as a relevant topic (entities in this industry require energy for drilling under contract and other activities).

13(d)

Greenhouse gas emissions (EM-SV-110a.1, EM-SV-110a.2 and EM-SV-110a.4)

We believe the requirements to disclose scope 1 GHG emissions and targets should be removed from this industry content as they duplicate IFRS S2 requirements (see our response to questions 1 and 2 above). An entity should instead be required to apply the cross-industry requirements on metrics and targets in IFRS S2.

We agree with the inclusion of additional industry-specific disclosures on total fuel consumed and renewable power consumed, and services and percentage subject to emissions limiting regulations.

Water management (EM-SV-140a.2)

The requirements on describing water-related risks and opportunities and strategies to manage them are notably granular and could be streamlined so that disclosure focuses on the strategic matters.

Workforce health & safety (EM-SV-320a.1)

We support the update to the metric, replacing ‘fatality rate’ with ‘number of fatalities’, which will lead to more comparable information across entities. A fatality rate is not as comparable for entities that might have different denominators on account of the contractual hours worked or use of an FTE calculation. We question to what extent the metrics on average hours of health, safety, and emergency response training would be decision-useful, as it would not be an indicator of the quality of the processes involved.

Activity metrics (EM-SV-000.A-F and EM-SV-000.F)

We acknowledge the importance of labour conditions and health and safety of non-employees as well as employees. However, we expect that entities, especially those with global and complex operations and supply chains, would experience practical difficulties in sourcing reliable data on non-employees. The ISSB could consider introducing relief for preparers if this data is not available without undue cost of effort, for example, by narrowing the scope to non-employees working onsite.

13(e) We broadly agree with the rationale for the proposed amendments and the resulting simplification of the requirements. We think it is helpful to distinguish between ‘on contract’ and ‘off contract’, and we agree that the approach better reflects the nature of off contract activities.

While we do not disagree with the analysis in BC127 on the amount of control a services entity may have over field operations while on contract, it should not be implied that no such contracts result in meaningful control of planning, design, and operational decisions. We therefore believe that guidance should be included in the standard, or clarification made in the Basis for Conclusions, that a services entity should assess the nature of the control it has over the fulfilment of the services according to its facts and circumstances. In some cases, the level of control might be such that the entity would, in fact, come in scope of other segments, such as exploration and production or midstream, and it would therefore need to consider the relevant (broader) disclosures for those activities.

13(f) Please see our response to question 10(g).

13(g) Please see our responses to questions 4(a) and 4(c).

Question 14 – Processed Foods SASB Standard

The Exposure Draft includes proposals to enhance the *Processed Foods* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general-purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Processed Foods* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers

The ISSB proposes:

- to revise the Processed Foods industry description;
- to revise the Energy Management disclosure topic and associated metric;
- to revise the Water Management disclosure topic and associated metrics, remove metric FB-PF-140a.2 and add new metric FB-PF-140a.4 *Total water discharged by (1) destination and (2) level of treatment*;
- to revise the Food Safety disclosure topic and an associated metric, remove metrics FB-PF-250a.1, FB-PF-250a.2 and FB-PF-250a.3, and add two new metrics:
 - FB-PF-250a.5 *Percentage of production volume from sites certified to internationally recognised food safety standards for (1) own operations and (2) co-packing operations*; and
 - FB-PF-250a.6 *Processes, controls and procedures for ensuring food safety throughout the value chain*;
- to revise the Health & Nutrition disclosure topic and associated metrics by removing metrics FB-PF-260a.1 and FB-PF-260a.2, and adding three new metrics:
 - FB-PF-260a.3 *Approach and strategy for managing health and nutrition attributes of product portfolio, including any targets set to monitor progress*;
 - FB-PF-260a.4 *Revenue from products classified as healthy by a recognised nutrient profile model*; and
 - FB-PF-260a.5 *Revenue from products sold (1) in jurisdictions that require health warning labels and (2) that are required to carry a health warning label*;
- to revise the Product Labelling & Marketing disclosure topic and associated metrics by removing metrics FB-PF-270a.1, FB-PF-270a.2 and FB-PF-270a.4, and adding two new metrics:
 - FB-PF-270a.5 *Description of marketing policy and related governance and oversight processes*; and
 - FB-PF-270a.6 *Revenue from products sold (1) in jurisdictions that restrict the advertising of specific products to children and (2) subject to regulations that restrict the advertising of specific products to children*;
- to revise the Packaging Lifecycle Management disclosure topic and associated metrics;
- to add a Product Innovation disclosure topic and associated metric FB-PF-410b.1 *Use of innovation in food products to address sustainability-related risks and opportunities*;
- to remove the Environmental & Social Impacts of Ingredient Supply Chain and Ingredient Sourcing disclosure topics and all associated metrics, and replace them with new Environmental Supply Chain Management and Social Supply Chain Management disclosure topics;
- to add three metrics to the proposed Environmental Supply Chain Management disclosure topic:
 - FB-PF-430b.1 *Percentages of sourced commodities determined to be deforestation- or conversion-free, including any targets set to monitor progress*;
 - FB-PF-430b.2 *Priority commodities and products that are sensitive to environmental risks in the supply chain*;
 - FB-PF-430b.3 *Description of strategies to manage environmental resources and implement sustainable agriculture practices in the supply chain*;
- to add three metrics to the proposed Social Supply Chain Management disclosure topic:
 - FB-PF-430c.1 *Processes, controls and procedures for managing labour conditions and impacts on local communities in the supply chain, including human rights due diligence*;
 - FB-PF-430c.2 *Percentages of sourced commodities certified to internationally recognised standards that trace the path of products through the supply chain*; and
 - FB-PF-430c.3 *Percentage of high-risk suppliers subject to an independent third-party audit or verification in the previous three years, with description of non-conformances and corrective actions*.

The section on 'Proposed amendments to the SASB Standards' in the Basis for Conclusions sets out the ISSB's reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Processed Foods* SASB Standard? Why or why not?
- (b) Do you agree with the Processed Foods industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Processed Foods* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Processed Foods* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?

- (e) Are there any jurisdictional considerations related to the Processed Foods SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (f) Do you have any comments on how the proposed amendments would affect the Processed Foods SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity's prospects.)

14(a) We broadly agree with the proposed disclosure topics. However, the ISSB should take the opportunity through these amendments to rationalise further the industry-based content. In particular, we believe that the ISSB should focus its proposals on material information about entities' drivers of value and risk and key performance indicators. The industry metrics and guidance should be limited to disclosures that are truly common within a particular industry, appropriately giving recognition to the need for entity-specific disclosures to fulfil the fair presentation requirement and enable entities to 'tell their story' rather than providing long lists or tables of metrics and disclosures.

We agree that energy management, water management, food safety, health & nutrition, packaging management, and supply chain management are most commonly considered by entities in this industry as principal risks and/or KPIs.

In addition, we observe GHG emissions and management of the legal and regulatory environment, and business ethics are also frequently reflected by companies in principal risks and/or KPIs. The carbon footprint of entities in this industry is likely to be of interest to investors, in particular indirect emissions (scope 3), which may make up the largest proportion of the total emissions, arising from production of raw ingredients, production, packaging, transportation, and other upstream and downstream emissions. This highlights the importance of entities applying the cross-industry metrics in IFRS S2, which include GHG emissions and the need for the clarity in the architecture of standards that we emphasise in the cover letter and throughout this response.

We observe that the following metrics are commonly disclosed in relation to principal risks/KPIs:

- GHG emissions
- Energy management (total energy consumed, purchased electricity consumed, and renewable electricity consumed from self-generation)
- Water management (total water consumed, percentages of water consumed from water-stressed locations, water discharged (and related quality), water withdrawn from water-stressed locations)
- Food safety (description of recalls issued for food safety reasons)
- Product labelling & marketing (description of marketing policy and related governance and oversight processes)
- Packaging management (total weight of packaging, percentage made from recycled or renewable materials, and percentage that is designed to be recyclable, reusable, or compostable)
- Environmental supply chain management (percentages of sourced commodities determined to be deforestation- or conversion free, including any targets set to monitor progress)
- Social supply chain management (processes, controls, and procedures for managing labour conditions and impacts on local communities in the supply chain, including human rights due diligence).

However, we note that the proposals include detailed, granular requirements in instances, such as location-specific disaggregation or multiple disclosure requirements on one topic. We therefore recommend that the ISSB reconsiders the extent to which these requirements would be likely to lead to material information for primary users and removes any additional content that does not fulfil this purpose, keeping in mind that the

principles in IFRS S1 would already require entities to consider the need for additional information if relevant, including disaggregation of metrics.

Please see our overall comments on the proposals in questions 1-4, including our view on the importance of integrating the industry-specific requirements into the architecture of the ISSB Standards as a whole and removing duplicate requirements from the industry-specific content.

14(b) We agree that the proposed updates to the industry description result in a clearer description of the activities of entities in this industry. We think that the description is more explicit in encompassing broader upstream and midstream activities, for example, more strongly referring to the inputs in the upstream. Further, the description of the customers that processed food entities sell to provides more helpful detail than the existing description.

14(c) We agree with the inclusion of the environmental and social supply chain management topics. We think the approach taken rationalises and clarifies the existing topics (environmental and social impacts of ingredient supply chain and ingredient sourcing).

We agree with the addition of the product innovation topic, which would support the existing requirements in IFRS S1, for example, in IFRS S1:33(a) and IFRS S1:35(c)(i) on the strategic response to sustainability-related risks and opportunities, including financing. However, there is considerable overlap with the disclosure requirement in paragraph 5 of FB-PF-430b.2, and we recommend the two are rationalised.

14(d)

Water management (FB-PF-140a.3)

The requirements on describing water-related risks and opportunities and strategies to manage them are notably granular and could be streamlined so that disclosure focuses on the strategic matters.

Food safety (FB-PF-250a.5 and FB-PF-250a.4)

The change from the number of recalls issued for food safety reasons (FB-PF-250a.4) to a description of each recall (including a digital link to the recall) could lead to overly-granular disclosures. We strongly recommend the ISSB undertake further cost-benefit analysis and look for more proportionate alternatives. For example, providing information on the number of recalls together with a description of the most significant (risk to consumers, scale of recall) and the related outcomes (such as legal proceedings or corrective action) could be more relevant to primary users.

Product labelling and marketing (FB-PF-270a.3)

While we agree that disclosure on this topic is relevant information, the proposed change from the number of incidents of non-compliance with industry or regulatory labelling or marketing codes to a description of each incident could lead to overly-granular disclosures. We strongly recommend the ISSB undertake further cost-benefit analysis and look for more proportionate alternatives. For example, providing higher-level information on the number of incidents together with a description of the most significant (severity of misinformation to consumers, scale of misinformation) and the related outcomes (such as legal proceedings or corrective action) could be more relevant to primary users.

Environmental supply chain management (FB-PF-430b.1 and FB-PF-430b.2)

Paragraph 1.1 of FB-PF-430b.2 introduces a concept of 'priority commodities' and a related definition. In the definition, we recommend that the ISSB considers expanding the 'largest food ingredient expense' to the 'largest food ingredient expense or proportion of the product's ingredients'. We also recommend this definition is applied to paragraph 1.4 in FB-PF-430b.1 for consistency.

Paragraphs 3-4 of FB-PF-430b.2 duplicate narrative disclosures in IFRS S1 and we do not consider they are needed in this standard. As we note above in question 14(c), paragraph 5 has much in common with the disclosure requirement under product innovation and we consider they could be rationalised.

Social supply chain management (FB-PF-430c.1)

Paragraph 5 relating to governance and oversight duplicates content in IFRS S1 and should be removed from these proposals.

14(e) We have no comment on this question.

14(f) Please see our responses to questions 4(a) and 4(c).

Question 15 – Proposed targeted amendments to the SASB Standards

Beyond the amendments proposed to the nine priority SASB Standards, the ISSB proposes that the corresponding metrics in other SASB Standards be aligned to maintain consistent disclosures on these common topics among industries where appropriate. Forty-one additional industries would be affected by the proposed targeted amendments.

The ISSB proposes targeted amendments to the metrics in other SASB Standards for:

- Greenhouse gas emissions;
- Energy management;
- Water management;
- Labour practices; and
- Workforce health and safety

Paragraphs BC47–BC48 of the Basis for Conclusions set out the ISSB’s reasoning for proposing the targeted amendments. The section on ‘Proposed amendments for the SASB Standards’ in the Basis for Conclusions sets out the reasoning for specific amendments to the topics noted above. Appendix A to the Basis for Conclusions contains a full list of SASB Standards and metrics within those that would be affected by the targeted amendments.

- (a) Do you agree with the proposal to align corresponding metrics in other SASB Standards beyond the nine priority industries to maintain consistent disclosures on these common topics in industries subject to equivalent disclosure requirements? Do you agree that doing so would improve the comparability of information? Why or why not?
- (b) Do you agree that these proposed targeted amendments should be implemented before completing a comprehensive review of each of the SASB Standards affected by these amendments? Do you agree that this approach would support the objective of enhancing the SASB Standards to provide timely support to entities in applying IFRS S1? Why or why not?
- (c) Do you agree with the proposed targeted amendments associated with greenhouse gas emissions? Why or why not?
- (d) Do you agree with the proposed targeted amendments associated with energy management? Why or why not?
- (e) Do you agree with the proposed targeted amendments associated with water management? Why or why not?
- (f) Do you agree with the proposed targeted amendments associated with labour practices? Why or why not?
- (g) Do you agree with the proposed targeted amendments associated with workforce health and safety? Why or why not?
- (h) Are the proposed targeted amendments to the additional 41 industries appropriate and relevant for the individual SASB Standards? Are there any jurisdictional considerations related to these SASB Standards that have not been addressed in the proposals for targeted amendments that should be taken into account? If so, please explain.
- (i) Do you agree that the proposed targeted amendments to the SASB Standards would enhance the interoperability and alignment with other sustainability-reporting standards and frameworks? Why or why not? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity’s prospects.)

15(a) We agree with the proposal to make targeted consequential and related amendments to 41 SASB industry standards. This will particularly benefit preparers of entities that have activities across multiple industries and should enhance the consistency of the disclosed information across entities more generally, supporting enhanced comparability of the information across entities. However, we have not undertaken a detailed exercise to validate that the proposed amendments for these 41 standards would be practical to implement by entities with activities in those industries.

Notwithstanding our support, we note that the proposals include detailed, granular requirements in instances, such as location-specific disaggregation or multiple disclosure requirements on one topic. We therefore encourage the ISSB to reconsider the extent to which these requirements would be likely to lead to material information for primary users and remove any additional content that does not fulfil this purpose, keeping in mind that the principles in IFRS S1 would already require entities to consider the need for additional information if relevant, including disaggregation of metrics.

Moreover, we encourage the ISSB to engage further with entities to assess the extent to which it is practical for them to obtain the data for detailed quantitative disclosure on the specific metrics proposed (and to what extent it would be possible to rely on qualitative information such as on the extent to which an entity’s policies could provide sufficient understanding of an entity’s approach to identifying and responding to these risks and opportunities).

15(b) We broadly agree that targeted amendments should be implemented before completing a full review of the standards themselves. Such targeted amendments should benefit primary users through enhanced comparability across industries and also help preparers who operate across multiple SASB industries.

15(c) Please see our responses to questions 2(b) and 3 regarding GHG emissions. In particular, we believe that the ISSB should remove duplicate content (e.g., Scope 1 GHG emissions) from the industry-based content.

15(d) Please see our response to questions 2(b) and 4 regarding energy management.

15(e) Please see our response to questions 2(b) and 4 regarding water management.

15(f) Please see our response to questions 2(b) and 4 regarding labour practices.

15(g) Please see our response to questions 2(b) and 4 regarding workforce health and safety.

15(h) Please see our response to question 2(b) and 15(a).

15(i) Please see our response to question 2(b) regarding interoperability.