



May 2023

Exposure Draft

IFRS[®] Sustainability Disclosure Standard

Methodology for Enhancing the International Applicability of the SASB[®] Standards and SASB Standards Taxonomy Updates

Comments to be received by 9 August 2023

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Exposure Draft ISSB/ED/2023/1 *Methodology for Enhancing the International Applicability of the SASB® Standards and SASB Standards Taxonomy Updates* is published by the International Sustainability Standards Board (ISSB) for comment only. Comments need to be received by **9 August 2023** and should be submitted via the electronic survey at https://ifrs.qualtrics.com/jfe/form/SV_6o2bqaG22DiUTqu or by email to commentletters@ifrs.org or online at <https://www.ifrs.org/projects/open-for-comment/>.

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METHODOLOGY FOR ENHANCING THE INTERNATIONAL APPLICABILITY OF THE SASB® STANDARDS AND
SASB STANDARDS TAXONOMY UPDATES

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[Draft] *Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates* is set out in paragraphs [1–19] and Appendices A–C.

Introduction

Why is the ISSB publishing this Exposure Draft?

- IN1 IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) will provide the general requirements for an entity to disclose sustainability-related financial information to meet the needs of global capital markets. This information will include the relevant risks and opportunities that could reasonably be expected to affect the entity’s cash flows; access to finance; or cost of capital over the short, medium or long term. Entities will be required to consider the Sustainability Accounting Standards Board (SASB) Standards, in the absence of specific IFRS Sustainability Disclosure Standards, to identify sustainability-related risks and opportunities and to develop appropriate disclosures. To support this approach, the International Sustainability Standards Board (ISSB) has decided to review and consider amendments to the SASB Standards metrics that include jurisdiction-specific content, to ensure they are suitable for application by stakeholders internationally.
- IN2 This Exposure Draft sets out the methodology proposed by the ISSB for amending SASB Standards metrics to enhance their international applicability. This Exposure Draft also includes the proposed approach for updating the digital SASB Standards Taxonomy to reflect amendments made to the SASB Standards.
- IN3 The proposed scope of application of the methodology described in this Exposure Draft excludes all SASB Standards metrics included in Exposure Draft IFRS S2 *Climate-related Disclosures* (Draft IFRS S2) published in March 2022. Draft IFRS S2 sets out proposed amendments to the climate-related metrics from the SASB Standards.

Summary of proposed methodology

- IN4 The ISSB seeks to enhance the international applicability of non-climate-related metrics in the SASB Standards. Such enhancements will preserve the structure, completeness and intent of the SASB Standards. The enhancements are designed to ensure that entities can apply the SASB Standards regardless of the jurisdiction in which they operate or the type of generally accepted accounting principles (GAAP) they apply.
- IN5 The proposed methodology builds on the approaches used to enhance the international applicability of the industry-based climate-related disclosures, as described in Appendix B of Draft IFRS S2 and the associated Basis for Conclusions. Those approaches have been refined based on feedback on Draft IFRS S2. However, the methodology and associated ISSB deliberations

described in this Exposure Draft are separate from the ISSB discussions regarding climate-specific disclosures in Draft IFRS S2. As agreed when redeliberating Draft IFRS S2, the ISSB will continue to consider the international applicability of industry-specific disclosures in IFRS S2 as part of its future work.

Summary of SASB Standards Taxonomy updates

- IN6 The SASB Standards Taxonomy allows preparers to digitally tag information disclosed when applying the SASB Standards. This digital tagging makes the information disclosed machine-readable so that users of general purpose financial reports can collect, use and compare entity-reported information more easily.
- IN7 The SASB Standards Taxonomy reflects the SASB Standards' content, and so any amendments to that content also may require corresponding updates to the SASB Standards Taxonomy. The proposed methodology in this Exposure Draft will allow the SASB Standards Taxonomy to be updated to align with all amendments to the SASB Standards.

Due process provisions applicable to the Exposure Draft

- IN8 The ISSB assumed responsibility for the maintenance and enhancement of the SASB Standards after the Value Reporting Foundation and the IFRS Foundation were consolidated in August 2022. The SASB Standards will serve as an important source of guidance to help entities produce relevant and comparable disclosures when applying IFRS S1 in the absence of specific IFRS Sustainability Disclosure Standards.
- IN9 Because the IFRS Foundation had no directly applicable due process to oversee the maintenance and enhancement of the SASB Standards, the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC) approved a process in October 2022 for the ISSB to amend the SASB Standards. Built on concepts in the International Accounting Standards Board (IASB) *Due Process Handbook*, the review process for developing IASB education material and the IASB ratification process for the publication of final IFRS Interpretations Committee (IFRIC) updates, this amendment process is designed to balance efficiency and effectiveness when discussing and voting on proposed exposure drafts or amendments to the SASB Standards.
- IN10 The DPOC also agreed the ISSB could consult on the proposed methodology to enhance the SASB Standards' international applicability and then publish a draft of proposed amendments on the IFRS Foundation website for public review, instead of including all the proposed amendments in the Exposure Draft for public comment.
- IN11 In February 2023, the DPOC approved the due process for updating the SASB Standards Taxonomy when amending the SASB Standards. Instead of publishing a proposed SASB Standards Taxonomy update description separately, the ISSB has included a discussion of the proposed taxonomy modelling approach in this Exposure Draft.

Next steps

- IN12 During the public comment period for this Exposure Draft, the ISSB intends:
- (a) to hold discussions on both the proposed methodology to update non-climate-related SASB Standards metrics and specific metric amendments;
 - (b) to consult a broad range of stakeholders, with a focus on jurisdictions less familiar with the SASB Standards; and
 - (c) to consider feedback on this Exposure Draft and comments made during consultations to improve the proposed methodology and associated amendments to the SASB Standards.
- IN13 The ISSB will consider feedback on this Exposure Draft and decide how to proceed with the proposed amendments to the SASB Standards and corresponding updates to the SASB Standards Taxonomy.
- IN14 The ISSB plans to promptly issue any such amendments to the SASB Standards and the SASB Standards Taxonomy to facilitate the implementation and application of IFRS S1.

Invitation to comment

The ISSB invites comments on the proposals in this Exposure Draft, particularly regarding the questions raised in the 'Questions for respondents' section. The ISSB is requesting comments only on matters discussed in this Exposure Draft. Comments are more helpful if they:

- (a) answer the questions as stated;
- (b) specify the paragraph(s) to which they relate;
- (c) contain a clear rationale; and
- (d) include any alternative the ISSB could consider, if applicable.

Questions for respondents

Question 1—Methodology objective

This Exposure Draft describes the proposed methodology to amend non-climate-related SASB Standards metrics to enhance their international applicability when they contain a jurisdiction-specific reference.

- (a) Are the scope of the intended enhancements and the objective of the proposed methodology stated clearly in paragraph 9? If not, why not?
- (b) Are the constraints of the objective as listed in paragraph 9 (preserving structure and intent, decision-usefulness and cost-effectiveness) appropriate? Why or why not?
- (c) Should any other objective(s) or constraint(s) be included in the proposed methodology? If so, what alternative or additional objective(s) or constraint(s) would you suggest? How would these add value to the proposed methodology?

Question 2—Overall methodology

This Exposure Draft explains the proposed methodology to amend the SASB Standards metrics to enhance their international applicability when they contain jurisdiction-specific references.

- (a) Do you agree that the proposed methodology would enhance the international applicability of the SASB Standards metrics? If not, what alternative approach do you suggest and why?

Question 3—Revision approaches

This Exposure Draft explains five revision approaches to enhance the international applicability of non-climate-related SASB Standards metrics. Every disclosure topic, metric and technical protocol amended using the methodology will apply these five revision approaches, either individually or in combination. The methodology begins with Revision Approach 1, which uses internationally recognised frameworks and guidance to define relevant terms of reference.

- (a) Do you agree that replacing jurisdiction-specific references with internationally recognised frameworks and guidance – if identified – should be the first course of action? If not, why not?
- (b) If Revision Approach 1 is not feasible, do you agree that using the remaining four revision approaches would enhance the international applicability of the SASB Standards? Why or why not?
- (c) Could the revised metrics resulting from any specific revision approaches or combination of approaches pose problems for the preparers applying them? Why or why not?
- (d) Do you agree with the criteria for determining which of the proposed revision approaches applies in different circumstances? Why or why not? What changes to the criteria would you recommend and why?

Question 4—SASB Standards Taxonomy Update objective

This Exposure Draft describes the proposed approach to updating the SASB Standards Taxonomy to reflect amendments to the SASB Standards.

- (a) Do you agree with the proposed methodology to update the SASB Standards Taxonomy to reflect changes to the SASB Standards? Why or why not? If you do not agree, what alternative approach would you recommend and why?

Question 5—Future SASB Standards refinements

This Exposure Draft focuses specifically on the first phase of narrow-scope work to amend the SASB Standards metrics in accordance with the proposed methodology to enhance their international applicability when they contain jurisdiction-specific references. In subsequent phases, the ISSB will consider further enhancements to the SASB Standards to improve their decision-usefulness, balance their cost-effectiveness for preparers and ensure their international relevance.

- (a) What other methods, considerations or specific amendments would be useful to guide the ISSB's future work of refining the SASB Standards to support the application of IFRS S1? Why would they be useful?
- (b) Do you have any specific comments or suggestions for the ISSB to consider in planning future enhancements to the SASB Standards?

Deadline

The ISSB will consider all written comments and responses received by 9 August 2023.

How to comment

The ISSB encourages you to submit your comments electronically using the online survey:

Survey https://ifrs.qualtrics.com/jfe/form/SV_6o2bqaG22DiUTqu

Alternatively, the ISSB will accept comment letters submitted electronically:

Online <https://www.ifrs.org/projects/open-for-comment/>

By email commentletters@ifrs.org

Your comments will be on the public record and posted on our website unless you request confidentiality and we grant your request. We do not normally grant such requests unless they are supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data. If you would like to request confidentiality, please contact us at commentletters@ifrs.org before submitting your letter.

Proposed methodology for enhancing the international applicability of the SASB Standards

Overview

- 1 Adopted by more than 2,500 entities operating in over 70 jurisdictions, the Sustainability Accounting Standards Board (SASB) Standards consist of 77 industry-based sustainability-related disclosure standards. They include industry descriptions, disclosure topics and associated reporting metrics to help entities identify and disclose sustainability-related risks and opportunities that provide useful information for users of general purpose financial reports. The International Sustainability Standards Board (ISSB) is responsible for the stewardship of the SASB Standards, including enhancing their international applicability.
- 2 The SASB Standards serve as a primary source of guidance for applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) to help entities produce relevant and comparable disclosures in the absence of specific IFRS Sustainability Disclosure Standards.
- 3 Some of the guidance supporting the SASB Standards metrics currently uses definitions, terminology or references to jurisdiction-specific laws and regulations that can make that guidance difficult to apply in other jurisdictions.
- 4 These challenges were known when the Exposure Draft for IFRS S2 *Climate-related Disclosures* (Draft IFRS S2) was developed. Appendix B of Draft IFRS S2, which includes industry-based climate-related disclosures based on the SASB Standards, proposed amendments to enhance the international applicability of the climate-related disclosures in the SASB Standards. When IFRS S2 is published, the ISSB plans to release an update to the corresponding SASB Standards to align the climate-related industry-specific disclosures in the SASB Standards with the content in IFRS S2.
- 5 Accordingly, the scope of the proposed methodology in this Exposure Draft would apply to those SASB Standards metrics not amended when IFRS S2 is issued. These disclosures are described as ‘non-climate-related SASB Standards metrics’ in this Exposure Draft. Such disclosures include sustainability-related topics like air emissions, biodiversity, community engagement and human capital management.
- 6 The scope of any SASB Standards Taxonomy updates would align with the scope of amendments to the SASB Standards associated with this Exposure Draft and any changes to the SASB Standards arising from the issuing of IFRS S2.

Methodology

- 7 When issuing IFRS S2, the ISSB plans to amend the SASB Standards metrics to align the metrics in IFRS S2 with those that also are included in the SASB Standards, thus removing inconsistencies with the industry-specific guidance in IFRS S2. This Exposure Draft sets out the ISSB's proposed methodology for enhancing the international applicability of the remaining SASB Standards metrics. The methodology builds on the approaches used to enhance the international applicability of the climate-related SASB Standards metrics included in the industry-specific guidance in Appendix B of Draft IFRS S2.
- 8 This Exposure Draft is part of a targeted exercise by the ISSB to ensure that entities referring to the SASB Standards in applying IFRS S1 can use the relevant metrics in different jurisdictions, regardless of where a preparer operates. The objective of the methodology proposed in this Exposure Draft is to enhance the international applicability of the SASB Standards without substantially changing the structure or original intent of the content. The methodology also is designed to ensure the amendments preserve the decision-usefulness of the SASB Standards for users of general purpose financial reports and the amendments do not increase the costs of application for preparers. For example, an entity already using the SASB Standards could continue to provide the same disclosures irrespective of whether the SASB Standards are amended using this methodology. The proposed methodology is intended to make the SASB Standards metrics applicable in any jurisdiction; the methodology also will revise language in the SASB Standards that is specific to particular jurisdictions. Likewise, an entity using the amended SASB Standards would be able to do so whether it applies IFRS Accounting Standards or other generally accepted accounting principles (GAAP).
- 9 The ISSB has identified the non-climate-related SASB Standards metrics that rely on jurisdiction-specific references to define the metric's scope, methods or parameters. In descending order of preference, amendments to the SASB Standards metrics would be made by revision approaches:
- (a) substituting available internationally applicable references for standards, definitions or calculation methods to replace jurisdiction-specific references;
 - (b) providing more generalised references for standards, definitions or calculation processes to replace jurisdiction-specific references;
 - (c) adopting generalised jurisdictional references to enable preparers to use applicable jurisdictional laws, regulations, methodologies or guidance to replace jurisdiction-specific references;
 - (d) removing—in a limited number of cases—disclosure metrics that are ill-adapted for international application or have no identified international equivalents outside specific jurisdictions; and

- (e) removing and replacing jurisdiction-specific metrics when a relevant replacement can be identified to preserve the disclosure topic's integrity—aligning with the intent of the original metric as much as possible based on research—to meet the needs of users of general purpose financial reports.
- 10 The methodology focuses on procedural revisions and avoids substantive amendments to the SASB Standards metrics' original content. Appendix A of this Exposure Draft sets out the proposed revision approaches. Appendix B contains illustrative examples using each revision approach to show how the proposed methodology would be applied. Appendix C provides two sets of representative metrics from two different industries, giving examples of how SASB Standards could be revised in accordance with the proposed methodology.
- 11 Depending on the complexity of a specific metric, its associated technical protocols can include many terms, definitions and calculation methods potentially referencing a range of sources. As shown in Appendix C, the methodology's revision approaches often are combined in practice to enhance the international applicability of the various separate but related elements within a metric's technical protocols. For instance, an internationally recognised framework (Revision Approach 1) may be cited as a suitable alternative to using applicable jurisdictional laws or regulations (Revision Approach 3) if a preparer's jurisdiction lacks relevant legal or regulatory frameworks. Often, providing clearly defined terms in the proposed amendments (Revision Approach 2) augments references to applicable jurisdictional laws or regulations (Revision Approach 3) or internationally recognised frameworks (Revision Approach 1). These defined terms can help a preparer better understand the metric's context for application.
- 12 The methodology's targeted focus balances enhancing international applicability across a significant volume of content with supporting timely implementation and application of IFRS S1.
- 13 This narrow-scope project is separate from any broader considerations regarding the international applicability of the SASB Standards, including work the ISSB has agreed to consider for potential further enhancements to the industry-specific disclosures included as guidance in IFRS S2.

SASB Standards Taxonomy updates

- 14 The SASB Standards Taxonomy updates describe how information in the SASB Standards is captured or 'tagged' for digital reporting. The digital tags used to label information reported when preparers apply the SASB Standards may have to be updated to reflect amendments to the SASB Standards.
- 15 To align with the proposed methodology to enhance the international applicability of the SASB Standards, the ISSB has proposed the SASB Standards Taxonomy be amended:

- (a) to change, as necessary, taxonomy concepts (digital tags) to align with proposed amendments to the SASB Standards using the methods outlined in paragraph 9(a)–(c);
 - (b) to remove, as necessary, taxonomy concepts to align with proposed amendments to the SASB Standards using the method outlined in paragraph 9(d); and
 - (c) to add, as necessary, taxonomy concepts to align with proposed amendments to the SASB Standards using the method outlined in paragraph 9(e).
- 16 Until the SASB Standards Taxonomy is updated to reflect all amendments to the SASB Standards, the ISSB plans to provide an online blacklined version of the SASB Standards showing the original and amended wording. This blacklined version will enable an entity to map necessary adjustments to the SASB Standards Taxonomy to reflect the amended SASB Standards.

Next steps

- 17 During the public comment period for this Exposure Draft, the ISSB plans:
- (a) to hold discussions on both the proposed methodology to amend the non-climate-related SASB Standards metrics and the proposed amendments to specific metrics;
 - (b) to consult a broad range of stakeholders, with a focus on jurisdictions less familiar with the SASB Standards; and
 - (c) to consider feedback on this Exposure Draft and, during outreach, to determine how to proceed with the proposed methodology and associated amendments to the SASB Standards.
- 18 The ISSB will consider comments regarding the proposed methodology and use the feedback to inform the methodology, corresponding amendments to the SASB Standards and potential updates to the SASB Standards Taxonomy. The ISSB's goal is to revise the SASB Standards related to this work before the IFRS S1 effective date.
- 19 The ISSB will consider feedback on the steps outlined in paragraphs 14–15 to determine how to proceed with updates to the SASB Standards Taxonomy structure and design.

Appendix A Revision approaches in detail

- A1 Metrics in the SASB Standards that are not internationally applicable have been identified. These metrics represent 20% of the approximately 1,000 metrics in the SASB Standards. The proposed methodology has been developed to provide targeted amendments to make these metrics more internationally applicable.
- A2 Paragraphs A3–A7 explain the essential concepts underpinning the five revision approaches developed for the methodology.
- A3 Revision Approach 1: The preferred approach is to replace a jurisdiction-specific reference with an equivalent international reference if the information guiding a preparer remains substantially the same, regardless of where the preparer operates. Applying Revision Approach 1 is feasible only if an equivalent international reference can be identified and if the identified reference captures relevant disclosure topic performance in a way that is sufficiently representationally faithful. The SASB Standards metrics identify pertinent aspects of disclosure topic performance for each industry. An equivalent international reference would capture aspects of performance in a comparable way to the original jurisdiction-specific reference being replaced. An international reference means an internationally recognised, globally applicable standard, definition or calculation method:
- (a) by which most jurisdictions abide; and
 - (b) for which jurisdictional equivalents are generally not meaningfully different from the prevalent international standard, definition or calculation method.
- A4 Revision Approach 2: When no relevant international references can be applied, the next preferred approach is to replace the jurisdiction-specific reference with definitions that are likely to be internationally applicable. Revision Approach 2 would be applied instead of Revision Approach 1 when:
- (a) an internationally applicable standard, definition or calculation method has not been identified;
 - (b) the underlying concept is understood widely, such that a specific definition or calculation method could be understood easily and, broadly, would not be disruptive for preparers and would provide the information needed for the original disclosure as a suitable substitute for the jurisdiction-specific reference; and
 - (c) a specific, consistent definition, standard or calculation method added to the metric's technical protocols could enhance comparability.
- A5 Revision Approach 3: If a metric is based on concepts or data so complex that Revision Approach 2 cannot be applied without introducing significant amounts of incremental content, the next preferred approach is to replace jurisdiction-specific references with text that would rely on applicable

jurisdictional laws, regulations or definitions in a generalised way. Revision Approach 3 would be applied when:

- (a) an internationally applicable standard, definition or calculation method has not been identified; and
- (b) different jurisdictional standards, definitions or calculation methods correspond with the jurisdiction-specific reference that is being replaced.

A6 Revision Approach 4: If Revision Approaches 1–3 are not feasible, the next preferred approach is to consider whether the metric associated with the jurisdiction-specific reference can be removed without leaving the disclosure topic incomplete. If, for instance, the disclosure topic contains other metrics that provide related information, the metric would be removed.

A7 Revision Approach 5: If Revision Approach 4 has been proposed or a sub-metric has been removed when implementing Revision Approaches 1–3, the next option is to consider drafting a similar replacement metric. The metric or sub-metric that has been removed would be replaced with a different but consistent metric that helps to complete the set of metrics necessary to understand performance under the associated disclosure topic.

A8 Illustrative examples of these revision approaches can be found in Appendix B. Industry examples of these revision approaches can be found in Appendix C.

A9 To provide context, approximately 200 metrics in the SASB Standards have been identified as requiring significant research and analysis to assess proposed amendments to enhance their international applicability. Of this set:

- (a) more than half of the proposed metric amendments use Revision Approaches 2 and 3 combined (35%) or Revision Approach 1 combined with Revision Approaches 2 or 3 (17%);
- (b) one-third of the proposed metric amendments involve using Revision Approach 2 alone (21%) or Revision Approach 3 alone (12%);
- (c) one-third of the proposed metric amendments are concentrated in the healthcare (18%) and finance (14%) sectors;
- (d) sixteen metrics have been identified for potential removal using Revision Approach 4, of which seven are in the healthcare sector (primarily the *Health Care Delivery* industry); three are in the transportation sector; and two are in each of the consumer goods, infrastructure and services sectors; and
- (e) five new metrics have been developed using Revision Approach 5 to replace three metrics proposed for removal under Revision Approach 4 and to fill gaps resulting from the proposed removal of internationally inapplicable sub-metrics under Revision Approaches 1–3.

Appendix B Illustrative examples

This appendix provides examples of the five revision approaches listed in Appendix A.

Example of Revision Approach 1—revising the SASB Standards with reference to an internationally applicable standard, definition or calculation method

- B1 Metric EM-CM-320a.2 in the *Construction Materials* SASB Standard measures the number of reported cases of silicosis affecting an entity’s current workforce or past employees. The technical protocol for this metric defines silicosis in accordance with the US Code of Federal Regulations (US 29 CFR 1910.1053 Appendix B), which is applicable only in the US.
- B2 The World Health Organization’s (WHO) globally applicable International Classification of Diseases (ICD) defines clinically diagnosed silicosis as pneumoconiosis caused by silica dust inhalation, designated ICD-10 J62.8 under WHO classifications. The ICD provides a common international standard for recording, reporting and monitoring diseases. The ICD has been translated into 43 languages and is used by all WHO member states.
- B3 Under the proposed methodology, the WHO ICD reference defining silicosis would replace the previous US Code of Federal Regulations reference.

Table 1—Revision Approach 1 to enhancing international applicability of the SASB Standards

| <i>Construction Materials</i> SASB Standard | Proposed revision |
|---|---|
| EM-CM-320a.2. Number of reported cases of silicosis | EM-CM-320a.2. Number of reported cases of silicosis |
| 1 The entity shall disclose the number of reported cases of silicosis affecting the entity’s current workforce or past employees. | 1 The entity shall disclose the number of reported cases of silicosis affecting the entity’s current workforce or past employees. |
| 1.1 The scope of disclosure includes cases of chronic, acute, or accelerated silicosis. | 1.1 Silicosis is defined in accordance with the World Health Organization’s International Classification of Diseases as pneumoconiosis due to dust containing silica. |
| 1.2 The entity shall refer to U.S. 29 CFR 1910.1053 Appendix B for the definition of chronic, acute, or accelerated silicosis. | 1.2 The scope of disclosure includes clinically diagnosed cases of chronic, acute, or accelerated silicosis. |

Example of Revision Approach 2—revising the SASB Standards by providing a general definition

- B4 Metric CG-EC-330a.4 in the *E-Commerce* SASB Standard measures the percentage of technical employees who are H-1B visa holders, a categorisation applicable only under US immigration law. Additionally, the US Bureau of Labor Statistics' Standard Occupational Classification system defines the types of workers categorised as technical employees.
- B5 Applying Revision Approach 2, references to 'H-1B visa holders' would be revised to 'foreign nationals' and the definition of technical employees would be generalised.

Table 2—Revision Approach 2 to enhancing international applicability of the SASB Standards

| <i>E-Commerce</i> SASB Standard | Proposed revision |
|--|---|
| CG-EC-330a.4. Percentage of technical employees who are H-1B visa holders | CG-EC-330a.4. Percentage of technical employees who are foreign nationals |
| ... | ... |
| 1.1 Technical staff includes employees categorized in the 15-0000 group (Computer and Mathematical Occupations) or 17-0000 group (Architecture and Engineering Occupations) of the Standard Occupation Classification (SOC) system from U.S. Bureau of Labor Statistics (BLS). | 1.1 The percentage shall be calculated as the number of technical employees who are foreign nationals divided by the total number of the entity's technical employees. |
| 1.2 The percentage shall be calculated as the number of technical employees with valid H-1B visas divided by the total number of technical employees. | 1.2 Technical employees generally are defined as employees who perform highly skilled or highly qualified work generally categorised in the computer, mathematical, architecture and engineering occupations. |

Example of Revision Approach 3—revising the SASB Standards with reference to applicable jurisdictional requirements

- B6 Metric IF-WM-150a.2 in the *Waste Management* SASB Standard measures the number of 'corrective actions' by an entity to remediate 'landfill releases' to achieve 'groundwater protection standards'. The US federal regulations framing the elements involved in the corrective actions in IF-WM-150a.2 are applicable only in the US.
- B7 Internationally accepted definitions that focus on similar actions have not been identified. Applying Revision Approach 3, IF-WM-150a.2 would be revised to require an entity to draft the disclosure based on consistent terms defined in accordance with 'applicable jurisdictional laws or regulations'.

B8 Although this approach might reduce cross-jurisdictional comparability between entities operating in varying regulatory regimes, intra-jurisdictional comparability could be preserved. Applying Revision Approach 3, the entity usually also would disclose the applicable jurisdictional laws or regulations used to define the corrective actions to provide clarity for users of general purpose financial reports.

Table 3—Revision Approach 3 to enhancing international applicability of the SASB Standards

| Waste Management SASB Standard | Proposed revision |
|--|--|
| IF-WM-150a.2. Number of corrective actions implemented for landfill releases | IF-WM-150a.2. Number of corrective actions implemented for landfill releases |
| ... | ... |
| 1.1 Corrective actions are defined as control and cleanup of landfill releases of constituents detected at a statistically significant level above the established background level (as defined in Appendix I of U.S. 40 CFR Part 258) to achieve the groundwater protection standards in U.S. 40 CFR Part 258.50 Subpart E—Ground-Water Monitoring and Corrective Action. | 1.1 Corrective actions include the control and clean-up of landfill releases of constituents detected at a statistically significant level above the established background level to achieve the groundwater protection standards as defined in accordance with applicable jurisdictional laws or regulations. |
| 2 The scope of disclosure includes corrective actions for Subtitle C landfills as defined in U.S. 40 CFR Part 258.50 Subpart E—Ground-Water Monitoring and Corrective Action for municipal solid waste landfills and Subtitle D landfills as defined in U.S. 40 CFR Part 264.100—Corrective Action Program. | 2 The scope of disclosure includes corrective actions implemented for both active landfills and closed landfills. |
| 3 The scope of disclosure includes corrective actions implemented for active landfills and closed landfills. | 3 The entity shall disclose the applicable jurisdictional laws or regulations used to define corrective actions. |

Example of Revision Approach 4—removing a metric in the SASB Standards

B9 Metric HC-BP-240b.1 in the *Biotechnology & Pharmaceuticals* SASB Standard measures the number of Abbreviated New Drug Application (ANDA) litigation settlements involving payments or provisions to delay bringing an authorised generic product to market. The ANDA process guides pharmaceutical entities seeking approval to sell generic drugs in the US. The US federal code governs

the parameters of ANDA processes and associated litigation under the Drug Price Competition and Patent Term Restoration Act of 1984 (Hatch-Waxman Amendments), Public Law 98-417.

- B10 No global equivalent to ANDA has been identified. The staff found nothing resembling the ANDA process or associated litigation after researching non-US jurisdictions in Africa, Asia-Pacific, Europe and South America. Drug sales and distribution are covered by a range of jurisdiction-specific healthcare models. Likewise, legal processes and their relationships to domestic pharmaceutical distribution vary significantly by jurisdiction.
- B11 Research shows that developing an internationally applicable metric that preserves the initial intent of HC-BP-240b.1 is not feasible. Nevertheless, the two other metrics in the Affordability & Pricing disclosure topic in the *Biotechnology & Pharmaceuticals* SASB Standard, with some minor modifications, substantially preserve the disclosure topic’s completeness. Applying Revision Approach 4, HC-BP-240b.1 would be removed and not replaced.

Example of Revision Approach 5—removing and replacing a metric in the SASB Standards

- B12 Accounting metric TR-AF-430a.1 in the *Air Freight & Logistics* SASB Standard measures an entity’s percentage of carriers exceeding a pre-set safety scoring system threshold. TR-AF-430a.1 uses the US Department of Transportation’s Federal Motor Carrier Safety Administration’s (FMCSA) Behavior Analysis and Safety Improvement Categories (BASIC) tool, which is reliant on US legal and regulatory information-gathering systems and is modelled using US data (see Table C9 for another set of SASB Standards metrics that reference the BASIC tool).
- B13 The FMCSA’s Safety Measurement System captures a broad range of US carrier data and calculates the BASIC percentiles in a customised data system to highlight carrier safety performance issues and prioritise possible US federal regulatory authority intervention.
- B14 The BASIC tool examines only US motor carrier safety data and assesses motor carrier safety using formulations based only on US historical data. No global equivalent to the BASIC tool and safety measurement data system has been identified, though some may be in development.
- B15 No other metric in the ‘Supply Chain Management’ disclosure topic in the *Air Freight & Logistics* SASB Standard is intended to capture entity performance using the concepts embedded in TR-AF-430a.1.
- B16 Applying Revision Approach 5, TR-AF-430a.1 would be removed and replaced. A new qualitative metric based on language used in similar metrics in the SASB Standards would be developed to evaluate an entity’s policies and strategies to identify, assess and manage business-disruption risks associated with contract carrier safety.

Appendix C

SASB Standards industry revision examples

This appendix provides examples of how two SASB Standards could be amended using the proposed methodology.

- C1 This appendix contains examples of how the SASB Standards for two industries could be amended using the revision approaches outlined in paragraph 9. This appendix includes supporting commentary summarising the rationale for the choice of revision approaches used.
- C2 The amendments are provided in markup, with deletions ~~struck through~~ and additions underlined. For the reader's benefit, these examples may not show some of the minor edits that would be made to align the content of the SASB Standards with the IFRS Foundation Style Guide or to adopt the International System of Units (SI) for measurements (for example, changing 'meters' to 'metres' or 'feet' to 'metres').
- C3 To provide context, this appendix duplicates summary tables like those provided at the beginning of each SASB Standard. These summary tables list the complete set of SASB Standards disclosure topics and associated metrics for those industries. The metrics and detailed technical protocols provided after the summary table for each industry have been identified as non-climate-related SASB Standards metrics containing jurisdiction-specific references which fall within the proposed methodology scope of work.

EXAMPLE 1

- C4 The SASB Standard for the Electric Utilities & Power Generators industry (IF-EU) is an example of how revision approaches would be applied, both individually and in combination. This industry example includes proposed amendments to a jurisdiction-specific 'frequently occurring metric' found in other industries in the SASB Standards and the use of Revision Approach 5, which is expected to be used rarely. This industry shows some of the common issues that may arise when enhancing the international applicability of jurisdiction-specific SASB Standards metrics and technical protocols.

**Sustainability Accounting Standard
INFRASTRUCTURE SECTOR—ELECTRIC UTILITIES & POWER
GENERATORS
Industry Standard Version 2018-10 (REVISED)**

**SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING
METRICS**

Table C1—Sustainability Disclosure Topics & Accounting Metrics

| TOPIC | ACCOUNTING-METRIC | CATEGORY | UNIT OF MEASURE | CODE |
|---|---|-------------------------|---|--------------|
| Greenhouse Gas Emissions & Energy Resource Planning | (1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations | Quantitative | Metric tons (t) CO ₂ -e, Percentage (%) | IF-EU-110a.1 |
| | Greenhouse gas (GHG) emissions associated with power deliveries | Quantitative | Metric tons (t) CO ₂ -e | IF-EU-110a.2 |
| | Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | Discussion and Analysis | n/a | IF-EU-110a.3 |
| Air Quality | Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) particulate matter (PM ₁₀), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population | Quantitative | Metric tons (t), Percentage (%) | IF-EU-120a.1 |
| Water Management | (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress | Quantitative | Thousand cubic metres (m ³), Percentage (%) | IF-EU-140a.1 |
| | Number of incidents of non-compliance associated with water quantity or quality permits, standards, and regulations | Quantitative | Number | IF-EU-140a.2 |
| | Description of water management risks and discussion of strategies and practices to mitigate those risks | Discussion and Analysis | n/a | IF-EU-140a.3 |

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METHODOLOGY FOR ENHANCING THE INTERNATIONAL APPLICABILITY OF THE SASB® STANDARDS AND SASB STANDARDS TAXONOMY UPDATES

...continued

| TOPIC | ACCOUNTING METRIC | CATEGORY | UNIT OF MEASURE | CODE |
|-----------------------------|--|-------------------------|--|--------------|
| Coal Ash Management | Amount of coal combustion <u>products (CCPs) residuals (CCR) generated, percentage recycled</u> | Quantitative | Metric tons (t), Percentage (%) | IF-EU-150a.1 |
| | <u>Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment</u> | Quantitative | Number | IF-EU-150a.2 |
| | <u>Description of coal combustion products (CCPs) management policies and procedures for active and inactive operations</u> | Discussion and Analysis | n/a | IF-EU-150a.3 |
| Energy Affordability | Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers | Quantitative | Rate | IF-EU-240a.1 |
| | Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month | Quantitative | Reporting currency | IF-EU-240a.2 |
| | Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days | Quantitative | Number, Percentage (%) | IF-EU-240a.3 |
| | Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory | Discussion and Analysis | n/a | IF-EU-240a.4 |
| Workforce Health & Safety | (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) <u>for (a) direct employees and (b) contract employees</u> | Quantitative | Rate | IF-EU-320a.1 |
| End-Use Efficiency & Demand | Percentage of electric load served by smart grid technology | Quantitative | Percentage (%) by megawatt hours (MWh) | IF-EU-420a.2 |
| | Customer electricity savings from efficiency measures, by market | Quantitative | Megawatt hours (MWh) | IF-EU-420a.3 |

continued...

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| TOPIC | ACCOUNTING-METRIC | CATEGORY | UNIT OF MEASURE | CODE |
|---------------------------------------|--|-------------------------|-----------------|--------------|
| Nuclear Safety & Emergency Management | Total number of nuclear power units, broken down by results of most recent independent safety review U.S. Nuclear Regulatory Commission (NRC) Action Matrix | Quantitative | Number | IF-EU-540a.1 |
| | Description of efforts to manage nuclear safety and emergency preparedness | Discussion and Analysis | n/a | IF-EU-540a.2 |
| Grid Resiliency | Number of incidents of non-compliance with physical or cybersecurity standards or regulations | Quantitative | Number | IF-EU-550a.1 |
| | (1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days | Quantitative | Minutes, Number | IF-EU-550a.2 |

Coal Ash Management

IF-EU-150a.1. Amount of coal combustion products (CCPs) residuals (CCR) generated, percentage recycled

- 1 The entity shall disclose the amount, in metric tons, of coal combustion products (CCPs) residuals (CCR) generated from its operations.
 - 1.1 CCPs include fly ash, bottom ash, boiler slag, fluidized-bed combustion ash or flue gas desulfurization material resulting predominantly from the combustion of coal.

CCR materials are defined as fly ash, bottom ash, boiler slag, and flue gas desulfurization materials generated from burning coal for the purpose of generating electricity by electric utilities and independent power producers, consistent with U.S. 40 CFR 257.53.
- 2 The entity shall disclose the percentage of CCPs CCR materials that were recycled.
 - 2.1 The entity shall define recycled CCPs based on the applicable jurisdictional definition.

CCR material is recycled if it meets all of the following conditions, consistent with U.S. 40 CFR 257.53:

 - 2.1.1 The CCR material must provide a functional benefit (e.g., CCR in concrete increases the durability of concrete and CCR as a soil amendment adjusts the pH of soil to promote plant growth).

- ~~2.1.2 The CCR material must substitute for the use of a virgin material, conserving natural resources that would otherwise need to be obtained through practices, such as extraction (e.g., CCR used in road bed replaces quarried aggregate or other industrial materials).~~
- ~~2.1.3 The use of the CCR materials must meet relevant product specifications, regulatory standards, or design standards when available, and when such standards are not available, the CCR material must not be used in excess quantities (e.g., the field applications of CCR materials do not exceed the scientifically supported quantities required for enhancing soil properties and/or crop yields).~~
- 2.2 CCPs generally are considered recycled if they are converted into new materials and objects.
- 2.3 The percentage shall be calculated as the weight of CCPs ~~CCR~~ that was reused or reclaimed, plus the weight recycled (through treatment or processing) by the entity, plus the weight sent externally for further recycling, divided by the total weight of CCPs ~~CCR~~ generated from operations.
- 2.4 The entity shall disclose the applicable jurisdictional laws or regulations used to define recycled CCPs.

Table C2—Proposed revision approach to metric IF-EU-150a.1

| | |
|---|---|
| Combined Revision Approaches 1 and 3: | |
| (1) revise the metric with reference to an internationally accepted coal ash definition; and (2) revise the metric with reference to applicable jurisdictional requirements. | |
| (1) | ‘Coal combustion products’ (CCPs) is the prevailing industry term. It is used by the World Wide Coal Combustion Products Network, which includes prominent coal ash management organisations from many jurisdictions. |
| (2) | Significant differences between the US regulatory definition and other jurisdictional definitions of CCP recycling have been identified. As a result, relying on applicable jurisdictional requirements to define CCP recycling is recommended. |

IF-EU-150a.2. Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment

- 1 ~~The entity shall disclose the total number of coal combustion residual (CCR) impoundments.~~
- ~~1.1 CCR impoundments are defined as those surface impoundments containing residuals of coal combustion.~~
- ~~1.1.1 A surface impoundment is defined, according to U.S. 40 CFR 257.2, as a facility or part of a facility that is a natural topographic depression, human-made excavation, or diked area formed primarily of earthen materials (although it may be lined with~~

human-made materials) that is designed to hold an accumulation of liquid wastes or wastes containing free liquids and that is not an injection well.

- 1.2 The scope of disclosure includes those CCR impoundments that the entity currently owns and/or operates and those CCR impoundments that are inactive and/or closed, but for which the entity retains oversight and/or financial responsibility.
- 2 The entity shall disclose the number of CCR impoundments by the hazard potential classification that each impoundment falls into, as well as its structural integrity assessment rating, where:
 - 2.1 Hazard potential classifications define the potential for loss of life or damage resulting from a dam failure. Classifications include High Hazard Potential, Significant Hazard Potential, Low Hazard Potential, Less Than Low Hazard Potential, and Incised. These classifications are consistent with the U.S. Federal Emergency Management Agency's (FEMA) *Federal Guidelines for Dam Safety: Hazard Potential Classification System for Dams* (with the exception of Incised).
 - 2.1.1 High Hazard Potential is defined as a dam where failure or misoperation will probably cause loss of human life.
 - 2.1.2 Significant Hazard Potential is defined as a dam where failure or misoperation would not result in probable loss of human life, but could cause economic loss, environmental damage, disruption of lifeline facilities, or impact other concerns.
 - 2.1.3 Low Hazard Potential is defined as a dam where failure or misoperation would not result in probable loss of human life and economic and/or environmental losses would be of low magnitude.
 - 2.1.4 Less Than Low Hazard Potential is defined as a dam that does not pose high, significant, or low hazard potential.
 - 2.1.5 Incised is defined as, consistent with U.S. 40 CFR 257 and 261, a CCR surface impoundment that is entirely below the natural ground surface, holds an accumulation of CCR entirely below the adjacent natural ground surface, and does not consist of any constructed diked portion. Incised CCR surface impoundments are not able to perform a hazard potential classification assessment because hazard potential classifications are based on the failure of a dam, diked surface impoundment, or other water-retaining structure and the adverse incremental impacts that may result from the failure.
 - 2.2 Structural integrity ratings define the expected performance of dams under applicable loading circumstances (static, hydraulic, and seismic), where ratings include Satisfactory, Fair, Poor, Unsatisfactory, and Not Applicable.

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- 2.2.1 Satisfactory is defined as those dams where acceptable performance is expected under all required loading circumstances and no existing or potential safety deficiencies are recognised.
 - 2.2.2 Fair is defined as those dams where acceptable performance is expected under all required loading circumstances, yet minor deficiencies may exist that require remedial action and/or secondary studies or investigations.
 - 2.2.3 Poor is defined as those dams where a safety deficiency is recognised for a required loading circumstance, remedial action is required, and further critical studies or investigations may be needed.
 - 2.2.4 Unsatisfactory is defined as those dams, considered unsafe, where a deficiency is recognised that requires immediate or emergency remedial action.
 - 2.2.5 A CCR surface impoundment may be classified as “Not Applicable” if, consistent with U.S. 40 CFR 257.73, it does not meet either of the following conditions: a height of five feet or more and a storage volume of 20 acre-feet or more; or a height of 20 feet or more.
- 3 Where national, state, local, or internal assessments determine the hazard potential and/or structural integrity to be at higher risk of impact and/or failure than that determined by regulatory authorities, the entity shall disclose the more conservative (i.e., higher risk) classification and/or rating.
- 4 Where applicable regulations related to hazard potential classifications and structural integrity ratings of CCR impoundments differ from the classifications and ratings defined above, the entity may disclose the applicable hazard potential classification and structural integrity rating based on applicable regulations or internally developed assessments.
- 5 The entity may summarise and disclose CCR impoundments in the following table format:

| | Less Than Low Hazard Potential | Low Hazard Potential | Significant Hazard Potential | High Hazard Potential | Incised |
|----------------|--------------------------------|----------------------|------------------------------|-----------------------|---------|
| Satisfactory | | | | | |
| Fair | | | | | |
| Poor | | | | | |
| Unsatisfactory | | | | | |
| Not Applicable | | | | | |

IF-EU-150a.3. Description of coal combustion products (CCPs) management policies and procedures for active and inactive operations

- 1 The entity shall describe the policies and procedures set forth by its coal combustion products (CCPs) management strategy.
 - 1.1 The scope of disclosure shall include policies and procedures for the entity's active and inactive operations.
 - 1.2 CCPs include fly ash, bottom ash, boiler slag, fluidized-bed combustion ash or flue gas desulfurization material resulting predominantly from the combustion of coal.
- 2 The entity shall describe how its policies and procedures compare with those required by local jurisdictions that apply to the entity.
 - 2.1 The entity shall discuss whether and how its policies and procedures exceed the requirements of local jurisdictions.
 - 2.2 The entity shall discuss how its policies and procedures vary by region.
- 3 The entity shall describe its approach to CCPs management during the entire product life cycle.
 - 3.1 The scope of disclosure shall include a discussion of the entity's:
 - 3.1.1 Approach to assessment of potential environmental impacts associated with CCPs
 - 3.1.2 Policies and procedures related to CCPs waste avoidance
 - 3.1.3 Approach to identification, assessment, and application of recycling, reuse, and repurposing of CCPs as management strategy
 - 3.1.4 Policies and procedures related to CCP disposal
 - 3.1.5 Policies and procedures related to remediation of environmental or social impacts of incidents associated with the mishandling of CCPs
 - 3.1.6 Approach to decommissioning CCP disposal facilities
- 4 The entity shall include a description of how CCP management efforts are coordinated among business partners (for example, contractors and subcontractors).
- 5 The entity shall describe how it ensures compliance and conformance with its CCP management policies and procedures.

Table C3—Proposed revision approach to metrics IF-EU-150a.2 and IF-EU-150a.3

Revision Approach 5:

- (1) remove the quantitative coal combustion residual (CCR) impoundment metric; and
- (2) replace it with a qualitative metric related to coal combustion products (CCPs) policies and procedures.

continued...

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- | |
|---|
| <p>(1) Regulatory requirements for coal ash disposal vary significantly in different jurisdictions, ranging from near-complete recycling to dry landfilling and ash ponds. As a result, designing a common international quantitative unit of measure for all disposal management techniques would be challenging.</p> <p>(2) To avoid potential impairment of disclosure topic completeness, a qualitative metric can be developed that discloses an entity's policies and procedures to mitigate the environmental impacts associated with coal ash disposal and the effects on human health.</p> |
|---|

Workforce Health & Safety

IF-EU-320a.1. (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees

- 1 The entity shall disclose its total recordable incident rate (TRIR) for work-related injuries and illnesses.
 - 1.1 An injury or illness is considered a recordable incident if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. Additionally, a significant injury or illness diagnosed by a physician or other licensed health care professional is considered a recordable incident, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness. ~~This definition is derived from U.S. 29 CFR 1904.7.~~
 - 1.1.1 First aid is defined as emergency care or treatment for an ill or injured person before regular medical aid can be provided.
 - 1.1.2 The entity may use applicable jurisdictional criteria for definitions of recordable incident and first aid.
 - 1.2 ~~The U.S. Occupational Safety and Health Administration (OSHA) provides additional resources for determining if injuries or illnesses are considered recordable incidents in its guidance for OSHA Forms 300, 300A, and 301.~~
- 2 The entity shall disclose its fatality rate for work-related fatalities.
- 3 The entity shall disclose its near miss frequency rate (NMFR) for work-related near misses.
 - 3.1 A near miss is defined as an unplanned or uncontrolled event or chain of events that has not resulted in a recordable injury, illness, physical damage, or environmental damage, but had the potential to do so in other circumstances.

~~A near miss is defined as an unplanned incident in which no property or environmental damage or personal injury occurred, but where damage or personal injury easily could have occurred but for a slight circumstantial shift.~~

- 3.2 ~~The U.S. National Safety Council (NSC) provides guidance on implementing near miss reporting, including in, "Near Miss Reporting Systems."~~
- ~~3.3~~ The entity may disclose its process for classifying, identifying, and reporting near misses.
- 4 Rates shall be calculated as: $(\text{statistic count} \times 200,000) / \text{total number of hours worked by all employees in the year reported}$
- 4.1 The 200,000 in the rate calculation represents the total number of hours 100 full-time workers working 40 hours per week for 50 weeks per year can provide annually.
- ~~The U.S. Bureau of Labour Statistics (BLS) provides additional guidance for the calculation of rates in, "How to Compute a Firm's Incidence Rate for Safety Management" and "Incidence Rate Calculator and Comparison Tool."~~
- 5 The scope of disclosure includes work-related incidents only.
- 5.1 Work-related incidents are injuries and illnesses resulting from events or exposures in the work environment.
- ~~OSHA guidance for Forms 300, 300A, and 301 provides guidance on determining whether an incident is work-related, as well as definitions for exemptions for incidents that occur in the work environment but are not work-related.~~
- 5.2 The work environment is the establishment and other locations where one or more employees are working or are present as a condition of their employment.
- 5.3 The work environment includes not only physical locations, but also the equipment or materials used by the employee during the course of work.
- 5.4 Incidents that occur while an employee is on travel status are work-related if, at the time of the injury or illness, the employee was engaged in work activities in the interest of the employer.
- 5.5 A work-related incident must be a new case, not a previously recorded injury or illness being updated.
- 6 The entity shall disclose the rates for each of the following categories of employee:
- 6.1 Direct employees are defined as individuals on the entity's payroll, whether they are full-time, short service, part-time, executive, labour, salary, seasonal, migrant or hourly employees.
- 6.2 Contract employees are defined as individuals who are not on the entity's payroll, but who are supervised by the entity on a day-to-day basis, including independent contractors and those employed by third parties (e.g., temp agencies and labour brokers).

- 7 The scope of disclosure includes all employees regardless of employee location ~~or and~~ type of employment, ~~such as full-time, part-time, direct, contract, executive, labour, salary, hourly, and seasonal employees.~~

Table C4—Proposed revision approach to metric IF-EU-320a.1

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|---|---|
| Combined Revision Approaches 2 and 3: | |
| (1) revise the metric by providing clear definitions to specify metric scope and terms; and (2) revise the metric with reference to applicable jurisdictional definitions. | |
| (1) | Defining the metric’s key terms of reference within the metric’s technical protocol to remove references to the US Occupational Safety and Health Administration references, to clarify the scope of employees included in the disclosure, and to align those employee categories across the SASB Standards is recommended. |
| (2) | The proposed definitions for recordable incidents and first aid may not align precisely with jurisdictional variations (for instance, different days away from work or what actions constitute first aid). To align with a preparer’s compliance requirements and avoid increased reporting costs or complexity, the preparer would be permitted to use applicable jurisdictional definitions for recordable incidents and first aid. |
| NOTE: This metric is a frequently occurring metric in the SASB Standards, variations of which are included in 23 other industries (see Table C6). These other industry metrics would be amended similarly to the proposed amendments to IF-EU-320a.1 to preserve comparability and consistency across the SASB Standards. | |

EXAMPLE 2

- C5 The Road Transportation industry (TR-RO) is another example of an industry that would be amended using a combination of revision approaches, like the combinations for the Electric Utilities & Power Generators industry (IF-EU) illustrated in Example 1. The TR-RO and IF-EU examples show how frequently occurring metrics in the SASB Standards may vary in different industries while substantially capturing the same information. The proposed amendments for frequently occurring metrics would be mirrored in other SASB Standards industries with similar metrics to maintain general comparability and consistency.

**Sustainability Accounting Standard
TRANSPORTATION SECTOR—ROAD TRANSPORTATION
Industry Standard Version 2018-10 (REVISED)**

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Table C5—Sustainability Disclosure Topics & Accounting Metrics

| TOPIC | ACCOUNTING-METRIC | CATEGORY | UNIT OF MEASURE | CODE |
|---|---|-------------------------|--|--------------|
| Greenhouse Gas Emissions | Gross global Scope 1 emissions | Quantitative | Metric tons (t) CO ₂ -e | TR-RO-110a.1 |
| | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | Discussion and Analysis | n/a | TR-RO-110a.2 |
| | (1) Total fuel consumed, (2) percentage natural gas (3) percentage renewable | Quantitative | Gigajoules (GJ), Percentage (%) | TR-RO-110a.3 |
| Air Quality | Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , and (3) particulate matter (PM ₁₀) | Quantitative | Metric tons (t) | TR-RO-120a.1 |
| <u>Workforce Driver Working Conditions, Health & Safety</u> | (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees | Quantitative | Rate | TR-RO-320a.1 |
| | (1) Voluntary and (2) involuntary turnover rate for all employees | Quantitative | Rate | TR-RO-320a.2 |
| | Description of approach to managing short-term and long-term driver health risks | Discussion and Analysis | n/a | TR-RO-320a.3 |
| Accident & Safety Management | Number of road accidents and incidents | Quantitative | Number | TR-RO-540a.1 |
| | Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance | Quantitative | Percentile | TR-RO-540a.2 |
| | (1) Number and (2) aggregate volume of spills and releases to the environment | Quantitative | Number, Cubic metres (m ³) | TR-RO-540a.3 |

Workforce Driver Working Conditions, Health & Safety

TR-RO-320a.1. (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees

- 1 The entity shall disclose its total recordable incident rate (TRIR) for work-related injuries and illnesses.
 - 1.1 An injury or illness is considered a recordable incident if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. Additionally, a significant injury or illness diagnosed by a physician or other licensed health care professional is considered a recordable incident, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness. ~~This definition is derived from U.S. 29 CFR 1904.7.~~
 - 1.1.1 First aid is defined as emergency care or treatment for an ill or injured person before regular medical aid can be provided.
 - 1.1.2 The entity may use applicable jurisdictional criteria for definitions of recordable incident and first aid.
 - 1.2 ~~The U.S. Occupational Safety and Health Administration (OSHA) provides additional resources for determining if injuries or illnesses are considered recordable incidents in its guidance for OSHA Forms 300, 300A, and 301.~~
- 2 The entity shall disclose its fatality rate for work-related fatalities.
- 3 Rates shall be calculated as: $(\text{statistic count} \times 200,000) / \text{total number of hours worked by all employees in the year reported}$
 - 3.1 The 200,000 in the rate calculation represents the total number of hours 100 full-time workers working 40 hours per week for 50 weeks per year can provide annually. ~~The U.S. Bureau of Labour Statistics (BLS) provides additional guidance for the calculation of rates in, “How to Compute a Firm’s Incidence Rate for Safety Management” and “Incidence Rate Calculator and Comparison Tool.”~~
- 4 The scope of disclosure includes work-related incidents only.
 - 4.1 Work-related incidents are injuries and illnesses resulting from events or exposures in the work environment.
 - 4.2 The work environment is the establishment and other locations where one or more employees are working or are present as a condition of their employment.
 - 4.3 The work environment includes not only physical locations, but also the equipment or materials used by the employee during the course of work.
 - 4.4 Incidents that occur while an employee is on travel status are work-related if, at the time of the injury or illness, the employee was engaged in work activities in the interest of the employer.

- 4.5 ~~A work-related incident must be a new case, not a previously recorded injury or illness being updated. OSHA guidance for Forms 300, 300A, and 301 provides guidance on determining whether an incident is work-related, as well as definitions for exemptions for incidents that occur in the work environment but are not work-related.~~
- 5 The entity shall disclose the rates ~~for~~ by each of the following employee categories:
- 5.1 Direct employees, are defined as individuals ~~those employees~~ on the entity’s payroll, whether they are full-time, short service, part-time, executive, labour, salary, seasonal, migrant, or hourly employees.~~part-time, executive, labour, salary, hourly, or seasonal employees.~~
- 5.2 Contract employees, are defined as individuals ~~those~~ who are not on the entity’s payroll, but who are supervised by the entity on a day-to-day basis, including independent contractors and those employed by third parties (e.g., temp agencies and labour brokers).
- 6 The scope of disclosure includes all employees regardless of employee location or type of employment.

Table C6—Proposed revision approach to metric TR-RO-320a.1

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| <p>Combined Revision Approaches 2 and 3: (1) revise the metric by providing clear definitions to specify metric scope and terms; and (2) revise the metric with reference to applicable jurisdictional definitions.</p> |
| <p>The rationale for the proposed amendment is the same as for IF-EU-320a.1 (see Table C4).</p> |

TR-RO-320a.3. Description of approach to managing short-term and long-term driver health risks

- 1 The entity shall describe its efforts to assess, monitor, and reduce exposure of employees to human health hazards, which may include fatigue, including, but not limited to, fatigue and sleep deprivation, obesity and associated diseases, hypertension, and mental and emotional health issues.
- 1.1 Relevant efforts to discuss may include, but are not limited to, risk assessments, participation in long-term health studies, health and wellness monitoring programs, and use of electronic on-board recorders.
- 2 The entity shall describe management approach in the context of short-term (acute) risks and long-term (chronic) risks.
- 3 The scope of disclosure shall focus on truck drivers but may include other employees as relevant.
- 4 The entity may discuss compliance with applicable jurisdictional laws or the U.S. National Transportation Safety Board (NTSB) and Federal Motor Carrier Safety Administration (FMCSA) regulations and recommendations for hours of service, scheduling, sleep apnea, and fatigue management.

Table C7—Proposed revision approach to metric TR-RO-320a.3

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|---|
| <p>Revision Approach 3: revise the metric with reference to applicable jurisdictional definitions.</p> |
| <p>The proposed amendment of metric TR-RO-320a.3 would replace the reference to the US National Transportation Safety Board (NTSB) with an applicable jurisdictional reference. Otherwise, the proposed metric would remain substantially the same.</p> |

Accident & Safety Management

TR-RO-540a.1. Number of road accidents and incidents

- 1 The entity shall disclose the aggregate number of road accidents and incidents involving its direct or contracted employees during hours of employment.
 - 1.1 Direct employees are defined as individuals on the entity’s payroll, whether they are full-time, short service, part-time, executive, labour, salary, seasonal, migrant, or hourly employees.
 - 1.2 Contract employees are defined as individuals who are not on the entity’s payroll, but who are supervised by the entity on a day-to-day basis, including independent contractors and those employed by third parties (e.g., temp agencies and labour brokers).
 - ~~1.31.1~~ ~~An accident is defined, consistent with U.S. 49 CFR 390.5T, as an occurrence involving a commercial motor vehicle operating on a highway in interstate or intrastate commerce that results in one:~~
 - ~~1.1.1~~ ~~A fatality; or~~
 - ~~1.1.2~~ ~~Bodily injury to a person who, as a result of the injury, immediately receives medical treatment away from the scene of the accident; or~~
 - ~~1.1.3~~ ~~One or more motor vehicles incurring disabling damage as a result of the accident, requiring the motor vehicle(s) to be transported away from the scene by a tow truck or by other motor vehicle.~~
 - ~~1.41.2~~ ~~An accident does not include:~~
 - ~~1.4.11.2.1~~ ~~An occurrence involving only boarding and alighting from a stationary motor vehicle; or~~
 - ~~1.4.21.2.2~~ ~~An occurrence involving only the loading or unloading of cargo.~~
 - ~~1.51.3~~ ~~An incident is defined as any event involving a licensed motor vehicle while on business use resulting that results in a recordable incident (as defined by the U.S. Occupational Safety and Health Administration), vehicle damage, or other property damage.~~

- 1.5.1 An injury or illness is considered a recordable incident if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. Additionally, a significant injury or illness diagnosed by a physician or other licensed health care professional is considered a recordable incident, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.
 - 1.5.2 First aid is defined as emergency care or treatment for an ill or injured person before regular medical aid can be provided.
 - 1.5.3 The entity may use applicable jurisdictional legal or regulatory criteria for definitions of recordable incident and first aid.
- 2 At a minimum, the scope of disclosure includes accidents and incidents reported to an applicable jurisdictional legal or regulatory the U.S. National Transportation Safety Board or to an equivalent national authority.

Table C8—Proposed revision approach to metric TR-RO-540a.1

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|---|--|
| Combined Revision Approaches 2 and 3: | |
| (1) revise the metric by providing clear definitions to specify metric scope and terms; and | |
| (2) revise the metric with reference to applicable jurisdictional reporting. | |
| (1) | Similarly to Tables C4 and C6, the proposed metric amendment would define the main terms of reference within the metric’s technical protocol to remove references to the US Occupational Safety and Health Administration, to clarify the scope of employees included in the disclosure, and to align those employee categories across the SASB Standards. |
| (2) | The proposed metric amendment would also replace the US National Transportation Safety Board reference for accident and incident reporting with reference to an applicable jurisdictional legal or regulatory authority. |

TR-RO-540a.2. Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance

- 1 The entity shall disclose the percentiles calculated by the U.S. Federal Motor Carrier Safety Administration (FMCSA) Safety Measurement System (SMS) for the following Behaviour Analysis and Safety Improvement Categories (BASICS):
- 1.1 Unsafe Driving
 - 1.2 Hours-of-Service (HOS) Compliance
 - 1.3 Driver Fitness
 - 1.4 Controlled Substances/Alcohol
 - 1.5 Vehicle Maintenance
 - 1.6 Hazardous Materials (HM) Compliance

- 2 ~~The entity shall disclose its percentile in each BASIC for the month ending the most recent reporting period.~~
- 3 ~~The entity may discuss its percentiles in relation to FMCSA's Intervention Thresholds.~~

Table C9—Proposed revision approach to metric TR-RO-540a.2

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| <p>Revision Approach 4: remove the BASIC metric</p> |
| <p>No internationally recognised equivalent to the US Department of Transportation's Federal Motor Carrier Safety Administration's (FMCSA) Safety Measurement System (SMS) for Behavior Analysis and Safety Improvement Categories (BASIC) percentiles has been identified. The SMS is unique to the US. The system categorises carriers, identifies those that may be at higher risk of accident and creates incentives for carriers to manage the specific risk factors captured, analysed and addressed by the FMCSA. Derived solely from US data, BASIC percentile calculations do not apply to non-US jurisdictions. The proposed removal of the BASIC metric would not impair the completeness of the disclosure topic if the other related metrics in the disclosure topic are retained.</p> <p>NOTE: The SASB Standards' Air Freight & Logistics (TR-AF) and Waste Management (IF-WM) industries contain similar metrics (TR-AF-540a.4 and IF-WM-320a.2). These metrics would be removed similarly to TR-RO-540a.2 to preserve consistency and comparability across the SASB Standards.</p> |

TR-RO-540a.3. (1) Number and (2) aggregate volume of spills and releases to the environment

- 1 The entity shall disclose (1) the total number of spills and releases of hazardous material to the environment.
 - 1.1 Hazardous material is defined ~~according to U.S. 49 CFR~~ as a substance or material that an applicable jurisdictional legal or regulatory authority the Secretary of Transportation has determined is capable of posing an unreasonable risk to health, safety, and property when transported in commerce (including explosives; radioactive materials; infectious substances; flammable or combustible liquids, solids, or gases; toxic, oxidizing, or corrosive materials; and compressed gases), and has been designated as hazardous in accordance with under section 5103 of federal hazardous materials transportation law (49 U.S.C. 5103).
 - 1.1.1 The scope of hazardous materials includes hazardous substances, hazardous wastes, marine pollutants, elevated temperature materials, and materials designated as hazardous by the applicable jurisdictional legal and regulatory framework(s) where the materials were generated.
 - 1.1.2 The entity may use definitions of hazardous waste from the United Nations Environment Programme (UNEP) Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

- 2 The entity shall disclose (2) the aggregate volume of spills and releases of hazardous material to the environment in cubic metres.
 - 2.1 The volume shall be calculated as the total estimated amount spilled that reached the environment, without netting the amount of such material that was subsequently recovered, evaporated, or otherwise lost.
- 3 A spill that qualifies as a spill to both soil and water shall be reported as a single spill to water, with the volume properly apportioned to soil and water.
- 4 The entity ~~may~~ additionally may disclose spills to soil and water separately.
 - 4.1 A release that qualifies as a release to both soil and water may be reported as a single release to water, with the volume properly apportioned to soil and water.
- 5 Where relevant, the entity may disaggregate ~~provide a breakdown of~~ spills and releases by type, such as: (1) hydrocarbons and (2) hazardous substances.

Table C10—Proposed revision approach to metric TR-RO-540a.3

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| <p>Combined Revision Approaches 1, 2 and 3: (1) revise the metric to reference the Basel Convention to define hazardous material; (2) revise the metric by providing a general definition of hazardous materials; and (3) revise the metric with reference to hazardous material as defined by applicable jurisdictional authorities.</p> | |
| <p>(1)</p> | <p>Adding a defining reference for ‘hazardous material’ using the Basel Convention, which aligns with other similar SASB Standards metrics, is recommended. This option would be provided in case the applicable jurisdiction lacks such definitions.</p> |
| <p>(2)</p> | <p>The metric would include definitions of types of hazardous materials to provide preparers with a general reference of materials likely to be considered hazardous, but the list cannot be broad enough to include all possible classes of hazardous materials in all jurisdictions or adapt to specific regulatory changes in different jurisdictions.</p> |
| <p>(3)</p> | <p>Most preparers will comply with applicable jurisdictional laws or regulations and their definitions of what materials are hazardous. Aligning the proposed metric with jurisdictional definitions already used by an entity could simplify disclosure and reduce preparer cost.</p> |
| <p>NOTE: The SASB Standard for the Marine Transportation (TR-MT) industry contains a similar metric, TR-MT-160a.3, which would be amended similarly to the proposed amendment to TR-RO-540a.3 to preserve consistency and comparability across the SASB Standards.</p> | |



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