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Agenda [paper 04](#) [Paper 05-02](#)  
[Mining, Quarrying and Coal \[draft\] ESRS Exposure Draft](#)

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**ED for ESRS Mining, Quarrying and Coal**

**As recommended by EFRAG SR TEG for approval by EFRAG SRB**

**This paper is the same as Agenda Paper 05-06 for EFRAG SRB meeting of 10 March 2023**

**DISCLAIMER**

The exposure draft

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**[Exposure Draft ESRs Mining, Quarrying and Coal](#)**

**[V.3.1](#)**

The [Draft] ESRS Mining, Quarrying and Coal ~~is~~ set out in paragraphs ~~X-X1-###~~ and the following Appendices, that have the same authority as the main body of the ~~[draft] Standard~~ Working Paper.

- Appendix A: Defined Terms;
- Appendix B: Application Requirements;
- Appendix C: [Application Requirements supporting the assessment of materiality of the information prescribed in some Disclosure Requirements](#);
- [Appendix D](#): List of datapoints that emanate from EU Law; ~~and~~
- Appendix ~~D~~[E](#): NACE ~~Codes~~[codes](#): Mining, Quarrying and Coal;

~~Each Disclosure Requirement is stated in a bold paragraph.~~ [Appendix E: Description of sustainability matters](#) that ~~illustrates the objective of the disclosures,~~ are most material to Mining, Quarrying and Coal sector.

This ~~exposure~~ draft also uses terms defined in ~~other [draft]~~ sector-agnostic ESRS and shall be read in the context of its objective. [The terms defined in sector-agnostic ESRS are marked with \*italic bold, blue font\*.](#)

The ~~[Exposure Draft] for ESRS Mining, Quarrying and Coal~~ is accompanied by the following illustrative non-authoritative appendix:

- [Appendix E: Material Sustainability Matters in the Mining, Quarrying and Coal sector](#)

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## Objective

1. ~~The~~ Consistent with ESRS 1 paragraph 9, the objective of this [draft] ESRS is to specify disclosure and application requirements that are applicable to any undertaking operating in the *Mining, Quarrying and Coal* (the “Sector”) and that are additional to the sector-agnostic ESRS disclosure and application requirements. They address impacts, risks and opportunities not covered, or not sufficiently covered, by sector-agnostic Disclosure Requirements and have to be applied in conjunction with them.
  2. This [draft] ESRS covers information enabling enable users of the sustainability statements to understand the undertaking’s material impacts, as well as its material **risks** and **opportunities**, arising with regard that are likely to be material for all undertakings in a list of specific sector and that are not covered, or not sufficiently covered, by topical standards. This [draft] ESRS covers the sustainability matters that are considered material for most relevant to the Sector under this [draft] ESRS.
  3. This [draft] ESRS requires therefore the undertaking to disclose:
    - the actual or potential, positive or negative impacts which the undertaking assesses as material in relation to the environmental, social Mining, Quarrying and governance matters that are considered material for the Sector under this [draft] ESRS;
    - the nature, type and extent of the risks and opportunities related to its impacts and dependencies which the undertaking assesses as material in relation to the environmental, social and governance matters that are considered material for the Sector under this [draft] ESRS and how they manage them;
    - the actions taken to prevent, mitigate or remediate those material actual or potential negative impacts, the actions taken to mitigate material risks and pursuing material opportunities, and the result of such actions; and
  1. ~~the financial effects on the undertaking over the short-, medium- and long-term time horizons of those material risks and opportunities~~ Coal sector.
  2. This [draft] ESRS specifies disclosure and application requirements as follows:
    - (a) ~~additional~~ sector-specific additional datapoints and or application requirements related to sector-agnostic disclosure requirements are presented under Chapter 1. Sector-specific. Additional datapoints related to are located in the main body of this standard and additional Application Requirements are located in Appendix B. In both cases, these additional datapoints and application requirements are identified by having in their title the relevant disclosure requirement of sector-agnostic ESRS to which they relate (e.g. ESRS2.IRO2.MQC).
    - (b) ~~sector-specific Disclosure Requirements of are presented in~~ the main body of this [draft] ESRS standard and under Chapter are identified by a progressive numbering (MQC 1-, MQC 2, etc.). Their respective Application Requirements related to sector-agnostic Disclosure Requirements of are presented in Appendix B to.
- The requirements classified in this [draft] ESRS.
3. ~~sector-specific additional Disclosure Requirements are presented under Chapter 2. Sector-specific Disclosure Requirements of the main body of this [draft] ESRS and under Chapter 2. Application Requirements to sector-specific Disclosure Requirements of Appendix B to this [draft] ESRS standard as Policies, Actions and Targets are subject to the materiality provisions of paragraph 33 of ESRS 1. Those classified as Metrics are subject to the materiality provisions of paragraph 34 of ESRS 1. In relation to additional metrics sector-specific datapoints in this [draft] standard, when assessing the condition of paragraph 34 (b), the undertaking shall refer to the objective of the relevant Disclosure Requirement in the sector-agnostic ESRS.~~

## Scope of application

4. An undertaking is within the scope of application of this [draft] ESRS when *Mining, Quarrying and Coal* is a significant sector according to paragraph 3840 (b) and/or (c) of ESRS 2 General Disclosures, using the criteria set in AR 4213 of ESRS 2 to define a significant sector.
5. [draft] ESRS SEC 1 *Sector classification* defines the aggregation of activities (NACE codes) into sectors for the purposes of applying sector ESRS. The ~~list of~~ NACE codes that pertain to the Mining, Quarrying and Coal sector are listed in Appendix D to this [draft] ESRS, consistent with SEC 1.
6. The *Mining, Quarrying and Coal* sector is composed of Mining, Quarrying and Coal segments: mining, quarrying, coal and service sub-sectors.
- ~~4.~~ The *Mining segments sub-sector* includes the extraction of metals ~~and minerals.~~
7. ~~Extraction which~~ can be achieved by different methods, such as underground or surface mining, well operation, seabed mining, salars' exploitation, geothermal mining ~~etc. and others.~~ Extraction of critical minerals such as copper, lithium, nickel, cobalt and rare earth elements is included in this sub-sector. Supplementary activities, such as crushing, grinding, washing, drying or sintering are also included. The activities in this sub-sector are classified under NACE division 07 Mining of metal ores (codes 07.10, 07.21 and 07.29).
- ~~5.~~ This sector also includes supplementary activities aimed at preparing the crude materials for marketing, for example, crushing, grinding, cleaning, washing, drying, sorting, sintering of ores, dredging of alluvial deposits, rock crushing or the use of salt marshes.
8. ~~Quarrying activities include~~The *Quarrying sub-sector* includes activities such as quarrying, rough trimming and sawing of large building stones, breaking and crushing of ornamental and building stones, the extraction and dredging of (industrial) sand, mining of natural phosphates and natural potassium salts, peat digging and preparation of peat to improve quality or facilitate transport or storage. It also includes extraction of salt, as well as mining and quarrying of various minerals and materials. ~~Finally, support services, as well as supplementary activities such as exploration services, draining and pumping services dredging of alluvial deposits, rock crushing or test drilling are also included~~the use of salt marshes. The activities in this [draft] sub-sector standard are classified under NACE division 08 Other mining and quarrying (codes 08.11, 08.12, 08.91, 08.92, 08.93, 08.99).
9. The *Coal Operations sub-sector* includes the extraction of solid mineral fuels through underground or open-cast mining and includes operations (e.g., grading, cleaning, compressing and other steps necessary for transportation etc.) leading to a marketable product. This sub-sector includes undertakings that mine coal and manufacture coal products, whether it concerns underground or surface mining, thermal or metallurgical coal. This sub-sector also includes manufacturing of coke oven products. The activities in this sub-sector are classified under NACE division 05 Mining of coal and lignite (codes 05.10, 05.20), as well as NACE code 19.10 Manufacture of coke oven products.
- ~~6.~~ The *Coal Operations* sector includes undertakings that mine coal and other similar materials and those that manufacture coal products. Mining activity covers both underground and surface mining, and thermal and metallurgical coal. It also includes ~~manufacturing of coke oven products.~~
10. The *Services sub-sector* includes providing support services on a fee or contract basis to the ~~three sub-sectors mentioned above.~~ Such services can consist of exploration services like prospecting, draining and pumping services or test drilling and test hole boring. The activities in this sub-sector are classified under NACE 09.90 Support activities for other mining and quarrying.

## Presentation of sector-specific disclosures

~~When reporting on policies, actions, metrics and targets to manage material sustainability matters according to this [draft] ESRS, the undertaking shall include the information provided for in ESRS 2, respectively in DC-P – Policies adopted to manage material sustainability matters, DC-A – Actions and resources in relation to material sustainability matters, DC-M – Metrics in~~

~~relation to material sustainability matters and DC-T – Tracking effectiveness of policies and actions through targets.~~

- ~~40.11. When preparing its sustainability statements, the undertaking shall group the disclosures by cross-cutting reporting area and, where applicable, by sustainability matter<sup>4</sup> according to the provisions set out in [draft] ESRS 1 paragraph 117. Disclosures stemming from the [draft] *Mining, Quarrying and Coal* Disclosures stemming from the [draft] MQC ESRS shall be presented alongside the disclosures required by the corresponding sector-agnostic ESRS and following the provisions prescribed by ESRS 1 paragraph 115. of ESRS 1.~~

## **Sector-specific – Material matters and materiality assessment guidance of information**

- ~~11.12. This [Appendix F of this] [draft] ESRS identifies the list of matters that shall be addressed by undertakings operating in the Sector. The undertaking withing are most relevant to the sector. This list supports the scope of application of this [Draft] ESRS shall consider, for the purposes of undertaking's materiality assessment, in conjunction with the list in paragraph 34 AR 16 of ESRS 1 – General Requirements, that the sustainability matters listed in the table in paragraph 49 below are material.~~
- ~~12.13. Irrespective of the outcome of its materiality assessment, the undertaking shall always disclose the information required by this [draft] ESRS that are sector specifications of:~~
- ~~(a) apply the requirements in the main body and in Appendix B of this [draft] ESRS that relate to ESRS E4 Climate Change and ESRS 2 General Disclosures; (i.e. all the Disclosure Requirements and data points specified in this draft ESRS that are sector specifications of ESRS 2); and~~
- ~~apply the requirements in the main body and in Appendix B of this [draft] ESRS that relate to ESRS S1 Own workforce, DRs from 1 to 9, if it has 250 or more employees;~~
- ~~include the datapoints that emanate from EU law listed in Appendix C of this [draft] ESRS.~~
- ~~7. In relation to each of its material matters, the undertaking shall apply paragraphs 33 to 39 of ESRS 1 – General requirements.~~

<sup>4</sup> Defined in Appendix A of ESRS 1.

## Sector-specific material sustainability matters

8. This [draft] ESRS sets out Disclosure Requirements related to the sustainability matters material for the Sector, listed in the table below. Some of them are already listed in AR 12, Appendix B or ESRS 1. Detailed descriptions of them are included in Appendix E.

| Environmental matters   | Social matters  | Governance matters  |
|---|---|---|
| E1: Climate change adaption (*)   | S1: Working time and work-life balance  | G1: Corporate culture (*)                                       |
| E1: Energy (*)  | S1: Health and Safety (*)   | G1: Protection of whistle-blowers (*)                           |
| E2: Pollution of air (*)  | S1: Adequate wages and secure employment (*)  | G1: Animal welfare (*)  |
| E2: Pollution of water  | S1: Freedom of association and collective bargaining (*)  | G1: Political engagement and lobbying activities (*)            |
| E2: Pollution of soil (*)   | S1: Gender equality and equal pay for work of equal value (*)   | G1: Management of relationships including payment practices (*) |
| E2: Pollution of living organisms and food resources (*)                  | S1: Training and skills development (*)   | G1: Corruption and bribery (*)                                  |
| E2: Substances of concern (*)   | S1: Measures against violence and harassment in the workplace (*)   | G1: Cyber security  |
| E2: Industrial hazards  | S1: Diversity (*)   | G1: Anti-competitive behaviour                                  |
| E3: Water withdrawals   | S1/S2: Child labour (*)   |   |
| E3: Water consumption (*)   | S1/S2: Forced labour (*)  |   |
| E3: Water use   | S1/S2: Adequate housing, including water and sanitation (*)   |   |
| E3: Water discharges in water bodies and in the oceans                    | S3: Infrastructure, including adequate housing, adequate food, water and sanitation and power (electricity) (*)                           |   |
| E3: Habitat degradation and intensity of pressure on marine resources (*) | S3: Impacts on land rights (*)  |   |
| E4: Direct impact drivers on biodiversity loss (*)                        | S3: Security-related impacts (*)  |   |
| E4: Impacts on the state of species (*)                                   | S3: Freedom of expression and freedom of assembly (*)   |   |
| E4: Impacts on the extent and condition of ecosystems (*)                 | S3: Impacts on human rights and environmental defenders   |   |
| E4: Impacts and dependencies on ecosystem services (*)                    | S3: Particular rights of indigenous communities, including: Free, prior and informed consent; self-determination; and cultural rights (*) |   |
| E5: Product innovation  |   |   |
| E6: Resources inflows, including resource use (*)                         |   |   |
| E6: Waste (*)   |   |   |

(\*) Sustainability matter (see ESRS 1 Appendix B table in paragraph AR 12) covered by Disclosure Requirements in sector-agnostic ESRS.

## Reporting boundary

9. Without changing the application of the requirements in Chapter 5 of ESRS 1 *Value chain*, the undertaking shall include in its sustainability statements information about the operational sites and assets that are under its financial and operational control.

## Navigation table

10. The following table provides an overview of which disclosure and application requirements of the (draft) ESRS Mining, Quarrying and Coal are applicable to undertakings that operate one or more segments of the Sector:

| Name of requirement  | Level of disaggregation             | Mining | Quarrying | Coal | Services |
|--|-------------------------------------|--------|-----------|------|----------|
| <b>Sector-specific Disclosure Requirements related to sector-agnostic Disclosure Requirements</b>                        |                                     |        |           |      |          |
| ESRS 2-SBM-1 Market position, strategy, business model(s) and adaption   | NACE                                | X      | X         | X    | X        |
| ESRS 2-IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statements                      |                                     | X      | X         | X    | X        |
| E1-Methane focus   |                                     |        |           | X    |          |
| E1-6-Gross scopes 1,2, 3 and total GHG emissions   |                                     | X      | X         | X    |          |
| E1-9-Potential financial effects from material physical and transition risks and potential climate-related opportunities |                                     |        |           | X    |          |
| E2-Pollution prevention and control focus  |                                     | X      | X         | X    |          |
| E2-Industrial hazards focus  |                                     | X      | X         | X    |          |
| E2-Closure of assets focus   | Operational site                    | X      | X         | X    |          |
| E3-1-Policies related to water and marine resources  |                                     | X      | X         | X    |          |
| E4-2, 3, 4-Policies, actions and targets related to biodiversity and ecosystems  | Bio                                 | X      | X         | X    |          |
| E4-5-Impact metrics related to biodiversity and ecosystems change  | Bio                                 | X      | X         | X    |          |
| S1-1,4, 5-Policies, actions and targets related to own workforce   |                                     | X      | X         | X    | X        |
| S1-Work-related hazards focus  |                                     | X      | X         | X    | X        |
| S3-Indigenous peoples' rights focus  |                                     | X      |           | X    | X        |
| S3-1, 4, 5-Policies, actions and targets related to affected communities   |                                     | X      |           | X    |          |
| S3-2-Processes for engaging with affected communities  |                                     | X      |           | X    |          |
| S4-1, 4, 5-Policies, actions and targets related to consumers and end-users  |                                     | X      |           | X    |          |
| G1-2-Management of relationships with suppliers  |                                     | X      | X         | X    |          |
| <b>Sector-specific Disclosure Requirements</b>   |                                     |        |           |      |          |
| MIN-1-Mapping of operational sites   | Operational site                    | X      | X         | X    |          |
| MIN-2-Proved and probable reserves   |                                     | X      | X         | X    |          |
| MIN-3-E2-Tailings facilities and impoundments  | Operational site (except Quarrying) | X      | X         | X    |          |
| MIN-4-E3-Water withdrawal  |                                     | X      | X         | X    |          |
| MIN-5-E3-Water discharge   |                                     | X      | X         | X    |          |
| MIN-6-S1-Work stoppages  |                                     | X      | X         | X    | X        |
| MIN-7-S3-Security personnel  |                                     | X      |           | X    | X        |
| MIN-8-S3-Metrics on affected communities   | Operational site                    | X      |           | X    |          |
| MIN-9-S3-Human rights and environmental defenders  |                                     | X      |           | X    | X        |
| MIN-10-S3-Resettlement   | Operational site                    | X      |           | X    |          |
| MIN-11-S3-Workforce hired from local communities   | Operational site                    | X      |           | X    | X        |
| MIN-12-G1-Governmental contract transparency   |                                     | X      | X         | X    |          |
| MIN-13-G1-State aid and competition  |                                     | X      | X         | X    |          |
| MIN-14-G1-Beneficial ownership   |                                     | X      | X         | X    | X        |

| Name of requirement                          | Level of disaggregation | Mining | Quarrying | Coal | Services |
|--|-------------------------|--------|-----------|------|----------|
| MIN-15-G1-Cybersecurity                      |                         | X      |           | X    | X        |
| MIN-16-G1-Mineral-purchases-from-governments |                         | X      |           | X    |          |

**Legend:**

**NACE:** NACE/production data/geographical/market share

**Bio:** Operational site when operations connected with material IROs are located in or near biodiversity areas

**Note 1:** Operational site breakdown for closure or post-closure taking place at a given site.

## 1. Sector-specific additional disclosures related to sector-agnostic Disclosure Requirements

### Disclosure Requirement related to [draft] ESRS 2 SBM 1 Market position, strategy, business model(s) and value chain

(b) of the Disclosure Requirements (including their datapoints) in topical ESRS related to the Disclosure Requirement *IRO-1 Description of the process to identify and assess material impacts, risks and opportunities, as listed in ESRS 2 Appendix C Disclosure/Application Requirements in topical ESRS* that are applicable jointly with ESRS 2 General Disclosures.

14. The undertaking shall apply paragraphs 33, 34 and 35 of ESRS 1, when determining the information to be reported on a material sustainability matter, prescribed by the requirements in this [draft] ESRS.
15. For metrics prescribed in this [draft] ESRS that are not datapoints in Appendix C: *List of datapoints that emanate from EU Law*, if the undertaking omits information prescribed by either a Disclosure Requirement or a datapoint of a Disclosure Requirement, such information is considered to be implicitly reported as “not material for the undertaking”.

## Disclosure requirements

### ESRS 2 General disclosures

#### ESRS 2.IRO2.MQC – Conclusions on material matters and reported information

16. The undertaking shall disclose the conclusions of its materiality assessment regarding the list of sustainability matters listed in Appendix F, providing a brief explanation, in relation to the undertaking’s specific facts and circumstances, of which matters in the list have been assessed to be material and which have not. Specific facts and circumstances include the undertaking’s business model, its specific activities, the location of its sites, its products, and its business relationships. This disclosure may be presented alongside the information prescribed by paragraph 38 of ESRS 2.
17. When the undertaking omits the Disclosure Requirements prescribed by this [draft] ESRS that are applicable to a subsector of activity (refer to the Appendix C of this [draft] ESRS) which the undertaking does not operate, the brief explanation of paragraph 14 does not need to cover the Sustainability Matters which the omitted Disclosure Requirements refer to.
18. The list disclosed following paragraph 56 of ESRS 2 shall include the Disclosure Requirements of this [draft] sector ESRS complied with in preparing the sustainability statement.

#### ESRS 2.SBM1.MQC – Activity indicators

- 13-19. In addition to disclosing according to the information provided following ESRS 2 fSBM-1, the undertaking shall provide a breakdown of its net revenue (both in monetary amount and as a

percentage of its total revenue) ~~per NACE-code activity where it is active for into~~ the following NACE-code activities<sup>2</sup>:

- (a) B.05 – Mining of coal and lignite
- (b) B.07 – Mining of metal ores
- (c) B.08 – Other mining and quarrying
- (d) B.09 – Mining support activities
- (e) C.19 – Manufacture of coke oven products

[Activity indicators](#)

[ESRS 2.SBM2.MQC?](#)

[ESRS 2.IRO2.MQC?](#)

## **Cross-topical sector disclosures**

### **MQC 1. Mapping of operational sites**

~~14.20. The undertaking shall disclose a list of its policy in relation to the adoption of ISO and CEN-Cenelec recommendations, in particular: **significant operational sites with specification of the sustainability matters to which they are connected.**~~

~~whether and to which extent its processes comply with the ISO and CEN-Cenelec recommendations relevant for the Sector;~~

~~whether and when these have been reviewed or audited by an external assurance provider and found to conform to the corresponding ISO or CEN-Cenelec recommendations.~~

## **The objective of this Disclosure Requirement related to [draft] ESRS 2 IRO 2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statements**

~~15.21. In addition to the information required by ESRS 2 IRO 2, when the information required by a Disclosure Requirement of this [Draft] ESRS is omitted as assessed to be not material for the undertaking, the undertaking shall report a brief explanation of the conclusions of its materiality assessment for such Disclosure Requirement. For the Disclosure Requirements of Chapter 4 of this [Draft] ESRS, the brief explanation is expected to also cover the omission of the corresponding Disclosure Requirement in the sector agnostic [draft] ESRS to which the content in Chapter 4 relates. The brief explanation is not required when the undertaking omits a Disclosure Requirement in this [draft] ESRS that is not applicable to the segment of activity in which it operates (see Navigation Table in paragraph 24) **to enable an understanding of which operational sites are connected with specific material sustainability matters.**~~

### **Metrics**

~~11. In the list of Disclosure Requirements complied with in preparing the sustainability statements, following the outcome of the materiality assessment, to be reported following paragraph 55 of ESRS 2, the undertaking shall also cover the Disclosure Requirements of this Standard.~~

<sup>2</sup> This disclosure requirement is consistent with the requirements included in EBA Pillar 3 ITS Template 1 [Banking book – Climate change transition risk – Credit quality of exposures by sector, emissions and residual maturity](#).

### Disclosure Requirement related to [draft] ESRS E1 Methane focus

12. ~~In addition to For each of the information provided following ESRS E1-2, E1-3, E1-4 and E1-5~~ **operational sites in the list**, the undertaking with coal mining operations shall disclose its policies, targets and actions related to the management and abatement of methane emissions.
- 16.22. ~~The undertaking shall disclose its actions and resources to manage and abate methane emissions. This disclosure shall include:~~
- ~~whether a methane monitoring programme exists to identify sources of methane and quantify their emissions and a brief~~**basic** ~~description of the programme including:~~
- i. ~~the frequency~~ **name and a description** ~~of the monitoring;~~
- (a) ~~the different methane monitoring and quantification techniques applied, together with an indication~~**activities and main characteristics** ~~of the percentage of total methane reported in paragraph 33(a) quantified by each technique, namely:~~**site;**
- ~~(a) estimation methods involving the use of pre-determined emission factors;~~
- ~~(a) decline curves;~~
- ~~(b)(a) handheld instruments;~~
- ~~(c)(a) Continuous Emission Monitoring Systems (CEMS);~~
1. ~~Remote-sensing techniques or aerial surveys.~~
- (b) ~~the geographical location of significant flaring (NUTS region in the EU, country + region outside EU);~~
- (c) ~~type of control: financial or~~ **operational control**;
- (d) ~~status of site (active; undergoing closure; closed and rehabilitated; or closed and not rehabilitated);~~
- (e) ~~the existence of tailing impoundments;~~
- (f) ~~material impacts related to social or environmental matters to which operational site is connected to, including:~~
- ~~whether the site is located in or venting emissions;~~
- ~~the actions undertaken in removing venting and flaring from drainage stations and the combustion efficiency of flaring.~~
- i. ~~In the absence of policies, actions and targets related to the~~ **near to a protected areas or a key biodiversity area**. ~~If so, the undertaking shall specify the impacts to the affected habitats and~~ **ecosystems** ~~and species and describe~~ **biodiversity management and adaptive management activities in place.**
- ii. ~~whether the undertaking is connected to material impacts on the local community, specifically, in relation to:~~
1. ~~indigenous peoples;~~
2. ~~land rights;~~
3. ~~infrastructure, including housing, food, water and sanitation, and power;~~
4. ~~pollution;~~
5. ~~hazardous waste storage or disposal;~~
6. ~~voluntary or involuntary resettlements that have been taking place or are ongoing~~ **near** ~~the site, subject to legal restrictions on the disclosure.~~
- iii. ~~whether the site is located in or near~~ **active conflict areas or high-risk areas**; ~~and~~
- iv. ~~whether the site is located in~~ **areas at water risk**.
- (g) ~~the percentage of top management and employees recruited from the affected community, including indigenous people.~~



## **MQC 2. Mineral reserves**

### **23. The undertaking shall disclose its proved mineral reserves.**

24. ~~and abatement of methane emissions, the~~ The objective of this Disclosure Requirement is to enable an understanding of the actual and potential future impacts and risks for the various types of sites.

#### **Metrics**

25. The undertaking shall disclose the percentage of **proved mineral reserves** that are:

- (a) in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index;
- (b) in or **near** the areas of **active conflict**;
- (c) in or **near** the indigenous land;
- (d) in or near sites protected areas and key biodiversity areas; and
- (e) in areas at water risk.

26. The undertaking shall disclose for each line item the corresponding countries where it has **proved mineral reserves**.

27. The undertaking shall, where relevant, provide a breakdown of calculations by mineral or business unit where minerals or business units include, for example: coal, aluminium, copper, zinc, iron ore, platinum group metals, or diamonds.

## **MQC 3. Industrial hazards**

### **28. The undertaking shall disclose information related to the industrial hazards.**

29. The objective of this Disclosure Requirement is to enable an understanding of the material impacts, risks and opportunities related to industrial hazards connected to the undertaking's operations, as well as how the undertaking manages them.

#### **ESRS E2 -Policies, actions and targets**

30. When reporting according to ESRS E2-1 to E2-6, the undertaking shall disclose its **policies, actions and targets** related to the **industrial hazards**, in accordance with ESRS 2 MDR-P, MDR-A, MDR-T; covering the applicable items in Appendix B.1.

#### **ESRS S1 -Policies, actions and targets**

31. In addition to the information provided following ESRS S1-1, S-4 and S-5, the undertaking shall disclose its **policies, actions and targets** related to the **industrial hazards**, in accordance with ESRS 2 MDR-P, MDR-A, MDR-T; covering the applicable items in Appendix B.1.

#### **ESRS E2 -Metrics**

32. The undertaking shall disclose the total number of significant spills that occurred during the reporting period, including the total volume spilled and the name of the substances released, as well as how it defines significant spill.

#### **ESRS S1 - Metrics**

33. The undertaking shall provide the following **metrics** related to health and safety:

- (a) health and safety incidents as a result of being exposed to chemicals (including crystalline silica and dust) and provide a breakdown between **employees** and **non-employee in own workforce**:
  - i. the number of work-related fatalities,
  - ii. the number of **work-related injuries**; and
  - iii. the number of cases of work-related **ill health**;
- (b) the minimum number of hours of **training** per worker received by its **own workforce** on health, safety and emergency preparedness, with respect to occupational risks or

hazards to which its own workforce is reasonably likely to be exposed. Such information shall be broken down by **employees** and **non-employee** explain why such.

#### **MQC 4. Closure of assets**

**34. The undertaking shall disclose its *metrics* related to the closure of assets.**

35. The objective of this Disclosure Requirement is to enable an understanding of the qualitative and quantitative indicators related to **closure of assets** connected with the undertaking's operations.

##### **Policies, actions and targets**

17:36. When reporting according to ESRS E2-1 to E2-6, the undertaking shall disclose its **policies, actions** and **targets** are not in place (see paragraph 60 of ESRS 2 *General Disclosures*), related to the **closure of assets**, in accordance with ESRS 2 MDR-P, MDR-A, MDR-T; covering the applicable items in Appendix B.1.

##### **Metrics**

37. The undertaking shall list the percentage of **operational sites** for which there is no existing or foreseen site rehabilitation plan.

38. The undertaking shall disclose the material financial liabilities it expects to incur for closure and rehabilitation, for each **operational site**, including environmental and social post-closure monitoring and aftercare for its sites, in particular:

- (a) monetary amount recognized in the financial statements;
- (b) undiscounted monetary value of (a) split by time horizon;
- (c) discount rate used to calculate (a);
- (d) potential additional liabilities that do not meet the recognition criteria at the reporting date; and

**whether the operational site has been sold to a third party.**  
**Disclosure Requirement related to [draft] ESRS E1-6 Gross scopes 1, 2, 3 and total GHG emissions**

- (e) In addition to the

#### **MQC 5. Tailings management, facilities and impoundments**

**39. The undertaking shall disclose information reported on its tailings management practices, tailings facilities and tailing impoundments.**

40. The objective of this Disclosure Requirement is enabling an understanding of the undertaking's management of its **tailings** facilities, the hazards nature of its tailings impoundments, and its treatment of tailings.

##### **Policies, actions and targets**

18:41. When reporting according to ESRS E1-6, the undertaking with coal mining operations shall provide a breakdown: E5-5, the undertaking shall disclose its **policies, actions** and **targets** related to the **tailings**, in accordance with ESRS 2 MDR-P, MDR-A, MDR-T; covering the applicable items in Appendix B.1.

42. If the undertaking does not follow any generally accepted standard or code of practice, it shall explain why.

##### **Metrics**

43. The undertaking shall also disclose, for each material **tailings** facility for which a risk assessment has not been carried out in the previous reporting period:

- (a) a description of the tailing's facility, its name, location, and ownership;
- (b) a classification by hazard potential for each listed **tailings** impoundments;
- (c) types of **tailings** disposal methods used by the undertaking;
- (d) whether the facility is active, inactive, or closed;
- (e) the date and main findings of the most recent risk assessment;
- (f) the dates of the most recent and next independent technical reviews as well as the main findings of the most recent technical review;
- (g) the maximum permitted storage capacity.

44. The undertaking shall disclose:

- (a) the percentage of its tailings impoundment that has been assessed by a third party; and
- (b) the hazard potential per each of its tailing facility according to the following classification:
  - i. high hazard potential;
  - ii. significant hazard potential;
  - iii. low hazard potential.

45. The undertaking shall provide information about its waste-management process in case of deep-sea, river, lake and ocean tailings disposal and shall:

- (a) disclose the total amount of waste from **tailings** and of mineral processing waste generated during the reporting period;
- (b) report on the waste-management process followed and additional challenges faced considering the activities that take place underwater, if it engages on sea mining activities, coastal or deep sea, including the disposal of waste into the marine systems or other activities mentioned in ESRS E3 AR.12;
- (c) disclose if waste from **tailings** is being generated in deep-sea areas (Deep-Sea Tailings Disposal (DSTD)).

46. The undertaking shall disclose the following information on the financial effects related to catastrophic failures:

- (a) available financial resources (including from insurance arrangements) to face potential future events and monetary amounts at risk;
- (b) provisions recognised in the financial statements for past events;
- (c) other expected costs, if applicable;
- (d) description of how the amounts above have been estimated, including the key assumptions and inputs.

## **Environmental disclosures**

### **ESRS E1 – MQC Climate change**

#### **Policies, actions and targets**

47. When reporting according to ESRS E1-2, E1-3 and E1-4, the undertaking shall also disclose its **policies, actions** and **targets** related to the management and abatement of methane emissions, in accordance with ESRS 2 MDR-P, MDR-A, MDR-T, covering the applicable items in Appendix B.1.

#### **Metrics**

48. In addition to the information provided following ESRS E1-6, the undertaking shall disclose a breakdown:

- (a) of its total **Scope 1 GHG emissions** into total CO<sub>2</sub> and methane emissions;
- (b) of total ~~scope~~**Scope 1 GHG emissions** by type of source, where relevant, namely:
- i. stationary combustion;
  - ii. mobile combustion;
  - iii. flaring;
  - iv. venting, and
  - ii. ~~—~~ fugitive ~~;~~
  - v. ~~When disclosing its scope 3 GHG emissions as per ESRS E1-6 paragraph 41, the undertaking shall include the following categories:-~~

~~Waste generated in operations (for undertakings with coal mining operations only);~~

~~Use of sold products (for undertakings with coal mining operations only);~~

~~Processing of sold products (for undertakings with mining operations only);~~

~~Downstream transportation and distribution.~~

~~13. The undertaking in the Mining, Quarrying and Coal sector shall in addition to Disclosure Requirement ESRS E1-6 provide a breakdown of their Scope 1, 2 and 3 GHG per NACE code activity they are active in and this for the following NACE-activities<sup>3</sup>:~~

~~B.05 – Mining of coal and lignite;~~

~~B.07 – Mining of metal ores;~~

~~B.08 – Other mining and quarrying;~~

~~B.09 – Mining support service activities; and~~

~~C.19 – Manufacture of coke oven products.~~

~~49. The undertaking shall disclose its GHG intensity per unit of production, including the specific denominators chosen to calculate it.~~

~~49-50. In addition to the information provided following ESRS E1-6, with regards to its methane emissions, the<sup>4</sup> average tonnes of CO<sub>2</sub> equivalent, and average share of high carbon technologies per undertaking shall disclose:~~

~~Tonne of output;~~

~~Gigajoule (only for undertakings with NACE code activity B.08 Other mining and quarrying and B.09 Mining support service activities);~~

~~NACE code activity they are active in and this for the following NACE-activities:~~

~~i. ~~—~~ B.05.10 – Mining of hard coal~~

~~ii. ~~—~~ B.05.20 – Mining of lignite~~

~~iii. ~~—~~ B.07 – Mining of metal ores~~

~~iv. ~~—~~ B.08 – Other mining and quarrying~~

~~v. ~~—~~ B.09 – Mining support service activities.~~

<sup>3</sup>This disclosure requirement is consistent with the requirements included in EBA Pillar 3 ITS Template 4 Banking book – Climate change transition risk – Credit quality of exposures by sector, emissions and residual maturity.

<sup>4</sup>This disclosure requirement is consistent with the requirements included in EBA Pillar 3 ITS Template 3 – Banking book – Climate change transition risk – Alignment risks

## **Disclosure Requirement related to ~~[draft] ESRS E1-9 Potential financial effects from material physical and transition risks and potential climate-related opportunities~~**

- (a) ~~the geographical location (country) of any significant *flaring* or *venting* emissions;~~
- (b) ~~the percentage of routine and non-routine flaring, and the efficiency of combustion.~~

~~20-51.~~ In addition to the information provided following E1-9, the undertaking ~~with coal mining operations~~ shall disclose how it expects the management of climate change-related *risks* and *opportunities* to affect the medium and long-term financial position, performance and development.

~~14.~~ This disclosure shall include:

- (b) ~~changes in the investment levels dedicated to the development of coal proved reserves;~~
- (c) ~~the development of new infrastructure projects related to coal transportation and distribution;~~
- (d) ~~potential write-off situations that do not meet the accounting recognition criteria; and~~
- (a) ~~early closure of existing assets and impacts on useful life of the existing assets.~~

## **Disclosure Requirement related to ~~[draft] ESRS E2 – MQC Pollution prevention and control focus~~**

### ***Policies, actions and targets***

~~21-52.~~ In addition to the information provided ~~When reporting~~ according ~~to the~~ ESRS E2-1; ~~to~~ E2-2; E2-3; E2-45, the undertaking shall disclose its *policies*, *actions* and *targets*, ~~actions and metrics~~ related to pollution prevention and control in normal operations. ~~in accordance with ESRS 2 MDR-P, MDR-A, MDR-T, covering the applicable items in Appendix B.1.~~

### ***Metrics***

~~15.~~ When disclosing information provided following ESRS E2-1, paragraph 14(a) and ESRS 2, paragraph 63(a) ~~the~~ The undertaking shall:

~~22-53.~~ indicate ~~if policies relative to equipment, infrastructure and process maintenance; the identification and implementation of Best Available Techniques; and environmental quality monitoring around~~ disclose the frequency of its significant non-compliance with Environmental Quality Standards (defined by local regulation or permitting conditions) *near its* operational sites ~~are in place; and briefly describe the policies, in accordance with ESRS 2, paragraph 63(b).~~

~~54.~~ ~~disclose if~~ The undertaking shall indicate the policies related to pollution prevention and control apply to all its operating mine sites and ~~disclose the name of the sites in which are~~ the acid drainage is:

- (a) predicted to occur or has been found to occur;
- (b) has not covered by been actively mitigated; and
- (c) is not under treatment or remediation.

## **ESRS E3 – MQC Water and marine resources**

### ***Policies, actions and targets***

~~23-55.~~ When reporting according to the ESRS E3-1 and E3-3, the general policy ~~undertaking shall disclose its~~ *policies* and *targets* related to water and marine resources in accordance with ESRS 2 MDR-P and MDR-T covering the applicable items in Appendix B.1.

## **MQC 6. Water and marine resources metrics**

### ***Metrics***

16. ~~The undertaking shall disclose its actions and resources on:~~

~~24-56. maintenance water withdrawals and inspection frequency of critical structures, namely: discharges.~~

- ~~i. mining slopes;~~
- ~~ii. tailings dams and ponds.~~

~~to monitor the quality of the environment around its operational sites, namely the percentage of operational sites that have an environmental monitoring plan in operation.~~

~~to remediate the effects of pollution from its operations on the environment in particular:~~

- ~~iii. air pollution, in particular particulate matter (PM10, PM2.5), SO2 and CO;~~
- ~~iv. water pollution, in particulate leachate and acid drainage;~~
- ~~v. soil contamination, e.g. heavy metals (Pb, As, Hg, Zn, Cd, Cr, etc) originating from mining tailings;~~
- ~~vi. use and disposal of substances of concern or substances of very high concern.~~

~~57. The objective of this disclosure requirement is to enable an understanding of the water withdrawals and water discharges.~~

~~58. The undertaking shall disclose the total volume of water withdrawals and water discharges, disaggregated into:~~

- ~~(a) surface water;~~
- ~~(b) groundwater;~~
- ~~(c) other water.~~

~~59. With regards to the water withdrawals disclosed according to paragraph 58 points (a), (b) and (c), the undertaking shall disclose the share (percentage) of water withdrawn from the areas at water risk.~~

~~60. The undertaking shall disclose the number of significant non-compliances with respect to local regulatory or discharge limits and indicate exceeded parameters.~~

~~61. The undertaking shall report on which operational sites referred to in MQC 1. Mapping of operational sites the activities have a significant impact on groundwater level and environmental-flows and what measures are put in place to counteract these effects.~~

~~62. The undertaking shall report in which water basin its operations significantly impact hydrological conditions (e.g. drainage flows, hydrogeology, etc) and in which water basin these have or are likely to have a material impact on groundwater level and environmental-flows and what measures are put in place to counteract these effects. pollution-related targets~~

~~63. The undertaking shall disclose:~~

~~the volume of the water it has adopted with regards to the prevention and control of:~~

- ~~(a) acid drainage;~~
- ~~(b) tailings from mining.~~

~~17. In disclosing its policies related to pollution according to the sector agnostic E2-1 – Policies related to pollution the undertaking shall explain how it addresses:-~~

~~spills and loss of containment events from tailings, chemicals or other hazardous materials used or produced in operations. In particular for substances of concern and substances of very high concern, the undertaking shall disclose policies on:-~~

- ~~i. their use and disposal;-~~
- ~~ii. the approach for setting discharge limits;~~

~~tailings from mining, in particular:~~

- iii. ~~implementation of policies to guarantee tailings storage structural integrity in the short, mid and long term; and~~
- iv. ~~frequency of maintenance and inspection of critical infrastructure.~~

~~discharges~~ **Metrics**

- (a) ~~The undertaking shall disclose significant events of chronic pollution resulting from current or historical activity, and where violations of environmental quality limits are or have been frequent, may persist in time, or cause irreparable damages to the environment or people. The undertaking shall disclose on which sites such situations occur or have occurred, exports to third parties.~~

18. ~~The undertaking shall disclose the number of non-compliances with respect to local regulatory or permitting environmental quality limits in the vicinity of its the operational sites.~~

~~i. \_\_\_\_\_~~

**Disclosure Requirement related to [draft] ESRS E2 Industrial hazards focus**

19. ~~In addition to the information provided following ESRS E2-1, E2-2, E2-3 and E2-4, the undertaking shall disclose its policies, targets, actions and metrics related to industrial hazards.~~

***20. Policies, Actions and Targets***

21. ~~The undertaking shall explain how its implemented policies address the prevention of the industrial hazard risks associated with mining operations and emergency preparedness and response.~~

22. ~~The undertaking shall disclose its actions and resources related to:~~

- ~~actions related to industrial hazard prevention and emergency preparedness and response;~~
- ~~report actions occurred during the reporting period related to past accidents impacts whose environmental remediation may still be on-going, including any actions that are planned for short, mid and long-term, if applicable;~~

23. ~~The undertaking shall disclose the pollution-related targets it has adopted with regards to the prevention and control of:~~

- ~~(c) ~~spills of chemical substances soil and water;~~~~
- ~~(d) ~~tailings from mining.~~~~

***Metrics***

24. ~~For recorded significant spills that occurred during the reporting period, the undertaking shall disclose the total number, total volume and name of the substances released. For each significant spill, the undertaking shall disclose:~~

- ~~location of spill (operational site or other location if applicable);~~
- ~~volume of spill;~~
- ~~material of spill, categorised by:~~
  - ~~i. ~~oil spills (soil or water surfaces);~~~~
  - ~~ii. ~~fuel spills (soil or water surfaces);~~~~
  - ~~iii. ~~spills of waste (soil or water surfaces);~~~~
  - ~~iv. ~~spills of chemicals (mostly soil or water surfaces), and~~~~
  - ~~v. ~~other;~~~~

- ~~a description of the impacts of each spill; and~~
- ~~how the undertaking defines a 'significant' spill.~~

- (b) ~~The undertaking shall report significant events of acute pollution, as a consequence of industrial accidents when they have occurred in the destination of the volume disclosed in (a), the impacts arising from it;~~

## **ESRS E4 – MQC Biodiversity and ecosystems**

### ***Policies, actions and targets***

25. ~~When reporting year or when their remediation is still active. The undertaking shall disclose on which sites such situations occur or have occurred.~~

## **Disclosure Requirement related to [draft] according to the ESRS E2 Closure of assets focus**

26. ~~In addition to the information provided following ESRS E2-1, E2-2, E2-3, E2-4, E2-5, E2-6, the undertaking shall disclose its policies, targets, actions, metrics and financial effects related to closure of assets.~~

### ***27. Policies, Targets and Actions***

28. ~~When disclosing information provided following ESRS E2-1, the undertaking shall indicate whether it has a policy addressing the adoption of closure plans for operational sites addressing decommission, rehabilitation or restoration and monitoring of sites.~~
29. ~~The undertaking shall disclose its closure actions and resources, including: if a closure plan exists or is foreseen for each of its operational sites that have already reached the end of its operational life. If this is not the case, the undertaking shall disclose the list of sites for which there is no existing or foreseen site rehabilitation plan.~~
30. ~~The undertaking shall disclose information about how it manages its responsibilities related to closure and post-closure of operational sites.~~

### ***Metrics***

31. ~~The undertaking shall disclose the material financial liabilities it expects to incur for closure and rehabilitation, per operational site, including [environmental and social] post-closure monitoring and aftercare for mine sites, in particular:~~
- ~~amount recognized in the financial statements;~~
  - ~~undiscounted monetary value of a) split by relevant time bucket;~~
  - ~~discount rate used to calculate a);~~
  - ~~(a) ~~potential additional liabilities that do not meet the recognition criteria at the reporting date; and~~~~
  - ~~whether the operational site has been sold to a third party.~~

## **Disclosure Requirement related to [draft] ESRS E3-1 – Policies related to water and marine resources**

### ***32. Policies, Actions and Targets***

33. ~~In addition to disclosing the information required in sector agnostic Disclosure Requirement E3-1 *Policies and targets related to water and marine sources*, the undertakings shall include its interactions with water as a shared resource, particularly in areas at water risk and where conflicts between different water uses may emerge.~~
- 25-64. ~~Disclosure Requirement related to [draft] ESRS E4-2, E4-3 and E4-4 *Policies, actions, the undertaking shall disclose its policies and targets related to biodiversity and ecosystems in accordance with ESRS 2 MDR-P and MDR-T, covering the applicable items in Appendix B.1.*~~

### ***Policies, Actions and Targets***



In addition to disclosing its policies implemented to manage its material impacts, risks and opportunities related to biodiversity and ecosystems the undertaking shall describe if and how its policies address:

- (e) a phase-out of existing operations and/or stopping operational investments in or near key biodiversity areas. In case such policies are not in place, the undertaking shall disclose the policy provisions to minimize biodiversity and ecosystem impacts from current and future operations in or near these areas;
- (f) the achievement of no net loss or a net gain to biodiversity on operational sites, whether these commitments apply to existing and future operations and whether they apply to operations other than those in or near key biodiversity areas;
- (g) closure of operational sites at their end-of-life, including the implementation of site rehabilitation or restoration plans.

26-65. The undertaking shall disclose whether its policies or some aspects of its **undertaking's policies** implemented to manage material impacts, risks and opportunities related to biodiversity and ecosystems, according to ESRS E4-2, do not apply to one or more of its sites. In such case, the undertaking shall disclose which policies apply for those operational to which sites and, when for sites located in or near key biodiversity areas, if they are more stringent than the corporate wide policy.

#### **Metrics**

34. The undertaking shall explain how the application of the mitigation hierarchy has resulted in:

- (h) areas protected through avoidance measures or offset measures;
- (i) areas restored through on-site restoration measures or offset measures.

27-66. The undertaking shall disclose its biodiversity related closure activities, including whether a site rehabilitation or restoration plan exists or is foreseen for each of its operational sites. If this is not the case, the undertaking shall disclose the list of sites for which there is no existing or foreseen site rehabilitation or restoration plan.

35. In addition to disclosing according to ESRS E4-4 the undertaking shall disclose its targets related to:

- (j) minimising direct land-use change from mining activity; and
- (k) maximising the percentage of impacted area rehabilitated or restored.

### **Disclosure Requirement related to [draft] ESRS E4-5 Impact metrics related to biodiversity and ecosystems change**

#### **Metrics**

28-67. In addition to disclosing according to E4-5, the undertaking shall disclose significant impacts on **biodiversity** and **ecosystems** change using the following metrics:-

- (a) direct land use change related to its operational sites in **hectares (ha)**, as well as direct land use change in **key biodiversity areas**;
- (b) percentage of land-use change area rehabilitated or restored during the reporting period **differentiating** and the percentage of land-use change area rehabilitated or restored in **protected areas** and **key biodiversity areas**;
- (c) the total number of IUCN Red list species and **lists of national conservation list** species **at risk of extinction publicly available and specific to the with habitats in** areas **where they operate** affected by the operations of the organisation **and this**, by level of extinction risk.

29-68. The undertaking shall report **metrics** related to material **biodiversity** and **ecosystem** change impacts in accordance with ESRS E4-5, per each operational site located in or **near protected areas** and in **key biodiversity areas**; that is listed according to the disclosure MQC 1. Mapping of operational sites. This disclosure is not required for the sites for which the undertaking has assessed that it is not connected with a material potential or actual material impact.

## Disclosure Requirement related to [draft] ESRS S1-1, S1-4 and S1-5 Social disclosures

### ESRS S1 – MQC. Own workforce

**Policies, actions and targets** related to own workforce

#### **36. Policies, Actions and Targets**

37. In addition to ~~When~~ reporting according to the requirements of ESRS S1-1, S1-4 and S1-5, the undertaking shall disclose information ~~its~~ **policies, actions and targets** related to working conditions for coal and mining own workers. Specifically, the undertaking's policy, actions and targets related to:

housing facilities for own workers and their access to basic services such as clean water, sanitation, and electricity as well as recreational facilities and social spaces; and

working time and **work-life balance** when operating round the clock or, in remote locations.

30-69. Disclosure Requirement related to [draft] accordance with ESRS S1-Work-related hazards focus2 MDR-P, MDR-A, MDR-T; covering the applicable items in Appendix B.1.

38. In addition to reporting on ESRS S1-1, 4 and 5 and ESRS S1-13 and 14, the undertaking shall provide information in relation to work-related hazards whose own workforce is exposed to in its operations:

#### **39. Policies, Actions and Targets**

40. The undertaking shall provide the following information:

for chemical hazards, a description of the substances of very high concern that workers are exposed to in its operations;

for physical hazards, a description of the factors that contribute to these hazards, such as thermal strain and stress or noise and vibrations; and

a description of ergonomic hazards.

41. The undertaking shall provide the following information in relation to policies, actions and targets in relation to:

its occupational health services that contribute to the minimisation of risks and identification and elimination of hazards;

how it ensures the quality of occupational health services and facilitates workers' access to them; and

occupational health and safety training provided to workers, including the minimum number of hours per worker, on specific work-related hazards, hazardous activities, or hazardous situations.

#### **Metrics**

42. The undertaking shall provide the following information in relation to metrics:

on health and safety indicators as a result of being exposed to chemicals, crystalline silica and dust and provide a breakdown between employees and non-employee workers in own workforce:

i. ~~the number of work-related fatalities;~~

ii.i. ~~the number of **work-related injuries**; and~~

iii.i. ~~the number of cases of work-related **ill health**;~~

~~the minimum number of hours of training per worker received by its own workforce on health, safety and emergency preparedness, with respect to occupational risks or~~

~~hazards to which its own workforce is reasonably likely to be exposed. Such information shall be broken down by employees and non-employees~~ **MQC 7. Work stoppages**

~~workers.~~

#### **Disclosure Requirement related to [draft] ESRS S3 – Indigenous peoples' rights focus**

43. In addition to reporting on ESRS S3-1 to ESRS S3-5, the undertaking shall provide information in relation to the indigenous peoples' rights.

##### **44. Policies, Actions and Targets**

34-70. **The undertaking shall disclose: the number of work stoppages during the year, including number of employees involved and their length.**

71. The objective of this Disclosure Requirement is to enable an understanding of the extent of work stoppages and their effects on the undertaking.

##### **Metrics**

~~its general approach to identifying indigenous peoples who are or could be affected by the undertaking's activities; and~~

~~how it seeks to ensure safe and equitable gender participation when engaging with indigenous peoples.~~

72. The undertaking shall disclose following **metrics** related to work stoppages

(a) the number of major work stoppages.

(b) for each major work stoppage:

i. the percentage of **employees** involved;

ii. the number of employees involved;

iii. the length in days of each stoppage.

73. ~~whether the affected indigenous peoples are engaged~~ When reporting according to ESRS S1-1, S1-4, S1-5, the undertaking shall disclose its **policies, actions** and **targets** related to work stoppages in accordance with ESRS 2 MDR-P, MDR-A, MDR-T; covering the applicable items in Appendix B.1.

#### **ESRS S2 – MQC. Workers in the value chain**

##### **Policies, actions and targets**

74. When reporting according to ESRS S2-1, S2-4, S2-5, the undertaking shall disclose its **policies, actions** and **targets** related to **value chain workers**<sup>5</sup> health and safety, in accordance with ESRS 2 MDR-P, MDR-A, MDR-T; covering the applicable items in Appendix B.1.

#### **ESRS S3 – MQC. Affected communities - indigenous people**

##### **Policies, actions and targets**

32-75. When reporting according to ESRS S3-1, S3-4, S3-5, the undertaking shall disclose its **policies, actions** and **targets** related to the engagement with **indigenous peoples** throughout the tailings facility lifecycle, in accordance with ESRS 2 MDR-P, MDR-A, MDR-T; covering the

<sup>5</sup> ESRS S1 *Own Workforce* includes employees and non-employees (individual contractors supplying labour to the undertaking, and people provided by undertakings primarily engaged in 'employment activities' (NACE Code N78). Workers not in scope of *Own Workforce* are considered workers in the value chain (and are defined as individuals performing work in the value chain of the undertaking, regardless of the existence or nature of any contractual relationship with the undertaking).

applicable items in building the knowledge and in decisions that may have a bearing on public safety-Appendix B.1

**Metrics**

**Metrics**

~~33-76.~~ The undertaking shall disclose the following **metrics** in relation to seeking **free, prior and informed consent (FPIC)**:

- (a) whether it has been involved in a process of seeking FPIC from **indigenous peoples** for any of its activities.
- (b) ~~if~~ the undertaking has been involved in such processes, the following information ~~is to be provided~~ for the operational sites in question:
  - i. whether the process has been mutually accepted by the undertaking and the affected indigenous peoples; and
  - ii. whether an agreement has been reached, and if so, if the agreement is publicly available.

~~Disclosure Requirement related to [draft] ESRS S3-1, S3-4 and S3-5 Policies, actions and targets related to affected communities.~~

**45. Policies, Actions and Targets**

~~77.~~ ~~In addition to~~When reporting according to the requirements of ESRS S3-1, S3-4, S3-5, the undertaking shall disclose its **policies, actions and targets** related to the recognition of legitimate land tenure right holders and establishing compensation for loss of assets or other assistance in accordance with ESRS 2 MDR-P, MDR-A, MDR-T; covering the applicable items in Appendix B.1

~~46.~~ ~~When reporting according to ESRS S3-1, S3-4 and, S3-5 the undertaking shall provide information on specific impacts that, the undertaking can cause or contribute to on affected communities in relation to land and resources rights, including resettlement and closure of operational sites, and engagement with human rights and environmental defenders.~~

~~34-78.~~ The undertaking shall disclose its **policies, actions and targets** in relation to land and resource rights and, specifically, on: related to respecting and protecting human rights and environmental defenders, in accordance with ESRS 2 MDR-P, MDR-A, MDR-T; covering the applicable items in Appendix B.1

~~the recognition of legitimate tenure rights holders when acquiring, leasing or making other arrangements to use, or restrict the use of land;~~

~~addressing involuntary resettlement, and the process for establishing compensation for loss of assets or other assistance to improve or restore standards of living or livelihoods;~~

~~the use of the land after the closure of the operational site.~~

**MQC 8. Security personnel**

~~79.~~ ~~The undertaking shall disclose its~~ **the percentage of security personnel that has received training about the undertaking's human rights policies within own workforce.**

**Policies, actions and targets**

~~80.~~ ~~The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking's security personnel are aware of the undertakings' human rights policies and how these are respected when engaging with affected communities.~~

~~81.~~ The undertaking shall disclose:

~~(a) the percentage of security personnel that has received **training** in the undertaking's human rights **policies**;~~

~~(b) ~~actions and targets~~whether the undertaking has performed internal audits and /or audited or certified by an external party in relation to compliance of security personnel with its own human rights policies when engaging with **affected communities**;~~

- (c) where applicable, the number of the identified **incidents** of violations of human rights of **affected communities** directly linked to its security personnel and an explanation of the type of violation.

#### **MQC 9. Engagement with affected communities and grievance mechanisms**

##### **Metrics**

82. **The undertaking shall disclose metrics regarding engagement with affected communities and the performance of its grievance mechanisms.**
83. **The objective of this Disclosure Requirement is to enable an understanding of the impacts of the undertaking on affected communities.**
84. **The undertaking shall disclose the number of sites with grievance mechanisms or similar conflict resolution procedures for the operational sites listed in MQC 1, Mapping of operational sites. If the undertaking does not operate local grievance mechanisms at the operational site level as these are at group or company level, it may fulfil this requirement by stating this to be the case. It may disclose its plans to develop grievance mechanisms at operational site level.**
85. **The undertaking shall disclose the percentage of operational sites that have: implemented local community engagement, impact assessments, and/or development programs, including the use of:**
- (a) **implemented affected community engagement;**
  - (b) **been subject to impact assessments, including:**
    - iii. **social impact assessments, including gender impact assessments, based on processes whereby affected communities are participating in the undertakings' decisions that affect them;**
    - iv. **environmental impact assessments;**
  - (c) **work councils, occupational health and safety committees and other worker representation bodies to deal with impacts;**
86. **In addition for (b) above, the undertaking shall disclose whether the results of environmental and social impact assessments have been made public.**
87. **The undertaking shall disclose the following for the operational sites listed in MQC 1 and disclose at country level for material investments:**
- (a) **The extent of development of significant infrastructure investments (e.g. transport links, utilities) and services (e.g. human community social facilities, health, and welfare centres) supported; and whether these investments and services are commercial, in-kind, or pro bono engagements.**

#### **MQC 10. Human rights and environmental defenders –and, specifically, on:**

- (i) ~~respecting and protecting the human rights and environmental defenders, preventing attacks against human rights and environmental defenders.~~

##### **Metrics**

47. ~~**The undertaking shall describe the programs in place to enhance positive impacts or mitigate negative impacts involving Artisanal and Small Scale Mining (ASM), and how engagement with local authorities and communities has informed them.**~~

#### **Disclosure Requirement related to [draft] ESRS S3-2 Processes for engaging with affected communities**

##### **48. Policies, Actions and Targets**

~~35-88.~~ In addition to disclosing according to the sector agnostic ESRs S3-2 *Processes for engaging with affected communities about impacts*, the undertaking shall describe its processes for **number of incidents when engaging with human rights and environmental defenders**.

~~49.~~ Where applicable, the undertaking shall disclose whether post-closure plans have been consulted with the affected communities.

~~36-89.~~ The objective of this Disclosure Requirement related to [draft] ESRs S4-1, S4-4 is to enable an understanding of the undertaking's engagement and S4-5 *Policies, actions and targets* related to consumers respect for **human rights and environmental defenders** and end-users the extent to which incidents occur.

***50. Policies, Actions and Targets***

~~90.~~ The undertaking shall describe its policies, provide the number of **incidents with human rights and environmental defenders** and identify those that relate to **vulnerable groups**.

## **Governance disclosures**

### **ESRS G1 - MQC. Business conduct**

***Policies, actions and targets*** to identify the source, origin and production conditions of the metals and minerals it extracts and processes and, where applicable, disclose how this information is made available

~~51.~~ When reporting according to consumers **ESRS G1-2** and end/users.

**Disclosure Requirement G1-6, the undertaking shall disclose its policies, related to [draft] ESRs G1-2 – Management the management of relationships with suppliers**

***52. Policies, Actions and Targets***

~~37-91.~~ In addition to disclosing according to the sector agnostic disclosure requirement **and payment practices**, in accordance with **ESRS G1-2**, the undertaking shall disclose its policy with respect to the percentage of its procurement spending on suppliers local to that operation, when relevant for each operational site, or per group of operational sites within the same geographical area. **MDR-P covering the applicable items in Appendix B.1**

**Disclosure Requirement related to [draft] ESRs G1-5 – Political influence and lobbying activities**

~~92.~~ The undertaking shall report its definition used of 'local suppliers' in cases where it deviates from the suggested definition in appendix A.

***Metrics***

~~38-93.~~ When providing disclosures in accordance with Disclosure Requirement **ESRS G1-5** paragraph 29, the undertaking shall disclose what it spent (as a reporting entity) **during the reporting period on lobbying activities** regarding its material impacts, **risks and opportunities** identified in its **materiality** assessment in accordance with [draft] **ESRS 2**.

~~39-94.~~ The undertaking shall **also** disclose the number of open cases before courts or other competent authorities at the end of the reporting period that concern **claims about** misleading commercial practices or public communication related to sustainability. It shall also disclose the number of similar cases resolved during the reporting period and the outcomes of such cases.

## 2. Sector-specific Disclosure Requirements

### ***Disclosure Requirement MIN 1 – Mapping of operational sites***

~~53. The undertaking shall disclose a list of its operational sites with specification of the sustainability matters to which they are connected.~~

~~54. The objective of this Disclosure Requirement is to enable an understanding of which operational sites are connected with specific sustainability matters.~~

~~55. The undertaking shall present the list of the operational sites under its financial or operational control where either:~~

~~(a) the site is among its top 20 sites;~~

~~(b)(a) the site is connected with material actual impacts or material potential negative impacts.~~

~~56. For the purposes of this disclosure, the following are operational sites:~~

~~mines and the surface area disturbed by a mining operation, including but not limited to:~~

~~(a) the surface area from which the nonferrous metallic minerals or refuse or both have been removed;~~

~~(b)(a) the surface area covered by refuse, all lands disturbed by the construction or improvement of haulage ways, pipelines and pipeline corridors; and~~

~~(c)(a) any surface areas in which structures, equipment, materials, and any other elements used in the mining operation are situated;~~

~~(a) exploratory mining phase, not including sites where the undertaking only has a first right option to the subsequent possible exploratory activities, provided that the site is connected with material actual impacts or material potential negative impacts;~~

~~quarries;~~

~~tailing dams; and~~

~~infrastructure and office buildings relating to the operations.~~

~~57. For each of the operational sites in the list, the undertaking shall include:~~

~~basic description: name and location (region); a description of the activities and main characteristics of each site;~~

~~type of control: financial/operational control.~~

~~status of site: active; undergoing closure; closed and rehabilitated; or closed and not rehabilitated.~~

~~whether the operational site is connected with impacts related to social or environmental matters, including:~~

~~i. whether the site is located in or near to a protected areas or a key biodiversity area, specifying the impacts to the affected habitats and ecosystems and describing biodiversity management and adaptive management activities in place.~~

~~ii. the undertaking causes or contributes to material impacts on the local community, specifically, in relation to;~~

~~1. indigenous peoples;~~

~~2. land rights;~~

~~3. infrastructure, including housing, food, water and sanitation, and power;~~

~~4. pollution;~~

~~5. toxic waste storage or disposal;~~

- 6. ~~involuntary resettlements have been caused or contributed to by the undertaking have taken place near the site.~~
- iii. ~~the site is located in near conflict affected or high-risk areas; and~~
- iv. ~~the site is located in areas at water risk.~~

## **Disclosure Requirement MIN 2 – Mineral reserves**

### **40.1. ~~The undertaking shall disclose its proved mineral reserves.~~**

58. ~~The objective of this Disclosure Requirement is to enable an understanding of an undertaking's proved mineral reserves.~~
59. ~~The undertaking shall disclose the percentage of proved mineral reserves that are:~~
- ~~In countries that have the 20 lowest rankings in MQC 11. Transparency International's Corruption Perception Index;~~
  - ~~(m) in or near areas of conflict;~~
  - ~~(n) in or near indigenous land;~~
  - ~~(o) in or near sites protected areas and key biodiversity areas; and~~
- ~~in areas at water risk.~~

~~When disclosing the information in paragraph 97 the undertaking shall disclose for each line item, the corresponding countries where it has reserves.~~

60. ~~The undertaking shall, where relevant, provide a breakdown of calculations by mineral or business unit where minerals or business units include, for example: coal, aluminium, copper, zinc, iron ore, platinum group metals, and diamonds.~~

### **Environmental related requirements**

## **Disclosure Requirement MIN 3-E2 – Tailings facilities and impoundments**

61. ~~The undertaking shall disclose the list of its tailing's facilities and tailing impoundments classified according to their hazard potential.~~
62. ~~The objective of this Disclosure Requirement is enabling an understanding of the undertaking's management of its tailings facilities; the hazardous nature of the undertaking's tailing impoundments; and compliance with the Industry Standard with respect to the treatment of tailings.~~
63. ~~The undertaking shall describe actions taken to:~~
- ~~prevent catastrophic failures of tailings facilities;~~
  - ~~manage impacts from tailings facilities, including during closure and post-closure; and~~
  - ~~manage the impacts of failures in the functioning of its tailings facilities, including but not limited to catastrophic failures.~~
64. ~~In addition, the undertaking shall provide:~~
- ~~a description of the tailing facilities in place for each operational site, including legacy ones;~~
  - ~~the list of the tailing impoundments classified according to their hazard potential; and~~
  - ~~types of tailings disposal methods used by the undertaking.~~
65. ~~The disclosure shall include, for each operational site, including legacy ones, the tailings facilities in place, their name, location, and ownership status. This disclosure is not required for the sites for which the undertaking has assessed that it is not connected with a material potential or actual material impact. The undertaking shall include:~~



~~a description of the tailing's facility;~~

~~(a) whether the facility is active, inactive, or closed;~~

~~(b)(a) the date and main findings of the most recent risk assessment;~~

~~the dates of the most recent and next independent technical reviews as well as their main findings;~~

~~report the maximum permitted storage capacity and the total weight of tailings stored in metric tonnes; and~~

~~the date of the next review.~~

~~66. The undertaking shall provide information about its waste management process in case of deep sea, river, lake and ocean tailings disposal and shall:~~

~~disclose the total amount of tailings waste and of mineral processing waste generated during the reporting period;~~

~~report on the waste management process followed and additional challenges faced considering the activities that take place underwater, if it engages on sea mining activities, coastal or deep sea, including the disposal of waste into the marine systems or other activities mentioned in ESRS E3 AR.12;~~

~~disclose if tailings waste is being generated in deep sea areas (Deep-Sea Tailings Disposal (DSTD)).~~

~~67. The undertaking shall disclose whether it follows any generally accepted good practices for safe management of tailings facilities and which standard or code of practice it uses. If the undertaking does not follow any generally standard or code of practice, it shall explain why.~~

~~41.1. The undertaking shall disclose the following information on the financial effects related to catastrophic failures:~~

~~(a) available financial resources (including from insurance arrangements) to face potential future events and monetary amounts at risk;~~

~~(b)(a) provisions recognised in the financial statements for past events;~~

~~(c)(a) other expected costs, if applicable;~~

~~description of how the amounts above have been estimated, including the key assumptions and inputs.~~

#### **Disclosure Requirement MIN 4-E3 – Water withdrawal**

~~68. The undertaking shall disclose the freshwater and other water withdrawal for its activities and from what sources the water is withdrawn from.~~

~~69. The objective of this disclosure requirement is to enable an understand of the dependency of the undertaking on water withdrawals, as well as potential material impacts water withdrawals can have on local water resources and use.~~

~~70. The undertakings shall disclose the following indicators:~~

~~(p) Total volume of water withdrawn from all areas in thousands of cubic meters ( $10^3\text{m}^3$ ), including a breakdown by:~~

~~i. Total freshwater divided by:~~

~~(a) surface water;~~

~~1. groundwater.~~

~~ii. Other water.~~

~~(q) Total volume of water withdrawn from areas at water risk in thousands of cubic meters ( $10^3\text{m}^3$ ), including a breakdown by:~~

~~i. Total Freshwater divided by:~~

1. ~~surface water;~~
2. ~~groundwater.~~
- ii. ~~Other water.~~
- (b) ~~Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.~~
- (c) ~~The undertaking shall report on which operational sites the mining activities have a significant impact on groundwater level and environmental flows and what measures are put in place to counteract these effects.~~

### **Disclosure Requirement MIN 5-E3 – Water discharge**

71. ~~The undertaking shall disclose the volume, the destination, and the impacts of the water it discharges to the environment or exports to third parties; and the actions it may have taken to improve the quality of the water discharged.~~
72. ~~The purpose of this Disclosure Requirement is to enable an understanding of the impact of the undertakings' water discharges on local water resources and use.~~
73. ~~The undertakings shall disclose the following information:~~
- (r) ~~total volume of water discharged to areas at water risk in thousands of cubic meters (10<sup>3</sup> m<sup>3</sup>), including a breakdown by:~~
    - i. ~~freshwater;~~
    - ii. ~~other water.~~
  - (s) ~~disclose the number of non-compliances with respect to local regulatory or permitting discharge limits and for which parameters;~~
  - (t) ~~any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.~~
74. ~~The undertaking shall report in which water basin its mining operations significantly impact hydrological conditions (e.g. drainage flows, hydrogeology, etc) and in which water basin these have or are likely to have a material impact on groundwater level and environmental flows and what measures are put in place to counteract these effects.~~

### **Social-related requirements**

### **Disclosure requirement MIN 6-S1 – Work stoppages**

75. ~~The undertaking shall disclose the work stoppages during the year.~~
76. ~~The objective of this Disclosure Requirement is to enable an understanding of the extent of worker disputes and their impact on the undertaking's operations.~~
- (a) ~~The undertaking shall disclose the number of major work stoppages;~~
  - (b) ~~for each major work stoppage:~~
    - i. ~~the percentage of employees involved;~~
    - ii. ~~the number of employees involved;~~
    - iii. ~~the length in days of each stoppage.~~
77. ~~In addition, the undertaking may provide a description of the reasons (for example, worker disputes, affected communities' protests) for each major work stoppage and, where applicable, any steps taken to resolve each dispute.~~

### Disclosure Requirement MIN 7-S3 – Security personnel

~~78. The undertaking shall disclose the percentage of security personnel that has received training in the undertaking's human rights policies.~~

~~79. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking's security personnel are aware of its human rights policies and how these are respected when engaging with affected communities.~~

~~42.1. The undertaking shall disclose:~~

~~(a) the percentage of security personnel that has received **training** in the undertaking's human rights **policies**;~~

~~whether the undertaking has performed 109 internal audits and /or audited or certified by an external party in relation to compliance of security personnel with its own human rights policies when engaging with affected communities;~~

~~where applicable, the number of the identified incidents of violations of human rights of affected communities directly linked to its security personnel and an explanation of the type of violation.~~

### Disclosure Requirement MIN 8-S3 – ~~Metrics on affected communities~~

~~80. The undertaking shall disclose **metrics** regarding engagement with **affected communities** and the performance of its grievance mechanisms.~~

~~81. The objective of this Disclosure Requirement is to enable an understanding of the material impacts, risks and opportunities of the undertaking on affected communities.~~

~~43.1. The undertaking shall disclose the number of sites with grievance mechanisms or similar conflict resolution procedures, for the operational sites listed in MIN 1. If the undertaking does not operate local grievance mechanisms at the operational site level as these are at group or company level, it may fulfil this requirement by stating this to be the case. It may disclose its plans to develop grievance mechanisms at operational site level.~~

~~82. The undertaking shall disclose the percentage of operational sites that have:~~

~~implemented affected community engagement~~

~~been subject to impact assessments, including:~~

~~i. social impact assessments, including gender impact assessments, based on participatory processes;~~

~~ii. environmental impact assessments;~~

~~(a) works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;~~

~~44.1. In addition for (b) above, the undertaking shall disclose whether the results of environmental and social impact assessments have been made public.~~

~~83. The undertaking shall disclose the following for the operational sites listed in MIN 1 and disclose at country level for material investments:~~

~~The extent of development of significant infrastructure investments (e.g. transport links, utilities) and services (e.g. community social facilities, health, and welfare centres) supported; and~~

~~whether these investments and services are commercial, in-kind, or pro bono engagements.~~

### Disclosure Requirement MIN 9-S3 – Human rights and environmental defenders

~~84. The undertaking shall describe the number of incidents when engaging with human rights and environmental defenders.~~

~~85. The objective of this Disclosure Requirement is to enable an understanding of its performance in relation to respect of human right and engagement with environmental defenders.~~

~~86. The undertaking shall provide the number of incidents with human rights and environmental defenders and identify those that relate to vulnerable groups.~~

#### **Disclosure Requirement MIN 10-S3 – Resettlement**

~~87. The undertaking shall disclose the operational site for which it has caused or contributed to voluntary or involuntary resettlement.~~

~~88. The objective of this Disclosure Requirement is to enable an understanding of the negative impacts that arise from voluntary or involuntary resettlement caused or contributed to by the undertaking on affected communities.~~

~~89. The undertaking shall disclose whether it has caused or contributed to voluntary or involuntary resettlement or where such a resettlement is ongoing; in this case the undertaking shall disclose the operational site(s) involved.~~

~~90. The undertaking shall describe cases of involuntary resettlement required by its activities (where governments permit disclosure).~~

#### **Disclosure requirement MIN 11-S3 – Workforce hired from local communities.**

~~91. The undertaking shall disclose for each operational site identified in MIN 1, the percentage of workers hired from the affected community.~~

~~92. The objective if this disclosure requirement is to enable an understanding of the extent to which the undertaking's workforce comes from its affected community.~~

~~93. The undertaking shall disclose:~~

~~the percentage of top management that are recruited from the affected community;~~

~~the percentage of workers recruited from the affected community, including indigenous communities.~~

#### **Governance related requirements**

#### **Disclosure Requirement MIN 12-G1 – Transparency about contracts with governments and licenses**

~~45-95. The undertaking shall provide information about the transparency with respect to agreements, contracts and licenses with governments setting the terms and conditions for the exploitation of mineral, minerals and coal resources.~~

~~46-96. The objective of this Disclosure Requirement is to provide an understanding of the openness, transparency of the undertaking about its public contracts concluded and mining licences received.~~

#### **Metrics**

~~47-97. For any material contract, or license, concession, production-sharing agreement or other agreement granted by, or entered into with, a government which sets the terms and conditions attached to the exploitation of mineral resources, the undertaking shall disclose:~~

~~(a) whether such contracts are made publicly available and where they can be found; and~~

~~(b) for those public contracts or licenses not publicly available, the reason for this and if applicable, actions taken to publish in the future as well as the timetable to do so.~~

**Disclosure Requirement MIN-13-G1 – MQC 12. State-aid and competition**

~~48-98.~~ **The undertaking shall provide information concerning possible anti-competitive behaviour, the abuse of dominance, or the receipt of state aid during the reporting period.**

~~49-99.~~ The objective of this ~~disclosure requirement~~ Disclosure Requirement is to enable an understanding of possible anti-competitive behaviour of the undertaking during the reporting period, as well as any **state aid** received.

**Metrics**

~~50-100.~~ The disclosure shall include the following information:

- (a) publicly announced notifications, preliminary investigations, investigations, proceedings or commitments and remedies relating to violations of antitrust and monopoly legislation or the receipt of state-aid where the undertaking was named as a participant by a competent authority; and
- (b) the main outcomes of legal proceedings against the undertaking concluded during the reporting period, including sanctions, fines, commitments and remedies.

~~94-2.~~ The undertaking shall also ~~includedisclose~~ the total amount received with respect to **state aid** or financial assistance received from any government on a country-by-country basis.

~~95.~~ ~~The undertaking shall also report the value of any thresholds that have been applied and any other contextual information necessary to understand how the project-level payments to governments reported have been compiled.~~

**Disclosure Requirement MIN-14-G1 – MQC 13. Beneficial ownership [to be discussed]**

~~54-101.~~ **The undertaking shall provide information about its beneficial ownership and how it identifies the beneficial owners of business partners, including joint ventures and suppliers.**

~~52-102.~~ The objective of this Disclosure Requirement is to provide transparency about the undertakings beneficial owner(s) and to provide an understanding of its **policy** regarding the beneficial owners of its business partners, ~~and~~ how these are identified ~~and managed by the undertaking.~~

**The Policies, actions and targets**

~~103.~~ When reporting according to ESRS G1-1 and G1-3, the undertaking shall listdisclose its policies, related to the prevention and detection of corruption and bribery in accordance with ESRS 2 MDR-P covering the applicable items in Appendix B.1.

**Metrics**

~~53-104.~~ The undertaking shall disclose a list of its beneficial owner(s) (as defined in article 3(6) of Directive (EU) 2015/849) and shall disclose its policies and screening processes regarding politically exposed persons ('PEPs') and beneficial owners of business partners, including joint ventures and suppliers.

**MQC 14. Minerals or coal purchased from states**

**105. The undertaking shall provide information about minerals or coal purchased from states or a third party appointed on the behalf of such states during the reporting period.**

~~106.~~ The objective of this disclosure requirement is to enable transparency about minerals or coal purchases from **the state** and to provide insights amounts paid to the state under such transactions.

**Metrics**

~~107.~~ For minerals or coal purchased from the state or from third parties appointed by the state to sell on their behalf, the undertaking shall disclose:

- (a) volumes and types of minerals purchased from the state;

- (b) full names of the buying undertaking(s) and the recipient of the payment; and
- (c) payments made for the purchase.

#### **Disclosure Requirement MINMQC 15-G1 – Cybersecurity ~~[to be discussed]~~**

**~~54-108.~~ The undertaking shall disclose information about its cybersecurity during the reporting period ~~where failures may adversely impact people and the environment.~~**

~~55-109.~~ The objective of this Disclosure Requirement is to enable an understanding of the ~~undertaking's~~ undertaking's policies and management of risks regarding cybersecurity, preventing adverse impacts on people and the environment, as well as information about failures related to cybersecurity.

#### **Policies, actions and targets**

~~110.~~ When reporting according to ESRS G1-1 the undertaking shall disclose its **policies**, related to cybersecurity in accordance with ESRS 2 MDR-P covering the applicable items in Appendix B.1.

~~96.~~ The undertaking shall disclose :  
~~its policies relating to cybersecurity;~~

~~56-111.~~ its approach to cybersecurity management for existing operations, projects planned or underway and new locations for business activities, including assessment of threats, vulnerabilities and **risks**;

#### **Metrics**

~~57-112.~~ The undertaking shall disclose:

- (a) the number of cybersecurity breaches ~~including~~, during the reporting period;
- ~~(a)(b)~~ the number of operational sites impacted; and
- ~~(b)(c)~~ whether this involved restricted or classified ~~or restricted information~~.

#### **Disclosure Requirement MIN 16-G1 – Mineral purchases from governments**

**~~97.~~ The undertaking shall provide information about minerals purchased from governments or on their behalf during the reporting period.**

~~98.~~ The objective of this disclosure requirement is to enable transparency about mineral purchases from the government and to provide insights into these transactions.

~~99.~~ For minerals purchased from the state or from third parties appointed by the state to sell on their behalf, the undertaking shall disclose:

- ~~(a)~~ volumes and types of minerals purchased;
- ~~(b)(a)~~ full names of the buying undertaking(s) and the recipient of the payment; and
- ~~(c)(a)~~ payments made for the purchase.



## Appendix A: Defined terms

This ~~Appendix~~ appendix is an integral part of ~~the proposed [draft] ESRS Mining, Quarrying and Coal~~ this Exposure Draft and has the same authority as the other parts of ~~the [draft] Standard~~ this Exposure Draft.

|   |  |
|---|--|
| <del>Active conflict/ conflict affected or high-risk areas</del>  | <del>Areas in a state of armed conflict or fragile post-conflict as well as areas witnessing weak or non-existent governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses</del>   |
| <del>Biosphere Reserves recognised within the framework of UNESCO's Man and the Biosphere (MAB) Programme</del> | <del>Biosphere reserves are nominated by national governments and remain under the sovereign jurisdiction of the states where they are located. Biosphere Reserves are designated under the intergovernmental MAB Programme by the Director-General of UNESCO following the decisions of the MAB International Coordinating Council (MAB ICC). Their status is internationally recognized.</del> |
| <del>Coal proven reserves</del>   | <del>Coal proven reserves are estimated quantities that analyses of geological and engineering data have demonstrated to be economically recoverable in future years from known reservoirs and under current economic conditions, operating methods, and government regulations.</del>   |
| <del>Community development program</del>  | <del>A plan that details actions to minimise, mitigate or compensate for adverse social and/or economic impacts, and/or to identify opportunities or actions to enhance positive impacts of a project on the community.</del>  |
| <del>Critical incident</del>  | <del>An event that may adversely affect the undertaking and requires an immediate response. It is likely to cause significant personal illness or injury, substantial impact to operations and commercial prospects, a degradation of reputation, or lead to an impact on the wider community.</del>   |

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| <del>Acid drainage (including acid rock drainage and acid mine drainage)</del> | <del>Highly acidic, polluted water containing free sulphuric acid and dissolved metals sulphate salts resulting from the oxidation of contained sulphide minerals or additives to the process. Acid drainage can result from a variety of natural sources and anthropogenic activities. In the case of acid rock drainage (ARD), this oxidation process occurs naturally and is complemented by reactions of the base minerals in the rock, which are exposed to air and water. For acid mine drainage (AMD), this is a common form of water pollution in areas where mining took place. It is the result of open-pit underground extraction operations (in particular mining and coal mining) and extractive waste facilities, causing an acceleration of the acid draining process because such activities increase the exposure of sulphide minerals to air, water, and microorganisms.</del> |
| <del>Closure and post-closure of sites</del>                                   | <del>Process undertaken when the operational stage of a site is ending or has ended, and the final decommissioning and site rehabilitation is underway. Generally, mine closure is the responsibility of the mine owner. Site rehabilitation is the restoration of the land on which mining, quarrying and coal activities have taken place to the intended post-closure land uses. Rehabilitation can include measures to restore the landscape to its pre-mining land uses (environmental rehabilitation). This covers physical mine closure, environmental reclamation and rehabilitation (including the removal of mining equipment), securing the stability of remaining dumps and</del>  |



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|   | <p><a href="#">impoundments, water management and surface stability at closed underground mines, and monitoring and managing any post closure environmental and human health impacts.</a></p> <p><a href="#">Major issues to be considered for the closure and after-closure phases include the long-term safeguarding of:</a></p> <p><a href="#">physical stability of constructions (e.g. dams) and extractive waste (e.g. heaps);</a></p> <p><a href="#">chemical stability of extractive waste;</a></p> <p><a href="#">biological stability of extractive waste;</a></p> <p><a href="#">successive land use (the rehabilitation of a site usually aims to turn the area into something that is useful to the local community).</a></p>   |
| <b>Active conflict and high-risk areas</b>                    | <p><a href="#">Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wats of liberations, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law.</a></p>  |
| <b>Contract</b>   | <p><a href="#">The full text of any contract, concession, production-sharing agreement or other agreement granted by, or entered into by, the government which provides the terms attached to the exploitation of mineral resources or coal.</a></p> <p><a href="#">The full text of any annex, addendum or rider which establishes details relevant to the exploitation rights described in above or the execution thereof.</a></p> <p><a href="#">The full text of any alteration or amendment to the documents described above.</a></p>   |
| <b>Cyber security</b>   | <p>Cyber security relates to the practice of protecting electronic data, computer systems, servers, networks, mobile devices, tablet devices etc. from malicious criminal attacks, theft of sensitive data, and damage to IT systems.</p>  |
| <b>Energy recovery</b>  | <p><a href="#">The use of combustible waste as a means to generate energy through direct incineration with or without other waste but with recovery of the heat.</a></p>   |
| <b>Government relations</b><br><b>Environmental defenders</b> | <p><a href="#">"Government" refers to any national, regional or local authority of a Member State or of a third country. It includes a department, agency or undertaking controlled by that authority (Chapter 10, Report on Payments to Governments, 2013). Government relations is the process of influencing public and government policy at all levels previously outlined. The term "environmental defenders" refers to individuals and groups who, in their personal or professional capacity and in a peaceful manner, strive to protect and promote human rights relating to the environment, including water, air, land, flora and fauna. Land and environmental rights are interlinked and are often inseparable. As a result, the two broad categories of defenders advocating for the environment and for land rights are often characterized as "land and environmental rights defenders", "environmental rights defenders", or just "environmental activists".</a></p> |
| <b>Near (operational site located near a certain area)</b>    | <p><a href="#">A facility, site or asset is "near" a certain area, if it can have a direct material impact on that area, irrespective of the actual distance that separates them.</a></p>  |
| <b>High-risk area</b><br><b>Flaring</b>                       | <p><a href="#">High-risk areas are those where there is a high risk of conflict or of widespread or serious abuses as defined in paragraph 1 of Annex II of the OECD Guidance. Such areas are often characterized by political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, widespread violence, and violations of national or international law. Flaring means the controlled</a></p>   |

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|  | <u>combustion of methane for the purpose of disposal in a device designed for said combustion.</u>  |
| <b>Human rights defender</b>                               | <u>AR 1. This is a term used to describe people who, individually or with others, act to promote or protect human rights in a peaceful manner. Human rights defenders are identified by what they do and it is through a description of their actions and of some of the contexts in which they work. The term “human rights defenders” refers to individuals, groups and organs of society that promote and protect universally recognised human rights and fundamental freedoms. Human rights defenders seek the promotion and protection of civil and political rights as well as the promotion, protection and realisation of economic, social and cultural rights. Human rights defenders also promote and protect the rights of members of groups such as indigenous communities. The definition does not include those individuals or groups who commit or propagate violence.</u> |
| <b>Infrastructure</b>                                      | Facilities built primarily to provide a public service or good rather than a commercial purpose, and from which an organization does not seek to gain direct economic benefit.  |
| <b>Licence</b>   | <u>The full text of any license, lease, title or permit by which a government confers on an undertaking(s) or individual(s) rights to exploit mineral resources or coal.</u><br><u>The full text of any annex, addendum or rider that establishes details relevant to the exploitation rights described above or the execution thereof.</u><br><u>The full text of any alteration or amendment to the documents described above.</u>  |
| <b>Local supplier</b>                                      | <u>Suppliers in the community surrounding operations, a region within a country, or a country.</u>  |
| <b>Mineral probable reserves</b>                           | <u>Reserves for which quantity and grade and/or quality are computed from information similar to that used for proved (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced.</u>   |
| <b>Mineral proved reserves</b>                             | <u>Mineral proved reserves are estimated quantities that analyses of geological and engineering data have demonstrated to be economically recoverable in future years from known reservoirs and under current economic conditions, operating methods, and government regulations.</u>   |
| <b>Near (operational site located near a certain area)</b> | <u>A facility, site or asset is “near” a certain area, if it can have a direct material impact on that area, irrespective of the actual distance that separates the two.</u>  |
| <b>Normal operation (or normal operating conditions)</b>   | <u>Regularly oscillating activity phases that support continued operation within safe upper and lower operating limits. It is also the condition or phase of process operation between the startup phase and shutdown phase, other than start-up (e.g., bringing an activity, an equipment item or a tank into or out of service), shutdown (i.e., definitive cessation of operations), or emergency operations (e.g., leaks, malfunctions, momentary stoppages).</u>   |
| <b>Operational site</b>                                    | <u>Any location where an integral part of the mining business is performed. Means the site locations where the business activities are performed, whether these are owned or operated by the undertaking, and includes the land, structures and any other surrounding areas and equipment.</u>  |

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| <b>Other water</b>                                    | Surface water that is not fresh water, and water from other sources.   |
| <b>Politically Exposed Persons (PEP)</b>              | An individual entrusted with a prominent public function.  |
| <b>Probable reserves</b><br><b>Significant spills</b> | Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. Spill that is included in the organization's financial statements, for example due to resulting liabilities, or is recorded as a spill by the organization.   |
| <b>Recycled and remanufactured materials</b>          | Waste materials that have been reprocessed or treated by means of production or manufacturing process and made into a final product or made into a component for incorporation into a product.   |
| <b>Reduced environmental impact products</b>          | Products that have reduced environmental impacts at various lifecycle stages, including during material sourcing, manufacturing, and product usage.  |
| <b>Reserves</b>                                       | Part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.  |
| <b>Spills</b>   | Spills are accidental release of hazardous substances such as chemicals, oils, fuels and other substances. They can affect water, soil and air quality as well as biodiversity and human health.   |
| <b>Significant spills</b>                             | Spill that is included in the organization's financial statements, for example due to resulting liabilities, or is recorded as a spill by the organization.  |
| <b>State aid</b>                                      | <p>State aid is defined as an advantage in any form whatsoever conferred by national public authorities to undertakings on a selective basis. Therefore, subsidies granted to individuals or general measures open to all enterprises are not covered by this prohibition and do not constitute State aid (examples include general taxation measures or employment legislation).</p> <p>To be State aid, a measure needs to have these features:</p> <ul style="list-style-type: none"> <li>there has been an intervention by the State or through State resources which can take a variety of forms (e.g. grants, interest and tax reliefs, guarantees, government holdings of all or part of a company, or providing goods and services on preferential terms, etc.);</li> <li>the intervention gives the recipient an advantage on a selective basis, for example to specific companies or industry sectors, or to companies located in specific regions</li> </ul> <p>as a result, competition has been or may be distorted;</p> <p>the intervention is likely to affect trade between Member States.</p> <p>Despite the general prohibition of State aid, in some circumstances government interventions are necessary for a well-functioning and equitable economy. Therefore, the Treaty leaves room for a number of policy objectives for which State aid can be considered compatible. These exemptions can be found in legislation relevant to State aid.</p> <p>For non-EU countries, state aid refers to financial assistance received from any government.</p> |
| <b>Suppliers local to that operation</b>              | The definition of 'suppliers local to that operation' can include the community surrounding operations, a region within a country, or a country.   |
| <b>Tailings and tailings facilities</b>               | A Tailings are a by-product of mining, consisting of fine-grained waste solids or slurries that remain after the processed treatment of metals and minerals recoverable (left over rock or soil left over from the-) have been extracted by separation of the commodities of value   |

|   |  |
|---|--|
|   | <p>from the rock or soil within which they occur, processes (e.g. crushing, grinding, size-sorting, flotation and other physico-chemical techniques) to remove the valuable minerals from the less valuable rock.</p> <p>Poor management or design of tailings facilities can lead to leaks or collapses, with serious impacts on local communities, livelihoods, infrastructure, and the environment. Failures can result from inadequate water management, overtopping, foundation or drainage failure, erosion, and earthquakes. Impacts become more severe when tailings contain high levels of bioavailable metals or hazardous chemicals. Tailings facilities encompass the whole set of structures required for the handling of tailings including the tailings storage facility (used to contain tailings produced by mines, such as decant structures and spillways, open pits, dry stacking, lakes or underground storages), tailings dams (embankments and impoundment structures, ponds designed to enable the tailings to settle and to retain tailings and process water), delivery pipelines, etc. Tailings facilities store large amounts of mining waste.</p> |
| Total addressable market <b>Venting</b> | <p>The potential revenue (in billions of EUR) should the undertaking capture 100 percent of the market share of the product category (e.g., the global market for reduced environmental impact building products). Controlled release of unburned gases directly into the atmosphere. Venting is arguably more harmful to the environment as the released gas typically contains high levels of CH<sub>4</sub>, whereas flaring converts the CH<sub>4</sub> into less harmful CO<sub>2</sub>.</p>  |
| Waste <b>Vulnerable group</b>           | <p>Any substance or object which the holder discards or intends or is required to discard. Group of individuals with a specific condition or characteristic (e.g., economic, physical, political, social) that could experience negative impacts as a result of the organization's activities more severely than the general population.</p>   |

## Appendix B: Application Requirements

This Appendix is an integral part of the proposed [draft] ESRS Mining, Quarrying and Coal. ~~It supports the application of the requirements set for in paragraphs 22 to 143~~ and has the same authority as the other parts of the ~~[draft]~~ Standard.

### 1. Application Requirements related to ~~sector-agnostic Disclosure Requirements~~ ESRS 2 General disclosures

#### ~~Application Requirement related to [draft] ESRS 2 GOV 4 – Statement on sustainability due diligence~~

##### ~~When disclosing~~ ESRS 2 GOV-4

- AR 2. ~~If the undertaking carries out activities concerned by the undermentioned supplements or regulations, it may also disclose~~ a mapping of the information provided in its sustainability statements about ~~statement to the sustainability due diligence process, the undertaking whose activities relate to the following Supplements in the relevant supplements or regulations:~~
- AR 1. ~~OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas shall map the core elements from the OECD due diligence guidance. This in addition to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises mentioned in the agnostic disclosure.~~
- ~~(a) the~~ Supplement on Tin, Tantalum and Tungsten ~~of the bespoke OECD Due Diligence Guidance;~~
  - (a) ~~the~~ Supplement on Gold of the bespoke OECD Due Diligence Guidance;<sup>6</sup>
  - (b) ~~other~~ areas specified ~~in by the conflict minerals regulation~~ Conflict Minerals Regulation<sup>7</sup>.
- AR 1-AR 3. ~~The undertaking shall include~~ ~~may disclose~~ procurement practices in its mapping, as well as environmental factors. This may be presented in a table in a similar form to the table presented below.

| Core elements  | Paragraphs in the sustainability <u>matters</u> statements |
|--|--|
| OECD Due diligence guidance for Responsible Supply chains of Minerals from Conflict-Affected and High-Risk areas |  |
| Establish strong management system   |  |
| Identify and assess risk in the supply chain   |  |
| Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain   |  |
| Report on supply chain due diligence   |  |

#### ~~Application requirement related to [draft] ESRS 2 SBM 1 – Market position, strategy, business model(s) and value chain~~

- AR 2. ~~For the purpose of this Disclosure Requirement, net revenue shall be understood as being aligned with the Taxonomy Regulation (EU) 2020/852 including any delegated regulations related to climate change mitigation and adaptation.~~
- AR 3. ~~The undertaking may disclose:~~

<sup>6</sup> OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

<sup>7</sup> Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas

- (a) ~~whether and to which extent its processes comply with the general-purpose ISO and CEN-Cenelec recommendations;~~
- (b) ~~whether and when these have been reviewed or audited by an external assurance provider and found to conform to the corresponding ISO or CEN-Cenelec recommendations.~~

### **Application Requirement related to ~~[draft] ESRS 2 SBM 2 – Interests and views of stakeholders~~**

#### **ESRS 2 SBM-2**

AR 2-AR 4. ~~When disclosing how the undertaking engages with its *stakeholders* in compliance with ESRS 2 SBM-2, the undertaking shall describe how it incorporates the OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractives Sector, and in particular how it engages with affected stakeholders. Furthermore, the undertaking shall consider the following:~~

- (a) ~~the approach to identifying stakeholders within local communities;~~
- (b) ~~a description of the *vulnerable groups* that the organisation has identified within local communities by mine site, such as women, children, migrants and their families, *indigenous peoples*, etc.~~

### **Application Requirement related to ~~[draft] ESRS 2 SBM 3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)~~**

#### **The undertaking with coal mining operations when ESRS 2 SBM-3**

AR 3-AR 5. ~~When disclosing according to sector-agnostic requirements of ESRS E1 ESRS 2 SBM-3 paragraph 19c [the results of the resilience analysis including the results from the use of scenario analysis ~~(E1-SBM3)-], the undertaking with coal mining operations shall consider disclosing how future energy demand scenarios may affect its determination of *proven mineral proved reserves*.~~~~

AR 4-AR 6. ~~The undertaking may consider disclosing which impacts on *affected communities* are specific to *vulnerable groups* such as children, women, migrant workers, *indigenous peoples* or any other vulnerable group, as applicable.~~

### **Application Requirement related to ~~[draft] ESRS 2 IRO 1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities~~**

#### **ESRS 2 IRO-1**

AR 5-AR 7. ~~The undertaking shall analyse disclose the resilience of its current *proven and mineral proved reserves* and may disclose the resilience of its current *mineral probable reserves* using the price trajectories published by the International Energy Agency (IEA) in its World Energy Outlook (WEO)<sup>8</sup> publication, including:~~

- ~~(b)(a) current Policies Scenario, which assumes no changes in policies from the mid-point of the year of publication of the WEO;~~
- ~~(c)(b) new Policies Scenario, which assumes that broad policy commitments and plans that have been announced by countries-including national pledges to reduce greenhouse gas emissions and plans to phase out fossil energy subsidies-occur, even if the~~

<sup>8</sup> [World Energy Outlook 2022 \(windows.net\)](https://www.iea.org/publications/world-energy-outlook-2022)

measures to implement these commitments have yet to be identified or announced. This broadly serves as the IEA baseline scenario;

(d)(c) Sustainable Development Scenario, which assumes an energy pathway occurs that is consistent with the goal of limiting the global increase in temperature to 1.5°C by limiting concentration of greenhouse gases in the atmosphere.

AR-6-AR 8. The undertaking shall consider the above mentioned WEO scenarios as a normative reference, thus any updates to the WEO made year-on-year shall be considered updates to this guidance.

AR-7-AR 9. The undertaking may summarise its findings in the following table format:

| Price case   | <del>Proven</del> Mineral proved reserves |                                | <del>Probable</del> Mineral probable reserves <del>(voluntary disclosure)</del> |                                |
|--|---|--------------------------------|---|--------------------------------|
|  | Product A <del>(measure)</del>            | Product B <del>(measure)</del> | Product A <del>(measure)</del>  | Product B <del>(measure)</del> |
| Current <del>policies</del> Policies scenario (base)             | [tonnes]                                  | [tonnes]                       | [tonnes]  | [tonnes]                       |
| New <del>policies</del> Policies scenario                        | [tonnes]                                  | [tonnes]                       | [tonnes]  | [tonnes]                       |
| Sustainable development <del>scenario</del> Development Scenario | [tonnes]                                  | [tonnes]                       | [tonnes]  | [tonnes]                       |

AR-8-AR 10. The undertaking may disclose the resilience of its ~~reserve~~mineral proved reserves levels in other price and demand scenarios in addition to those described above, particularly if these scenarios differ depending on the type of coal reserves, regulatory environment in the countries or regions where mining occurs, end-use of the undertaking's products, or other factors.

AR-9-AR 11. For additional resilience analyses, the undertaking ~~should consider disclosing~~may disclose the following, per the Task Force on Climate Related Financial Disclosures (TCFD) Recommendations Report Figure 8 as well as the Implementing the Recommendations of the TCFD Report, Section E:

- (e)(d) the alternative scenarios used, including other 2°C or lower scenarios;
- (f)(e) critical input parameters, assumptions, and analytical choices for the climate-related scenarios used, particularly as they relate to key areas such as policy assumptions, energy deployment pathways, technology pathways, and related timing assumptions;
- (g)(f) time frames used for scenarios, including short-, medium-, and long-term milestones (e.g., how organizations consider timing of potential future implications under the scenarios used).

AR-10-AR 12. When the undertaking is conducting its materiality assessment on **affected communities**, the undertaking shall consider how it addresses any risks related to free, prior, and informed consent from **indigenous peoples** in countries without regulation or processes in place. It may disclose whether as part of its materiality assessment it performs a risk assessment for new country entry before the subscription of a contract in a new country of operations which would in turn be part of its double materiality assessment.

### ESRS 2 IRO-2

AR-11-AR 13. In the list of Disclosure Requirements complied with in preparing the sustainability statements, following the outcome of the materiality assessment, to be reported following paragraph 55 of ESRs 2, the undertaking shall also cover the Disclosure Requirements of this Standard.

**Application Requirementrequirements related to cross-topic disclosures**

**MQC 1. Mapping of operational sites**

AR 14. The mapping of operational sites concerned by this disclosure includes both those that are under the undertaking's financial control and those under **operational control**. The site is significant for the undertaking, if it meets one or both of the following criteria:

- (a) the site is among its top 20 sites;
- (b) the site is connected with material actual impacts or material potential negative impacts.

AR 15. For the purposes of this disclosure, the following are **major operational sites**:

- (a) mines and the surface area disturbed by a mining operation;
- (b) exploratory mining phase, not including sites where the undertaking only has a first right option to the subsequent possible exploratory activities, provided that the site is connected with material actual impacts or material potential negative impacts;
- (c) quarries.

AR 16. For the purposes of this Disclosure Requirement, the undertaking shall include the sites owned or operated under concession, permit or licence.

AR 17. For the purpose of illustration, the top 20 sites may be identified on the basis of 5% of the saleable production.

AR 18. When disclosing according to this disclosure requirement, the undertaking may use a table to list the operational sites. See example:

|  | <u>Name of site 1</u> | <u>Name of site 2</u> | <u>Name of site 3</u> | <u>Name of site 4 etc</u> |
|--|-----------------------|-----------------------|-----------------------|---------------------------|
| <u>Mines and surface areas (provide a description)</u>   |                       |                       |                       |                           |
| <u>Quarries</u>  |                       |                       |                       |                           |
| <u>Tailings dams</u>   |                       |                       |                       |                           |
| <u>Infrastructure</u>  |                       |                       |                       |                           |
| <u>Active /closure &amp; rehabilitation plans / closure activities / closed / rehabilitated</u>                            |                       |                       |                       |                           |
| <u>Social matters (i.e. local community, indigenous communities, land rights etc.)</u>                                     |                       |                       |                       |                           |
| <u>Environmental matters (i.e. located in or near key biodiversity areas, pollution, toxic waste, acid, methane, etc.)</u> |                       |                       |                       |                           |

AR 19. Mines and surface areas disturbed by a mining operation may be classified as follows:

- (a) the surface area from which the nonferrous metallic minerals or refuse or both have been removed;
- (b) the surface area covered by refuse, all lands disturbed by the construction or improvement of haulage ways, pipelines and pipeline corridors; and
- (c) any surface areas in which structures, equipment, materials, and any other elements used in the mining operation are situated;

AR 20. When defining what 'near' or 'local' means for a specific site, the undertaking shall consider:



- (a) Stakeholders;
- (b) Geographical location;
- (c) Positive and negative social or environmental impacts;
- (a)(d) Labour market.

AR 12-AR 21. Workers hired from local communities include those individuals either born or who have the legal right to reside indefinitely (such as naturalized citizens or permanent visa holders) in the same geographic market as the operation.

AR 22. The geographical definition of 'local' can include the community surrounding operations, a region within a country, or a country. The undertaking shall consider its definition of local when preparing this disclosure and disclose it.

AR 23. The undertaking may disclose whether it has assessed or identified potential negative **risks** in the local communities caused or contributed by its hiring **policy**.

### **MQC 2. Mineral reserves**

AR 24. The undertaking may disclose the percentage and grade (in percentage metal content) of **mineral proved reserves**.

AR 25. The undertaking shall consider the Pan European Reserves and Resources Reporting Committee (PERC) Standard for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the 'PERC Reporting Standard') or the Combined Reserves International Reporting Standards Committee (CRIRSCO) guidance for classifying ore reserves and mineral resources, including the use of a "competent person" to compile information.

AR 26. The undertaking may disclose mineral probable reserves, desegregated by mineral or business unit.

AR 27. The undertaking may disclose the process of identifying the high-risk areas in a way that is easy to understand and replicate.

- (a) in or near areas of conflict
- (b) in or near lands where indigenous peoples are present and are or may be affected by the activities of the undertaking

AR 28. With reference to the reserves located in or near areas of conflict:

AR 29. With reference to the reserves located in or near indigenous land, indigenous lands are considered those occupied by indigenous peoples.

AR 30. The undertaking may separately disclose **mineral proved reserves** in areas with additional ecological, biodiversity, or conservation designations, such as those listed by the A-Z Guide of Areas of Biodiversity Importance prepared by the United Nations Environment Programme's World Conservation Monitoring Centre (UNEP-WCMC).

AR 31. The undertaking may disclose **mineral proved reserves** that are in protected areas or endangered species habitat, but present low risk to biodiversity or ecosystem services; the undertaking may provide similar discussion for reserves located in areas with no official designation of high biodiversity value but that present high biodiversity or ecosystem services risks.

### **MQC 3. Industrial hazards**

AR 32. When reporting on its policies for emergency preparedness and response, the undertaking may additionally disclose on whether and how it accounts for the implementations steps of critical control management (CCM).

AR 33. For the purpose of this disclosure, emergency preparedness is understood as the planning for and readiness to respond effectively to industrial emergency situations that may affect offsite resources or communities, and to minimize the likelihood of accidents, loss of life, injuries, and damage to property, environment, health and social well-being.

- AR 34. In addition to reporting on significant spills, the undertaking may disclose the number of overall significant incidents that occurred in the reporting period, including those incidents that are hazardous materials and waste management.
- AR 35. For the reporting of number of **significant spills**, the undertaking shall consider the provisions on pollutants in ESRS E2, paragraphs from AR 21 till AR 27, as well as the definitions of substances of concern and substances of very high concern defined in Annex II to the ESRS. Multiple pollutants can be involved in one incident.
- AR 36. Examples of chemical hazards in the sector may include the exposure to naturally occurring gases (especially methane and hydrogen sulphide), engine exhaust and chemical vapours.
- AR 37. Physical hazards may include, for example, the collapse of structures, fire and explosions, landslides, and exposure to airborne contaminants (for example crystalline silica dust, rock dust and fumes).
- AR 38. Ergonomic hazards may include, for example, lifting heavy loads, operating vibrating tools, performing repetitive movements and overall engaging in physical, and often repetitive labour in a high-pressure environment.
- AR 39. The undertaking may specify whether sexual harassment is considered among psychosocial factors.
- AR 40. In relation with the health and safety management system, the undertaking may disclose whether it takes into consideration specific differences for female workers (for example, in the equipment provided, or whether occupational health services and facilities take into consideration specific health-related concerns, etc.).

#### MQC 4. Closure of assets

- AR 41. When reporting information according to paragraph 36 the undertaking may additionally disclose on whether and how it accounts for the integrated closure planning approach.
- AR 42. The undertaking may disclose rehabilitation and restoration plans for operational sites in or near key biodiversity areas. Such rehabilitation and restoration plans shall provide:
- (a) a description of the risks for **biodiversity** and **ecosystems**;
  - (b) a description of real impacts on **biodiversity** and **ecosystems**.
- AR 43. When disclosing its **policies, actions** and **targets**, the undertaking shall consider the following related to closure of **operational sites**:
- (a) how it helps **employees** and **non-employee** workers manage the adverse impacts arising from the closure of its operational site(s);
  - (b) the labour transition plans in place to help workers manage the transition to a post-closure phase of operations (e.g., redeployment, assistance with redeployment, resettlement, and redundancy payments, **training** and skills programmes);
  - (c) the collaborative efforts, projects and programs that are set up to manage the socio-economic impact of closure and restoration programs and disclose these;
  - (d) how it engages with workers and other **stakeholders** in informing the closure plans, as well as notice periods regarding closure.
- AR 44. When disclosing on its material financial liabilities, the undertaking shall consider the closure and rehabilitation costs necessary to address:
- (a) adverse impacts of closure of the operational site on **own workers, non-employee workers** and their communities (Disclosure Requirement related to ESRS 2 SBM-3); and
  - (b) restoration of material impacts to **biodiversity** and **ecosystems** around the closed operational site (Disclosure Requirement related to ESRS E4-2).
- AR 45. The description of how an undertaking engages with local communities shall also consider an explanation on how the land will be used ex post the closure of the operational site. Where applicable, the undertaking shall describe the approach to engaging with local communities

and other relevant **stakeholders** on closure and post-closure planning and implementation, including post-mining land use.

AR 46. Where applicable, the undertaking shall disclose whether post-closure plans have been consulted with the **affected communities**.

AR 47. When disclosing its processes to remediate negative impacts following ESRS S3-3, the undertaking shall consider how it engages with local communities and other relevant **stakeholders** on its closure and post-closure planning and implementation, including post-mining **land-use**, to limit the actual and potential adverse impacts (e.g. unemployment, people moving out affecting the liveability of remaining supporting activities such as local shops, schools).

AR 48. The undertaking may disclose whether it has addressed potential access-barriers faced by **affected communities**, particularly by **vulnerable groups**, to reach the channels in place (e.g., understandable language, technological resources, accessible to children).

AR 49. ~~{draft}~~ Where applicable, the undertaking shall disclose whether post-closure plans have been consulted with the **affected communities**.

### **MQC 5. Tailings management, facilities and impoundments**

AR 50. By relevant industry standards, mentioned in the paragraph 33 (a) the undertaking may refer to the Global Industry Standard on Tailings Management (GISTM) or equivalent.

AR 51. To identify the scope of this disclosure, the undertaking may refer to the size and volume indications for material tailings facilities provided by international industry standards, such as the GISTM.

## **Application Requirements related to environmental metrics**

### **ESRS E1-1 Transition plan for climate – MQC Climate change mitigation**

#### **Policies, actions and targets**

AR 52. When a LDAR programme exists, the undertaking may provide a brief description of the programme including: the frequency of the monitoring; the different methane monitoring technologies, e.g. remote sensing techniques or estimation methods;

AR 53. When disclosing about its Leak Detection & Repair (LDAR) programme and the monitoring technologies, the undertaking shall consider the following examples:

- (a) estimation methods involving the use of pre-determined emission factors;
- (a) decline curves;
- (b) handheld instruments;
- (c) Continuous Emission Monitoring Systems (CEMS);
- (d) ~~The undertakings with~~ remote sensing techniques or aerial surveys.

AR 54. In relation to the application of best practice in coal mining or peat operations, when methane emission management, companies may refer to the Best Practice Guidance from UNECE<sup>9</sup>.

#### **Metrics**

AR-13-AR 55. When disclosing information ~~on DR~~ required in ESRS E1-1 [16 (d)] on potential **locked-in GHG emissions** from the undertaking's assets and products, ~~the undertakings with coal mining or peat operations~~ shall consider the emissions potential of proved reserves of their coal and peat assets ~~and shall calculate this. This potential shall be calculated~~ considering the recommendations ~~{Russel, Stephen (2016) "A recommended methodology for estimating and reporting the potential greenhouse gas emissions from fossil fuel reserves", of the World~~

<sup>9</sup> Best Practice Guidance for Effective Management of Coal Mine Methane at National Level: Monitoring, Reporting, Verification and Mitigation

Resource Institute, 2016] and [Handbook for Assessment of Greenhouse Gas Emissions from <sup>10</sup> and Global Peatlands, Life Peat Restore, 2022] Initiative<sup>11</sup>.

**Application Requirement related to [draft] ESRS E1 Methane focus**

AR 4. When disclosing its policies, actions and resources related to methane emission management, the undertaking shall consider the following sources:

Methane emissions from operating mines:

- i. methane emissions from all ventilation shafts in use by the mine operator;
- ii. methane emissions from drainage stations and from the methane drainage system, whether occurring as a result of intentional or unintentional venting, or incomplete combustion in flares;
- iii. methane emissions occurring during post-mining activities.

Methane emissions from operating surface:

- iv. methane emissions occurring at the coal mine during the mining process;
- v. methane emissions occurring during post-mining activities.

AR 5. In relation to the application of best practice in coal methane emission management, companies may refer to the “Best Practice Guidance for Effective Management of Coal Mine Methane at National Level: Monitoring, Reporting, Verification and Mitigation” from UNECE.

AR 6. When disclosing under paragraph [XX, methane targets] the undertaking may consider the “Guidelines for Methane emissions target setting” issued by GIE (Gas Infrastructure Europe), IOGP (International Association of Oil & Gas Producers) and marcogaz (Technical association of the European gas industry).

**Application Requirement related to [draft] ESRS E1-6 – Gross scopes 1, 2, 3 and total GHG emissions**

AR 56. The undertaking with coal mining operations shall consider reporting their Scope 3. Use When disclosing its **Scope 1 GHG emissions** according to ESRS E1-6, the undertaking shall include **land use change** emissions. Land use change refers to a change in the use or management of land and seascapes by humans, which may lead to a change in land cover. It covers changes to terrestrial ecosystems, such as when forests are converted to enable mineral extraction and supporting infrastructure. Guidance on calculating land use change emissions can be found in the IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry and its 2019 updates.

AR 57. When disclosing its Scope 3 significant emissions according to ESRS E1-6, the undertaking shall consider Scope 3 categories that may be relevant for the sub-sector it is active in:

| Scope 3 Category                | Mining sub-sector relevance | Quarrying sub-sector relevance | Coal sub-sector relevance |
|---------------------------------|-----------------------------|--------------------------------|---------------------------|
| 3. Fuel & Energy related        | X                           | X                              | X                         |
| 10. Processing of Sold Products | X                           | X                              | -                         |
| 11. Use of Sold Products        | X                           | -                              | X                         |
| 13. Downstream Leased assets    | X                           | X                              | X                         |
| 15. Investments                 | X                           | -                              | X                         |

AR 14-AR 58. When disclosing its **Scope 3 category 11 'Use of sold products based emissions'** according to ESRS E1-6, the undertaking shall base on the volumes of coal sold during the reporting

<sup>10</sup> A recommended methodology for estimating and reporting the potential greenhouse gas emissions from fossil fuel reserves. World Resource Institute, 2016

<sup>11</sup> Handbook for assessment of greenhouse gas emissions from peatlands. Applications of direct and indirect methods by LIFE Peat Restore, Global Peatlands Initiative, 2022

period, instead of the coal produced (~~this is therefore, the~~ quantities in stock or inventory shall not be considered).

AR 59. When preparing the GHG intensity per unit of production according to paragraph #49# of this standard, the undertaking shall:

(a) choose the specific unit of production that applies to its activities (e.g. tonne of coal, aluminium, copper, zinc, iron ore, etc.)

(b) calculate the GHG intensity by the following formula:

$$GHG\ intensity = \frac{\text{total GHG emissions attributable to production (tCO}_2\text{eq)}}{\text{total production volume (tonnes)}}$$

(c) report the types of GHG emissions included in the intensity metrics (whether it is Scope 1, Scope 2, or Scope 3)

(d) briefly explain the methodology used for the calculation

AR 60. Examples of denominators chosen for calculation of the GHG intensity metrics may include, but are not limited to:

(a) copper, lithium, nickel, cobalt, aluminium for undertakings in the mining sub-sector

(b) peat, calcium carbonate, dolomite, salt for undertakings in the quarrying sub-sector

(c) thermal coal, metallurgical coal, coke oven products for the undertakings in coal sub-sector

AR 61. When providing information on its anticipated financial effects from material physical and transition risks and potential climate-related opportunities, according to the ESRS E1-9, the undertaking shall consider:

(a) changes in the investment levels dedicated to the exploration, acquisition and development of **mineral proved reserves**.

(b) changes in investments in development of low-carbon products and services or adaptation solutions

(c) the development of new infrastructure projects related to transportation and distribution;

(d) potential write-off situations that do not meet the accounting recognition criteria; an

(e) early closure of existing assets and impacts on useful life of the existing assets.

AR 62. Application Requirement related to [draft] ESRS E2 Where applicable, the undertaking may cross-reference the information on its anticipated financial effects from material physical and transition risks and potential climate-related opportunities with its related line items or disclosures in financial statements.

### **ESRS E2 – MQC Pollution**

AR 63. For the purpose of paragraph 53, the Environmental Quality Standards refer to legally binding policy instruments that are imposed to remedy the environmental impact of pollutants emitted to air, water and land. They can be imposed by regulations – e.g., regulation imposing air quality limits such as 2008/50/EC (under revision) – or by conditions in permits to operate. They are usually accompanied by obligations to monitor with a certain frequency the specified parameters in the natural environment to ensure the environmental quality standards can still be observed in the surroundings of the pollution source(s).

AR 64. When disclosing information on its pollution-related policies, the undertaking may:

(a) disclose if the policies related to pollution prevention and control ~~focus~~ apply to all its operating sites and disclose the name of the sites which are not covered by the general policy; and

AR 7. The undertaking shall consider if its policy to manage pollution should include:

(b) The implementation of ~~include the description on whether and how it implements~~ a certified and regularly audited Environmental Management System (EMS), according to a recognized international standard, covering all its operating sites ~~and indicating any sites~~

~~that do not have an EMS certified according to a recognized international standard or that are not regularly audited for their performance in relation to pollution; ; or~~

- ~~(a) — Aspects on the monitoring of environmental impacts related to pollution for mining operations, namely:~~
- ~~(c) existence of list the sites that are not certified and regularly audited according to a recognized international standard with respect to their pollution performance, despite having an environmental monitoring plan (EMP) in operation.~~
  - ~~i. — When providing information on environmental monitoring for all or sites with material IROs;~~
  - ~~ii. — frequency of monitoring for key parameters;~~

AR 65. plans, the undertaking may specify if it:

- ~~(e)(d) — uses a network of air quality monitoring stations near its operational sites for key air quality parameters (e.g. PM10, NOx, CO, CH4);~~
- ~~(d)(e) — if it uses a network of water quality monitoring stations on water bodies near its operational sites for key water quality parameters (e.g. flow volumes, turbidity, pH, heavy metals);~~
- ~~(e)(f) — if it does regular campaigns to assess levels of soil pollution and ground water quality near its operational sites, namely for heavy metal (arsenic, lead, cadmium, mercury) and cyanide contamination;~~
- ~~(f)(g) — if it does regular noise monitoring campaigns from operations in particular when operating near human settlements;\_~~
- ~~(b) — particular issues related with pollution associated with mining activity, such as:~~
  - ~~i. — the use and disposal and the approach for setting discharge limits for substances of concern and substances of very high concern;~~
  - ~~ii. — particular particulate matter (dust, silica) (PM10, PM2.5 and PM1) emissions;~~
  - ~~iii. — leachate and acid drainage;~~
  - ~~iv. — soil contamination with heavy metals (Pb, As, Hg, Zinc, Cd, Cr).~~

~~AR 8. — When disclosing its environmental monitoring plans, the undertaking shall consider the Report on Monitoring of Emissions to Air and Water from IED Installations (JRC, 2018).~~

~~AR 9. — The undertaking shall consider the application of Best Available Techniques for the prevention and pollution control, as identified in the Best Available Techniques (BAT) Reference Document for the Management of Waste from Extractive Industries (JRC, 2018).~~

~~AR 10. — The undertaking may specify to which layer in the mitigation hierarchy an action plan and resources can be allocated to:~~

- ~~(a) — avoid pollution including any phase out of materials/compounds that have a material negative impact (prevention of pollution at source);~~
- ~~(b) — reduce pollution (minimisation), including by meeting BAT requirements in the future;~~
- ~~(c) — restore and regenerate ecosystems where pollution occurred (control of the impacts both from regular activities and incidents);~~
- ~~(d) — transform ecosystem e.g. through technological, economic, institutional, and social factors;~~
- ~~(e) — meet enforcement requirements or future compliance needs such as meeting BAT requirements, or any phase out of materials/compounds; and~~
- ~~(f) — address failures to comply with Do-No-Significant-Harm criteria for pollution prevention and control according to the EU Taxonomy Regulation and its Delegated Acts.~~

AR 11. ~~The undertaking shall consider which actions it has implemented or planned to prevent or mitigate negative impacts from acid mine drainage including which mine sites acid mine drainage is:~~

- ~~(a) — predicted to occur;~~
- ~~(b) — has not been actively mitigated, and~~
- ~~(c) — is not under treatment or remediation.~~

AR 12. ~~The undertaking shall consider disclosing:~~

- ~~(a) — per operational site, the volume of pollutants and significant emissions over the reporting period;~~
- ~~(b) — significant emissions, in kilograms or multiples, of the pollutants mentioned in [draft] ESRS E2-4;~~
- ~~(c) — any other pollutant relevant for its environmental management.~~

AR 13. ~~When compiling the information specified in the Disclosure Requirement related to ESRS E2-4, the undertaking shall consider explaining:~~

- ~~(a) — The source of the emission factors used;~~
- ~~(b) — The standards, methodologies, assumptions, and/or calculation tools used, including of the following approaches for calculating significant air emissions:
  - ~~i. — direct measurement of emissions (such as online analysers).~~
  - ~~ii. — calculation based on site-specific data.~~
  - ~~iii. — calculation based on published emission factors.~~
  - ~~iv. — other estimating methods.~~~~
- ~~(c) — For the reporting of number of spills the undertaking shall rely on the pollutants listed in ESRS E2, AR 21 till AR26 as well as the definitions of substances of concern and substances of very high concern defined in Appendix A to ESRS 2 Pollution. In one incident multiple pollutants can be involved.~~
- ~~(d) — The most relevant pollutants for Mining and Quarrying are:
  - ~~i. — Hydrogen cyanide;~~
  - ~~ii. — PM 10 & PM 2.5;~~
  - ~~iii. — Carbon Monoxide;~~
  - ~~iv. — Ground Level ozone;~~
  - ~~v. — Hydrogen sulphide;~~
  - ~~vi. — dioxins/furans, including but not limited to, the sum of the 17 congeners of polychlorinated dibenzodioxins (PCDDs) and polychlorinated dibenzofurans (PCDFs) that contain chlorine.~~
  - ~~vii. — volatile organic compounds (VOCs);~~
  - ~~viii. — polycyclic aromatic hydrocarbons (PAHs);~~
  - ~~ix. — pollutants released into water through the mining process while included in the EQSD list of chemicals (Directive 2008/105 of 16 December 2008 on environmental quality standards in the field of water policy)~~~~

#### **Application Requirement related to [draft] ESRS E2 Industrial hazards focus**

AR 14. ~~When disclosing to paragraph [42] the undertaking shall consider disclosing:~~

- ~~(a) — per operational site, the volume of pollutants and significant emissions over the reporting period;~~

- (b) significant emissions, in kilograms or multiples, of the pollutants mentioned in [draft] ESRS E2-4;
- (c) any other pollutant relevant for its environmental management.

AR 15. When compiling the information specified in the Disclosure Requirement related to ESRS E2-4, the undertaking shall consider disclosing:

- (a) the source of the emission factors used;
- (b) the standards, methodologies, assumptions, and/or calculation tools used, including of the following approaches for calculating significant air emissions:
  - i. direct measurement of emissions (such as online analysers);
  - ii. calculation based on site-specific data;
  - iii. calculation based on published emission factors;
  - iv. other estimating methods.

AR 16. For the reporting of number of spills the undertaking shall rely on the pollutants listed in ESRS E2, AR 21 till AR 26 as well as the definitions of substances of concern and substances of very high concern defined in Appendix A to ESRS 2 Pollution. In one incident multiple pollutants can be involved.

#### **Application Requirement related to [draft] ESRS E2 Closure of assets focus**

AR 17. In providing the Disclosure requirement related to ESRS E2-6, paragraphs [44] and [45] on closure and rehabilitation costs, the undertaking shall consider the costs necessary to address:

- (a) Adverse impacts of closure of the operational site on own workers, non-employee workers and their communities (DR related to ESRS2 SBM 3); and
- (b) Restoration of material impacts to biodiversity and ecosystems around the closed operational site (DR related to ESRS E4-2).

AR 18. The undertaking shall consider disclosing rehabilitation and restoration plans for operational sites in or near key biodiversity areas.

AR 19. Rehabilitation seeks to ensure the long-term stability of soils, landforms and hydrology required for the site to establish and sustain a natural ecosystem or vegetation that aligns with the agreed future land use. The second main purpose of rehabilitation is to partially or fully repair the capacity of ecosystems to provide habitats for biota and services for people.

AR 20. Restoration attempts to return local ecosystem to a previous reference natural status and should be based on an appropriate local indigenous reference ecosystem. It includes local indigenous plants, animals and other biota characteristics of the pre-degradation ecosystem.

AR 21. Rehabilitation and restoration may be further defined by local, regional, or national laws, industry standards, or the undertaking's own guidelines. The undertaking shall consider disclosing its definition of rehabilitation and restoration and accompanying practices it follows.

AR 66. Rehabilitation and restoration plans should Leachate shall be understood as any liquid having percolated through a porous material and loaded with extracted solutes or suspended solids. In case of extractive waste, the percolation occurs through the deposited waste and the liquid is emitted from or contained within an extractive waste facility, including polluted drainage, which may adversely affect the environment if not appropriately treated. Leachate may not only refer to unwanted processes (e.g., leading to polluted drainage), but also be generated on purpose, e.g. for the recovery of metals.

#### **MQC 6. Water and marine resources**

##### **Metrics**



AR 67. The undertaking shall consider disclosing information on its water consumption performance according to ESRS E3-4, per operational site thereby developing a water footprint indicator and how it evolves over time.

AR 68. When disclosing its water withdrawals and discharges according to paragraph 58, the undertaking may follow the table shown below:

| <u>Water withdrawals</u> | <u>Total water withdrawn (m3)</u> | <u>% withdrawn from areas at water risk</u> | <u>Total water discharged (m3)</u> |
|--------------------------|-----------------------------------|---|------------------------------------|
| <u>Surface water</u>     |                                   |   |                                    |
| <u>Groundwater</u>       |                                   |   |                                    |
| <u>Other water</u>       |                                   |   |                                    |

AR 69. When disclosing the indicators of **water discharge**, the undertaking may disclose the internal standards it may have established for the management of water discharge-related impacts. The undertaking may give a description of any minimum standards set for the quality of effluent **discharge**, and how these minimum standards were determined, including:

- (a) how standards for facilities operating in locations with no local discharge requirements were determined;
- (b) any internally developed water quality standards or guidelines;
- (c) any sector-specific standards considered;
- (d) whether the profile of the receiving waterbody was considered.

#### ESRS E4 – MQC Biodiversity and ecosystems

##### Policies, actions and targets

AR 70. When disclosing its **policies** implemented to manage its material impacts, **risks** and **opportunities** related to **biodiversity** and **ecosystems**, the undertakings may disclose how the undertaking applies the mitigation hierarchy and international **biodiversity** standards in its operational planning, from early concept through to decommissioning.

##### Metrics

AR 15-AR 71. Site restoration plans shall address the following objectives:

- (a) the long-term stability and sustainability of the landforms, **soils** and hydrology of the site;
- (b) the partial or full repair of **ecosystem** capacity to provide habitats for biota and services for people;
- (c) the prevention of pollution of the surrounding environment in the short, medium and long-term.
  - (a) In the description of its Restoration Plans, the ~~The~~ undertaking shall include:
  - (b) A baseline assessment of the local environment pre-mine, which shall include:
    - i. The affected ecosystem types;
    - ii. The affected ecosystem size in hectares;
    - iii. The affected ecosystem initial condition;
    - iv. The affected species names;
    - v. The affected species extinction risk;
    - vi. A list of the significant ecosystem services and beneficiaries that will be affected by the undertaking's operations;
    - vii. An explanation of how the ecosystem services and beneficiaries will be affected;
    - viii. Standards, methodologies, assumptions use to make this assessment.

- (c) — A description of the risks for biodiversity and ecosystems;
- (d) — A description of real impacts on biodiversity and ecosystems:
  - i. — Report the size in hectares and the type of natural ecosystem converted since the cut-off date or reference date;
  - ii. — Report the current state of the ecosystem;
  - iii. — Report the current state of species.
  - iv. — Standards, methodologies, assumptions use to make this assessment.
- (e) — A description of the goal of the restoration plan (converting the area to a safe and stable condition, restoring the area to pre-mining conditions as closely as possible, near-natural restored ecosystem, reinstating ecosystem functionality or land productivity, etc.)
- (f) — A description of restoration activities and their implementation;
- (g) — Monitoring performance of the restoration activities;
- (h) — Results of the restoration activities.
- (i) — Additional actions to offset negative impacts and transformative actions, including additional conservation actions by the undertaking.
- (j) — To ensure long-term quality of the Restoration process, the undertaking shall:
  - i. — Describe their legacy policy on restoration;
  - ii. — Describe the quality of the Restoration Plan in relation to local communities;
  - iii. — Consider Long-term liabilities, describing the continuation of the Restoration Plan if the area is sold or leaves the undertaking's possession.

AR 22. — Different mining methods present distinct risks for biodiversity. Open-pit mines generate more severe impacts than underground mines due to the progressive deepening and widening of the mining site, increasing affected areas over time. Impacts on biodiversity can result from:

- (a) — residual impacts after all other measures have been applied.
- (b) — land clearance for pits, access routes, and expansion into new areas;
- (c) — habitat fragmentation from access roads and other linear infrastructure;
- (d) — ground subsidence from underground mines;
- (e) — disruption of surface water, wetland, and groundwater ecosystems; and
- (f) — effluent discharges, groundwater, or surface water contamination from acid mine drainage, tailings ponds, or overburden piles.

AR 23. — At the end of their commercial use, operational sites such as mines and other facilities are expected to be decommissioned or closed by the undertaking in an orderly way. Closure and rehabilitation can include:

- (a) — Stabilisation of open-pit or underground workings, such as landfilling to prevent subsidence;
- (b) — Removal or conversion of infrastructure;
- (c) — Rehabilitation of waste rock stockpiles and tailings facilities to control erosion and land degradation;
- (d) — Management of waste, surface water and groundwater quality issues resulting from abandoned mine drainage, waste rock and leaching's from tailings; and
- (e) — Post-closure environmental and socio-economic monitoring.

### **Application Requirement related to [draft] ESRS E3-4 Water consumption**

- AR 24. The undertaking shall consider disclosing information on its water consumption performance according to [draft] ESRS E3-4, per operational site thereby developing a water footprint indicator and how it evolves over time.
- AR 25. Mining activities can reduce water availability for local communities and other sectors that rely on water. They can have impacts on the quality of surface water, groundwater, and seawater, which can translate into long-term impacts on ecosystems and biodiversity, cause health and development problems for humans, and impair food security.
- AR 26. Water is used in mining activities for cooling and cutting; dust suppression during mining and hauling; washing to improve ore quality; re-vegetation of surface mines; and long-distance ore slurry transportation. The amount of water needed for activities depends on whether mining occurs on the surface or underground and on operational efficiency.
- AR 27. The amount of water withdrawn also varies according to an undertaking's ability to substitute the use of freshwater, the quality of water required, reservoir characteristics, and recycling infrastructure.

### **Application Requirement related to [draft] ESRS E4-2, E4-3 and E4-4 Policies, actions and targets related to biodiversity and ecosystems**

- AR 28. When disclosing its policies implemented to manage its material impacts, risks and opportunities related to biodiversity and ecosystems, the undertakings with upstream and midstream operations may include how the undertaking applies the mitigation hierarchy and international biodiversity standards in its operational planning, from early concept through to decommissioning.
- AR 29. Site restoration plans should address the following objectives:
- (h) the long-term stability and sustainability of the landforms, soils and hydrology of the site;
  - (i) the partial or full repair of ecosystem capacity to provide habitats for biota and services for people;
  - (j) the prevention of pollution of the surrounding environment in the short, medium and long-term.
- AR 16-AR 72. The undertaking shall consider disclosing disclose if it uses any recognized standard as a basis for site rehabilitation or restoration plans on what concerns biodiversity impacts, as for example.

### **Application Requirement related to [draft] ESRS E5-5 Resource use and circular – MQC Circular economy**

- AR 17-AR 73. When disclosing information about its waste according to in accordance with Disclosure Requirement E5-5, the undertaking shall consider the different categories of waste according to the European Waste Catalogue (Directive 2006/21 of 15 March 2006 on the management of waste from extractive industries) for sector-specific disclosures on Mining, Quarrying and Coal waste refer to information it is already required to report under other existing national or Community legislation (e.g. Directive 2006/21<sup>12</sup> for the undertaking within the scope of extractive industries)<sup>13</sup>.

<sup>13</sup> [Directive 2006/21/EC of the European Parliament and of the Council of 15 March 2006 on the management of waste from extractive industries and amending Directive 2004/35/EC - Statement by the European Parliament, the Council and the Commission](#)

## Application ~~Requirement~~**Requirements** related to ~~[draft]~~**social disclosures**

### **ESRS S1-1, S1-4 and S1-5 Policies, actions and targets related to own – MQC. Own workforce**

~~AR 18.~~AR 74. In relation to working time and work-life balance information, ~~examples of~~ round-the-clock working ~~measures could~~ relate to long or split shifts for continuous operations and multi-day assignments for ~~remoteremoted~~ locations ~~(including offshore)~~.

AR 30. When disclosing its policies, actions and targets, the undertaking shall consider the following related to closure of operational sites:

- ~~(a) how it helps employees and non-employee workers manage the adverse impacts arising from the closure of its operational site(s);~~
- ~~(b)(a) the labour transition plans in place to help workers manage the transition to a post-closure phase of operations (e.g., redeployment, assistance with redeployment, resettlement, and redundancy payments, training and skills programmes);~~
- ~~(c)(a) the collaborative efforts, projects and programs that are set up to manage the socio-economic impact of closure and restoration programs and disclose these;~~
- (a) how it engages with worker and other stakeholders in informing the closure plans, as well as notice periods regarding closure.

~~AR 19.~~AR 75. When disclosing its **policies, actions** and **targets** on housing facilities and access to basic services, the undertaking may specify whether it takes into consideration specific needs for female workers.

### **Application Requirement related to ~~[draft]~~ ESRS S1 – Work-related hazards focus**

~~AR 20.~~AR 1. ~~Examples of chemical hazards in the sector may include the exposure to naturally occurring gases (especially methane and hydrogen sulphide), engine exhaust and chemical vapours.~~

~~AR 21.~~AR 1. ~~Physical hazards may include, for example, the collapse of structures, fire and explosions, landslides, and exposure to airborne contaminants (for example crystalline silica dust, rock dust and fumes).~~

~~AR 22.~~AR 1. ~~Ergonomic hazards may include, for example, lifting heavy loads, operating vibrating tools, performing repetitive movements and overall engaging in physical, and often repetitive labour in a high-pressure environment.~~

~~AR 23.~~AR 1. ~~The undertaking may specify whether sexual harassment is considered among psychosocial factors.~~

~~AR 24.~~AR 1. ~~In relation with the health and safety management system, the undertaking may disclose whether it takes into consideration specific differences for female workers (for example, in the equipment provided, or whether occupational health services and facilities take into consideration specific health-related concerns, etc.).~~

### **Application requirement related to ~~[draft]~~ ESRS S1-11 Social protection**

~~AR 25.~~AR 76. In addition to disclosing how its **own workers** are covered against loss of income due to major life events in ~~[draft]~~ ESRS S1-11, the undertaking may disclose whether all workers in its **own workforce** are covered by non-occupational ~~medical~~**medical** healthcare services through public ~~programs~~**programmes** or through benefits offered by the undertaking.

~~AR 26.~~AR 77. For the workers who do not have their non-occupational medical ~~and~~ healthcare services through public ~~programs~~**programmes** the undertaking may disclose:

- (a) how the undertaking facilitates workers' access to non-occupational medical and healthcare services, including the scope of their access;

- (b) a description of voluntary health promotion services and ~~programs~~programmes offered to workers that address major non-work-related health risks and how the organisation facilitates workers' access to these services and ~~programs~~programmes.

AR-27-AR 78. Voluntary health promotion ~~programs~~programmes and services may include:

- (a) smoking cessation programs
- (b) dietary advice
- (c) offering of healthy food in the canteen
- (d) stress-reducing programs
- (e) provision of a gym or
- (f) fitness programs.

AR-28-AR 79. A program or service is voluntary when it does not set mandatory personal targets, and if incentives are provided, these are not associated with the undertaking's decisions regarding employment or engagement of workers.

AR-29-AR 80. In addition, voluntary health promotion services and programs complement but cannot be a substitute for occupational health and safety services, ~~programs~~programmes and systems that prevent harm and protect workers from *work-related injuries* and *ill health*. Voluntary health promotion and occupational health and safety may be managed jointly by the undertaking, as part of an overall approach to ensuring the health and safety of workers.

AR-30-AR 81. When describing how it facilitates workers' access to voluntary health promotion services and ~~programs~~programmes, the undertaking may ~~consider-disclosing~~disclose whether it allows workers to make use of these during paid working hours. The undertaking may also report if these services and ~~programs~~programmes are available for family members of workers.

**Application requirement related When disclosing according to [draft] ESRS S1-13 Training and skills development**

AR-31-AR 82. ~~The, the~~ undertaking may disclose whether the ~~training~~trainings it provides to its own workforce include prevention against sexual harassment and discrimination.

**Application Requirement related When disclosing according to [draft] ESRS S1-Appendix B.1 – Application Requirements for ESRS 2-related disclosures**

AR-32-AR 83. ~~These application requirements support the application of the requirements from ESRS 2 described in paragraphs 15-19. It provides a non-exhaustive list of the factors to be considered by of ESRS S1 Own workforce, the undertaking when complying with ESRS 2 SBM-2 and ESRS 2 SBM-3, may refer to the table below for examples of policies, actions and targets: undertaking shall consider the following.~~

| Social and human rights matters: | Non-exhaustive list of factors to consider in Materiality Assessment:  | Examples of policies:  | Examples of actions:   | Examples of targets:  |
|----------------------------------|--|--|--|---|
| Secure employment                | % of posted workers in own workforce   | <a href="#">Policies on the use of non-employee workers in the workforce</a>   | <a href="#">Reducing the percentage of non-employee workers in its own workforce</a> | <a href="#">Reducing the percentage of non-employee workers in its own workforce</a>                        |
| Working time                     | % of workers regularly working multi-day away-from-home assignments<br>% of workers regularly working evening shifts | <a href="#">Policies on advance notice of scheduling, multi-day away-from-</a> | <a href="#">Increased percentage of workers with regular schedules</a>               | <a href="#">Increased percentage of workers with regular schedules</a><br><a href="#">Increased advance</a> |

Cellules insérées  
Cellules insérées  
Cellules insérées

|   |   |   |  |  |
|---|---|---|--|--|
|   | % of workers regularly working night shifts<br>% of workers regularly working on Saturdays and/or Sundays | <a href="#">home assignments, and evening, night and weekend work</a> | <a href="#">Increased advance notice of scheduling</a><br><a href="#">Reducing percentage of multi-day away-from-home assignments, and evening, night and weekend work</a> | <a href="#">notice of scheduling</a><br><a href="#">Reducing percentage of multi-day away-from-home assignments, and evening, night and weekend work</a> |
| <b>Adequate wages</b>   | Allowances for housing for away-from-home assignments   | <a href="#">Policies for housing allowances</a>                       | <a href="#">Increasing housing allowances</a>  | <a href="#">Adequate housing allowances</a>  |
| <b>Freedom of association/ collective bargaining including the rate of workers covered by collective agreements</b> | <a href="#">% of posted workers in own workforce</a>  | % of workers affected by work stoppages                               | <a href="#">Percentage of workers affected by work stoppages</a>   | <a href="#">Percentage of workers affected by work stoppages</a>   |

Cellules insérées

[AR 84. Application Requirement related](#)

[AR 85. Posted workers are workers who are dispatched temporarily from another EU member state to \[draft\] ESRS S1-Appendix B.2 – Application Requirements work for ESRS S1-1 Policies related to the undertaking.](#)

**[MQC 7. Work stoppages](#)**

[AR 33-AR 86. The undertaking shall disclose the information on the number of persons in own workforce involved in a major work stoppage as an absolute number of persons or FTE persons. A major work stoppage is defined as a work stoppage involving 100 or more employees and/ or non-employee workers in own workforce.](#)

[AR 87. These application requirements support The information required by paragraph 72\(b\)\(iii\) shall be the applicationsum of the requirements from products of the number of persons in its own workforce \(FTE\) involved and the total duration \(in workdays\) of each major work stoppage.](#)

[AR 88. Where exact figures are not available, the undertaking may provide an estimate according to ESRS S1-1. It provides examples to be considered when complying with the aforementioned](#)

[AR 34-AR 89. The scope of this Disclosure Requirement— includes work stoppages due to disputes between labour and management, including strikes and lockouts.](#)

| <a href="#">Social and human rights matters</a>  | <a href="#">Examples of policies</a>  |
|--|---|
| <a href="#">Secure employment</a>  | <a href="#">Policies on the use of non-employee workers in the workforce</a>  |
| <a href="#">Working time</a>   | <a href="#">Policies on advance notice of scheduling, multi-day away-from-home assignments, and evening, night and weekend work</a> |
| <a href="#">Adequate wages</a>   | <a href="#">Policies for housing allowances</a>   |
| <a href="#">Freedom of association/ collective bargaining including the rate of workers covered by collective agreements</a> | <a href="#">% of workers affected by work stoppages</a>   |

**Application Requirement related to [draft] ESRs S1-Appendix B.3 – Application Requirements for ESRs S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions**

AR-31. These application requirements support the applications of the requirements of ESRs S1-4. It provides examples to be considered when complying with the aforementioned Disclosure Requirement.

| Social and human rights matters   | Examples of actions  |
|---|--|
| <b>Secure employment</b>  | Reducing the percentage of non-employee workers in its own workforce   |
| <b>Working time</b>   | Increased percentage of workers with regular schedules<br>Increased advance notice of scheduling<br>Reducing percentage of multi-day away-from-home assignments, and evening, night and weekend work |
| <b>Adequate wages</b>   | -Increasing housing allowances   |
| <b>Freedom of association/ collective bargaining including the rate of workers covered by collective agreements</b> | Percentage of workers affected by work stoppages   |

**Application Requirement related to [draft] ESRs S1-Appendix B.4 – Application Requirements for ESRs S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**

AR-32. These application requirements support the applications of the requirements of ESRs S1-4. It provides examples to be considered when complying with the aforementioned Disclosure Requirement.

| Social and human rights matters   | Examples of targets  |
|---|--|
| <b>Secure employment</b>  | Reducing the percentage of non-employee workers in its own workforce   |
| <b>Working time</b>   | <ul style="list-style-type: none"> <li>• Increased percentage of workers with regular schedules</li> <li>• Increased advance notice of scheduling</li> <li>• Reducing percentage of multi-day away-from-home assignments, and evening, night and weekend work</li> </ul> |
| <b>Adequate wages</b>   | -Adequate housing allowances   |
| <b>Freedom of association/ collective bargaining including the rate of workers covered by collective agreements</b> | Percentage of workers affected by work stoppages   |

## Application Requirement related to [draft] ESRs S3 – Indigenous peoples' rights focus

### ESRS S3 – MQC. Affected communities – indigenous people

AR-35-AR 90. When describing responding to ESRs S3-2, the undertaking shall consider the following aspects:

- (a) its due diligence practices and procedures with respect to indigenous rights of communities in which it operates or intends to operate, specifically: upholding internationally recognized rights of indigenous peoples, including but not limited to those recognized by the UN declaration on the Rights of Indigenous Peoples, and the ILO Convention No. 169;
- (b) the use of free, prior, and informed consent (FPIC) (or consultation) processes as per the United Nations Declaration on the Rights of Indigenous Peoples;

#### Policies

AR 33. ~~If the undertaking has an operation site in or near indigenous lands as listed in MIN 1 the undertaking shall consider:~~

- ~~(a) its interactions with indigenous peoples, including but not limited to means of communication, language used, frequency;~~
- ~~(b) where applicable, the co-ownership programs developed for indigenous peoples and local communities. This includes equity shares acquired by communities and their value;~~

## Application Requirement related to [draft] ESRs S3-1, S3-4 and S3-5 Policies, actions and targets related to affected communities

#### Policies

AR-36-AR 91. When disclosing its policies related to land acquisition and involuntary resettlement, the undertaking may disclose if it has considered or addressed potential negative impacts that are specific to women and children.

AR-37-AR 92. In relation to its disclosure on the policies of preventing attacks on human rights and environmental defenders, the undertaking may disclose whether it adopts a zero-tolerance approach for attacks against human rights and environmental defenders, and not to sue for defamation or to participate in strategic lawsuits against public participation (SLAPP).

#### Taking action on material impacts, risks and opportunities

AR 93. If the undertaking has an operation site in or near the indigenous peoples lands as listed in MQC 1, Mapping of operational sites the undertaking shall consider:

- (c) its interactions with indigenous peoples, including but not limited to means of communication, language used, frequency;
- (d) where applicable, the co-ownership programs developed for indigenous peoples and local communities. This includes equity shares acquired by communities and their value;
- (e) the most recent examples of involvement in the process of seeking free, prior, and informed consent from indigenous peoples to any of the undertakings' activities, and whether an agreement has been reached and if it is publicly available.

AR 94. In addition, the undertaking may disclose the approach taken in recognising the legitimate tenure rights holders when acquiring, leasing or making other arrangements to use, or restrict the use of, land as well as to providing remediation following involuntary resettlement either through monetary or asset compensation.

AR-38-AR 95. The undertaking shall consider the impacts on affected communities that stem from the undertaking's impacts on biodiversity when disclosing the actions that are planned or underway to address negative impacts on these affected communities; and, where applicable,



it shall consider the principles in the Nagoya Protocol and the Montreal Agreement<sup>14</sup>. The undertaking may refer to how the actions that are planned or underway are aligned to these frameworks.

~~AR 34. If the undertaking has an operation site in or near indigenous lands as listed in MIN 1 the undertaking shall consider:~~

- ~~(a) its interactions with **indigenous peoples**, including but not limited to means of communication, language used, frequency; where applicable, the co-ownership programs developed for **indigenous peoples** and local communities. This includes equity shares acquired by communities and their value;~~

~~AR 39. AR 1. In addition, the undertaking may disclose the approach taken in recognising the legitimate tenure rights holders when acquiring, leasing or making other arrangements to use, or restrict the use of, land as well as to providing remediation following involuntary resettlement either through monetary or asset compensation.~~

### **Application Requirement related to [draft] ESRS S3-2 Processes for engaging with affected communities about impacts**

~~AR 40. AR 96. The undertaking shall consider listing may list the **vulnerable groups**, including any **indigenous peoples**, that it has identified within local communities and the approach to engaging with those **vulnerable groups**, including:~~

- ~~(a) how it seeks to ensure meaningful engagement; and  
(b) how it seeks to ensure safe and equitable gender participations, namely how it seeks to ensure Indigenous women can participate safely and equitably.~~

~~AR 41. AR 97. When disclosing the engagement with **human rights** and **environmental defenders**, the undertaking shall consider its processes for engaging with **human rights** and **environmental defenders** as part of its due diligence processes, including on managing allegations of retaliations, threats and direct/indirect attacks (physical and legal – including all forms of judicial harassment) against defenders.~~

~~AR 35. The description of how an undertaking engages with local communities shall also consider an explanation on how the land will be used ex post the closure of the operational site. Where applicable, the undertaking shall develop such post-closure plans in consultation with local communities.~~

~~AR 42. AR 98. The undertaking may describe any collective or individual rights that it has identified that are of particular concern for local communities (including **vulnerable groups**).~~

~~AR 36. The undertaking may include how practices apply to business partners, such as contractors, sub-contractors, suppliers, and joint venture partners. Where practices do not apply to business partners, the undertaking may discuss factors that prevent the application of such practices.~~

### **Application Requirement related to [draft] ESRS S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns – Closure and post closure**

~~AR 43. AR 1. When disclosing its processes to remediate negative impacts following [draft] ESRS S3-3, the undertaking shall consider how it engages with local communities and other relevant **stakeholders** on its closure and post-closure planning and implementation, including post-mining **land use**, to limit the actual and potential adverse impacts (e.g. unemployment, people moving out affecting the liveability of remaining supporting activities such as local shops, schools).~~

~~AR 44. AR 1. The undertaking may disclose whether it has addressed potential access barriers faced by **affected communities**, particularly by **vulnerable groups**, to reach the channels in place (e.g., understandable language, technological resources, accessible to children).~~

<sup>14</sup> <sup>11</sup> Refers to the COP 15 Convention on Biological Diversity of December 2022, not yet ratified.

**Application Requirement related to [draft] ESRS S4-1, S4-4 and S4-5 Policies, actions and targets related to consumers and end-users**

AR 37. ~~The undertaking may disclose whether and how it participates in any initiative or labelling scheme to promote value chain traceability. If this is the case, it may disclose whether the initiative it participates in is aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-risk areas. It may disclose whether the initiative it participates in is aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.~~

**Application Requirement related to [draft] ESRS G1-2 Management of relationships with suppliers**

AR 38. ~~“Suppliers local” to an operation are undertakings operating and registered in the same geographic market as the operation. The undertaking shall consider “local” to be the specific country market where its operation is located, but it may include the community surrounding operations, a region within a country, or a country. The undertaking shall report any deviations from the suggested definition of “local”.~~

~~AR 45. AR 1. When providing information about its policy the undertaking may include details on how suppliers are categorised. Such categorisation may be based on geographic location, such as proximity to the site.~~

**2. Application Requirements related to sector-specific Disclosure Requirements**

**Application Requirement MIN 1 – List of operational sites**

~~AR 46. AR 1. For the purposes of this Disclosure Requirement, the undertaking shall include the sites owned or operated under concession, permit or licence.~~

AR 39. ~~The top 20 sites may be identified on the basis of 5% of the saleable production.~~

AR 40. ~~When disclosing on MIN 1 the undertaking may use a table to list the operational sites. See example:~~

|  | A | B | C | D etc. |
|--|---|---|---|--------|
| <b>Mines and surface areas</b>   |   |   |   |        |
| Quarries   |   |   |   |        |
| Tailings dams  |   |   |   |        |
| Infrastructure   |   |   |   |        |
| Active /closure & rehabilitation plans / closure activities /closed /rehabilitated   |   |   |   |        |
| Social matters (i.e. local community, indigenous communities, land rights etc.)  |   |   |   |        |
| <b>Environmental matters (i.e. located in or near key biodiversity areas, pollution, toxic waste, acid, methane, etc.)</b> |   |   |   |        |

~~AR 47. AR 1. When defining what ‘near’ or ‘local’ means for a specific site, the undertaking shall consider:~~

- ~~(b)(a) Stakeholders;~~
- ~~(c)(a) Geographical location;~~
- ~~(d)(a) Positive and negative social or environmental impacts;~~

(a) ~~Labour market.~~

## Application Requirement MIN 2 – Mineral reserves

AR 41. ~~The undertaking shall consider following the Pan European Reserves and Resources Reporting Committee (PERC) Standard for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the 'PERC Reporting Standard') or the Combined Reserves International Reporting Standards Committee (CRIRSCO) guidance for classifying ore reserves and mineral resources, including the use of a "competent person" to compile information.~~

AR 42. ~~The undertaking shall consider disclosing:~~

- (a) ~~the percentage and grade (in percentage metal content) of proved reserves;~~
- (b) ~~a breakdown of proved reserves by mineral or business unit where minerals or business units include, for example: coal, aluminium, copper, zinc, iron ore, platinum group metals, and diamonds.~~

AR 43. ~~The undertaking may report probable mineral reserves, as well as their breakdowns per paragraphs [90, risk areas] and [91, mineral].~~

AR 44. ~~The undertaking shall consider disclosing the process of identifying the high-risk areas in a way that is easy to understand and replicate.~~

(a) ~~in or near areas of conflict~~

- i. ~~Reserves shall be considered to be in or near an area of active conflict if they are located in the same country as the active conflict;~~
- ii. ~~If the undertaking can demonstrate that a conflict is contained to a region, state, or designated area that is not proximate to its reserves, then it may exclude these from the scope of disclosure. If reserves are located in a country, region, or state adjacent to an active conflict and/ or can be reasonably expected to be operationally impacted by the conflict, then these reserves shall be included in the scope of disclosure.~~

(b) ~~in or near indigenous land~~

- i. ~~Indigenous lands are considered those occupied by indigenous people which are defined in ESRS S3 as: "indigenous peoples are generally identified as 1) tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations; 2) peoples in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonisation or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions.~~

AR 45. ~~The undertaking may report probable mineral reserves, as well as their breakdowns per paragraphs [90, risk areas] and [91, mineral].~~

AR 46. ~~The undertaking may separately identify reserves in areas with additional ecological, biodiversity, or conservation designations, such as those listed by the A-Z Guide of Areas of Biodiversity Importance prepared by the United Nations Environment Programme's World Conservation Monitoring Centre (UNEP-WCMC).~~

AR 47. ~~The undertaking may disclose reserves that are in protected areas or endangered species habitat, but present low risk to biodiversity or ecosystem services; the undertaking may provide similar discussion for reserves located in areas with no official designation of high biodiversity value but that present high biodiversity or ecosystem services risks.~~

**Environmental related requirements**

**Application Requirement MIN 3-E2 – Tailings facilities and impoundments**

AR 48. The undertaking may consider appointing a third party to assess the hazard potential. The three different hazard potential classifications are:

- (a) High hazard potential;
- (b) Significant hazard potential;
- (c) Low hazard potential.

AR 49. High hazard potential impoundments are dams, regardless of their condition or size, whose failure will probably cause loss of life. These facilities are generally located in populated areas or where dwellings are found in the flood plain, and failure can reasonably be expected to cause loss of life, serious damage to homes, industrial and commercial buildings, and damage to important utilities, highways, or railroads.

AR 50. Significant hazard potential impoundments are dams, regardless of their condition or size, whose failure would result in no probable loss of life but would disrupt important utilities or cause significant economic loss or significant environmental damage. These facilities are generally located in predominantly rural areas, but could be in populated areas with significant infrastructure, where failure could damage isolated homes, main highways, and minor railroads, or disrupt the use of service of public utilities.

AR 51. Low hazard potential impoundments are dams whose failure would not be expected to cause loss of life, disrupt important utilities, or cause significant economic loss or significant environmental damage. These facilities are usually located in rural or agricultural areas where losses are limited principally to the owner's property or where failure would cause only slight damage to farm buildings, forest and agricultural land, and minor roads.

AR 52. The scope of this disclosure includes only dams that either: (1) Equal or exceed 7.5 meters in height and can or do store a volume of more than 18.500 cubic meters, or (2) Exceed 1.8 meter in height and can or do store 61.500 or more cubic meters.

AR 53. Hazard potential classification depends solely on the consequences of failure of the dam and not on the condition of the dam. Hazard potential classification can change over time.

AR 54. Relative to paragraph 95, the amount of tailing waste produced to be reported as follows:

- (a) the amount of total tailings waste shall be calculated in metric tons;
- (b) the scope includes tailings waste generated from mining activities; and
- (c) the scope of the disclosure excludes waste rock and overburden.

AR 55. When reporting the standard or code of practice used for safe management of tailings facilities, the undertaking may refer to the Global Industry Standard on Tailings Management (GISTM).

**Application Requirement related to MIN 4-E3 – Water withdrawal**

AR 56. The undertaking may follow the table shown below when disclosing information required in DR MIN4-E3 – Water withdrawals:

| Water withdrawals | From areas at water risk | Total |
|-------------------|--------------------------|-------|
| Fresh water       |                          |       |
| Surface water     |                          |       |
| Groundwater       |                          |       |
| Other water       |                          |       |

### Application Requirement related to MIN 5-E3 – Water discharge

AR 57. The undertaking may follow the table shown below when disclosing information required in DR MIN 5-E3 – Water discharge:

| Water discharge | On areas at water risk |
|-----------------|------------------------|
| Fresh water     |                        |
| Other water     |                        |

~~AR 48. AR 1. When disclosing the indicators of water discharge, undertakings may present the internal standards they may have established for the management of water discharge-related impacts. The undertakings may give a description of any minimum standards set for the quality of effluent discharge, and how these minimum standards were determined, including:~~

- ~~(a) how standards for facilities operating in locations with no local discharge requirements were determined;~~
- ~~(b)(a) any internally developed water quality standards or guidelines;~~
- ~~(c)(a) any sector-specific standards considered;~~
- ~~(a) whether the profile of the receiving waterbody was considered~~

### Social-related requirements

### Application Requirement MIN 7-S3 – Security personnel

#### MQC 8. Security personnel

~~AR 49. AR 99. The undertaking shall consider the content of the **trainings** offered (e.g. differentiate between training related to security issues and **training** on human rights policies) and also if it addresses the protection of **vulnerable and marginalised groups**, especially women, children and indigenous populations.~~

~~AR 100. Human rights **training** for security personnel aims at ensuring human rights respect with regards to their interaction with **stakeholders** including local communities, ensuring a non-discriminatory approach to women and minorities, not exacerbating social conflict, how to collaborate with public and private security providers, processes relating to detention of persons, undue use of force which includes ensuring that force is used only when necessary.~~

~~AR 50. AR 101. The undertaking may disclose information on its processes of tendering and contracting with security providers. It may also disclose whether **requirements-related te**compliance with the undertaking's human rights policies **are included in** by the private security **contracts** are part of the process.~~

### Application Requirement MIN 8-S3 – MQC 9. Engagement with ~~Metrics on~~ affected communities and grievance mechanisms

~~AR 51. AR 102. Social impact assessment includes the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions.~~

~~AR 52. AR 103. Environmental impact assessment includes the processes of identifying, describing and assessing in an appropriate manner, in the light of each individual case, the direct and indirect significant effects of a project on the following factors: (a) population and human health; (b) **biodiversity**, with particular attention to species and habitats protected under Directive 92/43/EEC and Directive 2009/147/EC; (c) land, soil, water, air and climate; (d) material assets, cultural heritage and the landscape; (e) the interaction between the factors referred to in points (a) to (d). The effects on these factors shall include the expected effects deriving from the vulnerability of the project to **risks** of major accidents and/or disasters that are relevant to the project concerned.~~

AR-53-AR 104. When disclosing the extent of development of significant **infrastructure** investments and services supported, the undertaking may disclose whether any of these seek to address specific needs of women and children in the **affected communities**.

#### **Application Requirement MIN 9-S3—MQC 10. Human rights and environmental defenders**

~~AR 105. When disclosing the engagement with **human rights and environmental defenders**, the undertaking shall consider its processes for engaging with human rights and environmental defenders as part of its due diligence processes, including on managing allegations of retaliations, threats and direct/indirect attacks (physical and legal – including all forms of judicial harassment) against defenders.~~

AR-54-AR 106. The term “**human rights defenders**” refers to individuals, groups and organs of society that promote and protect universally recognised human rights and fundamental freedoms. **Human rights defenders** seek the promotion and protection of civil and political rights as well as the promotion, protection and realisation of economic, social and cultural rights. **Human rights defenders** also promote and protect the rights of members of groups such as indigenous communities. The definition does not include those individuals or groups who commit or propagate violence.

~~AR-55-AR 107. The term “environmental defenders” refers to individuals and groups who, in their personal or professional capacity and in a peaceful manner, strive to protect and promote human rights relating to the environment, including water, air, land, flora and fauna. Land and environmental rights are interlinked and are often inseparable. As a result, the two broad categories of defenders advocating for the environment and for land rights are often characterized as “land and environmental rights defenders”, “environmental rights defenders”, or just “environmental activists”. When describing the procedures and management of **environmental** and **human rights defenders**, the undertaking shall refer to **training** provided on company **policies** or international standards focused on safeguarding human rights as well as guidelines on the use of physical force and reporting procedures. It may also refer to screening and assessment processes, cost reimbursement and the use of company facilities.~~

AR-56-AR 108. When calculating the number of **incidents** in paragraph 447-449,91, the undertaking shall consider official sources such as policy reports or other reports issued by governmental organisations. The undertaking shall also consider information raised by legitimate representatives or credible proxies from **indigenous people**, as well as reports issued by local, national and international NGOs. The undertaking shall not consider unofficial sources e.g. social media when preparing this disclosure.

AR-57-AR 109. When disclosing the number of **incidents** broken down by **vulnerable groups**, the undertaking may disclose whether the threats and attacks identified are different depending on the particular group affected (e.g., sexual violence on female **human rights and environmental defenders**).

AR-58-AR 110. The undertaking may disclose if it has any initiatives or projects underway to support the actions or causes **human rights and environmental defenders** strive for.

#### **Application Requirement MIN 11-S3—Workforce hired from local communities**

~~AR-58. Workers hired from local communities include those individuals either born or who have the legal right to reside indefinitely (such as naturalized citizens or permanent visa holders) in the same geographic market as the operation. The geographical definition of “local” can include the community surrounding operations, a region within a country, or a country. The undertaking shall consider its definition of local when preparing this disclosure and disclose it.~~

~~AR-59. Requirements The undertaking may disclose whether it has assessed or identified potential negative **risks** in the local communities caused or contributed by its hiring **policy**.~~

## Governance related requirements to governance disclosures

### Application Requirement MIN 13-G1 – MQC Business conduct

AR 111. When providing information about its policy the undertaking may include details on how suppliers are categorised. Such categorisation may be based on geographic location, such as proximity to the site.

AR 112.

### MQC 12. State aid and competition law

~~AR 59.~~ AR 113. When determining the total of **state aid** or of financial assistance received from any government, the undertaking shall include the following:

- (a) tax relief and tax credits;
- (b) subsidies;
- (c) funds received through the Just Transition Mechanism of the EU;
- (d) investment grants, research and development grants, and other relevant types of grants;
- (e) awards;
- (f) royalty holidays;
- (g) financial assistance from Export Credit Agencies (ECAs);
- (h) financial incentives;
- (i) other financial benefits received or receivable from any government for any operation.

~~AR 60.~~ When reporting in accordance with paragraph 130, the undertaking may include a breakdown of payments to governments split by the following revenue streams, if applicable:

- ~~(a) The host government's production entitlement;~~
- ~~(b) National state-owned company production;~~
- ~~(c) Royalties;~~
- ~~(d) Dividends;~~
- ~~(e) Bonuses (e.g., signature, discovery, and production bonuses);~~
- ~~(f) License fees, rental fees, entry fees, and other considerations for licenses or concessions; and~~
- ~~(g) Any other significant payments and material benefits to government.~~

## Appendix B.1: Application Requirements related to policies, actions and targets

This appendix is an integral part of the ESRS [draft] Mining, Quarrying and Coal and has the same authority as the other parts of this standard.

The undertaking shall cover the items in the table below that are applicable to its specific facts and circumstances, when reporting on its policies, actions and targets following the Minimum Disclosure Requirements (MDR) present in ESRS 2 General Disclosures, i.e.:

- Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matters (paragraphs 63 to 65).
- Minimum Disclosure Requirement – Actions MDR-A – Actions and resources in relation to material sustainability matters (paragraphs 66 to 69).
- Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets (paragraph 78 to 81).

| <u>Disclosure</u>  | <u>Examples of policies, actions, targets (PAT)</u>  |
|--|--|
| <u>MQC 3. Industrial hazards</u>                               | <p>3. <u>Policies, actions and resources</u> related to: a) industrial hazard prevention and emergency preparedness and response; b) the reporting period and that account for past accident impacts for which environmental remediation may still be on-going, including any actions that are planned for short, mid and long-term, if applicable.</p> <p>4. <u>Policies, actions and targets</u> related to: a) its occupational health services that contribute to the minimisation of risks and identification and elimination of hazards; b) how it ensures the quality of those services and facilitates workers' access to them. This includes: a) for chemical hazards, a description of the <b>substances of very high concern (SVHCs)</b> that workers are exposed to in its operations; b) for physical hazards, a description of the factors that contribute to these hazards, such as thermal strain and stress or noise and vibrations; c) a description of ergonomic hazards.</p> <p>5. <u>Targets</u> adopted on the prevention and control of: a) spills of chemical substances in <b>soil</b> and water; b) <b>tailings</b> from mining.</p> |
| <u>MQC 4. Closure of assets</u>                                | <p>6. <u>Policy</u> (whether it has one) addressing: a) adoption of closure plans for operational sites, including decommission, rehabilitation or restoration and post-closure monitoring of sites; b) its closure actions and resources allocated; c) if applicable, list of sites for which there is no existing or foreseen rehabilitation site plan.</p> <p>7. <u>Policy</u> addressing the approach to manage its (future) liabilities stemming from the closure, post-closure and sales of operational sites.</p> <p>8. <u>Targets</u> (may disclose) to track site-specific progressive closure.</p>   |
| <u>MQC 5. Tailings management, facilities and impoundments</u> | <p>9. <u>Policy</u> (whether it has one) expressing intention, commitments and principles in relation to tailings management, such as: a) the following of any generally accepted good</p>   |



|   |  |
|---|--|
|   | <p><a href="#">practices for safe management of tailings facilities; b) which standard or code of practice it uses.</a></p> <p>10. <b>Actions</b> taken to: a) manage impacts from tailings facilities, including during closure and post-closure; b) prevent catastrophic failures of tailings facilities; c) whether it complies with or has committed to comply with relevant industry standards on the treatment and management of tailings.</p>   |
| <a href="#">ESRS E1 – MQC Climate change</a>              | <p><b>Policies, actions</b> and resources related to methane emission management, addressing: a) emissions derived from operating mines, including all ventilation shafts in use by the mine operator; drainage stations and methane drainage system (whether occurring as a result of intentional or unintentional venting, or incomplete combustion in flares); b) emissions occurring during post-mining activities; c) emissions derived from operating surface, including methane emissions occurring at the coal mine during the mining process; methane emissions occurring during post-mining activities.</p> <p><b>Policy</b> to: a) implement Leak Detection &amp; Repair (LDAR) programme, b) monitor post-closure methane releases.</p> <p><b>Actions</b> to a) address the methane leakages found as a result of the regular monitoring surveys; b) discontinue venting and flaring at drainage stations.</p> |
| <a href="#">ESRS E2 – MQC Pollution</a>                   | <p><b>Policies, actions</b> and resources on: a) maintenance and inspection frequency of critical structures, namely mining slopes, tailings dams and ponds; b) monitoring the quality of the environment around its operational sites, namely the percentage of operational sites that have an environmental management plan in operation; c) remediating the effects of pollution from its operations on the environment, in particular: i. air pollution, e.g. particulate matter (PM10, PM2.5), SO2 and CO; ii. water pollution, in particular leachate and acid drainage; iii. soil contamination, e.g. heavy metals (Pn, As, Hg, Zn, Cd, Cr, etc.) originating from mining tailings; iv. use and disposal of substances of concern or substances of very high concern (SVHCs), with particular attention to hazardous substances as defined in Article 3 of Regulation (EC) No 1272/2008.</p>                        |
| <a href="#">ESRS E3 – MQC Water and marine resources</a>  | <p><b>Policy</b> and <b>targets</b> to manage water as a shared resource, particularly in areas at water risk and where conflicts between different water uses may emerge.</p>   |
| <a href="#">ESRS E4 – MQC Biodiversity and ecosystems</a> | <p><b>Policy</b> to: a) phase-out of existing operations and/or stopping operational investments in or near <b>key biodiversity areas</b>, b) minimize biodiversity and ecosystem impacts from current and future operations in or near these areas; c) achieve no net loss or a net gain to biodiversity on <b>operational sites</b>.</p> <p><b>Targets</b> on a) minimising direct land-use change from mining activity; b) maximising the percentage of impacted area rehabilitated or restored</p> <p>Biodiversity- related closure <b>actions</b></p>   |
| <a href="#">ESRS S1 – MQC Own Workforce</a>               | <p><b>Policies, actions</b> and <b>targets</b> related to: a) housing facilities for own workers and their access to basic services such as clean water, sanitation and electricity as well as recreational facilities and social spaces, b) working time and <b>work-life balance</b> when operating round-the-clock or in remote locations</p>   |
| <a href="#">MQC 7 – Work Stoppages</a>                    | <p><b>Policies</b> to address the cause of major work stoppages and <b>actions</b> to resolve potential disputes (for example worker disputes or protests by affected communities).</p>  |

|   |   |
|---|---|
| <p><b><u>ESRS S2 – MQC Workers in the value chain</u></b></p>               | <p><u>Policies</u> related to: a) the health and safety performance of potential <b>value chain workers</b> in the selection process, b) the applicability of its own health and safety management system to workers of <b>value chain workers</b> performing work on site and c) monitoring health and safety metrics for the <b>value chain workers</b> while working on site.</p>  |
| <p><b><u>ESRS S3 – MQC Affected communities – indigenous people</u></b></p> | <p><u>Policies, actions</u> and <u>targets</u> on the engagement with <b>indigenous peoples</b> throughout the tailings facility lifecycle in building knowledge and in decisions that may have a bearing on public safety.</p> <p><u>Policies, actions</u> and <u>targets</u> related to land and resources rights: the recognition of legitimate tenure rights holders when acquiring, leasing or making other arrangements to use, or restrict the use of land, including involuntary resettlement, and the process for establishing compensation for loss of assets or other assistance to improve or restore standards of living or livelihoods; and the use of the land after the closure of the <b>operational site</b>.</p> <p><u>Policies, actions</u> and <u>targets</u> related to: a) respecting and protecting human rights and environmental defenders, b) preventing attacks against human rights and environmental defenders.</p> |
| <p><b><u>ESRS G1 – MQC Business conduct</u></b></p>                         | <p><u>policies</u> with respect to the proportion of the procurement spending on local suppliers. The content of relevant <u>policies</u> shall reflect a similar level of disaggregation, such as at operational site level or per group of operational sites, or per operational sites within the same geographical area, as applicable.</p>  |
| <p><b><u>MQC 14. Beneficial owners</u></b></p>                              | <p><u>policies</u> and screening processes regarding politically exposed persons ('PEPs') and beneficial owners of business partners, including joint ventures and suppliers.</p>   |
| <p><b><u>MQC 15. Cybersecurity</u></b></p>                                  | <p><u>policies</u> relating to cybersecurity</p>  |

## Appendix C: Materiality considerations

This appendix is an integral part of [draft] ESRS Mining, Quarrying and Coal and has the same authority as the other parts of this Standard.

This table provides application requirements to support the determination of which disclosures prescribed in this [draft] standard are material for an undertaking reflecting its specific circumstances.

The first column refers to the pertinent disclosure in this [draft] standard; the second column reports the sustainability matter pertaining to that disclosure; the third illustrates the factors to be considered when determining whether the information stemming from a Disclosure Requirement are material to the undertaking and therefore to be included, when the corresponding sustainability matter is material; the last four columns illustrates which Disclosure Requirements are applicable to undertakings that operate in a given sub-sector of activity within the sector.

The factors to consider in the third column illustrate in which circumstances the undertaking should be able to conclude that the information prescribed by a Disclosure Requirement in this standard is not material and therefore is omitted. For example, the undertaking omits the information prescribed in the Disclosure Requirement MQC 4 – Closure of assets when it does not have ongoing or anticipated decommissioning of facilities.

| <u>Disclosure Requirement</u>   | <u>Sustainability matter</u> | <u>Factors to consider in Materiality Assessment</u> | <u>Applicable sub-sector of activity</u> |               |                  |                 |
|---|------------------------------|--|--|---------------|------------------|-----------------|
|   |                              |  | <u>Coal Mining</u>                       | <u>Mining</u> | <u>Quarrying</u> | <u>Services</u> |
| <u>ESRS 2.IRO2.MQC Conclusions on material matters and reported information</u> | -                            |  | ✓  | ✓             | ✓                | ✓               |
| <u>ESRS 2.SBM1.MQC Activity indicators</u>                                      | -                            |  | ✓  | ✓             | ✓                | ✓               |
| <u>MQC 1. Mapping of operational sites</u>                                      | -                            |  | ✓  | ✓             | ✓                | ✓               |
| <u>MQC 2. Mineral reserves</u>  | -                            | <u>Existence of proved mineral reserves</u>          | ✓  | ✓             | ✓                |                 |

| <u>Disclosure Requirement</u>                                  | <u>Sustainability matter</u>       | <u>Factors to consider in Materiality Assessment</u>   | <u>Applicable sub-sector of activity</u> |               |                  |                 |
|--|------------------------------------|--|--|---------------|------------------|-----------------|
|  |                                    |  | <u>Coal Mining</u>                       | <u>Mining</u> | <u>Quarrying</u> | <u>Services</u> |
| <u>MQC 3. Industrial hazards</u>                               | <u>Industrial hazards</u>          | <u>Actual or potential occurrence of accidental releases of hazardous substances from operations</u>   | ✓  | ✓             | ✓                | ✓               |
| <u>MQC 4. Closure of assets</u>                                | <u>Closure of assets</u>           | <u>Ongoing or anticipated decommissioning of facilities, absence of planning related to site rehabilitation</u>  | ✓  | ✓             | ✓                |                 |
| <u>MQC 5. Tailings management, facilities and impoundments</u> | <u>Tailings</u>                    | <u>Generation and disposal of tailings (including in deep-sea, river, lake and ocean areas).<br/>Management approaches related to tailings and catastrophic failures (including through internal and third-party assessments, and financial provisions).</u> | ✓  | ✓             | ✓                |                 |
| <u>ESRS E1 – MQC Climate change</u>                            | <u>Climate change mitigation</u>   | <u>Activities in development, exploration and production of mineral reserves</u>   | ✓  | ✓             | ✓                | ✓               |
| <u>ESRS E1 – MQC Climate change</u>                            | <u>Methane</u>                     | <u>Actual or anticipated flaring or venting of methane</u>   | ✓  |               |                  |                 |
| <u>ESRS E2 – MQC Pollution</u>                                 | <u>Pollution</u>                   | <u>Management of pollutants and dangerous substances, including through prevention and control approaches.<br/>Actual or anticipated hydraulic fracturing activities.</u>  | ✓  | ✓             | ✓                | ✓               |
| <u>ESRS E3 - MQC Water and marine resources</u>                | <u>Water and marine resources</u>  | <u>Ongoing or anticipated activities with actual or potential impact on local water and land resources</u>   | ✓  | ✓             | ✓                | ✓               |
| <u>MQC 6. Water and marine resources metrics</u>               | <u>Water and marine resources</u>  | <u>Ongoing or anticipated activities with actual or potential impact on local water and land resources</u>   | ✓  | ✓             | ✓                | ✓               |
| <u>ESRS E4 – MQC Biodiversity and ecosystems</u>               | <u>Biodiversity and ecosystems</u> | <u>Ongoing or anticipated activities resulting in disturbed land</u>   | ✓  | ✓             | ✓                |                 |
| <u>ESRS S1 – MQC Own workforce</u>                             | <u>Own workforce</u>               | <u>Percentage of workers regularly working multi-day away-from-home assignments</u>  | ✓  | ✓             | ✓                | ✓               |

| <u>Disclosure Requirement</u>  | <u>Sustainability matter</u>                          | <u>Factors to consider in Materiality Assessment</u>  | <u>Applicable sub-sector of activity</u> |               |                  |                 |
|--|---|---|--|---------------|------------------|-----------------|
|  |   |   | <u>Coal Mining</u>                       | <u>Mining</u> | <u>Quarrying</u> | <u>Services</u> |
| <u>MCQ 7 – Work stoppages</u>  | <u>Freedom of association / Collective bargaining</u> | <u>Number of major work stoppages</u><br><u>Length of work stoppages and percentage of employees involved</u>   | ✓  | ✓             | ✓                | ✓               |
| <u>ESRS S2 – MQC Workers in the value chain</u>                              | <u>Health and safety</u>                              | <u>Number of value chain workers</u>  | ✓  | ✓             | ✓                |                 |
| <u>ESRS S3 – MQC Affected communities – indigenous people</u>                | <u>Rights of indigenous people</u>                    | <u>Proximity of indigenous peoples to tailings facilities</u><br><u>Ongoing process of seeking FPIC from indigenous peoples</u>   | ✓  | ✓             | ✓                |                 |
| <u>MCQ 8 – Security personnel</u>  | <u>Security-related impacts</u>                       | <u>Use of private, government security personnel (in conflict zones)</u><br><u>Incidents of violations of human rights of indigenous people directly linked to the undertaking's security personnel</u>   | ✓  | ✓             | ✓                | ✓               |
| <u>MCQ 9 – Engagement with affected communities and grievance mechanisms</u> | <u>Affected communities</u>                           | <u>Ongoing activities that negatively impact affected communities</u><br><u>Percentage of operational sites that have been subject to environmental and social impact assessments</u>   | ✓  | ✓             | ✓                |                 |
| <u>MCQ 10 – Human rights and environmental defenders</u>                     | <u>Impacts on human rights defenders</u>              | <u>Ongoing processes of engagement with human rights and environmental defenders</u><br><u>Prevalence of attacks on human rights and environmental defenders and the number of incidents when engaging with human rights and environmental defenders</u><br><u>Weak national governance, law enforcement structures</u> | ✓  | ✓             | ✓                |                 |
| <u>ESRS G1 –MQC. Business conduct</u>  | <u>Management of relationship with suppliers</u>      | <u>Proximity of suppliers to the operational site</u>   | ✓  | ✓             | ✓                |                 |
| <u>ESRS G1 – MQC. Business conduct</u>                                       | <u>Political engagement and lobbying activities</u>   | <u>Participation in advocacy and lobbying and associated expenditures aiming to exert influence on government policies</u><br><u>Commercial practices or public communication related to sustainability</u>   | ✓  | ✓             | ✓                | ✓               |

| <u>Disclosure Requirement</u>  | <u>Sustainability matter</u>   | <u>Factors to consider in Materiality Assessment</u>  | <u>Applicable sub-sector of activity</u> |               |                  |                 |
|--|--|---|--|---------------|------------------|-----------------|
|  |  |   | <u>Coal Mining</u>                       | <u>Mining</u> | <u>Quarrying</u> | <u>Services</u> |
| <u><a href="#">MQC 11. Transparency about contracts and licenses</a></u> | <u><a href="#">Management of relationship with (local) suppliers</a></u> | <u><a href="#">Presence of government contracts and licences that are subject to public consultation</a></u>  | ✓  | ✓             | ✓                |                 |
| <u><a href="#">MQC 12. State aid and competition</a></u>                 | <u><a href="#">Corruption and bribery</a></u>                            | <u><a href="#">Ongoing activities in jurisdictions where instances of cartels, monopolistic practices, and related abuse of such positions have been documented.</a></u><br><u><a href="#">Legal actions relating to violations of antitrust and monopoly legislation.</a></u><br><u><a href="#">Eligible to or recipient of state aid or of financial assistance</a></u> | ✓  | ✓             | ✓                |                 |
| <u><a href="#">MQC 13. Beneficial ownership</a></u>                      | <u><a href="#">Corruption and bribery</a></u>                            | <u><a href="#">Identification of individuals that classify as politically exposed persons ('PEPs')</a></u><br><u><a href="#">Availability of the identity of the natural person who has a control ownership interest in - and/or can exercise control over a legal entity used by the business partners, including joint ventures and suppliers.</a></u>                  | ✓  | ✓             | ✓                | ✓               |
| <u><a href="#">MQC 14. Minerals and coal purchased from states</a></u>   | <u><a href="#">Management of relationship with suppliers</a></u>         | <u><a href="#">Ongoing transactions generating revenue directly for states or through third parties acting on behalf of states.</a></u>   | ✓  | ✓             | ✓                |                 |
| <u><a href="#">MQC 15. Cybersecurity</a></u>                             | <u><a href="#">Cybersecurity</a></u>                                     | <u><a href="#">Dependency on technology to manage the facility operations</a></u><br><u><a href="#">Managing restricted or classified information on digital platforms</a></u>  | ✓  | ✓             | ✓                | ✓               |

## Appendix D: List of datapoints in accordance with EU law

This Appendix is an integral part of the [draft] ESRS *Mining, Quarrying and Coal* and has the same authority as the main body of the [draft] ~~Standard~~: [Exposure Draft](#).

The table below illustrates the datapoints that emanate from other EU legislation. These are to be reported irrespective of the outcome of the materiality assessment.

| Disclosure Requirement <del>and related datapoint</del>  | Pillar 3 reference   |
|--|--|
| <del>DR related to ESRS 2-SBM-4 Market position, strategy, business model(s) and value chain, paragraph 2222</del> <a href="#">ESRS 2.SBM1.MQC – Activity indicators</a>           | Article 449a Capital Requirements Regulation – CRR – <b>Template 1</b> : Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity |
| <del>DR MINMQC 1 – List Mapping of operational sites, paragraph 34</del> <a href="#">Error! Reference source not found.</a>  | Article 449a CRR – <b>Template 1</b> : Banking book – Climate change physical risk – Exposures subject to physical risk  |
| <del>DR related to ESRS E1-6 – Gross scopes 1, 2, 3 and total GHG emissions, paragraph 32</del> <a href="#">Ongoing discussion</a>   | Article 449a CRR – <b>Template 1</b> : Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity.                                  |
| <del>DR related to ESRS E1-6 – Gross scopes 1, 2, 3 and total GHG emissions, paragraph</del> <a href="#">Error! Reference source not found.</a> <a href="#">Ongoing discussion</a> | Article 449a CRR – <b>Template 3</b> – Banking book – Climate change transition risk – Alignment risks   |

## Appendix ~~DE~~: NACE Codes Mining, Quarrying codes

~~This Appendix set the list of NACE codes that are covered by this [draft] sector ESRS. All undertakings for which one or more of these NACE codes represent a significant sector according to paragraphs 40 (a) and 40(b) of ESRS 2 shall report according to this [draft] sector ESRS.~~

- B.05.10 Mining of hard coal
- B.05.20 Mining of lignite
- B.07.10 Mining of iron ores
- B.07.21 Mining of uranium and thorium ores
- B.07.29 Mining of other non-ferrous metal ores
- B.08.11 Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate
- B.08.12 Operation of gravel and sand pits; [mining of clays and kaolin](#)
- B.08.91 Mining of chemical and fertiliser minerals
- B.08.92 Extraction of peat
- B.08.93 Extraction of salt
- B.08.99 Other mining and quarrying n.e.c.
- B.09.90 Support activities for other mining and quarrying
- C.19.10 Manufacture of coke oven products

~~This Appendix set the list of NACE codes that are covered by this [draft] sector ESRS. All undertakings for which one or more of these NACE codes represent a significant sector according to paragraphs 28 (a) and (b) of ESRS 2, shall report according to this [draft] sector ESRS.~~

Appendix E is an integral part of ~~the [draft] sector ESRS~~ [this Exposure Draft](#) and has the same authority as ~~the~~ other parts of the [\[draft\]Exposure Draft](#) ESRS *Mining, Quarrying and Coal*.



## Appendix E: Material F: Sustainability Matters matters in the sector

This appendix is an integral part of [draft] Mining, Quarrying and Coal sector ESRS and has the same authority as the other parts of the Standard.

When performing its **materiality** assessment, the undertaking shall consider the following list of **sustainability matters** covered in this sector-specific [draft] ESRS.

| Topic  | Sub-Topic   | Sub-Sub-Topic   |
|--|---|---|
| <a href="#">E1 Climate change</a>              | <a href="#">Climate change adaptation*</a><br><a href="#">Climate change mitigation*</a><br><a href="#">Energy*</a>   | <a href="#">Methane</a>   |
| <a href="#">E2 Pollution</a>                   | <a href="#">Pollution of air*</a><br><a href="#">Pollution of water*</a><br><a href="#">Pollution of soil*</a><br><a href="#">Pollution of living organisms and food resources*</a><br><a href="#">Substances of concern*</a><br><a href="#">Substances of very high concern*</a> |   |
| <a href="#">E3 Water and marine resources</a>  |   | <a href="#">Water withdrawals*</a><br><a href="#">Water consumption*</a><br><a href="#">Water use*</a><br><a href="#">Water discharges in water bodies and in the oceans*</a><br><a href="#">Habitat degradation and intensity of pressure on marine resources*</a>   |
| <a href="#">E4 Biodiversity and Ecosystems</a> | <a href="#">Direct impact drivers on biodiversity loss*</a><br><a href="#">Impacts on the state of species*</a><br><a href="#">Impacts on the extent and conditions of ecosystems*</a><br><a href="#">Impacts and dependencies on ecosystem services*</a>                         |   |
| <a href="#">E5 Circular economy</a>            | <a href="#">Resource inflows, including resource use*</a><br><a href="#">Resource outflows related to products and services*</a><br><a href="#">Waste*</a>  | :   |
| <a href="#">S1 Own workforce</a>               |   | <a href="#">Working time*</a><br><a href="#">Freedom of association, the existence of works councils and the information, consultation and participation rights of workers*</a><br><a href="#">Collective bargaining, including rate of workers covered by collective agreements*</a><br><a href="#">Work-life balance*</a><br><a href="#">Health and safety*</a> |
| <a href="#">S2 Workers in the value chain</a>  |   | <a href="#">Health and safety</a>   |
| <a href="#">S3 Affected communities</a>        |   | <a href="#">Land-related impacts</a><br><a href="#">Security-related impacts</a><br><a href="#">Impacts on human rights defenders</a>   |

|                            |  |  |
|----------------------------|--|--|
| <b>G1 Business Conduct</b> | <a href="#">Political engagement and lobbying activities*</a><br><a href="#">Management of relationships with suppliers including payment practices*</a><br><a href="#">Corruption and bribery*</a><br><a href="#">Cybersecurity</a> | <a href="#">Free, prior and informed consent</a> |
|----------------------------|--|--|

*\*Sustainability matter covered by Disclosure Requirements in the topical sector-agnostic ESRS (see ESRS 1 Appendix B table in paragraph AR 16.)*

**Cross-topic sustainability matters**

The undertaking shall also consider the following, sector-specific sustainability matters. The existence of following **sustainability matters** is expected to rise the materiality of number of other sustainability matters ('connected sustainability matters').

| <b>Cross-topic sustainability matter</b> | <b>Connected sustainability matters</b>  |
|--|--|
| <b>Industrial hazards</b>                | <a href="#">Methane</a><br><a href="#">Pollution of air</a><br><a href="#">Pollution of water</a><br><a href="#">Pollution of soil</a><br><a href="#">Pollution of living organisms and food resources</a><br><a href="#">Substances of concern</a><br><a href="#">Substances of very high concern</a><br><a href="#">Pollution of water</a><br><a href="#">Pollution of living organisms and food resources</a><br><a href="#">Direct impact drivers on biodiversity loss</a><br><a href="#">Impacts on the state of species</a><br><a href="#">Impacts on the extent and conditions of ecosystems</a><br><a href="#">Impacts and dependencies on ecosystem services</a><br><a href="#">Waste</a><br><a href="#">Health and safety</a><br><a href="#">Communities' economic, social and cultural rights</a> |
| <b>Closure of assets</b>                 | <a href="#">Methane</a><br><a href="#">Pollution of air</a><br><a href="#">Pollution of water</a><br><a href="#">Pollution of soil</a><br><a href="#">Water discharges in water bodies and in the oceans</a><br><a href="#">Habitat degradation and intensity of pressure on marine resources</a><br><a href="#">Waste</a><br><a href="#">Health and safety</a><br><a href="#">Communities' economic, social and cultural rights</a>   |
| <b>Tailings</b>                          | <a href="#">Energy</a><br><a href="#">Methane</a><br><a href="#">Pollution of air</a><br><a href="#">Pollution of water</a><br><a href="#">Pollution of soil</a><br><a href="#">Pollution of living organisms and food resources</a><br><a href="#">Substances of concern</a><br><a href="#">Substances of very high concern</a><br><a href="#">Water consumption</a>  |

|  |  |
|--|--|
|  | <a href="#">Water use</a><br><a href="#">Water discharges in water bodies and in the oceans</a><br><a href="#">Habitat degradation and intensity of pressure on marine resources</a><br><a href="#">Direct impact drivers on biodiversity loss</a><br><a href="#">Impacts on the state of species</a><br><a href="#">Impacts on the extent and conditions of ecosystems</a><br><a href="#">Impacts and dependencies on ecosystem services</a><br><a href="#">Resource inflows, including resource use</a><br><a href="#">Resource outflows related to products and services</a><br><a href="#">Waste</a><br><a href="#">Health and safety</a><br><a href="#">Land-related impacts</a><br><a href="#">Security-related impacts</a><br><a href="#">Impacts on human rights defenders</a><br><a href="#">Free, prior and informed consent</a> |
|--|--|

(\* ) Sustainability matter covered by Disclosure Requirements in the topical sector-agnostic ESRS (see ESRS 1 Appendix B table in paragraph AR 16.

## Appendix G: Description of sustainability matters

This Appendix presents a description of the sustainability matters that are expected to be material for undertakings in the Mining, Coal and Quarrying and Coal sector. For the sustainability matters that are also listed in paragraph AR12AR16 of Appendix BA of [draft] ESRS 1, the description in this Appendix provides a description of how such matters materialise in this specific sector. This Appendix is provided for illustrative purposes and is non-authoritative.

### Descriptions of material sustainability matters

#### **E1: Climate change adaptation**

The sector is exposed to a range of risk from the current and future climate variability. Those may include, for example, increasing cost of natural resources, extreme weather events causing damage to the infrastructure, water availability decrease, increased dust emissions. Moreover, the impacts of climate change can cause significant disruption in the supply chain of the industry also contributing to create more dangerous working conditions for employee due to extreme weather events. Thorough risk evaluation and assessment as well as working towards resilience across the whole value chain, including surrounding communities and infrastructure, are essential to manage risk and opportunities related to the matters of climate change adaptation.

#### **E1: Climate change mitigation**

##### *Mining and quarrying*

Mining and metals production is often energy-intensive, with a significant proportion of energy consumption in the sector accounted for by purchased electricity. While fuel combustion on-site contributes to the sector's operations generate significant direct (Scope 1) greenhouse gas (GHG) emissions, electricity purchases from the grid can result in indirect, Scope 2) emissions. The energy, including CO<sub>2</sub> from fuel use during mining, ore processing, and smelting activities. The GHG intensity of operations may increase with decreasing grades of deposits and increasing depth and scale of mining operations. The choice between on-site versus grid-sourced electricity, and use of alternative energy, can play an important role in influencing both the it will also depend on the method used (open pit or underground mining, excavation type, depth of the mine), volumes of fugitive methane released, or the type of metal mined and processed. Regulatory efforts to reduce GHG emissions in response to the risks posed by climate change may result in additional regulatory compliance costs and reliability of energy supply. Affordable and easily accessible energy is an important competitive factor in a commodity market driven by global competition and purchased fuels and electricity can account for a significant proportion of total production costs. The way in which an undertaking manages its overall energy efficiency risks for metals and intensity, its reliance on different types of energy, and its ability to access alternative sources of energy, can therefore be a material factor. mining undertakings due to climate change mitigation policies.

##### *Coal*

Coal operations generate significant amounts of CO<sub>2</sub> emissions and have the highest intensity per energy unit out of all fossil fuels. This topic covers how a undertaking in this sector adapts to risks derived from climate change and its contributions to society to handle these impacts. Due to the high intensity of CO<sub>2</sub> emissions, this topic sheds a light on the transition the undertaking is undergoing towards becoming low carbon. This would include the different alternatives they may have to contemplate to reduce emissions while developing coal activities and what For coal operations the release of GHG emissions includes CO<sub>2</sub> from fuel use and methane released from coal beds during mining and post-mining activities. Mitigating climate change can include changes in the developing of activities to reduce emissions and the effect these changes may have on the undertaking's employees and the communities in which coal activities take place.

#### **E1: Energy**

##### *Mining, quarrying and coal*

Mining operations are often energy-intensive and generate significant direct greenhouse gas (GHG) or CO<sub>2</sub>e emissions, including carbon dioxide from fuel use during. Currently, diesel is the most common source of energy consumption, especially for the usage of large mining, ore processing, and smelting activities. For coal operations the release of GHG emissions includes carbon dioxide from fuel use and methane released from coal beds during mining and post-mining activities.

Energy-intense production has implications for climate change, and equipment. The use of alternative sources such as liquefied or compressed natural gas, electricity purchases from the grid can create indirect Scope 2 emissions. Emission intensity will also depend on the method used, open pit or underground mining, excavation type, depth of the mine and volumes of fugitive methane released. Underground mining is found to result in more GHG or CO<sub>2</sub>e emissions. The extent and type or even hydrogen, is also possible (especially for smaller equipment) even if not immediately considered a more efficient alternative. A significant proportion of GHG emissions can vary depending on the metal mined and processed.

Regulatory efforts to reduce GHG emissions in response to the risks posed energy consumption in the sector is, anyway, accounted for by climate change may result in additional regulatory compliance costs and risks for metals and mining undertakings due to climate change mitigation policies. Operational efficiencies can be achieved through the cost-effective reduction of GHG emissions. Such efficiencies can mitigate the potential financial impact of increased fuel costs from regulations that seek to limit or put a price on GHG emissions.

Similar to Mining, quarrying also requires a significant quantity of energy, sourced primarily from direct combustion of fossil fuels as well as from purchased electricity. Quarries also use alternative fuels for their kilns, such as scrap tires and waste oil – often waste generated by other industries. If properly managed, these can lower energy costs and greenhouse gas (GHG) emissions. However, there could be potentially negative impacts, such as releases of harmful air pollutants that undertakings need to minimize in order to obtain net benefits from using such fuels, (which is often not coming from sustainable sources). Decisions about use of alternative fuels, renewable energy, and on-site generation of electricity (versus purchases from the grid) can play an important role in influencing both the costs and reliability of energy supply. Affordable, easily accessible, and reliable energy is an important competitive factor in this industry, with purchased fuels and electricity accounting for a significant proportion of total production costs. The way in which a quarry manages its overall energy efficiency, its reliance on different types of energy and associated sustainability risks, and its ability to access alternative sources of energy can influence its profitability. In order to be effective, decisions on the aspects related to alternative fuels should be adequately integrated in the design and business model of mining operations, especially considering the increasing demand expected in future years.

## **E2: Pollution of Air/air**

### Mining and quarrying

Non-greenhouse gas (GHG) air emissions in this sector include operations can give rise to various hazardous air pollutants, criteria air pollutants, and Volatile Organic Compounds (VOCs) from smelting and refining activities. These can have significant, localized human health and environmental impacts. Depending on the metal, uncaptured sulphur dioxide, lead, mercury, cadmium, and arsenic are among the chief pollutants, along with particulate matter. Depending on the type, and use of mining, i.e. open pit mining or underground mining the pollution of air differs. Underground mining is found to result in more GHG emissions than open pit mining.

Financial impacts resulting from air emissions will vary depending on the specific location of operations and the applicable air emissions regulations. Active management of the issue through technological and process improvements could allow undertakings explosives to limit the impacts of increasingly stringent air quality regulations globally. Undertakings could also benefit from operational efficiencies that could lead to a lower cost structure over time.

On-site in fuel combustion and production processes in the uncover the reserves, with quarrying sector emit air pollutants and hazardous chemicals, including, small quantities of organic compounds and heavy metals. Emissions of particular concern include nitrogen oxides, sulphur dioxides, particulate

matter, heavy metals (e.g., mercury), lead, cadmium, dioxins, and volatile organic compounds, among others. In addition, the quarrying sector is one of the biggest users making extensive use of dynamite to blast rock aiding the excavation, resulting in dust particles being spread in the air. These air emissions can have significant, localised human health and environmental impacts.

#### *Coal*

The use of explosives may result in emissions such as dust, vibrations, gaseous byproducts or flyrock. Coal operations have an impact on the quality of air. Coal operations are emission intensive. Coal operations result in the emission of different gases during the entire operational process, from the are often associated with air emissions from drilling, refining, and transporting, to the transportation and waste management. This topic covers the emissions of Sulphur and active mine fires. Significant air pollutants in these three subsectors are sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), particulate matter (PM), heavy metals, (particularly lead, mercury, cadmium, and arsenic), persistent organic pollutants (POPs), volatile organic compounds (VOCs), ozone depleting substances (ODS), ammonia (NH<sub>3</sub>), and other (hazardous) chemicals regulated by REACH and CLP and their compounds, as well as several types of dust particles as well as other physical pollutants. These emissions are particular to the coal operations. This topic would additionally cover the efforts from undertakings to reduce the emissions of the above-mentioned gases and the impact these have on ecosystems, the health and safety of employees and local communities, as well as the economic and social effect these may have on society. Exposed surfaces of extractive waste primarily result in dust and VOCs releases.

#### **E2: Pollution of Water**

##### *Mining, quarrying and coal*

Mining (e.g., excavation), quarrying (e.g., nitro-glycerine spills) and coal (e.g., coal washing to remove sulphur, cooling drilling equipment, transporting coal in slurry pipelines) processing extensively use water, resulting in water basins and groundwater contamination through erosion and sedimentation (e.g., suspended solids generation), tailings leakage and exposure to highly sulphidic excavated waste rock (e.g., acid mine drainage). These types of water quality concerns may accelerate further acidification and contamination over time, increasing the leaching of heavy metals (arsenic, cobalt, copper, cadmium, lead, silver, and zinc), leading to impacts that persist for decades after closure. Deep-sea mining is another critical issue of concern causing pollution in water columns from excessive light, noise, wastewater discharges, and sediment plumes.

#### **E2: Pollution of soil**

Soil pollution is a critical issue stemming from mining, quarrying and coal activities, given that the resulting pollutants can be retained by soil for a long time and slowly be passed to other media (water, air). Site soils and soils in their proximity, including in post-mining locations, have great variability in their properties (e.g., physical structure degradation due to dust accumulation, significant imbalances of pH levels due to different explosives used, toxic elements versus nutritional content) as a consequence of the leaching of waste rock and tailings produced at all stages of operation (e.g., ore and metallurgical extraction, ore beneficiation). Tailings are usually highly acidic and sandy with low levels of nutrients and their depositing on the ground may lead to severe soil fertility and integrity issues or sedimentation of massive amounts of heavy metals on the topsoil.

#### **E2: Substances of concern and substances of very high concern**

Mining (including coal mining) and quarrying operations (e.g., blasting, separation of minerals from ores, creation of tunnels) widely use substances with high chemical hazards. These lead to chronic and devastating effects on the environment (e.g., high toxicity in marine ecosystems) and human health (e.g., respiratory infections, cardiac and neuromuscular effects) as they are dumped on the surface, spilled from sites or leached due to precipitations, and spread to surrounding areas. The most concerning substances in this sector include mercury (a recognized volatile, persistent heavy metal of global concern), cyanide (life-threatening, fast-acting poison), sulphuric acids (leading to chronic inflammation and irritation), explosive (releasing toxic gases such as nitric and nitrogen oxides, as well

as carbon monoxides, silica dust (hazardous to lungs and carcinogenic), and polycyclic aromatic hydrocarbons (acute toxicity to birds and aquatic organisms).

## **E2: Industrial hazards**

The mining, quarrying and coal activities are highly prone to incidents and accidents with disastrous impacts on environmental resources (extreme contamination of air, water and soil), surrounding communities and infrastructures (e.g., damage to economic activities and food resources), workers (e.g., injuries, ill health, fatalities), as well as undertaking's assets, leading to critical financial repercussions. Some examples of industrial hazards include ground or strata failure, fires or explosions, inundation or inrush of any substance (including from tailings dam failures), leaks of poisonous gases, spills of hazardous chemicals or slurry. Specifically, underground mining can generate dust explosions, inundation, mining corridor collapses or others. Open pit mining can cause landslides, water inbursts, machinery failures and others. Such hazards may result in emissions of toxic gases and vapours, rockfalls, flooding and extreme temperatures.

## **E2: Pollution of living organisms and food resources**

Mining, coal and quarrying operations (including through deep-sea mining resulting in sediment plumes, sea floor compaction, diminishing algae biomass through metal oxide deposition, etc.) may directly cause disturbances in the reproduction and growth of animals (e.g., benthic fauna), organisms and plants, up to the destruction of wildlife altogether (e.g., through sediment generation and). For instance, heavy metals concentrations in site surrounding can be absorbed by crops and soil organisms, hence bioaccumulating in plant fibres and inhibiting enzyme functions. Arsenic might pollute food resources, with high negative impacts on neurotoxicity arising after consumption. Acid mine drainage, for instance raises the risks of degrading the quality of water to the point of exterminating wildlife due to its persistent nature. An excess in the generation of sediments may suffocate watershed vegetation and organisms. Suspended solids deplete oxygen levels and light diffusion and raise temperatures.

## **E3: Water use, including water withdrawals and water consumption**

Mining, quarrying and coal operations can impact both the availability and the quality of local water resources. Quarrying requires considering the substantial volumes of water required for the production process and also coal. Mining operations are, depending on their geographical and geological location, must manage water intensive.

For quarries, the use and spill of nitro-glycerine also may affect ground consumption, flood risks, water or water basins as well as the animals living in it. For coal operations, the use of water in coal washing to remove sulphur, in cooling drilling equipment, and in transporting coal in slurry pipelines can impact resources.

Mining, quarrying and coal undertakings face operational, regulatory, and reputational risks due to water scarcity, costs of water acquisition, regulations on effluents or amount of water used, and competition with local communities quality and other sectors for limited water resources. Wastewater treatment and discharge is often regulated by national or local agencies. For coal undertakings, violating limits on selenium, sulphate, and dissolved solids could affect coal operations undertakings through significant penalties, compliance costs, delays in production, or higher costs related to mine closure.

Impacts associated with water management may include higher costs, liabilities, and lost revenues due to curtailment or suspension of operations. The severity of these risks can vary depending on the region's water availability and the regulatory environment issues. Undertakings that are unable to secure a stable water supply could face production disruptions, while rising water prices could directly increase production costs. Consequently, the adoption of technologies and processes that reduce water consumption could lower operating risks and costs for undertakings by minimizing the impact of regulations, water supply shortages, and community-related disruptions on the operations of the undertaking. Undertakings in the sector may deploy new technologies to manage risks related to water risk, including desalination, water recirculation, and innovative waste disposal solutions. Reducing water use and contamination can create operational efficiencies for undertakings and lower their operating costs.

## **E2: Pollution of Soil**

### *Mining, quarrying and coal*

Mining, quarrying and coal activities are one of the most important anthropic causes of soil degradation and pollution in the world, according to scientific research. Mine soils in post-mining locations have great spatial variability in their properties (e.g., pH, particle size distributions, PTEs content), and are largely dependent on the characteristics of the ore that was processed and on the materials which were deposited at the site and can persist over time. Violating limits of pollutants allowed could affect operations of the undertakings through significant penalties, compliance costs, delays in production, or higher costs related to mine closure. Soil can retain pollution for a very long time while slowly passing on the contamination to groundwater, surface water and air.

## **E2: Substances of concern**

### *Mining, coal*

Mining and coal operations can have extensive impact on the environment. For this reason, undertakings shall disclose and take into account multiple factors when designing a mine. These factors shall include whether the mine could be designed to be underground rather than open-pit, what happens after its life, the productivity of it and the time of year it is productive. Further to this, in mining processes certain substances are used that can have an impact on the environment and human health.

This covers impacts from carcinogenic, mutagenic or reprotoxic substances (CMRs), persistent, bioaccumulative and toxic substances (PBTs); very persistent and very bioaccumulative substances (vPvBs); endocrine disrupting substances (EDs); immunotoxicants; neurotoxicants; respiratory sensitisers; substances having specific organ toxicity (STOT) with chronic effects; persistent, mobile and toxic substances (PMTs) and very persistent and very mobile substances (vPvM); as well as other substances having a chronic effect on human health or the environment (emphasizing on mercury) and substances hampering recycling for safe and high quality secondary raw materials. Undertakings face the risk that regulation may restrict or ban the use of particular chemicals such as through the REACH and EQSD requirements.

Mercury release during coal burning operations can have a detrimental effect mainly on marine ecosystems, thus on human health. The production of synthetic graphite can be obtained from coal char, which could be a substitute material of graphite.

The coal industry presents several hazards which undertakings must prevent and address. Some examples include ground or strata failure, fires or (methane) explosions, inundation or inrush of any substance, and others. It is therefore critical that risk management plans are put in place, along with related remedial actions for workers, communities, and the environment. Appropriate tailings management plays an important role in minimising the risk for industrial hazards occurring. Underground mining can suffer from dust explosions, inundation, mining corridor collapses or others. Open pit mining can suffer from landslides, water inbursts, machinery failures and others. Other causes for industrial hazards relate to tailings management. Failures can result from inadequate water management, overtopping, foundation or drainage failure, erosion, and earthquakes.

## **E2: Industrial hazards**

The mining and coal industry presents several hazards which undertakings must prevent and address. Some examples include: ground or strata failure, fires or explosions, inundation or inrush of any substance (including from mine tailings dam failures), and others. Underground mining can suffer from dust explosions, inundation, mining corridor collapses or others. Open pit mining can suffer from landslides, water inbursts, machinery failures and others. Other causes for industrial hazards relate to tailings management. Failures can result from inadequate water management, overtopping, foundation or drainage failure, erosion, and earthquakes. It is therefore critical that risk management plans are put in place (amongst others for tailing dams, to avoid ruptures or spill overs), along with related remedial



actions for workers, communities and the environment. Appropriate tailings management plays an important role in minimising the risk for industrial hazards occurring.

### **E2: Pollution of living organisms and food resources**

Common coal, mining and mineral processing activities that contribute to noise pollution include overburden removal, drilling and blasting, excavating, crushing, loading and unloading, vehicular traffic, and the use of generators. Noise generated by mining operations is often of higher intensity than natural noise, and mining operations can occur throughout the night. Noise pollution can have a direct and lasting impact on workers, nearby communities and biodiversity.

### **E3: Water use**

#### *Mining, quarrying and coal*

Mining operations, depending on their geographical and geological location, must manage water consumption, flood risks, water quality and other issues. Environmental factors and climate contribute to the complexity of developing a mine water management system in many cases used to heat water to create a steam and generate electricity. In dry climates, an undertaking may need to focus more on conservation, collecting, storing, and reusing contact water from the tailing's storage facility, seepage, open pit, and/or underground mine. For wet climates the greatest challenge is rather managing flood events and eliminating the risks of spilling, erosion, and infrastructure failure. Undertakings in cold climate regions must consider the large quantity of water generated from snow melt and ice thaw and manage the impacts of permafrost on drainage facilities. Each mine site requires a tailored and holistic solution. Risks related to water use and management are also linked to the social license to operate and wider community well-being, ensuring availability and good quality of water to nearby communities. Water abstraction is in many areas only possible through obtaining the necessary permits.

### **E3: Water discharges in water bodies and in the oceans**

*Mining, quarrying and coal operations may discharge used water into water bodies or waterways. These discharges eventually can end up leading to a range of impacts described under pollution sustainability matters (chemical pollution, eutrophication of water bodies). This in return affects or poisons organisms living in the water, and it can cause negative effects on humans through fishing in these waters or tourism that depends on the existence of clean water bodies to attract customers. Recycling and cleaning processes of water discharges can allow to reuse much of the water used on a site, thereby decreasing operational dependency on an already scarce commodity. Clean water discharge will also avoid the risks for wildlife and human health or recreational activities.*

### **E3: Habitat degradation and intensity of pressure on marine resources**

*Mining and coal activities produces can produce large volumes of waste, formed by the non-processed rock from overburden or access tunnels and shafts, and by the processed tailings. Traditionally, tailings are stored in land dams, but the lack of land availability, potential risk of dam failure, geological instability, and topography in coastal areas in certain countries makes consideration of disposal of tailings into marine systems, a process usually known as Deep-Sea Tailings Disposal. DSTD can have lasting impacts on biodiversity, ocean ecosystems as well as on fishing communities. Moreover, some undertakings are currently exploring deep-sea bed mining, which can be associated with a risks to the marine environment.*

*Other impacts that mining can have is around waste disposal in coastal ecosystems, which must be carefully managed. Finally, some undertakings are currently exploring deep-sea bed mining however it is worth noting that no agreement by the International Seabed authority has yet been reached on this, and whether it is deemed a safe practice.*

### **E4: Impacts on the extent and condition of ecosystems**

The *entire life cycle of Mining, quarrying and coal projects, namely, development, operation, closure, and remediation of mines can restoration of mine and quarries sites, can have direct, indirect, and*

~~cumulative impacts on biodiversity and condition of ecosystems, both in the short and long term. The development phase, in particular, typically requires large-scale infrastructure developments that have a range of impacts on biodiversity, such as alterations of landscapes namely the alteration of landscapes, vegetation removal, and impacts to wildlife habitats. Acid rock. During the operation phase, pollution is a particularly significant risk to biodiversity and condition of ecosystems acid drainage is a particularly significant risk: it is highly acidic water, rich in heavy metals, formed when surface and shallow subsurface water come into contact with counter mining overburden. Acid mine drainage can have harmful effects on humans, animals, and plants. Similarly, tailings management will play an important role. Biodiversity impacts of mining operations can affect the valuation of reserves and create operational risks. The environmental characteristics of the land where reserves are located could increase extraction costs due to increasing interest in the protection of ecosystems. Undertakings could also face regulatory or reputational barriers to accessing reserves in ecologically sensitive areas. This may include new protection status afforded to areas where reserves are located. Mining undertakings face regulatory risks related to reclamation after a mine is decommissioned, per applicable regulatory requirements to restore mined property according to a prior, approved reclamation plan. Material costs may arise from removing or covering refuse piles, meeting water treatment obligations, and dismantling infrastructure at the end of life. Furthermore, ongoing mining operations are subject to laws protecting endangered species. Undertakings that have an effective environmental management plan for different stages of the project lifecycle may minimize their compliance costs and legal liabilities, face less resistance in developing new mines, and avoid difficulties in obtaining permits, accessing reserves, and facing delays in project completion.~~

~~Quarries are often operated close to processing facilities. Quarrying requires and require the removal of vegetation and topsoil. It also requires and the blasting and crushing of underlying stone deposits. The This process can lead to permanent alterations of the landscape, with associated impacts on biodiversity. The environmental characteristics of the land where quarrying takes place could increase extraction costs, due to increasing awareness and protection of ecosystems. The use and spill of nitro-glycerine also may affect ground water or water basins as well as the animals living in it. Undertakings could also face regulatory or reputational barriers to accessing sites in ecologically sensitive areas. This may include new protection status afforded to areas where reserves are located. Ongoing quarrying operations may also be subject to laws protecting endangered species. Undertakings that have an effective environmental management plan for different stages of the project lifecycle including restoration during site decommissioning could minimize their compliance costs and legal liabilities. These undertakings could face less community resistance in quarrying at new sites and avoid difficulties in obtaining permits and delays in project completion.~~

~~Mining activities can have impacts on biodiversity beyond the mine site. These impacts can be more significant when mining occurs in or near ecologically sensitive areas. For example, mining activities can spread into ecological corridors and disrupt the functioning of an ecologically sensitive area. Inactive mine pits, underground workings, and hazardous waste can also cause biodiversity impacts beyond closure (see also topic 14.8 Closure and rehabilitation)~~

~~Biodiversity impacts from coal activities include contamination of air, soil, and water; deforestation; soil erosion; and sedimentation of waterways. Other impacts can include animal mortality or increased vulnerability to predators, habitat fragmentation and conversion, and the introduction of invasive species and pathogens.~~

#### **E4: Direct impact drivers of biodiversity loss**

##### *Mining, quarrying and coal*

*Mining, quarrying and coal operations make substantial impacts on the earth and nature around them. Surface mining and mountaintop removal can alter the landscape, removing vegetation and wildlife habitats. Acid mine drainage is particularly significant: it is highly acidic water, rich in heavy metals, formed when surface and shallow subsurface water comes into contact with counters mining overburden, and can have harmful effects on humans, animals, and plants. Similarly, tailings management will play an important role. Biodiversity impacts of coal operations can affect the valuation of reserves and create operational risks. The environmental characteristics of the land where reserves operational sites are located could increase extraction costs as a result of increasing*

awareness and protection of ecosystems. undertakings could also face regulatory or reputational barriers to accessing reserves in ecologically sensitive areas, such as the designation of areas where reserves are located as protected areas. Undertakings face regulatory risks related to reclamation after a mine is decommissioned, per applicable regulatory requirements to restore mined property according to a prior, approved reclamation plan. Material costs may arise from removing or covering refuse piles, fulfilling water treatment obligations, and dismantling infrastructure at the end of life. Furthermore, ongoing operations are subject to laws protecting endangered species. ~~Undertakings that have an effective environmental management plan for different stages of the project lifecycle may minimise their compliance costs and legal liabilities, face less resistance in developing new mines, avert delays in project completion, and avoid difficulties in obtaining permits and accessing reserves.~~

~~Direct drivers of biodiversity loss influence biodiversity and ecosystem processes, leading to impacts such as degradation of ecosystems, habitat fragmentation, and animal mortality. Mining activities may contribute to the direct drivers of biodiversity loss through land and sea use change, for example, in the form of land clearance for mining, access routes, and waste management facilities; exploitation of natural resources by withdrawing and consuming water; through the introduction of invasive alien species; and pollution. Sources of air, water, and soil pollution can include:~~

#### **E4: Impacts on the state of species**

~~Mining, quarrying and coal operations can cause impacts which affect the continued existence of species not only because of indirect effects such as pollution but also because operational sites are located at or nearby areas where species have their natural habitat. The disappearance of one or more species can result in the disappearance of an entire ecosystem of species that depend on each other.~~

#### **E4: Impacts and dependencies on ecosystem services**

~~Mining, quarrying and coal operations can impact ecosystem services (the benefits to humans provided by the natural environment and healthy ecosystems). The disturbance of habitats by different kinds of pollution related to the operations, excavation activities in itself or deforestation prior to it affects the possibility of natural ecosystems to provide ecosystem services. Mining, quarrying and coal operations also can interact with human and social capital by disconnecting areas supplying ecosystem services from the people that rely on them.~~

~~Mining activities typically require large-scale developments that have impacts on biodiversity and ecosystem services. These impacts can limit the availability and accessibility of natural resources or degrade their quality. Impacts on biodiversity and ecosystem services may also affect the well-being and livelihoods of local communities and Indigenous Peoples (see also topic 14.10 Local communities and 14.11 Rights of Indigenous Peoples).~~

#### **E5: Resources inflows, including resource use**

##### *Mining and quarrying*

~~Mining and quarrying operators are increasingly supporting applications and facilitating efforts towards recovery and re-use of minerals. This includes choices made by product designers and engineers (e.g., material and process technology selection) which can ultimately have significant influence on a product's overall environmental impact. Resource productivity, conserving energy and water (in particular reducing their water footprint), and preventing environmental health and safety risks improves the financial performance of mining operations and helps secure their continued license to operate.~~

##### *Coal*

~~Estimates suggest that coal undertakings may be unable to extract a significant proportion of their coal reserves if greenhouse gas (GHG) emissions are to be controlled to limit global temperature increases to two degrees Celsius per the Paris Agreement. Stewardship of capital resources while taking into account medium-to-long-term trends, particularly related to climate change mitigation actions, is critical in order to prevent asset impairment and maintain profitability and creditworthiness. Globally, regulations and policies are and may continue to be put into place to limit GHG emissions from coal-fired power plants – the customers of coal undertakings – thus lowering the demand for, and~~

subsequently the prices of coal. Coal demand is also being affected by regulations governing other harmful air emissions that apply to coal-fired power plants. An expansion of GHG-mitigation regulations may increase the magnitude of potential financial impacts in the medium to long term. Along with improved competitiveness of alternative energy technologies, this poses a long-term risk for the reserves and capital expenditures of coal operations undertakings.

Mining activities are highly reliant on the extraction of critical raw materials and rare earths, which are fundamental to the EU's welfare and economy as they represent the input to produce many goods that are massively consumed. The present and future demand for metals and non-metal materials is, hence, growing with the increase of the demand of consumer goods, and the need to secure supply of these materials (which is finite). Their recovery, however, can also cause severe disruption to ecosystems as well as environmental contamination.

## E5: Waste

### *Mining and quarrying*

The Mining sector generates mining activities generate large volumes of mineral processing and smelting wastes, including slags and tailings, some of which may be hazardous or chemically reactive. Impoundments for tailings can cover large areas of land. This can present a significant threat if the impoundments burst, collapse, or leak, leading to the loss of life or damage to property and ecosystems. Mineral waste is also often stored in-pit, using abandoned open pit surface mines. Such storage can create the potential for groundwater contamination instead of the risk of surface water contamination associated with open-pit waste heaps. Some mining activities can take place in coastal or deep-sea ecosystems, which can result in pollution of marine ecosystems if the waste processing is not accordingly managed. Undertakings that reduce and recycle waste streams while implementing policies to manage risks related to the integrity of tailings facilities may enjoy lower regulatory and litigation risks, remediation liabilities, and costs. Additionally, tailings can contain hazardous chemical residues from extraction and processing operations. Undertakings' ability to manage the sourcing, transport, use, and disposal of mineral processing waste and by-products can reduce associated risks.

Recycling rates in quarrying are high. However, wastes from production processes, pollution control devices, and from hazardous waste management activities present a regulatory risk and can raise operating costs. Cement kiln dust (CKD)—consisting of fine-grained, solid, highly alkaline waste removed from cement kiln exhaust gas by air pollution control devices—is the most significant waste category in the industry. Regulatory risk remains from evolving environmental laws, including those at local and national levels and for other waste streams. Undertakings that reduce waste streams—hazardous waste streams in particular—and recycle by-products, can therefore lower regulatory and litigation risks and costs.

### *Coal*

Handling Coal activities can include handling of solid rock and clay waste, process refuse, and liquid coal waste containing hazardous substances like mercury, arsenic, and cadmium poses operational and regulatory challenges for coal operations undertakings. Coal slurry or tailings ponds can present a significant threat if the impoundments burst, collapse, or leak, leading to destruction of lives, property, and ecosystems, with associated financial impacts that may include regulatory penalties, compensation payments, and remediation or compliance obligations. Permitting of coal mining operations may be affected, lowering an undertaking's revenue or requiring additional expenditures prior to approval. Undertakings' ability to lower the number and size of tailings ponds and ensure the structural integrity of impoundments can help minimize such impacts posing operational and regulatory challenges for coal operations undertakings.

## E5: Product innovation

Innovations in building materials are a key component in the growth of quarries. Consumer and regulatory trends are largely driving adoption of sustainable building materials and processes that are more resource efficient and can reduce health impacts of buildings throughout their lifecycle. This is creating new business drivers for quarries, with an opportunity to increase revenues. Furthermore, some new products require less energy to produce, or use largely recycled inputs, reducing production

~~costs. Sustainable construction materials, therefore, can contribute to a undertaking's long-term growth and competitiveness.~~

#### **S1/S2: Working time and work-life balance**

Mining, quarrying and coal operations are typically operated in a manner that involves irregular working hours for a large portion of their own workforces. Mines and coal operations are frequently operated around-the-clock, including on weekends. Shift work longer than eight hours, and evening, night and weekend work are typical for many workers in this sector. Furthermore, mining and coal operations located far away from populated areas ("remote locations") often resort to arrangements whereby workers will rotate between long multi-day or multi-week periods on site and periods with time off off-site ("fly-in fly-out" arrangements). In such remote locations adequate housing, access to water and sanitation and health care are often material matters.

Research has demonstrated an association between extensive irregular working hours and time without family, recreation, and leisure and negative impacts on physical and psychological health and work-life balance. Extensive use of irregular working hours may make it difficult for undertakings to retain their workers and recruit new workers.

#### **S1/S2: Health and safety**

~~Many of mining~~Mining, quarrying and coal operations ~~are may result in~~ both strenuous and dangerous ~~working conditions~~ and are associated with ~~a~~ high degree of risk ~~on a number of health and related to~~ safety matters. Injuries may be caused by accidents with heavy equipment or explosives, or collapse of mines or other facilities. Workers' health may be impaired by prolonged exposure to dust, heat, vibration, noise, ultraviolet light, heavy lifting and repetitive movements, and hazardous chemicals. This sector has higher than average rates of fatalities, injuries, lost workdays and occupational diseases. Worker injuries, illnesses, and fatalities can lead to regulatory penalties, negative publicity, low worker morale and productivity, and increased healthcare and compensation costs. This sustainability matter covers the ~~undertakings~~undertaking's policies regarding health and safety, critical incident risk management, as well as workforce health, wellbeing, and safety. ~~Moreover, considering the recent covid-19 pandemic, the sustainability matter also covers pandemic preparedness and the undertaking's response within its value chain.~~

#### **S1/S2: Adequate wages and secure employment**

Many undertakings in the mining, coal and quarry sector make extensive use of non-employee workers, typically referred to as 'contractors' - that is, self-employed workers contracting directly with the undertaking or supplied by employment agencies. Many of these workers are utilized for extended periods of time for regular operations, and perform work which is the same or similar to the work that employees do. However, these workers lack the employment security and, frequently, the wages and benefits that employees receive. ~~Research also shows that the~~ Generally, non-employees may be ~~exposed to higher~~ risk of injury and health impairment ~~may be higher for non-employee workers than for employees. Secure employment is also particularly material for the mining industry as non-employee workers and~~ may have fewer rights to unemployment and early retirement benefits and access to retraining than employees when it comes to the closure of mine sites, which can ~~lead~~be also related to ~~mass~~unemployment ~~problems~~ for the local community.

Another factor contributing to the materiality of these matters is the extensive contracting-out of the operation of mining, quarrying and coal operations. Contracting-out rather than owner-operator arrangements are particularly frequent in the case of smaller owners ('junior miners'), who may have little or no experience in operating a mine. Contracting-out arrangements have relevance for the security of employment, since such arrangements typically are medium term (e.g. five years) and obligations to the contractors' workforce as a rule do not extend beyond the end of the contract.

These are also material issues in the mining sector given the amount of artisanal and small-scale mining within the industry who, due to their small scale, don't have the governance structure and protection in place to ensure their worker's rights.

#### **S1/S2: Freedom of association and collective bargaining**

The mining, ~~coal and~~ quarrying ~~and coal~~ sector in many countries has a higher rate of trade union representation and collective bargaining coverage than the economy-wide national average. However, freedom of association may be at risk, particularly in locations where these are not guaranteed by national legislation and/or where enforcement is weak. Many mining and coal operations are located in countries where the rule of law has broken down (~~ten~~<sup>10</sup> of the 148 countries rated in the 2022 ITUC Rights Index), where labour rights are not guaranteed (34 countries) or where there are systematic violations of labour rights (39 countries). The proportion of self-employed workers ('contractors') whose working conditions are determined by a collective bargaining agreement (the 'collective bargaining coverage rate') is typically lower than that of employees.

#### **S1: Training and skills development**

~~Training and skills development are particularly significant in the mining, coal and quarrying along a number of dimensions. Mining~~ Mining, quarrying and coal operations can be both technically difficult and dangerous and it is therefore imperative that the workers are properly trained and have the skills and capabilities to handle the risks that working in the mine entails. Health and safety-related training, including the proper ~~operation~~<sup>use</sup> of equipment and handling of explosives and hazardous chemicals, is key to reduce the risk of accidents and occupational diseases. Some mining, coal and quarrying operations are placed in the middle or close to active conflict areas. They may also be the subject of controversy which leads to the necessity of security ~~personal~~<sup>personnel</sup>. Thus, this sustainability matter also includes training of security ~~personal~~<sup>personnel</sup> in human rights and humanitarian law.

#### **S1: Measures against violence and harassment in the workplace**

~~Research shows that sexual harassment at the workplace occurs more frequently in. The remoteness and relative isolation of~~ mining, coal and quarrying ~~than on average. Thus in the industry there is a higher risk for sexual harassment and other sites and housing camps make women more vulnerable to gender-related~~<sup>based</sup> violence in the workplace. ~~Explanations typically refer to the, in comparison with other sectors. The~~ male domination of the industry, ~~and also contributes to the social milieu of housing camps in remote locations.~~

~~this problem.~~ Negative publicity on this issue can have a negative impact on the reputation of specific undertakings as well as on the industry as a whole, and can make it more difficult to retain existing and recruit new female workers. Measures against violence and harassment at the workplace include clear policies on these issues, workforce training and an effective grievance ~~procedure~~<sup>mechanism in place</sup>.

#### **S1: Diversity, including gender equality and equal pay for work of equal value**

The mining, coal and quarrying industry has been identified as one of the most highly male-dominated industries, with few women ~~in the workforce of most undertakings in this sector~~<sup>employed</sup> and an above-average male-female wage gaps. Research reports that many female workers in the industry feel that they do not receive the same level of support and have the same career chances as their male colleagues. One impact of this situation is that many female workers will be earning less money and not realizing their full career potential. Another possible impact is on local communities, particularly where the undertaking is the main employer, as fewer women will benefit from income and career chances. It also may contribute to the difficulties to recruit ~~enough~~ workers ~~which are reported,~~ as women (who make up half of the labour force) may be reluctant to work in the sector. Racism, which results in demotivated workers and a negative workplace culture, has also been reported to be an issue in the industry, with many of the same impacts on minorities that gender discrimination has on women. Ensuring workforce inclusion, diversity, and that ~~women and other~~ minorities have equal opportunities is therefore an important aspect of sustainability within the mining industry. Such measures include clearly communicated policies, effective grievance and remediation ~~procedures~~<sup>mechanisms</sup>, clear criteria and procedures for remuneration and promotion, mentoring and other forms of support.

#### **S1/S2: Child labour**

The ILO estimates that one million children are working in mining and quarries. The use of child labour is most prevalent in countries where labour rights are weak and/or poorly enforced and in artisanal and small-scale mining suppliers. In addition to the negative impact child labour can have on the health, development and well-being of children, there is reputational risk for undertakings using child labour in own operations or in the supply chain. This sustainability matter therefore includes the undertaking's



efforts to tackle these risks, the organization's supply chain management and whether it ensures that it is ethical, sustainable, and ensures protection of [the rights of](#) all their suppliers' [rights](#)~~employees~~. The OECD has issued sector-specific guidelines on due diligence in mining, and the ILO has developed recommendations for action plans to address child labour in this sector.

#### **S1/S2: Forced labour**

The ILO estimates that roughly a quarter million adults are subject to forced labour in mining, as well as a significant proportion of the one million children working in the sector. As in the case of child labour, forced labour is concentrated in certain countries where labour rights are weak and in artisanal and small-scale mining suppliers.

~~In addition to the negative impacts child labour can have on the health, development and well-being of children, there is reputational risk for undertakings using child labour in own operations or in the supply chain.~~

This sustainability matter therefore includes the undertaking's efforts to tackle these risks, the organization's supply chain management and whether it ensures that it is ethical, sustainable, and ensures protection of [the rights of](#) all their suppliers' [rights](#)~~employees~~. The ILO, OECD, IOM and UNICEF have jointly issued recommendations for ending child labour, forced labour and human trafficking in global supply chains.

#### **S1/S2: Adequate housing, including water and sanitation (Mining and coal only)**

~~The quality of housing includes not only the physical condition of the housing structure but also the physical and social environment in which the housing is located.~~ Adequate housing, including water and sanitation, is a material issue where mining, quarrying and coal operations are located in remote areas or in communities lacking the housing and other infrastructure needed to fully support the workforce. ~~The quality of housing includes not only the physical condition of the housing structure but also the physical and social environment in which the housing is located.~~ ~~In the extreme~~[In some](#) case of remote locations, infrastructure is completely lacking and workers may be flown in for weeks at a time. ~~In such situations undertakings need to provide housing.~~ Housing currently provided by undertakings ranges from temporary camps to dormitories to homes. In these situations, the quality of this housing and the suitability of this housing for families, is a material issue. Policies, targets and action plans on this matter focus on the quality of housing that is provided to workers. Basic measures of housing quality used in the EU include access to water and sanitation, adequacy of heating, the absence of a leaking roof, and adequate space (i.e. lack of overcrowding). ~~If such housing is not provided for free by the undertaking, the cost of this housing is also a material issue.~~

#### **S1/S2: Privacy**

~~The issue of privacy is particularly salient in the mining, quarrying and coal industry, since when working on mine sites and living in provided accommodation the employee has little control over his/her privacy. This sustainability matter therefore includes how the undertaking is ensuring the workers right to privacy, both from a physical perspective and a digital perspective.~~

#### **S3: Infrastructure. Including adequate housing, adequate food, water and sanitation and power.**

Mining and coal operations are interlinked with the location and communities in which these take place. This affects the employment and economic performance in the area, as well as potentially exposing the local community [to](#) hazardous substances if operations are not handled with the proper care. Due to impact on the local communities, this sustainability matter includes, but is not limited to; the living infrastructures of the local communities; its economic impacts; the communities' access to adequate food, the operations land-related impacts, their impact on families, children, and community as a whole; smell, light, noise, and vibration pollution; [and their](#) access to water and sanitation.

#### **S3: Impacts on land rights**

Mining and coal are land-intensive sectors, whose impacts can materialize when land is acquired to develop a project, but also when environmental pollution, ongoing deforestation, access restrictions

among others, further impede the capacity of indigenous and local communities to access, cultivate lands or benefit from forests. ~~Those have the potential to infringe on communities' right to livelihood.~~

### **S3: Security-related impacts**

Mining and coal operations can be located in or near areas of active conflict or could ~~be become~~ a source of local conflict. They therefore can have an impact on the security and potential conflicts in the area.

~~There has also been a history of sex work in and around mining operations and the mining industry therefore has a high risk of sexual exploitation of women and children in the communities where it operates. This sustainability matter therefore also includes the risks of sexual violence and human trafficking in the affected community.~~

### **S3: Freedom of expression and freedom of assembly**

Due to the presence of mining and coal operations in countries where the enforcement of human rights may be low, there is a higher risk for violations of the civil and political rights among the undertaking's employees and local communities. This sustainability matter includes, but is not limited to, freedom of expression and freedom of assembly.

### **S3: Impacts on human rights and environmental defenders**

~~Research shows that the~~The mining industry is one of the most ~~dangerous~~~~closely watched~~ sectors ~~for Human Rights in terms of human rights protection~~ and environmental defenders with several hundred attacks globally in addition to ~~continuous the concrete risk of~~ threats and abuse. Ensuring the rights and protection of ~~Human Rights Defenders~~~~human rights and environmental defenders~~ is therefore of the utmost importance in the mining industry.

### **S3: Particular rights of indigenous communities, including free, prior and informed consent; self-determination; and cultural rights**

Mining and coal operations often take place in locations that are in close proximity to indigenous communities, and consequently have an impact on these communities due to its economic influence and the environmental consequences from these operations. Examples can be found in disputes and conflicts over land ownerships and absence of good faith in consultation; ~~and also with~~ the potential influx of workers from other areas can result in discrimination toward indigenous peoples regarding access to jobs and opportunities that can further undermine social cohesion, well-being and safety or the increased exposure of indigenous women to risks of prostitution, forced labour or violence. This sustainability matter would therefore cover if there has been a free, prior, and informed consent of indigenous people and the practice the undertaking has in place to ensure his. It also includes whether land-use rights, the right to self-determination as well as cultural right has been respected and indigenous communities' access to water is guaranteed.

### **S4: Access to quality information**

~~Undertakings in the mining and coal sector are often at the start of most value chains as they produce substances that often become a part of everyday products. It is therefore important that they provide detailed and accurate information that covers many sustainability matters where much information is relevant not only for end users, but for the communities and civil societies they are a part of. Thus, this topic covers access to information regarding the organization and the operations, but also privacy and data protection for employees and customers. In addition to this, freedom of expression is also covered in this topic as is it essential for this to be guaranteed for transparent communication and information to be disclosed.~~

### **ESRS 2: Sustainability governance, management and reporting**

~~In recent years sustainability management and sustainability reporting has become an increasing great part of corporate reporting and undertaking's everyday management. Subsequently that leads to a~~



~~greater need for internal resources and governance structures to be in place to help manage the increasing requirements. The undertaking's governance structure and strategy to maintain this aspect of their operations is important as it is the underlying factor that will lead to achieving their sustainability goals.~~

#### **G1: Corporate culture (Code of conduct and ethics)**

Ensuring that undertakings have a code of conduct and ethics that outlines ~~the~~ how the undertaking and its employees are expected to conduct themselves ~~give to guarantee~~ security and guidance in their everyday work. Mining and coal operations are ~~often~~ in locations all over the world, ~~including areas considered to be Conflict-Affected and High-Risk Areas (CAHRAs) in which the enforcement of Human Rights is less likely to take place.~~ It is therefore important that undertakings within the ~~mining and coal~~ sector have a clearly stated code of conduct to ensure that the rights of employees and members of local communities are protected by the organization with no regard to the location of the operations.

#### **G1: Corruption and bribery**

Due to the nature of mining operations, along with other extractive industries, the mining and coal sector has a high risk for corruption and bribery events as their value chains are complex and ~~are often set in Conflict-Affected and High-Risk Areas (CAHRAs). As a result Human Rights, as well as compliance to the legislative and procedural requirements in mining operations, is often neglected of high value.~~ This may lead to an undertaking taking advantage ~~of the uncertainty in their favour~~, which consequently damages the environment and has a negative impact on the well-being of employees and local communities. This sustainability matter does not only include the efforts carried by an organization to guarantee that these actions are not happening within it, but ~~the tools~~ also ~~used~~ ~~the measures implemented~~ to prevent this from occurring. It also covers the consequences of a breach of policy, potential reprimands for ~~breeches~~ ~~breaches~~ and the whistle blowing systems and protections the undertaking has in place.

#### **G1: Political engagement and lobbying activities**

Mining and coal operations, along with other extractive industries, are often important sectors within a ~~countries~~ ~~country~~ industry and therefore have wide ranging impacts on the communities and countries they operate within. This leads to them often engaging in politics and lobbying activities ~~to ensure that regarding~~ legislation and political decisions ~~are in their favour. To ensure transparency and create legitimacy the undertaking shall disclose its political stances and lobbying activities, especially within the area of sustainability management and reporting.~~

~~\_~~ When ~~operating in CAHRAs, where the~~ democratic safeguards are not ~~necessarily as~~ strong, political engagement and lobbying activities can ~~lead to legislation that are more in result in less consideration of the interest of the undertaking rather than interest of that local~~ community. Only when both the interests of the undertaking and the interests of the local community are upheld ~~can there~~ ~~can~~ be an effective and value creating operation.

#### **G1: Management of relationships (including payment practices)**

~~Many sustainability-related issues are complex and thus require collaboration between different stakeholders.~~ Managing relationships with governments, business partners, suppliers and stakeholders is ~~therefore~~ of vital importance for undertakings in the mining industry. Stakeholder engagement can prevent, monitor, and help mitigate any environmental or social risks. For this reason, stakeholder engagement shall be integrated into project planning and regular business operations through sharing of decision-making power with interested and affected parties and it shall be driven by stakeholders through ongoing consultation and follow-through. As per OECD guidelines on stakeholder engagement in the extractive industries, stakeholder engagement strategies shall prioritise engagement with most severely affected stakeholders, rather than most influential stakeholders. This includes, but is not limited to, artisanal and small-scale miners and civil society organizations.

~~Undertakings must also ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the undertaking's position in the supply chain, we commit to disclose such payments in accordance with~~

~~the principles set forth under the Extractive Industry Transparency Initiative (EITI). When disclosing data in relation to a specific project, undertakings can also provide more granular information on the government revenues collected from each individual extractive project.~~

Clarity and transparency regarding payments to governments from undertakings in the mining industry sector will contribute to a more efficient management of public funds and [avoiding](#) corruption. Such payments may be the origin of revenue for local communities and other regions, which may have increased demand for public spending. Project-level payment data is therefore relevant information to local communities, governments, and investors alike. It enables undertakings to demonstrate the economic contribution they are making in relation to specific projects, and the communities they affect. ~~Where applicable, undertakings shall disclose the profit-sharing system in place with the local community.~~

### **G1: Cyber security**

~~The managing of operational sites within the mining, quarrying and coal sector is important for geopolitical reasons as well as sustainability reasons.~~ The consequences of data breaches and other types of cyber security risks [in mining, quarrying and coal sector](#) could potentially lead to major incidents and ~~spills that~~[the related release of potential pollutants](#) could have detrimental impacts on the local environment and community.

#### **G1: Protection of natural resources**

~~Due to the value and nature of the natural resources exploited under mining contracts and licenses and/or contracts where such resources are purchased from the state, it means that there are significant opportunities to enrich individuals while the local community does not receive the full value that it should. These are further described below:~~

~~*Licenses and contracts:* As explained by EITI (The Extractive Industries Transparency Initiative), contracts, licenses and associated agreements are important elements as they explain the rights and obligations of all parties involved in the exploration and production of oil, gas and minerals.~~

~~Contract transparency can help curb corruption and empower citizens to assess whether they are getting a good deal for their resources as it informs on the terms that govern extractive projects, including revenues to national and subnational governments. This information can be crucial in contexts where precious revenues are impacted by market volatility and emerging energy transition policies.~~

~~*Commodity trading:* Per EITI, sometimes, extractive companies pay governments for the right to extract resources with in-kind payments of oil, gas and minerals. The state or the state-owned enterprise (SOE) then sells these physical resources to commodity trading companies or domestic refineries. Commodity traders may also provide resource-backed loans to governments or state-owned companies in exchange for future production of commodities.~~

~~These are so significant, that almost half of total government revenues reported through the EITI come from the sale of oil, gas and minerals to commodity trading companies. The scale and significance of these payments make them a matter of public interest.~~

~~Without transparency over the terms of these transactions, commodity trading is vulnerable to corruption and can jeopardise public revenues. Commodity trading transparency ensures that all parties understand the terms on which trades take place and how these may affect the funds available for public expenditures and development.~~

~~*Beneficial ownership:* The real owners of extractive companies, known as the beneficial owners, are often kept anonymous or hidden by a chain of shell companies. This can be a particular challenge in the extractive industries, where knowing who has the rights to extract oil, gas and minerals is key to addressing risks of corruption or conflict of interest.~~

~~Protecting anonymity can deter investment and make it harder to curb corruption. It is estimated that developing countries have lost USD 1 trillion a year since 2011 as a result of corrupt or illegal deals, many of which involve anonymous companies. Investigations using beneficial ownership information culminated in data leaks such as the Panama Papers, the Luanda Leaks and the Pandora Papers.~~

| [\[Draft\] ESRS Mining, Quarrying and Coal – Sector-specific Exposure-Draft](#)

| [Publishing details of company ownership can help close channels for corruption, enable effective taxation, build fairer markets, encourage responsible investment and manage business risk. Addressing these issues will remain critical as the energy transition gathers pace.](#)