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Mining, Quarrying and Coal Exposure Draft

Cover Note

[content highlighted in grey is the same as for OG]

Objective

- 1 To approve EFRAG SRB for the ESRS Mining, Quarrying and Coal Exposure Draft (ED, OG ED).
- 2 The initiation of approval with EFRAG SRB took place in three dedicated meetings on 26 June, 4 July and 4 September 2024. For details, please refer to the documents uploaded on the latest session of 4 September 2024.¹
- 3 The documents uploaded for this EFRAG SRB meeting reflect the documents from 4 September 2024 session, with changes agreed changes, adjustments and updates. In particular, with regards to the issue papers:
 - (a) The update to the Mapping with third party standards include further explanations to the statistics presentation, explanation of principle for datapoints identified as ‘duplicates’, as well as explanation of gaps and differences identified
 - (b) The update to the Illustration of datapoints in ESRS OG ED not delivered from other standards include reworking of the presentation of statistics and illustration how many datapoints are derived from multiple standards at the same time.
- 4 Changes agreed on September 17 for OG were also reflected in the MQC ED. These changes are:
 - ESRS 2. SBM 1.MQC – Activity indicators: replace par 16 f) other NACE codes by “Total derived from other than mentioned above NACE codes”.
 - ESRS E1 Climate change: replace the word ‘expected’ in paragraph 56 (a and b) with ‘anticipated’.
 - MQC 14. Minerals or coal purchased from states: removing data points in par 105 b) full names of the buying undertaking(s) and the recipient of the payment; and c) payments made for the purchase.
- 5 Other changes implemented between 4 September and 2 October: MQC 3. Industrial hazards: clarification of what is considered as significant spill (AR 30)
- 6 In addition, other changes were implemented in the MQC ED cover feedback received from sector communities.
- 7 The appendices to this cover note reflect the content removed from the Exposure Draft as a result of discussions with SRB:

¹ <https://www.efrag.org/en/news-and-calendar/meetings-calendar/efrag-srb-meeting-04-september-2024>

- (a) Appendix D. Navigation table, which has been removed from the draft due to its redundancy with new provisions in 'Sustainability matters that are most relevant to the sector', which include applicable sub-sectors
- (b) Appendix G. Flowchart illustrating how to apply [draft] ESRS in conjunction with sector agnostic ESRS, which is now moved to SEC 1 ED.

Question for EFRAG SRB members

- 8 Do EFRAG SRB members agree with the changes proposed in the updated version of draft?
- 9 Do EFRAG SRB approve to issue this ED in consultation, after finalization of the Basis for Conclusions?
- 10 Do EFRAG SRB members have comments on the list of consultation questions in Appendix provided earlier in the Appendix 1 to the 06-01 MQC ED Cover note on 4 September 2024? This is not a full consultation questionnaire (which will be sent for written input) but focuses on the contentious points that emerged during the discussion.

Next steps

- 11 Following the approval, the Secretariat will finalise the basis for conclusions that will accompany this ED and draft the consultation questionnaire and field test procedures.
- 12 Written input of EFRAG SR TEG and SRB will be sought on the Basis for Conclusions and Consultation questionnaire.

Agenda papers

- 13 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 06-02 – ESRS MQC Exposure Draft – clean version
 - (b) Agenda paper 06-03 – ESRS MQC Exposure Draft – mark up with the previous version
 - (c) Agenda paper 06-04 – Mapping with third party standards - updated
 - (d) Agenda paper 06-05 – Illustration of datapoints in ESRS MQC ED not delivered from other standards - updated

Appendix D. Navigation table

This appendix is an integral part of this [draft] 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 sub-sectors of activity.

The first column refers to the pertinent disclosure in this [draft] standard; the second column illustrates the sustainability matters connected to it; the last four columns illustrate which Disclosure Requirements are applicable to undertakings that operate in a given sub-sector of activity within the sector.

Disclosure Requirement	Sustainability matter	Applicable sub-sector of activity			
		Coal Mining	Mining	Quarrying/ Industrial minerals	Services
<i>ESRS 2.IRO2.MQC Conclusions on material matters and reported information</i>	cross cutting	✓	✓	✓	✓
<i>ESRS 2.SBM1.MQC Activity indicators</i>	cross cutting	✓	✓	✓	✓
<i>MQC 1. Mapping of business sites</i>	cross cutting	✓	✓	✓	✓
<i>MQC 2. Mineral reserves</i>	cross cutting	✓	✓	✓	
<i>MQC 3. Industrial hazards</i>	cross cutting	✓	✓	✓	✓
<i>MQC 4. Closure of assets</i>	cross cutting	✓	✓	✓	
<i>MQC 5. Tailings management, facilities and impoundments</i>	Cross cutting	✓	✓	✓	
<i>ESRS E1 – MQC Climate change</i>	Climate change mitigation	✓	✓	✓	✓
	Methane	✓	✓		
	Energy	✓	✓	✓	✓
<i>ESRS E2 – MQC Pollution</i>	Pollution	✓	✓	✓	✓
<i>ESRS E3 – MQC Water and marine resources</i>	Water and marine resources	✓	✓	✓	✓
<i>MQC 6. Water and marine resources metrics</i>	Water and marine resources	✓	✓	✓	✓

Disclosure Requirement	Sustainability matter	Applicable sub-sector of activity			
		Coal Mining	Mining	Quarrying/ Industrial minerals	Services
<i>ESRS E4 – MQC Biodiversity and ecosystems</i>	Biodiversity and ecosystems	✓	✓	✓	
<i>ESRS S1 – MQC Own workforce</i>	All matters in ESRS S1	✓	✓	✓	✓
<i>MCQ 7 – Work stoppages</i>	Working conditions (ESRS S1)	✓	✓	✓	✓
<i>ESRS S2 – MQC. Workers in the value chain</i>	All matters in ESRS S2	✓	✓	✓	✓
<i>ESRS S3 – MQC Affected communities</i>	Rights of indigenous peoples	✓	✓	✓	
<i>MCQ 8 – Security personnel</i>	Security-related impacts	✓	✓	✓	✓
<i>MCQ 9 – Engagement with affected communities and grievance mechanisms</i>	Affected communities	✓	✓	✓	
<i>MCQ 10 – Environmental and human rights defenders</i>	Impacts on human rights defenders	✓	✓	✓	
<i>ESRS G1 –MQC. Business conduct</i>	Management of relationship with suppliers including payment practices	✓	✓	✓	
	Political engagement and lobbying activities	✓	✓	✓	✓
<i>MCQ 11. Transparency about contracts and licenses</i>	Management of relationship with suppliers including payment practices	✓	✓	✓	
<i>MCQ 12. State aid and competition</i>	Corruption and bribery	✓	✓	✓	
<i>MCQ 13. Beneficial ownership</i>	Corruption and bribery	✓	✓	✓	✓
<i>MCQ 14. Minerals and coal purchased from states</i>	Management of relationship with suppliers including payment practices	✓	✓	✓	

APPENDIX 1

ITEMS TO BE TRANSFERRED TO SEC1 : SRB tentative decision on 4 September 2024: move to SEC 1 as common to all sectors)

Appendix G: Flow chart illustrating how to apply this [draft] ESRS in conjunction with sector agnostic ESRS

This Appendix provides a non-binding illustration of how to apply the requirements of this [draft] ESRS for a given sustainability matter in conjunction with the requirements in sector agnostic ESRS for the same sustainability matter.

