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Mining, Quarrying and Coal

Questions for public consultation

Objective

- 1 To list the questions for Mining, Quarrying and Coal ED public consultation¹.
- 2 This is not an exhaustive list, as EFRAG will consult also on relevance and costs of the single disclosure and general requirements. This list focuses on issues identified during the drafting as contentious or on aspects where field test/consultation is needed before concluding.

Questions for the public consultation

- 3 In its approval session (6 and 7 March 2023), the EFRAG SR TEG recommended to consult on:
 - (a) a possible restructuring of the ED to differentiate the content by segment. This can be done in the question related to the navigation table.
 - (b) a possible additional DR on communication with customers:

The undertaking shall explain to which extent its corporate communication aligns with globally established targets related to climate neutrality or nature positive economy and how it ensures that its sustainability communication is clear, transparent, substantiated, and specific. If this communication relates to the topics and sub-topics within one of the five environmental agnostic standards, the undertaking shall explain how it ensures consistency with the undertaking's disclosures under the identified standard.
- 4 On 6 June 2024 in the approval session the EFRAG SR TEG conditioned the approval to the following questions in the consultation:
 - (a) By site disclosures: consult on whether there should be a cap to the number of sites in OG 1 (e.g. 20?) or whether another figure would be more appropriate, of if no figure is better;

¹On 8 May 2024 EFRAG SR TEG approved SEC 1 subject, among other things to the recommendation to consult on whether some of the Disclosure Requirements in the draft sector ESRS should always be mandatory, and if yes to ask to constituents which these Disclosure Requirements should be. The EFRAG Secretariat considers that the right place for this question is ESRS OG ED. On 6 June 2028 EFRAG SR TEG reiterated this point, noting that the approval of the ED is conditional to the recommendation to consult on:

(a) this ED in conjunction and not separately from SEC 1;

(b) whether some DRs should be mandatory and if yes which they are, making this question prominent in the questionnaire (to mark the difference with the other questions).

In its meeting on 18 September the EFRAG SRB considered this recommendation but decided not to include the question.

- (b) By site disclosures: consult specifically on the usefulness and feasibility of the individual by-site disclosures in the ED;
 - (c) whether the list of sustainability matters in the ED is complete;
 - (d) whether the operational control can be shared between two different entities like joint control or not and what to do when different entities control different steps and parts of the process/site;
 - (e) whether the adoption of LEAP approach should stay as voluntary (as it is now) or should be mandatory;
 - (f) whether the methodology to evaluate the reserves should be the SEC one (as it is now) or another methodology and whether flexibility should be allowed to adopt different methodology. While the adoption of the SEC approach allows to avoid double reporting for the undertakings that are also subject to the SEC regulation, it may not be used by all the undertakings in scope (something to investigate during the field test);
 - (g) whether the datapoints on electric equipment which is needed for Pillar 3 disclosures should stay in this ED or be moved to a different sector, knowing that in Oil and Gas companies this segment of activities may be below the threshold to apply a sector standard and therefore cover those datapoints;
 - (h) whether the use of water stress instead of water risk is the right approach;
 - (i) the datapoints on cybersecurity that are also applicable to other sectors and the relationship between ESRS and the directive NIS 2;
 - (j) whether the introduction of an additional datapoint to cover energy produced by country is necessary/appropriate.
 - (k) Financial effects datapoints broadly speaking: location of this information (sustainability statement/financial statements), nature: shall versus application requirement or good practices (may), see also next point.
- 5 As illustrated to the EFRAG SRB on 4 July 2024⁴, the EFRAG Secretariat proposes to include the following questions that pertain to possible additional datapoints **on anticipated financial effects**. This is a new area of reporting for which some additional datapoints mainly based on observed practices have been already incorporated in the ED, while others would be investigated in the consultation. This is essential also to progress in practice with connectivity of financial and sustainability reporting. The questions are listed below.
- 6 Following the SRB meeting on the 2 October 2024, the following questions were agreed that would form part of the public consultation in relation to social matters:
- (a) in relation to *MQC 9 – Engagement with affected communities and grievance mechanisms*, whether the gender lens forms part of the social impact assessments and examples of such practices.
 - (b) in relation to *ESRS S3 –MQC Affected communities*, whether the AR 103- 105 appropriately captures the linkage between the Critical Raw Materials Regulation (EU) 2024/1252 (“CRMA”) and FPIC metric those strategic EU project under the scope of the CRMA .
- 7 In addition to the datapoints on anticipated financial already included in the ED, would you consider that the requirements currently in ESRS E1-9 are sufficient? If so, please explain why.
- 8 Could you indicate real life examples of potential write-off situations not captured by financial reporting?
- 9 Usefulness and feasibility of the following datapoints:

- (a) What is the accounting policy for booking the provision, and in particular what is the triggering event to book such a provision?
 - (b) Potential additional liabilities that do not meet the recognition criteria at the reporting date.
- 10 EFRAG Secretariat acknowledges that the water withdrawals impact on environment can be dependent on the time of the year. During the discussion with EFRAG TEG, it was noted that the metrics related to the time of the year when water is withdrawn can be a relevant datapoint to include. Do you have feedback on how to operationalise this disclosure based on existing reporting practices?