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## BEES and Human Capital-related risks and opportunities in the SASB Standards

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Projects	Biodiversity, ecosystems and ecosystem services research project Human capital research project
Topic	BEES and Human Capital-related risks and opportunities in the SASB Standards
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# Overview

1. BEES (Biodiversity, ecosystems and ecosystem services)-related risks and opportunities in the SASB Standards
2. Human capital (including own workforce and workers in the value chain)-related risks and opportunities in the SASB Standards

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## Key points in this presentation

- BEES and Human Capital topics and metrics appear throughout the SASB Standards
- BEES and human capital risks and opportunities affect an entity's prospects differently depending on its business activities and manifest differently in the SASB Standards depending on the specific aspect of BEES or human capital; some are unique to a single industry
- The ISSB's new research projects on BEES and human capital and enhancements to the SASB Standards are connected

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# BEES-related risks and opportunities in the SASB Standards



# BEES-related content exists throughout the SASB Standards

## BEES-related topics in the SASB Standards

- Air quality
- Water & wastewater management
- Waste & hazardous materials management
- Ecological impacts
- Product quality & safety
- Product design & lifecycle management
- Supply chain management
- Materials sourcing & efficiency
- Physical impacts of climate change
- Business model resilience
- Management of the legal & regulatory environment
- Critical incident risk management

**39%**

of all SASB metrics are BEES-related\*

**84%**

of industries have at least 1 BEES-related metric\*

\* GHG Emissions and Energy Management topics are omitted from this calculation

## Most frequently occurring BEES-related risks and opportunities in the SASB Standards

Example topics	Prevalence	Characteristics
Product design & lifecycle management	37 industries	Products with significant lifecycle impacts (energy use, waste, land impacts, etc.)
Water & wastewater management	25 industries	Significant water withdrawals and consumption, effluent discharges
Materials sourcing & efficiency	18 industries	Sourced materials with significant environmental impacts
Ecological impacts	15 industries	Direct physical impacts to biosphere

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## BEES-related metrics can be **common** in multiple industries

### 22 Industries

TOPIC	METRIC
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress

**BEES connection:** Water stress can lead to degradation of ecosystems, as well as the loss of ecosystem services.

**Examples of financial implications:** Water scarcity, whether through shortages or regulation, can lead to higher operational costs or lost revenues for industries that depend heavily on the use of water.

# BEES-related metrics can also be **unique** to an industry

## 22 Industries

TOPIC	METRIC
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress

**Examples of financial implications:** Water scarcity, whether through shortages or regulation, can lead to higher operational costs or lost revenues for industries that depend heavily on the use of water.

## Real Estate Industry

TOPIC	METRIC
Water Management	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property sector
	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property sector
	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property sector

**Role of unique metrics:** Real estate companies may face risks and opportunities related to water management across their portfolios, potentially affecting their asset values, even when they don't face direct exposure to water costs.



# Unique metrics under a topic can draw out industry-specific risks and opportunities

## Fuel Cells & Industrial Batteries Industry

TOPIC	METRIC
Product End-of-life Management	Description of approach to manage use, reclamation, and disposal of hazardous materials

**BEES connection:** Improper management of hazardous material waste can have negative environmental impacts.

**Examples of financial implications:** Regulation can increase costs for companies and also provide opportunities via incentives. Companies that develop take-back and recycling systems to reuse materials may improve long-term operational efficiency and reduce their exposure to input-price volatility of raw materials.

## Solar Technology & Project Developers Industry

TOPIC	METRIC
Product End-of-life Management	Description of approach and strategies to design products for high-value recycling materials

**BEES connection:** Large amounts of materials waste and improper management of hazardous material waste can have negative environmental impacts.

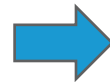
**Examples of financial implications:** Regulation can increase costs for companies or provide opportunities via incentives. Companies may be able to differentiate themselves and capture market share through product design and take-back and recycling programs.

# Relevant past SASB project – Alternative Products in Food & Beverage sector

**2020 - 2022**

## Research and standard-setting projects

- SASB monitored the continued growth of food products made with alternative proteins driven by environmental impacts and shifting consumer preferences
- Research and consultations identified emerging sustainability-related opportunity for three industries in Food & Beverage sector



## Potential new topics identified:

### Product Innovation

- Meat, Poultry & Dairy industry
- Processed Foods industry

### Product Portfolio Diversification

- Food Retailers & Distributors industry



**2022**

SASB Standards Board **recommended the ISSB add new topics and metrics** to capture risks and opportunities associated with protein product diversification

**2024 - 2026**



**To be evaluated as part of research projects and SASB enhancements**

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Human capital-related  
risks and opportunities in  
the SASB Standards  
(including own workforce  
and workers in the value  
chain)



# Human capital-related content exists throughout the SASB Standards

## Human capital-related topics in the SASB Standards

- Workforce health & safety
- Labour practices
- Employee engagement, diversity & inclusion
- Labour conditions in the supply chain

**17%**

of all SASB metrics are human-capital related

**71%**

of industries have at least 1 human capital-related metric\*

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## Most frequently occurring human capital-related risks and opportunities across industries

Example topics	Prevalence	Characteristics
Workforce health & safety	27 industries	Health and safety hazards in the workplace
Labour practices	12 industries	High degree of collective bargaining or low-wage workforce
Employee engagement, diversity & inclusion	10 industries	High competition for scarce talent or need to reach diverse customers

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## Human capital-related metrics can be **common** in multiple industries

27 industries

TOPIC	METRIC
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees

**Examples of financial implications:** Management of worker safety and related incidents can affect worker morale and productivity, healthcare and compensation costs, company reputation and hiring costs or lead to regulatory penalties and negative publicity.

# Human capital-related metrics can also be **unique** to an industry

## 5 Industries

TOPIC	METRIC
Labour Practices	Percentage of active workforce employed under collective agreements
	(1) Number of work stoppages and (2) total days idle <sup>1</sup>

**Examples of financial implications:** Strikes may slow or suspend operations, reduce revenues or increase operational risk. Effective management of relationships with workers and representative organizations may improve workforce operations, including hiring, retention and productivity, over time.

## Food Retailers & Distributors

TOPIC	METRIC
Labour Practices	(1) Average hourly wage and (2) percentage of in-store and distribution centre employees earning minimum wage, by region
	Percentage of active workforce employed under collective agreements
	(1) Number of work stoppages and (2) total days idle <sup>5</sup>
	Total amount of monetary losses as a result of legal proceedings associated with: (1) labour law violations and (2) employment discrimination <sup>6</sup>

**Role of unique metrics:** The Food Retailers & Distributors industry employs many hourly wage workers. Dissatisfaction with low wages combined with high rates of unionisation can create labour-related risks. Many companies in this industry also face litigation related to employment discrimination.

# Unique metrics under a topic can draw out industry-specific risks and opportunities

## Chemicals Industry

TOPIC	METRIC
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks

**Role of unique metrics:** Employees in chemical manufacturing facilities face particular risks related to the exposure of harmful substances that may manifest over time.

## Meat, Poultry & Dairy Industry

TOPIC	METRIC
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees
	Description of efforts to assess, monitor, and mitigate acute and chronic respiratory health conditions

**Role of unique metrics:** Employees in meat, poultry and dairy facilities face particular risks, including respiratory conditions, related to the exposure to chemicals and pathogens that may manifest over time.

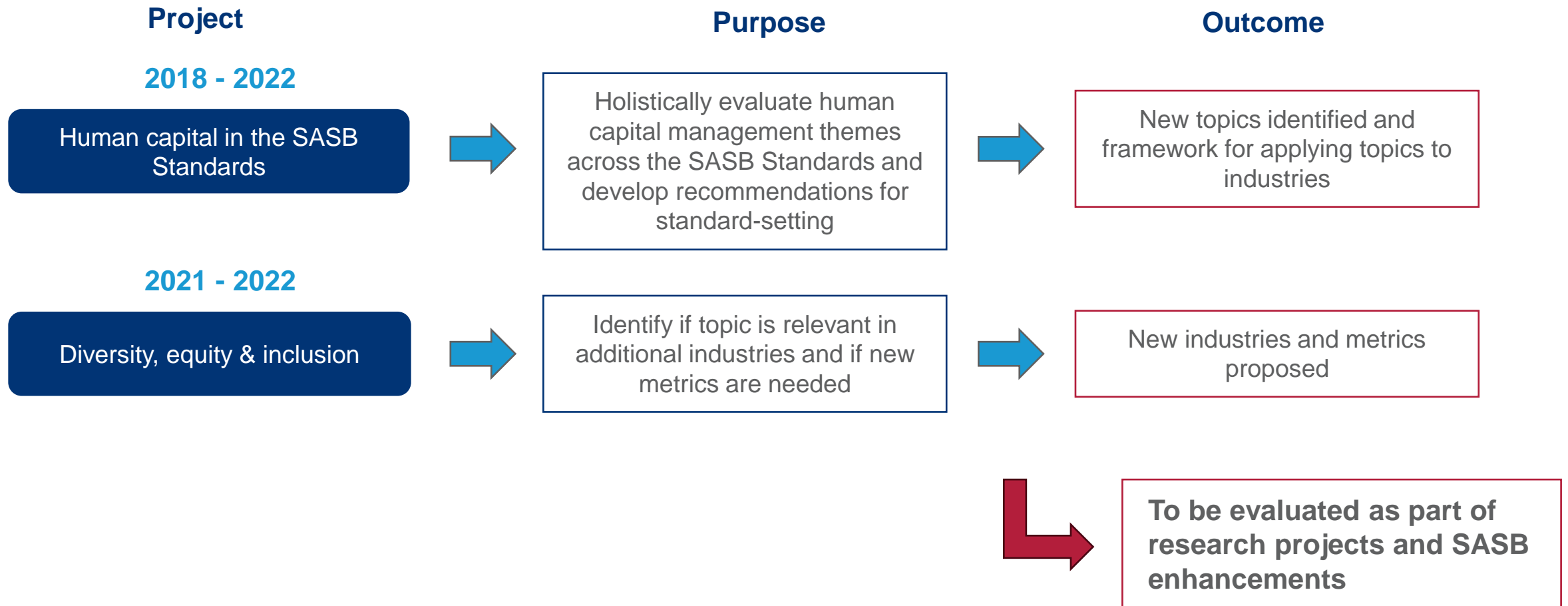


## Some topics address human capital issues in the **supply chain**

TOPIC	METRIC
Labour Conditions in the Supply Chain	Number of facilities audited to a social responsibility code of conduct
	Direct suppliers' social responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances <sup>3</sup>

**Financial implications:** Failure to manage labour conditions at suppliers can result in supply disruptions, reputational damage and increased regulation and enforcement in response to high-profile safety or labour incidents, strikes and work stoppages, and shifts in consumer demand. Effective management of this issue can protect brand value and reduce cost of capital.

# Relevant past SASB research projects



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## Question for the ISSB



Does the ISSB have any comments or questions on the matters covered in the presentation, or general guidance for the technical staff pursuing the ISSB's research projects on BEES and human capital?

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