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Exposure Draft

IFRS[®] Sustainability Disclosure Standard

[Draft] IFRS S2 Climate-related Disclosures Appendix B Industry-based disclosure requirements

Volume B29—Health Care Distributors

Comments to be received by 29 July 2022



This industry from Appendix B Industry-based disclosure requirements accompanies the Exposure Draft ED/2022/S2 *Climate-related Disclosures* (published March 2022; see separate booklet). It is published by the International Sustainability Standards Board (ISSB) for comment only. Comments need to be received by 29 July 2022 and should be submitted by email to commentletters@ifrs.org or online at <https://www.ifrs.org/projects/open-for-comment/>.

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Introduction

This volume is part of Appendix B of [draft] IFRS S2 Climate-related Disclosures and is an integral part of that [draft] Standard. It has the same authority as the other parts of that [draft] Standard.

This volume sets out the requirements for identifying, measuring and disclosing information related to an entity's significant climate-related risks and opportunities that are associated with specific business models, economic activities and other common features that characterise participation in this industry.

The industry-based disclosure requirements are derived from SASB Standards (see paragraphs B10–B12 of [Draft] IFRS S2 *Climate-related Disclosures*). Amendments to the SASB Standards, described in paragraph B11, are marked up for ease of reference. New text is underlined and deleted text is struck through. The metric codes used in SASB Standards have also been included, where applicable, for ease of reference. For additional context regarding the industry-based disclosure requirements contained in this volume, including structure and terminology, application and illustrative examples, refer to Appendix B paragraphs B3–B17.

Health Care Distributors

Industry Description

Health care distributors purchase, inventory, and sell pharmaceutical products and medical equipment to hospitals, pharmacies, and physicians. Demand for the industry's services is driven largely by rates of insurance, pharmaceutical spending, illness, and demographics. ~~Increased enrollment in government insurance programs under the U.S. Patient Protection and Affordable Care Act, electronic health records, and consolidation throughout the Health Care sector will likely continue to shape the industry.~~ The health care sector continues to face an emphasis on reduced costs and improved efficiencies, which will also impact the Health Care Distributors industry. Companies in this industry face challenges from consolidation and partnerships between pharmacies, payers, and manufacturers.

Sustainability Disclosure Topics & Metrics

Table 1. Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Fleet Fuel Management	Payload fuel economy	Quantitative	Gallons, Tons (U.S.), Miles	HC-DI-110a.1
	Description of efforts to reduce the environmental impact of logistics	Discussion and Analysis	n/a	HC-DI-110a.2

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of pharmaceutical units sold by product category	Quantitative	Number	HC-DI-000.A
Number of medical devices sold by product category	Quantitative	Number	HC-DI-000.B

Fleet Fuel Management

Topic Summary

The distribution of health care products and supplies requires significant transportation networks. Concern over climate change and dwindling natural resources may impact fuel pricing, and expose health care distributors to fluctuations in costs. Firms that are able to improve transportation efficiencies may be able to enhance shareholder value.

Metrics

HC-DI-110a.1. Payload fuel economy

- 1 The entity shall disclose its aggregate payload fuel economy for its transportation fleet.
- 2 The entity shall calculate payload fuel economy across its delivery fleet, limited to vehicles used for the delivery of products (excluding vehicles used primarily for the transportation of passengers).
 - 2.1 The entity shall disclose payload fuel economy for vehicles it operates (e.g., owns or long-term leases) and specify if all or a portion of its logistics operations are outsourced.
- 3 Payload fuel economy shall be calculated as: total gallons of fuel consumed / revenue tons miles (RTM), where revenue ton miles (RTM) = total weight of paid tonnage transported (payload) × total distance in miles goods were transported.
 - 3.1 Payload includes the weight of paid tonnage and excludes the vehicle weight.
- 4 The entity shall aggregate payload fuel economy for types of transportation, which include, but are not limited to:
 - 4.1 Air transportation
 - 4.2 Marine transportation
 - 4.3 Rail transportation
 - 4.4 Road transportation

HC-DI-110a.2. Description of efforts to reduce the environmental impact of logistics

- 1 The entity shall describe the nature, scope, and implementation of its programs and initiatives to reduce the environmental impact of its logistics operations.
- 2 Relevant efforts to describe include, but are not limited to, upgrades to fleet (fuel efficiency), usage of alternative and/or renewable fuels, optimized logistics routes, and idling reduction programs.
- 3 ~~The entity shall discuss whether it is a participant in the EPA SmartWay program, or a similar program. If the entity is a participant in the EPA SmartWay program, it should describe the nature of its participation, such as:~~
 - 3.1 ~~SmartWay Carriers~~

APPENDIX B OF [DRAFT] IFRS S2 CLIMATE-RELATED DISCLOSURES

~~3.2 SmartWay Logistics Companies~~

~~3.3 SmartWay Shippers~~