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# Exposure Draft

IFRS<sup>®</sup> Sustainability Disclosure Standard

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

Volume B56—Internet Media & Services

Comments to be received by 29 July 2022

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## Introduction

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*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.

## Internet Media & Services

### Industry Description

The Internet Media & Services industry consists of two main segments. The Internet Media segment includes companies providing search engines and internet advertising channels, online gaming, and online communities such as social networks, as well as content, usually easily searchable, such as educational, medical, health, sports, or news content. The Internet-based Services segment includes companies selling services mainly through the Internet. The industry generates revenues primarily from online advertising, on usually free content, with other sources of revenue being subscription fees, content sales, or sale of user information to interested third parties.

### Sustainability Disclosure Topics & Metrics

**Table 1. Sustainability Disclosure Topics & Metrics**

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	TC-IM-130a.1
	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m <sup>3</sup> ), Percentage (%)	TC-IM-130a.2
	Discussion of the integration of environmental considerations into strategic planning for data center needs	Discussion and Analysis	n/a	TC-IM-130a.3

**Table 2. Activity Metrics**

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Entity-defined measure of user activity <sup>98</sup>	Quantitative	See note	TC-IM-000.A
(1) Data processing capacity, (2) percentage outsourced <sup>99</sup>	Quantitative	See note	TC-IM-000.B
(1) Amount of data storage, (2) percentage outsourced <sup>100</sup>	Quantitative	Petabytes, Percentage (%)	TC-IM-000.C

<sup>98</sup> Note to TC-IM-000.A – The entity shall define and disclose a basic measure of customer activity suitable for its business activities. This may include, but is not limited to, sales transactions, purchase transactions, number of searches, monthly active users, or page views.

<sup>99</sup> Note to TC-IM-000.B – Data processing capacity shall be reported in units of measure typically tracked by the entity or used as the basis for contracting software and IT services, such as Million Service Units (MSUs), Million Instructions per Second (MIPS), Mega FloatingPoint Operations per Second (MFLOPS), compute cycles, or other. Alternatively, the entity may disclose owned and outsourced data processing needs in other units of measure, such as rack space or data center square footage. The percentage outsourced shall include On-Premise cloud services, those that are hosted on Public Cloud, and those that are residing in Colocation Data Centers.

<sup>100</sup> Note to TC-IM-000.C – The percentage outsourced shall include On-Premise cloud services, those that are hosted on Public Cloud, and those that are residing in Colocation Data Centers.

## Environmental Footprint of Hardware Infrastructure

### Topic Summary

With the Internet & Media Services industry providing a growing amount of content and service offerings, companies in this industry increasingly own, operate, or rent more data centers and other hardware. Thus, the management of the energy and water use associated with IT hardware infrastructure is of great importance to shareholder value. Data centers need to be powered continuously. Disruptions to the energy supply can have a material impact on operations, depending on the magnitude and timing of the disruption. Companies face a trade-off between energy and water consumption due to data center cooling needs. Cooling data centers with water instead of chillers is a means of improving energy efficiency, but it can lead to dependence on significant local water resources. Decisions about data center specifications are important for managing costs, obtaining a reliable supply of energy and water, and lowering reputational risks, particularly as there is an increasing global regulatory focus on climate change and as opportunities arise from innovations in energy efficiency and renewable energy.

### Metrics

*TC-IM-130a.1. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable*

- 1 The entity shall disclose (1) the total amount of energy it consumed as an aggregate figure, in gigajoules (GJ).
  - 1.1 The scope of energy consumption includes energy from all sources, including energy purchased from sources external to the entity and energy produced by the entity itself (self-generated). For example, direct fuel usage, purchased electricity, and heating, cooling, and steam energy are all included within the scope of energy consumption.
  - 1.2 The scope of energy consumption includes only energy directly consumed by the entity during the reporting period.
  - 1.3 In calculating energy consumption from fuels and biofuels, the entity shall use higher heating values (HHV), also known as gross calorific values (GCV), which are directly measured or taken from the Intergovernmental Panel on Climate Change (IPCC), the U.S. Department of Energy (DOE), or the U.S. Energy Information Administration (EIA).
- 2 The entity shall disclose (2) the percentage of energy it consumed that was supplied from grid electricity.
  - 2.1 The percentage shall be calculated as purchased grid electricity consumption divided by total energy consumption.
- 3 The entity shall disclose (3) the percentage of energy it consumed that is renewable energy.
  - 3.1 Renewable energy is defined as energy from sources that are replenished at a rate greater than or equal to their rate of depletion, such as geothermal, wind, solar, hydro, and biomass.

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- 3.2 The percentage shall be calculated as renewable energy consumption divided by total energy consumption.
- 3.3 The scope of renewable energy includes renewable fuel the entity consumed, renewable energy the entity directly produced, and renewable energy the entity purchased, if purchased through a renewable power purchase agreement (PPA) that explicitly includes renewable energy certificates (RECs) or Guarantees of Origin (GOs), a Green-e Energy Certified utility or supplier program, or other green power products that explicitly include RECs or GOs, or for which Green-e Energy Certified RECs are paired with grid electricity.
- 3.3.1 For any renewable electricity generated on-site, any RECs and GOs must be retained (i.e., not sold) and retired or cancelled on behalf of the entity in order for the entity to claim them as renewable energy.
- 3.3.2 For renewable PPAs and green power products, the agreement must explicitly include and convey that RECs and GOs be retained or replaced and retired or cancelled on behalf of the entity in order for the entity to claim them as renewable energy.
- 3.3.3 The renewable portion of the electricity grid mix that is outside of the control or influence of the entity is excluded from the scope of renewable energy.
- 3.4 For the purposes of this disclosure, the scope of renewable energy from ~~hydro~~ and biomass sources is limited to ~~the following~~:
- 3.4.1 ~~Energy from hydro sources is limited to those that are certified by the Low Impact Hydropower Institute or that are eligible for a state Renewable Portfolio Standard;~~
- 3.4.2 ~~Energy from biomass sources is limited to~~ materials certified to a third-party standard (e.g., Forest Stewardship Council, Sustainable Forest Initiative, Programme for the Endorsement of Forest Certification, or American Tree Farm System), materials considered eligible sources of supply according to the *Green-e Framework for Renewable Energy Certification, Version 1.0 (2017)* or Green-e regional standards, and/or materials that are eligible for an applicable state renewable portfolio standard.
- 4 The entity shall apply conversion factors consistently for all data reported under this disclosure, such as the use of HHVs for fuel usage (including biofuels) and conversion of kilowatt hours (kWh) to GJ (for energy data including electricity from solar or wind energy).
- 5 The entity may disclose the trailing twelve-month (TTM) weighted average power usage effectiveness (PUE) for its data centers.
- 5.1 PUE is defined as the ratio of the total amount of power used by a computer data center facility to the amount of power delivered to computing equipment.

- 5.2 If disclosing PUE, the entity shall follow the guidance and calculation methodology described in *PUE™: A Comprehensive Examination of the Metric* (2014), published by ASHRAE and The Green Grid Association.

*TC-IM-130a.2. (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress*

- 1 The entity shall disclose the amount of water, in thousands of cubic meters, that was withdrawn from all sources.
  - 1.1 Water sources include surface water (including water from wetlands, rivers, lakes, and oceans), groundwater, rainwater collected directly and stored by the entity, and water and wastewater obtained from municipal water supplies, water utilities, or other entities.
- 2 The entity may disclose portions of its supply by source if, for example, significant portions of withdrawals are from non-freshwater sources.
  - 2.1 Fresh water may be defined according to the local laws and regulations where the entity operates. Where there is no legal definition, fresh water shall be considered to be water that has less than 1,000 parts per million of dissolved solids ~~per the U.S. Geological Survey~~.
  - 2.2 Water obtained from a water utility in compliance with ~~U.S. National Primary Drinking Water Regulations~~ jurisdictional drinking water regulations can be assumed to meet the definition of fresh water.
- 3 The entity shall disclose the amount of water, in thousands of cubic meters, that was consumed in its operations.
  - 3.1 Water consumption is defined as:
    - 3.1.1 Water that evaporates during withdrawal, usage, and discharge;
    - 3.1.2 Water that is directly or indirectly incorporated into the entity's product or service;
    - 3.1.3 Water that does not otherwise return to the same catchment area from which it was withdrawn, such as water returned to another catchment area or the sea.
- 4 The entity shall analyze all of its operations for water risks and identify activities that withdraw and consume water in locations with High (40–80 percent) or Extremely High (>80 percent) Baseline Water Stress as classified by the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct.
- 5 The entity shall disclose its water withdrawn in locations with High or Extremely High Baseline Water Stress as a percentage of the total water withdrawn.
- 6 The entity shall disclose its water consumed in locations with High or Extremely High Baseline Water Stress as a percentage of the total water consumed.

*TC-IM-130a.3. Discussion of the integration of environmental considerations into strategic planning for data center needs*

- 1 The entity shall describe its approach to the integration of environmental considerations, including energy and water use, into strategic planning for data centers.
- 2 Discussion shall include, but is not limited to, how environmental factors impact the entity's decisions regarding the siting, design, construction, refurbishment, and operations of data centers.
  - 2.1 Environmental factors and criteria may include, but are not limited to:
    - 2.1.1 Location-based environmental factors, such as regional humidity, average temperature, and water availability.
    - 2.1.2 Environmental regulations, such as energy efficiency standards and national- or state-level carbon legislation on pricing, and carbon intensity of grid electricity.
- 3 The scope of disclosure includes considerations for existing owned data centers, development of new data centers, and outsourcing of data center services, where relevant.