Item 04 – GRI Sector Standards
Project for Oil, Gas, and Coal - Draft
Basis for Conclusions for GRI 12:
Coal Sector 2022

For GSSB review

Date 20 January 2022
Meeting 10 February 2022
Project Sector Standard Project for Coal

Description This document summarizes the significant issues from comments received on the exposure draft of the Coal Sector Standard, during the public comment period from 19 May to 30 July 2021. It also outlines the draft GSSB responses to the significant issues based on Working Group discussions and recommendations.

As outlined in the Due Process Protocol, this document is not subject to GSSB approval, it does not constitute part of the final Standard, and is non-authoritative. The draft is circulated for review and feedback. This draft document will be updated, as needed, following the GSSB approval of GRI 12: Coal Sector 2022.

The full set of comments can be downloaded from the project page on the GSSB website.

This document has been prepared by the GRI Standards Division and is made available to observers at meetings of the Global Sustainability Standards Board (GSSB). It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard setting body of GRI. For more information visit www.globalreporting.org.

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About this document

This document summarizes the significant issues from comments received on the exposure draft of the Coal Sector Standard during the public comment period (PCP) from 19 May 2021 to 31 July 2021.

Contents of this document comprise feedback received through the formal public comment form on the GSSB website and, where relevant, comments made in stakeholder workshops during the PCP.

All significant comments, together with an analysis of the issues raised, were considered by members of the Oil, Gas, and Coal Working Group. The recommendations of the working group were shared with the Global Sustainability Standards Board (GSSB) for review and approval.

This document provides a summary of the GSSB responses to the significant issues raised during the public comment period.

The full set of received comments can be downloaded from the project page. GRI 12: Coal Sector 2022 can be downloaded [here].

Introduction

Objectives for the development of GRI 12: Coal Sector 2022

The GSSB initiated the GRI Sector Program in 2018 to develop standards that are specific to certain sectors and focus sustainability reporting on the impacts that matter most. The project proposal for Oil, Gas, and Coal, was approved in March 2020 by the Global Sustainability Standards Board (GSSB), GRI’s independent standard setting body.

The working group for Oil, Gas, and Coal was formed in June 2019, in accordance with the GSSB Due Process Protocol.

The project’s primary objective was to develop a Sector Standard that identifies and describes the Oil, Gas, and Coal sectors’ significant impacts and stakeholder expectations from a sustainable development perspective and provide evidence and authoritative references for these impacts. In addition, disclosure gaps not sufficiently covered by existing GRI Standards were identified and additional sector reporting that supplements GRI disclosures have been developed for information essential to understanding the sector’s impacts.

The working group had the mandate to recommend changes to the project scope. Following feedback, the working group recommended separating oil and gas from coal, which approved in April 2020. GRI 11: Oil and Gas 2021 was published in October 2021.

GRI 12: Coal Sector 2022 was developed in line with the GSSB Due Process Protocol.

GRI 12 was approved by the GSSB on [XXX] and released on [XXX].

Scope of the public comment

The public comment period for the GRI Coal Sector Standard exposure draft ran from 19 May to 30 July 2021.

Respondents were asked to provide input on whether the draft Standard covered the most significant impacts of the coal sector and if the proposed disclosures allowed for meaningful reporting on these impacts.

A range of outreach activities were carried out to raise awareness of the public consultation, including campaigns, webinars, and one-on-one sessions, targeting key regions and constituencies. Three webinars were aimed at global audiences, each catering to different time zones ranging from the Pacific coast of North America to Europe, Africa, Asia, and Oceania. Targeted sessions were also
focused on relevant regions to coal mining in China, India, Indonesia, Latin America, and South Africa. The webinars attracted approximately 220 participants.

Though not regarded as official submissions, comments collected during live consultations were also considered in cases where they aided in understanding or further expanded on official submissions or raised a significant issue that did not emerge from the official submissions.

Any comments outside the scope of development of GRI 12 will be compiled and directed to the appropriate team or project for consideration. The development of Sector Standards also feeds into the enhancement and expansion of the GRI Standards by surfacing issues not previously covered.

Feedback on Topic Standards [link to be added] has been collated separately for consideration by the GSSB.

**Overview of submissions**

Respondents were able to submit comments on the exposure draft using an online questionnaire, which was available on the coal project page (see Appendix 1 for the full list of questions). Respondents could also submit additional feedback via email to sector@globalreporting.org.

A total of 29 submissions were received from individuals and organizations on the exposure draft.

Four additional submissions were received but not accompanied by permission to make them public as required by the GSSB Due Process Protocol. These submissions were considered, along with the feedback gathered during the stakeholder engagement activities.

The submissions came from all five stakeholder constituencies represented by the GSSB: business enterprises, civil society organizations, investment institutions, labor, and mediating institutions.

For more detail, see:

- The full set of received comments, available to download from the coal project page.
- Appendix 2 for a breakdown of public comment submissions by representation, stakeholder constituency, and region.

**Methodology for analyzing comments**

All comments submitted by respondents were collated and analyzed by the GRI Standards Division.

Each comment was categorized according to its relevance to a likely material topic, section, disclosure, or cross-cutting theme. When a respondent raised several different points in one comment, the points were separated into distinct comments.

The qualifiers in Table 1 indicate the percentage of respondents who provided feedback on a significant issue. Because the survey asked mostly open questions to encourage respondents to provide feedback on sections of interest to themselves, not all respondents provided comments on all sections of the exposure draft. Consequently, most comments made to specific topics or disclosures presented below as significant issues were made by a single respondent.

**Table 1. Qualifiers indicating the percentage of respondents who provided feedback**

<table>
<thead>
<tr>
<th>Qualifier</th>
<th>Respondents</th>
</tr>
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<tbody>
<tr>
<td>Majority</td>
<td>&gt; 50 %</td>
</tr>
<tr>
<td>Many</td>
<td>30-50%</td>
</tr>
<tr>
<td>Some</td>
<td>10-30%</td>
</tr>
<tr>
<td>A few</td>
<td>&lt; 10 %</td>
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<tr>
<td>One</td>
<td>1</td>
</tr>
</tbody>
</table>
Significant issues and GSSB responses

In line with the GSSB Due Process Protocol, this section summarizes the significant issues raised by respondents during the public comment period, outlines proposed changes to the Coal Sector Standard exposure draft, and explains why changes suggested by respondents were or were not accepted by the GSSB.

Notes for the reader:

Only topics for which significant issues were identified have been included in this document. It includes references to the exposure draft of the Coal Sector Standard and the final version of GRI 12: Coal Sector 2021. When referring to the content in the exposure draft, the same names of the sections and topics are used.

Feedback relating to the general concept or format of the Sector Standards, the GRI Topic Standards, and the GRI Glossary is not included in this document unless necessary to understand other comments or proposed changes. Nor does the document include minor editorial comments, which were considered and implemented directly by the Standards Division.

Cross-cutting issues

a) List of likely material topics for the coal sector

The majority of respondents confirmed that the exposure draft was representative of the coal sector’s most significant impacts, and business organizations considered it useful for identifying topics likely to be material for them.

No clear objections were raised to any topic included in the exposure draft as likely to be material for the sector as a whole, but a few respondents indicated that some topics were not considered material to organizations in their geographical context. Examples of such topics include child labor, forced labor, and modern slavery. In addition, a couple of Chinese coal organizations suggested that climate change would not be material for them.

Individual respondents suggested including the following additional topics as likely to be material:

- Corporate governance
- Land or mine rehabilitation
- Product stewardship
- Supplier management
- Technology and innovation

GSSB response:

GRI 12 includes topics likely to be material for most organizations in the coal sector based on the sector’s impacts. Some topics, such as topic 12.1 GHG emissions and 12.2 Climate adaptation, resilience, and transition, are considered relevant on the basis of the sector’s contribution to a global issue of climate change, while others may be more contingent on the unique context of each organization. For example, child or forced labor is well regulated in many areas, and while there is evidence of such human rights violations taking place in the coal supply chain in several countries, the materiality of the topic may be subject to the location of the organization’s operations. If a topic included as likely material in a Sector Standard is not material for an organization, it does not need to report on it. See Requirement 6 in GRI 1: Foundation 2021 for more information on reasons for omission.

The additional topics suggested were considered to be sufficiently covered by existing reporting or were not likely to be material for most organizations in the coal sector.

Corporate governance related information is required to report GRI 2: General Disclosures 2021.

Land or mine rehabilitation’ is included in topic 12.3 Closure and rehabilitation.
Information on technology and innovation and supplier management should be reported as part of any material topic they are relevant to (for example, water efficiency innovations can be reported in the context of topic 12.7 Water and effluents).

Product stewardship efforts can be reported using GRI 416: Customer Health and Safety 2016, which addresses ‘an organization’s systematic efforts to address health and safety across the life cycle of a product or service’ if material to an individual company.

b) Reporting burden

A few respondents raised concerns over reporting burden posed by the number of likely material topics, which might be a barrier, especially for small and medium-sized companies. It was suggested that some topics be eliminated or prioritized based on location, regulatory requirements, type of mining, size of company, or other key qualifiers.

GSSB response:

The GRI Sector Standard for coal is intended for organizations of all sizes undertaking activities listed in the section “Sector activities and business relationships”. The likely material topics are likewise intended to cover the sector’s significant impacts as a whole. While organizations might determine all listed likely material topics as material for them or even report additional topics as needed, if small organizations’ significant impacts are fewer, they may report on fewer topics. Similarly, should the organization determine a topic as material, but one or more of the listed disclosures are not relevant to the organization’s impacts, the organization is not required to report these.

c) Positive/negative bias

The majority of respondents agreed that the draft Standard provides a balanced view of the sustainable development challenges faced by the coal sector. There were two notable exceptions: one representative from a mediating institution felt strongly that the draft Standard does not place enough emphasis on the sector’s negative impacts, enabling greenwashing. On the opposite end, one business representative voiced a view that the Standard portrays a strong negative bias towards the sector, focusing too much on climate change and failing to emphasize the value brought by the sector’s products.

GSSB response:

A Sector Standard outlines the significant impacts of a given sector, which can be negative or positive. GRI 12 aims to balance the context and information needs of stakeholders of coal organizations in different contexts. For example, the coal phase-out may have different timelines in different parts of the world – with many developing countries continuing to use coal longer than developed countries. For organizations in countries that are well underway in their transition, the reporting may focus on aspects such as closure and just transition. For other coal organizations in countries planning to achieve net zero later, reporting on the impacts of day-to-day operations might be most relevant.

In relation to the focus on climate change, the role of coal in causing climate change is well understood and scientifically proven. Leading bodies such as the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) call for a rapid end to coal use to maintain a narrow possibility to halt global warming to 1.5°C. Furthermore, close to 200 countries have committed to phase-down coal use in power generation. The focus on this aspect in the sustainability context is thus considered reflective of the current environment and critical for the dialogue of reporting organizations and information users.

The comments on positive bias are related to a section mentioning the sector’s contribution to jobs, growth, and energy independence, which are also relevant impacts for the sector. However, as the

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2 United Nations Framework Convention on Climate Change (UNFCCC), Glasgow Climate Pact, 2021.
coal phase-down continues, the ability of the coal sector to contribute to the Sustainable Development Goals may become more limited, which is now reflected in the text.

d) Scope of the Standard and business relationships

Scope of the Standard received wide approval. While commentary about the coal sector’s similarities with mining was received, coal’s unique role with respect to climate change was also acknowledged, justifying a self-standing Standard.

One business representative contested the inclusion of metallurgical coal in this Standard, suggesting it was too focused on thermal coal. According to the respondent, the sustainability context and material topics relevant to thermal coal production used primarily for power generation differ from those relevant to metallurgical coal production used for steel manufacturing.

One submission proposed adding coal washery and coal bed methane as part of sector activities.

The majority of respondents agreed that the business relationships singled out in the exposure draft were the most relevant ones for the sector to identify significant impacts. Some new proposals to include in the section included local governments and financiers providing loans to coal-related projects.

GSSB response:

Impacts associated with thermal and metallurgical coal are only distinct in the end-use of these projects. The use of metallurgical coal or coking coal, primarily for steel production, has been added to the sector profile and topic 12.1 GHG emissions. The steel sector accounts for approximately 20% of industrial energy use and almost 10% of total energy use, of which 75% comes from coal. The steel sector is among the largest producers of carbon dioxide and is actively looking for technologies to replace coal in their processes to decrease or eliminate emissions. Hence, reporting on emissions and transition to a low-carbon economy is highly relevant for metallurgical coal miners.

Washing coal is part of the processing phase, already included in the Standard (Crushing, cleaning, and processing coal from unwanted materials). On the other hand, coal bed methane recovery is an unconventional gas extraction method mostly associated with organizations in the oil and gas sector and thus out of scope for GRI 12.

Using the GRI Standards, an organization should consider the impacts of its own activities as well as those of its business relationships when identifying its impacts and determining its material topics to report. While local governments or capital providers are important business relationships for the coal sector, they are not likely to link coal organizations to additional negative impacts. The approach to engagement with any business relationship that is of particular importance to an organization can be described in the context of Disclosure 2-29 Approach to stakeholder engagement in GRI 2: General Disclosures 2021.

e) Sustainability context

One respondent proposed to highlight common economic problems associated with resource wealth, also known as the resource curse, and call out practices such as corruption and mismanagement in the sector. Other individuals suggested adding emphasis on air pollution and its impacts on communities, as well as discussing carbon tax and carbon trading.

The majority of respondents confirmed that the mapping of likely material topics to the UN Sustainable Development Goals (SDGs) helps contextualize the sector’s activities in light of the global sustainability agenda. A few companies found it hard to relate to some of the goals, and one respondent believed the essence of the coal sector is opposed to the SDGs. Specific feedback was given to a number of SDG linkages, including SDG Goal 8: Decent Work and Economic Growth, namely, that underground mining is not decent work.

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GSSB response:

Negative economic impacts associated with the ‘resource curse’ as well as mismanagement and corruption are relevant contextual issues for the coal sector, and discussions about these have subsequently been included in the section.

Air pollution is a major impact related to coal combustion, separate from climate change but not unrelated. Thus, the section acknowledges that mitigation of GHG emissions associated with coal use would simultaneously reduce air pollution. More discussion about air pollution and its impacts on communities has been included in the topic 12.4 Air emissions.

Carbon pricing has been included as one of the policy tools to curb GHG emissions, alongside air pollution regulation and restrictions on public financing and subsidies for coal.

The following are changes made to the mapping of the Sustainable Development Goals to the likely material topics in GRI 12:

- Wording added on managing the sector’s workplace hazards (especially in underground mining) being a prerequisite for positive contributions towards SDG 8: Decent Work and Economic Growth
- Link from topic 12.3 Climate adaptation, resilience, and transition removed to SDG 9: Industry, Innovation and Infrastructure, as there is insufficient evidence of the sector’s contributions to widespread innovation that would provide solutions that address the challenge of climate change
- Links from topics 12.3 Closure and rehabilitation and 12.4 Air emissions added to SDG 12: Responsible Consumption and Production due to their links to sustainable management and efficient use of natural resources and management of wastes.
- Link from topic 12.22 Public policy to SDG 13: Climate Action added based on the sector’s influence of public policy on climate change mitigation.

Just transition

The concept ‘just transition’ was not well understood, warranting clarification. A few comments were made about considering the differing socioeconomic impacts, challenges, and timelines of the low-carbon transition between developing and developed countries.

GSSB response:

The term ‘just transition’ has a history spanning over 30 years, and different actors in differing contexts use it. This includes trade organizations to safeguard industry jobs lost as a result of environmental protection policies, as well as the environmental justice movement advocating for the eradication of polluting industries to provide safe work and living environments for communities. GRI 12 draws on the definition of the term as used in the Paris Agreement and by the International Labor Organization, which aims to consider environmental, social, and economic angles holistically and to find solutions that benefit all and leave no one behind, in collaboration with governments, employers, employees, and communities. The passage explaining just transition has been clarified accordingly, and the concept has been integrated into relevant topics, such as those dealing with mine closure, employment practices and worker rights, economic impacts on communities, and contract transparency.

The section ‘The sector and sustainable development’ was updated to highlight the individual dependencies and national circumstances related to the low-carbon transition, acknowledging that the transition timeline will differ between developing and developed countries.

Issues related to likely material topics

f) GHG emissions

Some respondents expressed concerns about coal organizations being asked to report other indirect (Scope 3) GHG emissions from the use of sold products, as these emissions are not considered to be

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4 United Nations Framework Convention on Climate Change (UNFCCC), Paris Agreement, 2015; International Labour Organization (ILO), ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all, 2015.
within the organization's control. It was suggested that mitigating Scope 3 emissions should involve efforts from organizations along the entire value chain or that they are solely the responsibility of the customers using coal, such as organizations in electricity generation or steel production. On the other hand, many stakeholders engaged through events were pleased to see the inclusion of Scope 3 emissions reporting, and one respondent called for more emphasis on these emissions in the topic description. Accuracy, availability, and inconsistency of data were raised as potential issues, with a few calls to provide more guidance and a methodology for Scope 3 accounting.

**GSSB response:**

Scope 3 emissions from the coal sector represent the single largest source of global CO₂ emissions, and the expectation to report on them is becoming increasingly mainstream. Data availability and accuracy can be a challenge, which requires engagement with business partners to acquire reliable information. Disclosure 305-3 Other indirect (Scope 3) GHG emissions contains guidance on disclosing Scope 3 emissions and links to further resources, as do the resources listed in GRI 12. Reporting on Scope 3 emissions has been retained.

### g) Climate adaptation and resilience

Topic 12.2 Climate adaptation, resilience, and transition was the most commented topic. The majority of business constituency respondents confirmed that the disclosure expectations corresponded to their current or expected reporting on climate change. Respondents categorized as information users were almost unanimous in agreeing that the reporting included in the exposure draft reflected expectations of public disclosure by coal organizations on climate change-related impacts.

Many respondents gave feedback on the additional sector disclosures, such as concerns over confidentiality and challenges to disaggregate CapEx investment data, or difficulties in accounting on reserves and potential emissions. It was also suggested to add more disclosures, including information on transition plans; whether organizations are committed to sustainable product portfolios or if they plan to expand coal mining operations; and disclosure on divesting coal assets, which was identified as an increasingly common practice among multinational mining companies. It was also proposed to supplement the disclosure of potential emissions from reserves with information on the ownership structure of those reserves.

**GSSB response:**

The forward-looking metrics on CapEx and potential emissions from reserves have been maintained. Despite possible challenges, this information is considered essential to understanding the resilience of a coal organization's business model to climate-change-related risks. In cases where information is subject to confidential constraints, an organization may provide a reason for omission. Requirement 6 in **GRI 1: Foundation 2021** contains more information on reasons for omission. The Coal Sector Standard includes references to guidance on calculating and reporting potential emissions from reserves.

Transition planning has emerged as an expectation for organizations in GHG emissions-intensive sectors. The existing additional sector recommendations in topic 12.2 Climate adaptation, resilience, and transition cover the elements of a ‘transition plan’, and supplemental information and resources were added to explain the concept of transition planning. An additional sector recommendation was also included to report on the existence of a transition plan and whether it is a scheduled resolution item at Annual General Meetings. This disclosure aligns with the CDP 2021 questionnaire for coal producers.

To respond to information needs about coal organizations’ commitments to sustainable product portfolios or whether they intend to continue coal mining, the reporting section to report CapEx

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5 The name of the topic has been revised in **GRI 12** to ‘Climate adaptation, resilience, and transition’.

investments was supplemented with an extra point to solicit information about investments channeled into the expansion of current mines.\textsuperscript{7}

Organizations divesting their coal assets to reduce the GHG emissions intensity of their product portfolios is an important emerging issue. This can be detrimental to broader climate change mitigation efforts: shifting coal mining operations to another entity does not decrease global emissions. It can also compromise responsible closure and a just transition if the responsibility of eventual closure is transferred to a less experienced operator. In addition, many diversified mining organizations divesting from coal are historically large contributors to climate change and thus have a significant responsibility to solve the problem.\textsuperscript{8} Discussion on potential impacts has been included in the topic, accompanied by reporting recommendations. This additional reporting asks whether the organization’s commitments to responsible business conduct were considered when making the divestment and whether and how the organization ensures that eventual closure is conducted responsibly and following existing plans, addressing negative impacts on workers and communities.

While the reporting organization does not cause negative impacts that arise from actions of the new operator, the organization may be considered as contributing or being directly linked to those impacts with the responsibility to take due diligence steps, including exercising leverage over the buyer to prevent or mitigate the impacts it is causing or contributing to.

The GRI Coal Sector Standard exposure draft included a disclosure in reporting potential emissions from the organization’s proven and probable reserves. After alignment with GRI 11, the disclosure specifies that an organization should use the same definition of reserves as in the organization’s consolidated financial statements or equivalent documents. However, the concern was that this approach might leave a gap in reporting, as reporting reserves through ownership structures presented in financial reporting may be limited to where companies maintain financial control.

Reporting potential emissions is an emerging field with few established or normative methodologies, and no fossil fuel organizations are currently reporting on this. Some specialist organizations use the equity share approach as the organizational boundary for calculating potential emissions from reserves, reflecting an organization’s economic interest, which typically aligns with the company’s percentage ownership of that operation.\textsuperscript{9} The equity share approach is also mostly aligned with financial reporting. Thus, disclosure included in the exposure draft remains unchanged.

### h) Closure and rehabilitation

Topic 12.3 Closure and rehabilitation was among the most commented on topics. The worker aspect of closure was considered adequately covered by the disclosures in the exposure draft.

Some respondents called for reinforced disclosures on impacts on and engagement with communities, specifically related to longer-term impacts on post-mining communities and efforts towards establishing a sustainable post-mining economy.

The additional sector disclosure to report the organization’s financial provisions for closure and rehabilitation received broad support but was highlighted by a business respondent as a potential point of contention with communities and other local stakeholders.

Individual respondents requested to add reporting, including on commitments to the rehabilitation of mining sites; details on plans, policies, and strategies for environmental rehabilitation; and compensation for communities from health effects or environmental liabilities.

### GSSB response:

From a local community perspective, a successful closure and rehabilitation can be achieved through early communication and inclusive planning.\textsuperscript{10} As part of the disclosure requirements of Disclosure 3-

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\textsuperscript{7} Other data points under this recommendation include CapEx investments into prospection, exploration, acquisition, and development of new reserves; energy from renewable sources; technologies to remove CO\textsubscript{2} from the atmosphere and nature-based solutions to mitigate climate change; and research and development initiatives that can address the organization’s risks related to climate change.

\textsuperscript{8} UN Human Rights, \textit{A Safe Climate}, 2019.


3 Management of material topics, organizations are required to report how stakeholder engagement informed actions taken to manage the topic. However, due to the importance of the engagement process in limiting the negative impacts of mine closure, it is appropriate to add a recommendation to elaborate on how local communities were engaged on closure and post-closure planning and implementation, including post-mining land use.

Additionally, as monitoring of the environmental, social, and human rights impacts is considered a key element of responsible post-closure activities, the additional sector disclosure included in the exposure draft was amended to encompass both environmental and socioeconomic aspects when reporting the financial provisions for closure and rehabilitation.

Finally, the post-closure viability of communities is an increasingly topical issue for coal mining. For example, actions for coal organizations range from collaboration with affected communities and local governments to develop post-closure socioeconomic financial assurance mechanisms to publicly disclosing financial surety arrangements for socioeconomic impacts from closure. To highlight the issue, a new sector disclosure to report information on non-financial provisions to manage the local community’s social and economic transition to a post-mining economy was included.

Commitments, policies, and plans for rehabilitation are covered by Disclosure 3-3, which requires reporting policies or commitments and management actions taken.

Concerns related to the public disclosure of financial provisions could potentially lead to unsolicited questions or conflict over disbursement or gaining access to the funds. However, transparency over funds to cover costs of mine closure by coal mining organizations is seen as essential, ensuring meaningful engagement with stakeholders. Therefore, the additional sector disclosure was retained in the topic.

i) Air emissions

One respondent suggested adding a mention of the financial impact of air pollution on local and regional governments. Other feedback on the topic was mostly related to the value, clarity, and feasibility of the proposed additional sector recommendations, including:

- A few mentioned challenges to report particulate matter (PM) emissions separately from coal dust, as they are fugitive emissions and often not regulated, and thus outside the definition of “significant air emissions” as per GRI 305 Emissions 2016;
- One commented that carbon monoxide (CO) emissions are currently not collected and would add to the reporting burden; and
- A few found reporting on product quality improvements unclear.

Individual respondents further requested to add reporting on emissions reporting requirements submitted regularly to authorities and to report the number of incidents of non-compliance or infractions resulting in fines.

GSSB response:

Air pollution has wide-ranging global and local economic impacts, which stem from, for example, premature mortality, illness, and healthcare costs, lost working days, and reduced crop yields. To reflect this, a mention of the financial dimension of air pollution was subsequently added to the topic description.

Particulate matter (PM) coal dust emissions are typically fugitive emissions, occur mainly through blasting and earth moving in surface mining, and can be significant unless mitigated by dust suppression technologies. Other locally significant dust emissions can occur from coal transport and storage, for which mitigation solutions exist. As such, the disclosure listed in the exposure draft to report the total amount of PM emissions from coal dust would likely not add value to reporting, as fugitive emissions are usually estimated and can have more severe impacts depending on the

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11 See, for example, ibid; International Council on Mining and Metals, Closure Maturity Framework, 2020.
proximity to the release. Instead, the disclosure was revised to trigger descriptive information on dust suppression that can prevent or mitigate potential negative impacts on local communities and workers. It is an additional recommendation when reporting on the management of the topic.

For CO emissions, the most significant impacts of this highly toxic gas occur when workers are exposed to it in confined spaces (e.g., as a result of a fire in an underground mine), potentially leading to serious consequences, including fatalities.\textsuperscript{14} Accordingly, reporting on CO is most relevant in Topics 12.13 Asset integrity and critical incident management and 12.14 Occupational health and safety. In topic 12.13, mine fires and poisonous gas leaks are listed as relevant hazards in the topic description, and prevention of such incidents should be reported. Fires and explosions are likewise mentioned in the topic description for 12.14, with the potential to cause high-consequence work-related injuries. Reporting on the management of such worker hazards and their impacts falls under several disclosures in GRI 403: Occupational Health and Safety 2018. In addition, in regions where CO is a regulated substance, organizations are required to measure and report those emissions, as per the requirements in Disclosure GRI 305-7.\textsuperscript{15} As such, the additional sector disclosure to report carbon monoxide emissions has been removed from the topic 12.4 Air emissions.

A disclosure on product quality improvements to reduce air emissions was included in the exposure draft as an additional sector recommendation to GRI Disclosure 416-1 Assessment of the health and safety impacts of product and service categories. This was done on the basis that coal washing can have a mitigating impact on the pollutants that are emitted upon combustion.\textsuperscript{16} However, it was assessed that Disclosure 416-1 might not generate meaningful information, but the recommendation remained important. Disclosure 416-1 was removed from topic 12.4. Instead, to clarify the link between coal quality and emissions, the topic description was amended to note that coal washing is a method to reduce air emissions in the use phase. The language was clarified and placed as an additional sector recommendation to GRI 3-3 Management of material topics.

Incidents of non-compliance are covered by The GRI General Disclosure 2-27 Compliance with laws and regulations, whereas information on emissions reporting to regulators can add unnecessary reporting burden, especially to multinational business organizations.

\textit{j) Other environmental topics}

For biodiversity, a request was made to include impacts from ground subsidence and reporting on whether coal mining is associated with gas extraction. For water and effluents, one respondent posed a question on the relevance of acid mine drainage for coal mining.

\textbf{GSSB response:}

Ground subsidence was validated as a relevant source of impact for the sector, and mention of it has been added to topics 12.3 Closure and rehabilitation, 12.5 Biodiversity, and 12.13 Asset integrity and critical incident management. No new reporting was deemed necessary.

The request to add reporting on whether coal mining is associated with the extraction of gas deals with assessing the risk of leakage and explosion of gas pipelines. Upon further research, it was discovered that these impacts are most relevant to coal bed methane extraction, which is an unconventional gas extraction method and thus out of the scope for the Sector Standard for coal.

The phenomenon of acid rock/mine drainage is relevant for coal mining.\textsuperscript{17} However, as acid mine drainage is regarded as a runoff, not a discharge, the additional sector recommendation is more accurate in the context of Disclosure 303-1 Interactions with water as a shared resource, as opposed

\textsuperscript{14} United States Environmental Protection Agency (EPA). Basic Information about Carbon Monoxide (CO) Outdoor Air Pollution, accessed on 12 January 2021; Yuan, L., Smith, AC, CO and CO\textsubscript{2} Emissions from Spontaneous Heating of Coal Under Different Ventilation Rates, 2011.

\textsuperscript{15} Definition of “significant air emission” in the GRI Standards is “air emission regulated under international conventions and/or national laws or regulations” (GRI Standards Glossary 2021).


\textsuperscript{17} Acharya, B. S., & Kharel, G. Acid mine drainage from coal mining in the United States – An overview, Journal of Hydrology, 588, 2020; Campaner, V. P., Luiz-Silva, W., & Machado, W., Geochemistry of acid mine drainage from a coal mining area and processes controlling metal attenuation in stream waters, southern Brazil, Anais da Academia Brasileira de Ciências, 86, 2014.
to its position in the exposure draft where it was connected to Disclosure 303-2 Management of water discharge-related impacts.

**k) Economic impacts**

Topic 12.8 Economic impacts received most feedback out of local community related topics. One respondent felt that the significant role of local procurement in creating economic impacts was not sufficiently covered. Another respondent suggested that the concept of ‘project’ needed to be clarified in the context of reporting on economic value generated and distributed, as this information might be legally restricted or commercially sensitive. It was also suggested to mention the economic impacts of health problems derived from environmental pollution.

**GSSB response:**

Local procurement is a significant source of long-term economic development and benefits for local communities, often outweighing the value provided by direct employment by organizations.\(^{18}\) Topic 12.8 Economic impacts has been revised to reflect the positive economic impacts that can result from local procurement, but no new reporting has been added. The additional sector recommendation included in the exposure draft addresses an organization’s approach to providing local employment, procurement, and training to enhance positive economic impacts on communities.

The additional sector recommendation to Disclosure 201-1 Direct economic value generated and distributed (EVG&D) guides organizations to report their EVG&D on a project basis. This level of disaggregation can help information users better assess the benefits from coal activities on a community or regional level. It is also aligned with the additional sector reporting in topic 12.21 Payments to governments,\(^{19}\) which partly deals with the same payments. While Disclosure 201-1 requires reporting on EVG&D separately at country, regional, or market levels where significant, for coal, and other extractive sectors, project reporting is a more meaningful level of disaggregation.

For economic impacts from pollution, the GRI 203: *Indirect Economic Impacts* 2016 mentions that significant indirect impacts can include impacts of pollution. However, the pathway between coal mining and potential increased health costs is unclear and insufficiently substantiated to be included as an impact broadly applicable to the whole sector. No additions were made to the topic description.

**l) Local communities**

For topic 12.9 Local communities, which deals with societal impacts from coal activities, one respondent suggested including reporting on policies or commitments involving free, prior, and informed consent (FPIC) with all affected communities, not just indigenous peoples.

**GSSB response:**

Fee, prior, and informed consent (FPIC), as laid out in the United Nations Declaration on the Rights of Indigenous Peoples, is currently only applicable to indigenous peoples under international law.

Seeking consent from affected non-indigenous peoples takes place on the basis of loss or restriction of access to land or natural resources, resettlement, or an impact on a human right. While there are indications that FPIC may be extended to all affected communities as a best practice stakeholder consultation,\(^{20}\) there does not seem to be sufficient evidence that those in the broader community who are affected in a variety of significant but less acute ways are afforded the right to withhold consent. As such, the reference to FPIC in the topic 12.10 Land and resource rights is appropriate. The language in the topic 12.9 Local communities was revised to highlight meaningful local engagement.

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\(^{18}\) See, for example, Natural Resource Governance Institute, *Local Content – Strengthening the Local Economy and Workforce, 2015*; The World Bank, *Oil, Gas, and Mining – A Sourcebook for Understanding Extractive Industries*, 2015.

\(^{19}\) Reporting recommendations in the topic 12.21 are based on the Extractive Industries Transparency Initiative *EITI Standard 2019*.

and inclusion of communities in decision-making. In instances where organizations are drawing on
FPIC for the broader community, they can report this as part of reporting on the management of the
topic.

An additional sector recommendation was added on an organization’s approach to engaging
vulnerable groups. The additional sector disclosure was revised to expand the reporting on grievance
mechanisms and other remediation processes in addressing local community impacts. These
revisions bring reporting for this topic into line with GRI 11.

m) Rights of indigenous peoples

One respondent proposed to add reporting on due diligence and impact assessments regarding
traditional livelihoods and sites/practices of cultural significance for indigenous communities.

GSSB response:

For the coal sector, disclosing this information specifically in the context of indigenous peoples is
likely to be meaningful. GRI 3: Material topics 2021 and GRI 2: General Disclosures 2021 include
disclosures and guidance related to impact assessments and due diligence applied to all topics. For
example, Guidance to Disclosure 3-3 Management of material topics states that an organization
should describe methods used to identify impacts, including impact assessments. Further, Guidance
to Disclosure 2-24 Embedding policy commitments directs reporting organizations to describe how
they embed policy commitments for responsible business conduct, such as human rights impact
assessments and other due diligence processes. As it could be relevant for many sectors, this
feedback will be considered when revising the GRI Standard 411: Rights of Indigenous Peoples 2016.

An additional sector reporting recommendation has been added to describe identified incidents
involving the rights of indigenous peoples, which also aligns with GRI 11.

n) Conflict and security

A respondent suggested reporting on compliance with the Voluntary Principles on Security and
Human Rights would be appropriate in the context of topic 12.12 Conflict and security.

GSSB response:

To report on compliance with the Voluntary Principles on Security and Human Rights21, the
respondent referenced a Responsible Mining Index (RMI) indicator requiring companies to track,
review and act “to improve its performance on preventing and remedying human rights abuses related
to its security management”.22 This information is considered to be covered by the Disclosure 3-3
Management of material topics (actions taken to manage the topic and related impacts; tracking the
effectiveness of actions taken), and Disclosure 2-23 Policy commitments (describe [the
organization’s] specific policy commitment to respect human rights).

The topic was also supplemented with an additional sector recommendation requesting information
on how the organization works with security providers. This also aligns with GRI 11.

o) Asset integrity and critical incident management

On topic 12.13 Asset integrity and critical incident management, a few labor respondents pointed out
that other catastrophic risks, especially in underground mining, should be included in the reporting.
The focus on tailings facility integrity in the topic was regarded as positive, including the alignment
with the Global Industry Standard on Tailings Management (GISTM), with suggestions to further
reinforce the alignment. One respondent suggested that further clarity on what is meant by ‘tailings’ is
needed, as it was not recognized as a sector-relevant term in one producer country. One respondent
suggested the inclusion of a disclosure on whether a confidential or anonymous (grievance)
mechanism for stakeholders to report tailings incidents is in place.

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GSSB response:

Topic 12.13 describes many risks beyond tailings facility failures that can result in critical incidents, but the reporting section is missing a general incident metric. While many risks relevant to coal mining involving workers are reported in topic 12.14 Occupational health and safety, other risks may exist that can result in environmental damage or serious consequences on communities left unreported. The topic has thus been supplemented with an additional sector disclosure to report the number of critical incidents and describe their impacts.

The term ‘tailings’ has been clarified in the topic description. To further reflect the transparency expectations set out in the GISTM, the additional sector reporting on tailings in the exposure draft was supplemented with recommendations to list the organization’s tailings facilities, including the name, location, and ownership status; and to report the dates of the most recent and next independent dam safety reviews for each tailings facility. Terminology was also revised to correspond to GISTM.

Reporting on grievance mechanisms is done in Disclosure 2-25 Processes to remediate negative impacts and Disclosure 2-26 Mechanisms for seeking advice and raising concern, and thus triggered no new reporting in the topic 12.13.

The exposure draft also included a disclosure on emergency preparedness and response plans in the topic 12.13 Asset integrity and critical incident management. This disclosure was removed as it overlaps with reporting requirements in the Disclosure 3-3 Management of material topics.

p) Worker topics

Some organizations stated that the topic 12.16 Child labor would not be material for their operating context. Other individual comments included a call for reporting on strikes and lockouts and considering living wage disclosures.

GSSB response:

While many organizations operate in areas with strict regulation and monitoring of human rights issues such as child and forced labor, they might have business relationships with organizations that do not. As part of reporting its management of a topic, an organization is required to report whether it is involved with negative impacts as a result of its business relationships. While not present in all coal mining regions, child labor occurs frequently enough in coal supply chains to be considered a significant impact for the sector. When assessing potential negative human rights impacts, the severity of the impact takes precedence over its likelihood.

The rationale to include reporting on strikes and lockouts was based on alignment with a similar disclosure listed in the SASB Standard for Coal Operations. There is no globally recognized definition for what constitutes a strike or a lockout, and such practices are also restricted in many countries. Such a disclosure may have been used to assess the risk of unionization to the organization rather than assessing the impacts on employees based on the organization’s practices. Data on labor employee turnover and collective bargaining are considered better indicators of workforce unhappiness, together with respect for collective action, included in GRI 401: Employment 2016 and Disclosure 2-30 Collective bargaining agreements.

While expectations to communicate commitments to living wage are beginning to emerge, the issue is more pressing to sectors such as agriculture and textiles rather than coal. Due to extensive regulation and a high unionization rate, coal workers are not commonly underpaid. No new reporting has been added.

q) Anti-corruption

For topic 12.20 Anti-corruption, a respondent suggested adding details and reporting on corruption risks arising from the procurement process. The interconnection between conflict and corruption was also raised by a respondent, with a proposal to add reporting on the heightened corruption risk in conflict-afflicted countries where organizations’ operations are contracted with the government.

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23 See, for example, Bettercoal provision 6.22; ICMM Performance Expectation 3.5; and RMI Framework indicator E.05.
GSSB response:

It is acknowledged that the procurement process is one of the highest areas of risk in the development phase in particular. Topic 12.20 Anti-corruption was amended to highlight this issue, with new examples of risks and schemes related to procurement added. An additional sector recommendation was added to supplement information reported under GRI 3-3 Management of material topics to describe how organizations manage potential impacts or risks of corruption in their procurement practices and throughout the supply chain.

Conflict can exacerbate corruption, and corruption can trigger conflict. This interlinkage has been added to the topic description. However, as the existing additional sector disclosure includes all contracts and licenses regardless of country of operation, the reporting remains unchanged.

r) Payments to governments

One respondent requested an explicit requirement to report on operated joint ventures when disclosing payments to governments. Another respondent called for a commitment from organizations to comply with the spirit and letter of the law and avoid tax havens.

GSSB response:

When determining its material topics, an organization is expected to identify its actual and potential impacts on the economy, environment, and people, including impacts on their human rights across its own activities and those of its business relationships. A joint venture is a type of business relationship and reporting on impacts caused by joint ventures is, as such, potentially relevant. Organizations in the coal sector can be involved with those impacts, even if it was a non-operating partner. No new reporting has been added. For more details, see GRI 3: Material Topics 2021, Section 1. The suggested additions are sufficiently covered by Disclosure 207-1 Approach to tax. Under this disclosure, an organization reports information about its tax strategy, including tax havens and an organization’s approach to regulatory compliance, outlining the organization’s intention with respect to tax laws.

s) Public policy and lobbying

Using the term ‘lobbying’ in topic 12.22 Public policy and lobbying was contested by one business representative due to negative connotations in the respondent’s country context.

GSSB response:

As a result of the alignment of topic names across Sector Standards, topic 12.22 Public policy and lobbying was changed to ‘Public policy’, which is consistent with the name of the Topic Standard GRI 416 Public Policy 2016. However, the term ‘lobbying’ will be maintained in the topic description, as it is widely recognized and used to refer to both positive influences as well as aims for undue influence, unfair competition, and policy capture.

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25 The topic name has been revised in GRI 12 to ‘Public policy’.
Appendix 1. Questionnaire questions

<table>
<thead>
<tr>
<th>Sector profile</th>
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<tbody>
<tr>
<td><strong>Question 1:</strong> Are the business relationships described those that present the highest risk of significant negative impacts for the coal sector, based on the impacts’ severity and likelihood of occurrence?</td>
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<table>
<thead>
<tr>
<th>The sector and sustainable development</th>
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<tbody>
<tr>
<td><strong>Question 2.1:</strong> Does the section accurately reflect the coal sector’s sustainability context and the key societal expectations towards the sector as set out in international instruments and agreements?</td>
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<tr>
<td><strong>Question 2.2:</strong> Does the mapping of likely material topics to SDGs help to contextualize the coal sector’s activities in light of the global sustainability agenda?</td>
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<table>
<thead>
<tr>
<th>Material topics</th>
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<tbody>
<tr>
<td><strong>Question 3.1:</strong> Are the topics listed the correct likely material topics for the coal sector?</td>
</tr>
<tr>
<td><strong>Question 3.2:</strong> Are the most significant impacts of the sector described in the likely material topics?</td>
</tr>
<tr>
<td><strong>Question 3.3:</strong> Are the topic descriptions - including how they are named - complete and accurate in terms of capturing the sector’s most significant impacts?</td>
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<thead>
<tr>
<th>Disclosures</th>
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<tbody>
<tr>
<td><strong>Question 4.1:</strong> Are the additional disclosures or recommendations listed understandable and feasible to report on?</td>
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<tr>
<td><strong>Question 4.2:</strong> Are the listed disclosures critical and useful for sustainability report information users to understand an organization’s impacts related to each topic?</td>
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<tr>
<td><strong>Question 4.3:</strong> Are the disclosures formulated correctly to produce valuable and consistent information?</td>
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<tr>
<th>Climate change</th>
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<tbody>
<tr>
<td><strong>Question 5.1:</strong> Reporting organizations: Do the disclosures listed in GHG emissions and Climate adaptation and resilience correspond to your organization’s current or anticipated reporting on climate change related impacts?</td>
</tr>
<tr>
<td><strong>Question 5.2:</strong> Information users: Do the reporting disclosures listed in the GHG emissions and Climate adaptation and resilience reflect the stakeholder expectations of public disclosure by coal organizations on climate change related impacts?</td>
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<tr>
<th>Tailings</th>
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<tr>
<td><strong>Question 6:</strong> Please respond if you are a reporting organization: Does your organization comply or plan on complying with the GISTM? Please explain why/why not.</td>
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<tr>
<th>Other</th>
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<tbody>
<tr>
<td><strong>Question 7:</strong> Please respond if you are a reporting organization: Which reporting instruments is your organization currently using for sustainability reporting, and why?</td>
</tr>
<tr>
<td><strong>Question 8:</strong> Are there any other comments, or feedback you would like to provide about the GRI Coal Sector Standard exposure draft or the specific content presented within?</td>
</tr>
</tbody>
</table>
Appendix 2. Public comment submissions by stakeholder constituency and region

A total of 29 formal submissions from individuals and organizations was received on the exposure draft of Sector Standard: Coal. The names of these individuals and organizations are listed in the public comment feedback table, tab ‘Full set of comments’.

The charts below show the breakdown of submissions by constituency group and region. Most responses came from mediating institutions (10), closely followed by businesses (9). Labor was represented with three (coordinated) submissions, and three responses came from civil society organizations. Investment institutions submitted one response. The remaining responses were submitted by an individual and a government body.

The submissions also represent regional diversity, with submissions originating from 18 countries and balanced global distribution.
Appendix 3. Participation in regional events and webinars

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Number of attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI live webinar and Q&amp;A</td>
<td>2 June (Midday CET)</td>
<td>45</td>
</tr>
<tr>
<td>GRI live webinar and Q&amp;A</td>
<td>2 June (Evening CET)</td>
<td>35</td>
</tr>
<tr>
<td>GRI live webinar and Q&amp;A</td>
<td>3 June (Morning CET)</td>
<td>25</td>
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<tr>
<td>Regional workshop Latin America</td>
<td>22 June</td>
<td>7</td>
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<tr>
<td>Regional workshop Indonesia</td>
<td>5 July</td>
<td>64</td>
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<tr>
<td>Regional workshop Africa</td>
<td>14 July</td>
<td>~10</td>
</tr>
<tr>
<td>Regional workshop India</td>
<td>20 July</td>
<td>~20</td>
</tr>
<tr>
<td>Regional workshop China</td>
<td>21 July</td>
<td>~10</td>
</tr>
<tr>
<td><strong>Total participants</strong></td>
<td></td>
<td>~220</td>
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