Session 4: Understanding and strengthening the chemicals and waste dimensions of disclosure and reporting standards

The sustainability reporting landscape and its relevance to the GFC

Mark S. Rossi, PhD

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Session 4: Understanding and strengthening the chemicals and waste dimensions of disclosure and reporting standards

Disclosure and reporting by companies on their sustainability performance has become a key aspect of sound corporate management to inform stakeholders, including investors. Session 4 provides an opportunity to present and learn about recognized reporting standards relevant for advancing sustainability and GFC objectives. Representatives from standard-setting organizations will be invited to present relevant standards and discuss opportunities to consider and align with GFC targets, as appropriate. The session will also explore possible activities under a global GFC Industry Implementation Programme to strengthen sustainability reporting that takes into account the GFC.

Sustainability reporting landscape

Presentation outline
1. **Broad-based sustainability standards/framework**
2. **Chemical-specific standards/frameworks**
3. **Industry sector chemical-related standards/frameworks**
4. **Corporate scoring and rating frameworks**

Context
- **Reporting/disclosure happens at corporate, product, and/or manufacturing levels**
- **What follows are examples** of standards/frameworks relevant to each of these categories. They are not an exhaustive list of relevant standards/frameworks. As a community we can populate examples.
- **The examples were not assessed in terms of the extent they align with GFC**

1. Broad-based sustainability reporting standards/frameworks: corporate-level

- **Global Reporting Initiative (GRI) Standards**: sustainability reporting standards that include GRI Universal Standards (GRI 1, 2, 3)

- **International Sustainability Standards Board (ISSB) Standards**: Standards for sustainability-related financial disclosures, including: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

- **European Sustainability Reporting Standards (ESRS)**: sustainability reporting standards

- **Carbon Disclosure Project (CDP) disclosure system**: climate and nature reporting platform

- **Natural Capital Protocol**: measurement and valuation framework

- **Science Based Targets Network (SBTN) target-setting guidance**: guidance on target setting

- **Taskforce on Nature-related Financial Disclosure (TNFD) framework**: risk management and disclosure framework

1. Broad-based sustainability reporting standards/frameworks: product-level

- **Ecolabels**
  - Many ecolabels across the world and industry sectors address multi-attribute sustainability concerns, including chemicals/materials of concern, alternatives assessments, and safer alternatives

- **Digital Product Passports**
  - Include materials composition and potential hazardous substances
  - United Nations Economic Commission for Europe's (UNECE)
  - European Union

2. Chemical-specific reporting standards/frameworks:
applicable to any sector

- **Corporate-level**
  - **Pollutant Release and Transfer Register (PRTRs)**
    - Businesses handling hazardous chemicals report the amount of chemicals released and transferred to local governments. The national government compiles the data and makes it public. PRTRs include information about which chemicals are released, where, how much, and by whom.
  - **Chemical Footprint Project Survey (Clean Production Action)**
    - Relevant to any sector. Addresses corporate: Management Strategy, Chemical Inventory, Footprint Measurement, and Disclosure and Verification
  - **GRI Pollution Standards**
    - Under revision

- **Product-level**
  - **GHS:** Globally Harmonised System for the Classification and Labeling of Chemicals **labels and safety data sheets**

3. Industry sector chemical-related reporting standards/frameworks

- **Electronics industry**
  - **Corporate-level:**
    - **Chemical Management Leadership Program** (Responsible Business Alliance)
    - **SASB Electrical & Electronic Equipment Standard** (IFRS Foundation), includes metrics related to sound management of chemicals and waste
  - **Product-/Manufacturing-level**
    - **Clean Electronics Production Network Priority Chemical Lists**
    - **IEC 62474 Declarable Substances List**
    - **IPC 175x Materials Declaration Data Exchange Standards**: family of standards for data exchange between supply chain participants in the electronics sector

3. Industry sector chemical-related reporting standards/frameworks

- **Health care industry**
  - **Corporate-level**
    - **SASB Medical Equipment & Supplies Standard** (IFRS Foundation), includes metrics related to sound management of chemicals and waste
    - **Sustainable Procurement Index for Health (SPIH): User Guidance** (developed by UNDP, Health Care Without Harm, ARUP, and SIDA). Includes: compliance with international agreements, RSL/MRSL, corporate policy, chemical footprinting, and chemical ingredient transparency
  - **Product-level**
    - **Sustainability Criteria for Purchasing Medical Imaging Equipment** (Medical Equipment Pro-active Alliance for Sustainable Healthcare - MEPA)

3. Industry sector-specific reporting standards/frameworks

- **Textiles sector**
  - **Corporate-level**
    - **SASB Apparel, Accessories & Footwear Standard** (IFRS Foundation), includes metrics related to sound management of chemicals and waste
    - **ZDHC Chemical Management System Framework**, addresses core elements of a comprehensive chemical management system, including policy, strategy, assessments, health and safety and inventory
  - **Product-/Manufacturing level**
    - **AFIRM Restricted Substances List (RSL)**
    - **ZDHC Manufacturing Restricted Substances List (MRSL)**

4. Corporate Scoring/Rating Frameworks

- **General ESG scoring frameworks**
  - Bloomberg ESG Data
  - Dow Jones Sustainability Indices
  - FTSE Russell ESG Scores
  - Morningstar Sustainalytics Company ESG Risk Ratings
  - MSCI ESG Ratings
  - LSEG ESG Scores
  - S&P Global ESG Scores

- **Sector-specific frameworks focused on chemicals**
  - **Chemical sector: ChemScore** (ChemSec) scores global chemical producers
    - Addresses: product portfolio, safer chemicals, management and transparency, and lack of controversy
  - **Retail sector: Retailer Report Card** (Toxic-Free Future) scores retailers in the U.S. and Canada
    - Addresses: corporate and government commitments, transparency, restricting chemicals of concern, and using safer solutions

Questions for today and moving forward

- **Which other standards/frameworks are relevant** to reporting/disclosure in alignment with GFC?

- **How do existing reporting/disclosure standards/frameworks align with GFC** and address chemical pollution?

- **What are the criteria for evaluating alignment to GFC?**