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Exposure Draft

IFRS[®] Sustainability Disclosure Standard

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

Volume B2—Appliance Manufacturing

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.

Appliance Manufacturing

Industry Description

The Appliance Manufacturing industry includes companies involved in the design and manufacturing of household appliances and hand tools. The industry sells and manufactures products around the world, primarily selling products to consumers through retail locations.

Sustainability Disclosure Topics & Metrics

Table 1. Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Product Lifecycle Environmental Impacts	Percentage of eligible products by revenue certified to the ENERGY STAR® program an energy efficiency certification	Quantitative	Percentage (%) by revenue	CG-AM-410a.1
	Percentage of eligible products certified to an Association of Home Appliance Manufacturers (AHAM) sustainability standard	Quantitative	Percentage (%) by revenue	CG-AM-410a.2
	Description of efforts to manage products' end-of-life impacts	Discussion and Analysis	n/a	CG-AM-410a.3

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Annual production ²	Quantitative	Number of units	CG-AM-000.A

² Note to CG-AM-000.A – Production shall be disclosed as the number of units produced by product category, where relevant product categories may include small appliances and major appliances.

Product Lifecycle Environmental Impacts

Topic Summary

Companies in the Appliance Manufacturing industry are constantly seeking to differentiate their products from those of their competitors. One key differentiating factor is the environmental impact of products over their lifecycle, which is often associated with the cost of using appliances. This issue involves a company's ability to design products with the entire lifecycle in mind, from creation and use to disposal. In particular, this covers energy and water efficiency in appliances, which account for a significant proportion of a home's energy and water use, as well as designing for and facilitating safe end-of-life disposal and recycling. Companies that prioritize designing and manufacturing products with improved environmental impacts are more likely to grow consumer demand and market share. Furthermore, companies that are able to minimize the environmental impacts of products are more likely to be better positioned to increased regulation related to areas such as extended producer responsibility.

Metrics

CG-AM-410a.1. Percentage of eligible products by revenue certified to the ENERGY STAR® program an energy efficiency certification

- 1 The entity shall disclose the percentage of its revenue from eligible products certified to the U.S. Environmental Protection Agency (EPA) ENERGY STAR® program an energy efficiency certification.
 - 1.1 The entity shall calculate the percentage as the revenue from products meeting the requirements for the applicable certification divided by total revenue from products eligible for certification by each certification.
 - 1.1.1 Eligible products are those in a product category for which ~~1.1~~ ENERGY STAR® certification exists, including the following ~~appliance and~~ but not limited to: heating and cooling product categories such as air purifiers, clothes dryers, clothes washers, dehumidifiers, dishwashers, freezers, refrigerators, air conditioning, boilers, ductless heating and cooling, furnaces, heat pumps, and ventilation fans.
 - 1.2 ~~The entity shall calculate the percentage as the revenue from products meeting the requirements for ENERGY STAR® certification divided by total revenue from products eligible for ENERGY STAR® certification.~~
- 2 The scope of disclosure includes products that meet the requirements of the most current version of the applicable ENERGY STAR® certification requirements.
 - 2.1 If the entity has products certified to a previous version of ENERGY STAR® certification requirements, it shall disclose this information, including to which version its products are certified, a breakdown of how many products are certified to that version, and its timeline(s) for achieving certification to the most current version of the requirements.
- 3 For each jurisdiction where the entity sells products, the entity shall disclose the applicable certification program.

CG-AM-410a.2. Percentage of eligible products certified to an Association of Home Appliance Manufacturers (AHAM) sustainability standard

- 1 The entity shall disclose the percentage of its revenue from eligible products certified to an Association of Home Appliance Manufacturers (AHAM) sustainability standard.
 - 1.1 Eligible products are those addressed by the scope of an AHAM sustainability standard.
 - 1.2 The entity shall calculate the percentage as the revenue from products certified to an AHAM sustainability standard divided by total revenue from products eligible for certification to an AHAM sustainability standard.
- 2 The scope of disclosure includes, but is not limited to, products certified to the following AHAM sustainability standards:
 - 2.1 ANSI/AHAM 7001.2-2015: Sustainability Standard for Household Refrigeration Appliances
 - 2.2 AHAM 7002-2014: Sustainability Standard for Household Portable and Floor Care Appliances
 - 2.3 ANSI/AHAM 7003-2016: Sustainability Standard for Household Clothes Washers
 - 2.4 ANSI/AHAM 7004-2018: Sustainability Standard for Household Cooking Appliances
 - 2.5 ANSI/AHAM 7005-2017: Sustainability Standard for Household Clothes Drying Appliances
 - 2.6 ANSI/AHAM 7006.2-2018: Sustainability Standard for Household Room Air Conditioning Appliances-Second Edition
 - 2.7 AHAM 7007-2017: Sustainability Standard for Household Microwave Oven Appliances
 - 2.8 AHAM 7008-2018: Sustainability Standard for Household Dehumidifier Appliances
- 3 Additions or updates to the scope of AHAM sustainability standards and/or eligible products addressed therein constitute additions to the scope of this disclosure.

CG-AM-410a.3. Description of efforts to manage products' end-of-life impacts

- 1 The entity shall describe its efforts to manage the end-of-life impacts of its products, including those related to safe and proper disposal or recycling of constituent chemicals and other product components, including, but not limited to, toxic heavy metals (e.g., mercury, cadmium), rigid polymers, refrigerants, and other metals (e.g., steel and aluminum).
- 2 The entity shall describe the scope of its efforts, including to which product categories, business segments, and/or operating regions they relate.
- 3 The entity shall discuss how it incorporates end-of-life considerations into the design of its product(s) such as:

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- 3.1 Use of materials that are easily and commonly recyclable in existing recycling infrastructure
 - 3.2 Eliminating or minimizing the use of hazardous materials or materials that may otherwise pose environmental harm upon disposal (e.g., refrigerants with ozone depleting potential and/or global warming potential)
 - 3.3 Designing products for disassembly (i.e., designing products so they can be easily, rapidly, and cost-effectively disassembled with commonly available tools)
 - 3.4 Proper labeling of products and their component materials to facilitate disassembly and recycling
- 4 The entity shall discuss its participation in extended producer responsibility (EPR) initiatives, including the following aspects:
- 4.1 Whether the entity directly conducts product take-back, recovery, and recycling or if the entity supports infrastructure for product recovery and recycling through joint ventures, partnerships with retailers and others, or by funding research into recycling technologies
 - 4.2 Whether the initiative is voluntary or mandatory (e.g., in order to maintain compliance with EU Directive 2012/19/EU on waste electrical and electronic equipment (WEEE) or the Japan home appliance recycling law)
 - 4.3 Relevant performance measures or targets for the initiative such as the total amount of material recovered and the total amount of material recycled