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Exposure Draft

IFRS[®] Sustainability Disclosure Standard

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

Volume B33—Engineering & Construction Services

Comments to be received by 29 July 2022



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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.

Engineering & Construction Services

Industry Description

The Engineering & Construction Services industry provides engineering, construction, design, consulting, contracting, and other related services that support various building and infrastructure projects. The industry is primarily made up of four major segments: engineering services, infrastructure construction, non-residential building construction, and building sub-contractors and construction-related professional services. The infrastructure construction segment includes companies that design and/or build infrastructure projects such as power plants, dams, oil and gas pipelines, refineries, highways, bridges, tunnels, railways, ports, airports, waste treatment plants, water networks, and stadiums. The non-residential building construction segment includes companies that design and/or build industrial and commercial facilities such as factories, warehouses, data centers, offices, hotels, hospitals, universities, and retail spaces like malls. The engineering services segment includes companies that provide specialized architectural and engineering services such as design and development of feasibility studies for many of the project types listed above. Finally, the building sub-contractors and other construction-related professional services segment includes smaller companies that provide ancillary services such as carpentry, electrical, plumbing, painting, waterproofing, landscaping, interior design, and building inspection. The industry's customers include infrastructure owners and developers in the public and private sectors. Large companies in this industry operate and generate revenue globally and typically specialize in multiple segments.

Sustainability Disclosure Topics & Metrics

Table 1. Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Environmental Impacts of Project Development	Number of incidents of non-compliance with environmental permits, standards, and regulations	Quantitative	Number	IF-EN-160a.1
	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	Discussion and Analysis	n/a	IF-EN-160a.2
Structural Integrity & Safety	Amount of defect- and safety-related rework costs	Quantitative	Reporting currency	IF-EN-250a.1
	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents ³⁸	Quantitative	Reporting currency	IF-EN-250a.2

continued...

³⁸ Note to IF-EN-250a.2 – The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.

...continued

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Lifecycle Impacts of Buildings & Infrastructure	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification	Quantitative	Number	IF-EN-410a.1
	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	Discussion and Analysis	n/a	IF-EN-410a.2
Climate Impacts of Business Mix	Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects	Quantitative	Reporting currency	IF-EN-410b.1
	Amount of backlog cancellations associated with hydrocarbon-related projects	Quantitative	Reporting currency	IF-EN-410b.2
	Amount of backlog for non-energy projects associated with climate change mitigation	Quantitative	Reporting currency	IF-EN-410b.3

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of active projects ³⁹	Quantitative	Number	IF-EN-000.A
Number of commissioned projects ⁴⁰	Quantitative	Number	IF-EN-000.B
Total backlog ⁴¹	Quantitative	Reporting currency	IF-EN-000.C

³⁹ Note to **IF-EN-000.A** – Active projects are defined as buildings and infrastructure projects under development that the entity was actively providing services to as of the close of the reporting period, including, but not limited to, both the design and construction stages. Active projects exclude projects that were commissioned during the reporting period.

⁴⁰ Note to **IF-EN-000.B** – Commissioned projects are defined as projects that were completed and deemed ready for service during the reporting period. The scope of commissioned projects shall only include projects that the entity provided construction services to.

⁴¹ Note to **IF-EN-000.C** – Backlog is defined as the value of projects not completed as of the close of the reporting period (i.e., revenue contractually expected in the future but that has not been recognized), or is defined by the entity, consistent with its existing disclosure of backlog. Backlog may also be referred to as revenue backlog or unsatisfied performance obligations. The scope of disclosure is limited to buildings and infrastructure projects where the entity provides engineering, construction, architecture, design, installation, planning, consulting, repair, and/or maintenance services, or other similar services.

Environmental Impacts of Project Development

Topic Summary

Infrastructure construction projects help improve economic and social development; however, they can also pose risks to the local environment and surrounding communities. Industry activities can disrupt local ecosystems through biodiversity impacts, emissions into the air, water discharges, natural resource consumption, waste generation, and the use of hazardous chemicals. In particular, construction companies perform clearing, grading, and excavation activities and may generate harmful waste during project construction. Effectively assessing environmental impacts prior to construction may help mitigate unforeseen issues that can raise operational and capital costs. In some cases, environmental concerns and/or local community pushback can result in project delays and, in extreme cases, project cancellations, which may impact a company's profitability and growth opportunities. A failure to comply with environmental regulations during construction can result in costly fines and remediation costs, and can damage a company's reputation. Environmental impact assessments can provide an understanding of a project's potential environmental impacts and the mitigation activities that may be necessary before it begins. Likewise, proper management of environmental risks during project construction can reduce regulatory oversight and/or community pushback. By assessing environmental considerations up front, as well as continuing to evaluate them during project development, engineering and construction companies may be better prepared to mitigate the potential environmental issues and financial risks that may occur, while also establishing a competitive advantage for obtaining new contracts with prospective clients.

Metrics

IF-EN-160a.1. Number of incidents of non-compliance with environmental permits, standards, and regulations

- 1 The entity shall disclose the total number of instances of non-compliance associated with the environment, including, but not limited to, violations of permits, standards, and/or regulations associated with waste, air quality and/or emissions, water discharges, water withdrawal exceedances, effluent limit exceedances (such as waste load allocation), violation of wastewater pretreatment requirements, oil or hazardous substance spills, land use, and endangered species.
- 2 The scope of disclosure includes incidents governed by national, state, and local statutory permits and regulations.
- 3 The scope of disclosure includes incidents of non-compliance received by the entity and by subcontractors under the entity's direct supervision.
- 4 An incident of non-compliance shall be disclosed regardless of whether it resulted in an enforcement action (e.g., fine and/or warning letter).
- 5 An incident of non-compliance, regardless of the measurement methodology or frequency, shall be disclosed. These include violations for one-time violations, continuous discharges, and non-continuous discharges.

IF-EN-160a.2. Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction

- 1 The entity shall discuss the processes it employs to assess and manage the environmental risks associated with project siting, design and construction.
 - 1.1 Environmental risks may include, but are not limited to, ecological impacts, biodiversity impacts, emissions to air, discharges to water, slope disturbance, soil disturbance and erosion, storm water management, waste management, natural resource consumption, and hazardous chemical usage.
- 2 The entity shall discuss the due diligence practices it employs to assess the environmental risks of projects, where relevant due diligence practices include environmental impact assessments and stakeholder engagement practices.
 - 2.1 Relevant items to discuss include, but are not limited to: practices to assess the baseline environmental considerations of the project site; feasible, environmentally preferable alternatives for the project; local legal requirements; the protection of biodiversity; use of renewable natural resources; use of hazardous substances; and efficient production, delivery and use of energy.
- 3 The entity shall discuss the operational practices it employs to the minimize environmental impacts during project siting, design, and construction, which may include, but are not limited to: waste management, reducing biodiversity impacts, emissions to air, discharges to water, natural resource consumption, and hazardous chemical usage.
- 4 The entity shall describe its approach to operating in compliance with all applicable environmental regulations and permits.
 - 4.1 Relevant items to discuss include, but are not limited to: employee training on relevant regulations and cleanup procedures, quality control processes on project sites, internal mechanisms for reporting and following up on environmental incidents, and maintenance and reporting of accurate data.
- 5 The entity shall discuss the use of codes, guidelines, and standards to assess and minimize environmental impacts of project siting, design, and construction, where applicable. Relevant codes, guidelines, and standards may include, but are not limited to:
 - 5.1 BREEAM®
 - 5.2 The Equator Principles
 - 5.3 International Finance Corporation's Environmental and Social Performance Standards and Guidance Notes
 - 5.4 Institute for Sustainable Infrastructure's (ISI) Envision® rating system
 - 5.5 International Organization for Standardization (ISO) environmental standards

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

- 5.6 United Nations Development Programme's Performance Standards on Environmental and Social Sustainability
 - 5.7 United Nations Global Compact's Environmental Principles
 - 5.8 U.S. Green Building Council's LEED® certification
- 6 The entity shall describe its approach to managing projects that have heightened environmental and/or social due diligence requirements or are expected to have significant adverse environmental and/or social impacts, including additional measures or policies it employs.
- 6.1 An example of a project type that has heightened environmental and/or social impacts are "Category A" projects categorized by the International Finance Corporation (IFC).
 - 6.2 The entity may describe its approach to categorizing the severity of environmental risk for its projects, including how it determines if a project has heightened environmental risk.
- 7 Where applicable and relevant, the entity shall describe differences between policies and practices for its different operating regions, project types, and business segments.
- 8 The scope of disclosure includes project stages associated with siting, design, and construction that the entity is involved with through contractual responsibility, including, but not limited to, feasibility studies, proposals, design and planning, subcontractor procurement, and construction.

Structural Integrity & Safety

Topic Summary

Whether providing engineering, design, architectural, consulting, inspection, construction, or maintenance services, companies in this industry have a professional responsibility to ensure the safety and integrity of their work. Errors or inadequate quality in the project design phase and construction of buildings or infrastructure can cause significant personal injury, loss of property value, and economic harm. Companies that perform poorly on structural integrity and safety can therefore face potentially high costs due to redesign and/or repair work and legal liabilities, as well as reputational damage that could hurt growth prospects. Moreover, when designing and constructing buildings or infrastructure, companies in the industry must increasingly contemplate potential climate change impacts, which may affect the structural integrity of projects and the safety of the general public. Compliance with minimum applicable codes and standards may not be sufficient for maintaining and growing reputational value (or even mitigating legal liabilities) in certain circumstances, especially if the frequency and severity of climate-change-related events increases as expected. Meeting or exceeding new industry standards for quality and establishing internal control procedures to address potential design issues, including those resulting from climate risks, are practices that can help companies reduce these risks.

Metrics

IF-EN-250a.1. Amount of defect- and safety-related rework costs

- 1 The entity shall disclose the total amount of defect- and safety-related rework costs incurred.
 - 1.1 Rework is defined, ~~consistent with the Construction Industry Institute's definition,~~ as activities in the field that have to be done more than once in the field or activities that remove work previously installed as part of the project.
 - 1.2 For the purposes of this disclosure, the scope of rework costs excludes costs resulting from client- or project-owner-driven modifications including, but not limited to, change orders, revisions to scope, or revisions to design.
 - 1.3 The scope of rework costs includes, but is not limited to, costs associated with labor, materials, design, equipment, and subcontractors.
- 2 The entity may discuss projects with significant rework costs relative to actual or projected total project costs. Relevant context to provide may include, but is not limited to:
 - 2.1 Root causes of rework
 - 2.2 Corrective actions implemented
 - 2.3 Financial impacts to company

IF-EN-250a.2. Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents

- 1 The entity shall disclose the total amount of monetary losses it incurred during the reporting period as a result of legal proceedings associated with defect- and safety-related incidents and allegations.
- 2 The legal proceedings shall include any adjudicative proceeding in which the entity was involved, whether before a court, a regulator, an arbitrator, or otherwise.
- 3 The losses shall include all monetary liabilities to the opposing party or to others (whether as the result of settlement or verdict after trial or otherwise), including fines and other monetary liabilities incurred during the reporting period as a result of civil actions (e.g., civil judgments or settlements), regulatory proceedings (e.g., penalties, disgorgement, or restitution), and criminal actions (e.g., criminal judgment, penalties, or restitution) brought by any entity (e.g., governmental, business, or individual).
- 4 The scope of monetary losses shall exclude legal and other fees and expenses incurred by the entity in its defense.

Note to **IF-EN-250a.2**

- 1 The entity shall briefly describe the nature (e.g., judgment or order issued after trial, settlement, guilty plea, deferred prosecution agreement, or non-prosecution agreement) and context (e.g., negligence) of all monetary losses as a result of legal proceedings.
- 2 The entity shall describe any corrective actions it has implemented as a result of legal proceedings. This may include, but is not limited to, specific changes in operations, management, processes, products, business partners, training, or technology.

Lifecycle Impacts of Buildings & Infrastructure

Topic Summary

Buildings and major infrastructure projects are among the largest users of natural resources in the economy; during construction, these materials include iron and steel products, cement, concrete, bricks, drywall, wallboards, glass, insulation, fixtures, doors, and cabinetry, among others. Once completed, and during their daily use, these projects often consume significant amounts of resources in the form of energy and water (for a discussion on direct environmental impacts from project construction see the Environmental Impacts of Project Development topic). Therefore, the sourcing of construction materials and the everyday use of buildings and infrastructure can contribute to direct and indirect greenhouse gas (GHG) emissions, global and/or local resource constraints, water stress, and negative human health outcomes. Client and regulatory pressures to develop a sustainable built environment are contributing to the growth of markets intended to reduce the lifecycle impacts of buildings and infrastructure projects. In response, various international sustainable building and infrastructure certification schemes have been developed to assess, among other aspects, a project's use-phase energy and water efficiency, impacts on human health, and the use of sustainable construction and building materials. As a result, multiple opportunities are being created for industries in the value chain—from suppliers that can provide such materials, to companies in the Engineering & Construction Services industry that can provide sustainability-oriented project design, consulting, and construction services. Such services can provide a competitive advantage and revenue growth opportunities as client demand for economically advantageous sustainable projects increases and related regulations evolve. Companies unable to effectively integrate such considerations into their services may stand to lose market share in the long term.

Metrics

IF-EN-410a.1. Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification

- 1 The entity shall disclose (1) the number of projects commissioned during the reporting period that were certified to a third-party multi-attribute sustainability standard.
 - 1.1 The scope of third-party multi-attribute sustainability standards is limited to standards or certifications that, at a minimum, address the following aspects of building or infrastructure design and construction:
 - 1.1.1 Energy efficiency;
 - 1.1.2 Water conservation;
 - 1.1.3 Material and resource efficiency; and
 - 1.1.4 Indoor environmental quality.
 - 1.2 Examples of third-party multi-attribute sustainability standards include:
 - 1.2.1 BREEAM®
 - 1.2.2 Green Globes®

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

1.2.3 Institute for Sustainable Infrastructure's (ISI) Envision®

1.2.4 LEED®

- 2 The entity shall disclose (2) the number of active projects that sought certification to a third-party multi-attribute sustainability standard during the reporting period.
 - 2.1 The scope of active projects includes all buildings and infrastructure projects actively under development at the close of the reporting period, including, but not limited to, those in the design and construction stages.
 - 2.2 The scope of active projects excludes projects that were commissioned during the reporting period.
- 3 The entity shall disclose the third-party multi-attribute sustainability standard(s) to which projects are certified or seeking certification.
- 4 The scope of disclosure is limited to projects in which the entity had a direct role in design, engineering, procurement and/or construction of the building or infrastructure project.
- 5 The scope of disclosure includes buildings (such as residential, commercial and retail, government, healthcare, and offices) and other infrastructure projects (such as transportation, oil and gas, electrical grid, renewable energy, water supply distribution, and water treatment).
- 6 The entity may discuss sustainability standards or guidelines that it implements into its building and infrastructure project design and construction that are not third-party verified.

IF-EN-410a.2. Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design

- 1 The entity shall provide a discussion of the process it uses to incorporate operational-phase energy and water efficiency considerations into project planning and design.
 - 1.1 Operational-phase energy and water efficiency considerations are solutions aimed at reducing and optimizing operational use of energy and water, including, but not limited to, water collection and reuse designs, repair and retrofits, improved insulation and material use, shading devices, energy procurement, and use of energy- and water-efficient devices and lighting.
 - 1.2 Relevant information to disclose includes, but is not limited to:
 - 1.2.1 The actions taken to incorporate such considerations, such as design solutions, technological solutions, material use, modeling of energy and water use
 - 1.2.2 The geographic markets where the entity operates in, including current and expected future energy and water efficiency regulations, potential constraints on water and/or energy resources, and stakeholder demands in those markets

- 1.2.3 Whether these energy and water efficiency solutions serve as competitive advantages in project bids and proposals, and how the entity communicates performance—including any perceived competitive advantages—to project owners
 - 1.2.4 How the entity communicates long-term cost-benefit analyses to project owners or developers, including the potential savings from energy efficiency projects based on past performance of energy efficiency projects
- 2 The entity shall describe its approach to assessing risks associated with operational-phase energy and water efficiency considerations, including internal policies, practices, and procedures.
- 3 The entity shall describe its use of codes, guidelines, and standards that address operational-phase energy and water efficiency, where applicable.
 - 3.1 The entity may discuss how its energy and water efficiency efforts exceed building code requirements.
- 4 The scope of disclosure excludes environmental impacts associated with project construction, as well as codes, guidelines, and standards associated with project construction, which are both included within the scope of IF-EN-160a.2.

Climate Impacts of Business Mix

Topic Summary

The Engineering & Construction Services industry works with clients that are exposed to potentially disruptive climate regulation as well as those that play a role in addressing climate change. Certain types of construction projects are significant contributors toward climate change due to the greenhouse gases (GHGs) emitted during their use phase. Projects that are likely to contribute to global GHG emissions include those in the oil and gas space and other extractives industries, as well as large buildings. While some infrastructure projects, such as renewable energy projects, are designed to reduce GHG emissions, many types of projects present trade-offs. Mass transit systems, for example, may be direct contributors of GHG emissions while lowering net emissions once the benefits offered by the system are factored in. Several companies in the industry generate a substantial share of revenues and profits from clients in carbon-intensive industries and whose future capital expenditures may be at risk due to evolving climate regulations. Downside risks may manifest through project delays, cancellations, and diminished long-term revenue growth opportunities. On the other hand, companies that specialize in infrastructure projects that contribute to GHG mitigation could develop competitive advantages as they continue to focus on these growing markets. As the industry and its customers continue to operate within an uncertain business environment and face increasing environmental and regulatory requirements, assessing and communicating the risks and opportunities stemming from climate change that are embedded in a company's backlog and future business prospects can be helpful for investors in assessing the overall impact of climate change on the business.

Metrics

IF-EN-410b.1. Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects

- 1 The entity shall disclose the amount of its backlog associated with (1) hydrocarbon-related projects.
 - 1.1 Backlog is defined as the value of projects not completed as of the close of the reporting period (i.e., revenue contractually expected in the future but that has not been recognized), or is defined by the entity, consistent with its existing disclosure of backlog. Backlog may also be referred to as revenue backlog or unsatisfied performance obligations.
 - 1.2 Hydrocarbon-related projects are defined as any type of project directly associated with the hydrocarbon value chain, including, but not limited to: hydrocarbon exploration, extraction, development, production, and/or transportation; hydrocarbon infrastructure services and maintenance; hydrocarbon power generation; and hydrocarbon-related downstream services.
 - 1.2.1 Examples of hydrocarbon-related projects include, but are not limited to: any project directly associated with oil, gas, or coal production; transportation; refining; and fossil fuel-based electricity generation.

- 2 If a significant portion of the entity's backlog in hydrocarbon-related projects is associated with natural gas power generation projects, the entity may provide supplemental disclosures describing this proportion of backlog and the sustainability impacts of such projects relative to alternatives or baseline scenarios.
- 3 The entity may provide a description of the sustainability implications of hydrocarbon-related projects, including, but not limited to, project descriptions, categorizations by resource type, expected sustainability impacts, and risks related to project completion and/or conversion to revenue.
- 4 The entity shall disclose the amount of its backlog associated with (2) renewable energy projects.
 - 4.1 Renewable energy is defined as energy from sources that are replenished at a rate greater than or equal to their rate of depletion, ~~consistent with U.S. Environmental Agency Protection (EPA) definitions~~, such as geothermal, wind, solar, hydro, and biomass.
- 5 The entity shall exclude from its calculations and disclosures of backlog any amount of an order backlog cancellation that re-enters order backlog during the same reporting period as a result of a project owner's successful re-planning of the project.
- 6 The scope of disclosure is limited to projects where the entity provided engineering, architecture, design, construction, installation, planning, consulting, repair, and/or maintenance services, or other similar services.

IF-EN-410b.2. Amount of backlog cancellations associated with hydrocarbon-related projects

- 1 The entity shall disclose the amount of its total backlog associated with hydrocarbon-related projects of any type that was cancelled during the reporting period for any reason.
 - 1.1 Backlog is defined as the value of projects not completed as of the close of the reporting period (i.e., revenue contractually expected in the future but that has not been recognized), or is defined by the entity, consistent with its existing disclosure of backlog. Backlog may also be referred to as revenue backlog or unsatisfied performance obligations.
 - 1.2 Backlog cancellations are defined as the amount of backlog cancelled, reduced, terminated, or deferred such that it no longer meets the definition of backlog, or removed from the backlog for any reason other than conversion to revenue or currency exchange rate fluctuations.
 - 1.2.1 Backlog cancellations include cancellations that occur for any reason, including, but not limited to, a customer's failure to obtain necessary project permitting or financing, a customer's voluntary project cancellation, and reduction in project scope due to financial constraints.
 - 1.2.2 The scope of backlog cancellations excludes cancellations associated with decommissioning projects.

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

- 1.3 Hydrocarbon-related projects are defined as any type of project directly associated with the hydrocarbon value chain, including, but not limited to: hydrocarbon exploration, extraction, development, production, and/or transportation; hydrocarbon infrastructure services and maintenance; hydrocarbon power generation; and hydrocarbon-related downstream services.
 - 1.3.1 Examples of hydrocarbon-related projects include, but are not limited to: any project directly associated with oil, gas, or coal production; transportation; refining; and fossil fuel-based electricity generation.
- 2 The scope of disclosure is limited to projects where the entity provided engineering, architecture, design, construction, installation, planning, consulting, repair, and/or maintenance services, or other similar services.
- 3 The entity may discuss specific backlog cancellations, including the root cause and corrective actions taken to prevent future backlog cancellations.

IF-EN-410b.3. Amount of backlog for non-energy projects associated with climate change mitigation

- 1 The entity shall disclose the amount of its backlog for non-energy projects associated with climate change mitigation.
 - 1.1 Backlog is defined as the value of projects not completed as of the close of the reporting period (i.e., revenue contractually expected in the future but that has not been recognized), or is defined by the entity, consistent with its existing disclosure of backlog. Backlog may also be referred to as revenue backlog or unsatisfied performance obligations.
 - 1.2 Non-energy projects are defined as projects that are not directly associated with the energy value, where the energy value chain includes, but is not limited to: hydrocarbon exploration, extraction, development, production, and transportation; power generation projects (hydrocarbon and renewable); and energy infrastructure services and maintenance.
 - 1.3 Climate change mitigation is defined by the Intergovernmental Panel on Climate Change (IPCC) as an anthropogenic intervention to reduce the sources or enhance the sinks of greenhouse gases (GHG).
- 2 The scope of disclosure shall only include projects that are significantly motivated by, or undertaken in response to, climate change mitigation. Such climate change mitigation is not required to be the primary project motivation, but it must be a significant motivating factor for project development and implementation.
 - 2.1 Examples of projects that may be associated with climate change mitigation include, but are not limited to: mass transportation systems; alternative, low-carbon transportation systems; carbon capture and storage; hydrocarbon-related decommissioning projects; and energy efficiency infrastructure retrocommissionings.

- 3 The scope of disclosure shall only include projects that provide significant climate change mitigation relative to a baseline scenario, or baseline emissions, defined as the GHG emissions that may occur without project implementation.
 - 3.1 The entity may use or reference all or part of the “European Investment Bank Induced GHG Footprint” methodology for assessing relative emissions (including absolute emissions and/or baseline emissions).
 - 3.2 The entity may use alternative methodologies or proprietary methodologies for assessing climate change mitigation relative to a baseline scenario or baseline emissions.
- 4 The scope of disclosure shall exclude all backlog directly associated with the energy value chain, which may be equivalent to backlog included in IF-EN-410b.1, with the exception of hydrocarbon-related decommissioning projects.
- 5 The entity may exclude backlog associated with decommissioning projects.
- 6 The scope of disclosure is limited to buildings and infrastructure projects where the entity provided engineering, architecture, design, construction, installation, planning, consulting, repair, and/or maintenance services, or other similar services.