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Industry-based Guidance on implementing Climate-related Disclosures

Volume 2—Appliance Manufacturing



International Sustainability Standards Board

IFRS S2 CLIMATE-RELATED DISCLOSURES–JUNE 2023

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IFRS S2 INDUSTRY-BASED GUIDANCE

Introduction

This volume is part of the Industry-based Guidance on Implementing IFRS S2 Climate-related Disclosures. This guidance suggests possible ways to apply some of the disclosure requirements in IFRS S2 but does not create additional requirements.

This volume suggests possible ways to identify, measure and disclose information about climate-related risks and opportunities that are associated with particular business models, economic activities and other common features that characterise participation in this industry.

This industry-based guidance has been derived from Sustainability Accounting Standards Board (SASB) Standards, which are maintained by the International Sustainability Standards Board (ISSB). The metric codes used in SASB Standards have been included for ease of reference. For additional context regarding the industry-based guidance contained in this volume, including structure and terminology, application and illustrative examples, refer to Section III of the Accompanying Guidance to IFRS S2.

Volume 2—Appliance Manufacturing

Industry Description

Appliance Manufacturing industry entities design and manufacture household appliances and hand tools. Entities in this industry sell and manufacture products all over the world, primarily selling products to consumers through retailers.

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 an energy efficiency certification	Quantitative	Percentage (%) by revenue	CG-AM-410a.1
	Percentage of eligible products by revenue certified to an environmental product lifecycle 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

Product Lifecycle Environmental Impacts

Topic Summary

Entities in the Appliance Manufacturing industry seek to differentiate their products from those of competitors. One important differentiating factor is the lifecycle environmental impact of products and an entity's ability to design products with the entire lifecycle in mind, from creation and use to disposal. This includes appliance energy and water efficiency, 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. Entities designing and manufacturing products to decrease lifecycle environmental impacts are more likely to increase market share owing to a lower cost of ownership, and they may better manage increased regulation related to issues such as extended producer responsibility.

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.

IFRS S2 INDUSTRY-BASED GUIDANCE

Metrics

CG-AM-410a.1. Percentage of eligible products by revenue certified to an energy efficiency certification

- 1 The entity shall disclose the percentage of its revenue from eligible products certified to 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 certification exists, such as: heating and cooling product categories such as air purifiers, clothes dryers, clothes washers, dehumidifiers, dishwashers, freezers, refrigerators, air conditioners, boilers, ductless heating and cooling, furnaces, heat pumps and ventilation fans.
- 2 The scope of disclosure includes products that meet the requirements of the most current version of the applicable certification requirements.
 - 2.1 If the entity has products certified to a previous version of 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 the time line(s) for achieving certification to the most current requirements version.
- 3 For each jurisdiction where the entity sells products, the entity shall disclose the applicable certification programme.

CG-AM-410a.2. Percentage of eligible products by revenue certified to an environmental product lifecycle standard

- 1 The entity shall disclose the percentage of its revenue from eligible products certified to a third-party environmental product lifecycle standard.
 - 1.1 Environmental product lifecycle standard is defined as a certification programme or standard focused product design and materials, manufacturing processes, product performance during use-phase, and product end-of-life.
 - 1.2 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.
 - 1.2.1 Eligible products are those in a product category for which certification exists, including: refrigeration appliances, washers, dryers, cooking appliances, air conditioners, microwave oven appliances, dehumidifier appliances and floor care appliances.
- 2 The scope of disclosure includes products that meet the requirements of the most current version of the applicable certification requirements.

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- 2.1 If the entity has products certified to a previous version of 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 time line(s) for achieving certification to the most current requirements version.
- 3 For each jurisdiction where the entity sells products, the entity shall disclose the applicable certification programme or disclose the applicable international certification programme.

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, which may include toxic heavy metals (for example, mercury and cadmium), rigid polymers, refrigerants and other metals (for example, steel and aluminium).
- 2 The entity shall describe the scope of its efforts, including to which product categories, business segments or operating regions they relate.
- 3 The entity shall discuss how it includes end-of-life considerations in product design such as:
 - 3.1 Use of materials that are easily and commonly recyclable in existing recycling infrastructure
 - 3.2 Eliminating or minimising the use of hazardous materials or materials that may otherwise pose environmental harm upon disposal (for example, refrigerants with ozone depleting potential 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 labelling 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:
 - 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
 - 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



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