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(Convocatoria 2024)**

Sustainability reporting in the mining, quarrying and coal sector

Analysis of the EFRAG project for the drafting of sector-specific ESRS

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SUSTAINABILITY REPORTING IN THE MINING, QUARRYING
AND COAL SECTOR. ANALYSIS OF THE EFRAG PROJECT
FOR THE DRAFTING OF SECTOR-SPECIFIC ESRS

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Executive Summary

1. Situation of the mining, quarrying and coal sector in Spain

The mining, quarrying and coal sector in Spain encompasses a range of activities, including the extraction of metallic minerals, non-metallic minerals and construction materials. Although historically significant, the sector has seen a decline in its relative weight within the Spanish economy due to resource depletion, technological advances and the shift towards cleaner energy sources. In 2022, the sector accounted for 0.13% of GDP and 1% of industrial value added. Despite ongoing challenges, certain sub-sectors, such as metal mining, have experienced a revival driven by global demand. However, the sector is subject to environmental and energy policy constraints, with coal mining in particular in decline due to competition from renewable energy sources.

Mining activities in Spain are concentrated in certain regions: Castile and León: extraction of ornamental stone; Andalusia: main producer of metallic minerals; Galicia: slate production; Catalonia and Valencia: extraction of aggregates and industrial minerals.

The sector faces several key challenges:

- Decarbonisation: The transition to clean energy mainly affects coal mining.
- Green minerals: Demand for minerals used in green technologies presents opportunities, particularly for metals such as copper, lithium and cobalt.
- Sustainability: Mining operations must comply with strict environmental regulations, with particular emphasis on land rehabilitation after extraction.
- Modernisation: Automation and the adoption of advanced technologies are transforming the sector, though they require investment.
- Local economic impact: Many regions depend on mining employment, which raises the challenge of diversifying the economy.

In conclusion, the mining, quarrying and coal sector in Spain is undergoing a process of transformation, and faces environmental, automation and sustainability challenges. Despite the decline in coal, metal mining and the extraction of construction materials offer positive prospects due to international demand.

2. Analysis of the differences between the ESRS MQC Exposure Draft and the other ESRS

The ESRS are structured into disclosure requirements (DRs), datapoints (DPs), and application requirements (ARs), each of which is specific to a topic, sector or sub-topic. A distinction is made between “policies, actions and targets” (PATs) and “metrics”, whereby PATs are mandatory based on the materiality assessment, while metrics may be omitted if they are not considered material.

As a sector-specific standard, the Exposure Draft applies to all undertakings in the sector. It addresses impacts, risks and opportunities that are likely to be material for all undertakings in a specific sector and that are not covered, or not sufficiently covered, by the topical standards. Its content is organised into additional datapoints (DPs) and application requirements (ARs), as well as sector-specific disclosure requirements (DRs).

The Exposure Draft reflects an evolution in the identification of material matters. In earlier versions, certain topics were listed as material, but in the latest updates, the list of topics, sub-topics and sub-sub-topics has been revised, so it can be assumed that those included in the Exposure Draft are considered of particular relevance for undertakings in this sector. This does not preclude the possibility that other matters listed only in ESRS 1 may also be considered material.

The content of the Exposure Draft shows progress in the definition of sub-topics and sub-sub-topics compared with the topical ESRS. New matters have been introduced, such as industrial hazards, closure of assets and tailings management, which are essential for the sector and are classified as “cross-cutting sustainability matters”. In addition, particular attention has been given to environmental topics such as climate change, pollution, water and biodiversity, with sector-specific content that addresses the sector’s key challenges, including methane emissions, waste management and water stress.

On social matters, the Exposure Draft includes topics related to working conditions, the rights of indigenous peoples and the management of affected communities, reflecting the sector’s specific exposure to human rights issues and local community impacts.

This report compares the GRI standards for the coal sector (GRI 12) and the mining sector (GRI 14) with the Exposure Draft. Both frameworks aim to promote sustainability and the disclosure of environmental, social and governance (ESG) information, but they differ in focus and scope. GRI 12 and GRI 14 address sector-specific matters such as environmental management, community relations and governance, with a more detailed approach to the specific features of coal and mining activities. In contrast, the Exposure Draft takes a broader and more comprehensive approach, aligned with European guidelines, promoting corporate responsibility throughout the entire value chain and requiring stricter and more transparent practices at international level.

3. Analysis of the sustainability reporting provided by Spanish companies in the sector

This analysis aims to examine the sustainability information disclosed by Spanish companies in the mining, quarrying and coal sector, in the context of the forthcoming sector-specific ESRS. Thirteen companies were selected for the study, all of which will be required to comply with the future sustainability legislation.

The sustainability information available on their websites and in their non-financial statements was reviewed, including sustainability reports, environmental, social and governance (ESG) reports and sustainability disclosures for the year 2022 or 2023.

The 13 companies selected are Atalaya Riotinto Minera, Cobre Las Cruces, Cupire Padesa, Eiffage Infraestructuras, Fertiberia, Iberpotash, Magnesitas Navarras, Minas de Aguas Teñidas, Minerales y Productos Derivados, SAICA Natur, Saint Gobain Placo, Sibelco Minerales and Tolsa. Of these, eight companies apply SASB standards, ten use GRI standards, and two companies do not reference either of these frameworks.

The study provides a detailed picture of the sector’s level of preparedness for sustainability disclosure under the forthcoming sector-specific ESRS, identifying potential areas for improvement and the effort required by companies to meet the new regulatory requirements.

In this regard, the analysis of the sustainability reports of the thirteen largest companies in the mining, quarrying and coal sector in Spain, in relation to the Exposure Draft, has revealed several key findings:

- ✓ Disclosure areas:
 - Environment is the area with the highest level of disclosure among the companies studied, although the information is often incomplete, generic, and not always aligned with the detailed requirements.
 - Governance ranks second, with more structured information, but still limited compared to other sectors.

- Social ranks third, but key areas such as labour rights, work stoppages and engagement with affected communities are barely addressed.
- Cross-topical sector and general information are the areas with the lowest level of disclosure, with a notable absence of information on key aspects such as activity indicators and industrial and occupational health risks.
- ✓ Deficiencies in disclosure: Of the 56 items analysed, 19 are not addressed in any way, highlighting the lack of preparedness of companies to comply with all the requirements. Some relevant items are not reported, possibly due to a perception that they are not materially significant or for reputational reasons.
- ✓ Effort required to comply with the standard: Companies will need to make a significant effort to meet the new requirements of the Exposure Draft, particularly with regard to worker-related risks and the disclosure of accurate information on environmental, social and governance matters.
- ✓ Challenges and opportunities: Although some of the requested items already exist internally within companies, additional efforts are needed to formalise and disclose this data in line with the requirements of the standard. The transition to the sector-specific standard will be a challenge, but also an opportunity to improve transparency and sustainability management within the sector.

Ultimately, although the mining, quarrying and coal sector in Spain still holds significant economic importance, it also presents major environmental risks. The Exposure Draft introduces key topics such as industrial hazards, closure of assets and tailings management, which have important implications for sustainability. Although the standard shares similarities with the GRI, companies will need to adapt to new requirements to enhance transparency and sustainability reporting. Accordingly, companies should begin preparing to comply with the new obligations, adapting their disclosure practices to the new metrics set out in the standard, which will enable them not only to meet the regulatory requirements but also to improve their environmental, social and governance performance and reputation.

1 Introduction

In December 2015, the Paris Agreement on Climate Change was adopted. Previously, in September of the same year, the UN approved the 2030 Agenda for Sustainable Development, which constitutes an action plan covering all aspects of the fight against climate change. As a result, in 2018 the European Union presented the Action Plan on Sustainable Finance, one of whose objectives is to increase the transparency of corporate reporting through a revision of the guidelines on non-financial information, aligning them more closely with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Directive (EU) 2022/2464 as regards corporate sustainability reporting falls within the scope of the Action Plan's third pillar, which focuses on the disclosure of information to reduce information asymmetries and enable the market to assess the effectiveness of the instruments used to achieve environmental objectives. Articles 19a and 29a of the Directive regulate in detail the content of the sustainability reporting. The sustainability reporting should be included in the company's management report, providing the information necessary to understand the company's impact on sustainability issues, as well as the information necessary to understand how sustainability issues affect the company's performance, results and position. In the case of Spain, this process led to the reform introduced by Act 11/2018, which set out in greater detail the content of the non-financial statement.

EFRAG (European Financial Reporting Advisory Group) is the body responsible for drafting the European Sustainability Reporting Standards (ESRS¹), acting as technical adviser to the European Commission and at its request, with a view to their adoption by means of delegated acts. The European Commission's intention is to develop a series of standards grouped into four areas: general, sector-specific, for listed SMEs, and voluntary for non-listed SMEs.

In September 2022, EFRAG began developing the second set of draft standards, which includes ESRS SEC1 on sector classification and four essential sector-specific standards, one of which concerns the mining, quarrying and coal sector.

The development process includes two main stages (Exposure Draft stage and Final Draft stage), each of which has specific phases detailed below.

The development of sector-specific standards begins with an Exposure Draft stage consisting of four initial phases: research, drafting, validation and approval of the draft standards for public consultation.

Following the approval of the Exposure Draft, the Final Draft stage begins, consisting of five phases: public consultation, analysis, re-deliberation, approval of the final draft standards, and final editing of the standards before their publication by EFRAG as technical advice to the European Commission.

For the mining, quarrying and coal sector, on 3 February 2023 EFRAG approved a working paper to prepare the draft of the future ESRS MQC, which was subsequently published on 27 February 2023 as an Exposure Draft and opened for debate by the EFRAG Sustainability Reporting Technical Expert Group (EFRAG SR TEG). Since early 2024, six new Exposure Drafts have been published: version 3.1 was published on 6 June; version 3.2 on 3 July; version 3.3 on 4 September; and two Exposure Drafts were released on 17 September and 2 October, incorporating the changes approved by the EFRAG SR TEG on 3 July 2024 and amended following the meetings of the EFRAG Sustainability Reporting Board (EFRAG SRB) in June, July and September 2024.

¹ Throughout this report we use the term ESRS to refer both to the European Sustainability Reporting Standards as a whole and to the individual standards.

Finally, on 16 October, another Exposure Draft was published, containing minor changes from the previous version, and it is this draft on which the present report is based. Throughout the report we will refer to this latest exposure draft as the ESRS MQC Exposure Draft.

The general objective of this report is to analyse EFRAG's project for the development of the ESRS concerning sustainability reporting in the mining, quarrying and coal sector. We understand that this makes it possible to identify the most relevant issues for its application and, by comparing it with the GRI, which is currently the most widely used international standards in practice, to better assess its scope.

To this end, following a discussion of the situation of the sector in Spain, potential differences and points of convergence with the other existing ESRS are analysed. We thus evaluate the characteristics of the sector standard to be applied, as well as the areas in which more or less emphasis is placed for disclosure purposes.

However, this alone would not allow us to understand the potential impact that the adoption of this sector standard may have on companies. To this end, the proposed methodology consists in analysing the extent to which companies are already following the new standard currently under consideration for adoption. The main contribution of this work for the ICAC, as the accounting regulator, is to provide an analysis from an academic and therefore unbiased perspective of the standard, its strengths, shortcomings and potential implementation challenges, offering, in short, an assessment of what the introduction of this sector standard would imply in the Spanish context.

This report is structured as follows: after this introduction, the situation of the mining, quarrying and coal sector in Spain is briefly presented. Next, an analysis is carried out of how the ESRS MQC Exposure Draft integrates with the ESRS currently in force. Finally, a content analysis is presented of the sustainability information disclosed by Spanish companies in the sector.

2 Situation of the mining, quarrying and coal sector in Spain

This section briefly presents the mining, quarrying and coal sector in Spain. It summarises the activity and types of operation, and provides relevant data included in the economic information available for this sector, relating to production value, employment, number of operations, leading companies and geographical distribution. It also analyses the current situation of the sector and highlights the challenges it faces. Finally, the most influential organisations and associations in the sector are presented.

The data set out in this report were obtained from the *Estadística Minera de España* [Mine Statistics of Spain] (2022) published by the Ministry for the Ecological Transition and the Demographic Challenge and from the National Statistics Institute (INE). These are the most recent data available at the time of writing.

2.1. Activity and types of operation

The mining and quarrying sector in Spain encompasses a wide range of activities and methods of operation, including the extraction of metallic minerals, non-metallic minerals and construction materials. The main types of operation are:

- ✓ Open-pit mines: These surface operations enable the direct extraction of minerals from the earth's surface. They are common in the extraction of both metallic and non-metallic minerals.
- ✓ Underground mines: These mines use shafts and underground galleries to access minerals found at greater depths.
- ✓ Quarries: Open-pit operations where industrial rocks and minerals are extracted, such as aggregates, limestone, marble, granite and slate.

Mining activities also include the processing of extracted substances, such as crushing, size classification, washing and concentration, in order to prepare the materials for sale.

The mining, quarrying and coal sector has historically played a significant role in the Spanish economy, although its importance has shifted considerably over time due to various factors, including resource depletion, technological development, environmental regulation and energy policy. In 2022, mining, quarrying and coal accounted for approximately 0.13% of GDP and 1% of industrial gross value added at factor cost in Spain.

Metal mining has experienced a revival in certain regions due to global demand for metals and minerals. Projects such as the Riotinto mines in Huelva and Cobre Las Cruces in Seville have seen renewed investment and modernisation of their operations, demonstrating the potential of this sector.

Quarries in Spain are essential for the production of construction materials such as aggregates, limestone, granite, marble and slate. These materials are vital to the construction industry, which is

a major component of the Spanish economy. Spain is particularly well known for the production of marble and slate, which are exported internationally.

The coal sector, which played a crucial role in Spain's industrialisation, especially in the 20th century, has declined sharply in recent decades due to competition from cheaper and cleaner energy sources such as natural gas and renewables. The Coal Plans and the 2013–2018 Action Framework, agreed between the government and the European Union in relation to environmental policy and the EU's climate objectives, have led to the progressive closure of mines and the redeployment of workers. The last operational coal mines are scheduled.

2.2. Production value

In general, mining products are classified into the following sub-sectors:

- Energy products.
- Metallic minerals.
- Industrial minerals.
- Ornamental rocks.
- Other quarry products.
- Mineral and thermal waters².

In 2022, domestic mining production exceeded €3,938 million, an increase of 14.4% compared with 2021, with the following breakdown:

- Metallic minerals: €1,155.01 million, with copper and tungsten as the most important metals.
- Industrial minerals: €1,218.39 million, with significant production of potash, magnesite, celestine and rock salt.
- Quarry: €1,091.28 million, linked to developments in civil and public works, including cement and gypsum production, with aggregates as the most prominent.
- Ornamental rocks: €441.51 million, with marble and slate standing out.
- Energy products: €36.68 million.

As regards the regional distribution of the production value, Andalusia leads, accounting for 34% of the total value, due to the high value of the metals extracted there.

By sub-sector, Andalusia and Asturias stand out in metallic minerals (77% of production); Catalonia, Castile and León, Madrid and Castile-La Mancha in industrial minerals (75%); Andalusia, Catalonia, Castile and León, Valencia and Aragón in quarry products (60%); and Galicia and Castile and León in ornamental rocks (68.7%).

It should be noted that no coal has been mined in Spain from 1 January 2019. For this reason, no data is provided.

2.3. Employment

Employment in the mining and quarrying sector is significant, although it has declined in recent decades due to automation and the reduced demand for certain minerals. The sector currently employs approximately 29,000 direct workers, of whom around 23,800 are engaged in the extraction of non-metallic rocks and minerals. In terms of hours worked, the quarrying sub-sector is also the most important. However, many operations are demand-driven and operate intermittently.

² In this report we do not consider this sub-sector because it is not included in the ESRS MQC Exposure Draft analysed.

2.4. Number of operations and companies

In Spain, the mining and quarrying sector comprises a significant number of operations and companies. According to recent data, there are approximately 2,610 active mining operations. These fall into various categories, with a clear predominance of quarries (76%) and ornamental rock operations (16.7%).

Only four companies employ more than 500 employees (19% of total employment), 21 companies employ between 100 and 499 employees, and 35 companies have between 50 and 99 employees. 76% of operations have fewer than ten employees.

Andalusia, Catalonia, Castile and León and Galicia account for 62.5% of national mining employment.

The sector is dominated by several large companies, some of which have international operations:

- Atalaya Riotinto Minera: Operator of the Riotinto mine (Huelva), engaged in the extraction of copper and other minerals. The mine has a long history and currently focuses on the sustainable and responsible production of metals.
- Cobre Las Cruces: This company extracts copper from the open-pit Las Cruces mine located in the municipalities of Gerena, Salteras and Guillena (Seville). It is one of the main copper producers in Spain and uses advanced technology to maximise efficiency and reduce environmental impact.
- Cupire Padesa: A company specialising in the extraction, processing, production and marketing of slate. It supplies materials primarily to the construction sector and operates both in Spain and internationally, mainly in Europe.
- Iberpotash: Engaged in the extraction of potash, a mineral salt essential for fertiliser production. It operates several mines in Catalonia and is a key player in the agricultural sector.
- Magnesitas Navarras: Focused on the extraction and processing of magnesite, a mineral used in the manufacture of refractory materials, animal feed and fertilisers, and also in the iron and steel industry.
- Minas de Aguas Teñidas: A company specialising in the extraction of metallic minerals, especially copper and zinc, from the Aguas Teñidas area (Huelva). It focuses on sustainable and responsible mining practices.
- Minerales y Productos Derivados: Part of the Minersa group, this company produces industrial minerals, chemical products, construction materials, natural absorbents and decolourants.
- Sibelco Minerales: Part of the Sibelco group, this company is involved in the extraction, operation and use of mineral deposits, including silica sands and other products for various construction and manufacturing applications. It has several operations throughout Spain.
- Tolsa: It specialises in the extraction and commercialisation of non-metallic minerals, particularly sepiolite, which is used in a wide range of industrial applications, from pet products to construction materials.

These companies represent a significant part of the mining sector in Spain, each with its own specialisation and contribution to the market.

2.5. Geographical distribution

Mining activity in Spain is unevenly distributed across the territory, with some regions playing a more prominent role than others:

1. Asturias: Historically known for its coal mines. Although their number has declined, some operations remain active.

2. Castile and León: This region is prominent in ornamental rock and construction material extraction, with provinces such as León and Burgos hosting a high concentration of quarries.
3. Andalusia: Stands out in metal mining, especially in the province of Huelva, with major copper and zinc mines.
4. Galicia: Renowned for slate production, particularly in the provinces of Ourense and Lugo.
5. Catalonia and Valencia: They play an important role in the extraction of aggregates and industrial minerals.

2.6. Current situation and challenges

The sector faces a number of challenges and opportunities in the current context:

- ✓ Decarbonisation: The shift towards cleaner energy sources and decarbonisation policy has had a significant impact on coal mining in Spain. Although coal use has declined, the recent energy crisis led to a temporary return to this resource, highlighting the need for energy diversification.
- ✓ Demand for green minerals: The growing demand for minerals essential to green technologies and digitalisation presents an opportunity for both metallic and non-metallic mining. Minerals such as copper, lithium and cobalt are essential for batteries and renewable energy technologies.
- ✓ Sustainability and environment: Environmental regulations are strict, and mining companies must comply with rigorous standards to mitigate the ecological impact of their operations. One of the most important measures is the rehabilitation of land following extraction.
- ✓ Modernisation and automation: The incorporation of advanced technologies and automation are transforming the sector. The use of autonomous machinery and efficient extraction technologies is increasing, although it requires significant investment. The aim is to improve efficiency and reduce the operating costs of mining operations.
- ✓ Local economic impact: Areas where mining and quarrying activities take place often depend economically on these sectors, which can have a significant impact on their immediate surroundings. Economic diversification is a key challenge for these regions.

The mining, quarrying and coal sector in Spain is undergoing a period of transformation, driven by the need to adapt to environmental policies and the demand for new technologies. Diversification and modernisation are key to the sector's sustainable future, which continues to be an important source of employment and economic development in several regions of the country.

2.7. Organisations and associations

The most important organisations and associations in the mining sector in Spain are listed below.

Asociación Nacional de Industrias Extractivas y Afines (AINDEX)

This federation brings together companies in the extractive industries involved in the exploitation and/or commercialisation of non-metallic and non-energy rocks and minerals (industrial minerals), as well as related or auxiliary activities. It provides resources on legislation, training and events.

- <https://aindex.es/>

Cámara Oficial Minera de Galicia (COMG)

It represents and supports mining companies in Galicia, offering resources specific to regional and national regulations.

- <https://camaraminera.org/>

Confederación Nacional de Empresarios de la Minería y de la Metalurgia (CONFEDEM)

This association represents companies in the mining, metallurgical and mineral processing sectors in Spain, and provides information on regulations, events and sector updates.

- <https://www.confedem.com/>

3 Analysis of the differences between the ESRS MQC Exposure Draft and the other ESRS

This section of the report analyses the differences between the ESRS MQC Exposure Draft and the other ESRS, focusing on the following aspects: first, general matters are addressed; next, the alignment of the structure of the Exposure Draft with the rest of the ESRS is examined; this is followed by an analysis of the issues of materiality and the content-related aspects of the Exposure Draft. The analysis concludes with a brief comparison between the Exposure Draft and the sector-specific standards issued by the Global Sustainability Standards Board (GSSB) relating to the coal and mining sectors: GRI 12 and GRI 14, respectively. At the end of the study, in Annex 1, a table is included (Table 11. Outline of the content of the ESRS MQC Exposure Draft of 16 October 2024), which provides a schematic summary of the content of the ESRS MQC Exposure Draft.

3.1. General issues

As stated in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, the ESRS structure the information to be disclosed into disclosure requirements (DRs), each of which consists of one or more distinct datapoints (DPs) (paragraph 16). In addition, most ESRS also include application requirements (ARs) to support the implementation of the disclosure requirements (paragraph 17).

Whereas the topical ESRS cover sustainability matters and are structured into topics, sub-topics and sub-sub-topics (paragraph 8), the sector-specific standards apply to all undertakings in a sector, and address the impacts, risks and opportunities that are likely to be material for all undertakings in a specific sector and that are not covered, or not sufficiently covered, by the topical standards (paragraph 10). This is also the subject of paragraph 1 of the ESRS MQC Exposure Draft under review.

Also noteworthy is paragraph 3 of the Exposure Draft, which indicates that requirements classified as "policies, actions and targets" (PATs) will be subject to the materiality provisions of paragraph 33 of ESRS 1, which states:

"When disclosing information on policies, actions and targets in relation to a sustainability matter that has been assessed to be material, the undertaking shall include the information prescribed by all the Disclosure Requirements and datapoints in the topical and sector-specific ESRS related to that matter and in the corresponding Minimum Disclosure Requirement on policies, actions, and targets required under ESRS 2. If the undertaking cannot disclose the information prescribed by either the Disclosure Requirements and datapoints in the topical or sector-specific ESRS, or the Minimum Disclosure Requirements in ESRS 2 on policies, actions and targets, because it has not adopted the respective policies, implemented the respective actions or set the respective

targets, it shall disclose this to be the case and it may report a timeframe in which it aims to have these in place."

On the other hand, the same paragraph 3 notes that those classified as 'metrics' are subject to the provisions of paragraph 34 of ESRS 1, which states:

"When disclosing information on metrics for a material sustainability matter according to the Metrics and Targets section of the relevant topical ESRS, the undertaking:

- a) shall include the information prescribed by a Disclosure Requirement if it assesses such information to be material; and*
- b) may omit the information prescribed by a datapoint of a Disclosure Requirement if it assesses such information to be not material and concludes that such information is not needed to meet the objective of the Disclosure Requirement."*

In this way, undertakings must disclose material "policies, actions and targets", or otherwise indicate that they have not complied with the requirement. However, in the case of metrics, it is permitted to omit the prescribed information without having to report any non-compliance.

3.2. Structure of the ESRS MQC Exposure Draft

The most recent ESRS MQC Exposure Draft available at the time of writing this report is the version published by the EFRAG SRB on 16 October 2024, which serves as the basis for the following analysis.

Paragraph 2 of the Exposure Draft distinguishes between the following structural elements:

- Additional sector-specific DPs (datapoints) and/or ARs (application requirements) related to sector-agnostic disclosure requirements. While the DPs are located in the main body of the standard, the ARs appear in Appendix B of the standard.
- Sector-specific Disclosure Requirements are identified by a progressive numbering (MQC 1, MQC 2, etc. up to MQC 14).

As the ESRS MQC Exposure Draft is a sector-specific standard, undertakings subject to it must also consider, where applicable, the cross-cutting and topical standards, as set out in paragraph 4 of ESRS 1 of Commission Delegated Regulation (EU) 2023/2772. Paragraph 4 of the Exposure Draft states that an undertaking falls within the scope of this standard when mining, quarrying and coal constitute a significant sector in accordance with paragraph 40 (b) and/or (c) of ESRS 2, using the criteria set out in AR 13 of that same standard, which provides:

"AR 13. For the purposes of the disclosures required in paragraph 40, a group of products and/or services offered, a group of markets and/or customer groups served, or an ESRS sector, is significant for the undertaking if it meets one or both of the following criteria:

- a) it accounts for more than 10 per cent of the undertaking's revenue;*
- b) it is connected with material actual impacts or material potential negative impacts of the undertaking."*

Finally, it is worth noting that several paragraphs have, over the course of the various drafts, been transferred to SEC 1, primarily in relation to materiality. In this regard, it is noteworthy that although ESRS 2.IRO2.MQC was removed from the Exposure Draft and transferred to SEC 1, it still appears as an example in paragraph 2.

3.3. Materiality-related issues

As the Delegated Regulation had not yet been adopted when the Exposure Draft dated 27 February 2023 was issued, the Exposure Draft dated 6 June 2024 (EFRAG SR TEG version 3.1) updated certain matters. One of these was precisely the question of which matters should be understood as material. Whereas in the topical ESRS, content is structured into various topics, sub-topics and sub-sub-topics as set out in AR 16 of ESRS 1, paragraph 12 of version 3.1 referred to Appendix F to identify the most relevant matters for the sector.

The evolution of the content across the different drafts shows a decrease in the number of matters considered material by default. For example, in the Exposure Draft of 27 February 2023, it was stated that an overlap between the matters listed in Appendix F of that text and AR 16 of ESRS 1 would imply that they should be considered material. In version 3.2, it is simply stated that the list previously included in the Exposure Draft (then in paragraph 17) should be considered in conjunction with the list in ESRS 1 to assess materiality. Along the same lines, version 3.3 adopts a similar approach, presenting a list of matters relevant to the sector, which should likewise be used in conjunction with the list in ESRS 1 (paragraph 13). However, in version 3.3, and primarily under the justification of transferring content to SEC 1, certain paragraphs relating to materiality are removed from the Exposure Draft in order to set out, under SEC 1 (paragraph 20), the obligation to disclose:

- All DRs and DP's related to sector-specific disclosures under ESRS 2.
- DRs and DP's established in topical ESRS related to IRO-1 (description of the processes for identifying and assessing material impacts, risks and opportunities) as detailed in Appendix C of ESRS 2.

In the first case, it should be recalled that ESRS 2.SBM1.MQC requires a breakdown of the undertaking's revenue by NACE code. In the second case, the undertaking is required to disclose the processes used to identify and assess material impacts, risks and opportunities (IRO-1) in relation to climate change, pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy, as well as business conduct matters. In addition, the previously mentioned ESRS 2.IRO2.MQC transfers its content to SEC 1 in order to require disclosure of the conclusions of the materiality assessment regarding the list of sustainability matters most relevant to a specific sector, along with a brief explanation of which matters were considered material and which were not.

Accordingly, the latest Exposure Draft dated 16 October 2024 states in paragraph 12 that, to assess materiality, the undertaking shall consider the list in ESRS 1 (AR 16). In addition, it will also consider the list in paragraph 13 of the Exposure Draft itself. It is explained in paragraph 13 that the list combines selected ESRS 1 matters complemented with additional sector-specific matters. Ultimately, it can be assumed that the sub-topics and sub-sub-topics mentioned in the Exposure Draft are, in principle, those considered most relevant for undertakings in this sector, without excluding the possibility that other matters listed only in ESRS 1 may also be considered material.

With regard to the list in paragraph 13, the last two Exposure Drafts show a reorganisation, with two new columns introduced: sector specifications and applicable sub-sector.

Although the sub-topics and sub-sub-topics tend to be consistent across both lists (ESRS 1 and the Exposure Draft), earlier versions contained numerous small differences, which have been significantly reduced as of version 3.3. In this regard, the latest version (16 October) shows both a closer alignment with the sub-topics and sub-sub-topics of ESRS 1 and the correction of errors and areas for improvement found in previous versions.

Finally, it is worth noting paragraph 14, which states that for each sustainability matter in the list in paragraph 13 that is considered material, the undertaking shall disclose its "policies, actions and targets" following:

- "a) the applicable requirements in this Exposure Draft in conjunction with those in the topical standards.*

b) the minimum disclosure requirements set forth in paragraphs 60 to 81 of ESRS 2.

c) paragraph 62 of ESRS 2."

In this regard, the referenced paragraph 62 clarifies that, if the undertaking cannot disclose the information on policies and actions required under relevant ESRS, it shall disclose this to be the case, and provide reasons, encouraging the disclosure of a timeframe in which it aims to adopt them.

3.4. Content-related issues

There has been a notable evolution in the sub-topics and sub-sub-topics included in the Exposure Drafts for the mining, quarrying and coal sector. Accordingly, the list in paragraph 13 prompts several reflections.

Three matters have been specifically introduced, although not as formal sub-topics or sub-sub-topics, as shown in Table 1: industrial hazards, closure of assets and tailings. In AR 1 and AR 2, these are identified as cross-cutting matters that play an important role in the materiality assessment. This sector is particularly prone to incidents and accidents with impacts on the environment, local communities or workers. The sector also sees discontinuation of operations, which makes decommissioning planning necessary to ensure that adverse effects on environmental and social values are fully considered and mitigated. Tailings management is also a high-risk issue in the sector, due to the large amount of metals and chemicals that can be released, for example, following tailings facilities collapses and failure. In this regard, it is suggested that when one of these matters is present, the likelihood of related issues also arising increases (AR 2).

Accordingly, these three matters are listed as topics in paragraph 13 (column 3), which suggests an error in AR 1, where only two are referred to as "cross-cutting sustainability matters." It also appears to be an error that only the first two are identified as sector-specific in paragraph 13, although this may be due to the fact that tailings is already identified as sector-specific under ESRS E2, as shown in Table 2. Evidence of the importance attributed to these matters is the existence of dedicated DRs for each of them: MQC 3 (industrial hazards), MQC 4 (closure of assets), and MQC 5 (tailings management, facilities and impoundments).

As for the environmental ESRS, it is primarily ESRS E1 and ESRS E2 that contain the greatest number of sector-specific specifications, as shown in Table 2. Regarding ESRS E1, **Climate change**, particular attention is given to scope 1 emissions, which are the undertaking's direct emissions from fuel consumption; and, in the coal sub-sector, to locked-in emissions and methane emissions. With regard to this last aspect, it should be noted that methane was previously considered a sub-sub-topic, although this was not entirely appropriate, since it did not correspond to any topical DR and is not an issue exclusive to the sector. It appears that a more suitable solution has now been adopted, as methane is now addressed within the topic "climate change" as a sector-specific matter.

ESRS E2, **Pollution** includes "microplastics" among its sub-topics, which are not mentioned in the Exposure Draft. In fact, this is the only sub-topic that does not appear in both ESRS 1 (AR 16) and the Exposure Draft. By contrast, there is a set of matters considered sector-specific and typically mentioned in ESRS E2 MQC, such as the environmental management system (EMS), environmental monitoring, spills, tailings, acid drainage and dust.

Special mention should be made of tailings, which has a specific DR MQC 5. **Tailings management, facilities and impoundments**. Interestingly, paragraph 44 states that if the company does not follow generally accepted standards or codes of practice for treatment of management of tailings, it should explain why. This is in contrast to the general approach in the ESRS, where the "comply or explain" principle is not typically applied in the ESRS, not even to justify why certain sub-topics or sub-sub-topics are not considered material; yet, in this isolated case, it was deemed appropriate to require justification of practices relating to tailings management.

ESRS E3, **Water and marine resources**, following some revisions, ultimately contains the same sub-topics and sub-sub-topics in the Exposure Draft and in ESRS 1. However, it is noteworthy that the Exposure Draft highlights "water-intense mining operations" as a sector-specific matter, particu-

larly because this issue is not directly mentioned anywhere in the Exposure Draft. It is true that ESRS E3 (paragraph 59) under the MQC Exposure Draft requires information on water management, particularly in situations of high water stress and where conflicts may emerge between different water uses; however, it is our view that paragraph 59 should be clarified and more explicitly linked to the sector-specific item listed in paragraph 13.

In addition, it is important to note the existence of MQC 6 **Water and marine resources metrics**, a DR focused on water withdrawals and discharges. Although this content is recognised as two sub-sub-topics in the Exposure Draft, it is not a sector-specific specification, which makes the creation of a specific DR noteworthy, especially in contrast with the previously mentioned treatment of “water-intense mining operations.”

ESRS E4. **Biodiversity and ecosystems** shows varying levels of emphasis on certain issues in the Exposure Draft and ESRS 1. Although all matters considered as sub-topics in ESRS 1 are also included in the Exposure Draft, the development provided in the latter regarding what are considered sub-sub-topics in ESRS 1 is minimal; to the extent that only recently has “land degradation and soil sealing” been introduced in the Exposure Draft as a sector-specific specification. While the relevance of this issue to the mining, quarrying and coal sector is understandable, it is worth pointing out that one might expect more direct mention, at least in ESRS E4 – MQC, given that neither land degradation nor soil sealing is specifically mentioned anywhere in the Exposure Draft. Specifically, the word “degradation” is used in reference to “habitat degradation” in relation to closure of assets; likewise, in Appendix F (non-binding), the following are mentioned: degradation of the soil’s physical structure due to dust accumulation (E2), habitat degradation (E3), and ecosystem degradation (E4). Therefore, further clarification is considered advisable regarding the scope of certain sector-specific matters that are not included as either DRs or DPs.

With regard to social matters, although the list of sub-topics and sub-sub-topics contained in the Exposure Drafts has previously shown more limited development, it was significantly expanded in version 3.2. Thus, the ESRS S1. **Own workforce**, includes the same sub-topics and sub-sub-topics in both the Exposure Draft and ESRS 1, except for the sub-sub-topics “social dialogue” and “employment and inclusion of persons with disabilities.” By contrast, the following are considered sector-specific specifications: “operating round-the-clock or in remote locations” and “work stoppages.” The first is referenced in paragraph 69 (ESRS S1 – MQC) and in AR 88. The second is the subject of a DR (MQC 7).

ESRS S2. **Workers in the value chain** also includes the same sub-topics and sub-sub-topics in the Exposure Draft and in ESRS 1, except with respect to the sub-topic “equal treatment and opportunities for all,” where the Exposure Draft excludes three sub-sub-topics related to training, disability, and measures against violence and harassment in the workplace.

In ESRS S3. **Affected communities**, it is noteworthy, first, that in the evolution of the various Exposure Drafts, the standard went from including no sub-topic (version 3.1) to including the three that appear in ESRS 1 (version 3.2). In the current Exposure Draft (dated 16 October), all topics and sub-topics in the Exposure Draft and in ESRS 1 coincide. Secondly, it is also notable that “rights of Indigenous peoples” is emphasised as a sector-specific specification, even though this matter is already recognised as a sub-topic in the same Exposure Draft, along with several related sub-sub-topics. In fact, this focus was already reflected in the existence of ESRS S3 – MQC, which develops these aspects for companies in the sector. In addition, the DR MQC 9. **Engagement with affected communities and grievance mechanisms**, can also be highlighted. This requires disclosure of the metrics relating to engagement with affected communities and the functioning of grievance mechanisms.

Finally, on social issues, there are two aspects. Firstly, DR MQC 10 **Environmental and human rights defenders** seems to have disappeared. However, in the numbering there is a jump from MQC 9 to 11. Secondly, there is MQC 8 **Security personnel**, which, despite not being a sector-specific specification, is given the status of DR, whereas it could have been DPs assigned to MQC 9.

The current Exposure Draft continues to omit any reference to ESRS S4. **Consumers and end-users**, probably because it is rightly considered a topic far removed from the priorities of the sector.

However, with regard to governance issues, in ESRS G1. **Business conduct**, some aspects can be highlighted that have been subject to change in recent Exposure Drafts. In relation to sub-topics and sub-sub-topics, the Exposure Draft refers to only two, compared to the six in ESRS 1. However, one of them is precisely the one that gives the name to the topic; that is, "Business conduct" is conceived at once as a topic and a sub-topic in the Exposure Draft. In previous Exposure Drafts, sub-topics such as corporate culture, whistleblower protection and animal welfare were not included, with more interest instead shown in lobbying, supplier relations, and corruption and bribery. What is observed in the latest Exposure Draft is that the topic of lobbying and corruption has come to be considered sector-specific specifications, which have also been developed into more specific aspects, several of which correspond to sector-specific DRs (Table 2). Thus, "transparency about contracts and licenses", "state-aid and competition", "beneficial ownership", and "mineral purchases from states" are related to promoting greater transparency and, therefore, minimising corruption. However, it is striking that "lobbying" is considered a sector specification and is then only reflected in a DP (paragraph 90) which states that the undertaking shall disclose what it spends on such activities. By contrast, the specification called "local suppliers spending" seems to overlap to some extent with the sub-topic "management of relationships with suppliers including payment practices."

Finally, it is worth noting that "Cybersecurity", which in previous Exposure Drafts was considered a sub-topic, has finally disappeared in the current Exposure Draft, thus eliminating what in previous versions was MQC 15. This decision seems logical considering that it is not part of the sector specifications, nor can it be placed in the context of a topical ESRS developed for sector specifications.

//// **TABLE 1** Differences between Paragraph 13 of the ESRS MQC Exposure Draft and AR 16 of ESRS 1

ESRS	TOPIC	SUB-TOPICS AND SUB-SUB-TOPICS	SECTOR SPECIFICATIONS
Industrial hazards			Industrial hazards
Closure of assets			Closure of assets
Tailings			Tailings
E1	Climate change		Scope 1 disaggregated by source Locked-in emissions in coal reserves Methane emissions, flaring and venting
E2	Pollution	Microplastics (N1)	Environmental Management Systems (EMS) Environmental monitoring Discharges Tailings Acid drainage Dust
E3	Water and marine resources		Water-intense mining operations
		Direct impact drivers on biodiversity loss (both) N1: - Climate change - Land-use change, freshwater-use change and sea-use change - Direct exploitation - Invasive alien species - Pollution - Others	
E4	Biodiversity and ecosystems	Impacts on the state of species (both) Examples (N1): - Species population size - Species global extinction risk	
		Impacts on the extent and condition of ecosystems (both) Examples (N1): - Land degradation (both) - Desertification - Soil sealing (both)	Land degradation and soil sealing (both)
		Impacts and dependencies on ecosystem services (both)	
		Working conditions (both) - Social dialogue (N1)	- Operating round-the-clock or in remote locations - Work stoppages
S1	Own workforce	Equal treatment and opportunities (both) - Employment and inclusion of persons with disabilities (N1)	
		Other work-related rights (both)	
S2	Workers in the value chain	The list in ESRS 1 contains the same sub-topics and sub-sub-topics as in ESRS S1; but in the Exposure Draft, under the sub-topic "Equal treatment and opportunities for all," the following sub-sub-topics are excluded: - Training and skills development (N1) - Employment and inclusion of persons with disabilities (N1) - Measures against violence and harassment in the workplace (N1)	

S3	Affected communities		Emphasises rights of indigenous peoples
S4	Consumers and end-users	N1 only	
G1	Business conduct	- Business conduct - Corporate culture (N1) - Protection of whistle-blowers (N1) - Animal welfare (N1) - Political engagement and lobbying activities (N1) - Corruption and bribery (N1) - Prevention and detection, including training (N1) - Cases (N1)	- Lobbying - Local suppliers spending - Transparency on contracts and licenses - State-aid and competition - Beneficial ownership - Mineral purchases from states

↑ **Bold:** Only appear in the ESRS MQC Exposure Draft / **N1:** They only appear in AR 16 of the ESRS 1

//// **TABLE 2** Correspondence between sector specifications and DRs/DPs

TOPIC	SECTOR SPECIFICATIONS	DRs/DPs
Industrial hazards	Industrial hazards	MQC 3
Closure of assets	Closure of assets	MQC 4
ESRS E1	Scope 1 disaggregated by source	ESRS E1 MQC
ESRS E1	Locked-in emissions in coal reserves	ESRS E1 MQC, AR 55 and 56*
ESRS E1	Methane emissions, flaring and venting	ESRS E1 MQC, paras. 49,50 and 52
ESRS E2	Environmental Management Systems (EMS)	ESRS E2 MQC, AR 65*
ESRS E2	Environmental monitoring	ESRS E2 MQC, para. 57
ESRS E2	Discharges	MQC 3, para. 28; ESRS E2, para. 56
ESRS E2	Tailings	MQC 5
ESRS E2	Acid drainage	ESRS E2, para. 58
ESRS E2	Dust	ESRS E2, para. 56
ESRS E3	Water-intense mining operations	
ESRS E4	Land degradation and soil sealing	
ESRS S1	Operating round-the-clock or in remote locations	ESRS S1 MQC, para. 69
ESRS S1	Work stoppages	MQC 7
ESRS S3	Rights of indigenous peoples	ESRS S3 MQC; MQC 9
ESRS G1	Lobbying	ESRS G1 MQC, para. 90
ESRS G1	Local suppliers spending	ESRS G1 MQC, paras. 87-89
ESRS G1	Transparency about contracts and licenses	MQC 11
ESRS G1	State-aid and competition	MQC 12
ESRS G1	Beneficial Ownership	MQC 13
ESRS G1	Mineral purchases from states	MQC 14

* Only treated through ARs

3.5. Differences and similarities between the GRI standards for the coal and mining sectors and the ESRS MQC Exposure Draft

This section presents several differences and similarities between the Global Reporting Initiative (GRI) standards developed by the Global Sustainability Standards Board (GSSB) for the coal sector (GRI 12) and the mining sector (GRI 14), and the ESRS MQC Exposure Draft of 16 October issued by EFRAG. These standards have different approaches and objectives, but also share many similarities in their approach to sustainability and disclosure.

While both frameworks promote sustainability as a central principle and aim to provide guidance on the information companies in these sectors must disclose regarding their environmental, social and governance (ESG) performance, the Exposure Draft adopts a broader approach. It is oriented towards reporting aligned with European sustainability standards, with an emphasis on transparency and comparability. GRI 14 focuses on topics such as environmental management, community relations, and governance. GRI 12, meanwhile, takes a more detailed approach to the specific characteristics of coal, including extraction, use, and its impact on climate change.

Regarding scope, the GSSB chose to regulate the coal sector (GRI 12) and the mining sector (GRI 14) separately, whereas the Exposure Draft covers both sectors and includes other activities such as the manufacture of fertilisers and nitrogen compounds.

GRI 12 and GRI 14 focus on the sustainability of the coal and mining sectors, addressing specific topics such as resource management, land rehabilitation, and relationships with local communities. In contrast, the Exposure Draft takes a more comprehensive approach by integrating sustainability into corporate strategy more generally, promoting corporate responsibility throughout the entire value chain.

With respect to the overarching approach of the ESRS, the Exposure Draft seeks alignment with European directives and regulations, which will require companies to adopt stricter and more transparent practices at the international level. In contrast, GRI 12 and GRI 14 are more aligned with national or regional regulations specific to the coal and mining sectors.

As a result, the European standards focus on a broader set of stakeholders, taking into account the perspective of investors, regulators, and society at large, whereas the GRI standards emphasise relationships with local stakeholders and communities in the context of sector-specific operations.

Companies applying GRI 12 and GRI 14, and those that eventually adopt the EFRAG Exposure Draft, will share many common elements in their disclosures. Below, we highlight those we consider most relevant:

- Greenhouse gas (GHG) emissions: Both frameworks require information on emissions and their management.
- Water and energy consumption: Companies must provide data on their use of these resources and the measures in place to ensure conservation.
- Community relations: Information is required on how company activities affect local communities and efforts to engage them.
- Community development programmes: Companies shall disclose information on initiatives that support the social and economic development of affected communities.
- Working conditions: Information shall be disclosed on worker health and safety, as well as measures to ensure a safe working environment.
- Regulations and standards: Companies must disclose how they comply with applicable environmental and social regulations.
- Risk assessment: Information shall be provided on the identification and management of risks associated with mining operations, both environmental and social.

- Governance structure: Companies shall provide a description of governance related to sustainability and corporate responsibility.

In terms of disclosure requirements, GRI 12 and GRI 14 place more emphasis on the following points:

- They require more information on the environment, particularly on the management of natural resources (water, energy, minerals). Requirements focus on data concerning emissions, tailings, and biodiversity management in the areas where companies operate.
- They require more information on the social impact of company activities. Disclosure requirements highlight relations with local communities, including consultation and participation in decision-making, as well as measures to mitigate social impacts and support community development programmes.
- They require disclosure of labour practices, including working conditions, occupational health and safety, and data on workforce diversity and inclusion.
- They require information on the governance structure in relation to sustainability and how risks are managed.

In terms of disclosure requirements, the Exposure Draft places more emphasis on the following points:

- In relation to the conduct of activities, it requires broader assessments of sustainability impacts, including economic and governance aspects, not just environmental and social ones.
- It requires sustainability-related disclosures across the entire value chain, including suppliers and their compliance with ESG standards.
- Companies must present long-term objectives concerning climate change, the circular economy, and carbon footprint reduction.
- Companies are required to disclose how mining and extractive activities affect their financial position and long-term profitability.
- Risk and opportunity analysis in relation to sustainability, including climate, social, and regulatory factors.

In conclusion, both GRI 12 and GRI 14 and the Exposure Draft share a strong commitment to sustainability, transparency and social responsibility. Despite their differences in approach and scope, the similarities in objectives and disclosure requirements are significant and reflect a common trend toward increased accountability in the sector. Both frameworks show substantial overlap in the information required for disclosure. However, the context and approach may differ, leading to variations in how each issue is presented and addressed.

4 Analysis of the sustainability reporting provided by Spanish companies in the sector

The purpose of this analysis is to identify the sustainability information currently disclosed by Spanish companies in the mining, quarrying and coal sector. This allows us to assess the additional effort companies will need to make when the future sector-specific ESRS is applied.

Firstly, we identified the Spanish companies that would potentially be affected by the application of the future sector-specific ESRS. We then collected the sustainability information that the selected companies had disclosed as of 31 July 2024. In parallel, we identified the disclosure requirements contained in the ESRS MQC Exposure Draft of 16 October, approved by the EFRAG SR TEG on 3 July 2024 and amended following the meetings of the EFRAG SRB held in June, July, and September 2024. Subsequently, we identified the information disclosed by the companies in relation to the disclosure requirements set out in the Exposure Draft. Finally, we analysed the data obtained. Finally, the data obtained were analysed.

The following section presents the process for selecting the companies and the information required under the 16 October Exposure Draft.

4.1. Selection of companies potentially affected by the sector-specific ESRS

In order to identify companies in the mining, quarrying and coal sector that will be affected by the sector-specific ESRS, we extracted from the SABI (Sistema de Análisis de Balances Ibéricos) and ORBIS databases, both from Bureau van Dijk, a total list of 5,323 active Spanish companies with available data and classified under one of the NACE codes listed in Table 3 and included in Appendix E of the Exposure Draft:

//// **TABLE 3** NACE codes included within the scope of the ESRS MQC Exposure Draft

B.05.10	Mining of hard coal
B.05.20	Mining of lignite
B.07.10	Mining of iron ores
B.07.21	Mining of uranium and thorium ores
B.07.29	Mining of other non-ferrous metal ores
B.08.11	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate
B.08.12	Operation of gravel and sand pits; mining of clays and kaolin

B.08.91	Mining of chemical and fertiliser minerals
B.08.92	Extraction of peat
B.08.93	Extraction of salt
B.08.99	Other mining and quarrying not elsewhere classified
B.09.90	Support activities for other mining and quarrying
C.19.10	Manufacture of coke oven products
C.20.15	Manufacture of fertilisers and nitrogen compounds
E.38.32	Landfilling or permanent storage
F.43.12	Site preparation
G.46.12	Activities of agents involved in the wholesale of ores
G.47.76	Retail sale of fertilisers

From the companies falling within the scope of the Exposure Draft, we excluded 5,301 companies due to the following circumstances³:

- a) The balance sheet total does not exceed EUR 25 million.
- b) The net turnover does not exceed EUR 50 million.
- c) The average number of employees during the financial year does not exceed 250.

Subsequently, from the remaining 22 companies that exceeded the three size criteria listed above, a second filtering was carried out, which led to the exclusion of those companies that met any of the following conditions:

- The company does not disclose sustainability information (eight companies):
CABASC S.COOP.
EPSA INTERNACIONAL SA.
GRUPO PEAL OBRAS CIVILES Y MINERAS SL.
INGENIERIA DE SUELOS Y EXPLOTACION DE RECURSOS SA.
MASKOKOTAS SLU.
OROVALLE MINERALS SL.
TIENDANIMAL COMERCIO ELECTRONICO DE ARTICULOS PARA MASCOTAS SL.
TIMAC AGRO ESPANA SA.
- The company is a subsidiary of a parent undertaking in the oil and gas sector (one company):
REPSOL LUBRICANTES Y ESPECIALIDADES SA is a subsidiary of REPSOL SA, and therefore its sustainability information is already published by its parent undertaking in the oil and gas sector.

As a result, following all exclusions, the initial sample was reduced to a total of thirteen companies that would be required to prepare the sustainability report in accordance with the sector-specific ESRS. The companies that make up the final sample of the study are presented in Table 4.

³ These are the company size criteria adopted in Commission Delegated Directive (EU) 2023/2775 of 17 October 2023 amending Directive 2013/34/EU of the European Parliament and of the Council as regards the adjustments of the size criteria for micro, small, medium-sized and large undertakings or groups, which Member States must apply for financial years starting on or after 1 January 2024.

//// **TABLE 4** Companies included in the study

ATALAYA RIOTINTO MINERA, S.L.
COBRE LAS CRUCES, S.A.
CUPIRE PADESA S.L.
EIFFAGE INFRAESTRUCTURAS, S.A.U.
FERTIBERIA, S.A.
IBERPOTASH, S.A.
MAGNESITAS NAVARRAS, S.A.
MINAS DE AGUAS TEÑIDAS, S.A.
MINERALES Y PRODUCTOS DERIVADOS, S.A.
SAICA NATUR, S.L.
SAINT GOBAIN PLACO IBERICA S.A.U.
SIBELCO MINERALES, S.L.
TOLSA, S.A.

For these thirteen companies, and with the aim of identifying what sustainability information they currently disclose, and how and where it is included, we carried out a content analysis of their web-sites and the information published in their non-financial statements.

The sustainability reporting considered in this study, whether through the preparation of the non-financial statement, the sustainability report, the universal registration document or the environmental, social and governance report, corresponds to the most recently available report. Table 5 presents data on the Spanish companies in the sample, the entity responsible for preparing the sustainability reporting, the document in which it is included, the financial year it covers, and the NACE code for each company in the sample.

//// **TABLE 5** Sustainability reporting by the companies included in the study

Company	Company responsible for the reporting	Report	Year	NACE Code
Atalaya Riotinto Minera, S.L.	Atalaya Mining plc (Cyprus)	Sustainability Report	2022	B.07.29
Cobre Las Cruces, S.A.	First Quantum Mineral Ltd. (Canada)	Environmental, Social and Governance Report	2022	B.07.29
Cupire Padesa, S.L.	Brookfield Asset Management Ltd. (Canada)	Sustainability Report	2022	B.08.11
Eiffage Infraestructuras, S.A.U.	Eiffage (France)	Universal Registration Document	2022	B.08.12
Fertiberia, S.A.	Fertiberia, SARL (Luxembourg)	Non-Financial Statement	2023	C.20.15
Iberpotash, S.A.	ICL Iberia Limited, SCA (Spain)	Sustainability Report	2023	B.08.93
Magnesitas Navarras, S.A.	Magnesitas Navarras (Spain)	Sustainability Report	2021	B.08.99
Minas de Aguas Teñidas, S.A.	Sandfire Resources Limited (Australia)	Sustainability Report	2023	B.08.99
Minerales y Productos Derivados, S.A. (Minersa)	Minerales y Productos Derivados, S.A. (Minersa) (Spain)	Non-Financial Statement	2023	B.08.91
SAICA Natur, S.A.	S.A. Industrias Celulosa Aragonesa (SAICA) (Spain)	Sustainability Report	2021	E.38.32
Saint Gobain Placo Ibérica, S.A.U.	Compagnie de Saint-Gobain (France)	Universal Registration Document	2023	B.08.11
Sibelco Minerales, S.L.	SCR-Sibelco N.V. (Belgium)	Environmental, Social and Governance Report	2022	B.08.12
Tolsa, S.A.	Tolsa, S.A. (Spain)	Sustainability Report	2023	B.08.12

The following is a brief description of the selected companies and the sustainability reporting analysed. In particular, it identifies the company responsible for preparing and presenting the reporting, and whether GRI Standards or Sustainability Accounting Standards Board (SASB) standards are used in its preparation.

- Atalaya Riotinto Minera, S.L. is the Spanish company, whose ultimate parent is Atalaya Mining plc (Cyprus). This mining company is listed on the London AIM (Alternative Investment Market) and is the leading producer of copper concentrate in Europe. It prepared the Sustainability Report analysed. This report was prepared in accordance with the GRI Standards core option and to comply with the requirements of Act 11/2018 on non-financial reporting. It also addresses some indicators from the SASB sector standard “metals and mining” within its content.
- Cobre Las Cruces S.A. is the Spanish company, whose ultimate parent is First Quantum Mineral Ltd. (Canada), which prepared the environmental, social and governance report analysed. This report was prepared with reference to the GRI Standards. Where applicable, it provides references to the corresponding SASB “metals and mining” disclosures.
- Cupire Padesa, S.L. is the Spanish company, whose ultimate parent is Brookfield Asset Management Ltd. (Canada), which prepared the sustainability report analysed. This report was prepared with reference to the GRI and SASB standards, including TCFD recommendations⁴.
- Eiffage Infraestructuras, S.A.U. is the Spanish company, whose ultimate parent is Eiffage (France), which prepared the universal registration document analysed. This company refers in the document to SASB indicators for engineering and construction services but does not refer to the GRI Standards.
- Fertiberia, S.A. is the Spanish company, whose ultimate parent is Fertiberia, SARL (Luxembourg). This company prepared the non-financial statement analysed, which was prepared in accordance with the GRI Standards for those requirements deemed material to the company.
- Iberpotash, S.A. is the company in the sample, whose Spanish group parent is ICL Iberia SCA, which prepared the sustainability report analysed, based on the GRI Standards.
- Magnesitas Navarras, S.A. is the Spanish company in the sample, parent of a group of companies, which prepared the sustainability report analysed, prepared in accordance with international GRI Standards.
- Minas de Aguas Teñidas, S.A. is the Spanish company, whose ultimate parent, Sandfire Resources Limited (Australia), prepared the sustainability report analysed, which was drawn up in accordance with the GRI Standards, including the GRI mining and metals sector supplement and the SASB mining and metals sector supplement.
- Minerales y Productos Derivados, S.A. is the Spanish parent company of a group of companies, which prepared the non-financial statement analysed. This statement was prepared from various perspectives and considered all sustainability matters to be included in the materiality assessment referred to in Appendix A, paragraph AR 16 of ESRS 1, in addition to those aspects set out in the SASB mining and metals sector standard and the GRI draft sector standards for mining.
- SAICA Natur, S.A. is the Spanish company, whose parent, S.A. Industrias Celulosa Aragonesa (SAICA) (Spain), prepared the sustainability report analysed. This report states that the GRI reporting principles were applied and that the GRI methodology was supplemented with SASB metrics, specifically the standard for the “containers and packaging” sector.

⁴ The Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 to encourage companies to inform investors about climate-related risks and how they are managed. However, at the end of 2023, the FSB dissolved the task force and requested that the IFRS Foundation take over the monitoring of companies' climate-related disclosures.

- Saint Gobain Placo Ibérica, S.A.U. is the Spanish company, whose ultimate parent is Compagnie de Saint-Gobain (France), which prepared the universal registration document analysed. This document was prepared in accordance with the UN Global Compact and the applicable French legislation, and also draws on GRI and SASB indicators depending on materiality matters.
- Sibelco Minerales, S.L. is the Spanish company, whose parent is SCR-Sibelco N.V. (Belgium), which prepared the Environmental, Social and Governance Report analysed. This report does not mention the use of either GRI or SASB standards.
- Tolsa, S.A. is the Spanish company in the sample, parent of a group of companies, and prepared the sustainability report analysed.

As a result, of the thirteen companies in the study, eight refer to the SASB standards in their reporting and ten to the GRI Standards, with only two companies (Sibelco and Tolsa) not referring to either of the two frameworks in their reports. In addition, three companies use the GRI Standards (Fertiberia, ICL Iberia and Magnesitas Navarras) but not SASB. The only company to do the reverse is the French company Eiffage, which applies SASB standards but does not refer to the GRI Standards.

4.2. Analysis of the disclosure requirements for the mining, quarrying and coal sector

The following is an analysis of the disclosure requirements set out in the ESRS MQC Exposure Draft, classified into general disclosures, cross-topical sector disclosures, environmental disclosures, social disclosures and governance disclosures.

4.2.1. Analysis of general and cross-topical sector disclosure items

As successive exposure drafts have been published, the amount of information required under ESRS 2 "General disclosures" has been reduced, such that only one disclosure requirement remains: "**Activity indicators**" (ESRS 2.SBM1.MQC, paragraph 15). In addition, as regards the ARs, there are three: ESRS 2 GOV-4, ESRS 2 SBM-3 and ESRS 2 IRO-1, although the first two are voluntary in their application ("*may disclose*"). In any case, as shown in Table 6, none of the companies in the study report either a breakdown of net revenue from activities by NACE code or information on the recoverability of proved mineral reserves.

As regards the first disclosure requirement classified as a cross-topical sector disclosure, "**Mapping of business sites**" (MQC 1, paragraphs 16 to 18), it is noteworthy that fewer than one third of the companies refer to the business sites they maintain, although in no case are they clearly related to material sustainability matters.

In relation to the disclosure requirement "**Mineral reserves**" (MQC 2, paragraphs 19 to 23), only the company Atalaya refers to proved mineral reserves and also to another item on this topic (the percentage of those reserves located in certain areas or countries). Consequently, this is a new matter for most companies in the sector, on which they will have to report, as none currently disclose the countries where the reserves are located.

With regard to the disclosure requirement on "**Industrial hazards**" (MQC 3, paragraphs 24 to 32), nearly one third of the companies address this requirement, although only Atalaya covers it in a broader manner and more in line with the provisions of the standard. Of the three data points classified as "metrics" and reviewed as separate items, only two companies refer to one of them (information on whether workers are exposed to chemical, physical or ergonomic hazards), and only partially. However, none of the companies refer to the total number of significant spills that occurred during the reporting period and the volume by substance, nor do they disclose metrics related to health and safety.

The matter of **“Closure of assets”** (MQC 4, paragraphs 33 to 40) is addressed by five companies. However, of the three additional datapoints (metrics) studied as items, only one of them is addressed by two companies (First Quantum Mineral and Sibelco): namely, whether post-closure plans were developed in consultation with affected communities and employees. In contrast, none of the analysed companies list the material business sites for which a rehabilitation and/or restoration plan exists or is planned, nor do they report on site-specific closure and rehabilitation liabilities.

Finally, with respect to the disclosure requirement **“Tailings management, facilities and impoundments”** (MQC 5, paragraphs 41 to 48), a total of eight entities address this matter, although one (ICL Iberia) does so incompletely. However, of the five items studied, only one company (Sandfire Resources) refers to one of them. In other words, in this case, only the above-mentioned company has disclosed the specific standards it uses for tailings management. The rest do not mention which standards they follow, or why they do not do so. This reflects a strong interest among companies in reporting on this matter, yet very limited attention is given to disclosing concrete metrics. In particular, none of the companies provides additional information on tailings facilities, as specified in paragraph 45, regarding the percentage of tailings impoundments that have been third-party assessed, the process for managing tailings in the case of deep-sea environments, or the financial effects related to catastrophic failures.

In short, the general and cross-topical sector disclosures currently provided by companies are limited in light of the present requirements in the Exposure Draft. Thus, both the general disclosures and the cross-topical sector disclosures reflect companies' caution when it comes to reporting certain information, such as revenue by activity, mineral reserves or even the mapping of business sites. This reluctance is also evident in the disclosures on closure of assets, where no information is provided by site.

Industrial hazards also appear to be an area in which companies will need to change, as there is little willingness to address the prevention of industrial hazards or potential physical, chemical or ergonomic hazards for their workers. It is possible that no information on spills has been reported because no such events occurred, but it is difficult to believe that companies have nothing to report on the other matters.

By contrast, while a relatively high number of companies address tailings management, very few provide the additional information required under the metrics of the standard, which again indicates that companies are more comfortable disclosing general statements than reporting in detail.

//// **TABLE 6** Analysis of the sustainability reporting by the companies analysed: General disclosures

General disclosures		
Disclosure requirements	No. of companies	Companies
ESRS 2 SBM1. MQC Activity indicators		
Breakdown of net revenue for the reporting period (both in monetary terms and as a percentage of total revenue) by activity, using the NACE code.	0	-----
ESRS 2 IRO1. AR 9		
Disclosure on the resilience of current proven mineral reserves.	0	-----

//// TABLE 7 Analysis of the sustainability reporting by the companies analysed: Cross-topical sector disclosures

Cross-topical sector disclosures		
Disclosure requirements	No. of companies	Companies
MQC 1 Mapping of business sites		
List of significant business sites connected to material sustainability matters.	4	FIRST QUANTUM MINERAL ICL IBERIA MINERSA SANDFIRE RESOURCES
MQC 2 Mineral reserves		
Proven mineral reserves.	1	ATALAYA
Percentage of proven mineral reserves found: (a) in or near protected areas and key biodiversity areas; and (b) in areas of high-water stress (c) in countries with high risks of corruption, money laundering and financing of terrorism; (d) in or near conflict-affected or high-risk areas; (e) in or near the indigenous land.	1	ATALAYA
Countries where the reserves in the previous section are located.	0	0
MQC 3 Industrial hazards		
Information on industrial hazards (prevention of industrial hazards, emergency preparedness and response, and minimisation of incidents and risks for workers).	4	ATALAYA FERTIBERIA MINERSA SAINT GOBAIN
Total number of significant spills that occurred during the reporting period and how it defines significant spill.	0	-----
Information on whether its workforce is exposed to chemical, physical or ergonomic hazards: (a) for chemical hazards, a list of the substances of very high concern, as identified in E2-5, that workers are exposed to in its operations; (b) a list of key hazards, that include physical or ergonomic hazards that affect its workforce and whether these are included in the undertaking's health and safety management system.	2	ATALAYA SAINT GOBAIN
Disclosure of the following metrics related to health and safety matters as a result of being exposed to chemicals; and breakdown between employees and non-employees in own workforce: (a) the number of work-related fatalities; (b) the number of work-related injuries; and (c) the number of cases of recordable work-related ill health for the undertaking's employees.	0	-----
MQC 4 Closure of assets		
Information related to the closure of assets (adoption, or not, of closure plans and effects on employees and communities).	5	ATALAYA FIRST QUANTUM MINERAL MINERSA SANDFIRE RESOURCES SIBELCO
List of the material business sites for which there is existing or foreseen site rehabilitation and/or restoration plan.	0	-----

Where applicable, the undertaking shall disclose whether it developed the post-closure plans in consultation with affected communities and employees.	2	FIRST QUANTUM MINERAL SIBELCO
With regards to liabilities for closure and re-habilitation, the undertaking shall disclose per each material business site.	0	-----
MQC 5 Tailings management, facilities and impoundments		
Information on tailings management practices, tailings facilities and tailing impoundments.	8	ATALAYA FIRST QUANTUM MINERAL ICL IBERIA MAGNESITAS NAVARRAS MINERSA SAICA SANDFIRE RESOURCES SIBELCO
When addressing the reporting requirement in ESRS 2 paragraph 65(d), the undertaking shall disclose whether and how it complies with specific industry standards on the treatment of management of tailings. If the undertaking does not follow any generally accepted standard or code of practice, it shall explain why.	1	SANDFIRE RESOURCES
The undertaking discloses, for each tailings facility that falls within the scope of this disclosure a description of the tailings facility, its name, location, and ownership; classification by hazard potential; types of tailings disposal methods used etc.	0	-----
Percentage of its tailings impoundment that have been assessed by a third party.	0	-----
Information on the waste management process in case of deep-sea.	0	-----
Information on the financial effects related to catastrophic failures.	0	-----

4.2.2. Analysis of environmental disclosure items

With regard to the section on “**Environmental disclosures**”, the content that undertakings are required to disclose under the ESRS MQC Exposure Draft of 16 October 2024 is significantly more extensive and detailed compared to the other sections of the Exposure Draft.

Table 8 shows the environmental disclosures included in the sustainability reports of the undertakings analysed.

As for the first disclosure requirement in the Exposure Draft relating to environmental matters “**Climate change**” (ESRS E1 – MQC, paragraphs 49 to 54), the first item reviewed establishes that the undertaking shall also disclose its policies, actions and targets related to climate change mitigation. Specifically, the implementation of leak detection and repair programmes, detected methane (CH₄) leakages, monitoring and addressing post-mining and post-closure methane releases, and scope 3 GHG emissions. In this regard, the majority of undertakings analysed (ten out of thirteen) disclose this type of information, which is particularly sensitive in this sector of activity. The level of detail also varies widely between companies.

Regarding the second item on “Climate change” (ESRS E1 – MQC, paragraph 50), undertakings are required to disclose their total Scope 1 GHG emissions in total CO₂ and methane emissions. Nine of the thirteen undertakings analysed report this information. However, in most cases, this information is presented in tonnes of CO₂ equivalent, without a breakdown by the different GHGs. In the case of Minersa, the figure is disclosed using the notation CH₄ rather than the word “methane”.

The third item analysed under “Climate change” (ESRS E1 – MQC, paragraph 54) concerns how the undertaking expects the management of climate-related risks and opportunities to affect the medium and long-term financial position, performance and development. In this regard, seven of the thirteen undertakings analysed provide this type of information. However, as it is forward-looking information, the data disclosed is generally quite generic, particularly in relation to financial effects. No report includes information on the short-, medium- or long-term financial effects of environmental risks and opportunities.

With regard to the disclosure requirement “**Pollution**” (ESRS E2 MQC, paragraphs 56 to 58), the first item reviewed concerns the disclosure of policies, actions and targets related to pollution prevention and control under normal operating conditions. In this case, seven of the thirteen undertakings analysed disclose such information. However, it should be noted that in some cases the information is generic and lacks detail.

Among the metrics established in the Exposure Draft under “Pollution” (ESRS E2 MQC, paragraph 58), the first item requires disclosure of the percentage of business sites in which acid drainage is either predicted to occur or has been found to occur. In this case, only three companies (First Quantum Mineral, ICL Iberia and Magnesitas Navarras) provide relevant information. The remaining companies make no reference to this issue and do not even indicate whether they are not exposed to this risk. Furthermore, the undertaking is also required to report the percentage of mining sites where acid drainage is not being actively mitigated. This information is disclosed only by First Quantum Mineral and ICL Iberia.

The item related to “**Water and marine resources**” (ESRS E3 – MQC, paragraph 59) requires undertakings to disclose their policies, actions and targets related to water and marine resources. Six undertakings (Atalaya, First Quantum Mineral, ICL Iberia, Magnesitas Navarras, Sandfire Resources and Minersa) report on this matter. As with other DPs related to policies, actions and targets, the information disclosed is generally generic, intention-driven and lacks specificity.

The Exposure Draft includes a separate DR titled “**Water and marine resources metrics**” (MQC 6, paragraphs 60 to 65), distinct from ESRS E3 – MQC. The metrics analysed in the sustainability reports of the selected undertakings are as follows:

- a) The undertaking shall disclose the total volume of water withdrawals and water discharges, disaggregated (MQC 6, paragraph 62). The undertakings that provide this information are the same ones that disclosed information on policies, actions and targets regarding water and marine resources.
- b) The undertaking shall disclose the number of non-compliances with respect to local regulatory or discharge limits and indicate exceeded parameters (MQC 6, paragraph 64). It should be noted that in the latest Exposure Draft, the classification of significant non-compliances has been removed, requiring disclosure of all discharges. Only First Quantum Mineral and Minersa disclose this information. It is unclear whether the other companies do not disclose it because they have no non-compliances, as they provide no indication in this regard.
- c) The undertaking shall disclose in which river basin district its operations significantly impact hydrological conditions (e.g. surface water flow, groundwater levels, etc.) and what measures are put in place to prevent and mitigate the impacts (MQC 6, paragraph 65). In this case there are four companies reporting, Atalaya, First Quantum Mineral, ICL Iberia and Sandfire Resources.

The final block of DPs related to the environment concerns “**Biodiversity and ecosystems**” (ESRS E4 MQC, paragraphs 66 to 68). In reviewing the sustainability reports of the selected companies, we identified the disclosure of three datapoints set out in the Exposure Draft.

- a) The undertaking shall disclose significant impacts on biodiversity and ecosystems change (ESRS E4 MQC, paragraph 67). We have identified seven companies that provide this information in their sustainability reports. As with other items, information is often generic or focused on specific company projects. Consequently, it is poorly aligned with what is required in the respective DPs.

- b) The undertaking shall disclose percentage of land-use change area rehabilitated or restored during the reporting period and the percentage of land-use change area rehabilitated or restored in protected areas and key biodiversity areas (ESRS E4 MQC, paragraph 67b). Five companies (First Quantum Mineral, Fertiberia, Magnesitas Navarras, Sandfire Resources and Minersa) provide information on this aspect in their sustainability reports.
- c) The undertaking shall report metrics related to material impacts resulting from biodiversity and ecosystem change per each significant business site located in or near the protected areas and in key biodiversity areas (ESRS E4 MQC, paragraph 68). In this case, we have only identified two companies (First Quantum Mineral and Magnesitas Navarras) that provide information. Of all the items, this one is disclosed the least, though it is possible that not all undertakings operate in or near protected areas or areas of influence.

//// **TABLE 8** Analysis of the sustainability reporting by the companies analysed: Environmental disclosures

Environmental disclosures		
Disclosure requirements	No. of companies	Companies
ESRS E1 MQC Climate change		
The undertaking shall also disclose its policies, actions and targets related to the management and reduction of methane emissions.	10	ATALAYA BROOKFIELD ASSET MGMT FIRST QUANTUM MINERAL FERTIBERIA ICL IBERIA MAGNESITAS NAVARRAS MINERSA SANDFIRE RESOURCES SIBELCO TOLSA
The undertaking shall disclose its total Scope 1 GHG emissions in total CO ₂ and methane emissions.	9	ATALAYA BROOKFIELD ASSET MGMT FIRST QUANTUM MINERAL FERTIBERIA ICL IBERIA MINERSA SAICA SANDFIRE RESOURCES TOLSA
The undertaking shall disclose how it expects the management of climate change-related risks and opportunities to affect the medium and long term financial position, performance and development.	7	ATALAYA FIRST QUANTUM MINERAL FERTIBERIA ICL IBERIA MINERSA SANDFIRE RESOURCES SIBELCO
ESRS E2 MQC Pollution		
The undertaking shall disclose its policies, actions and targets related to the prevention and control of pollution under normal operating conditions.	7	ATALAYA BROOKFIELD ASSET MGMT FIRST QUANTUM MINERAL FERTIBERIA ICL IBERIA MAGNESITAS NAVARRAS MINERSA
The undertaking shall disclose the mining sites in which acid drainage is either predicted to occur or has been found to occur.	3	FIRST QUANTUM MINERAL ICL IBERIA MAGNESITAS NAVARRAS
The undertaking shall also disclose the percentage of mining sites where acid drainage is not being actively mitigated.	2	FIRST QUANTUM MINERAL ICL IBERIA

ESRS E3 MQC Water and marine resources

The undertaking shall disclose its policies, actions and targets related to water and marine resources	6	ATALAYA FIRST QUANTUM MINERAL ICL IBERIA MAGNESITAS NAVARRAS MINERSA SANDFIRE RESOURCES
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MQC 6 Water and marine resources metrics

The undertaking shall disclose the total volume of water withdrawals and water discharges, disaggregated.	6	ATALAYA FIRST QUANTUM MINERAL ICL IBERIA MAGNESITAS NAVARRAS MINERSA SANDFIRE RESOURCES
The undertaking shall disclose the number of non-compliances with respect to local regulatory or discharge limits and indicate exceeded parameters.	2	FIRST QUANTUM MINERAL MINERSA
The undertaking shall disclose in which river basin district its operations significantly impact hydrological conditions (e.g. surface water flow, groundwater levels, etc.) and what measures are put in place to prevent and mitigate the impacts.	4	ATALAYA FIRST QUANTUM MINERAL ICL IBERIA SANDFIRE RESOURCES

ESRS E4 MQC Biodiversity and ecosystems

The undertaking shall disclose significant impacts on biodiversity and ecosystems change.	7	ATALAYA FIRST QUANTUM MINERAL FERTIBERIA ICL IBERIA MAGNESITAS NAVARRAS SANDFIRE RESOURCES SIBELCO
The undertaking shall disclose the percentage of land-use change area rehabilitated or restored during the reporting period and the percentage of land-use change area rehabilitated or restored in protected areas and key biodiversity areas.	5	FIRST QUANTUM MINERAL FERTIBERIA MAGNESITAS NAVARRAS MINERSA SANDFIRE RESOURCES
The undertaking shall report metrics related to material impacts resulting from biodiversity and ecosystem change per each significant business site located in or near the protected areas and in key biodiversity areas.	2	FIRST QUANTUM MINERAL MAGNESITAS NAVARRAS

4.2.3. Analysis of social disclosure items

The ESRS MQC Exposure Draft of 16 October 2024 sets out six topics under the area of **"Social disclosures"** that undertakings in the sector are required to address in their sustainability reporting. These cover matters related to own workforce, work stoppages, workers in the value chain, affected communities, security personnel and engagement with affected communities and grievance mechanisms.

As regards the information contained in the reports analysed on these topics, the main findings are summarised in Table 9.

With respect to the disclosure requirement on **"Own workforce"** (ESRS S1 - MQC, paragraph 69) of the two items identified as mandatory for disclosure, only Saint Gobain provides information on benefits offered to its employees and their families, such as social protection programmes. None of the companies analysed report on working time or on work-life balance in cases where employees work round-the-clock or in remote locations.

For the items related to **"Work stoppages"** (MQC 7, paragraphs 70 to 73), none of the companies analysed disclose information on the number of stoppages, the number of employees involved, or their length in days. This suggests that either these undertakings do not experience work stoppages, or they choose not to report them for reputational reasons. Since these companies have internal data on such matters, complying with this requirement would not entail a significant effort.

Regarding **"Workers in the value chain"** (ESRS S2 - MQC, paragraph 74), nine of the thirteen companies analysed disclose information on whether they apply their own health and safety management systems to value chain workers, and how this is done. However, only three of these companies report on whether they monitor health and safety metrics for value chain workers while on-site, and the information provided is typically generic and lacking in detail.

With regard to the items concerning **"Affected communities"** (ESRS S3 - MQC, paragraphs 75 to 78), only First Quantum Mineral mentions a process to seek free, prior and informed consent (FPIC) from an indigenous community in Panama, although the consent was granted before the reporting period.

On the requirement to disclose the number of confirmed incidents during the reporting period involving environmental and human rights defenders, five companies state that no such incidents occurred. However, some do not specify the nature of incidents, and others, such as Atalaya, refer instead to incidents of discrimination.

With regard to **"Security personnel"** (MQC 8, paragraphs 79 to 81), only one company (First Quantum Mineral) provides information. It states that its private security service providers are required to respect the Voluntary Principles on Security and Human Rights. The rest of the companies in the sample generally do not refer to security personnel, nor specifically to whether they have received training on the undertaking's human rights policies.

Finally, regarding **"Engagement with affected communities and grievance mechanisms"** (MQC 9, paragraphs 82 to 86), four companies provide some information on grievance mechanisms or similar conflict resolution procedures. However, only Atalaya offers more comprehensive information. Even so, it falls short of meeting the requirements set by the standard, for example, in relation to the number or percentage of business sites where development programmes have been implemented or the engagement of the affected community.

//// **TABLE 9** Analysis of the sustainability reporting by the companies analysed: Social disclosures

Social disclosures		
Disclosure requirements	No. of companies	Companies
ESRS S1 - MQC. Own workforce		
(a) housing facilities for own workers and their access to basic services such as clean water, sanitation and electricity as well as recreational facilities and social spaces;	1	SAINT GOBAIN
(b) working time and work-life balance when operating round-the-clock or in remote locations.	0	-----
MQC 7. Work stoppages		
Number of work stoppages during the reporting period, including number of employees involved and their length.	0	-----
(a) the number of employees involved in major work stoppages during the reporting period.	0	-----
(b) the length in days of the stoppage.	0	-----
ESRS S2 - MQC. Workers in the value chain		
Whether and how they address the applicability of its own health and safety management system to value chain workers.	9	ATALAYA BROOKFIELD ASSET MGMT FIRST QUANTUM MINERAL EIFFAGE ICL IBERIA MAGNESITAS NAVARRAS MINERSA SAINT GOBAIN SANDFIRE RESOURCES
Whether and how the undertaking monitors the health and safety metrics for the value chain workers whilst working on site.	3	ATALAYA EIFFAGE ICL IBERIA
ESRS S3 - MQC. Affected communities		
Whether it has been involved during the reporting period in a process of seeking free, prior and informed consent (FPIC) from indigenous peoples for any of its activities.	1	FIRST QUANTUM MINERAL
If the undertaking has been involved in such processes, the following information for each business sites in question: i. whether the process has been mutually accepted by the undertaking and the affected indigenous peoples; and ii. whether an agreement has been reached, and if so, if the agreement is publicly available.	1	FIRST QUANTUM MINERAL
The number of confirmed incidents during the reporting period related to environmental and human rights defenders and identify those that relate to vulnerable groups.	5	ATALAYA FIRST QUANTUM MINERAL EIFFAGE ICL IBERIA MINERSA
MQC 8. Security personnel		
The percentage of security personnel that has received training about the undertaking's human rights policies.	1	FIRST QUANTUM MINERAL
Where applicable, the number of the identified incidents during reporting period of violations of human rights of affected communities, including indigenous people directly linked to its security personnel and a description of the type of violation.	0	-----

MQC 9. Engagement with affected communities and grievance mechanisms

The number of sites with grievance mechanisms or similar conflict resolution procedures for the business sites listed in MQC 1, Mapping of business sites. If the undertaking does not operate local grievance mechanisms at the business site level as these are managed at group or company level, it may fulfil this requirement by stating this to be the case. It may disclose its plans to develop grievance mechanisms at business site level, if applicable.	4	ATALAYA FIRST QUANTUM MINERAL MINERSA SANDFIRE RESOURCES
The percentage of business sites that have implemented development programs and/or (a) affected community engagement (b) impact assessments, including i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring.	2	ATALAYA EIFFAGE
It shall disclose whether the results of environmental and social impact assessments have been made public.	1	ATALAYA

4.2.4. Analysis of governance disclosure items

Regarding the last section on "**Governance disclosures**", the content that companies are required to disclose under the ESRS MQC Exposure Draft of 16 October is considerably more limited compared to the other sections.

Table 10 presents a breakdown of the governance-related information disclosed in the sustainability reports of the undertakings analysed.

Within the disclosure requirement "**Business conduct**" (ESRS G1 – MQC, paragraphs 87 to 90), the first identified item establishes that, when reporting its policies, actions and targets related to the management of relationships with suppliers and payment practices according to ESRS G1-2 and G1-6, the undertaking shall specify whether and how they take into account the procurement spending on local suppliers. In the sustainability reports analysed, seven companies provide this information.

Another item related to "Business conduct" (ESRS G1- MQC, paragraph 90) states that the undertaking shall disclose the amount it spent (as a reporting entity) during the reporting period on lobbying activities with contents covering its material impacts, risks and opportunities identified in its materiality assessment. Only two companies (First Quantum Mineral and Minersa) disclose this information.

The DPs on "**Transparency about contracts and licenses**" (MQC 11, paragraphs 91 to 93) require undertakings to provide information about the transparency with respect to contracts and licenses with governments for the exploitation of minerals and coal resources. In particular, whether information on contracts and licences are made publicly available and where they can be found. In this case we have not found any company that expressly referred to this information.

Related to the above, the DPs on "**State-aid and competition**" (MQC 12, paragraphs 94 to 96) require undertakings to provide information concerning possible anti-competitive behaviour, the abuse of dominance, or the receipt of state-aid during the reporting period. Only in the case of Atalaya and Fertiberia is information in this respect disclosed.

With regard to the items on "**Beneficial ownership**" (MQC 13, paragraphs 97 to 100), the first item establishes that the undertaking shall provide information about its beneficial ownership and how it identifies the beneficial owners of business partners, including joint ventures and suppliers. Only Magnesitas Navarras discloses information in this regard.

When reporting its policies, actions and targets related to the prevention and detection of corruption and bribery according to ESRS G1-1 and G1-3 (MQC 13, paragraph 99), the undertaking shall specify whether and how they cover guidelines and screening processes regarding politically exposed per-

sons ('PEPs') and beneficial owners of business partners, including joint ventures and suppliers. Only in the cases of Atalaya and Brookfield Asset Management is information in this respect shown.

As for the item requiring undertakings to disclose a list of its parent undertaking's beneficial owner(s) (as defined in article 3(6) of Directive (EU) 2015/849, no such information was found in any of the sustainability reports analysed.

The final governance-related item concerns **"Minerals or coal purchased from states"** (MQC 14, paragraphs 101 to 103). It consists of the company providing information about the volumes and types of minerals or coal purchased from states or a third party appointed on the behalf of such states during the reporting period. Again, no information is disclosed by any company.

/// **TABLE 10** Analysis of the sustainability reporting by the companies analysed: Governance disclosures

Governance disclosures		
Disclosure requirements	No. of companies	Companies
ESRS G1 MQC Business conduct		
When reporting its policies, actions and targets related to the management of relationships with suppliers and payment practices according to ESRS G1-2 and G1-6, the undertaking shall specify whether and how they take into account the procurement spending on local suppliers.	7	ATALAYA BROOKFIELD ASSET MGMT FIRST QUANTUM MINERAL FERTIBERIA ICL IBERIA MAGNESITAS NAVARRAS MINERSA
The undertaking shall disclose the amount it spent (as a reporting entity) during the reporting period on lobbying activities with contents covering its material impacts, risks and opportunities identified in its materiality assessment.	2	FIRST QUANTUM MINERAL MINERSA
MQC 11 Transparency about contracts and licenses		
The undertaking shall provide information about the transparency with respect to contracts and licenses with governments setting the terms and conditions for the exploitation of minerals and coal resources.	0	-----
MQC 12 State-aid and competition		
The undertaking shall provide information concerning possible anti-competitive behaviour, the abuse of dominance, or the receipt of state-aid during the reporting period.	2	ATALAYA FERTIBERIA
MQC 13 Beneficial ownership		
The undertaking shall provide information about its beneficial ownership and how it identifies the beneficial owners of business partners, including joint ventures and suppliers.	1	MAGNESITAS NAVARRAS
When reporting its policies, actions and targets related to the prevention and detection of corruption and bribery according to ESRS G1-1 and G1-3, the undertaking shall specify whether and how they cover guidelines and screening processes regarding politically exposed persons ('PEPs') and beneficial owners of business partners, including joint ventures and suppliers	2	ATALAYA BROOKFIELD ASSET MGMT

The undertaking shall disclose a list of its parent undertaking's beneficial owner(s) (as defined in article 3(6) of Directive (EU) 2015/849).	0	-----
MQC 14 Minerals or coal purchased from states		
The undertaking shall provide information about minerals or coal purchased from states or a third party appointed on the behalf of such states during the reporting period.	0	-----

4.3. Final considerations

This section presents an analysis of the content of the sustainability reports published by the companies in the sample prior to the application of the sector-specific ESRS. The sample consists of the thirteen largest Spanish companies in the mining, quarrying and coal sector that may fall within the scope of the ESRS MQC Exposure Draft. In only five cases is the sustainability reporting prepared by a Spanish entity. In the remaining eight, the ultimate parent company, responsible for preparing the report, is based in another country: five are located in the European Union (two in France, and one each in Belgium, Cyprus and Luxembourg), two in Canada, and one in Australia.

The 56 disclosure items analysed have been classified according to the structure of the Exposure Draft: general disclosures, cross-topical sector disclosures, environmental disclosures, social disclosures, and governance disclosures.

The area with the highest level of disclosure is environmental matters, followed by social matters. Governance ranks third, and the lowest levels of disclosure are found in the cross-topical sector and general disclosures. Indeed, in the area of general disclosures, neither of the two identified items under activity indicators is addressed by any of the companies in the study.

Out of the 56 items analysed, there are 19 for which none of the thirteen companies provides any information. On average, each item is reported on by 2.5 companies, with a maximum of ten companies disclosing on a single environmental item. Although environmental matters receive the most attention, the information disclosed is often incomplete, high-level, and not fully aligned with the specific requirements of the data points. The level of detail also varies widely between companies.

In some instances, it is unclear whether the lack of disclosure reflects non-applicability (e.g. no non-compliances, work stoppages, or incidents involving environmental or human rights defenders) or a decision not to report, possibly for reputational reasons.

In conclusion, the current state of sustainability reporting by companies in this sector may be considered insufficient in most areas of the Exposure Draft. Companies will likely need to make substantial efforts to meet the reporting requirements set out in the sector-specific standard (e.g. in relation to workers in the value chain). That said, in some cases companies already possess the relevant internal information, and what is needed is simply the willingness to comply with the disclosure requirement. This would not require significant additional effort (for example, in reporting on the mapping of business sites, revenue by activity, or matters related to own workforce).

5 Conclusions

The mining, quarrying and coal sector is of particular interest not only due to its economic importance, but also because of its significant influence on sustainability and the environment. In Spain, there are more than 2,600 mining operations employing nearly 30,000 people, with notable presence in regions such as Andalusia, Catalonia, Castile and León, and Galicia.

At the same time, it is well known that mineral extraction can affect soil, water and air, leading to substantial environmental impacts. Against this backdrop, the ESRS MQC Exposure Draft of 16 October 2024, published by EFRAG, introduces three cross-topical sector matters that play a key role in assessing materiality: industrial hazards, closure of assets, and tailings management. Where one of these matters is assessed as material, it is likely that related sustainability subtopics or sub-subtopics, such as methane, air pollution, water pollution, soil contamination, substances of concern, etc., may also be material.

This raises concerns as to whether the wording of ESRS 2.IRO2.MQC, carried over into ESRS SEC 1, is robust enough to prevent companies from omitting sensitive information by classifying it as not material in practice. Nonetheless, it is a positive sign that recent versions of the Exposure Draft have strengthened the focus on the disclosure of certain environmental, social and governance matters.

From an environmental perspective, the subtopics and sub-subtopics largely mirror those in ESRS 1 (AR 16) and are reinforced by sector specifications such as industrial hazards, closure of assets, tailings, methane, and Scope 1 greenhouse gas emissions. However, the inclusion of water-intense mining operations and degradation of land and soil sealing as sector specifications is questionable, as they are not linked to any DR or DP.

With respect to social matters, there is also broad alignment with ESRS 1 (AR 16) in terms of subtopics and sub-subtopics. However, some sub-subtopics, such as social dialogue and employment and inclusion of persons with disabilities, are excluded, while emphasis is placed on “operating round-the-clock or in remote locations”, “work stoppages”, and “rights of indigenous peoples”. In the first case, the sector specification is addressed through a DP; in the second, there is a full DR. As for the third, its inclusion as a sector specification appears redundant, given that it is already recognised as a subtopic.

In the area of governance, only two subtopics are listed, one of which is the topic title itself (business conduct), and the other management of relationships with suppliers including payment practices. While ESRS 1 (AR 16) identifies six subtopics and the Exposure Draft only two, the latter includes six sector specifications, reflecting a more targeted focus on topics relevant to the sector. Most of these relate to transparency and corruption, and most are linked to specific DRs. However, the reference to lobbying is notably brief, limited to paragraph 90.

To evaluate the extent to which this new standard may impact Spanish companies, we have analysed a sample of companies in the sector that meet the requirements for preparing a sustainability report. A total of 56 items have been assessed, most of which fall under the categories of policies, actions and targets or metrics. In general, the companies analysed do not currently provide detailed reporting on the matters outlined in the Exposure Draft. Where policies, actions and targets are disclosed, several companies refer to them, but do not present them with the depth required by the Exposure Draft. In contrast, “metrics” are often not addressed at all, although companies show greater attention to those related to environmental matters.

Thus, although this new sector-specific standard shares many commonalities with the GRI framework, companies will need to adapt to disclosing a range of information they have not previously been required to report.

6 References

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7 Annexes

//// ANNEX 1: TABLE 11 Structure of the ESRS MQC Exposure Draft of 16 October 2024

ESRS 2 General disclosures		
DR	Paragraphs	AR
ESRS 2 GOV-4	3,4	
ESRS 2.SBM1.MQC. Activity indicators	15	
ESRS 2 SBM-3	5	
ESRS 2 IRO-1	6, 7, 8, 9, 10, 11, 12, 13	
Cross-topical sector disclosures		
DR	Paragraphs	AR
MQC 1. Mapping of business sites	16, 17, 18	14, 15, 16, 17, 18, 19
MQC 2. Mineral reserves	19, 20, 21, 22, 23	20, 21, 22, 23, 24, 25, 26, 27, 28
MQC 3. Industrial hazards	24, 25, 26, 27, 28, 29, 30, 31, 32	29, 30, 31, 32, 33, 34, 35
MQC 4. Closure of assets	33, 34, 35, 36, 37, 38, 39, 40	36, 37, 378, 39, 40, 41, 42, 43, 44, 45, 46
MQC 5. Tailings management, facilities and impoundments	41, 42, 43, 44, 45, 46, 47, 48	47, 48
Environmental disclosures		
DR	Paragraphs	AR
ESRS E1 – MQC. Climate change	49, 50, 51, 52, 53, 54, 55	49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64
ESRS E2 – MQC. Pollution	56, 57, 58	65, 66, 67, 68
ESRS E3 – MQC. Water and marine resources	59	69, 70
MQC 6. Water and marine resources metrics	60, 61, 62, 63, 64, 65	71, 72, 73, 74, 75
ESRS E4 – MQC. Biodiversity and ecosystems	66, 67, 68	76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86
ESRS E5 – MQC. Circular economy	87	
Social disclosures		
DR	Paragraphs	AR
ESRS S1 – MQC. Own workforce	69	88, 89, 90, 91
MQC 7. Work stoppages	70, 71, 72, 73	92, 93, 94
ESRS S2 – MQC. Workers in the value chain	74	
ESRS S3 – MQC. Affected communities	75, 76, 77, 78	95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108
MQC 8. Security personnel	79, 80, 81	109, 110, 112, 113, 114, 115, 116
MQC 9. Engagement with affected communities and grievance mechanisms	82, 83, 84, 85, 86	117, 118, 119, 120, 121, 122
Governance disclosures		
DR	Paragraphs	AR
ESRS G1 – MQC. Business conduct	87, 89, 89, 90	123

MQC 11. Transparency about contracts and licenses	91, 92, 93	
MQC 12. State-aid and competition	94, 95, 96	124
MQC 13. Beneficial Ownership	97, 98, 99, 100	
MQC 14. Minerals or coal purchased from states	101, 102, 103	

//// ANNEX 2: Acronyms

AR	Application Requirement
DP	Data Point
DR	Disclosure Requirement
EFRAG	European Financial Reporting Advisory Group
EFRAG SR TEG	EFRAG Sustainability Reporting Technical Expert Group
EFRAG SRB	EFRAG Sustainability Reporting Board
EMS	Environmental Management System
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standard
FPIC	Free, Prior and Informed Consent
FSB	Financial Stability Board
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
GSSB	Global Sustainability Standards Board
IRO	Impacts, Risks and Opportunities
MQC	Mining, Quarrying and Coal
ESRS	European Sustainability Reporting Standard
UN	United Nations
PAT	Policies, Actions and Targets
GDP	Gross Domestic Product
SASB	Sustainability Accounting Standards Board
SBM	Strategy and Business Model
TCFD	Task Force on Climate-related Financial Disclosures
EU	European Union

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