WORLD NUCLEAR ASSOCIATION

World Nuclear Association comments on the ISSB Request for Information 2023 (ISSB/RFI/2023/1) consultation on agenda priorities, and modernisation of SASB standards

From: World Nuclear Association Sama Bilbao y León
To: International Sustainability Standards Board

Date 01/September/2023

Dear Emmanuel, Sue and the ISSB team,

World Nuclear Association welcomes the opportunity to provide comments on the consultations launched by ISSB this year – the consultation on its future agenda priorities and the methodology for enhancing the international applicability of the SASB standards. We wish to emphasise some key points in this letter.

World Nuclear Association is the international organisation that represents the global nuclear industry. Our members include companies from all parts of the nuclear fuel cycle and lifecycle – including uranium mining, conversion, uranium enrichment, nuclear fuel fabrication, plant manufacture, electricity generation, transport, the final disposal of used nuclear fuel and plant decommissioning. We continue to promote the ISSB standards to our members, and to serve as a focal point for comments from nuclear organisations as we prepare a collective position to support the ongoing development of the standards.

The Association is greatly encouraged by the publication of the S1 and S2 standards and the warm reception this has received internationally. We watch with interest the ongoing progress being made by the inter-jurisdictional working group and encourage the ISSB to increase its stakeholder outreach activities.

Future work priorities of ISSB

World Nuclear Association believes that it is important for the ISSB to develop a robust conceptual framework to serve as a principles-based and technology agnostic guide to its future projects, and for helping to improve the consistency and decision-usefulness of the standards for investors. We also believe that a broader update to the SASB standards should be a high priority for ISSB.

We believe that ISSB should adopt the 'principle of technological neutrality', with a focus on developing performance-based criteria that provide an accurate and comparable account of climate-related and sustainability related risks and opportunities. The ISSB should avoid emphasising specific technologies as solutions within their standards as this arguably fails to provide comprehensive high-quality, transparent and comparable data that meets the information needs of global investors. It further has the potential to distort markets in a way that does not necessarily help the attainment of climate and sustainability objectives.

This technology neutrality approach is already well-embedded in TCFD framework and the non-industry specific parts of S1 and S2, however from our review we note that the industry-specific standards (SASB and industry-based guidance to S2) sometimes take a prescriptive approach, where certain technology-specific solutions are emphasized.

Reducing material climate risks means that companies invariably need to make progress in switching to low-carbon energy sources. Whether they choose to do this through the use of renewables, nuclear, carbon capture,

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efficiency, or some other means should be equally weighted by the ISSB climate standard. These technologies are a means to an end, not the end themselves! However, a close look at the published industry standards accompanying S2 (made readily searchable in digital format) reveals a significant renewables bias, whereas other decarbonisation options are significantly downplayed.

We provided some specific instances of this prescriptive approach within the industry standards in our comment letter (dated 28 July 2022) to the S1 and S2 consultation. Disappointingly, this remains present in the published industry-based guidance accompanying S2. The S2 industry-based guidance mentions the word 'renewable' or 'renewables' **879 times** across the various sectors and subsectors. By contrast, nuclear energy was mentioned **28 times**, and was wholly confined within volume 32 – electric utilities and power generators. I.e., nuclear was mentioned only in relation to its own industry disclosure requirements. We observe that the reporting of metric of 'percentage of renewable energy' is frequently required under the 'Energy Management' disclosure topic. No information is provided to justification for this particular metric, and it does not even necessarily impart information about the carbon-intensity of the energy option. We therefore suggest that it be replaced with 'percentage of low-carbon' instead.

ISSB has adopted the SASB developed Sustainable Industry Classification System (SICS) which "*categorizes sectors and industries in accordance with a* ***fundamental view of their business models, their resource intensity and sustainability impacts, and their sustainability innovation potential."*** [1]. We are concerned that the use of SICS may lead to gaps and misalignment of comparable data between sectors, such as 'Renewable Resources and Alternative Fuels' category. We therefore recommend that ISSB revises the SICS to align with international industry classification schemes such as ISIC and NACE. This would ensure all sectors are appropriately captured in the ISSB standards.

In general, World Nuclear Association believes that industry-specific standards are indeed vital to meeting the needs of investors and for enabling companies to provide comprehensive sustainability information – since different industries will have specific social and environmental impacts. Therefore, we would like to see a broader update to SASB (and a possible revision to the published S2 industry guidance) carried out as a priority in the near-term, in line with the forgoing points.

Regarding integrated reporting, several of the Association's members have indicated that combining the publication of the sustainability and accounting reports will create unreasonable additional burden. Given that it seems likely that innovations in areas such as environmental monitoring and digital reporting will over time lead to a more continuous form of disclosure, this reduces the claimed benefits of an integrated annual report. The Association therefore does not support this as a priority activity.

Internationalisation of SASB

Regarding the methodology for Enhancing the International Applicability of the SASB Standards, we agree that internationalization should at the first step preserve the original intent and scope of the SASB standards. However, we note that there are clearly challenges here, as was evident in the internationalisation of the Nuclear Safety and Emergency Management standard carried out for S2 Appendix B. We provided comments on this in an attachment to an earlier submission (dated 28 July 2022).

We highlighted issues around the use of 'independent safety review', as this potentially represents a significant scope change from the original SASB standard, which referred specifically to a regulatory review (the US Nuclear Regulatory Commission). Unfortunately, this change of scope was kept in the published version of S2 standard. The published S2 Industry-based Guidance also refers to Institute of Nuclear Power Operations (INPO) guidance, which is national guidance instead of the appropriate international guidance.

[1] SASB, 2017, SASB Conceptual Framework

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We therefore call upon ISSB to urgently amend the S2 Industry-based Guidance on implementing Climate-related Disclosures on Nuclear Safety and Emergency Management to reflect comments made.

These appear to be unintended consequences of the internationalization process. We therefore consider it to be crucial that ISSB engages with industry bodies during SASB internationalisation (and future development of SASB standards) to make sure that sector knowledge is incorporated and appropriate metrics are adopted.

The World Nuclear Association welcome the enormous progress made in the development of the ISSB Climate related and Sustainability related standards and looks forward to working with ISSB on the future development of the standards.

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