

June 2023

## **IFRS S2**

IFRS<sup>®</sup> Sustainability Disclosure Standard

### **Industry-based Guidance on implementing Climate-related Disclosures**

Volume 27—Drug Retailers



**International Sustainability Standards Board**

## IFRS S2 CLIMATE-RELATED DISCLOSURES–JUNE 2023

This Industry-based Guidance accompanies IFRS S2 *Climate related Disclosures* (published June 2023; see separate booklet) and is issued by the International Sustainability Standards Board (ISSB).

**Disclaimer:** To the extent permitted by applicable law, the ISSB and the IFRS Foundation (Foundation) expressly disclaim all liability howsoever arising from this publication or any translation thereof whether in contract, tort or otherwise to any person in respect of any claims or losses of any nature including direct, indirect, incidental or consequential loss, punitive damages, penalties or costs.

Information contained in this publication does not constitute advice and should not be substituted for the services of an appropriately qualified professional.

**© IFRS Foundation 2023**

Reproduction and use rights are strictly limited to personal non-commercial use, such as corporate disclosure.

Any other use, such as – but not limited to – reporting software, investment analysis, data services and product development is not permitted without written consent. Please contact the Foundation for further details at [sustainability\\_licensing@ifrs.org](mailto:sustainability_licensing@ifrs.org).

All rights reserved.



The Foundation has trade marks registered around the world (Marks) including 'IAS®', 'IASB®', the IASB® logo, 'IFRIC®', 'IFRS®', the IFRS® logo, 'IFRS for SMEs®', the IFRS for SMEs® logo, 'International Accounting Standards®', 'International Financial Reporting Standards®', the 'Hexagon Device', 'NIIF®', 'SIC®', and 'SASB®'. Further details of the Foundation's Marks are available from the Foundation on request.

The Foundation is a not-for-profit corporation under the General Corporation Law of the State of Delaware, USA and operates in England and Wales as an overseas company (Company number: FC023235) with its principal office in the Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD.

## IFRS S2 INDUSTRY-BASED GUIDANCE

### Introduction

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

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

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

## Volume 27—Drug Retailers

---

### Industry Description

Drug Retailers industry entities operate retail pharmacies and distribution centres that supply retail stores. Stores may be entity-owned or franchised. Large entities source drugs and other merchandise through wholesalers and distributors. Consumer sales of prescription and over-the-counter pharmaceutical products generate a majority of the industry's revenue; other goods sold include household goods, personal care products and a limited selection of groceries. Additionally, the pharmacy retailer segment is expanding its health-focused services by offering clinics at various retail locations, which may add to the industry's shifting sustainability landscape.

### Sustainability Disclosure Topics & Metrics

**Table 1. Sustainability Disclosure Topics & Metrics**

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Energy Management in Retail	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	HC-DR-130a.1

**Table 2. Activity Metrics**

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of pharmacy locations	Quantitative	Number	HC-DR-000.A
Total area of retail space	Quantitative	Square metres (m <sup>2</sup> )	HC-DR-000.B
Number of prescriptions filled, percentage for controlled substances	Quantitative	Number, Percentage (%)	HC-DR-000.C
Number of pharmacists <sup>28</sup>	Quantitative	Number	HC-DR-000.D

### Energy Management in Retail

#### Topic Summary

Chain drug retailers operate thousands of locations that consume large quantities of energy. Electricity is used primarily for lighting and refrigeration. Many retail locations may operate 24 hours a day, thereby increasing energy demand. Operational energy efficiency and diversification among a range of energy supply sources may mitigate exposure to rising energy costs and limit an entity's indirect greenhouse gas emissions.

<sup>28</sup> Pharmacists are employees who dispense drugs prescribed by physicians and other health practitioners and provide information to patients about medications and their use. Pharmacists may advise physicians and other health practitioners on the selection, dosage, interactions, and side effects of medications.

## Metrics

*HC-DR-130a.1. (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable*

- 1 The entity shall disclose (1) the total amount of energy it consumed as an aggregate figure, in gigajoules (GJ).
  - 1.1 The scope of energy consumption includes energy from all sources, including energy purchased from external sources and energy produced by the entity itself (self-generated). For example, direct fuel usage, purchased electricity, and heating, cooling and steam energy are all included within the scope of energy consumption.
  - 1.2 The scope of energy consumption includes only energy directly consumed by the entity during the reporting period.
  - 1.3 In calculating energy consumption from fuels and biofuels, the entity shall use higher heating values (HHV), also known as gross calorific values (GCV), which are measured directly or taken from the Intergovernmental Panel on Climate Change (IPCC).
- 2 The entity shall disclose (2) the percentage of energy it consumed that was supplied from grid electricity.
  - 2.1 The percentage shall be calculated as purchased grid electricity consumption divided by total energy consumption.
- 3 The entity shall disclose (3) the percentage of energy it consumed that was renewable energy.
  - 3.1 Renewable energy is defined as energy from sources that are replenished at a rate greater than or equal to their rate of depletion, such as geothermal, wind, solar, hydro and biomass.
  - 3.2 The percentage shall be calculated as renewable energy consumption divided by total energy consumption.
  - 3.3 The scope of renewable energy includes renewable fuel the entity consumed, renewable energy the entity directly produced and renewable energy the entity purchased, if purchased through a renewable power purchase agreement (PPA) that explicitly includes renewable energy certificates (RECs) or Guarantees of Origin (GOs), a Green-e Energy Certified utility or supplier programme, or other green power products that explicitly include RECs or GOs, or for which Green-e Energy Certified RECs are paired with grid electricity.
    - 3.3.1 For any renewable electricity generated on-site, any RECs and GOs shall be retained (not sold) and retired or cancelled on behalf of the entity for the entity to claim them as renewable energy.
    - 3.3.2 For renewable PPAs and green power products, the agreement shall explicitly include and convey that RECs and GOs be retained or replaced and retired or cancelled on behalf of the entity for the entity to claim them as renewable energy.

- 3.3.3 The renewable portion of the electricity grid mix that is outside of the control or influence of the entity is excluded from the scope of renewable energy.
- 3.4 For the purposes of this disclosure, the scope of renewable energy from biomass sources is limited to materials certified to a third-party standard (for example, Forest Stewardship Council, Sustainable Forest Initiative, Programme for the Endorsement of Forest Certification or American Tree Farm System), materials considered eligible sources of supply according to the *Green-e Framework for Renewable Energy Certification, Version 1.0* (2017) or Green-e regional standards, or materials eligible for an applicable state renewable portfolio standard.
- 4 The entity shall apply conversion factors consistently for all data reported under this disclosure, such as the use of HHVs for fuel usage (including biofuels) and conversion of kilowatt hours (kWh) to GJ (for energy data including electricity from solar or wind energy).



Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD, UK

Tel **+44 (0) 20 7246 6410**  
Email **sustainability\_licensing@ifrs.org**

**ifrs.org**