



**SASB
STANDARDS**

Now part of IFRS Foundation

Processed Foods

Sustainability Accounting Standard

FOOD & BEVERAGE SECTOR

Sustainable Industry Classification System® (SICS®) FB-PF

Under Stewardship of the International Sustainability Standards Board

INDUSTRY STANDARD | VERSION 2023-12



IFRS®
Sustainability

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ABOUT THE SASB STANDARDS

As of August 2022, the International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB Standards. The ISSB has committed to maintain, enhance and evolve the SASB Standards and encourages preparers and investors to continue to use the SASB Standards.

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) requires entities to refer to and consider the applicability of disclosure topics in the SASB Standards when identifying sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects. Similarly, IFRS S1 requires entities to refer to and consider the applicability of metrics in the SASB Standards when determining what information to disclose regarding sustainability-related risks and opportunities.

In June 2023, the ISSB amended climate-related topics and metrics in the SASB Standards to align them with the industry-based guidance accompanying IFRS S2 *Climate-related Disclosures*. In December 2023, the ISSB amended the non-climate-related topics and metrics in connection with the International Applicability of SASB Standards project.

Effective Date

This version 2023-12 of the Standard is effective for all entities for annual periods beginning or after January 1, 2025. Early adoption is permitted for all entities.

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INTRODUCTION

Overview of SASB Standards

The SASB Standards are a set of 77 industry-specific sustainability accounting standards (“SASB Standards” or “Industry Standards”), categorised pursuant to the [Sustainable Industry Classification System® \(SICS®\)](#).

SASB Standards include:

1. **Industry descriptions** – which are intended to help entities identify applicable industry guidance by describing the business models, associated activities and other common features that characterise participation in the industry.
2. **Disclosure topics** – which describe specific sustainability-related risks or opportunities associated with the activities conducted by entities within a particular industry.
3. **Metrics** – which accompany disclosure topics and are designed to, either individually or as part of a set, provide useful information regarding an entity’s performance for a specific disclosure topic.
4. **Technical protocols** – which provide guidance on definitions, scope, implementation and presentation of associated metrics.
5. **Activity metrics** – which quantify the scale of specific activities or operations by an entity and are intended for use in conjunction with the metrics referred to in point 3 to normalise data and facilitate comparison.

Entities using the SASB Standards as part of their implementation of ISSB Standards should consider the relevant ISSB application guidance.

For entities using the SASB Standards independently from ISSB Standards, the [SASB Standards Application Guidance](#) establishes guidance applicable to the use of all Industry Standards and is considered part of the Standards. Unless otherwise specified in the technical protocols contained in the Industry Standards, the guidance in the SASB Standards Application Guidance applies to the definitions, scope, implementation, compilation and presentation of the metrics in the Industry Standards.

Historically, the [SASB Conceptual Framework](#) set out the basic concepts, principles, definitions and objectives that guided the SASB Standards Board in its approach to setting standards for sustainability accounting.

Use of the Standards

SASB Standards are intended to aid entities in disclosing information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. An entity determines which Industry Standard(s) and which disclosure topics are relevant to its business, and which associated metrics to report. In general, an entity should use the SASB Standard specific to its primary industry as identified in [SICS[®]](#). However, companies with substantial business in multiple SICS[®] industries should refer to and consider the applicability of the disclosure topics and associated metrics in additional SASB Standards.

The disclosure topics and associated metrics contained in this Standard have been identified as those that are likely to be useful to investors. However, the responsibility for making materiality judgements and determinations rests with the reporting entity.

Industry Description

Processed Foods industry entities process and package foods such as bread, frozen foods, snack foods, pet foods and condiments for retail consumer consumption. Typically, these products are made ready to consume, are marketed for retail consumers and can be found on food retailers' shelves. The industry is characterised by large and complex ingredient supply chains, because many entities source ingredients from around the world. Large entities operate globally, and international opportunities are driving growth.

SUSTAINABILITY DISCLOSURE TOPICS & METRICS

Table 1. Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Energy Management	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-PF-130a.1
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m³), Percentage (%)	FB-PF-140a.1
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-PF-140a.2
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-PF-140a.3
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-PF-250a.1
	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	Quantitative	Percentage (%) by cost	FB-PF-250a.2
	(1) Total number of notices of food safety violation received, (2) percentage corrected	Quantitative	Number, Percentage (%)	FB-PF-250a.3
	(1) Number of recalls issued and (2) total amount of food product recalled ¹	Quantitative	Number, Metric tonnes (t)	FB-PF-250a.4
Health & Nutrition	Revenue from products labelled or marketed to promote health and nutrition attributes	Quantitative	Presentation currency	FB-PF-260a.1
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	Discussion and Analysis	n/a	FB-PF-260a.2

continued...

¹ Note to **FB-PF-250a.4** – The disclosure shall include a description of notable recalls, such as those that affected a significant amount of product or those related to serious illnesses or fatalities.

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TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Product Labelling & Marketing	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines ²	Quantitative	Percentage (%)	FB-PF-270a.1
	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Quantitative	Presentation currency	FB-PF-270a.2
	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	Quantitative	Number	FB-PF-270a.3
	Total amount of monetary losses as a result of legal proceedings associated with labelling or marketing practices ³	Quantitative	Presentation currency	FB-PF-270a.4
Packaging Lifecycle Management	(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable, reusable, or compostable	Quantitative	Metric tonnes (t), Percentage (%)	FB-PF-410a.1
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	FB-PF-410a.2
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of food ingredients sourced that are certified to third-party environmental or social standards, and percentages by standard	Quantitative	Percentage (%) by cost	FB-PF-430a.1
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-PF-430a.2
Ingredient Sourcing	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-PF-440a.1
	List of priority food ingredients and discussion of sourcing risks related to environmental and social considerations	Discussion and Analysis	n/a	FB-PF-440a.2

² Note to **FB-PF-270a.1** – The disclosure shall include the applicable dietary guidelines and the method used to estimate advertising impressions.

³ Note to **FB-PF-270a.4** – The entity shall briefly describe the nature, context and any corrective actions taken because of monetary losses.

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Weight of products sold	Quantitative	Metric tonnes (t)	FB-PF-000.A
Number of production facilities	Quantitative	Number	FB-PF-000.B

Energy Management

Topic Summary

The Processed Foods industry is reliant on energy and fuel as primary inputs for value creation in manufacturing food products. Energy is needed to operate large manufacturing facilities for cooking, refrigeration and packaging. Energy production and consumption contributes to significant environmental impacts, including climate change and pollution, which have the potential indirectly, yet materially, to affect processed food entity operations. Energy efficiency in production and distribution can mitigate exposure to volatile energy costs and limit an entity's contribution to direct and indirect greenhouse gas (GHG) emissions. Producers may be able to reduce the risk posed by volatile fossil fuel energy costs—particularly natural gas, which the industry uses heavily—by diversifying their energy portfolio across a range of sources. Decisions regarding alternative fuels use, renewable energy and on-site generation of electricity versus purchasing from the grid, may influence both the costs and reliability of the energy supply.

Metrics

FB-PF-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 all are 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 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 jurisdictional 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 use (including biofuels) and conversion of kilowatt hours (kWh) to GJ (for energy data including electricity from solar or wind energy).

Water Management

Topic Summary

Processed Foods entities rely on a reliable water supply for cooking, processing and cleaning finished goods. Additionally, entities in the industry generate and must manage the wastewater discharge from processing activities. As water scarcity becomes an issue of increasing importance, processed foods entities—operating in water-stressed regions—may face increasing operational risks. Entities in the industry may face higher operational costs as well as water shortages because of the physical availability or more stringent regulations. Entities can manage water-related risks and opportunities through capital investments and assessment of facility locations relative to water scarcity risks, improvements to operational efficiency, and partnerships with regulators and communities on issues related to water access and effluent.

Metrics

FB-PF-140a.1. (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress

- 1 The entity shall disclose the amount of water, in thousands of cubic metres, withdrawn from all sources.
 - 1.1 Water sources include surface water (including water from wetlands, rivers, lakes and oceans), groundwater, rainwater collected directly and stored by the entity, and water and wastewater obtained from municipal water supplies, water utilities or other entities.
- 2 The entity may disclose portions of its supply by source if, for example, significant portions of withdrawals are from non-freshwater sources.
 - 2.1 Fresh water may be defined according to the local laws and regulations where the entity operates. If no legal definition exists, fresh water shall be considered to be water that has less than 1,000 parts per million of dissolved solids.
 - 2.2 Water obtained from a water utility in compliance with jurisdictional drinking water regulations can be assumed to meet the definition of fresh water.
- 3 The entity shall disclose the amount of water, in thousands of cubic metres, consumed in its operations.
 - 3.1 Water consumption is defined as:
 - 3.1.1 Water that evaporates during withdrawal, use and discharge
 - 3.1.2 Water that is directly or indirectly incorporated into the entity's product or service
 - 3.1.3 Water that does not otherwise return to the same catchment area from which it was withdrawn, such as water returned to another catchment area or the sea

- 4 The entity shall analyse all its operations for water risks and identify activities that withdraw and consume water in locations with High (40–80%) or Extremely High (>80%) Baseline Water Stress as classified by the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct.
- 5 The entity shall disclose its water withdrawn in locations with High or Extremely High Baseline Water Stress as a percentage of the total water withdrawn.
- 6 The entity shall disclose water consumed in locations with High or Extremely High Baseline Water Stress as a percentage of the total water consumed.

FB-PF-140a.2. Number of incidents of non-compliance associated with water quality permits, standards and regulations

- 1 The entity shall disclose the total number of incidents of non-compliance, including violations of a technology-based standard and exceedances of quantity or quality-based standards.
- 2 The scope of disclosure includes incidents governed by applicable jurisdictional statutory permits and regulations, which include the discharge of a hazardous substance, violation of pre-treatment requirements or total maximum daily load (TMDL) exceedances.
- 3 The scope of disclosure shall only include incidents of non-compliance that resulted in a formal enforcement action(s).
 - 3.1 Formal enforcement actions are defined as governmental recognised actions that address a violation or threatened violation of water quantity or quality laws, regulations, policies or orders, and can result in administrative penalty orders, administrative orders and judicial actions, among others.
- 4 Violations shall be disclosed, regardless of their measurement methodology or frequency. These include violations for:
 - 4.1 Continuous discharges, limitations, standards and prohibitions that are generally expressed as maximum daily, weekly and monthly averages; and
 - 4.2 Non-continuous discharges or limitations that are generally expressed in terms of frequency, total mass, maximum rate of discharge and mass or concentration of specified pollutants.

FB-PF-140a.3. Description of water management risks and discussion of strategies and practices to mitigate those risks

- 1 The entity shall describe its water management risks associated with water withdrawals, water consumption and discharge of water or wastewater.
 - 1.1 Risks associated with water withdrawals and water consumption include risks to the availability of adequate, clean water resources, which include:
 - 1.1.1 Environmental constraints—such as operating in water-stressed regions, drought, concerns of aquatic impingement or entrainment, interannual or seasonal variability, and risks from the impact of climate change

- 1.1.2 Regulatory and financial constraints—such as volatility in water costs, stakeholder perceptions and concerns related to water withdrawals (for example, those from local communities, non-governmental organisations and regulatory agencies), direct competition with and impact from the actions of other users (for example, commercial and municipal users), restrictions to withdrawals because of regulations, and constraints on the entity's ability to obtain and retain water rights or permits
- 1.2 Risks associated with the discharge of water or wastewater include the ability to obtain rights or permits related to discharges, regulatory compliance related to discharges, restrictions to discharges, the ability to maintain control over the temperature of water discharges, liabilities, reputational risks and increased operating costs because of regulation, stakeholder perceptions and concerns related to water discharges (for example, those from local communities, non-governmental organisations and regulatory agencies).
- 2 The entity may describe water management risks in the context of:
 - 2.1 How risks may vary by withdrawal source, including surface water (including water from wetlands, rivers, lakes and oceans), groundwater, rainwater collected directly and stored by the entity, and water and wastewater obtained from municipal water supplies, water utilities or other entities; and
 - 2.2 How risks may vary by discharge destinations, including surface water, groundwater or wastewater utilities.
- 3 The entity may discuss the potential effects that water management risks may have on its operations and the time line over which such risks are expected to manifest.
 - 3.1 Effects include those associated with costs, revenue, liabilities, continuity of operations and reputation.
- 4 The entity shall discuss its short- and long-term strategies or plans to mitigate water management risks, which include:
 - 4.1 The scope of its strategy, plans, goals or targets, such as how they relate to various business units, geographies or water-consuming operational processes.
 - 4.2 Any water management goals or targets it has prioritised, and an analysis of performance against those goals or targets.
 - 4.2.1 Goals and targets include those associated with reducing water withdrawals, reducing water consumption, reducing water discharges, reducing aquatic impingements, improving the quality of water discharges and regulatory compliance.
 - 4.3 The activities and investments required to achieve the plans, goals or targets, and any risks or limiting factors that might affect achievement of the plans or targets.
 - 4.4 Disclosure of strategies, plans, goals or targets shall be limited to activities that were ongoing (active) or reached completion during the reporting period.
- 5 For water management targets, the entity shall additionally disclose:

- 5.1 Whether the target is absolute or intensity-based, and the metric denominator if it is an intensity-based target.
- 5.2 The time lines for the water management activities, including the start year, the target year and the base year.
- 5.3 The mechanism(s) for achieving the target, including:
 - 5.3.1 Efficiency efforts, such as the use of water recycling or closed-loop systems;
 - 5.3.2 Product innovations, such as redesigning products or services to require less water;
 - 5.3.3 Process and equipment innovations, such as those that enable the reduction of aquatic impingements or entrainments;
 - 5.3.4 Use of tools and technologies (for example, the World Wildlife Fund Water Risk Filter, the Global Water Tool and Water Footprint Network Footprint Assessment Tool) to analyse water use, risks and opportunities; and
 - 5.3.5 Collaborations or programmes in place with the community or other organisations.
- 5.4 The percentage reduction or improvement from the base year, in which the base year is the first year against which water management targets are evaluated towards the achievement of the target.
- 6 The entity shall discuss whether its water management practices result in any additional lifecycle impacts or trade-offs in its organisation, including trade-offs in land use, energy production and greenhouse gas (GHG) emissions, and why the entity chose these practices despite lifecycle trade-offs.

Food Safety

Topic Summary

As it relates to production quality, spoilage, contamination, supply chain traceability and allergy labelling, food safety can significantly affect entities in the Processed Foods industry. Food safety recalls can happen for numerous reasons, including packaging defects, food contamination, spoilage and mislabelling. Food safety issues that arise within an entity's supply chain often result in recalls of final products, with consequences on the brand reputation, operations and revenue of entities. Supply chain traceability is a major concern for entities in the industry. Poor management of food quality and safety may impair brand value, reduce revenues and increase costs associated with recalls, fines, lost inventory or litigation. Obtaining food safety certifications and ensuring suppliers meet food safety guidelines may help entities in the industry safeguard product safety and communicate the quality of their products to retailers and consumers.

Metrics

FB-PF-250a.1. Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances

- 1 The entity shall disclose (1) its facilities' non-conformance rates with Global Food Safety Initiative (GFSI) recognised food safety certification programmes for (a) major non-conformances, and separately, (b) minor non-conformances.
 - 1.1 A major non-conformance is defined by the relevant GFSI-recognised certification programme and includes the highest severity of non-conformances requiring escalation by auditors. Major non-conformances may arise from significant risks to food safety, non-compliance with relevant regulatory requirements or failure to correct minor non-conformances. Major non-conformances must be corrected in accordance with the relevant GFSI-recognised certification programme under audit.
 - 1.2 A minor non-conformance is defined by the relevant GFSI-recognised certification programme and by itself does not confirm a systemic problem.
 - 1.3 The entity shall calculate the non-conformance rates as the total number of non-conformances (in each respective category) identified among its facilities divided by the number of facilities audited.
 - 1.4 The scope of the disclosure includes audit results from facilities owned or operated by the entity.
- 2 The entity shall disclose (2) the corrective action rates associated with its facilities' (a) major non-conformances, and separately, (b) minor non-conformances.
 - 2.1 A corrective action is defined as the completion of an action (generally identified in a corrective action plan), within the time line defined by the GFSI-recognised certification programme, designed to eliminate the cause of a detected non-conformance, including implementing practices or systems to eliminate any non-conformance and ensure no reoccurrence of the non-conformance, as well as verifying the action taken.

- 2.2 The entity shall calculate the corrective action rates as the number of corrective actions that address non-conformances (in each respective category) divided by the total number of non-conformances identified (for each respective category).
- 3 The entity shall disclose the GFSI-recognised certification programme used to audit its facilities.

FB-PF-250a.2. Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme

- 1 The entity shall disclose the percentage of food ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme.
- 1.1 Tier 1 suppliers are defined as suppliers that transact directly with the entity.
- 1.2 The percentage shall be calculated as the cost of food ingredients sourced from Tier 1 suppliers certified to an applicable GFSI-recognised certification programme divided by the total cost of food ingredients sourced from all Tier 1 suppliers.
- 2 The scope of the disclosure excludes packaging materials or other goods and inputs that are not food or ingredients.
- 3 The entity shall disclose the relevant GFSI-recognised certification programme used to audit its suppliers.

FB-PF-250a.3. (1) Total number of notices of food safety violation received, (2) percentage corrected

- 1 The entity shall disclose (1) the total number of notices of violation received that substantiate a violation of advisory and administrative codes, statutes or other requirements related to food safety.
- 1.1 A notice of violation is defined as an advisory and administrative violation for any food-safety-related issue, which may include issues related to facilities' hygienic practices, product allergen labelling, product contamination, food and colour additive violations and other food safety issues covered by applicable jurisdictional laws or regulations.
- 2 The entity shall disclose (2) the percentage of notices of violation received related to food safety that were corrected.
- 2.1 A notice of violation is considered corrected if an entity takes corrective actions before the regulatory agency initiates an enforcement action, where enforcement actions may include:
- 2.1.1 civil actions such as seizures, injunctions and false claims acts; and
- 2.1.2 criminal actions such as conviction and pre-trial diversion.
- 2.2 A notice of violation shall not be considered corrected if the entity failed to take correction action and no enforcement action was initiated.

- 2.3 The percentage shall be calculated as the number of notices of violation corrected, divided by the total notices of violation received.

FB-PF-250a.4. (1) Number of recalls issued and (2) total amount of food product recalled

- 1 The entity shall disclose (1) the total number of food safety-related recalls it issued during the reporting period, including voluntary and involuntary recalls.
 - 1.1 A food safety-related recall is defined as the removal of a marketed product that occurs if a food may reasonably be believed to cause consumers to become ill.
 - 1.2 Involuntary recalls are those requested or mandated by applicable jurisdictional legal or regulatory authorities, and they are issued when a product does not comply with regulatory food safety standards, when a food safety-related defect in a product is identified or during instances of import refusal.
 - 1.3 Voluntary recalls are those initiated by the entity to remove products from the market for food safety-related concerns.
- 2 The entity shall disclose (2) the total weight, in metric tonnes, of food product subject to recalls.
- 3 The entity may disclose the percentage of recalls that were (a) voluntary and (b) involuntary.

Note to FB-PF-250a.4

- 1 The entity shall provide a discussion of notable recalls, such as those that affected a significant number of products or those related to potential or actual serious illnesses or fatalities.
 - 1.1 A recall may be considered notable if it is mentioned in periodic jurisdictional recall reports.
- 2 For such recalls, the entity may provide:
 - 2.1 description and cause of the recall issue;
 - 2.2 total weight of food products recalled;
 - 2.3 cost to remedy the issue;
 - 2.4 whether the recall was voluntary or involuntary;
 - 2.5 corrective actions; and
 - 2.6 any other significant outcomes (for example, legal proceedings or fatalities).

Health & Nutrition

Topic Summary

Nutritional and health concerns such as obesity, ingredient safety and nutritional value are important factors in how entities compete with one another. The health and nutritional characteristics of products and ingredients are of growing concern to both consumers and regulators, increasing the potential for these issues to affect an entity's reputation and licence to operate. New regulations, including taxes on processed foods, may affect industry profitability and pose long-term risks in the form of reduced demand for the industry's products. Entities that adapt to changing consumer preferences to promote healthier, more nutritious offerings may be able to address consumer demand in emerging market segments and avoid risks associated with potential regulation.

Metrics

FB-PF-260a.1. Revenue from products labelled or marketed to promote health and nutrition attributes

- 1 The entity shall disclose the total revenue from the sales of its products labelled or marketed to promote health and nutrition attributes.
 - 1.1 Products labelled to promote health and nutrition attributes contain labels and other written, printed or graphic matter on the article itself, on any containers and wrappers, or otherwise accompanying the article that promotes health and nutrition attributes.
 - 1.2 Products are considered to be marketed to promote health and nutrition attributes if the entity communicates, delivers and exchanges offerings that promote the product's health and nutrition attributes.
- 2 The scope of products labelled or marketed to promote health and nutrition attributes includes products that contain one or more of these labels or marketing claims:
 - 2.1 that a product has no additives (for example, artificial sweeteners, colours, preservatives and industrially produced trans fats);
 - 2.2 that a product's fat, saturated fat, sodium or salt, and cholesterol are less than or equal to the requirements for the use of the term 'healthy' and related terms under applicable jurisdictional laws or regulations for health or nutrition claims, where:
 - 2.2.1 health or nutrition claims may include labelling products as 'low', 'non' and 'diet';
 - 2.3 that a product contains beneficial nutrients (for example, vitamins A and C, calcium, iron, protein and fibre) that meet or exceed the requirements for the use of the term 'healthy' and related terms under applicable jurisdictional laws or regulations for health or nutrition claims where:
 - 2.3.1 health or nutritional claims may include labelling products as 'good source of', 'high' or 'rich in';

- 2.4 that a relative claim, such as 'light', 'reduced', or 'less' can be made regarding a product's added sugar content, consistent with applicable jurisdictional laws or regulations for health or nutrition claims.
- 3 The scope of products labelled or marketed to promote health and nutrition attributes excludes products labelled organic, free of genetically modified organism (GMO) ingredients and gluten-free.

FB-PF-260a.2. Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers

- 1 The entity shall discuss its process to identify and manage products and ingredients related to nutritional and health concerns among consumers such as how it identifies concerns, the products and ingredients related to those concerns, and the resulting risks and opportunities.
 - 1.1 Relevant efforts to discuss include risk assessments, organisation of long-term health or toxicology studies, and procedures for receiving and reviewing consumer concerns.
- 2 The entity shall discuss how identified concerns and risks are managed and communicated.
 - 2.1 Relevant efforts to discuss include labelling transparency; phasing out, substituting or using more sustainable ingredients; updating product portions and product mix; improving the nutritional content of its products; or taking other measures to address consumer concerns, trends and preferences.
 - 2.2 The entity may discuss implementation of relevant food ingredient and additive standards, such as the Food and Agriculture Organization of the United Nations' (FAO) and World Health Organisation's (WHO) *Codex Alimentarius*, as a strategy to manage products and ingredients related to nutritional and health concerns among consumers.
 - 2.3 The entity may discuss whether strategies are related to or associated with a formal health and nutrition initiative or strategy (for example, the WHO Global Strategy on Diet, Physical Activity and Health), including regional, national, international and industry-specific programmes.
- 3 The entity shall discuss its use of certification programmes that address consumer concerns and preferences regarding ingredients, additives, and potential allergens.
 - 3.1 Certifications may include:
 - 3.1.1 organic;
 - 3.1.2 non-GMO Project Verified; and
 - 3.1.3 Certified Gluten-Free.
- 4 The entity shall discuss any significant complaints, such as those resulting in significant lawsuits, relating to nutritional and health concerns associated with products or ingredients, and efforts to mitigate any related future risks.

Product Labelling & Marketing

Topic Summary

Communication with consumers through product labelling and marketing is an important facet of the Processed Foods industry. The accuracy and depth of information presented in food labelling is important to consumers and regulators. Labelling regulations require specific and detailed product information to ensure food safety and inform consumers of the nutritional content of products. To inform purchasing decisions, consumers may seek additional information about product ingredients, such as the presence of genetically modified organism (GMO) content, or about the methods used in product manufacturing. The marketing practices of entities are another area of public concern, especially those targeting children or presenting potentially false or misleading nutritional information. Product labelling and marketing issues can affect competition among entities, since entities may be subject to litigation or criticism resulting from misleading statements or failing to adapt to consumer demand for increased labelling transparency. Additionally, adherence to product labelling and marketing regulations may introduce near-term costs and may reduce the risk of penalties or litigation. All these factors can impact an entity's brand value, operating costs and revenue growth.

Metrics

FB-PF-270a.1. Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines

1 The entity shall disclose (1) the percentage of advertising impressions made on children.

1.1 An advertising impression is a measure of the number of times an advertisement is seen, heard, watched or read.

1.1.1 Advertising impressions may include those made through media such as television, radio, print, the internet (entity-owned and third-party websites), mobile apps, interactive games (including advergames), video games, computer games, DVDs and other video formats, and through word of mouth, licensed characters, celebrity endorsements and film tie-ins.

1.2 For the purposes of this disclosure, the definition of children shall be based on applicable jurisdictional laws and regulations.

1.2.1 If an entity's jurisdiction has no definition of children, then children are defined as age 12 and under.

1.2.2 The entity shall disclose the applicable jurisdictional laws or regulations used.

1.3 The percentage is calculated as the number of advertising impressions made on children divided by the total number of advertising impressions made.

1.3.1 The number of advertising impressions made on children is calculated as the expected share of children in the audience (viewers, listeners, readers or visitors) at the time of the media buy multiplied by the expected total number of advertising impressions made, regardless of whether the advertising is primarily directed at children.

- 1.3.2 The number of advertising impressions made on children shall be calculated regardless of whether the expected share of children in the audience is above or below any quantitative thresholds used to determine whether the advertising is primarily directed at children based on applicable jurisdictional laws or regulations.
- 2 The entity shall disclose (2) the percentage of advertising impressions made on children that promote products that meet international, national, regional, or industry dietary guidelines for children.
- 2.1 Dietary guidelines for children are defined as international, national, regional, or industry guidelines or criteria developed to promote healthy diets among children. Dietary guidelines must be publicly available and contain, at a minimum, quantitative thresholds for the health attributes of applicable products or product categories.
- 2.2 The percentage is calculated as the number of advertising impressions made on children that promote products that meet applicable dietary guidelines for children, divided by the total number of advertising impressions made on children.

Note to **FB-PF-270a.1**

- 1 The entity shall disclose the specific dietary guidelines for children used to calculate the percentage of advertising impressions made on children that promote products that meet such guidelines.
- 2 The entity shall disclose its method for collecting data and estimating the number of advertising impressions made on children. Data collection may include:
- 2.1 gross rating points and target ratios for television, radio and print advertising;
- 2.2 average visits per month, average page visits per month and targeted index by age for entity-owned websites; or
- 2.3 total number of advertising impressions viewed and child audience share for third-party websites, mobile apps, interactive games (including advergames), video games and computer games.

FB-PF-270a.2. Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO

- 1 The entity shall disclose its revenue from products sold during the reporting period labelled as (1) containing genetically modified organisms (GMOs), and separately, (2) not containing GMOs (non-GMOs).
- 1.1 GMOs are defined as organisms, except for human beings, in which genetic material has been altered in a way that does not occur naturally by mating or natural recombination.
- 2 The entity may disclose the revenue from its products that are labelled as (1) containing GMOs and (2) non-GMOs in jurisdictions subject to GMO labelling regulation.
- 3 For the purposes of this disclosure, products that are third-party certified to standards for which non-GMO is inherent to the certification shall be considered to be labelled 'non-GMO'.

FB-PF-270a.3. Number of incidents of non-compliance with industry or regulatory labelling or marketing codes

- 1 The entity shall disclose its total number of substantiated incidents of non-compliance with labelling- or marketing-related regulatory codes, statutes or other requirements.
 - 1.1 Labelling- or marketing-related non-compliance incidents include those for products with labels that are misbranded or use deceptive advertising.
 - 1.2 The scope of labelling- or marketing-related non-compliance incidents include warning letters, cease-and-desist orders, civil penalties and corrective advertising remedies.
- 2 The entity may disclose other incidents of non-compliance or violations with voluntary third-party, industry or internal codes related to labelling or marketing, such as the International Council for Advertising Self-Regulation (ICAS).

FB-PF-270a.4. Total amount of monetary losses as a result of legal proceedings associated with labelling or marketing practices

- 1 The entity shall disclose the total amount of monetary losses incurred during the reporting period resulting from legal proceedings associated with marketing or labelling practices, such as those related to enforcement of applicable jurisdictional laws or regulations on nutrient content claims, health claims, other unfair or deceptive claims, or misbranded labelling.
- 2 The legal proceedings shall include any adjudicative proceeding involving the entity, whether before a court, a regulator, an arbitrator or otherwise.
- 3 The losses shall include all monetary liabilities to the opposing party or to others (whether as the result of settlement, verdict after trial or otherwise), including fines and other monetary liabilities incurred during the reporting period as a result of civil actions (for example, civil judgements or settlements), regulatory proceedings (for example, penalties, disgorgement or restitution) and criminal actions (for example, criminal judgement, penalties or restitution) brought by any entity (for example, governmental, business or individual).
- 4 The scope of monetary losses shall exclude legal and other fees and expenses incurred by the entity in its defence.
- 5 The scope of the disclosure shall include legal proceedings associated with the enforcement of applicable jurisdictional laws or regulations.

Note to FB-PF-270a.4

- 1 The entity shall briefly describe the nature (for example, judgement or order issued after trial, settlement, guilty plea, deferred prosecution agreement or non-prosecution agreement) and context (for example, nutrient content claims, health claims or misbranded labelling) of all monetary losses resulting from legal proceedings.
- 2 The entity shall describe any corrective actions implemented in response to the legal proceedings. This may include specific changes in operations, management, processes, products, business partners, training or technology.

Packaging Lifecycle Management

Topic Summary

Packaging materials represent a major business cost and contribute to the environmental footprint of entities in the Processed Foods industry. Each stage of a package's lifecycle, including design, transportation and disposal, presents unique environmental challenges and opportunities. Entities are also affected by legislation regarding allowable packaging materials or packaging end-of-life management. Entities can work with packaging manufacturers on packaging design to reduce costs, improve brand reputation and reduce the environmental impact of packaging. Innovations such as developing lightweight materials may also result in reduced goods transportation costs. Other innovations can improve end-of-life management of products, such as using recyclable or compostable materials, which may mitigate potential risks related to costs and compliance.

Metrics

FB-PF-410a.1. (1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable, reusable, or compostable

- 1 The entity shall disclose (1) the total weight of packaging purchased by the entity, in metric tonnes.
 - 1.1 The scope of the disclosure includes primary packaging and secondary packaging but excludes tertiary packaging.
 - 1.1.1 Primary packaging is defined as the packaging designed to come into direct contact with the product.
 - 1.1.2 Secondary packaging is defined as the packaging designed to contain one or more primary packages together with any protective materials, if required.
 - 1.1.3 The scope excludes tertiary packaging designed to contain one or more articles or packages, or bulk material, for the purposes of transport, handling or distribution. Tertiary packaging is known also as 'distribution' or 'transport' packaging.
- 2 The entity shall disclose (2) the percentage of packaging, by weight, made from recycled or renewable materials.
 - 2.1 Recycled content is defined, consistent with definitions in ISO 14021, *Environmental labels and declarations—Self-declared environmental claims (Type II environmental labelling)*, as the proportion, by mass, of recycled or recovered material in a product or packaging, for which only pre-consumer and post-consumer materials shall be considered as recycled content.
 - 2.1.1 Recycled material is defined as material reprocessed from recovered (or reclaimed) material through a manufacturing process and made into a final product or a component to be integrated into a product.

- 2.1.2 Recovered material is defined as material that would have otherwise been discarded as waste or used for energy recovery, but which has instead been collected and recovered (or reclaimed) as a material input, in lieu of new primary material, for a recycling or manufacturing process.
- 2.1.3 Pre-consumer material is defined as material diverted from the waste stream during a manufacturing process. This definition excludes materials such as rework, regrind or scrap that are generated in a process and capable of being reclaimed within the same process in which they were generated.
- 2.1.4 Post-consumer material is defined as material generated by households or by commercial, industrial and institutional facilities in their role as end-users of a product that can no longer be used for its intended purpose. This includes returns of material from the distribution chain.
- 2.2 Renewable materials are defined, consistent with The Consumer Goods Forum's *Global Protocol on Packaging Sustainability 2.0*, as those composed of biomass from a living source and replenished at a rate greater than or equal to the rate of depletion, such that:
 - 2.2.1 biomass is defined as a material of biological origin, excluding peat and materials embedded in geological formations or fossilised, but including organic material (both living and dead) from above and below ground, such as trees, crops, grasses, tree litter, algae, animals and waste of biological origin (for example, manure), consistent with the *Global Protocol on Packaging Sustainability 2.0*.
- 2.3 The entity shall calculate the percentage as the weight of packaging made from recycled or renewable materials divided by the total weight of all packaging used by the entity.
 - 2.3.1 For packaging materials that contain both recycled and virgin parts or are made from both renewable and non-renewable resources, the entity shall classify a portion of the material as recycled or renewable based on an estimate of the weight of each portion.
- 3 The entity shall disclose (3) the percentage of packaging, by weight, that is recyclable, reusable or compostable.
 - 3.1 A product or packaging is defined as 'recyclable' if it can be diverted from the waste stream through available processes and programmes and can be collected, processed and returned to use in the form of raw materials or products, consistent with definitions in ISO 14021.
 - 3.2 A product or packaging is defined as 'reusable' if it is conceived and designed to accomplish, within its lifecycle, a specific number of trips, rotations or uses for the same purpose for which it was conceived. No product or packaging shall be claimed to be reusable unless the product or packaging can be reused for its original purpose. The claim shall only be made if (a) a programme exists for collecting the used product or packaging and reusing it; or (b) facilities or products exist that allow the purchaser to reuse the product or package. This definition is derived from ISO 14021.

- 3.3 A material is defined as 'compostable' if it undergoes degradation by biological processes during composting to yield CO₂, water, inorganic compounds and biomass at a rate consistent with other known compostable materials and that leaves no visible, distinguishable or toxic residue. Compostable plastics are defined further by ASTM D6400, *Standard Specification for Labeling of Plastics Designed to be Aerobically Composted in Municipal or Industrial Facilities*.
- 3.4 The entity shall calculate the percentage as the weight of recyclable, reusable or compostable packaging divided by the total weight of all packaging used by the entity.
- 4 The entity may disaggregate the disclosure requested above by major packaging substrate (for example, wood fibre, glass, metal and petroleum-based).

FB-PF-410a.2. Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle

- 1 The entity shall discuss its strategies to reduce the environmental impact of the packaging of its products throughout its lifecycle, such as optimising packaging weight and volume for a given application or using alternative materials, including those that are recycled, recyclable, reusable, compostable or degradable.
- 2 The entity shall describe its use of recycled and renewable packaging, including supply availability, consumer preferences and packaging durability requirements.
- 3 The entity shall describe its use of recyclable and compostable packaging, including regulations, packaging end-of-life commitments, consumer demand and packaging durability.
- 4 Relevant disclosures may include discussion of the:
 - 4.1 implementation of ISO 18602, *Packaging and the environment—Optimization of the packaging system*, which includes criteria for minimisation of packaging weight and optimisation to the amount needed for safety, hygiene and consumer acceptance of the packed product;
 - 4.2 implementation of ISO 18604, *Packaging and the environment—Material recycling*, which includes criteria for recyclable packaging;
 - 4.3 implementation of ISO 14855-1, *Determination of the ultimate aerobic biodegradability of plastic materials under controlled composting conditions—Method by analysis of evolved carbon dioxide—Part 1: General method*; ASTM D6400, *Standard Specification for Labeling of Plastics Designed to be Aerobically Composted in Municipal or Industrial Facilities*; or ASTM D6868, *Standard Specification for Labeling of End Items that Incorporate Plastics and Polymers as Coatings or Additives with Paper and Other Substrates Designed to be Aerobically Composted in Municipal or Industrial Facilities*; which include criteria for packaging recoverable through biodegradation and composting;
 - 4.4 implementation of ISO 14021, *Environmental labels and declarations — Self-declared environmental claims (Type II environmental labelling)*, which includes criteria for renewable and recycled material content claims; or

- 4.5 performance on The Consumer Goods Forum's *Global Protocol on Packaging Sustainability 2.0* metrics for 'Packaging Weight and Optimization or Assessment' and 'Minimization of Substances Hazardous to the Environment'.
- 5 The entity may, if relevant, discuss any packaging-related targets and performance against those targets. Examples of such targets may include:
 - 5.1 reducing packaging footprints;
 - 5.2 reducing packaging weight either in total or on a per-unit basis; and
 - 5.3 increasing recycled, recyclable, reusable, renewable, compostable or degradable content.
- 6 The entity may discuss its use of Life Cycle Assessment (LCA) analysis to reduce environmental impacts and maximise product efficiency, including weight reduction and transportation efficiency.
 - 6.1 Improvements to the environmental efficiency of packaging products may be discussed in terms of LCA functional unit service parameters (time, extent and quality of function).

Environmental & Social Impacts of Ingredient Supply Chain

Topic Summary

Entities in the Processed Foods industry manage global supply chains to source a wide range of ingredient inputs. How entities screen, monitor and engage with suppliers on environmental and social topics affects the ability of entities to maintain steady supplies and manage price fluctuations. Supply chain management issues related to labour and environmental practices, ethics or corruption also may result in regulatory fines or increased long-term operational costs for entities. The consumer-facing nature of the industry increases the reputational risks associated with supplier performance. Entities can engage with important suppliers to manage environmental and social risks to improve supply chain resiliency, mitigate reputational risks, potentially increase consumer demand, or capture new market opportunities.

Metrics

FB-PF-430a.1. Percentage of food ingredients sourced that are certified to third-party environmental or social standards, and percentages by standard

- 1 The entity shall disclose the percentage of food ingredients sourced that are certified to a third-party environmental or social standard.
 - 1.1 Environmental standards are defined as standards that address environmental impacts related to the production of food ingredients, such as protection of primary forests, maintenance of surface water and groundwater quality, and implementation of integrated pest management solutions or an Organic System Plan.
 - 1.2 Social standards are defined as standards that address social impacts related to the production of food ingredients, such as compensation of workforce, training and continual monitoring of health and safety risks associated with the application of agrochemicals and child-labour practices.
 - 1.3 The percentage shall be calculated as the cost of food ingredients purchased from Tier 1 suppliers certified to a third-party environmental or social standard divided by the total cost of food ingredients purchased from Tier 1 suppliers.
 - 1.4 Examples of certifications to third-party environmental and social standards include:
 - 1.4.1 Bonsucro
 - 1.4.2 Fairtrade International
 - 1.4.3 Fair Trade USA
 - 1.4.4 Roundtable on Sustainable Palm Oil (RSPO)
 - 1.4.5 Roundtable on Responsible Soy (RTRS)

1.4.6 Rainforest Alliance

1.4.7 SA8000

1.4.8 U.S. Department of Agriculture (USDA) Organic

1.4.9 UTZ Certified

2 The entity shall disclose the percentage of food ingredients it sourced that are certified to a third-party environmental or social standard, by standard.

2.1 The entity shall calculate the percentage as the cost of food ingredients purchased from Tier 1 suppliers certified to each respective third-party environmental or social standard divided by the total cost of agricultural products purchased from Tier 1 suppliers.

2.1.1 For Bonsucro certification, the entity shall disclose whether the food ingredients are certified to the Bonsucro Production Standard or the Bonsucro Chain of Custody Standard.

2.1.2 For Fairtrade International and Fair Trade USA, the entity shall disclose whether the food ingredients are certified to the standards for small producer organisations, hired labour, contract production, traders, independent small holders or capture fisheries.

2.1.3 For RSPO certification, the entity shall disclose which of the RSPO supply chain models the food ingredients are certified to: Identity Preserved (IP); Segregated (SG); Mass Balance (MB); or Book & Claim (B&C).

2.1.4 For RTRS certification, the entity shall disclose whether the food ingredients are certified to the RTRS Production standard or the RTRS Chain of Custody Standard and whether traceability in the chain of custody standard is kept through segregation or mass balance.

2.1.5 For other third-party certifications, the entity may specify the type of certification if there is more than one type.

2.2 The entity may aggregate the percentages of numerous third-party certifications into one aggregate percentage, if the certifications are for the same food ingredient and deliver similar environmental or social criteria.

3 The disclosure scope includes food ingredients purchased from Tier 1 suppliers.

3.1 Tier 1 suppliers are defined as suppliers that transact directly with the entity for food ingredients.

FB-PF-430a.2. Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances

1 The entity shall disclose its supplier facilities' (1) non-conformance rate with external social and environmental audit standard(s) or internally developed supplier code(s) of conduct for (a) major non-conformances, and separately, (b) minor non-conformances.

- 1.1 A major non-conformance is defined as the highest severity of non-conformance and requires escalation by auditors. Major non-conformances confirm the presence of underage child workers (below the legal age for work or apprenticeship), forced labour, health and safety issues that can cause immediate danger to life or serious injury, or environmental practices that can cause serious and immediate harm to the community. Major non-conformance includes material breach or systemic breaking of code requirement or law. Major non-conformances may also be referred to as critical or priority non-conformances.
 - 1.2 A minor non-conformance is defined as a non-conformance that, by itself, is not indicative of a systemic problem with the management system. Minor non-conformances are typically isolated or random incidents and represent a low risk to workers or the environment.
 - 1.3 The entity shall calculate the non-conformance rates as the total number of non-conformances identified (in each respective category) among its supplier facilities divided by the number of supplier facilities audited.
- 2 The entity shall disclose the (2) corrective action rates associated with its supplier facilities' (a) major non-conformances, and separately, (b) minor non-conformances.
 - 2.1 A corrective action is defined as the completion of an action (generally identified in a corrective action plan) within 90 days, designed to eliminate the cause of a detected non-conformance, including the implementation of practices or systems to eliminate any non-conformance and ensure no reoccurrence of the non-conformance, as well as verification that the action has taken place.
 - 2.2 The entity shall calculate the corrective action rates as the number of corrective actions that address non-conformances (in each respective category) divided by the total number of non-conformances identified (in each respective category).
- 3 The entity shall disclose the standards or code(s) of conduct to which it has measured social and environmental responsibility audit compliance.
 - 3.1 For internally developed supplier code(s) of conduct, the entity shall disclose the public location where such code(s) can be viewed.

Ingredient Sourcing

Topic Summary

Entities in the Processed Foods industry source a wide range of ingredients, largely agricultural inputs, from global suppliers. The industry's ability to source ingredients, and at some price points, fluctuates with supply availability, which may be affected by climate change, water scarcity, land management and other resource scarcity considerations. This exposure may cause price volatility which may affect entity profitability. Climate change, water scarcity and land-use restrictions present risks to an entity's long-term ability to source essential materials and ingredients. Entities that source ingredients which are more productive and less resource-intensive, or coordinate with suppliers to increase their adaptability to climate change and other resource scarcity risks, may reduce price volatility and supply disruptions.

Metrics

FB-PF-440a.1. Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress

- 1 The entity shall disclose the percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress.
- 2 The percentage shall be calculated as the cost of food ingredients purchased from Tier 1 suppliers that withdraw and consume water in regions with High or Extremely High Baseline Water Stress to produce the agricultural products, divided by the total cost of food ingredients purchased from Tier 1 suppliers.
 - 2.1 Tier 1 suppliers are defined as suppliers that transact directly with the entity for food ingredients.
 - 2.2 The entity shall identify Tier 1 suppliers that withdraw and consume water in locations with High (40–80%) or Extremely High (>80%) Baseline Water Stress as classified by the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct.
- 3 If the entity is unable to identify or collect data pertaining to all Tier 1 suppliers, the entity shall disclose the percentage of agricultural products for which the source region and water risks are unknown.

FB-PF-440a.2. List of priority food ingredients and discussion of sourcing risks related to environmental and social considerations

- 1 The entity shall identify the highest priority food ingredients to its business.
 - 1.1 Priority food ingredients are defined as ingredients (excluding water) that constitute the largest food ingredient expense, or those ingredients identified by the entity as essential to its products or as having significant environmental or social risks.
 - 1.2 The scope of disclosure includes priority food ingredients sourced by the entity, which may include those sourced directly from contract growers and from producer supply agreements.

- 2 The entity shall discuss its strategic approach to managing the environmental and social risks that arise from its highest priority food ingredients.
 - 2.1 Environmental risks may include effects of drought and climate change on ingredient prices, reputational damage because of deforestation and other risks resulting from the environmental impacts associated with the entity's supply chain.
 - 2.2 Social risks may include the effects of workers' rights on productivity, reputational damage because of human rights issues and other risks resulting from the social impacts associated with the entity's supply chain.
- 3 The entity may identify which food ingredients present risks to its operations, the risks represented and the strategies the entity uses to mitigate such risks.
 - 3.1 For environmental risks, relevant strategies to discuss may include the diversification of suppliers, supplier training programmes on environmental best management practices, expenditures on research and development for alternative and substitute crops, and audits or certifications of suppliers' environmental practices.
 - 3.2 For social risks, relevant strategies to discuss may include supplier training programmes on agrochemical application, engagement with suppliers on labour and human rights issues and maintenance of a supply chain code of conduct.



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