



**SASB
STANDARDS**

Now part of IFRS Foundation

Tobacco

Sustainability Accounting Standard

FOOD & BEVERAGE SECTOR

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

Under Stewardship of the International Sustainability Standards Board

INDUSTRY STANDARD | VERSION 2023-12



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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

Tobacco industry entities manufacture tobacco products including cigarettes, cigars and smokeless tobacco products. Many large tobacco entities operate globally. Entities may obtain or sell exclusive rights to sell some brands of cigarettes in diverse markets. Independent farmers grow most tobacco, and they typically sell their crops to tobacco merchants or to manufacturers under contract.

SUSTAINABILITY DISCLOSURE TOPICS & METRICS

Table 1. Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Public Health	(1) Gross revenue and (2) revenue net of excise taxes from (a) non-tobacco nicotine products and (b) heated tobacco products	Quantitative	Presentation currency	FB-TB-260a.1
	Discussion of the process to assess risks and opportunities associated with 'tobacco harm reduction' products	Discussion and Analysis	n/a	FB-TB-260a.2
Marketing Practices	Total amount of monetary losses as a result of legal proceedings associated with marketing, labelling, or advertising practices ¹	Quantitative	Presentation currency	FB-TB-270a.1
	Description of the entity's marketing policy and relevant positions on Articles 11 and 13 of the World Health Organisation Framework Convention on Tobacco Control (WHO FCTC)	Discussion and Analysis	n/a	FB-TB-270a.2

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Combustible tobacco product sales volume: (1) cigarette, (2) cigar, and (3) other smoked tobacco products ²	Quantitative	Number, Metric tonnes (t)	FB-TB-000.A
Non-combustible product sales volume: (1) traditional smokeless tobacco, (2) non-tobacco nicotine products, (3) heated tobacco products, and (4) nicotine replacement therapy products ³	Quantitative	Number	FB-TB-000.B

¹ Note to **FB-TB-270a.1** – The entity shall briefly describe the nature, context and any corrective actions taken because of monetary losses.

² Note to **FB-TB-000.A** – Cigar sales volume includes product sales of cigars, cigarillos and little cigars. Other smoked tobacco includes products sold by the entity such as pipe tobacco, loose leaf tobacco, bidis, and kreteks or clove cigarettes. The unit of measure shall be by number of sticks in millions, except for pipe tobacco and loose-leaf tobacco, which shall be by weight in metric tonnes.

³ Note to **FB-TB-000.B**– Traditional smokeless tobacco sales volume includes product sales of chewing tobacco, snuff and dissolvable products, and shall be disclosed by number of cans or packs in millions. Non-tobacco nicotine products include e-vapour and e-cigarette devices and associated refill products and pharmaceutical nicotine-replacement therapy products (for example, gums, lozenges and patches). Heated tobacco products include devices and associated refill products. Nicotine-replacement therapy products shall be disclosed in number of packs in millions, and e-cigarette, e-vapour and heated tobacco products shall be disclosed in number of devices sold and the number of refill products sold in millions.

Public Health

Topic Summary

Tobacco use can create serious health risks as established by many scientific studies over the past several decades. Health problems associated with tobacco include lung disease, cancer and heart disease. Tobacco product manufacturers have faced lawsuits from individuals, governments, corporations and other groups. In some cases, these lawsuits resulted in significant settlements. A growing public awareness of the associated health risks has driven down tobacco use dramatically in many countries. Tobacco product manufacturers are introducing an array of 'harm reduction' products, such as non-tobacco nicotine products and heated tobacco products, seeking to minimise the health impacts of tobacco use while accessing new markets. Scientific studies questioning these assertions of harm reduction may emerge, with continuing effects on entity revenue and growth potential.

Metrics

FB-TB-260a.1. (1) Gross revenue and (2) revenue net of excise taxes from (a) non-tobacco nicotine products and (b) heated tobacco products

- 1 The entity shall disclose (1) gross revenue from (a) non-tobacco nicotine products, and separately, (b) heated tobacco products.
 - 1.1 Non-tobacco nicotine products are defined as products that deliver nicotine to users, but do not contain tobacco, which may include electronic cigarettes, electronic vaporisers and pharmaceutical nicotine-replacement therapy products (for example, gums, lozenges or patches).
 - 1.2 Heated tobacco products are defined as non-combustible tobacco products that deliver nicotine to users through a heating device.
 - 1.3 Gross revenue is defined as total sales revenue including excise and sales taxes.
- 2 The entity shall disclose (2) revenue net of excise taxes from (a) non-tobacco nicotine products and (b) heated tobacco products.
 - 2.1 Revenue net of excise taxes is calculated as total sales revenue minus any corresponding jurisdictional excise tax.

FB-TB-260a.2. Discussion of the process to assess risks and opportunities associated with 'tobacco harm reduction' products

- 1 The entity shall discuss how it assesses the risks and opportunities associated with tobacco harm reduction products.
 - 1.1 Tobacco harm reduction products deliver nicotine through alternative sources with reduced exposure to harmful chemicals compared with combustible tobacco products.

- 1.2 Tobacco harm reduction products may include nicotine-replacement therapy products, non-tobacco nicotine products including electronic cigarettes and electronic vaporisers, and heated tobacco products.
- 2 The entity shall discuss the scope, success and growth plans related to its current tobacco harm reduction product portfolio and, if relevant, its plans to introduce future products and product categories.
 - 3 The entity shall discuss risks it faces related to its tobacco harm reduction products, such as technical challenges with bringing the products to market, consumer and public perceptions of the safety of the products, regulatory risks, reputational risks and other risks.
 - 4 The entity shall discuss opportunities presented by tobacco harm reduction products such as capturing new market segments and reducing cigarette smoking.
 - 5 Where relevant, the entity shall discuss whether risks and opportunities associated with its tobacco harm reduction products and strategies apply differently to various product segments or regional markets.

Marketing Practices

Topic Summary

Tobacco product labelling and marketing is regulated heavily internationally. The World Health Organization's Framework Convention on Tobacco Control (WHO FCTC) has encouraged many countries to introduce new, stricter regulatory approaches to prevent people from using tobacco at an early age through transparent advertising about tobacco's health risks. The industry has faced costly legal battles related to the marketing and advertising of its products. Marketing for combustible and new non-combustible products must balance regulatory requirements with the need to reach new markets. Failing to effectively manage negative social externalities may result in further unfavourable regulation and may impair the industry's social licence to operate. Entities that effectively manage this issue may avoid extraordinary expenses, preserve market share and decrease contingent liabilities.

Metrics

FB-TB-270a.1. Total amount of monetary losses as a result of legal proceedings associated with marketing, labelling, or advertising 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 laws and 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 judgements, 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-TB-270a.1

- 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, related to warning labels, advertising bans, promotion or sponsorship) 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.

FB-TB-270a.2. Description of the entity's marketing policy and relevant positions on Articles 11 and 13 of the World Health Organisation Framework Convention on Tobacco Control (WHO FCTC)

- 1 The entity shall describe its marketing policy and relevant positions on Article 11: Packaging and labelling of tobacco products, and on Article 13: Tobacco advertising, promotion and sponsorship of the World Health Organization Framework Convention on Tobacco Control (WHO FCTC).

- 2 The entity shall describe its marketing policy and relevant positions on WHO FCTC Article 11 related to packaging and labelling practices.

2.1 The disclosure shall include:

2.1.1 the use of terms such as 'low tar', 'light', 'ultra-light', 'mild', or other terms, descriptors, trademarks, figures or signs that directly or indirectly imply a particular tobacco product is less harmful than other tobacco products;

2.1.2 design and positioning of product health warnings and messages that meet 'Effective Packaging and Labelling Requirements' outlined in Article 11 of the WHO FCTC and defined by relevant jurisdictional authorities, including the location, size, use of pictorials, colour, message content, language, source attribution and the regular rotation of health warnings and messages; and

2.1.3 product packaging and labelling information on the relevant constituents and emissions of tobacco products.

- 3 The entity shall describe its marketing policy and relevant positions on WHO FCTC Article 13 related to direct tobacco advertising, promotion and sponsorship (TAPS) practices.

3.1 The disclosure shall include:

3.1.1 communication through audio, visual or audio-visual means including print (newspaper, magazines or signs), television, radio, films, DVDs, videos and CDs, games (computer games, video games or online games), theatre or other live performances;

3.1.2 outdoor displays (including billboards and signage on transit vehicles and in transit stations);

3.1.3 point-of-sale advertising, signage and product displays in retail stores; and

3.1.4 other digital communication platforms, including the internet and mobile phones.

- 4 The entity shall describe its marketing policy and relevant positions on WHO FCTC Article 13 related to the entity's marketing policy on indirect TAPS practices.

4.1 The disclosure shall include:

- 4.1.1 free distribution of tobacco and related products in the mail or through other means;
 - 4.1.2 promotional discounts;
 - 4.1.3 'brand stretching'—connecting a tobacco brand name with non-tobacco products or services, which likely associates the products or services;
 - 4.1.4 'brand sharing'—connecting a non-tobacco brand name with tobacco products or services, which likely promotes a tobacco product or tobacco use either directly or indirectly;
 - 4.1.5 placement of tobacco products or tobacco brand names in television, films and other audio-visual entertainment products, including on the internet; and
 - 4.1.6 tobacco entity-sponsored events, including 'corporate social responsibility' programmes.
- 5 The scope of the disclosure shall apply to the entity's practices globally.
- 5.1 The entity shall describe any materially distinct practices it employs in various markets.
- 6 The entity may describe instances in which or regions where its marketing policies are not aligned with the WHO FCTC.



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