



**SASB  
STANDARDS**

Now part of IFRS Foundation

# Alcoholic Beverages

## Sustainability Accounting Standard

FOOD & BEVERAGE SECTOR

**Sustainable Industry Classification System® (SICS®) FB-AB**

Under Stewardship of the International Sustainability Standards Board

**INDUSTRY STANDARD | VERSION 2023-12**



**IFRS**  
Sustainability

[sasb.org](https://sasb.org)

## 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.

# Table of Contents

<b>INTRODUCTION.....</b>	<b>4</b>
Overview of SASB Standards.....	4
Use of the Standards .....	5
Industry Description .....	5
<b>Sustainability Disclosure Topics &amp; Metrics.....</b>	<b>6</b>
Energy Management .....	8
Water Management .....	10
Responsible Drinking & Marketing .....	14
Packaging Lifecycle Management .....	18
Environmental & Social Impacts of Ingredient Supply Chain .....	22
Ingredient Sourcing .....	24

## 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<sup>®</sup>**. However, companies with substantial business in multiple SICS<sup>®</sup> 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

Alcoholic Beverages industry entities brew, distil and manufacture various alcoholic beverages including beer, wine and liquor. Entities in this industry transform agricultural products including sugar, barley and corn, into finished alcoholic beverages. The largest entities have global operations with portfolios of many branded products. Levels of vertical integration within the industry vary because of regulation in different markets. Breweries generally have multiple manufacturing facilities to provide access to different markets, while vintners and distillers typically are located where they have a history of production.

# 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-AB-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 (m <sup>3</sup> ), Percentage (%)	FB-AB-140a.1
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-AB-140a.2
Responsible Drinking & Marketing	Percentage of total advertising impressions made on individuals at or above the legal drinking age	Quantitative	Percentage (%)	FB-AB-270a.1
	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes <sup>1</sup>	Quantitative	Number	FB-AB-270a.2
	Total amount of monetary losses as a result of legal proceedings associated with marketing or labelling practices <sup>2</sup>	Quantitative	Presentation currency	FB-AB-270a.3
	Description of efforts to promote responsible consumption of alcohol	Discussion and Analysis	n/a	FB-AB-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-AB-410a.1
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	FB-AB-410a.2
Environmental & Social Impacts of Ingredient Supply Chain	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-AB-430a.1

*continued...*

<sup>1</sup> Note to **FB-AB-270a.2** – The entity shall discuss notices of violation that resulted in an enforcement action.

<sup>2</sup> Note to **FB-AB-270a.3** – The entity shall briefly describe the nature, context and any corrective actions taken because of monetary losses.

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TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Ingredient Sourcing	Percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-AB-440a.1
	List of priority beverage ingredients and discussion of sourcing risks related to environmental and social considerations	Discussion and Analysis	n/a	FB-AB-440a.2

**Table 2. Activity Metrics**

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Volume of products sold	Quantitative	Millions of hectoliters (Mhl)	FB-AB-000.A
Number of production facilities	Quantitative	Number	FB-AB-000.B
Total fleet road kilometres travelled	Quantitative	Kilometres (km)	FB-AB-000.C

# Energy Management

## Topic Summary

Entities in the Alcoholic Beverages industry rely on both fuel and purchased electricity as critical inputs. Fossil fuel and electrical energy consumption can contribute to negative environmental impacts, including climate change and pollution. These impacts have the potential to affect the value of entities in this industry since greenhouse gas (GHG) emissions regulations and new incentives for energy efficiency and renewable energy could result in increased fossil fuels and conventional electricity price volatility, while making alternative sources more cost-competitive. Entities that manage for increased energy efficiency and use alternative energy sources may increase profitability by reducing both expenses and risks.

## Metrics

### **FB-AB-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 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 usage (including biofuels) and conversion of kilowatt hours (kWh) to GJ (for energy data including electricity from solar or wind energy).

# Water Management

## Topic Summary

Water management includes an entity's direct water use, exposure to water scarcity and management of wastewater. Entities in the Alcoholic Beverages industry use a large amount of water in their operations, since water is a key input for their finished products. Given alcoholic beverage entities' heavy reliance on large volumes of clean water and water scarcity is increasing in different regions globally, entities may be exposed to supply disruptions that could significantly impact operations and increase costs. Entities operating in water-stressed regions that fail to address local water concerns may risk losing their social license to operate. Improving water management through increased efficiency and recycling, particularly in regions with baseline water stress, can result in lower operating costs, reduced risks and higher intangible asset value.

## Metrics

### **FB-AB-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 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-AB-140a.2. 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 and
  - 5.3.5 Collaborations or programmes in place with the community or other organisations.
- 5.4 The entity shall discuss whether its water management practices result in any additional life cycle 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 life cycle trade-offs.

- 6 The entity shall discuss whether its water management practices result in any additional lifecycle impacts or tradeoffs 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 tradeoffs.

# Responsible Drinking & Marketing

## Topic Summary

The irresponsible consumption of alcoholic beverages can lead to negative social externalities such as drunk driving, addiction, underage drinking, death and many other public health issues. Every year, alcohol consumption contributes to millions of deaths worldwide, including a sizeable proportion of underage youth and young adults. The harmful use of alcohol presents an acute concern in countries that lack strong laws to protect against alcohol's detrimental effects. Entities may be required to internalise the costs of these social externalities through taxes, lawsuits, or reputational harm, which can have substantial financial consequences. Failing to effectively manage social externalities may result in unfavourable regulation and impair the entity's social licence to operate. Through education, engagement, community partnerships and responsible marketing, particularly to underage individuals, entities can address and mitigate many of the social externalities associated with alcohol misuse. Entities that effectively manage this issue can reduce the likelihood of extraordinary expenses, improve market share and decrease liabilities.

## Metrics

### **FB-AB-270a.1. Percentage of total advertising impressions made on individuals at or above the legal drinking age**

- 1 The entity shall disclose the percentage of advertising impressions made on individuals at or above the legal drinking age.
  - 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 The percentage is calculated as the number of advertising impressions made on individuals at or above the legal drinking age divided by the total number of advertising impressions made.
    - 1.2.1 The legal drinking age is the minimum age at which a person can purchase alcoholic beverages under applicable jurisdictional laws or regulations.
    - 1.2.2 In countries where no minimum legal purchase age exists, the age of 18 shall be used to determine impressions made on individuals at or above the legal drinking age, consistent with the International Centre for Alcohol Policies' 'Guiding Principles'.
- 2 The scope of the disclosure includes advertising impressions made through media, including print, electronic, broadcast and digital media, consistent with the scope of media provided by the Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking.

3 The entity shall disclose the estimation methods used to calculate the number of advertising impressions made, including its method for collecting such data.

3.1 Reasonable estimation methods may include:

3.1.1 gross rating points and target ratios to determine impressions in television, radio and print advertising;

3.1.2 total number of ads viewed and audience demographics for electronic and digital media; and

3.1.3 expected audience size, audience demographics and recall measures for embedded advertisements that appear in various media.

## **FB-AB-270a.2. Number of incidents of non-compliance with industry or regulatory labelling or marketing codes**

1 The entity shall disclose its total number of substantiated instances of non-compliance with labelling- or marketing-related regulatory codes, statutes or other requirements.

1.1 Labelling-related non-compliance incidents may include non-compliance with regulatory codes, statutes or other requirements for product labels that are misbranded, lack appropriate government warnings, disparage competitors, or otherwise are deceptive or misleading.

1.2 Marketing-related non-compliance incidents may include non-compliance with regulatory codes, statutes or other requirements that relate to advertising or promotional materials that are exposed to youth; include false or misleading claims about health, product origin or product characteristics; or lack mandatory statements.

1.3 The scope of labelling- or marketing-related non-compliance incidents include those related to the placement and content of product labelling and marketing that are found to be in violation of industry codes upon third-party review.

2 The entity may disclose other incidents of non-compliance or violations with voluntary third-party, industry or internal codes of practice on marketing or labelling, such as the International Council for Ad Self-Regulation (ICAS).

Note to **FB-AB-270a.2**

1 The entity shall discuss instances of non-compliance that resulted in an enforcement action.

1.1 Enforcement actions may include injunctions, detainment of products, and cease and desist orders.

1.2 The scope of the disclosure excludes monetary losses because of legal proceedings associated with marketing or labelling practices disclosed in FB-AB-270a.3.

2 For such enforcement actions, the entity may provide:

2.1 description and cause of the enforcement action;

- 2.2 the cost to remedy the issue;
- 2.3 corrective actions; and
- 2.4 any other significant outcomes (for example, legal proceedings, fines or settlements).

### **FB-AB-270a.3. Total amount of monetary losses as a result of legal proceedings associated with marketing or labelling 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 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-AB-270a.3**

- 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 it has implemented in response to the legal proceedings. This may include specific changes in operations, management, processes, products, business partners, training or technology.

### **FB-AB-270a.4. Description of efforts to promote responsible consumption of alcohol**

- 1 The entity shall describe its efforts to promote the responsible consumption of alcohol, including:
  - 1.1 the scope of its efforts, such as whether strategies, plans or engagement targets vary by business unit, region or beverage product;

- 1.2 whether strategies, plans or engagement targets are related to or associated with a code, strategy or commitment (for example, the World Health Organization (WHO) *Global Strategy to Reduce the Harmful Use of Alcohol* and Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking) as promulgated by a trade association, non-governmental, governmental or intergovernmental organisation;
- 1.3 the activities and investments required to achieve the plans and any risks or limiting factors that might affect their achievement; and
- 1.4 relevant programs, which may include education of parents, youth and retailers on the effects and repercussions of underage drinking; efforts to educate consumers and retailers about the consequences of drinking and driving and engage them in measures to halt such behaviours; and programmes that inform consumers and other relevant parties about the health and social effects of binge and chronic drinking abuse.

- 2 The entity shall disclose any targets it has for engagement with the population through programmes to promote responsible drinking and provide an analysis of performance towards those targets, including:
  - 2.1 the markets within the scope of the engagement plans;
  - 2.2 the types of responsible drinking programmes used, including programmes that are delivered through advertisements, in-person consumer engagement, or in-person retailer engagement;
  - 2.3 the subject focus of responsible drinking programmes, such as reduction of underage drinking, drinking and driving, binge drinking or over-consumption; and
  - 2.4 the timelines for the engagement plans, including the start year and the target year.
- 3 An engagement is defined as direct face-to-face contact, remote learning or other forum that permits dialogue between the entity and the individuals engaged.
- 4 The scope of the disclosure shall include activities that were active or reached completion in the reporting period.

# Packaging Lifecycle Management

## Topic Summary

Packaging materials represent a significant cost to entities in the Alcoholic Beverages industry. Although many alcoholic beverage entities do not manufacture their own bottles and packaging, they face reputational risks associated with the negative externalities that their products' containers are associated with over their lifecycle. Entities are also directly affected by legislation regarding end-of-life management of beverage containers. Alcoholic beverage entities can work with packaging manufacturers on packaging design to generate cost savings, improve brand reputation and reduce the environmental impact of packaging. Efforts to reduce the amount of material used in packaging can reduce transportation costs, exposure to supply and price volatility and the amount of virgin material extracted for manufacturing. In the end-of-life phase, take-back and recycling programmes and partnerships can meet regulations, help achieve cost savings and reduce environmental impacts. Entities that effectively manage this issue can improve profitability and reduce the cost of capital.

## Metrics

### **FB-AB-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.
    - 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 that is designed to contain one or more articles or packages, or bulk material, for the purposes of transport, handling or distribution. Tertiary packaging is also known 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 are 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 where (a) a program 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 CO<sub>2</sub>, 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 Standard 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-AB-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' and '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 Alcoholic Beverages 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 entities' ability to secure supply and manage price fluctuations. Supply chain interruption can cause loss of revenue and negatively impact market share if entities are unable to find alternatives for key suppliers or must source ingredients at a higher cost. Supply chain management issues related to labour practices, environmental responsibility, ethics or corruption may also result in regulatory fines or increased long-term operational costs. The consumer-facing nature of the industry increases the reputational risks associated with supplier actions. Managing an entity's exposure to environmental and social risks may improve supply chain resiliency and enhance an entity's reputation. Entities can engage with key suppliers to manage environmental and social risks to improve supply chain resiliency, mitigate reputational risks and potentially increase consumer demand or capture new market opportunities.

## Metrics

### **FB-AB-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**

- 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 include 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 also includes material breach or systemic breaking of code requirements or laws. Major non-conformances also may 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 typically are isolated or random incidents and represent minimal 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 for major non-conformances and 60 days for minor non-conformances, and is designed to eliminate the cause of a detected non-conformance. This includes the implementation of practices or systems to eliminate any non-conformance and to ensure against 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 standard(s) 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 Alcoholic Beverages industry source a wide range of ingredients, largely agricultural inputs, from suppliers worldwide. The industry's ability to source ingredients fluctuates with supply availability, which may be affected by climate change, water scarcity, land management and other resource scarcity considerations. This exposure can result in price volatility and can affect entity profitability. Ultimately, climate change, water scarcity and land-use restriction present risks to an entity's long-term ability to source key materials and ingredients. Entities that source ingredients that are more productive, effectively cultivated and less resource-intensive, or those that work closely with suppliers to increase their adaptability to climate change and manage exposure to other resource scarcity risks may reduce price volatility or supply disruptions.

## Metrics

### **FB-AB-440a.1. Percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress**

- 1 The entity shall disclose the percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress.
- 2 The percentage shall be calculated as the cost of beverage ingredients purchased from Tier 1 suppliers that withdraw and consume water in regions with High or Extremely High Baseline Water Stress to produce the beverage ingredients divided by the total cost of beverage ingredients purchased from Tier 1 suppliers.
  - 2.1 Tier 1 suppliers are defined as suppliers that transact directly with the entity for agricultural products.
  - 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-AB-440a.2. List of priority beverage ingredients and discussion of sourcing risks related to environmental and social considerations**

- 1 The entity shall identify the highest priority beverage ingredients to its business.
  - 1.1 Priority beverage ingredients are defined as ingredients (excluding water) that constitute the largest beverage ingredient expense or those ingredients that have otherwise been 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 beverage ingredients sourced by the entity, including 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 beverage ingredients.
  - 2.1 Environmental risks 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 include 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 beverage 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 best environmental 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 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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