



SUSTAINABILITY ACCOUNTING STANDARD  
CONSUMPTION I SECTOR

---

# NON-ALCOHOLIC BEVERAGES

## Sustainability Accounting Standard

Sustainable Industry Classification System™ (SICS™) #CN0201

Prepared by the  
Sustainability Accounting Standards Board®

June 2015  
Provisional Standard

# NON-ALCOHOLIC BEVERAGES

## Sustainability Accounting Standard

### About SASB

The Sustainability Accounting Standards Board (SASB) provides sustainability accounting standards for use by publicly-listed corporations in the U.S. in disclosing material sustainability information for the benefit of investors and the public. SASB standards are designed for disclosure in mandatory filings to the Securities and Exchange Commission (SEC), such as the Form 10-K and 20-F. SASB is an independent 501(c)3 non-profit organization. Through 2016, SASB is developing standards for more than 80 industries in 10 sectors.

### SUSTAINABILITY ACCOUNTING STANDARDS BOARD

75 Broadway, Suite 202  
San Francisco, CA 94111  
415.830.9220  
info@sasb.org

[www.sasb.org](http://www.sasb.org)

The information, text, and graphics in this publication (the "Content") is owned by Sustainability Accounting Standards Board. All rights reserved. You may use the Content only for non-commercial, informational, or scholarly use, provided that you keep intact all copyright and other proprietary notices related to the Content, and that you make no modifications to the Content. The Content may not be otherwise disseminated, distributed, republished, reproduced, or modified without the prior written permission of Sustainability Accounting Standards Board. To request permission, please contact us at [info@sasb.org](mailto:info@sasb.org).

# Table of Contents

- Introduction . . . . . 1**
  - Purpose & Structure . . . . . 1
  - Industry Description . . . . . 1
  - Guidance for Disclosure of Material Sustainability Topics in SEC filings. . . . . 2
  - Guidance on Accounting of Material Sustainability Topics . . . . . 4
  - Users of the SASB Standards . . . . . 4
  - Scope of Disclosure . . . . . 5
  - Reporting Format . . . . . 5
  - Timing . . . . . 7
  - Limitations . . . . . 7
  - Forward Looking Statements. . . . . 7
  
- Sustainability Disclosure Topics & Accounting Metrics . . . . . 8**
  - Energy & Fleet Fuel Management . . . . . 10
  - Water Management . . . . . 13
  - Health & Nutrition. . . . . 17
  - Product Labeling & Marketing . . . . . 19
  - Packaging Lifecycle Management . . . . . 23
  - Environmental & Social Impacts of Ingredient Supply Chains . . . . . 27

# INTRODUCTION

## Purpose & Structure

This document contains the SASB Sustainability Accounting Standard (SASB Standard) for the Non-Alcoholic Beverages industry.

SASB Sustainability Accounting Standards are comprised of **(1) disclosure guidance and (2) accounting standards on sustainability topics** for use by U.S. and foreign public companies in their annual filings (Form 10-K or 20-F) with the U.S. Securities and Exchange Commission (SEC). To the extent relevant, SASB Standards may also be applicable to other periodic mandatory filings with the SEC, such as the Form 10-Q, Form S-1, and Form 8-K.

SASB Standards identify sustainability topics at an industry level, which may constitute material information—depending on a company’s specific operating context— for a company within that industry. SASB Standards are intended to provide guidance to company management, which is ultimately responsible for determining which information is material and should therefore be included in its Form 10-K or 20-F and other periodic SEC filings.

SASB Standards provide companies with standardized sustainability metrics designed to communicate performance on industry level sustainability topics. When making disclosure on sustainability topics, companies can use SASB Standards to help ensure that disclosure is standardized and therefore decision-useful, relevant, comparable, and complete.

SASB Standards are intended to constitute “suitable criteria” as defined by AT 101.23 -. 32<sup>1</sup> and referenced in AT 701<sup>2</sup>, as having the following attributes:

- *Objectivity*—Criteria should be free from bias.
- *Measurability*—Criteria should permit reasonably consistent measurements, qualitative or quantitative, of subject matter.
- *Completeness*—Criteria should be sufficiently complete so that those relevant factors that would alter a conclusion about subject matter are not omitted.
- *Relevance*—Criteria should be relevant to the subject matter.

## Industry Description

The Non-Alcoholic Beverages industry produces a broad range of beverage products, including various carbonated soft drinks, syrup concentrates, juices, energy and sport drinks, teas, coffee, and water products. Companies partake in syrup manufacturing, marketing, bottling operations, and distribution, with larger companies typically being more vertically integrated into finished-product operations that bottle, sell, and distribute the finished products. The industry is dominated by its largest companies, and these companies have global operations, generating a majority of revenue outside the U.S.

---

<sup>1</sup> [http://pcaobus.org/Standards/Attestation/Pages/AT101.aspx#ftn.at\\_101\\_fn7](http://pcaobus.org/Standards/Attestation/Pages/AT101.aspx#ftn.at_101_fn7)

<sup>2</sup> <http://pcaobus.org/Standards/Attestation/Pages/AT701.aspx>

# Guidance for Disclosure of Sustainability Topics in SEC Filings

## 1. Industry-Level Sustainability Topics

For the Non-Alcoholic Beverages industry, SASB has identified the following sustainability disclosure topics:

- Energy & Fleet Fuel Management
- Water Management
- Health & Nutrition
- Product Labeling & Marketing
- Packaging Lifecycle Management
- Environmental & Social Impacts of Ingredient Supply Chains

## 2. Company-Level Determination and Disclosure of Material Sustainability Topics

Sustainability disclosures are governed by the same laws and regulations that govern disclosures by securities issuers generally. According to the U.S. Supreme Court, a fact is material if, in the event such fact is omitted from a particular disclosure, there is “a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of the information made available.”<sup>3, 4</sup>

SASB has attempted to identify those sustainability topics that are reasonably likely to have a material effect on the financial condition or operating performance of companies within each SICs industry. SASB recognizes, however, that each company is ultimately responsible for determining what information should be disclosed within the context of Regulation S-K and other guidance.

Regulation S-K, which sets forth certain disclosure requirements associated with Form 10-K and other SEC filings, requires companies, among other things, to describe in the Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of Form 10-K “any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.”

Furthermore, Instructions to Item 303 state that the MD&A “shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.”<sup>2</sup>

The SEC has provided guidance for companies to use in determining whether a trend or uncertainty should be disclosed. The two-part assessment –prescribed by the SEC, based on probability and magnitude, can be applied to the topics included within this standard:

- First, a company is not required to make disclosure about a known trend or uncertainty if its management determines that such trend or uncertainty is not reasonably likely to occur.

---

<sup>3</sup> TSC Industries v. Northway, Inc., 426 U.S. 438 (1976).

<sup>4</sup> C.F.R. 229.303(item 303)(a)(3)(ii).

- Second, if a company’s management cannot make a reasonable determination of the likelihood of an event or uncertainty, then disclosure is required unless management determines that a material effect on the registrant’s financial condition or results of operation is not reasonably likely to occur.

### 3. Sustainability Accounting Standard Disclosures in Form 10-K

#### a. Management’s Discussion and Analysis

For purposes of comparability and usability, companies should consider making disclosure on sustainability topics in the MD&A, in a sub-section titled **“Sustainability Accounting Standards Disclosures.”**<sup>5</sup>

#### b. Other Relevant Sections of Form 10-K

In addition to the MD&A section, it may be relevant for companies to disclose sustainability information in other sections of Form 10-K, including, but not limited to:

- **Description of business**—Item 101 of Regulation S-K requires a company to provide a description of its business and its subsidiaries. Item 101(c)(1)(xii) expressly requires disclosure regarding certain costs of complying with environmental laws:

*Appropriate disclosure also shall be made as to the material effects that compliance with Federal, State and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, may have upon the capital expenditures, earnings and competitive position of the registrant and its subsidiaries.*

- **Legal proceedings**—Item 103 of Regulation S-K requires companies to describe briefly any material pending or contemplated legal proceedings. Instructions to Item 103 provide specific disclosure requirements for administrative or judicial proceedings arising from laws and regulations that target discharge of materials into the environment or that are primarily for the purpose of protecting the environment.
- **Risk factors**—Item 503(c) of Regulation S-K requires filing companies to provide a discussion of the most significant factors that make an investment in the registrant speculative or risky, clearly stating the risk and specifying how a particular risk affects the particular filing company.

#### c. Rule 12b-20

Securities Act Rule 408 and Exchange Act Rule 12b-20 require a registrant to disclose, in addition to the information expressly required by law or regulation, “such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading.”

More detailed guidance on disclosure of material sustainability topics can be found in the **SASB Conceptual Framework**, available for download via <http://www.sasb.org/approach/conceptual-framework/>.

<sup>5</sup> [SEC \[Release Nos. 33-8056; 34-45321; FR-61\] Commission Statement about Management’s Discussion and Analysis of Financial Condition and Results of Operations](#): “We also want to remind registrants that disclosure must be both useful and understandable. That is, management should provide the most relevant information and provide it using language and formats that investors can be expected to understand. Registrants should be aware also that investors will often find information relating to a particular matter more meaningful if it is disclosed in a single location, rather than presented in a fragmented manner throughout the filing.”

# Guidance on Accounting for Sustainability Topics

For each sustainability topic included in the Non-Alcoholic Beverages industry Sustainability Accounting Standard, SASB identifies accounting metrics.

SASB recommends that each company consider using these sustainability accounting metrics when preparing disclosures on the sustainability topics identified herein;

As appropriate—and consistent with Rule 12b-20<sup>6</sup>—when disclosing a sustainability topic identified by this Standard, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following, related to the topic:

- The registrant's **strategic approach** to managing performance on material sustainability issues;
- The registrant's **relative performance** with respect to its peers;
- The **degree of control** the registrant has;
- Any **measures the registrant has undertaken** or **plans to undertake** to improve performance; and
- Data for the registrant's **last three completed fiscal years** (when available).

SASB recommends that registrants use SASB Standards specific to their primary industry as identified in the [Sustainable Industry Classification System \(SICSTM\)](#). If a registrant generates significant revenue from multiple industries, SASB recommends that it also consider sustainability topics that SASB has identified for those industries and disclose the associated SASB accounting metrics.

In disclosing to SASB Standards, it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they apply to all other information contained in their SEC filings.

## Users of the SASB Standards

The SASB Standards are intended to provide guidance for companies that engage in public offerings of securities registered under the Securities Act of 1933 (the Securities Act) and those that issue securities registered under the Securities Exchange Act of 1934 (the Exchange Act),<sup>7</sup> for use in SEC filings, including, without limitation, annual reports on Form 10-K (Form 20-F for foreign issuers), quarterly reports on Form 10-Q, current reports on Form 8-K, and registration statements on Forms S-1 and S-3. Disclosure with respect to the SASB Standards is not required or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

---

<sup>6</sup> SEC Rule 12b-20: "In addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading."

<sup>7</sup> Registration under the Securities Exchange Act of 1934 is required (1) for securities to be listed on a national securities exchange such as the New York Stock Exchange, the NYSE Amex, and the NASDAQ Stock Market or (2) if (A) the securities are equity securities and are held by more than 2,000 persons (or 500 persons who are not accredited investors) and (B) the company has more than \$10 million in assets.

# Scope of Disclosure

Unless otherwise specified, SASB recommends:

- That a registrant disclose on sustainability issues and metrics for itself and for entities that are consolidated for financial reporting purposes as defined by accounting principles generally accepted in the United States for consistency with other accompanying information within SEC filings;<sup>8</sup>
- That for consolidated entities, disclosures be made, and accounting metrics calculated, for the whole entity, regardless of the size of the minority interest; and
- That information from unconsolidated entities not be included in the computation of SASB accounting metrics. A registrant should disclose, however, information about unconsolidated entities to the extent that the registrant considers the information necessary for investors to understand the effect of sustainability topics on the company's financial condition or operating performance (typically, this disclosure would be limited to risks and opportunities associated with these entities).

## Reporting Format

### Use of Financial Data

In instances where accounting metrics, activity metrics, and technical protocols in this standard incorporate financial data (e.g., revenues, cost of sales, expenses recorded and disclosed for fines, etc.), such financial data shall be prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP") and be consistent with the corresponding financial data reported within the registrant's SEC filings. Should accounting metrics, activity metrics and technical protocols in this standard incorporate disclosure of financial data that is not prepared in accordance with US GAAP, the registrant shall disclose such information in accordance with the SEC Regulation G.

### Activity Metrics and Normalization

SASB recognizes that normalizing accounting metrics is important for the analysis of SASB disclosures.

SASB recommends that a registrant disclose any basic business data that may assist in the accurate evaluation and comparability of disclosure, to the extent that they are not already disclosed in the Form 10-K (e.g., revenue, EBITDA, etc.).

Such data—termed "activity metrics"—may include high-level business data such as total number of employees, quantity of products produced or services provided, number of facilities, or number of customers. It may also include industry-specific data such as plant capacity utilization (e.g., for specialty chemical companies), number of transactions

---

<sup>8</sup> See US GAAP consolidation rules (Section 810).



(e.g., for Internet media and services companies), hospital bed days (e.g., for health care delivery companies), or proven and probable reserves (e.g., for oil and gas exploration and production companies).

Activity metrics disclosed should:

- Convey contextual information that would not otherwise be apparent from SASB accounting metrics.
- Be deemed generally useful for an investor relying on SASB accounting metrics in performing their own calculations and creating their own ratios.
- Be explained and consistently disclosed from period to period to the extent they continue to be relevant. However, a decision to make a voluntary disclosure in one period does not obligate a continuation of that disclosure if it is no longer relevant or if a better metric becomes available.<sup>9</sup>

Where relevant, SASB recommends specific activity metrics that—at a minimum—should accompany SASB accounting metric disclosures.

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Volume of products sold	Quantitative	Millions of hectoliters	CN0201-A
Number of production facilities	Quantitative	Number	CN0201-B
Total fleet road miles traveled	Quantitative	Miles	CN0201-C

## Units of Measure

Unless specified, disclosures should be reported in International System of Units (SI units).

## Uncertainty

SASB recognizes that there may be inherent uncertainty when disclosing certain sustainability data and information. This may be related to variables such as the reliance on data from third-party reporting systems and technologies, or the unpredictable nature of climate events. Where uncertainty around a particular disclosure exists, SASB recommends that the registrant should consider discussing its nature and likelihood.

## Estimates

SASB recognizes that scientifically-based estimates, such as the reliance on certain conversion factors or the exclusion of *de minimis* values, may occur for certain quantitative disclosures. Where appropriate, SASB does not discourage the use of such estimates. When using an estimate for a particular disclosure, SASB expects that the registrant discuss its nature and substantiate its basis.

<sup>9</sup> *Improving Business Reporting: Insights into Enhancing Voluntary Disclosures*, FASB Business Reporting Research Project, January 29, 2001.

## Timing

Unless otherwise specified, disclosure shall be for the registrant's fiscal year.

## Limitations

There is no guarantee that SASB Standards address all sustainability impacts or opportunities associated with a sector, industry, or company, and therefore, a company must determine for itself the topics—sustainability-related or otherwise—that warrant discussion in its SEC filings.

Disclosure under SASB Standards is voluntary. It is not intended to replace any legal or regulatory requirements that may be applicable to user operations. Where such laws or regulations address legal or regulatory topics, disclosure under SASB Standards is not meant to supersede those requirements. Disclosure according to SASB Standards shall not be construed as demonstration of compliance with any law, regulation, or other requirement.

SASB Standards are intended to be aligned with the principles of materiality enforced by the SEC. However, SASB is not affiliated with or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

## Forward-looking Statements

Disclosures on sustainability topics can involve discussion of future trends and uncertainties related to the registrant's operations and financial condition, including those influenced by external variables (e.g., environmental, social, regulatory, and political). Companies making such disclosures should familiarize themselves with the safe harbor provisions of Section 27A of the Securities Act and Section 21E of the Exchange Act, which preclude civil liability for material misstatements or omissions in such statements if the registrant takes certain steps, including, among other things, identifying the disclosure as "forward-looking" and accompanying such disclosure with "meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements."

---

The following sections contain the disclosure guidance associated with each accounting metric such as guidance on definitions, scope, accounting, compilation, and presentation.

The term "shall" is used throughout this document to indicate those elements that reflect requirements of the Standard. The terms "should" and "may" are used to indicate guidance, which, although not required, provides a recommended means of disclosure.

Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
<b>Energy &amp; Fleet Fuel Management</b>	Operational energy consumed, percentage grid electricity, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	CN0201-01
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	CN0201-02
<b>Water Management</b>	(1) Total water withdrawn and (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Cubic meters (m <sup>3</sup> ), Percentage (%)	CN0201-03
	Discussion of water management risks and description of management strategies and practices to mitigate those risks	Discussion and Analysis	n/a	CN0201-04
<b>Health &amp; Nutrition</b>	Revenue from (1) zero- and low-calorie, (2) no-added-sugar, and (3) artificially sweetened beverages	Quantitative	U.S. Dollars (\$)	CN0201-05
	Description of the process to identify and manage products and ingredients of concern and emerging dietary preferences	Discussion and Analysis	n/a	CN0201-06
<b>Product Labeling &amp; Marketing</b>	Number of child advertising impressions made, percentage promoting products meeting the Children’s Food and Beverage Initiative (CFBAI) Uniform Nutrition Criteria	Quantitative	Number, Percentage (%)	CN0201-07
	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Quantitative	U.S. Dollars (\$)	CN0201-08
	Notices of violations received for non-conformance with regulatory labeling and/or marketing codes	Quantitative	Number, Percentage (%)	CN0201-09
	Amount of legal and regulatory fines and settlements associated with labeling and/or marketing practices <sup>10</sup>	Quantitative	U.S. Dollars (\$)	CN0201-10

<sup>10</sup> Note to **CN0201-10**—Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.

Table 1. Sustainability Disclosure Topics & Accounting Metrics (cont.)

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
<b>Packaging Lifecycle Management</b>	(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable or compostable	Quantitative	Metric tons (t), Percentage (%)	CN0201-11
	Description of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	CN0201-12
<b>Environmental &amp; Social Impacts of Ingredient Supply Chains</b>	Percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by spend	CN0201-13
	Suppliers' social and environmental responsibility audit conformance: (1) major non-conformance rate and associated corrective action rate and (2) minor non-conformance rate and associated corrective action rate	Quantitative	Rate	CN0201-14
	List of priority beverage ingredients and discussion of sourcing risks due to environmental and social considerations	Discussion & Analysis	n/a	CN0201-15

# Energy & Fleet Fuel Management

## Description

Companies in the Non-Alcoholic Beverages industry rely on purchased electricity and fuel as critical inputs for manufacturing and transporting finished products to consumers. Consumption of fossil fuels and electrical energy can contribute to environmental impacts, including climate change and pollution. These impacts have the potential to affect the value of companies in this industry, as greenhouse gas (GHG) emission regulations and new incentives for energy efficiency and renewable energy could lead to increased price volatility for fossil fuels and conventional electricity while making alternative sources cost-competitive. Companies that manage their overall energy use through increased manufacturing and transportation efficiencies and use of alternative energy sources can increase profitability by lowering expenses and reducing risk.

## Accounting Metrics

### CN0201-01. Operational energy consumed, percentage grid electricity, percentage renewable

- .01 The registrant shall disclose energy consumption from all sources, excluding fleet vehicles, as an aggregate figure in gigajoules or their multiples.
- The scope includes energy purchased from sources external to the organization or produced by the organization itself (self-generated).
  - The scope includes only energy consumed by entities owned or controlled by the organization.
  - The scope includes energy from all sources including direct fuel usage, purchased electricity, and heating, cooling, and steam energy.
  - The scope of disclosure excludes fuel consumption by fleet vehicles.
- .02 In calculating energy consumption from fuels and biofuels, the registrant shall use higher heating values (HHV), also known as gross calorific values (GCV), which are directly measured or taken from the Intergovernmental Panel on Climate Change (IPCC), the U.S. Department of Energy (DOE), or the U.S. Energy Information Administration (EIA).
- .03 The registrant shall disclose purchased grid electricity consumption as a percentage of its total energy consumption.
- .04 The registrant shall disclose renewable energy consumption as a percentage of its total energy consumption.
- .05 The scope of renewable energy includes renewable fuel the registrant consumes and renewable energy the registrant directly produces, purchases through a renewable power purchase agreement (PPA) that explicitly includes renewable energy certificates (RECs), or for which Green-e Energy Certified RECs are paired with grid electricity.
- For any renewable electricity generated on-site, any RECs must be retained (i.e., not sold) and retired on behalf of the registrant in order for the registrant to claim them as renewable energy.

- For renewable PPAs, the agreement must explicitly include and convey that RECs be retained and retired on behalf of the registrant in order for the registrant to claim them as renewable energy.
- The renewable portion of the electricity grid mix that is outside of the control or influence of the registrant is excluded from disclosure.<sup>11</sup>
- Renewable energy is defined as energy from sources that are replenished at a rate greater than or equal to their rate of depletion, consistent with EPA [definitions](#), such as geothermal, wind, solar, hydro, and biomass.

.06 For the purposes of this disclosure, the scope of renewable energy from hydro and biomass sources is limited to the following:

- Energy from hydro sources that are certified by the Low Impact Hydropower Institute or that are eligible for a state Renewable Portfolio Standard.
- Energy from biomass sources is limited to materials certified to a third-party standard (e.g., Forest Stewardship Council, Sustainable Forest Initiative, Programme for the Endorsement of Forest Certification, or American Tree Farm System), materials considered “eligible renewables” according to the Green-e Energy National Standard Version 2.5 (2014), and materials that are eligible for a state Renewable Portfolio Standard.

.07 The registrant 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 kWh to gigajoules (for energy data including electricity from solar or wind energy).

#### **CN0201-02. Fleet fuel consumed, percentage renewable**

.08 The registrant shall disclose total fuel consumption by fleet vehicles as an aggregate figure in gigajoules or their multiples.

- The scope includes fuel consumed by vehicles owned or operated by the registrant.

.09 Fuel consumption shall be based on actual fuel consumed (i.e., not based on design parameters).

.10 Acceptable methods for calculating fuel consumption include adding fuel purchases made during the year to beginning inventory at the start of the year, less any fuel inventory at the end of the year, or tracking fuel consumption by vehicle or through expense reports.

.11 The registrant shall disclose renewable fuel consumption as a percentage of its total fuel consumption.

- Renewable fuel is defined, consistent with the U.S. EPA’s Renewable Fuel Standard (40 CFR Section 80.1401), as a fuel which meets the following requirements:
  - Fuel that is produced from renewable biomass.

---

<sup>11</sup> SASB recognizes that RECs reflect the environmental attributes of renewable energy that have been introduced to the grid.

- Fuel that is used to replace or reduce the quantity of fossil fuel present in a transportation fuel, heating oil, or jet fuel.
  - Fuel that has lifecycle greenhouse gas (GHG) emissions that are at least 20 percent less than baseline lifecycle GHG emissions, unless the fuel is exempt from this requirement pursuant to § 80.1403.
- .12 In calculating energy consumption from fuels and biofuels, the registrant shall use higher heating values (HHV), also known as gross calorific values (GCV), which are directly measured or taken from the Intergovernmental Panel on Climate Change (IPCC), the U.S. Department of Energy (DOE), or the U.S. Energy Information Administration (EIA).
- .13 The registrant shall apply conversion factors consistently for all data reported under this disclosure, such as the use of HHVs for fuel usage (including biofuels).

# Water Management

## Description

Water management relates to a company's direct water usage, the exposure of its operations to water-scarce regions, and its management of wastewater. Companies in the Non-Alcoholic Beverages industry use a large amount of water in their operations, as they combine water with raw ingredients to create finished products. Because non-alcoholic beverage companies rely heavily on access to a large volume of clean water and water stress is increasing in different regions globally, companies may be exposed to supply disruptions that could significantly impact operations and add to costs. Companies operating in water-stressed regions that fail to address local water concerns may face further risk of losing their social license to operate. Additionally, proper wastewater treatment is an important element of managing water issues in operations, since bottling plants release large quantities of effluents. Improving water management through increased efficiency, recycling, and proper disposal, particularly in regions with baseline water stress, can lead to lower operating costs, reduced risks, and higher intangible asset value.

## Accounting Metrics

### **CN0201-03. (1) Total water withdrawn and (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress**

- .14 The registrant shall disclose the amount of water (in thousands of cubic meters) that was withdrawn from all sources, where:
- Water sources include surface water (including water from wetlands, rivers, lakes, and oceans), groundwater, rainwater collected directly and stored by the registrant, wastewater obtained from other entities, municipal water supplies, or supply from other water utilities.
- .15 The registrant may choose to disclose the portion of its supply by source if, for example, significant portions of withdrawals are from non-freshwater sources, where:
- Fresh water may be defined according to the local statutes and regulations where the registrant operates. Where there is no regulatory definition, fresh water shall be considered to be water that has a solids (TDS) concentration of less than 1000 mg/l per the Water Quality Association definition.
  - Water obtained from a water utility in compliance with U.S. [National Primary Drinking Water Regulations](#) can be assumed to meet the definition of fresh water.
- .16 The registrant shall disclose the amount of water (in thousands of cubic meters) that was consumed in its operations, where water consumption is defined as:
- Water that evaporates during withdrawal, usage, and discharge;
  - Water that is directly or indirectly incorporated into the registrant's product or service; and
  - 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.



- .17 The registrant shall analyze all of 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 (publicly accessible online [here](#)).
- .18 The registrant shall disclose its water withdrawn in locations with High or Extremely High Baseline Water Stress as a percentage of the total water withdrawn.
- .19 The registrant shall disclose its water consumed in locations with High or Extremely High Baseline Water Stress as a percentage of the total water consumed.

**CN0201-04. Discussion of water management risks and description of management strategies and practices to mitigate those risks**

- .20 The registrant shall discuss how it manages risks associated with water withdrawals, water consumption, and discharge of water to the environment.
- .21 The registrant shall discuss, if applicable, risks to the availability of adequate, clean water resources.
  - Relevant context to provide includes, but is not limited to:
    - Environmental constraints, such as how risks vary by withdrawal sources (e.g., wetlands, rivers, lakes, oceans, groundwater, rainwater, municipal water supplies, or water utilities), operations in water-stressed regions, drought, interannual or seasonal variability, or risks due to the impact of climate change.
    - External constraints, such as changes in water costs, stakeholder perceptions and concerns related to water withdrawals (such as those from local communities, non-governmental organizations, and regulatory agencies), direct competition with and impact from the actions of other users (commercial and municipal), restrictions from regulation, or constraints on the registrant’s ability to obtain and retain water rights or permits.
    - How risks may vary by discharges to different destinations, including wetlands, rivers, lakes, oceans, groundwater, rainwater, municipal water supplies, or other water utilities.
- .22 The registrant shall discuss, if applicable, risks associated with the discharge of wastewater.
  - Relevant context to provide includes, but is not limited to:
    - Environmental constraints, such as how risks vary by discharge destination (i.e., wetlands, rivers, lakes, oceans, or water utilities), the ability to maintain compliance with regulations focused on the quality of effluent discharged to the environment, and the ability to eliminate existing and emerging pollutants of concern.
    - External constraints, including increased liability, reputational damage, restrictions from regulation, stakeholder perceptions and concerns related to water discharges (such as those from local communities, non-governmental organizations, and regulatory agencies), or constraints on the registrant’s ability to obtain discharge rights or permits.

- How risks may vary by discharges to sources, including wetlands, rivers, lakes, oceans, ground water, rainwater, and municipal water supplies or supply from other water utilities.
- .23 The registrant should include a discussion of the potential implications that these risks may have on its operations and the timeline over which such risks are expected to manifest.
- .24 The registrant shall provide a description of its short-term and long-term strategy or plan to manage these risks, including the following, where relevant:
- Any water management targets it has set, and an analysis of performance against those targets.
    - Water management targets can include water management goals that the registrant sees as a priority to manage its risks and opportunities associated with water withdrawal, consumption, or discharge.
    - Targets can include, but are not limited to, those associated with reducing water withdrawals, reducing water consumption, reducing water discharges, and improving the quality of wastewater discharges.
  - The scope of its strategy, plans, or targets, such as whether they pertain differently to different business units, geographies, or water-consuming operational processes.
  - The activities and investments required to achieve the plans and targets, and any risks or limiting factors that might affect achievement of the plans and/or targets.
- .25 For water management targets, the registrant shall additionally disclose:
- The percentage reduction from the base year;
    - The base year is the first year against which water management targets are evaluated towards the achievement of the target.
  - Whether the target is absolute or intensity based, and the metric denominator if it is an intensity-based target;
  - The timelines for the water management activities, including the start year, the target year, and the base year. Disclosure shall be limited to activities that were ongoing (active) or reached completion during the fiscal year; and
  - The mechanism(s) for achieving the target, including:
    - Efficiency efforts, such as recycling and closed-loop systems
    - Use of water-saving equipment
    - Product innovations such as redesigning a product to include less water within it
    - Process innovations, including using less water in the manufacturing of a product

- Use of tools and technologies (e.g., the [World Wildlife Fund Water Risk Filter](#), [WRI/WBCSD Global Water Tool](#), and [Water Footprint Network Footprint Assessment Tool](#)) to analyze water use, risk, and opportunities
- Collaborations or programs in place with the community or other organizations

.26 Disclosure of strategies, plans, and targets shall be limited to activities that were ongoing (active) or reached completion during the fiscal year.

.27 The registrant shall discuss if its water management practices result in any additional lifecycle impacts or tradeoffs in its organization, including tradeoffs in land use, energy consumption, and greenhouse gas (GHG) emissions, and why the registrant chose these practices despite lifecycle tradeoffs.

### **Additional Resources**

GRI-Global Reporting Initiative (GRI G4)  
CDP 2015 Water Questionnaire  
CEO Water Mandate  
Global Water Footprint Assessment Standard  
Ceres Aqua Gauge Framework

# Health & Nutrition

## Description

The Health & Nutrition issue relates to key nutritional and health concerns such as obesity, ingredient safety, nutritional content, and acute health impacts resulting from the consumption of non-alcoholic beverages. Beverage manufacturers recognize the risk of consumers' evolving preferences and increased awareness of product health consequences. Studies indicate that consuming high-calorie sugar-sweetened beverages can have adverse health consequences including higher levels of cholesterol, increased risk for heart disease, and obesity. Findings such as these can alter consumer perceptions of the industry's products, leading to long-term shifts in purchasing decisions. Furthermore, efforts to reduce obesity, in the form of new regulations or taxes on sugar-sweetened beverages, have the ability to influence industry profitability and future demand. The potential adverse health effects of other specific ingredients pose additional concerns, and companies may face related lawsuits. Opportunities exist in new segments of the beverage market that address consumers' demand for improved nutritional value. Companies that address the increasingly important issue of product nutritional value and health impacts by offering healthier alternatives and ensuring product safety can capture additional market share and limit their exposure to regulation and litigation.

## Accounting Metrics

### **CN0201-05. Revenue from (1) zero- and low-calorie, (2) no-added-sugar, and (3) artificially sweetened beverages**

.28 The registrant shall disclose the total revenue (in U.S. dollars) received from the sale of its (1) zero- and low-calorie (2) no-sugar-added (3) artificially sweetened beverage products, where:

- Zero-calorie beverages are defined as those containing less than five calories per reference amount customarily consumed and per labeled serving according to the requirements of 21 CFR Section 101.60, "Nutrient content claims for the calorie content of foods."
  - According to the requirements of 21 CFR section 101.60, zero-calorie may also be referred to as "calorie free," "free of calories," "no calories," "zero calories," "without calories," "trivial source of calories," "negligible source of calories," or "dietarily insignificant source of calories."
- Low-calorie beverages are defined as those containing less than 40 calories per reference amount customarily consumed and per labeled serving, according to the requirements of 21 CFR Section 101.60.
- Beverages with no added sugars are defined as those in which no amount of sugars or any other ingredient that contains sugars and that functionally substitutes for added sugars is added during processing or packaging, according to the requirements of 21 CFR Section 101.60.
  - For purpose of this disclosure, artificially sweetened and zero- and low-calorie beverages shall be excluded from the scope of beverages with no added sugars.
- Artificially sweetened beverages are defined, consistent with the U.S. National Library of Medicine's definition, as those that contain chemically processed substances that are used in place of sweeteners with sugar or sugar alcohol.

- Artificial sweeteners include aspartame, sucralose, saccharin, neotame, acesulfame potassium, and advantame.

.29 If the registrant receives revenue from artificially sweetened beverages that are not classified as zero- or low-calorie, then it should separately disclose this portion of its revenue.

.30 The registrant may choose to separately disclose revenues from zero- and low-calorie beverages that do not contain artificial sweeteners (e.g., water, tea, coffee, etc.).

**CN0201-06. Description of the process to identify and manage products and ingredients of concern and emerging dietary preferences**

.31 The registrant shall discuss its process to identify and manage products and ingredients of consumer, academic, activist, regulatory, or other concern, including, but not limited to, the use of additives and portion sizes.

.32 The registrant shall discuss efforts to identify concerns, the products related to those concerns, and resulting risks associated with the use of artificial colors, flavors, sweeteners, preservatives, and other ingredients or additives as described by the FDA, available [here](#).

- Relevant efforts to discuss include, but are not limited to, risk assessments, participation in long-term health studies, completion of toxicological screens, procedures for receiving and reviewing consumer concerns, labeling of novel food items, and phasing out, substituting, or using alternative materials for ingredients of concern.
- The scope of disclosure shall focus on ingredients, additives, and novel beverages, but should include potential synergistic effects of ingredients or products, such as those associated with the use of caffeine and other stimulants, as relevant.

.33 The registrant shall describe how the concerns identified are managed and the risks communicated.

- The registrant may choose to discuss implementation of relevant beverage ingredient and additive standards, such as those under the CODEX Alimentarius International Food Standards of the Food and Agriculture Organization (FAO) and the World Health Organization (WHO) (available [here](#)) as a strategy to manage ingredients and products of concern.

.34 The registrant shall discuss the use of portion control, efforts taken to improve the nutritional content of its products, and/or other measures taken to address consumer concerns, trends, or preferences.

- The registrant may choose to discuss whether strategies are related to or associated with a formal health and nutrition initiative or strategy (e.g., WHO Global Strategy on Diet, Physical Activity and Health, Healthy Weight Commitment Foundation, or the Alliance for a Healthier Generation), including regional, national, international, or industry-specific programs.

.35 The registrant shall discuss any significant complaints, such as those resulting in lawsuits or relating to products and/or ingredients of consumer concern and any efforts to mitigate the related future risks.

# Product Labeling & Marketing

## Description

In their advertising and marketing practices, companies in the Non-Alcoholic Beverages industry routinely make claims related to the health benefits of specific ingredients and products, which may at times be misleading or untruthful. The trend toward promoting health benefits is likely to increase as the market for healthier beverages continues to expand. These claims can result in litigation or regulatory action that may impact operations and company reputations. Companies in the industry are also subject to criticism and regulation surrounding marketing to children, especially in the U.S., where childhood obesity is rapidly increasing. In response to these concerns, companies have launched new initiatives to voluntarily monitor and control advertising toward children. Additionally, new laws and regulations surrounding the use and labeling of genetically modified organisms (GMOs) may play an increasing role in the industry, as some of the ingredients used in non-alcoholic beverages may be genetically modified. Although the health and environmental impacts of GMOs remain the topic of debate and scientific inquiry, the issue can still influence consumers' purchasing decisions and create pressure on governments to introduce related laws. Failure to manage marketing and labeling can lead to impacts on brand value, reduced market share, and increased expenses and liabilities.

## Accounting Metrics

### **CN0201-07. Number of child advertising impressions made, percentage promoting products meeting the Children's Food and Beverage Initiative (CFBAI) Uniform Nutrition Criteria**

- .36 The registrant shall disclose the total number of advertising impressions made on children, regardless of whether the advertising is directed toward children, where:
- An advertising impression is a measure of the number of times an advertisement is seen, heard, watched, or read.
  - Children are defined as age 12 and under, consistent with the Children's Food and Beverage Initiative (CFBAI) definition.
- .37 The scope includes advertising impressions made through media such as television, radio, print, Internet, interactive games (including advergames), tablets, smartphones, video games, computer games, DVDs, and word of mouth, consistent with the scope of media provided by the CFBAI commitments and reporting requirements.
- .38 The registrant shall disclose the percentage of advertising impressions made on children that promote beverage products that meet the [CFBAI Uniform Nutritional Criteria](#), regardless of whether such impressions were made during programs with child audiences of less than 35 percent (i.e., the CFBAI's threshold for child-directed programming).
- .39 The percentage is calculated as the total number of child advertising impressions promoting products that meet the [CFBAI Uniform Nutritional Criteria](#) divided by the total number of child advertising impressions made.

.40 The registrant shall disclose the estimation methods used to calculate the number of advertising impressions made on children, including its method for collecting such data, where reasonable estimation methods include, but are not limited to:

- Gross rating points and target ratios to determine impressions in television, radio, and print advertising.
- Average visits per month, average page visits per month, and targeted index by age for company-owned websites.
- Total number of ads viewed and child audience share on third-party websites, advergames, tablets, smartphones, video games, and computer games.

**CN0201-08. Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO**

.41 The registrant shall disclose its revenue (in U.S. dollars) from products that are labeled as (1) containing genetically modified organisms (GMOs) and (2) free of GMO, where:

- GMOs are defined as organisms, with the exception of human beings, in which the genetic material has been altered in a way that does not occur naturally by mating and/or natural recombination, consistent with E.U. Directive 2001/18/EC.

.42 The scope of disclosure includes all of the products sold in markets that the registrant operates in.

.43 The registrant should disclose the percentage of its product portfolio labeled as (1) containing GMOs and (2) non-GMO, including those products it voluntarily labels as well as those labeled for sale in markets subject to GMO labeling regulation, including, but not limited to:

- E.U. Directive 2001/18/EC;
- Regulation EC 1829/2003;
- Maine HP 0490 LD 718;
- Vermont H. 112 Act 0120;
- Connecticut House Bill 6527; or
- Other U.S. state or federal regulation, as enacted.

#### **CN0201-09. Notices of violations received for non-conformance with regulatory labeling and/or marketing codes**

.44 The registrant shall disclose the number of notices received that substantiate a violation of labeling- and/or marketing-related regulatory code(s), statute(s), or other requirement(s).

- A labeling- and/or marketing-related non-conformance, consistent with the United States Fair Packaging and Labeling Act (Title 15, Chapter 39) and the FTC Act (Title 15 Chapter 2), includes products with labels that are misbranded or use deceptive acts of advertising.
- Incidences include, but are not limited, to the FDA's Untitled Letters, Warning Letters, or foreign equivalents and the FTC's cease-and-desist orders, civil penalties, corrective advertising remedies, or foreign equivalents.
- A database of Warning Letters is available [here](#), and Untitled Letters are available [here](#).

.45 The scope of disclosure includes non-conformances that are subject to regulations including, but not limited to, the following:

- The Federal Food and Drugs Act of 1906 (Title 21, Chapter 1)
- The Federal Food, Drug, and Cosmetic Act (Title 21, Chapter 9)
- The Fair Packaging and Labeling Act (Title 15, Chapter 39)
- The Federal Trade Commission Act (Title 15, Chapter 2)
- Other U.S. state or federal and foreign regulations, as enacted

.46 The registrant may disclose any other non-conformances with third-party, industry, or internal codes for labeling and/or marketing, including, but not limited to:

- Non-conformances reported by the Children's Advertising Review Unit (CARU) (available [here](#)).
- Non-conformances reported by the Advertising Self-Regulatory Council (ASRC) (available [here](#))

#### **CN0201-10. Amount of legal and regulatory fines and settlements associated with labeling and/or marketing practices**

.47 The registrant shall disclose the amount (excluding legal fees) of all fines or settlements associated with labeling and/or marketing practices, such as those related to enforcement of U.S. laws and regulations on nutrient content claims, health claims, other unfair or deceptive claims, and/or misbranded labeling, including violations of the Federal Food and Drugs Act of 1906 and the Nutrition Labeling and Education Act of 1990, among others.

.48 Disclosure shall include civil actions (e.g., civil judgment, settlements, or regulatory penalties) and criminal actions (e.g., criminal judgment, penalties, or restitutions) taken by any entity (government, businesses, or individuals).

Note to **CN0201-10**



- .49 The registrant shall briefly describe the nature (e.g., guilty plea, deferred agreement, or non-prosecution agreement) and context (e.g., nutrient content claims, health claims, misbranded labeling, etc.) of fines and settlements.
- .50 The registrant shall describe any corrective actions it has implemented as a result of each incident. This may include, but is not limited to, specific changes in practices, management, codes, products, or training.

# Packaging Lifecycle Management

## Description

Packaging materials represent a significant cost to companies in the Non-Alcoholic Beverages industry. Although many non-alcoholic beverage companies do not manufacture their own bottles and packaging, they face the reputational risks associated with the negative externalities that their products' containers can create over their lifecycle. Companies are also directly impacted by legislation regarding end-of-life management of beverage containers. Non-Alcoholic beverage companies therefore have an incentive to work with packaging manufacturers to improve the environmental characteristics of their products. In the design phase, materials choice can help drive consumer demand, reduce environmental impacts, and mitigate risks associated with end-of-life regulations. Furthermore, efforts to reduce the amount of materials used in packaging can reduce transportation costs, exposure to supply and price volatility of key materials, and the amount of virgin materials extracted. In the end-of-life phase, take-back and recycling programs and partnerships can pre-empt regulation, help achieve cost savings, and reduce environmental impact. Companies that effectively manage this issue can improve profitability and reduce cost of capital.

## Accounting Metrics

### **CN0201-11. (1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable or compostable**

.51 The registrant shall disclose the total weight of packaging purchased by the registrant, in metric tons, where:

- Packaging includes any material containing the registrant's product or otherwise accompanying the product, as well as secondary materials used by the registrant for shipping and distribution of products. This includes:
  - Primary packaging that is designed to come into direct contact with the product; and
  - Secondary packaging that is designed to contain one or more primary packages together with any protective materials, where required.
  - 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 and/or distribution. Tertiary packaging is also known as "distribution" or "transport" packaging

.52 The registrant shall disclose the percentage of packaging (by weight) made from recycled and/or renewable materials.

- Recycled content is defined, consistent with definitions in ISO 14021:1999, "Environmental labels and declarations—Self-declared environmental claims (Type II environmental labelling)," as the portion, by mass, of recycled or recovered material in a product or packaging, where only pre-consumer and post-consumer materials shall be considered as recycled content, and where:
  - Recycled material is defined as material that has been reprocessed from recovered (or reclaimed) material by means of a manufacturing process and made into a final product or a component for incorporation into a product.

- Recovered material is defined as material that would have otherwise been disposed of as waste or used for energy recovery, but has instead been collected and recovered (or reclaimed) as a material input, in lieu of new primary material, for a recycling or manufacturing process.
- Pre-consumer material is defined as material that has been diverted from the waste stream during a manufacturing process. Excluded is reutilization of materials such as rework, regrind, or scrap that are generated in a process and are capable of being reclaimed within the same process that generated them.
- Post-consumer material is defined as material generated by households or by commercial, industrial, and institutional facilities in their role as end-users of the product that can no longer be used for its intended purpose. This includes returns of material from the distribution chain.
- Renewable resources are defined, consistent with the [Global Protocol on Packaging Sustainability 2.0](#), as resources that are composed of biomass from a living source and are replenished at a rate equal to or greater than the rate of depletion, where:
  - Biomass is defined as a material of biological origin, excluding materials embedded in geological formations or transformed to fossilized material and excluding peat. This includes 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 (e.g., manure), consistent with the [Global Protocol on Packaging Sustainability 2.0](#).

.53 The percentage is calculated as the total weight of packaging made from recycled and/or renewable materials divided by the total weight of all packaging used by the registrant.

- For packaging materials that contain both recycled and virgin parts, or which are made from both renewable and nonrenewable resources, the registrant shall classify a portion of the material as recycled or renewable based on an estimate of the weight of each portion.

.54 The registrant shall disclose the percentage of packaging (by weight) that is recyclable and/or compostable, where:

- For purpose of this disclosure, recyclable material includes those materials that are reusable, where:
  - “Recyclable” is defined as a product or packaging that can be diverted from the waste stream through available processes and programs and can be collected, processed, and returned to use in the form of raw materials or products, consistent with definitions in ISO 14021:1999, “Environmental labels and declarations—Self-declared environmental claims (Type II environmental labelling).”
  - “Reusable” is defined as a product or packaging that has been conceived and designed to accomplish, within its lifecycle, a certain number of trips, rotations, or uses for the same purpose for which it was conceived, consistent with definitions in ISO 14021:1999, “Environmental labels and declarations—Self-declared environmental claims (Type II environmental labelling).”

- “Compostable” is defined as that which 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 further defined by ASTM Standard D6400, 2004, “Standard Specification for Compostable Plastics.”

.55 The percentage is calculated as the total weight of recyclable and/or compostable packaging divided by the total weight of all packaging.

.56 The registrant should disclose (1) the total weight of packaging sourced, (2) the percentage made from recycled or renewable materials, and (3) the percentage that is recyclable or compostable for each major packaging substrate (e.g., wood fiber, glass, metal, and petroleum-based).

#### **CN0201-12. Description of strategies to reduce the environmental impact of packaging throughout its lifecycle**

.57 The registrant shall discuss its strategies to reduce the environmental impact of packaging throughout its lifecycle, such as reducing packaging weight and volume for a given application or using alternative materials, including those that are recycled, recyclable, reusable, and/or compostable.

.58 The registrant shall discuss the circumstances surrounding its use of recycled and renewable packaging, including, but not limited to, discussions of supply availability, consumer preferences, and packaging durability requirements.

.59 The registrant shall discuss the circumstances surrounding its use of packaging that is recyclable and compostable, including, but not limited to, discussions of regulations, packaging end-of-life commitments, consumer demand, and packaging durability.

.60 Relevant disclosure may include, but is not limited to, discussion of the following:

- Implementation of EN 13428 or ISO 18602, which include criteria for minimization of packaging weight and optimization to the amount needed for safety, hygiene, and consumer acceptance of the packed product.
- Implementation of EN 13430 or ISO 18604, which include criteria for recyclable packaging.
- Implementation of EN 13432, ISO14855-1:2005, ASTM D6400, or ASTM D6868, which include criteria for packaging recoverable through biodegradation and composting.
- Implementation of ISO 14021, which includes criteria for renewable and recycled material content claims.
- Performance on the [Global Protocol on Packaging Sustainability 2.0](#) metrics for Packaging Weight and Optimization and/or Assessment and Minimization of Substances Hazardous to the Environment.

.61 The registrant should, where relevant, discuss any packaging-related targets and performance against those targets. Examples of such targets include, but are not limited to:

- Reduction in packaging footprints
- Reduction in packaging weight either in total or on a per-unit basis
- Increasing recycled, recyclable, reusable, renewable, and/or compostable content

.62 The registrant may choose to discuss its use of Life Cycle Assessment (LCA) analysis in the context of its approach to environmental impact reduction and maximization of product efficiency, including weight reduction and transportation efficiency.

- When discussing improvements to the environmental efficiency of packaging products, improvements should be discussed in terms of LCA functional unit service parameters (i.e., time, extent, and quality of function).

#### **Additional References**

[EPA Waste Hierarchy](#)

[Summary of the EPA Municipal Solid Waste Program](#)

# Environmental & Social Impacts of Ingredient Supply Chains

## Description

Environmental and social impacts can occur within non-alcoholic beverage companies' ingredient supply chains. Companies rely on numerous ingredients that are highly susceptible to price volatility, largely due to environmental factors such as shifting weather patterns, droughts, and crop disease. As the impacts of climate change and water scarcity continue to increase in frequency and severity, the price and availability of these key ingredients are likely to become increasingly unstable. Furthermore, the environmental impacts caused by supplying these ingredients, including pollution, soil erosion, and deforestation, are likely to lead to additional price volatility. The potential for supply shortages or disruptions due to social considerations, including labor violations, child labor, fair wages, and food shortages, present further risk to a company's long-term ability to source key materials and ingredients. Companies that proactively implement programs to address these risks through active management, measurement, and engagement with key suppliers and farmers can build more resilient supply chains. These companies could limit the price volatility of key ingredients and increase their availability while improving brand reputation, leading to increased market share and reduced costs.

## Accounting Metrics

### **CN0201-13. Percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress**

- .63 The registrant shall disclose the percentage, by value in U.S. dollars, of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress.
- The scope of disclosure excludes water that is withdrawn at company-owned or -operated facilities
- .64 The scope of disclosure includes the registrant's tier-1 suppliers, where:
- Tier-1 suppliers are defined as suppliers that transact directly with the registrant for food ingredients.
- .65 The percentage is calculated as the total cost, in U.S. dollars, of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress divided by the total cost of beverage ingredients sourced.
- .66 Using the WRI Water Risk Atlas tool, Aqueduct (publicly available online [here](#)), the registrant shall analyze all of its known sources for water risks and identify sources that are in a location with High (40–80%) or Extremely High (>80%) Baseline Water Stress.
- .67 The scope of disclosure includes all tier-1 suppliers. Should the registrant be unable to identify or collect data pertaining to all tier-1 suppliers, the registrant shall disclose the percentage of ingredients for which source region and water risks are unknown.

**CN0201-14. Suppliers' social and environmental responsibility audit conformance: (1) major non-conformance rate and associated corrective action rate and (2) minor non-conformance rate and associated corrective action rate**

.68 The registrant shall disclose its suppliers' conformance with external social and environmental audit standards or internally developed supplier code(s) of conduct, based on the number of non-conformances identified.

- The registrant may limit its disclosure to those suppliers that, in aggregate, account for 80 percent or more of its supplier sourcing that is directly related to manufacturing.

.69 The registrant shall calculate and disclose the major non-conformance rate as the total number of priority non-conformances identified in the supply chain divided by the number of facilities audited.

- Major non-conformances are the highest severity of non-conformance and require escalation by auditors. Major non-conformances confirm the presence of underage child workers (below the legal age for work or apprenticeship), forced labor, health and safety issues that can cause immediate danger to life or serious injury, and 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. Issues representing an immediate danger must be corrected as soon as practical, but not longer than 90 days after discovery.

- Major non-conformances may also be referred to as critical or priority non-conformances.

.70 The registrant shall calculate and disclose the minor non-conformance rate as the total number of minor non-conformances identified in the supply chain divided by the number of facilities audited.

- A minor non-conformance by itself doesn't indicate a systemic problem with the management system. It is typically an isolated or random incident and represents a low risk to workers and the environment.

.71 The registrant shall calculate and disclose its corrective action rate for major non-conformances as the number of corrective action plans completed within 60 days to address major non-conformances divided by the total number of major non-conformances that have been identified.

.72 The registrant shall calculate and disclose its corrective action rate for minor non-conformances as the number of corrective action plans completed within 90 days to address minor non-conformances divided by the total number of minor non-conformances that have been identified.

.73 A corrective action is defined as the implementation of practices or systems to eliminate any non-conformance and ensure there will be no reoccurrence of the non-conformance, and verification that the corrective action has taken place.

.74 The registrant shall disclose the standards to which it has measured social and environmental responsibility audit compliance.

- For internally developed supplier code(s) of conduct, the registrant shall disclose the public location where such code(s) can be viewed.

**CN0201-15. List of priority beverage ingredients and discussion of sourcing risks due to environmental and social considerations**

.75 The registrant shall identify any beverage ingredients that are a priority to the registrant's business, where:

- Priority beverage ingredients are defined as the five ingredients that constitute the largest beverage ingredient expense (excluding water) and/or those ingredients that have otherwise been identified by the registrant as essential to its products or as having significant environmental or social risks.

.76 The registrant shall discuss its strategic approach to managing the environmental and social risks that arise from its priority beverage ingredients, where:

- Environmental risks include, but are not limited to, effects of drought and climate change on ingredient prices, reputational damage due to deforestation, and other risks resulting from the environmental impacts associated with the registrant's supply chain.
- Social risks include, but are not limited to, effects of workers' rights on productivity, reputational damage due to human rights issues, and other risks resulting from the social impacts associated with the registrant's supply chain.
- The scope of disclosure should focus on beverage ingredients that are sourced from directly contracted growers or through producer supply agreements, or that are procured through other means.

.77 The registrant should identify which beverage ingredients present risks to its operations, the risks that are represented, and the strategies the registrant uses to mitigate such risks.

.78 For environmental risks, relevant strategies to discuss include the diversification of suppliers, supplier training programs on environmental best management practices, expenditures on R&D for alternative and substitute crops, and audits or certifications of suppliers' environmental practices.

.79 For social risks, relevant strategies to discuss include supplier training programs on agrochemical application, engagement with suppliers on labor and human rights issues, and maintenance of a supply chain code of conduct.



**SUSTAINABILITY ACCOUNTING STANDARDS BOARD®**

75 Broadway, Suite 202  
San Francisco, CA 94111  
415.830.9220  
info@sasb.org

[www.sasb.org](http://www.sasb.org)