

Industry Description

The Processed Foods industry includes companies that process and package foods such as bread, frozen foods, snack foods, pet foods, and condiments for retail consumer consumption. Typically, these products are made ready to consume, are marketed for retail consumers, and can be found on food retailers' shelves. The industry is characterized by large and complex ingredient supply chains, as many companies compete globally and source ingredients from all over the world. Large companies in the industry generate sales globally, and international opportunities are driving growth.

Users of the SASB Standards

The SASB Standards are intended for use by public companies and by investors to inform investment decisions. The standards facilitate disclosure of financially material sustainability-related information in a concise, comparable, cost-effective, decision-useful format.

The SASB Standards are designed for integration into existing reporting mechanisms, such as SEC filings. This keeps the administrative and cost burden to a minimum. SEC filings include Form 10-K for U.S. companies, Form 20-F for foreign issuers, Form 40-F for Canadian issuers, quarterly reports on Form 10-Q, current reports on Form 8-K, and registration statements on Forms S-1 and S-3. The SASB Standards are also recognized by the European Commission as a suitable framework for companies to provide information to investors pursuant to EU Directive 2014/95/EU. See "Guidelines on non-financial reporting (methodology for reporting non-financial information)."⁵ Thus, SASB standards are a cost-effective way to satisfy both U.S. and European reporting requirements.

SASB evaluates the materiality of sustainability-related topics by using the high threshold of financial materiality that is established under the U.S. securities laws.⁶ Although designed to meet the rigorous disclosure requirements of the U.S. capital markets (thereby producing a high-quality set of evidence-based standards focused on material investor-focused topics), the standards represent a best practice that can be used by companies of all types (public and private) to describe their material sustainability-related risks and opportunities.

Guidance for Disclosure of Sustainability Topics in SEC Filings

1. Industry-Level Sustainability Topics

For the Processed Foods industry, the SASB has identified the following sustainability disclosure topics:

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



⁵ https://ec.europa.eu/info/publications/170626-non-financial-reporting-guidelines_en

⁶ https://library.sasb.org/materiality_bulletin/

Summary of Comments on FB_WRI_attachment.pdf

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 Number: 1 Author: Yahoo Subject: Sticky Note Date: 1/31/2018 10:51:23 AM

I'm curious about the logic for why food waste is not included for Processed Foods as a material issue? While smaller amounts may be sent to some of the disposal destinations (e.g., landfill, incineration) than other sectors significant volumes/ quantities are not used by the business and sent to animal feed or for bio-based materials/biochemical processing. There is therefore still financial opportunity to better utilize that material within the company (Kellogg calculated its food waste is the equivalent of \$30 million in raw material costs) and/or donate the surplus food portion of these material streams to people.

Food Waste Management

Description

The Food Retailers & Distributors industry generates food waste at various stages of operation. Food waste includes edible or otherwise useful food that does not reach consumers, as well as foods that spoil or are damaged during transportation or stocking or while on store shelves. Food loss and waste represent a loss of resources used in food production, which include land, water, labor, energy, and agricultural chemicals, as well as contribute to food insecurity. Additionally, food waste can generate GHG emissions during landfill decomposition. Effective food waste management can present financial opportunities to reduce costs associated with inventory loss, as well as help improve food security by more efficiently diverting food resources to beneficial purposes.

Accounting Metrics



CN0401FB0401-06. Amount of ² food waste generated, percentage diverted from the ³ waste stream

.29 The registrant shall calculate the aggregate amount of food waste generated, in metric tons, at all of its retail locations, where:

- Food waste is defined as food and inedible parts for which the registrant has no further use and which would otherwise be discarded or released into the environment 
- Food is defined per the global ⁶ Food Loss & Waste Protocol Accounting & Reporting Standard (hereafter “FLW Standard”) as any substance, whether processed, semi-processed, or raw, that is intended for human consumption, including drinks, chewing gum, and any substance that has been used in the manufacture, preparation, or treatment of food. 
- Inedible parts are defined per the FLW Standard as the components associated with a food in a particular food supply chain that the registrant does not intend for human consumption. 
- The scope includes any food-grade wastes associated with food or ⁹ the manufacture, preparation,  treatment, processing, and cooking of food, including cooking oil.
- ¹⁰ The scope of food waste includes donations of food (e.g., food donated to social service agencies and/or charitable organizations) that is safe for human consumption but is no longer able to be sold. 
- The scope excludes cosmetics, tobacco, or substances used only as drugs.
- The scope excludes waste from food that is taken off-site by customers.
- The scope excludes packaging materials, such as boxes, wrapping, or plastic containers.
 - Where packaging is not separated from food prior to its disposal, the registrant shall obtain an estimate for the amount of food waste exclusive of the packaging material based on the *FLW Standard*.

.30 The registrant may choose to additionally disclose the weight of food waste that is comprised of inedible parts.

Number: 1 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 1:23:49 PM

It may be more efficient to line up with definitions being used by companies and food waste reduction initiatives (e.g., the definition of food waste used by companies like Ahold Delhaize or the one promoted by SDG 12.3). The language has also been refined some since the FLW Standard was published in summer 2016. Better metrics might be: Total amount of surplus food redistributed/donated, Amount of food waste generated, Percentage of food waste diverted from disposal destinations.

I find it confusing to use the language of "waste stream" because you also call the totality of the material not sold a "waste" but that use of the term waste then refers to a much larger number of destinations than "waste stream" which is just landfill/incineration/refuse/sewer. This may benefit from more discussion to get clarity around the language.

Number: 2 Author: Yahoo Subject: Highlight Date: 1/30/2018 12:55:44 PM

Number: 3 Author: Yahoo Subject: Highlight Date: 1/31/2018 10:51:49 AM

Number: 4 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 1:23:56 PM

In order to align with existing efforts by companies, we suggest modifying the definition of food waste so it excludes the amount of surplus food that is instead redistributed or donated to feed people in need. Donated surplus food is an economic loss but people aren't fed waste product.

Number: 5 Author: Yahoo Subject: Sticky Note Date: 1/29/2018 3:55:42 PM

the "official" title is slightly different, namely:

Food Loss and Waste Accounting and Reporting Standard

Number: 6 Author: Yahoo Subject: Highlight Date: 1/29/2018 3:56:06 PM

Number: 7 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 1:24:22 PM

Not a big deal but it may be useful to include two other parts to this definition, namely:

"Examples of inedible parts associated with food could include bones, rinds, and pits/stones but what is considered inedible varies and is influenced by a range of factors. "Inedible parts" do not include packaging.

Number: 8 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 6:56:34 PM

This repeats what is in the bullet above that starts with "Food is defined per the global...used in the manufacture, preparation, or treatment of food."

In addition it is counter to what is in the FLW Standard. To align with the FLWS, I suggest replacing this bullet with: "The scope does not include processing agents used along the food supply chain, for example, water to clean or cook raw materials in factories or at home." See further note below about "used cooking oil" as recent discussion is leaning to that being out of scope in a business environment when used as a processing agent (e.g., a vat used to fry french fries has leftover used oil). While it's useful to track that amount for other business reasons, that used cooking oil would be considered outside the scope of what might be a food or an associated inedible part so "outside of scope." That said, as contrast, cooking oil sold as a food product on a store shelf would be considered "food."

Number: 9 Author: Yahoo Subject: Highlight Date: 1/30/2018 12:10:11 PM

Number: 10 Author: Yahoo Subject: Highlight Date: 10/3/2017 7:45:28 PM -07'00'

Number: 11 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 1:12:09 PM

Including donations in the scope of food waste is not commonly accepted practice since waste is not given to people. Companies refer to that which is donated as "unsold food" or "surplus food" instead. Suggest therefore modifying the metric (see note above) and changing this to say that while surplus food should be reported it is NOT in the scope of food waste.

- Should the registrant choose to disclose the amount of inedible parts separately from the amount of food, the registrant should quantify these two material types according to the FLW Standard which provides guidance on separating and categorizing material types, and guidance on quantifying material types (food and inedible parts) separately.
- The registrant should describe the sources or frameworks that were used to categorize a material as food or as associated inedible parts, including any assumptions used to define whether a material was “intended” for human consumption or not, as well as whether estimates were made to separately quantify the food (or associated inedible parts), the approach used, all conversion and proxy factors, and related sources.

.31 The percentage diverted shall be calculated as the total weight of food waste that has been diverted from the waste stream divided by the total weight of food waste generated, where food waste is considered diverted if it has been removed from the food supply chain but:

- Donated to social service agencies and/or charitable organizations; 
 - The registrant may choose to disclose the percentage of the total food waste generated that was donated.
- Used as feed for animals (directly or after processing); 
- Converted for use in bio-based industrial products such as fibers for packaging material, bioplastics, or raw material to make biodiesel, soaps, or cosmetics;
- Broken down via bacteria in the absence of oxygen to generate biogas and nutrient-rich matter (4e., );
- Broken down via bacteria in oxygen-rich environments to be used as soil amendment (i.e., composted);
- Converted via microbes into alcohols in the absence of oxygen to produce metabolic waste products (i.e., fermented); 
- Applied to land through spreading, spraying, injecting, or incorporating onto or below the surface of land; and/or
- Left in a field or tilled into the soil.

.32 For the purposes of this disclosure, cooking oil that is recycled for energy use is considered diverted. 

.33 For the purposes of this disclosure, the following disposal methods are not considered to be diversion from the waste stream:

- Landfilling, which is defined as sending material to an area of land or an excavated site that is specifically designed and built to receive wastes.

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Number: 1 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 12:23:19 PM
See note above about "donation"

Number: 2 Author: Yahoo Subject: Sticky Note Date: 1/31/2018 10:54:03 AM
It may make for easier alignment to use the names for the destinations from the FLWS. A few don't line up exactly with the definitions used in the FLWS in its final form (published June 2016) so I've included edits where I spotted this. For example, for animal feed: it would be better to say:

Diverted from the food supply chain (directly or after processing) to animals

Number: 3 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 1:26:12 PM
I'm pretty sure this would be an "e.g." versus "i.e.,"

Number: 4 Author: Yahoo Subject: Highlight Date: 1/30/2018 1:25:49 PM

Number: 5 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 1:29:27 PM
to line up with the final FLWS suggest deleting this (the FLWS dropped it in the final version as it was pretty much the same as the definition for "broken down via bacteria in the absence of oxygen...")

Number: 6 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 6:58:22 PM

As noted earlier, where cooking oil is used as a processing agent (e.g., for frying) the used cooking oil should be considered outside the scope of being food waste. The logic (which you could keep as a bullet as that's helpful) is that oil used as a processing agent in the preparation of food but that does not end up in the final product would not itself be defined as food or as an inedible part, and therefore any used cooking oil would be outside the scope of what might be considered food waste.

- Incineration, including for energy recovery, which is defined as combusting solid and liquid material in controlled incineration facilities. Energy recovery is defined as the use of combustible waste as a means to generate energy through direct incineration, with or without other waste, but with recovery of the heat.
- **2** Open burning, which is defined as burning in the open without a chimney or a stack. 
- **3** Dumping to land or sea, which is defined as abandoning material on land or disposing in the sea, including open dumps.
- Disposal via sewer and wastewater treatment plants, which is defined as sending material down the sewer, with or without processing or treatment first. Sewage may go to an advanced wastewater treatment plant or be discharged without processing.

.34 Materials sent for further recycling include those materials that are transferred to a third party for the express purpose of reuse, recycling, or refurbishment.

.35 The scope of **4** recycled and remanufactured products includes primary recycled materials, co-products (outputs of equal value to primary recycled materials), and by-products (outputs of lesser value than primary recycled materials). 

.36 The registrant shall use the requirements of the FLW Standard to describe the quantification methods used to calculate the amount of food waste, the amount of food waste diverted from the waste stream, and other approaches used (e.g., for calculating the inedible proportion, excluding packaging, sampling, and/or scaling up of the data).

Additional References



Food Loss & Waste Protocol Accounting and Reporting Standard **7** coordinated by World Resources Institute (WRI) in collaboration with the Consumer Goods Forum (CGF), Food and Agriculture Organization of the United Nations (FAO), FUSIONS, UNEP, the World Business Council for Sustainable Development (WBCSD), and WRAP.

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 Number: 1 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 1:49:02 PM

In the final publication of the FLW Standard, this destination was combined with the next one. The final definitions can be found on page 40 of the FLWS. this was combined with "dumping" and referred to as:

Abandoning material on land or disposing of it in the sea. This includes open dumps (i.e., uncovered, unlined), open burn (i.e., not in a controlled facility), the portion of harvested crops eaten by pests, and fish discards (the portion of total catch that is thrown away or slipped).

 Number: 2 Author: Yahoo Subject: Highlight Date: 1/29/2018 4:13:19 PM

 Number: 3 Author: Yahoo Subject: Highlight Date: 1/29/2018 4:22:32 PM

 Number: 4 Author: Yahoo Subject: Highlight Date: 1/30/2018 1:49:43 PM

 Number: 5 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 1:50:14 PM

I may be missing something but why is "recycled and remanufactured" listed here?

 Number: 6 Author: Yahoo Subject: Sticky Note Date: 1/31/2018 10:55:24 AM

Please edit title to be: "Food Loss and Waste Accounting and Reporting Standard" and edit hyperlink to be the following instead:
www.flwprotocol.org

 Number: 7 Author: Yahoo Subject: Highlight Date: 1/29/2018 4:14:59 PM

Food & Packaging Waste Management

Description

Restaurants produce waste in two main forms: food and packaging. Food waste includes ingredients, waste created during cooking, such as oil, and waste of the final product. Packaging waste includes packaging received from suppliers and packaging disposed by consumers in the restaurant areas. Food waste results in loss of resources, such as water, energy, land, labor, and capital, and produces greenhouse gas (GHG) emissions as a result of decomposition. Moreover, food ingredient deliveries to restaurants are a significant source of packaging waste. In addition, limited-service restaurants make heavy use of disposable tableware for serving customers. Municipal and federal regulations around packaging are likely to continue evolving and push companies to improve the recyclability of the packaging they use. Companies that are able to stay ahead of regulations will not only see a positive impact on brand image, but will likely reduce their cost of compliance. Companies that are able to reduce waste through various methods, including food recovery, diverting waste from landfills, and packaging reclamation programs, can reduce waste handling costs and improve operational efficiency.

Accounting Metrics

SV0203FB0501-03. Amount of waste, percentage food waste, percentage diverted

.10 The amount of total waste shall be calculated in metric tons, where waste is defined as anything for which the registrant has no further use and which would otherwise be discarded or released into the environment.

- The scope shall include any Subtitle D Solid Waste as defined by the Resource Conservation and Recovery Act (RCRA) (40 CFR § 261.2), including municipal solid wastes, such as durable goods, non-durable goods, containers and packaging, food wastes and yard trimmings, and miscellaneous inorganic wastes.
- The scope shall be limited to waste handled within the registrant's facilities, such as food waste, packaging received from suppliers, and waste discarded in facilities by customers.
- The scope of disclosure excludes food and packaging waste that is discarded off-site by customers.

.11 The registrant shall disclose the percentage of waste that comprises food waste, where:



- **Food waste includes any substance, whether processed, semi-processed, or raw, which is intended for human consumption, and includes drinks, chewing gum, and any substance that has been used in the manufacture, preparation, or treatment of food for which the registrant has no further use and would otherwise be discarded or released into the environment.**²⁵
- The scope excludes cosmetics, tobacco, or substances used only as drugs.
- The scope includes any food-grade wastes associated with food or the manufacture, preparation, treatment, processing, and cooking of food, including cooking oil. 

²⁵ This definition is consistent with **World Resources Institute's FLW Protocol.**



 Number: 1 Author: Yahoo Subject: Sticky Note Date: 1/31/2018 10:56:01 AM
is this just "percentage of food waste diverted"? Why not include "tonnes donated" here as a separate metric. See suggestion made above for retailers

 Number: 2 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 12:52:20 PM
As noted below, why are 'inedible parts' excluded for restaurants? It's hard to measure the amounts separately. Also, donated surplus food should not be considered "waste" - it's an economic loss but people aren't fed waste product.

 Number: 3 Author: Yahoo Subject: Highlight Date: 1/30/2018 11:45:11 AM

 Number: 4 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 12:36:31 PM
As noted for retailers, this bullet is redundant with the above and we suggest is modified to "not include processing agents."

 Number: 5 Author: Yahoo Subject: Sticky Note Date: 1/31/2018 10:56:56 AM
The FLW Protocol did not establish a definition so this footnote needs to be deleted. The definition in the Food Loss and Waste Accounting and Reporting Standard (produced by the FLW Protocol) that this is closest to this would for the definition of "food" - not "food waste"

 Number: 6 Author: Yahoo Subject: Highlight Date: 1/30/2018 12:32:46 PM

- The scope ²includes inedible parts, which are the components associated with a food in a particular ¹ food supply chain that are not intended to be consumed by humans.

.12 The percentage diverted shall be calculated as the weight of ⁵waste material that was reused ³ plus the weight ⁴ recycled or remanufactured (through treatment or processing) by the registrant, plus the amount sent externally for further reuse, recycling, or remanufacturing, divided by the total weight of waste material, where:

- Reused materials are defined as those recovered products or components of products that are used for the same, or a substantially similar, purpose as that for which they were conceived.
 - For the purposes of this disclosure, donation of surplus food to social service agencies and/or charitable organizations, including for human or animal consumption, shall be considered reused, consistent with the EPA Waste Hierarchy.
- Recycled and remanufactured materials are defined as waste materials that have been reprocessed or treated by means of production or manufacturing processes and made into a final product or a ⁶ component for incorporation into a product.
 - For the purposes of this disclosure, the composting of materials shall be considered recycling, consistent with the EPA Waste Hierarchy.
- The scope of recycled and remanufactured products includes primary recycled materials, co-products (outputs of equal value to primary recycled materials), and by-products (outputs of lesser value to primary recycled materials).
 - Portions of products and materials that are disposed of in landfills are not considered recycled. Only the portions of products that are directly incorporated into new products, co-products, or by-products shall be included in the percentage recycled.
 - Materials sent for further recycling include those materials that are transferred to a third party for the express purpose of reuse, recycling, or refurbishment.
 - Materials incinerated, including for energy recovery, are not considered reused or recycled. Energy recovery is defined as the use of combustible waste as a means to generate energy through direct incineration, with or without other waste, but with recovery of the heat.
 - For the purposes of this disclosure, cooking oil that is recycled for energy use is considered recycled waste. ⁷

.13 The registrant shall describe the estimation methods used to calculate the amount of waste, percentage food waste, and percentage diverted, including the frequency of waste audits and the percentage of restaurants audited.

SV0203FB0501-04. Total weight of packaging, percentage made from recycled or renewable materials, percentage that is recyclable or compostable

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

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-  Number: 1 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 12:38:05 PM
A restaurant may have difficulty including the "inedible parts." That said, it could be included as an optional metric. Inedible parts are typically called "trimming" by restaurant operators.
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-  Number: 2 Author: Yahoo Subject: Highlight Date: 1/30/2018 12:36:44 PM
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-  Number: 3 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 12:53:01 PM
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-  Author: Yahoo Subject: Sticky Note Date: 1/30/2018 12:53:48 PM
As noted above, donated surplus food should not be called "waste material"
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-  Number: 4 Author: Yahoo Subject: Sticky Note Date: 1/30/2018 12:39:16 PM
This is confusing. It would likely be easier to use the common language in the FLW Standard and mimic the language across both retailers and restaurants.
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-  Number: 5 Author: Yahoo Subject: Highlight Date: 1/30/2018 12:53:04 PM
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-  Number: 6 Author: Yahoo Subject: Sticky Note Date: 1/31/2018 10:58:18 AM
This is very confusing - I could not follow what amount of food waste to the FLWS destinations would fall into what category. Suggest using the FLWS destinations first to sort this out then simplifying this section so that it's clear which destinations should be included in the numerator. For example, I think you're asking for percentage diverted to be: "weight of material sent to animal feed, bio-based materials/ biochemical processing, co/anaerobic digestion, composting/aerobic processes, and land application divided by ...total weight generated"
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-  Number: 7 Author: Yahoo Subject: Sticky Note Date: 1/31/2018 10:58:45 AM
See note in retailer section about this. Used cooking oil specifically would fall outside the scope of ever being considered a "food waste"