FOOD & BEVERAGE SECTOR

AGRICULTURAL PRODUCTS

Sustainability Accounting Standard

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

Prepared by the
Sustainability Accounting Standards Board

October 2018

INDUSTRY STANDARD | VERSION 2018-10

AGRICULTURAL PRODUCTS

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About SASB

The SASB Foundation was founded in 2011 as a not-for-profit, independent standards-setting organization. The SASB Foundation's mission is to establish and maintain industry-specific standards that assist companies in disclosing financially material, decision-useful sustainability information to investors.

The SASB Foundation operates in a governance structure similar to the structure adopted by other internationally recognized bodies that set standards for disclosure to investors, including the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). This structure includes a board of directors ("the Foundation Board") and a standards-setting board ("the Standards Board" or "the SASB"). The Standards Board develops, issues, and maintains the SASB standards. The Foundation Board oversees the strategy, finances and operations of the entire organization, and appoints the members of the Standards Board.

The Foundation Board is not involved in setting standards, but is responsible for overseeing the Standards Board's compliance with the organization's due process requirements. As set out in the SASB *Rules of Procedure,* the SASB's standards-setting activities are transparent and follow careful due process, including extensive consultation with companies, investors, and relevant experts.

The SASB Foundation is funded by a range of sources, including contributions from philanthropies, companies, and individuals, as well as through the sale and licensing of publications, educational materials, and other products. The SASB Foundation receives no government financing and is not affiliated with any governmental body, the FASB, the IASB, or any other financial accounting standards-setting body.

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INTRODUCTION

Purpose of SASB Standards

The SASB's use of the term "sustainability" refers to corporate activities that maintain or enhance the ability of the company to create value over the long term. Sustainability accounting reflects the governance and management of a company's environmental and social impacts arising from production of goods and services, as well as its governance and management of the environmental and social capitals necessary to create long-term value. The SASB also refers to sustainability as "ESG" (environmental, social, and governance), though traditional corporate governance issues such as board composition are not included within the scope of the SASB's standards-setting activities.

SASB standards are designed to identify a minimum set of sustainability issues most likely to impact the operating performance or financial condition of the typical company in an industry, regardless of location. SASB standards are designed to enable communications on corporate performance on industry-level sustainability issues in a cost-effective and decision-useful manner using existing disclosure and reporting mechanisms.

Businesses can use the SASB standards to better identify, manage, and communicate to investors sustainability information that is financially material. Use of the standards can benefit businesses by improving transparency, risk management, and performance. SASB standards can help investors by encouraging reporting that is comparable, consistent, and financially material, thereby enabling investors to make better investment and voting decisions.

Overview of SASB Standards

The SASB has developed a set of 77 industry-specific sustainability accounting standards ("SASB standards" or "industry standards"), categorized pursuant to SASB's Sustainable Industry Classification System® (SICS®). Each SASB standard describes the industry that is the subject of the standard, including any assumptions about the predominant business model and industry segments that are included. SASB standards include:

1. **Disclosure topics** – A minimum set of industry-specific disclosure topics reasonably likely to constitute material information, and a brief description of how management or mismanagement of each topic may affect value creation.

2. **Accounting metrics** – A set of quantitative and/or qualitative accounting metrics intended to measure performance on each topic.

3. **Technical protocols** – Each accounting metric is accompanied by a technical protocol that provides guidance on definitions, scope, implementation, compilation, and presentation, all of which are intended to constitute suitable criteria for third-party assurance.

4. **Activity metrics** – A set of metrics that quantify the scale of a company's business and are intended for use in conjunction with accounting metrics to normalize data and facilitate comparison.

Furthermore, the *SASB Standards Application Guidance* establishes guidance applicable to the use of all industry standards and is considered part of the standards. Unless otherwise specified in the technical protocols contained in the industry standards, the guidance in the SASB Standards Application Guidance applies to the definitions, scope, implementation, compilation, and presentation of the metrics in the industry standards.

The *SASB Conceptual Framework* sets out the basic concepts, principles, definitions, and objectives that guide the Standards Board in its approach to setting standards for sustainability accounting. The *SASB Rules of Procedure* is focused on the governance processes and practices for standards setting.

Use of the Standards

SASB standards are intended for use in communications to investors regarding sustainability issues that are likely to impact corporate ability to create value over the long term. Use of SASB standards is voluntary. A company determines which standard(s) is relevant to the company, which disclosure topics are financially material to its business, and which associated metrics to report, taking relevant legal requirements into account[1]. In general, a company would use the SASB standard specific to its primary industry as identified in SICS® . However, companies with substantial business in multiple SICS® industries can consider reporting on these additional SASB industry standards.

It is up to a company to determine the means by which it reports SASB information to investors. One benefit of using SASB standards may be achieving regulatory compliance in some markets. Other investor communications using SASB information could be sustainability reports, integrated reports, websites, or annual reports to shareholders. There is no guarantee that SASB standards address all financially material sustainability risks or opportunities unique to a company's business model.

Industry Description

The Agricultural Products industry is engaged in processing, trading, and distributing vegetables and fruits, and producing and milling agricultural commodities such as grains, sugar, consumable oils, maize, soybeans, and animal feed. Agricultural products are sold directly to consumers and to businesses for use in consumer and industrial products. Companies in the industry typically purchase agricultural products from entities that grow such products (either directly or indirectly) to then conduct value-adding activities (e.g., processing, trading, distributing, and milling). Agricultural products companies are also involved in wholesale and distribution. Companies in the industry may source a substantial portion of agricultural commodities from third-party growers in various countries. Therefore, managing sustainability risks within the supply chain is critical to securing a reliable supply of raw materials and reducing the risk of price increases and volatility over the long term.

[1] **Legal Note**: SASB standards are not intended to, and indeed cannot, replace any legal or regulatory requirements that may be applicable to a reporting entity's operations.

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO_2-e	FB-AG-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	FB-AG-110a.2
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-110a.3
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m^3), Percentage (%)	FB-AG-140a.1
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-AG-140a.2
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	Number	FB-AG-140a.3
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-250a.1
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	Quantitative	Percentage (%) by cost	FB-AG-250a.2
	(1) Number of recalls issued and (2) total amount of food product recalled[2]	Quantitative	Number, Metric tons (t)	FB-AG-250a.3
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees	Quantitative	Rate	FB-AG-320a.1
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	Quantitative	Percentage (%) by cost	FB-AG-430a.1

[2] Note to **FB-AG-250a.3**– Disclosure shall include a description of notable recalls, such as those that affected a significant amount of product or those related to serious illness or fatality.

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-430a.2
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	Discussion and Analysis	n/a	FB-AG-430a.3
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	n/a	FB-AG-430b.1
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	n/a	FB-AG-440a.1
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-AG-440a.2

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Production by principal crop[3]	Quantitative	Metric tons (t)	FB-AG-000.A
Number of processing facilities[4]	Quantitative	Number	FB-AG-000.B
Total land area under active production	Quantitative	Hectares	FB-AG-000.C
Cost of agricultural products sourced externally[5]	Quantitative	Reporting currency	FB-AG-000.D

[3] Note to **FB-AG-000.A** – Principal crops are those crops that accounted for 10 percent or more of consolidated revenue in any of the last three fiscal years.

[4] Note to **FB-AG-000.B** – Processing facilities include those facilities that are involved in the manufacturing, processing, packing, or holding of agricultural products and exclude administrative offices.

[5] Note to **FB-AG-000.C** – Agricultural products are defined as food, feed, and biofuel ingredients that are sourced for use in the entity's operations. The scope of agricultural products sourced externally excludes agricultural products grown on land that is owned or operated by the entity.

Greenhouse Gas Emissions

Topic Summary

Companies in the Agricultural Products industry generate direct greenhouse gas (GHG) emissions from the processing and transportation of goods via land and sea freight operations. Emissions regulations may increase the cost of capital, operational costs, and affect the operational efficiency of companies that do not have strategies in place to manage GHG emissions. Employing innovative technologies that use alternative fuels and energy inputs—including biomass waste generated from internal processes—and improving fuel efficiency are ways companies can limit exposure to volatile fuel pricing, supply disruptions, future regulatory costs, and other potential consequences of GHG emissions.

Accounting Metrics

FB-AG-110a.1. Gross global Scope 1 emissions

1 The entity shall disclose its gross global Scope 1 greenhouse gas (GHG) emissions to the atmosphere of the seven GHGs covered under the Kyoto Protocol—carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

1.1 Emissions of all GHGs shall be consolidated and disclosed in metric tons of carbon dioxide equivalents (CO2-e), and calculated in accordance with published 100-year time horizon global warming potential (GWP) values. To date, the preferred source for GWP values is the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (2014).

1.2 Gross emissions are GHGs emitted into the atmosphere before accounting for offsets, credits, or other similar mechanisms that have reduced or compensated for emissions.

2 Scope 1 emissions are defined and shall be calculated according to the methodology contained in *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (GHG Protocol), Revised Edition, March 2004, published by the World Resources Institute and the World Business Council on Sustainable Development (WRI/WBCSD).

2.1 Acceptable calculation methodologies include those that conform to the GHG Protocol as the base reference, but provide additional guidance, such as industry- or region-specific guidance. Examples include, but are not limited to:

2.1.1 *GHG Reporting Guidance for the Aerospace Industry* published by International Aerospace Environmental Group (IAEG)

2.1.2 Greenhouse Gas Inventory Guidance: Direct Emissions from Stationary Combustion Sources published by the U.S. Environmental Protection Agency (EPA)

2.1.3 India GHG Inventory Program

2.1.4 ISO 14064-1

2.1.5 Petroleum Industry Guidelines for reporting GHG emissions, 2nd edition, 2011, published by IPIECA

2.1.6 Protocol for the quantification of greenhouse gas emissions from waste management activities published by Entreprises pour l'Environnement (EpE)

2.2 GHG emissions data shall be consolidated and disclosed according to the approach with which the entity consolidates its financial reporting data, which is generally aligned with the "financial control" approach defined by the GHG Protocol, and the approach published by the Climate Disclosure Standards Board (CDSB) described in REQ-07, "Organisational boundary," of the *CDSB Framework for reporting environmental information, natural capital and associated business impacts* (April 2018).

3 The entity may discuss any change in its emissions from the previous reporting period, including whether the change was due to emissions reductions, divestment, acquisition, mergers, changes in output, and/or changes in calculation methodology.

4 In the case that current reporting of GHG emissions to the CDP or other entity (e.g., a national regulatory disclosure program) differs in terms of the scope and consolidation approach used, the entity may disclose those emissions. However, primary disclosure shall be according to the guidelines described above.

5 The entity may discuss the calculation methodology for its emissions disclosure, such as if data are from continuous emissions monitoring systems (CEMS), engineering calculations, or mass balance calculations.

FB-AG-110a.2. Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets

1 The entity shall discuss its long-term and short-term strategy or plan to manage its Scope 1 greenhouse gas (GHG) emissions.

1.1 Scope 1 emissions are defined according to *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (GHG Protocol), Revised Edition, March 2004, published by the World Resources Institute and the World Business Council on Sustainable Development (WRI/WBCSD).

1.2 The scope of GHG emissions includes the seven GHGs covered under the Kyoto Protocol—carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

2 The entity shall discuss its emission reduction target(s) and analyze its performance against the target(s), including the following, where relevant:

2.1 The scope of the emission reduction target (e.g., the percentage of total emissions to which the target is applicable);

2.2 Whether the target is absolute- or intensity-based, and the metric denominator, if it is an intensity-based target;

2.3 The percentage reduction against the base year, with the base year representing the first year against which emissions are evaluated toward the achievement of the target;

2.4 The timelines for the reduction activity, including the start year, the target year, and the base year;

2.5 The mechanism(s) for achieving the target; and

2.6 Any circumstances in which the target or base year emissions have been, or may be, recalculated retrospectively or the target or base year has been reset.

3 The entity shall discuss the activities and investments required to achieve the plans and/or targets, and any risks or limiting factors that might affect achievement of the plans and/or targets.

4 The entity shall discuss the scope of its strategies, plans, and/or reduction targets, such as how they relate to different business units, geographies, or emissions sources.

5 The entity shall discuss whether its strategies, plans, and/or reduction targets are related to, or associated with, emissions limiting and/or emissions reporting-based programs or regulations (e.g., the EU Emissions Trading Scheme, Quebec Cap-and-Trade System, California Cap-and-Trade Program), including regional, national, international, or sectoral programs.

6 Disclosure of strategies, plans, and/or reduction targets shall be limited to activities that were ongoing (active) or reached completion during the reporting period.

FB-AG-110a.3. Fleet fuel consumed, percentage renewable

1 The entity shall disclose the total amount of fuel consumed by its fleet vehicles as an aggregate figure, in gigajoules (GJ).

1.1 The calculation methodology for fuel consumed shall be based on actual fuel consumed as opposed to design parameters.

1.2 Acceptable calculation methodologies for fuel consumed include, but are not limited to, methodologies based on:

1.2.1 Adding fuel purchases made during the reporting period to beginning inventory at the start of the reporting period, less any fuel inventory at the end of the reporting period

1.2.2 Tracking fuel consumed by vehicles

1.2.3 Tracking fuel expenses

2 The entity shall disclose the percentage of the total amount of fuel consumed by its fleet vehicles that is renewable fuel.

2.1 Renewable fuel is defined by the U.S. Renewable Fuel Standard (U.S. 40 CFR 80.1401), as fuel that meets all of the following requirements:

2.1.1 Produced from renewable biomass;

2.1.2 Used to replace or reduce the quantity of fossil fuel present in a transportation fuel, heating oil, or jet fuel; and

2.1.3 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 U.S. 40 CFR 80.1403.

2.2 The scope of renewable fuel includes fuel that qualifies for Renewable Identification Numbers (RINs) under the U.S. Renewable Fuel Standard.

2.3 The percentage shall be calculated as the amount of renewable fuel consumed by the entity's fleet vehicles (in GJ) divided by the total amount of fuel consumed by the entity's fleet vehicles (in GJ).

3 The scope of disclosure includes fuel consumed by vehicles owned or operated by the entity.

4 The scope of disclosure excludes fuel consumed in the transportation of the entity's products by third parties.

Energy Management

Topic Summary

Processing and milling agricultural products requires substantial energy input. While some agricultural products companies generate energy on-site through the direct combustion of fossil fuels and/or biomass, most energy is procured from the electrical grid. Energy consumption contributes to environmental impacts, including climate change and pollution. Energy management affects current and future costs of operation. Climate regulation and other sustainability factors could result in higher and/or more volatile electricity and fuel prices, increasing operating costs for agricultural products companies. Therefore, energy efficiency gained through process improvements can lower operating costs. The tradeoff between on-site versus grid-sourced electricity as well as the use of alternative energy can play important roles in influencing both the long-term cost and reliability of a company's energy supply and the extent of regulatory impact from direct versus indirect emissions.

Accounting Metrics

FB-AG-130a.1. (1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable

1 The entity shall disclose (1) the total amount of energy it consumed (excluding fleet vehicles) as an aggregate figure, in gigajoules (GJ).

1.1 The scope of energy consumption excludes fuel consumed by fleet vehicles, but includes energy from all other sources, including energy purchased from sources external to the entity and energy produced by the entity itself (self-generated). For example, purchased electricity, and heating, cooling, and steam energy are all included within the scope of energy consumption.

1.2 The scope of energy consumption includes only energy directly consumed by the entity during the reporting period.

1.3 In calculating energy consumption from fuels and biofuels, the entity shall use higher heating values (HHV), also known as gross calorific values (GCV), which are 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).

2 The entity shall disclose (2) the percentage of energy it consumed (excluding fleet vehicles) that was supplied from grid electricity.

2.1 The percentage shall be calculated as purchased grid electricity consumption divided by total energy consumption.

3 The entity shall disclose (3) the percentage of energy it consumed (excluding fleet vehicles) that is renewable energy.

3.1 Renewable energy is defined as energy from sources that are replenished at a rate greater than or equal to their rate of depletion, such as geothermal, wind, solar, hydro, and biomass.

3.2 The percentage shall be calculated as renewable energy consumption divided by total energy consumption.

3.3 The scope of renewable energy includes renewable fuel the entity consumed, renewable energy the entity directly produced, and renewable energy the entity purchased, if purchased through a renewable power purchase agreement (PPA) that explicitly includes renewable energy certificates (RECs) or Guarantees of Origin (GOs), a Green-e Energy Certified utility or supplier program, or other green power products that explicitly include RECs or GOs, or for which Green-e Energy Certified RECs are paired with grid electricity.

3.3.1 For any renewable electricity generated on-site, any RECs and GOs must be retained (i.e., not sold) and retired or cancelled on behalf of the entity in order for the entity to claim them as renewable energy.

3.3.2 For renewable PPAs and green power products, the agreement must explicitly include and convey that RECs and GOs be retained or replaced and retired or cancelled on behalf of the entity in order for the entity to claim them as renewable energy.

3.3.3 The renewable portion of the electricity grid mix that is outside of the control or influence of the entity is excluded from the scope of renewable energy.

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

3.4.1 Energy from hydro sources is limited to those that are certified by the Low Impact Hydropower Institute or that are eligible for a state Renewable Portfolio Standard;

3.4.2 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 sources of supply according to the *Green-e Framework for Renewable Energy Certification, Version 1.0* (2017) or Green-e regional standards, and/or materials that are eligible for an applicable state renewable portfolio standard.

4 The entity shall apply conversion factors consistently for all data reported under this disclosure, such as the use of HHVs for fuel usage (including biofuels) and conversion of kilowatt hours (kWh) to GJ (for energy data including electricity from solar or wind energy).

Water Management

Topic Summary

The Agricultural Products industry relies on water for processing activities, and companies in the industry also typically generate wastewater, or effluent. The availability of water, due to physical availability and/or regulatory access, directly impacts the industry's ability to efficiently operate processing facilities. Companies in the industry are increasingly exposed to water-related risks and regulations, which may increase capital expenditure costs, operating costs, remediation costs, and/or potential fines. Companies can manage water-related risks and opportunities and mitigate long-term costs through capital investments and assessment of facility locations relative to water scarcity risks, improvements to operational efficiency, and work with regulators and communities on issues related to water access and effluent. Risks related to crop production that are driven by water availability and access are addressed in a separate supply chain-oriented topic, Ingredient Sourcing.

Accounting Metrics

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

1 The entity shall disclose the amount of water, in thousands of cubic meters, that was withdrawn from all sources.

1.1 Water sources include surface water (including water from wetlands, rivers, lakes, and oceans), groundwater, rainwater collected directly and stored by the entity, and water and wastewater obtained from municipal water supplies, water utilities, or other entities.

2 The entity may disclose portions of its supply by source if, for example, significant portions of withdrawals are from non-freshwater sources.

2.1 Fresh water may be defined according to the local laws and regulations where the entity operates. Where there is no legal definition, fresh water shall be considered to be water that has less than 1,000 parts per million of dissolved solids per the U.S. Geological Survey.

2.2 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.

3 The entity shall disclose the amount of water, in thousands of cubic meters, that was consumed in its operations.

3.1 Water consumption is defined as:

3.1.1 Water that evaporates during withdrawal, usage, and discharge;

3.1.2 Water that is directly or indirectly incorporated into the entity's product or service;

3.1.3 Water that does not otherwise return to the same catchment area from which it was withdrawn, such as water returned to another catchment area or the sea.

4 The entity shall analyze all of its operations for water risks and identify activities that withdraw and consume water in locations with High (40–80 percent) or Extremely High (>80 percent) Baseline Water Stress as classified by the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct.

5 The entity shall disclose its water withdrawn in locations with High or Extremely High Baseline Water Stress as a percentage of the total water withdrawn.

6 The entity shall disclose its water consumed in locations with High or Extremely High Baseline Water Stress as a percentage of the total water consumed.

FB-AG-140a.2. Description of water management risks and discussion of strategies and practices to mitigate those risks

1 The entity shall describe its water management risks associated with water withdrawals, water consumption, and discharge of water and/or wastewater.

1.1 Risks associated with water withdrawals and water consumption include risks to the availability of adequate, clean water resources, including, but not limited to:

1.1.1 Environmental constraints—such as operating in water-stressed regions, drought, concerns of aquatic impingement or entrainment, interannual or seasonal variability, and risks due to the impact of climate change

1.1.2 Regulatory and financial constraints—such as volatility in water costs, stakeholder perceptions and concerns related to water withdrawals (e.g., those from local communities, non-governmental organizations, and regulatory agencies), direct competition with and impact from the actions of other users (e.g., commercial and municipal users), restrictions to withdrawals due to regulations, and constraints on the entity's ability to obtain and retain water rights or permits

1.2 Risks associated with the discharge of water and/or wastewater, include, but are not limited to, the ability to obtain rights or permits related to discharges, compliance with regulations related to discharges, restrictions to discharges, the ability to maintain control over the temperature of water discharges, liabilities and/or reputational risks, and increased operating costs due to regulation, stakeholder perceptions and concerns related to water discharges (e.g., those from local communities, non-governmental organizations, and regulatory agencies).

2 The entity may describe water management risks in the context of:

2.1 How risks may vary by withdrawal source, including surface water (including water from wetlands, rivers, lakes, and oceans), groundwater, rainwater collected directly and stored by the entity, and water and wastewater obtained from municipal water supplies, water utilities, or other entities; and

2.2 How risks may vary by discharge destinations, including surface water, groundwater, or wastewater utilities.

3 The entity may discuss the potential impacts that water management risks may have on its operations and the timeline over which such risks are expected to manifest.

3.1 Impacts may include, but are not limited to, those associated with costs, revenues, liabilities, continuity of operations, and reputation.

4 The entity shall discuss its short-term and long-term strategies or plan to mitigate water management risks, including, but not limited to:

4.1 The scope of its strategy, plans, goals and/or targets, such as how they relate to different business units, geographies, or water-consuming operational processes.

4.2 Any water management goals and/or targets it has prioritized, and an analysis of performance against those goals and/or targets.

4.2.1 Goals and targets may include, but are not limited to, those associated with reducing water withdrawals, reducing water consumption, reducing water discharges, reducing aquatic impingements, improving the quality of water discharges, and regulatory compliance.

4.3 The activities and investments required to achieve the plans, goals and/or targets, and any risks or limiting factors that might affect achievement of the plans and/or targets.

4.4 Disclosure of strategies, plans, goals, and/or targets shall be limited to activities that were ongoing (active) or reached completion during the reporting period.

5 For water management targets, the entity shall additionally disclose:

5.1 Whether the target is absolute or intensity-based, and the metric denominator if it is an intensity-based target.

5.2 The timelines for the water management plans, including the start year, the target year, and the base year.

5.3 The mechanism(s) for achieving the target, including:

5.3.1 Efficiency efforts, such as the use of water recycling and/or closed-loop systems;

5.3.2 Product innovations such as redesigning products or services to require less water;

5.3.3 Process and equipment innovations, such as those that enable the reduction of aquatic impingements or entrainments;

5.3.4 Use of tools and technologies (e.g., the World Wildlife Fund Water Risk Filter, The Global Water Tool, and Water Footprint Network Footprint Assessment Tool) to analyze water use, risk, and opportunities; and

5.3.5 Collaborations or programs in place with the community or other organizations.

5.4 The percentage reduction or improvement from the base year, where the base year is the first year against which water management targets are evaluated toward the achievement of the target.

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

FB-AG-140a.3. Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations

1 The entity shall disclose the total number of instances of non-compliance, including violations of technology-based standards and exceedances of quantity and/or quality-based standards.

2 The scope of disclosure includes incidents governed by national, state, and local statutory permits and regulations, including, but not limited to, the discharge of a hazardous substance, violation of pretreatment requirements, or total maximum daily load (TMDL) exceedances.

3 The scope of disclosure shall only include incidents of non-compliance that resulted in a formal enforcement action(s).

3.1 Formal enforcement actions are defined as statutorily recognized actions that address a violation or threatened violation of water quantity and/or quality laws, regulations, policies, or orders, and can result in administrative penalty orders, administrative orders, and judicial actions, among others. For example, the U.S. Environmental Protection Agency (EPA) provides guidance on the scope of formal enforcement actions in Informal and Formal Actions, Summary Guidance and Portrayal on EPA Websites.

4 Violations shall be disclosed, regardless of their measurement methodology or frequency. These include violations for:

4.1 Continuous discharges, limitations, standards, and prohibitions that are generally expressed as maximum daily, weekly average, and monthly averages

4.2 Non-continuous discharges and limitations that are generally expressed in terms of frequency, total mass, maximum rate of discharge, and mass or concentration of specified pollutants

Food Safety

Topic Summary

Agricultural products are either sold directly to consumers in raw form or are further processed before reaching consumers. Maintaining product quality and safety is critical, as contamination by pathogens, chemicals, or spoilage presents serious human and animal health risks. Contamination may result from poor farming, transport, storage, or handling practices. Food quality and safety issues can lead to consumer-driven demand changes and regulatory action. Product recalls can harm brand reputation, reduce revenues, and lead to costly fines. Obtaining food safety certifications or ensuring suppliers meet food safety guidelines may help companies in the industry safeguard against product safety risks and communicate the quality of their products to buyers.

Accounting Metrics

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

1 The entity shall disclose its facilities' (1) non-conformance rates with Global Food Safety Initiative (GFSI) recognized food safety certification programs for (a) major non-conformances, and separately, (b) minor non-conformances.

1.1 A major non-conformance is defined by the relevant GFSI-recognized certification program and includes the highest severity of non-conformances and required escalation by auditors. Major non-conformances may arise from a significant risk to food safety, non-compliance with relevant regulatory requirements, and/or failure to adequately address prior minor non-conformances. Major non-conformances must be corrected in accordance with the relevant GFSI-recognized certification program under audit.

1.2 A minor non-conformance is defined by the relevant GFSI-recognized certification program and is by itself not indicative of a systemic problem.

1.3 The entity shall calculate the non-conformance rates as the total number of non-conformances (in each respective category) identified among its facilities divided by the number of facilities audited.

1.4 The scope of disclosure includes audit results from facilities that are owned and/or operated by the entity.

2 The entity shall disclose the (2) corrective action rates associated with its facilities’ (a) major non-conformances, and separately, (b) minor non-conformances.

2.1 A corrective action is defined as the completion of an action (generally identified in a corrective action plan), within the timeline defined by the GFSI-recognized certification program, that has been designed to eliminate the cause of a detected non-conformance, including the implementation of practices or systems to eliminate any non-conformance and ensure there will be no reoccurrence of the non-conformance, as well as verification that the action has taken place.

2.2 The entity shall calculate the corrective action rates as the number of corrective actions that address non-conformances (in each respective category) divided by the total number of non-conformances (in each respective category) that have been identified.

3 The GFSI-recognized certification programs include at time of publication:

3.1 BRC Global Standard for Food Safety Issue 7

3.2 CanadaGAP Scheme Version 46 Options B, C, and D and Program Management Manual Version 46

3.3 FSSC 22000—October 2011 Issue

3.4 Global Aquaculture Alliance Seafood BAP Processing Standard

3.5 Global Red Meat Standard (GRMS) 4th Edition Version 4.1

3.6 GLOBALG.A.P. Integrated Farm Assurance Scheme Version 5, Produce Safety Standard Version 4, and Harmonized Produce Safety Standard

3.7 IFS Food Standard Version 6

3.8 PrimusGFS Standard v2.1—December 2011

3.9 SQF Code 7th Edition Level 2

4 The entity may disclose the GFSI-recognized certification program by which its facilities are audited.

FB-AG-250a.2. Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program

1 The entity shall disclose the percentage of agricultural products sourced from Tier 1 supplier farms and/or facilities that are certified to a Global Food Safety Initiative (GFSI) recognized certification program.

1.1 Tier 1 suppliers are defined as suppliers that transact directly with the entity.

1.2 The percentage shall be calculated as the cost of agricultural products sourced from Tier 1 suppliers certified to an applicable GFSI-recognized certification program divided by the total cost of agricultural products sourced from all Tier 1 suppliers.

2 The scope of disclosure excludes packaging materials or other goods and inputs that are not food or ingredients for food products.

3 The GFSI-recognized certification programs include at the time of publication:

3.1 BRC Global Standard for Food Safety Issue 7

3.2 CanadaGAP Scheme Version 6 Options B, C and D and Program Management Manual Version 6

3.3 FSSC 22000—October 2011 Issue

3.4 Global Aquaculture Alliance Seafood BAP Seafood Processing Standard

3.5 Global Red Meat Standard (GRMS) 4th Edition Version 4.1

3.6 GlobalG.A.P Integrated Farm Assurance Scheme Version 5, Produce Safety Standard Version 4 and Harmonized Produce Safety Standard

3.7 IFS Food Standard Version 6

3.8 PrimusGFS Standard v2.1—December 2011

3.9 SQF Code 7th Edition Level 2

4 The entity may disclose the relevant GFSI-recognized certification program to which its suppliers are audited.

FB-AG-250a.3. (1) Number of recalls issued and (2) total amount of food product recalled

1 The entity shall disclose (1) the total number of food-safety-related recalls issued.

1.1 A food-safety-related recall is defined as removal of a marketed product that occurs when there is reason to believe that a food may cause consumers to become ill.

2 The entity shall disclose (2) the total amount, in metric tons, of food product subject to recalls.

3 The scope of disclosure includes voluntary recalls initiated by the entity and involuntary recalls requested and/or mandated by regulatory authorities [e.g., China Food and Drug Administration (CFDA) and U.S. Food and Drug Administration (FDA)].

4 The scope of disclosure excludes market withdrawals, which are defined as an entity's removal or correction of a distributed product that involves a minor violation that would not be subject to legal action by regulatory authorities or that involves no violation (e.g., normal stock rotation practices).

5 The entity may disclose the percentage of recalls that were voluntarily issued and the percentage of recalls that were involuntarily issued.

Note to **FB-AG-250a.3**

1 The entity shall provide a discussion of notable recalls.

1.1 Notable recalls are those that affected a significant number of units of one product or those related to serious illness or fatality.

1.2 Relevant information to provide may include, but is not limited to:

1.2.1 Description and cause of the recall issue

1.2.2 Total amount of food products recalled

1.2.3 Cost to remedy the issue

1.2.4 Whether the recall was voluntary or involuntary

1.2.5 Corrective actions

1.2.6 Any other significant outcomes (e.g., legal proceedings or consumer fatalities)

Workforce Health & Safety

Topic Summary

Industrial processes used in the Agricultural Products industry present significant occupational hazards. Employees are engaged in many labor-intensive activities. Common hazards include falls, transportation accidents, equipment-related accidents, and heat-related illness or injury, among others. Violations of health and safety standards could result in monetary penalties and costs for corrective actions. High injury rates, particularly fatality rates, may indicate a weak governance structure and a weak workplace safety culture, as well as lead to significant reputational harm. Strong performance on managing workforce health and safety can help build brand image while promoting worker morale, which may lead to increased productivity, reduced worker turnover, and enhanced community relations.

Accounting Metrics

FB-AG-320a.1. (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees

1 The entity shall disclose its total recordable incident rate (TRIR) for work-related injuries and illnesses.

1.1 An injury or illness is considered a recordable incident if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. Additionally, a significant injury or illness diagnosed by a physician or other licensed health care professional is considered a recordable incident, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness. This definition is derived from U.S. 29 CFR 1904.7.

1.2 The U.S. Occupational Safety and Health Administration (OSHA) provides additional resources for determining if injuries or illnesses are considered recordable incidents in its guidance for OSHA Forms 300, 300A, and 301.

2 The entity shall disclose its fatality rate for work-related fatalities.

3 The entity shall disclose its near miss frequency rate (NMFR) for work-related near misses.

3.1 A near miss is defined as an unplanned incident in which no property or environmental damage or personal injury occurred, but where damage or personal injury easily could have occurred but for a slight circumstantial shift.

3.2 The U.S. National Safety Council (NSC) provides guidance on implementing near miss reporting, including in, "Near Miss Reporting Systems."

3.3 The entity may disclose its process for classifying, identifying, and reporting near misses.

4 Rates shall be calculated as: (statistic count × 200,000) / hours worked

4.1 The U.S. Bureau of Labor Statistics (BLS) provides additional guidance for the calculation of rates in, "How to Compute a Firm's Incidence Rate for Safety Management" and "Incidence Rate Calculator and Comparison Tool."

5 The scope of disclosure includes work-related incidents only.

5.1 OSHA guidance for Forms 300, 300A, and 301 provides guidance on determining whether an incident is work-related, as well as definitions for exemptions for incidents that occur in the work environment but are not work-related.

6 The entity shall disclose the rates by each of the following employee categories:

6.1 Direct employees, defined as those employees on the entity's payroll, whether they are full-time, part-time, executive, labor, salary, or hourly employees.

6.2 Seasonal and migrant employees

6.2.1 Seasonal employees are defined as individuals that work for the entity on a seasonal or other temporary basis who are not required to be absent overnight from their permanent place of residence.

6.2.2 Migrant employees are defined as individuals that work for the entity on a seasonal or other temporary basis who are required to be absent overnight from their permanent place of residence, including employees in the U.S. with H2-A visas.

7 The scope of disclosure includes all employees regardless of employee location.

Environmental & Social Impacts of Ingredient Supply Chain

Topic Summary

Agricultural products companies source agricultural inputs from a large number of suppliers. How companies in the industry screen, monitor, and engage with suppliers on environmental and social topics may impact consumer demand, reputational risks, and the ability of companies to effectively manage their crop supply and respond to price fluctuations. Supply chain management issues related to labor, environmental practices, ethics, or corruption may result in regulatory fines and/or increased long-term operational costs for companies. Similarly, agricultural products companies may face reputational damage if their suppliers perform poorly on environmental or social issues. Companies can mitigate these risks and potentially increase consumer demand or capture new market opportunities by engaging with key suppliers to implement sustainable agricultural practices or source from certified suppliers.

Accounting Metrics

FB-AG-430a.1. Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard

1 The entity shall disclose the percentage of agricultural products it sourced that are certified to a third-party environmental and/or social standard.

1.1 Agricultural products are defined as raw materials such as food, feed, and biofuel ingredients that are sourced for use in the entity's operations.

1.2 Environmental standards are defined as standards that address environmental impacts related to the production of agricultural products such as, protection of primary forests, maintenance of surface water and groundwater quality, and implementation of integrated pest management (IPM) solutions or an Organic System Plan.

1.3 Social standards are defined as standards that address social impacts related to the production of agricultural products such as, compensation of the workforce, training and continual monitoring of health and safety risks associated with applications of agrochemicals, and child-labor practices.

1.4 The percentage shall be calculated as the cost of agricultural products purchased from Tier 1 suppliers that have been certified to a third-party environmental and/or social standard divided by the total cost of agricultural products purchased from Tier 1 suppliers.

1.5 Examples of certifications to third-party environmental and social standards include, but are not limited to:

1.5.1 Bonsucro

1.5.2 Fairtrade International

1.5.3 Fair Trade USA

1.5.4 Roundtable on Sustainable Palm Oil (RSPO)

1.5.5 Roundtable on Responsible Soy (RTRS)

1.5.6 Rainforest Alliance

1.5.7 SA8000

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

1.5.9 UTZ Certified

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

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

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

2.1.2 For Fairtrade International and Fair Trade USA, the entity shall disclose whether the agricultural products are certified to the standards for small producer organizations, hired labor, contract production, traders, independent small holders, or capture fisheries.

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

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

2.1.5 For other third-party certifications, the entity may specify the type of certification if there are multiple types.

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

3 The scope of disclosure includes agricultural products purchased from Tier 1 suppliers, including those grown on a contract basis or sourced as a commodity.

3.1 Tier 1 suppliers are defined as suppliers that transact directly with the entity for agricultural products.

3.2 Agricultural products grown on a contract basis include those for which the entity has directly contracted the conditions of crop production and the quality of crops with the farmer, consistent with the Food and Agriculture Organization of the United Nations (FAO) "Contract Farming Resource Center."

3.3 Agricultural products sourced as a commodity include those bought through the spot market, to-arrive bids, grain elevators, or other measures by which the entity is not able to control the production process.

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

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

1.1 A major non-conformance is defined as the highest severity of non-conformance and 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/or environmental practices that can cause serious and immediate harm to the community. Major non-conformance includes material breach or systemic breaking of code requirement or law. Major non-conformances may also be referred to as critical or priority non-conformances.

1.2 A minor non-conformance is defined as a non-conformance that by itself is not indicative of a systemic problem with the management system. Minor non-conformances are typically isolated or random incidents and represent a low risk to workers and/or the environment.

1.3 The entity shall calculate the non-conformance rates as the total number of non-conformances (in each respective category) identified among its supplier facilities divided by the number of supplier facilities audited.

2 The entity shall disclose the (2) corrective action rates associated with its supplier facilities' (a) major non-conformances, and separately, (b) minor non-conformances.

2.1 A corrective action is defined as the completion of an action (generally identified in a corrective action plan) within 90 days, that has been designed to eliminate the cause of a detected non-conformance, including the implementation of practices or systems to eliminate any non-conformance and ensure there will be no reoccurrence of the non-conformance, as well as verification that the action has taken place.

2.2 The entity shall calculate the corrective action rates as the number of corrective actions that address non-conformances (in each respective category) divided by the total number of non-conformances (in each respective category) that have been identified.

3 The entity shall disclose the standard(s) and/or code(s) of conduct to which it has measured social and environmental responsibility audit compliance.

FB-AG-430a.3. Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing

1 The entity shall discuss its strategy to manage environmental and social risks that arise from its contract growing and commodity sourcing practices.

1.1 Environmental and social risks include, but are not limited to, extreme weather events, water stress, degradation of the environment, labor rights, community rights, and harmful child-labor practices

2 For environmental risks, relevant strategies to discuss include, but are not limited to, the diversification of suppliers, supplier training programs on environmental best management practices—including implementation of agricultural management practice systems (MPS) for fertilizer use, integrated pest management (IPM), and/or efforts to address deforestation—expenditures on research and development for alternative and substitute crops, and/or audits or certifications of suppliers' environmental practices.

3 For social risks, relevant strategies to discuss include, but are not limited to, supplier training programs on agrochemical application, engagement with suppliers on labor and human rights issues and workforce health and safety issues such as exposure to pesticides, maintenance of a supply chain code of conduct, and audits or certifications of suppliers' social practices.

4 The scope of disclosure includes all agricultural raw materials sourced by the entity, including, but not limited to, those sourced directly from contract growers or through producer supply agreements.

5 The entity may identify which commodities or agricultural raw materials present a risk to its operations, which risk they represent, and the strategies the entity uses to mitigate that risk.

GMO Management

Topic Summary

Agricultural products developed using genetically modified organism (GMO) technology have gained increasing consumer interest. While GMO technology has, in many cases, enabled improvements in crop yield through development of disease or drought resistant traits in plants, there is increasing consumer concern on the perceived health, environmental, and/or social impacts related to the cultivation and consumption of GMOs. Certain countries and geographic regions have also enacted regulations that ban the usage or cultivation of GMOs. Food and beverage companies along the food supply chain, including companies in this industry, are seeking effective means to assess GMO-related risks and opportunities, and communicate with consumers on the topic. Agricultural products companies that are able to meet changing consumer trends and regulatory changes through their product mix or effective communications may reduce potential reputational risks and revenue loss as well as capture new market share opportunities.

Accounting Metrics

FB-AG-430b.1. Discussion of strategies to manage the use of genetically modified organisms (GMOs)

1 The entity shall discuss its strategy to manage its use of genetically modified organisms (GMOs), including a discussion of markets that restrict the importation of GMOs, the risks associated with required labeling of products containing GMOs, changes in consumer preferences, and opportunities associated with the use of GMOs.

2 The entity shall disclose a list of countries and regions that restrict, ban, or have suspended imports of one or more of the entity's products due to regulations on GMOs.

2.1 The scope of disclosure includes regulations, trade restrictions, and other measures used to restrict the importation (whether explicit or de facto) of GMOs, including, but not limited to:

2.1.1 EU Regulation (EC) No. 1829/2003

2.1.2 New Zealand Hazardous Substances and New Organisms Act of 1996

2.1.3 Norwegian Gene Technology Act

2.1.4 South African Genetically Modified Organisms Act of 1997

2.2 The entity shall discuss the following with respect to each restriction: the scope of products affected, the length of time the restriction has been in place, the stated reason for the restriction (e.g., health concerns, biodiversity impacts, or other reasons), and the effect on the entity's results of operations and financial condition.

3 The entity shall disclose a list of products (or product categories) that are subject to markets in which regulations require the labeling of GMOs, including, but not limited to, the following regulations:

3.1 Connecticut House Bill 6527

3.2 EU Directive 2001/18/EC

3.3 EU Regulation (EC) 1829/2003

3.4 Maine LD 718, HP 490

3.5 Vermont H. 112 Act 0120

4 The entity shall discuss the risks and opportunities associated with labeling requirements for GMOs, including regulations or requirements developed by the entity's downstream customers (e.g., processed food companies and food retailers).

5 The entity shall discuss the risks and opportunities associated with any changes in consumer preferences regarding the use and/or labeling of products containing GMOs.

Ingredient Sourcing

Topic Summary

Agricultural products companies source a wide variety of commodities and ingredients from farmers and/or intermediary distributors. The industry's ability to reliably source ingredients at desired price points fluctuates with crop yield, which may be affected by climate change, water scarcity, land management, and other resource scarcity considerations. Companies that source more productive and less resource-intensive crops, or those that work closely with suppliers to increase their adaptability to climate change and other resource scarcity risks, will be better protected from volatility in crop prices and from disruptions in crop supplies. Additionally, companies may improve their brand reputation and develop new market opportunities. Failure to effectively manage sourcing risks can lead to higher costs of capital, reduced margins, and constrained revenue growth.

Accounting Metrics

FB-AG-440a.1. Identification of principal crops and description of risks and opportunities presented by climate change

1 The entity shall identify any principal crops that are a priority to the entity's business.

1.1 Principal crops are those crops that accounted for 10 percent or more of consolidated revenue in any of the last three reporting periods, as disclosed in FB-AG-000.A.

2 The scope of disclosure shall include crops that are cultivated directly by the entity, grown on a contract basis, or sourced as a commodity.

2.1 Crops cultivated directly by the entity include those grown on farms owned and/or operated by the entity.

2.2 Crops grown on a contract basis include those for which the entity has directly contracted the conditions of crop production and the quality of crops with the farmer, consistent with the Food and Agriculture Organization of the United Nations (FAO) "Contract Farming Resource Center."

2.3 Crops sourced as a commodity include those bought through the spot market, to-arrive bids, grain elevators, or other measures by which the entity is not able to control the production process.

3 The entity shall describe the risks and/or opportunities that are presented to its principal crops by climate change scenarios, including, where relevant:

3.1 Identification of the risks presented by climate change, including, but not limited to, availability of water, shifts in crop regions, pest migration, and extreme weather events

3.2 Discussion of the scenarios used to determine the risks and opportunities presented by climate change

3.3 Discussion of how such scenarios will manifest (e.g., effects directly on the entity or effects on the entity's supply chain) and the potential implications that these would have on its priority crops

3.4 The timeline over which such risks and opportunities are expected to manifest

4 The entity may discuss the methods or models used to develop these scenarios, including the use of global gridded crop models or scientific research provided by governmental and non-governmental organizations (e.g., Intergovernmental Panel on Climate Change Climate Scenario Process).

5 The entity shall discuss efforts to assess and monitor the impacts of climate change and the related strategies to alleviate and/or adapt to any risks and/or utilize any opportunities (e.g., FAO "Climate-Smart Agriculture" approach.)

5.1 Alleviation strategies include, but are not limited to, use of crop insurance, investments in hedging instruments, and supply chain diversification.

5.2 Adaptation strategies include, but are not limited to, improving ecosystem management and biodiversity, development of tolerant crop varieties, and optimizing timing of planting and harvesting.

FB-AG-440a.2. Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress

1 The entity shall disclose the percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress.

1.1 Agricultural products are defined as raw materials such as food, feed, and biofuel ingredients that are sourced for use in the entity's operations.

2 The percentage shall be calculated as the cost of agricultural products purchased from Tier 1 suppliers that withdraw and consume water in regions with High or Extremely High Baseline Water Stress for the production of the agricultural products divided by the total cost of agricultural products purchased from Tier 1 suppliers.

2.1 The entity shall identify Tier 1 suppliers that withdraw and consume water in locations with High (40–80%) or Extremely High (>80%) Baseline Water Stress as classified by the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct.

3 The scope of disclosure is agricultural products purchased from Tier 1 suppliers, including those grown on a contract basis or sourced as a commodity.

3.1 Tier 1 suppliers are defined as suppliers that transact directly with the entity for agricultural products.

3.2 Agricultural products grown on a contract basis include those for which the entity has directly contracted the conditions of crop production and the quality of crops with the farmer, consistent with the Food and Agriculture Organization of the United Nations (FAO) "Contract Farming Resource Center."

3.3 Agricultural products sourced as a commodity include those bought through the spot market, to-arrive bids, grain elevators, or other measures by which the entity is not able to control the production process.

4 If the entity is unable to identify or collect data pertaining to all Tier 1 suppliers, the entity shall disclose the percentage of agricultural products for which the source region and water risks are unknown

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