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Item 06 – GRI Sector Standards Project for Food and Beverages - Project proposal

For GSSB approval

Date	27 January 2022
Meeting	10 February 2022
Description	This document sets out the project proposal to develop a Sector Standard for the food and beverages sector - for GSSB discussion and approval. In accordance with the Due Process Protocol, the draft proposal was discussed on 21 October 2021. After that meeting, the project proposal was shared with the GRI Stakeholder Council and the GRI Board. No feedback was received from these groups. However, the Standards Division conducted further consultations with relevant stakeholders to determine the merits of including retail, alcoholic beverages, and tobacco in the sector's scope. The final recommendation excludes retailers from the scope of this sector but includes tobacco products and alcoholic beverages manufacturers. Food and staple retailers (supermarkets) will be included in a future retail sector standard. **Please note**: Following the development and submission of this project proposal, the GRI Sector Standards project for food and beverages will be one of several projects to begin under the GRI Sector Program. The commencement date of this project has not been determined and is subject to resource availability.

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Project background

In February 2019, the Global Sustainability Standards Board (GSSB) approved the GRI Sector Program to improve clarity and consistency in sustainability reporting.

The key criterion for prioritizing sectors is their sustainability impacts. This considers the significance of the sector's impacts regarding their scale, scope, character, and likelihood. It also considers the sector's size, distribution around the world, and the number of organizations from that sector that are in a position to use the GRI Standards. A second criterion for prioritizing a sector is the potential to exploit learnings and synergies from other Sector Standards recently developed.

The first Sector Standard – *GRI 11: Oil and Gas Sector 2021* – is finalized and has been released. The GSSB is currently considering the Sector Standard for coal for approval, and the Sector Standard for agriculture, aquaculture, and fishing is in the final stages of content development, while a fourth Sector Standard for mining is under development. A project proposal for a Sector Standard for textiles and apparel is also being presented to the GSSB.

Food and beverages[1] is prioritized for standard development, according to the list of sectors approved by the GSSB in November 2020.

Sector overview

It is proposed that the Sector Standard for food and beverages will apply to organizations whose primary focus is:

- Food processing
- Manufacturing of beverages, both alcoholic and non-alcoholic
- Manufacturing of tobacco products

This sector covers manufacturing activities. It excludes primary producers, which are covered under the Sector Standard for agriculture, aquaculture, and fishing, as well as retailers, restaurants, and catering services.

The inclusion of alcoholic beverages and tobacco in the sector's scope deserves special attention.

Alcoholic beverages and tobacco are grouped under food processing by all the classification systems in Table 1. They are all manufacturing organizations processing agricultural products and are similar in terms of technology and industrial structure. Their sustainability impacts are largely similar; food, alcoholic beverages, and tobacco producers are equally concerned about their impacts on the agricultural value chain, from waste, packaging, and labeling.

The impact on human health from alcoholic beverages and tobacco is different from those of food organizations, and as such, many stakeholders view these organizations differently. Several organizations in this sector were consulted; while tobacco organizations agreed with being included in the sector's scope, organizations from other sub-sectors were mixed.

Alcoholic beverages and tobacco producers are included in the scope of the Standard. Excluding them from the scope of this sector will either result in these sub-sectors having no applicable

[1] For the purposes of this project proposal 'food and beverages' or 'food and beverages sector' refers to the organizations that fall within the description of the sector included in the Sector overview section, including food, beverages, and tobacco manufacturers.

Standard or devoting more resources to produce additional Standards specific to alcoholic beverages and tobacco.

It is proposed that the Standard be named 'GRI 15: Food and Beverages Sector 20XX'.

The scope and name of this standard may deviate from this proposal following recommendations from the Food and Beverages Working Group.

Table 1 lists the relevant classifications from external classification standards, specifically the International Standard Industrial Classification of All Economic Activities (ISIC), Industry Classification Benchmark (ICB), Global Industry Classification System (GICS ®), and Sustainable Industry Classification System® (SICS®)[2].

Table 1: Proposed sector key for the Sector Standards Project for Food and Beverages.

Classification Standard	Classification Nº	Classification Name
ISIC	10	Manufacture of food products
	11	Manufacture of beverages
	12	Manufacture of tobacco products
ICB	45101010	Brewers
	45101015	Distillers and Vintners
	45101020	Soft Drinks
	45103010	Tobacco
	45102020	Food Products
	45102030	Fruit and Grain Processing
	45102035	Sugar
GICS	30201010	Brewers
	30201020	Distillers & Vintners
	30201030	Soft Drinks
	30202030	Packaged Foods & Meats
	30203010	Tobacco
SICS	FB-PF	Processed Foods
	FB-AB	Alcoholic Beverages
	FB-NB	Non-Alcoholic Beverages
	FB-MP	Meat, Poultry & Diary
	FB-TB	Tobacco

Sustainability impacts

The food and beverages sector is present throughout the world and provides for the most basic need of humanity. It is an important employer (2% of the labor force in the EU) and has numerous environmental impacts.

Food manufacturers have a direct impact on people's health. Their performance in selecting, processing, packaging, transporting, and marketing food and beverages will determine what people

[2] Sustainable Industry Classification System® is the classification system of SASB.

consume and the influence on their health and wellbeing. Because they are in direct contact with consumers, they face intense scrutiny and demands for transparency.

Producers of alcoholic beverages and tobacco products are under increased pressure to responsibly label and market their products.

Besides the direct impact of their activities, the food and beverages sector contributes to the sustainability impacts in the agriculture, aquaculture, and fishing sectors through its supply chains. Because these primary producers are often small in scale and far removed from consumers, it is food and beverages manufacturers who face the demands from stakeholders to ensure sustainable practices in agriculture, aquaculture production, and fishing.

Project objectives

The primary objective of this project is to develop a Sector Standard that improves the sustainability reporting of food and beverages organizations, making reporting more complete and consistent across the sector.

This Sector Standard will:

- Identify and describe the topics that are likely material for a reporting organization in the food and beverages sector based on the sector's most significant impacts.
- Provide evidence and authoritative references for these topics to assist organizations in identifying if they are material for them.
- Identify and list relevant disclosures for reporting on those topics.

As per the new GRI Universal Standards, organizations in the food and beverages sector that want to report in accordance with GRI Standards will be required to use this Sector Standard.

Recommendations may also be made by the Food and Beverages Working Group regarding:

- The scope, key, and name of the Sector Standard.
- Considerations that may be relevant to Sector Standards for related sectors.
- Revisions or updates to other GRI Standards.

Impacts identified within this project for which no GRI Standard exists will be assessed and prioritized by the GSSB for future GRI Standards development.

Special consideration will be given to the interaction between this Standard and the Sector Standard for agriculture, aquaculture, and fishing. Many of the likely material topics in the food and beverages sector may reflect impacts that organizations cause through their suppliers among primary producers. This project will explore and define the best way to organize this interaction among sectors.

Division of responsibilities

A multi-stakeholder working group will be formed to identify the most significant impacts for this sector and give recommendations on the development of the Sector Standard. The Standards Division will draft the Standard, and the GSSB will have oversight and final approval over the Standard before its release.

The Standards Division will ensure coherence between the food and beverages Sector Standard and any Standards approved or under development.

The project will be conducted in accordance with the GSSB Due Process Protocol.

Timeline

The starting date of this project has not been determined and is subject to resource availability. Table 2, on the following page, outlines the anticipated project duration. The starting date and the predicted dates of other key milestones will be confirmed once known.

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Table 2: Estimated duration of Sector Standards Project for Food and Beverages[3]

Phase	~Duration (months)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Project commencement	1																								
Open call & recruitment of PWG	3																								
GSSB approval of Working Group membership	-				◆																				
Content development by Working Group	9																								
GSSB approval of exposure draft	1														◆										
Public comment period	3																								
Analysis of public comments and revision of draft	6																								
GSSB approval of final standard	1																								◆
Total (months)	24																								

[3] Project scheduling changes may occur over the course of the project, including extensions to the duration of project due to approval processes or other circumstances.