TPT Transition Plan Taskforce

Food & Beverage Sector Guidance

April 2024

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ABOUT THE TPT

The United Kingdom (UK) has set itself ambitious and legally binding targets to cut greenhouse gas (GHG) emissions to net zero by 2050, with binding interim targets. The UK has also pledged at UN climate negotiations to cut emissions by at least 68% by 2030.[1]

In October 2021, the UK government published the Greening Finance Roadmap, signalling that it intends to strengthen new and existing sustainability reporting requirements for companies, including publication of climate transition plans.

At COP26, the UK Chancellor further committed to work towards the UK becoming the world's first Net Zero-aligned Financial Centre and ensuring that financial flows shift towards supporting a net zero economy. The Chancellor also set out that the UK will move towards making publication of transition plans mandatory.

The Transition Plan Taskforce (TPT) was launched by HM Treasury in March 2022 with a mandate to bring together leaders from industry, academia, and regulators to develop good practice for transition plan disclosures for finance and the real economy. In addition, the TPT has been tasked to engage with non-UK governments and regulatory networks to support conversations on how to build common baselines and principles for transition planning. This has included the Financial Stability Board, the International Organization of Securities Commissions (IOSCO) and the Network for Greening the Financial System (NGFS), as well as the G7, G20, UNFCCC and the Coalition of Finance Ministers for Climate Action. The TPT's Disclosure Framework complements, and builds on, the ISSB's final Standards IFRS S1[2] and S2[3] and draws on GFANZ's framework and guidance for credible, comprehensive, and comparable net zero transition planning.

In the 2023 Green Finance Strategy, the UK government committed to consult on introducing requirements for the UK's largest companies to disclose their transition plans if they have them.[4] In addition, the Financial Conduct Authority (FCA) has signalled its intention to consult on strengthening requirements for transition plan disclosures in line with the TPT Disclosure Framework, alongside its consultation on implementing UK-endorsed ISSB Standards.[5]

In January 2024 the TPT's mandate was extended to 31 July 2024, with the possibility of a further 3-month extension in order to contribute to the work of the new Transition Finance Market Review.

The Transition Plan Taskforce (TPT) was launched by HM Treasury in March 2022 with a mandate to bring together leaders from industry, academia, and regulators to develop good practice for transition plan disclosures for finance and the real economy.

1) See **UK Climate Change Act 2008** and the **UK's Nationally Determined Contribution,** as updated September 2022
2) International Financial Reporting Standards (IFRS), **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information,** 2023
3) International Financial Reporting Standards (IFRS), **IFRS S2 Climate-related Disclosures,** 2023
4) UK Government, **Mobilising green investment: 2023 green finance strategy,** 2023
5) Financial Conduct Authority (FCA), **Primary Market Bulletin 45,** 2023

1. INTRODUCTION

The TPT's Sector Guidance

In October 2023, the TPT published the final **Disclosure Framework** and a **suite of Implementation Guidance.** Preparers of transition plans should first read these products.

The TPT's Terms of Reference also gave the TPT a mandate to produce sectoral guidance for both financial sector and real economy companies. To deliver this the TPT has published two types of sector guidance to complement the TPT Disclosure Framework: the TPT Sector Summary and the TPT Sector Deep Dives.

The TPT Sector Summary was published online in October 2023 and was open for comment until 24 November 2023. This Guidance provides a high-level overview of decarbonisation levers and metrics & targets for an extensive number of financial and real economy sectors, leveraging existing third-party guidance. An updated version of the TPT Sector Summary was published in April 2024.

The TPT Sector Deep Dive Guidance provides sector-specific guidance for preparers to interpret the Disclosure Framework for a small number of sectors. In its **Status Update** in July 2023, the TPT confirmed these sectors as:

- **Asset Managers;**
- **Asset Owners;**
- **Banks;**
- **Electric Utilities & Power Generators;**
- **Food & Beverage;**
- **Metals & Mining;** and
- **Oil & Gas.**

These sectors were chosen given each sector's GHG emissions, its need for (or its provision of) transition finance in the UK context, and the quality of existing guidance available in the market. In making its selection the TPT sought to identify sectors for which additional guidance would be beneficial in kick-starting transition plan disclosures, while also identifying opportunities to leverage existing sectoral guidance and consolidate it into the context of the Disclosure Framework.

In November 2023, the TPT published the Sector Deep Dive Guidance for consultation. The consultation ran until 29 December 2023. This document is the final version of this Guidance.

The materials produced by the TPT reflect a synthesis of good practice at the time of publication. They do not constitute financial, legal, or other professional advice and should not be relied upon as such. Nothing in the Food & Beverage Guidance is intended to override, substitute, or alter existing legal or regulatory requirements, including, without limitation, duties of the entity's directors and senior managers, and the entity's constitutional documents. Nothing in Food & Beverage Guidance should be understood to require the disclosure of commercially sensitive information.

How this Guidance fits within the suite of TPT Guidance

In October 2023, the TPT published its final **Disclosure Framework**, as part of a wider suite of Implementation Guidance, including:

- Guidance to help preparers **explore the disclosure recommendations**, including case studies;
- Guidance on **the transition planning cycle**, including case studies;
- Technical mapping to the final **Climate-Related Disclosures standard (IFRS S2) issued by the International Sustainability Standards Board (ISSB)** and the **TCFD's Recommendation and Guidance**;
- A comparison of the TPT Disclosure Framework to the **European Sustainability Reporting Standards (ESRS)**; and
- **Legal considerations for preparers of transition plans using the TPT Disclosure Framework.**

On 9 April 2024, the TPT published the suite of final Sector Deep Dive alongside:

- **Opportunities and challenges relating to the use of private sector transition plans in emerging markets and developing economies; and**
- the final **Transition Planning Cycle Guidance** document which includes new content on adaptation.

The TPT Working Groups on Adaptation, Just Transition and Nature, and the TPT Advisory Group on SMEs, also published advisory papers on 9 April 2024. These papers are independent of the core suite of TPT documents:

- **Building Climate-ready Transition Plans: Including adaptation and resilience for comprehensive Transition Planning approaches**,, an advisory paper from the TPT Adaptation Working Group;
- The **Future of Nature in Transition Planning,** an advisory paper from the TPT Nature Working Group;
- **Putting people at the heart of transition plans:** key steps and metrics for issuers, an advisory paper from the Just Transition Working Group; and
- **Considerations on SMEs and transition plans,** an advisory paper from the SME Advisory Group.

The Disclosure Framework contains the foundational disclosure recommendations which apply to all sectors, as shown in Figure 1. It is designed to complement, and build on, the ISSB's final Standards IFRS S1[6] and S2[7] as well as drawing on GFANZ's framework and guidance for credible, comprehensive, and comparable net zero transition planning and uses the same core components and structure. This means that the TPT Framework and GFANZ are both part of an aligned, consistent effort to support the development of private sector transition plans.

Preparers should first read the Disclosure Framework to understand the TPT's key concepts.

6) International Financial Reporting Standards (IFRS), **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information,** 2023.
7) International Financial Reporting Standards (IFRS), **IFRS S2 Climate-related Disclosures,** 2023.

Preparers should first read the Disclosure Framework to understand the TPT's key concepts.

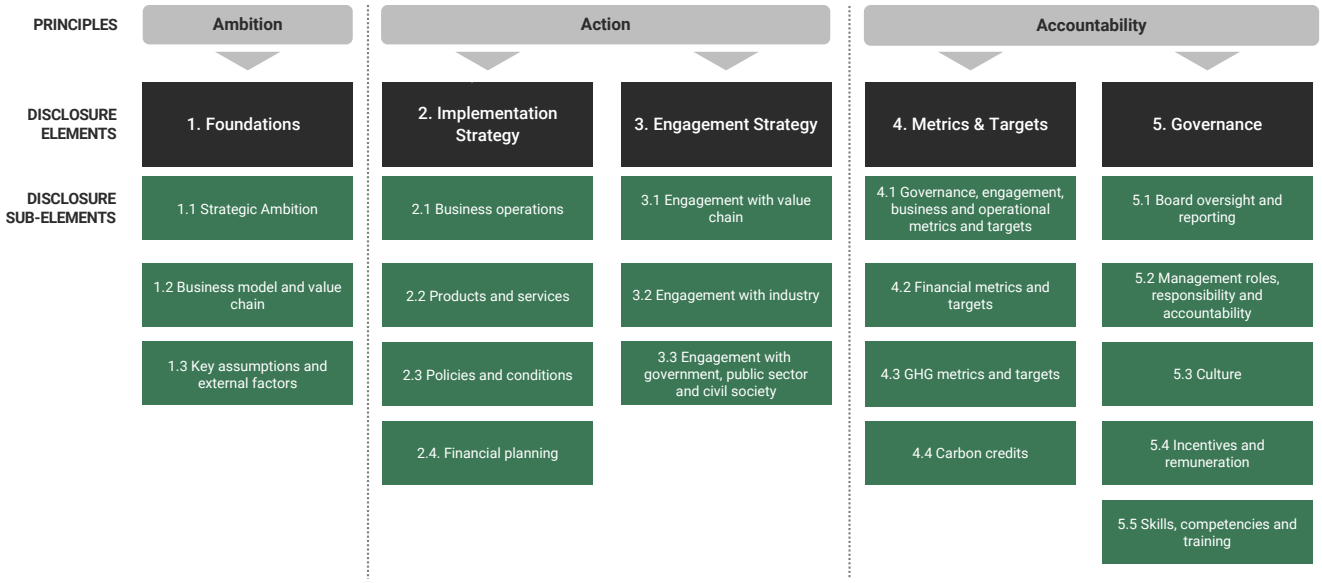

Figure 1: The TPT Disclosure Framework

This Food & Beverage Guidance adds further depth and detail for preparers of transition plans that are operating in the Food & Beverage sector.

Part One of this Guidance (Introduction) introduces the sector context and how the Guidance is to be used alongside the Disclosure Framework and wider TPT Guidance. Part Two (Interpreting the Disclosure Framework for the Food & Beverage sector) provides suggestions of disclosures and further guidance and resources for entities to consider.

The hierarchy of TPT guidance within the overall transition plan disclosures landscape is set out in Figure 2. In jurisdictions where ISSB Standards are to be adopted, preparers will likely begin by consulting IFRS S1 and S2 for wider climate and sustainability disclosures. IFRS S2 contains disclosure requirements relevant to transition planning. The TPT Disclosure Framework then complements, and builds on, ISSB. The TPT's suite of Implementation Guidance, as well as transition plan guidance materials published by GFANZ, may further help preparers develop their plans. The Food & Beverage Guidance then interprets the Disclosure Framework for the Food & Beverage sector.

Photo Evi, Unsplash.com

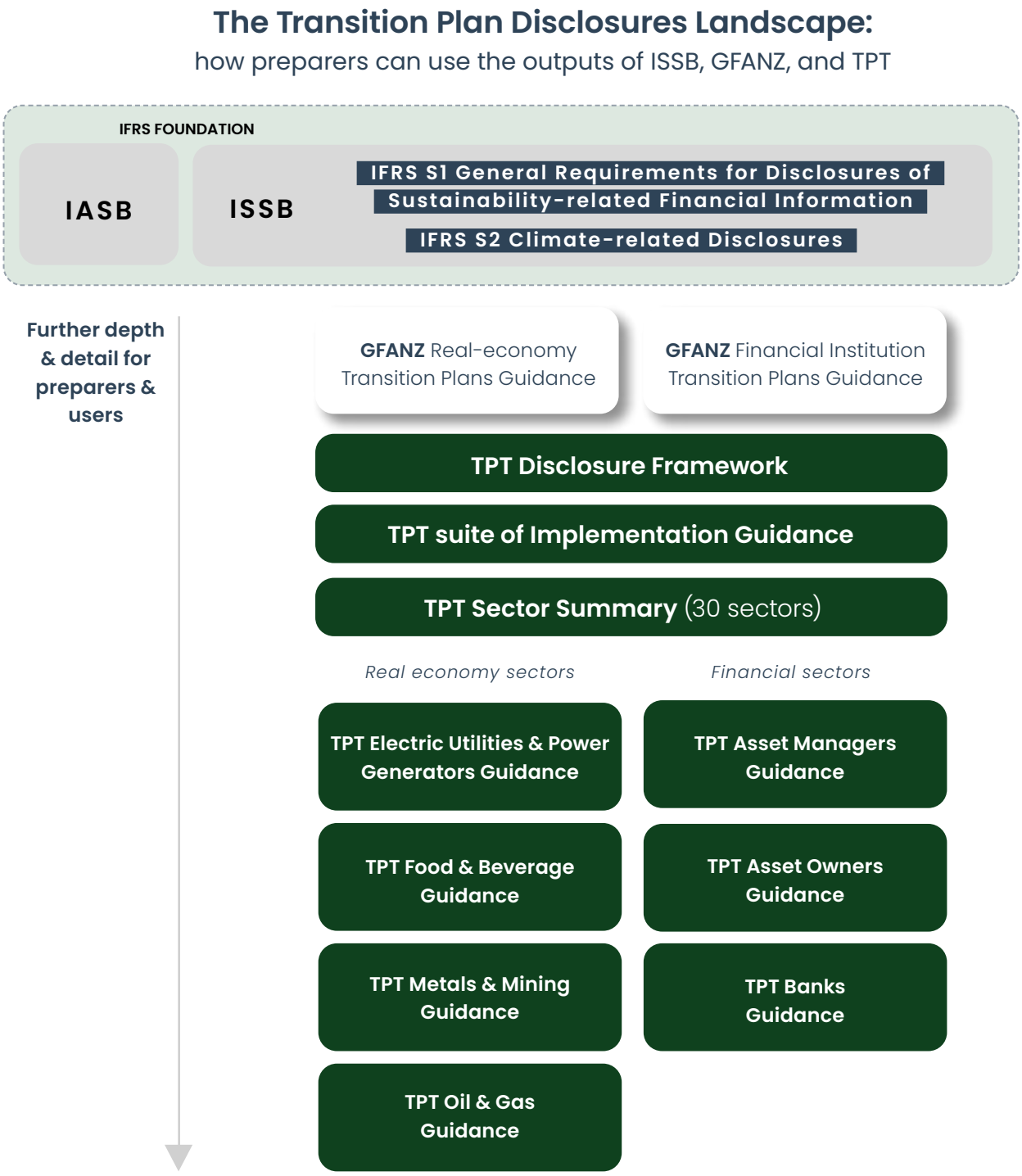

Figure 2: The Transition Plan Disclosure's Landscape

Using the Food & Beverage Guidance to interpret the Disclosure Framework

The TPT Disclosure Framework (see Figure 1) breaks down five Elements into 19 Sub-Elements, each of which is supported by Disclosure Recommendations. Where Recommendations are introduced using **"shall",** this indicates that the TPT views these as relevant disclosures for all good practice transition plans, subject to a materiality assessment. Some Sub-Elements also contain examples of additional disclosures that an entity may consider, but which may not be relevant to all entities. These are introduced using **"may"** or **"e.g."** and are not intended to be comprehensive. This means an entity may consider disclosing other information under these Sub-Elements.

Part Two of this Guidance supports preparers and users to interpret the Disclosure Framework by setting out suggestions of disclosures that entities **"should consider disclosing"**. None of the suggestions in this Guidance replace the Disclosure Recommendations in the Disclosure Framework; they are complementary and intended to help preparers interpret the Disclosure Framework. As in the Disclosure Framework, suggested disclosures are not intended to be comprehensive, and an entity may consider disclosing other information under these Sub-Elements where deemed material to the decisions of primary users of the entity's general purpose financial reports. These suggestions of disclosures are accompanied by further considerations and references to external guidance that preparers may find useful, titled **"When disclosing, an entity may additionally consider:".**

The TPT Disclosure Framework and Sector Guidance, including this Food & Beverage Guidance, use the ISSB's definition of a climate-related transition plan, and apply the same approach to materiality and the wider set of concepts, definitions, and corporate reporting norms that are set out in the ISSB's General Requirements standard (IFRS S1)[8] (see Appendix 1: Reporting of transition plans in the TPT **Disclosure Framework**). In addition to including transition plan disclosures as part of its general purpose financial reports, the TPT regards it as good practice for an entity periodically to publish its transition plan in a single standalone document that sits alongside its general purpose financial reports.

Photo Denes Kozma Unsplash.com

8) International Financial Reporting Standards (IFRS), **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information**, 2023.

Sector Context

Agrifood systems contributed 30% of greenhouse gas emissions worldwide in 2021 and progress to reduce emissions to date has been limited.[9] Farm-gate emissions account for the largest share of emissions (14%), followed by emissions from pre- and post- production activities (10%), of emissions from land-use change (6%).[10] Upstream food producers drive the largest emissions share from farm-gate and land-use change, but coordinated action across the value chain will be needed to support them to reduce emissions. The financial sector will also need to play a key role given that, on average, only 4% of global climate finance goes to agrifood systems.[11]

The Food and Agriculture Organization of the United Nations (FAO) has established a landmark roadmap for how the Food & Beverage sector can accelerate climate action to limit warming to 1.5°C, whilst achieving food security and nutrition goals. It identifies key milestones including achieving zero net deforestation by 2025, cutting livestock methane emissions 25% by 2030 and reducing food waste per capita by 50% by 2030, at the retail and consumer level.[12]

The Food & Beverage sector is particularly exposed to physical climate risks, with implications for crop yields, nutritional quality, productivity, and ongoing ecological resilience. The impacts are already being felt. Climate change and other environmental pressures such as soil degradation, water quality, and biodiversity loss present the biggest medium-to-long- term risk to the UK's domestic food production. For example, in 2020, UK wheat yields dropped by 40% between 2019 and 2020, due to heavy rainfall and droughts.[13] As the challenges of climate change become more acute, building climate resilience in the Food & Beverage sector will help to ensure productivity and sustainability, whilst safeguarding livelihoods. This will be critical to meeting global goal of ending hunger, achieving food security and sustainable nutrition (UN Sustainable Development Goal 2).[14]

The Food & Beverage sector additionally has an outsized impact on the natural environment. The global food system is responsible for 60% of global biodiversity loss and uses 70% of the world's accessible water.[15] It is also responsible for nearly 90% of global deforestation,[16] putting at risk indigenous populations and other vulnerable groups whose livelihoods depend on the sustainability of forests and other habitats, as well as the biodiversity stocks within them.

The Food & Beverage sector will need to transition away from unsustainable agricultural practices to meet climate and nature goals in a just and equitable manner. The agricultural sector is a major global employer, with approximately 66% of the population in low-income countries employed in the sector, compared with around 5% in high-income countries.[17] Ensuring a just transition for these workers will be challenging. Particular support will be required for farmers, who must continue to feed a growing global population alongside reducing emissions, adapting to a changing climate, and addressing other impacts on the natural environment.

9) Food and Agriculture Organization of the United Nations (FAO), **Achieving SDG 2 without breaching the 1.5°C threshold: A global roadmap, Part 1,** 2023.
10) Please note that Emissions from pre- and post- production activities include emissions from fertiliser and pesticide manufacture, as well as energy emissions associated with household consumption of food. See Food and Agriculture Organization of the United Nations (FAO), **FAOSTAT**, 2024.
11) Climate Policy Initiative (CPI), **Landscape of Climate Finance for Agrifood Systems,** 2023.
12) Food and Agriculture Organization of the United Nations (FAO), **Achieving SDG 2 without breaching the 1.5°C threshold: A global roadmap, Part 1**, 2023.
13) UK Department for Environment Food and Rural Affairs (DEFRA), **United Kingdom Food Security Report,** 2021.
14) United Nations Development Plan (UNDP), **Sustainable Development Goals,** 2024.
15) World Wildlife Fund (WWF), **What's in Store for the Planet: The Impact of the UK Shopping Basket on Climate and Nature,** 2022.
16) Food and Agriculture Organisations of the United Nations (FAO), **Remote Sensing Survey,** 2020.
17) FAIRR Initiative, **Just transition in animal agriculture,** 2022.

Scope of the Food & Beverage Guidance

The Food & Beverage guidance is applicable to all entities within the Food & Beverage sector as defined by the IFRS's *Industry-based Guidance on implementing Climate-related Disclosures.*[18]

IFRS S2 subdivides the sector into seven industries, each with its own guidance: Agricultural Products, Alcoholic Beverages, Food Retailers and Distributors, Meat, Poultry & Dairy, Non-Alcoholic Beverages, Processed Foods, and Restaurants.[19] This guidance is written to be applicable to entities across all these industries, with additional specificity provided in certain areas through reference to four simplified, consecutive value chain stages, as illustrated in Figure 3.

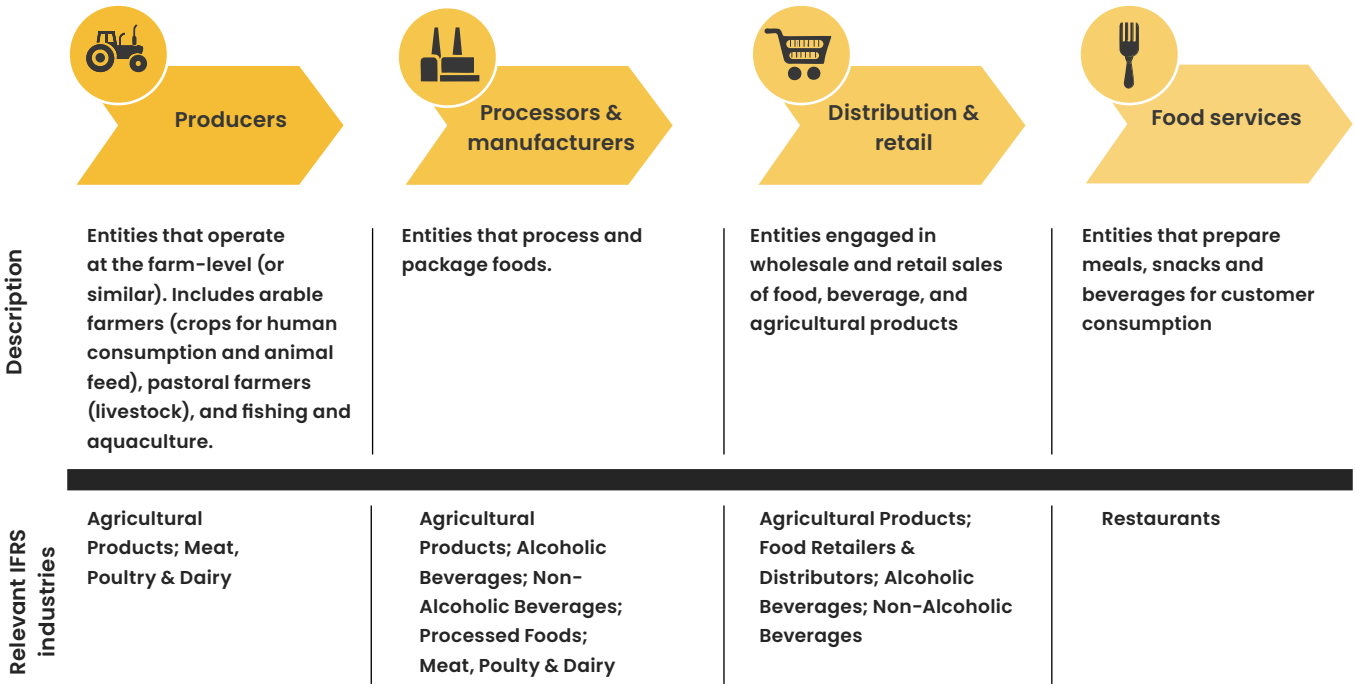

Figure 3 Simplified Food & Beverage value chain

The scope of the Food & Beverage guidance covers the whole value chain, reflecting the need for coordinated action across the sector. Agricultural producers, including both arable and pastoral farmers, are key because most emissions in the Food & Beverage sector come from agriculture and associated land use change, and agriculture is also sensitive to changes in the physical climate. This guidance may also be useful for entities involved in the production and sale of seafood commodities, although limited seafood specific considerations have been included, given the industry's lower GHG emissions than other food commodities.[20]

18) International Financial Reporting Standards (IFRS), **IFRS S2 Climate-related Disclosures**, 2023.
19) International Financial Reporting Standards (IFRS), **IFRS S2 Climate-related Disclosures**, 2023.
20) Food and Agriculture Organization of the United Nations, **Achieving SDG 2 without breaching the 1.5°C threshold: A global roadmap, Part 1**, 2023.

Downstream processors and manufacturers, distributors and retailers, and food service entities also wield significant influence in the industry and have a role to play in supporting agriculture producers in the transition to a low-GHG, climate-resilient economy. Animal feed companies may have activities across the producer, distribution and retail value chain segments.

Fertiliser and pesticide manufacturers, biotechnology firms, and agricultural machinery providers, are not covered by this guidance. These businesses can refer to the TPT Sector Summary for Chemicals[21] and Industrials[22] for an overview of relevant guidance. Although manufacturing is not in scope, actions related to the procurement and use of fertilisers and pesticides within the Food & Beverage value chain are referenced.

Sub-Elements of the Disclosure Framework addressed in this Guidance

The Disclosure Framework sets out 19 Sub-Elements supported by a series of Disclosure Recommendations. While entities are expected to disclose against all Sub-Elements, only 10 were selected for sector-specific interpretation in this Guidance. Sub-Elements were selected considering the scope for additional sector specificity to build on the Disclosure Framework, and the breadth and depth of existing sector-specific guidance.

For Sub-Elements where additional sector-specific guidance is provided, this may only apply to some Disclosure Recommendations of the Disclosure Framework. Suggestions for disclosures and additional considerations are not intended to be comprehensive. An entity should disclose other information under these Sub-Elements where deemed appropriate.

The Disclosure Recommendations in the Disclosure Framework for the remaining 9 Sub-Elements were deemed not to require further sector-specific detail or interpretation. No additional sector-specific guidance has been provided for these Sub-Elements.

The Sub-Elements selected for interpretation in this Guidance are set out in Figure 4 below.

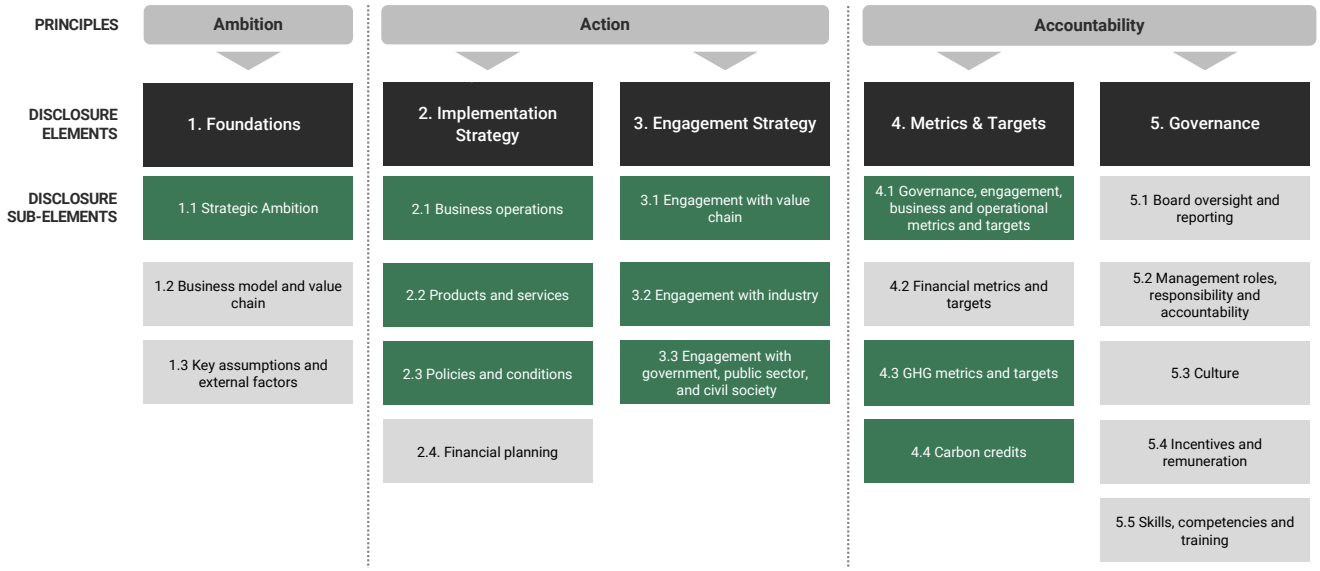

Figure 4: Sub-Elements selected for interpretation in this Guidance

21) Transition Plan Taskforce (TPT), **Sector Summary: Chemicals,** 2024.
22) Transition Plan Taskforce (TPT), **Sector Summary: Industrials,** 2024.

A strategic and rounded approach to Food & Beverage transition plans

The TPT Disclosure Framework recommends that entities, including Food & Beverage entities, take a strategic and rounded approach to transition planning, considering three inter-related channels:

1. **Decarbonising the entity:** The primary GHGs emitted by the Food & Beverage sector are carbon dioxide (50% of total agrifood systems emissions in 2021), methane (32%), nitrous oxide (14%) and fluorinated gases (3%).[23] As these GHGs arise partly from complex and imperfectly understood microbial processes in natural soil and animals, the Food & Beverage sector faces a challenging journey to reduce emissions.[24] Achieving substantial GHG emissions reduction will require significant changes to both agricultural policies and practices. In addition to reductions, the Food & Beverage sector is also uniquely positioned to act to increase emissions removals.

2. **Responding to the entity's climate-related business risks and opportunities:** The Food & Beverage sector is at a particularly high risk of physical impacts associated with climate change. Rising temperatures and extreme weather events are already adversely affecting the supply and quality of food production in the form of failed harvests, soil erosion, and lower productivity due to heat stress. However, agricultural and marine commodities are differentially exposed and vulnerable to these physical risks, and possess different strategic importance to governments, economies, and societies. Consideration of these issues should inform entities' starting points when considering how to approach building their resilience. Entities across the sector may also face transition risks such as rising carbon prices, changes in public policy, evolving investor expectations, and rising reputational risk associated with climate change. At the same time, entities may wish to leverage emerging opportunities created by advancements in less-carbon-intensive agricultural practices and changes in customer preferences.[25]

3. **Contributing to an economy-wide transition:** The Food & Beverage sector is of critical importance to supporting the transition to a low-GHG emissions, climate-resilient economy, in particular due to the sector's significance for both emissions reductions and removals. However, this must be done in a responsible manner that is fair and inclusive to all stakeholders and society. For example, emissions reductions in a specific jurisdiction ought not to be achieved through increased imports, in order to avoid carbon leakage through exporting emissions overseas.

Considering all three inter-related channels in designing their transition plan can help Food & Beverage entities protect and enhance long-term value and avoid the unintended consequences of an approach which exclusively focuses on achieving GHG emissions or adaptation targets within an entity's own operations and portfolio.

Taking a strategic and rounded approach helps Food & Beverage entities consider a wide range of decarbonisation levers available to them and, where possible, avoid a strategy of 'paper decarbonisation', which is characterised by actions that are taken to green an entity's balance sheet in a way that may not necessarily contribute to the actual decarbonisation of the economy.

23) Percentages do not total 100% due to rounding. See Food and Agriculture Organisation of the United Nations (FAO), **FAOSTAT,** 2024.
24) National Farmers Union (NFU), **Achieving Net Zero Farming's 2040 goal,** 2019.
25) United Nations Environment Programme Finance Initiative (UNEPFI), **Climate Risks in the Agriculture Sector,** 2023.

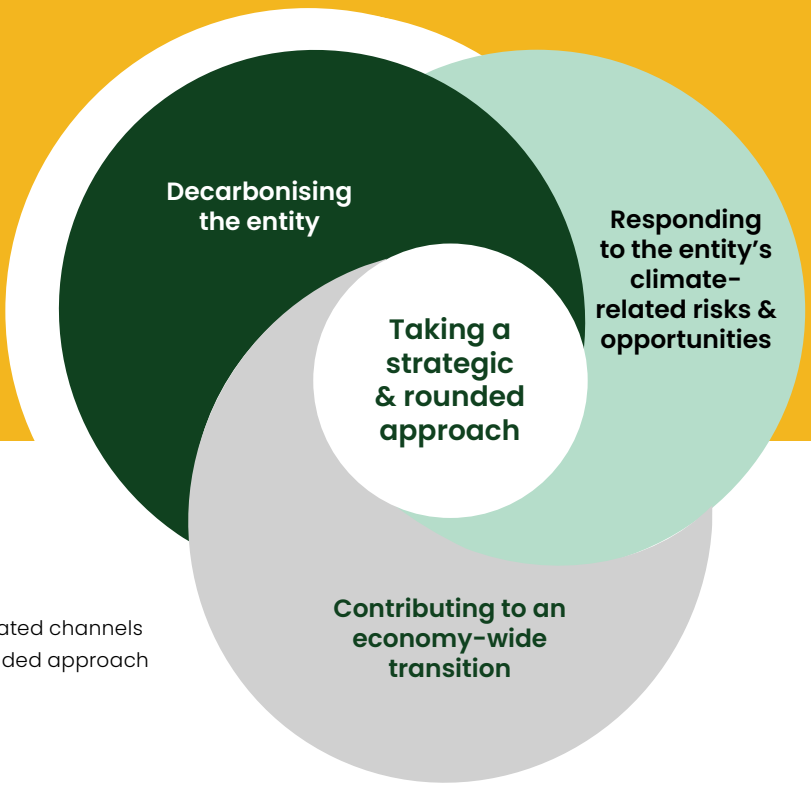

Figure 5: Three inter-related channels for a strategic and rounded approach

Impacts and Dependencies of the transition plan on stakeholders, society, the economy and the natural environment

The Disclosure Framework sets out how disclosures relating to climate-resilience, nature and society are part of a transition plans. Sub-Element **1.1 Strategic Ambition** of the TPT Disclosure Framework states:

An entity shall disclose the **Strategic Ambition** of its transition plan. This shall comprise the entity's objectives and priorities for responding and contributing to the transition towards a low-GHG emissions, climate resilient economy, and set out whether and how the entity is pursuing these objectives and priorities in a manner that captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment.

The TPT Disclosure Framework recommends that an entity shall disclose whether and how it has identified, assessed and taken into account the impacts and dependencies of the transition plan on its stakeholders (e.g. its workforce, value chain counterparts, customers), society (e.g. local communities), the economy, and the natural environment, throughout its value chain, that may give rise to sustainability-related risks and opportunities **(see DF 1.1.b).**

This section outlines how these impacts and dependencies may occur in the Food & Beverage sector. This can inform specific disclosures under **1.1 Strategic Ambition.**

Impacts and dependencies: the natural environment

The transition plans of entities in the Food & Beverage sector may impact and depend upon the natural environment and many of the ecosystem services it provides. For example, agriculture is responsible for 72% of global water withdrawal and is dependent on it for irrigation, safe food processing, storage and handling.[26] Entities' transition strategies may create adverse environmental impacts by creating deforestation pressures, increasing freshwater use, or driving land use change. At the same time, the success of an entity's transition plan may depend on the provision of ecosystem services such as nutrient cycling, water provision, or pollination.

The impacts and dependencies of an entity's transition plan in the Food & Beverage Sector may give rise to both nature-related risks and opportunities in its direct operations and supply chains. The World Economic Forum's *2023 Global Risk Report* identified biodiversity loss and ecosystem collapse as one of the fastest growing global risks over the coming decade, with all six environmental risks featuring in the top ten risks.[27] These risks are particularly likely to be relevant to the Food & Beverage sector given its reliance on agricultural production.

Entities in the Food & Beverage sector may find that they can mitigate risks and create opportunities for the entity through actions such as introducing crop rotations, increasing the plant diversity in fields, and engaging with value chains to promote regenerative agricultural practices.

Figure 5 illustrates how nature impacts, dependencies, risks, and opportunities interact in the Food & Beverage sector.

The TPT therefore recommends that entities disclose whether and how they identify, assess, and take into account the impacts and dependencies of their transition plan, and pursue their objectives and priorities in a manner that safeguards the environment.

In doing so, entities in the Food & Beverage sector may find it helpful to refer to:

- Accountability Framework's *Deforestation- and conversion-free supply chains and land use change emissions: A guide to aligning corporate targets, accounting, and disclosure;*[28]
- Exploring Natural Capital Opportunities, Risks and Exposure's *ENCORE tool;*[29]
- FAIRR Initiative's *Tackling the Climate-Nature Nexus, Climate and nature solutions for sustainable livestock production;* [30]
- Forest 500's *Company Assessment Methodology;*[31]
- Taskforce on Nature-related Financial Disclosures' (TNFD) *Guidance on the identification and assessment of nature-related issues: The LEAP approach;*[32] and
- Science-based Targets Network's (SBTN) *Target-setting Tools and Guidance* (see Materiality Screening Tool under Step 1: Assess).[33]

26) Food and Agricultural Organization of the United Nations (FAO), **Achieving SDG 2 without breaching the 1.5°C threshold: A global roadmap, Part 1**, 2023.
27) World Economic Forum (WEF), **Global Risks Report 2023,** 2023.
28) Accountability Framework Initiative (AFi), **Deforestation- and conversion-free supply chains and land use change emissions: A guide to aligning corporate targets, accounting, and disclosure,** 2022.
29) Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE), **ENCORE Tool,** website as of 2023.
30) FAIRR Initiative's, **Tackling the Climate-Nature Nexus, Climate and nature solutions for sustainable livestock production**, 2024.
31) Forest 500, **Company Assessment Methodology,** 2022.
32 Taskforce on Nature-related Financial Disclosures (TNFD), **Guidance on the identification and assessment of nature-related issues: The LEAP approach,** 2023.
33) Science-based Targets Network (SBTN), **Target-setting Tools and Guidance,** 2023.

Impacts and dependencies: stakeholders, society, and the economy

The transition plans of an entity in the Food & Beverage sector may impact and depend on its stakeholders (e.g. its workforce, value chain counterparts, customers), wider society (e.g. local communities), and the economy (e.g. availability of skills).

For example, the actions an entity takes may positively or negatively impact producers (e.g. by changing the proportion of small-scale, and self-employed farmers in the value chain, or the entity's reliance on seasonal workers). Actions may also have impacts on customers by improving or worsening the affordability and accessibility of products. Similarly, the success of an entity's transition plan may depend on factors such as community and worker support for introduced changes as well as societal and political support for the transition.

These impacts and dependencies of an entity's transition plan may give rise to sustainability-related risks and opportunities. For example, an entity in the Food & Beverage sector may find that its impacts and dependencies expose the entity to challenges around employee buy-in, as well as reputational and political risks. It may also find that taking a just transition approach can mitigate these risks and create new opportunities. For example, by improving payment and working conditions, an entity may strengthen farmer resilience to demand shocks and improve the supply, accessibility, and affordability of staple foods.

The TPT therefore recommends that entities in the Food & Beverage sector disclose whether and how they identify, assess, and take into account the impacts and dependencies of their transition plan, and that they pursue their objectives and priorities in a manner that captures opportunities and avoids adverse impacts for stakeholders and society.

In doing so, entities in the Food & Beverage sector may find it helpful to refer to:

- FAIRR Initiative's *Just Transition in Animal Agriculture: Implications, Risks and Opportunities;*[34]
- Tribaldos and Kortetmäki's *Just Transition principles and criteria for food systems and beyond;*[35] and
- Muller and Robins' Just Nature: *How finance can support a just transition at the interface of action on climate and biodiversity.*[36]

34) FAIRR Initiative, **Just Transition in Animal Agriculture: Implications, Risks and Opportunities,** 2022.
35) Tribaldos and Kortetmäki, **Just transition principles and criteria for food systems and beyond,** 2022.
36) Muller and Robins, **Just Nature: How finance can support a just transition at the interface of action on climate and biodiversity,** 2022.

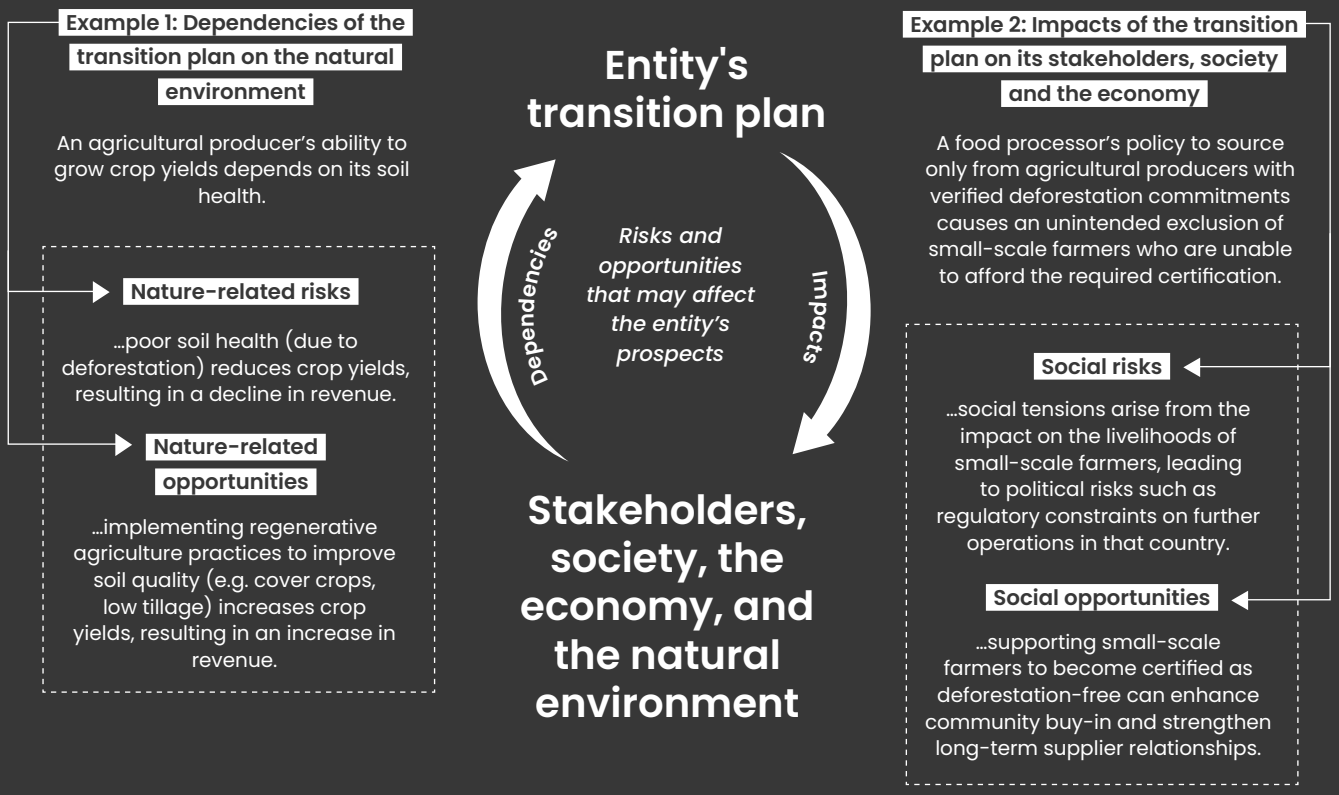

Figure 6: Illustrative example of impacts and dependencies of a Food & Beverage entity's transition plan on its stakeholders, society, the economy, and the natural environment, that may give rise to sustainability-related risks and opportunities.

The TPT therefore recommends that entities in the Food & Beverage sector disclose whether and how they identify, assess, and take into account the impacts and dependencies of their transition plan, and pursue their objectives and priorities in a manner that captures opportunities and avoids adverse impacts for stakeholders and society.

2. INTERPRETING THE TPT FRAMEWORK FOR THE FOOD & BEVERAGE SECTOR

Preparers should first read the Disclosure Framework which provides Disclosure Recommendations for each Sub-Element.

The Food & Beverage Guidance uses the ISSB's definition of a climate-related transition plan and applies the same approach to materiality and the wider set of concepts, definitions, and corporate reporting norms that are set out in the ISSB's General Requirements standard (IFRS S1).[37]

Sector-specific guidance is not provided for all Sub-Elements of the Disclosure Framework. Where additional sector-specific guidance is not provided, the following statement is included **"No additional sector-specific guidance is provided for this Sub-Element".**

For Sub-Elements for which additional sector-specific guidance is provided, additional guidance may only be provided for some of the Sub-Element's Disclosure Recommendations. Cross-references to Disclosure Recommendations included in the Disclosure Framework are provided in the format **"(see DF 1.1.a)".**

The additional sector-specific guidance is not intended to be comprehensive. An entity should disclose other information and consider other resources where deemed appropriate.

1. Foundations

Sub-Element

1.1 Strategic Ambition

An entity shall disclose the **Strategic Ambition** of its transition plan. This shall comprise the entity's objectives and priorities for responding and contributing to the transition towards a low-GHG emissions, climate-resilient economy, and set out whether and how the entity is pursuing these objectives and priorities in a manner that captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment.

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

- its objectives and priorities for reducing its Scopes 1, 2 and, 3 GHG emissions, disaggregated by its objectives and priorities for land emissions and non-land emissions **(see DF 1.1.a.i)**;
- its objectives and priorities for achieving no deforestation and/or no land conversion (including no conversion of peatland) **(see DF 1.1.a.i, 1.1.a.iii)**;
- its objectives and priorities for enhancing its resilience to the changing climate and responding to the physical climate-related risks and opportunities in the agrifood system **(see DF 1.1.a.ii)**;
- its objectives and priorities for using the levers and capabilities it has available to embed and accelerate a transition to a low-GHG emissions climate-resilient economy **(see DF 1.1.a.iii).** This may include objectives and priorities in relation to:
    - land management;
    - land use change;
    - food waste;
    - chemical use (e.g. fertiliser, pesticides, antibiotics);
    - packaging; and
    - water management;

37) International Financial Reporting Standards (IFRS), **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information**, 2023.

- how, when setting its **Strategic Ambition,** it has considered any impacts on, and dependencies from, producers, (e.g. widespread geographic footprint of operations, prevalence of seasonal and undocumented work, proportion of small-scale, and self-employed farmers in value chain) **(see DF 1.1.b);** and
- the relevant synergies, trade-offs, and co-benefits between the entity's **Strategic Ambition** of its transition plan and food security that have been considered **(see DF 1.1.d).**

When disclosing, an entity may additionally consider:

In defining its objectives and priorities, an entity may refer to the Glossary for definitions of land and non-land emissions.

In defining its objectives and priorities for land emissions, the entity may consider the Science Based Targets initiative's *Forest, Land and Agriculture Science-Based Target-Setting Guidance* (SBTi FLAG),[38] which addresses GHG emissions from agriculture, forestry, and other land use. In addition, where relevant, an entity may consider the SBTi's guidance *Setting Science-Based Targets in the Seafood Sector: Best Practices to Date* in developing objectives and priorities.[39]

In defining objectives and priorities to achieve no deforestation and/or land conversion, an entity may consider *SBTi FLAG*[40] and the Accountability Framework initiative's *Core Principles.*[41]

Emissions from non-land processes accounted for approximately 33% of total agri-food systems emissions in 2021.[42] For its non-land emissions, an entity may consider objectives and priorities in relation to:

- Food waste: considering the *Courtauld Commitment* target to deliver a 50% per capita reduction in food waste in the UK by 2030,[43] and the UN's Sustainable Development Goal 12.3 to halve global food waste by 2030;[44]
- Packaging: considering the *Plastics Pact Network*, a network of national and supra-national initiatives encouraging the elimination of unnecessary plastic packaging, moving from single-use to re-use and increasing recyclability and recycled content of plastics;[45]
- Transportation: considering commitments including:
  - *EV100*: to switch owned and contracted light-duty fleets to electric vehicles, and install charging infrastructure;[46]
  - *EV100+*: to procure only zero emission medium and heavy-duty vehicles by 2030 and transform their whole fleet by 2040;[47] and
  - *First Movers Coalition*: sets procurement commitments for zero emission fuels or vehicles for aviation, shipping and trucking;[48]
- Electricity and heat procurement: zero emissions energy procurement commitments including *RE100.*[49]

38) Science Based Targets Initiative (SBTi), **Forest, Land and Agriculture Science-Based Target-Setting Guidance,** 2022.
39) Science Based Targets Initiative (SBTi), **Setting Science-Based Targets in the Seafood Sector: Best Practices to Date,** 2022.
40) Science Based Targets Initiative (SBTi), **Forest, Land and Agriculture Science-Based Target-Setting Guidance,** 2022.
41) Accountability Framework initiative (AFI), **Core Principles,** 2020.
42) Food and Agriculture Organisation (FAO), **Greenhouse gas emissions from pre- and post- agricultural production processes**, 2023.
43) Waste & Resources Action Programme (WRAP), **Courtauld Commitment 2030**, as of 2024.
44) United Nations Development Plan (UNDP), **Sustainable Development Goals,** 2024
45) Ellen MacArthur Foundation (EMF) and Waste & Resources Action Programme (WRAP), **Plastics Pact Network,** as of 2024.
45) The Climate Group, **About EV100**, as of 2024.
46) The Climate Group, **About EV100+**, as of 2024.
48) First Movers Coalition, **Commitments**, as of 2024.
49) Climate Group RE100, **Technical criteria and appendices**, as of 2024.

When defining its objectives and priorities for enhancing its resilience to the changing climate and responding to the physical climate-related risks and opportunities in the agrifood system, an entity may consider referring to:

- The UK's Climate Change Committee's *Adaptation Monitoring Framework*. In particular the outcomes identified in the monitoring maps for working land and seas, food security and nature;[50] and
- The *Courtauld Committment* for 50% of fresh food to be sourced from areas with sustainable water management by 2030.[51]

Potential trade-offs, synergies or co-benefits identified between objectives and priorities may include:

- impacts on stakeholders and society, such as the affordability and accessibility of its products, particularly relating to equal access to fresh and healthy food; and
- impacts on the natural environment, such as mitigation of land use change, enhancing soil carbon, and other nature-based solutions that may contribute to safeguarding the natural environment and/or improving resilience to climate risks.

When disclosing whether and how it has identified, assessed and taken into account the impacts and dependencies of the transition plan on its stakeholders (e.g. its workforce, value chain counterparts, customers), society (e.g. local communities), the economy, and the natural environment, throughout its value chain, that may give rise to sustainability-related risks and opportunities, an entity may find it helpful to refer to the ***Impacts and dependencies of the transition plan on stakeholders, society, the economy and the natural environment*** section within this guidance (see page **15**). In addition, when a wide range of societal goals are reliant on change in the food and beverage system. When assessing impacts and dependencies, entities may consider key areas including:

- air quality;
- water quality and quantity;
- soil health;
- biodiversity;
- marine ecosystem health;
- food security (e.g. availability and affordability of nutritious food);
- diet (e.g. nutrition and sustainable diets including non-animal based alternative proteins, antimicrobial resistance, etc.);
- animal welfare and health (e.g. stocking intensities and use of antimicrobials);[52 53 54]
- fair incomes for primary consumers, particularly small-holder and family farms;
- indigenous and other communities situated adjacent to land being used to produce commodities; and
- animal welfare.

50) Climate Change Committee (CCC), **Adaptation Monitoring Framework,** 2023.
51) Waste & Resources Action Programme (WRAP), **The Courtauld Commitment 2030**, as of 2024.
52) European Food Safety Authority (EFSA), **Scientific Opinions on the welfare of farm animals**, 2022.
53) The Royal Society for the Prevention of Cruelty to Animals (RSPCA), **RSPCA welfare standards for livestock and farmed Atlantic salmon**, 2021.
54) World Health Organization (WHO), **WHO guidelines on use of medically important antimicrobials in food-producing animals**, 2018.

Sub-Element

1.2 Business model and value chain

An entity shall disclose a description of the current and anticipated implications of the entity's **Strategic Ambition** on its business model and value chain.

No additional sector-specific guidance is provided for this Sub-Element.

Sub-Element

1.3 Key assumptions and external factors

An entity shall disclose key assumptions that it has made and external factors on which it depends in order to achieve the **Strategic Ambition** of its transition plan.

No additional sector-specific guidance is provided for this Sub-Element.

2 Implementation Strategy

Sub-Element

2.1 Business operations

An entity shall disclose information about the short-, medium-, and long-term actions it is taking or plans to take in its business operations in order to achieve the **Strategic Ambition** of its transition plan.

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

- if relevant, information about any short-, medium- and long-term actions it is taking or plans to take in its **production** activities, which may include:
  - changing sourcing or type of feeds for livestock and aquaculture to help ensure that zero land use change occurred to produce the feed **(see DF 2.1.a.iii);**
  - adopting livestock management practices that build resilience and reduce emissions (e.g. adopting better genetics, new feed solutions or inhibitors that reduce enteric emissions) **(see DF 2.1.a.i);**
  - integrating shrubs, trees and hedges into productive land **(see DF 2.1.a.i, 2.1.b.iii);**
  - reduce nitrous oxide emissions through fertiliser application efficiency (e.g. timing application with crop needs, or using legumes as cover crops) **(see DF 2.1.a.i, 2.1.b.iii)**.
  - improving on-farm and post-farm waste management and collection, including manure management and reducing burning of crop residues **(see DF 2.1.a.i)**;
  - supporting soil health through sustainable land management techniques (e.g. soil erosion control, low tillage and rotations with cover crops) **(see DF 2.1.a.i, 2.1.b.iii)**;
  - investing in onsite renewable energy production and machinery efficiency **(see DF 2.1.a.i)**;
  - solutions for crop emissions hotspots e.g. reducing rice methane emissions by improving rice paddy water management or partial removal of straw **(see DF 2.1.a.i)**;
  - using fishing vessels that use alternative fuels and/or have greater fuel efficiency **(see DF 2.1.a.i)**;
  - improving water management (e.g. rainwater harvesting and on-farm reservoirs, and irrigation technologies, e.g. drip-irrigation or precision agriculture) **(see DF 2.1.a.i, 2.1.b.iii)**; and
  - using crop varieties and cultivars, as well as cropping patterns, that are resilient to a changing climate and associated risks such as occurrence and persistence of pathogens **(see DF 2.1.a.iii)**;
- if relevant, information about any short-, medium- and long-term actions it is taking or plans to take in its **processing and manufacturing** activities, which may include:
  - procuring zero-carbon electricity and developing on-site renewables **(see DF 2.1.a.i, 1.2.a.iii)**;
  - procuring sustainable packaging materials, with high recyclability and recycled content **(see DF 2.1.a.iii)**;
  - decarbonising process heat, e.g. through heat pumps or biogas **(see DF 2.1.a.i)**;
  - requiring accreditation for sourced ingredients **(see DF 2.1.a.iii)**; and
  - redesigning and reducing packaging and increasing recyclability and circularity **(see DF 2.1.a.i, 2.1.a.iii)**

- if relevant, information about any short-, medium- and long-term actions it is taking or plans to take in its **retail and distribution** activities, which may include:
  - transitioning its logistics fleet to electric vehicles **(see DF 2.1.a.i)**;
  - deploy electric vehicle charging in sites and support integration of public transport infrastructure like bus stops **(see DF 2.1.b)**;
  - reduce refrigerant emissions, e.g. replace refrigerant with lower global-warming potential (GWP) alternatives, reduce leaks through monitoring and efficiency measures, and reduce cooling energy requirements e.g. through optimising temperatures **(see DF 2.1.a.i)**;
  - using weather forecasting to inform procurement and diversifying input suppliers to increase resilience **(see DF 2.1.a.iii)**; and
  - reducing operational food waste through waste monitoring and procurement initiatives **(see DF 2.1.a.i, 2.1.a.iii)**.

When disclosing, an entity may additionally consider:

When disclosing information about the short-, medium-, and long-term actions it is taking or plans to take in its business operations, an entity may consider resources including:

For **all Food & Beverage entities:**

- FAO's *Achieving SDG 2 without breaching the 1.5°C threshold: A global roadmap*: Sets out actions across ten focus areas for agrifood systems;[55]
- WRAP's *UK Food System GHG Emissions*: WRAP's pathway to reducing GHG emissions linked to production and consumption of food & drink in the UK by 2030;[56]
- Climate Action 100+'s *Global Sector Strategies*: *Recommended Investor Expectations for Food and Beverage*: Guide for investor engagement with entities in the global food and beverage sector;[57]
- Accountability Framework Initiative's *Accountability Framework*: Comprehensive framework providing consensus-based guidelines for entities in the agriculture and forestry sectors to achieve ethical supply chains that protect forests, natural ecosystems, and human rights;[58]
- Ceres' *The Investor Guide to Climate Transition Plans in the US Food Sector*: Guidance for food entities on creating and implementing sector-specific climate transition plans;[59]
- FAIRR Initiative's *Just Transition in Animal Agriculture: Implications, Risks and Opportunities*: Recommends policy mechanisms to facilitate a just transition for farmers and agricultural workers towards a more sustainable food system;[60] and
- UK Climate Risk's *Agriculture and Food briefing*: Outlines a range of short-term beneficial actions that the sector can take to adapt to climate-change risks and opportunities.[61]

55) Food and Agriculture Organisation of the United Nations (FAO), **Achieving SDG 2 without breaching the 1.5°C threshold: A global roadmap, Part 1,** 2023.
56) Waste & Resources Action Programme (WRAP), **UK Food System GHG Emissions,** 2021.
57) Climate Action 100+ (CA100+), **Global Sector Strategies: Recommended investor expectations for Food and Beverage,** 2021.
58) Accountability Framework Initiative (AFi), **Accountability Framework version 1.0**, 2019.
59) Coalition for Environmentally Responsible Economies (CERES), **The Investor Guide to Climate Transition Plans in the U.S. Food Sector,** 2022.
60) FAIRR Initiative, **Just Transition in Animal Agriculture: Implications, Risks and Opportunities,** November 2022.
61) UK Climate Risk, **Agriculture and food briefing,** 2021.

For **food producers:**

- Institute for European Environmental Policy's *Net Zero Agriculture in 2050, How to get there?*: Describes a Net Zero future state for EU farming, what roles it would play and how to make the transition by 2050;[62]
- Royal Agricultural Society of England's *Farm of the Future: Journey to Net Zero*: Sets out the latest science and its on-farm application, what farmers can realistically achieve and practical steps that farmers can take to decarbonise;[63] and
- European Environment Agency's *Climate change adaptation in the agriculture sector in Europe*: Sets out best-practice adaptation measures for farms.[64]

For **food manufacturers and processors:**

- The Consumer Goods Forum's *Commodity Roadmaps*: A set of roadmaps to reduce deforestation, forest conversion and degradation from production of palm oil, soy, paper/pulp/fibre-based packaging, and beef;[65] and
- Food & Drink Federation (FDF)'s *Roadmap to Net Zero for the UK food and drink sector*: Handbook for the UK's food and drink manufacturing sector to build on sector progress to date and deliver their Net Zero ambition.[66]

For **retailers and distributors or food service entities:**

- The British Retail Consortium's *Climate Action Roadmap*: UK retail industry's commitment to deliver net zero in their own operations and the products they sell by 2040;[67] and
- Federation of Wholesale Distributors' *Net Zero Roadmap*: A roadmap charting the wholesale sector's progress towards goal of achieving Net Zero by 2040.[68]

Sub-Element

2.2 Products and Services

An entity shall disclose information about short-, medium-, and long-term actions it is taking or plans to take to change its portfolio of products and services in order to achieve the **Strategic Ambition** of its transition plan.

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

- information about any current and anticipated actions, including timelines, to change the portfolio of products and services that it provides or facilitates **(see DF 2.2.a)**, which may include:
  - shifting its product portfolio towards food and beverage products with lower associated GHG-emissions, including making changes to existing products (e.g. substitution for a certified lower GHG-emission product of the same type) and/or changes to the composition of its portfolio (e.g. increasing the proportion of plant-based products);
  - innovating and designing new products and recipes (e.g. designing pea-based cereal which supports soil health and lowers emissions);
  - developing co-products or by-products from existing production systems (e.g. biogas from manure or nuts and seeds from agroforestry);

62) Institute for European Environmental Policy (IEEP), **Net Zero Agriculture in 2050: How to get there,** 2019.
63) The Royal Agricultural Society of England (RASE), **Farm of the Future: Journey to Net Zero,** 2022.
64) European Environment Agency (EEA), **Climate change adaptation in the agriculture sector in Europe,** 2019.
65) The Consumer Goods Forum (CGF), **Commodity Roadmaps,** as of 2024.
66) See Food & Drink Federation (FDF), **Achieving Net Zero: A Handbook for the Food and Drink sector,** 2021.
67) British Retail Consortium (BRC), **Climate Action Roadmap,** as of 2024.
68) Federation of Wholesale Distributors (FWD), **Net Zero Roadmap,** 2023.

- including more seasonal or locally sourced produce in portfolio;
- using climate-related labelling to encourage customer uptake of lower GHG-emission products;
- reducing food waste by amending product labelling (e.g. best before and use-by-dates), food storage guidance and improving packaging;
- introducing recycling or take back initiatives for product packaging; and
- incorporating sustainability data (e.g. GHG emissions) into marketing and stocking decisions.

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

When disclosing any underlying taxonomy, tools, methodologies, or definitions used to classify its products and services, an entity may consider:

- ecolabelling and associated lifecycle analysis methodologies (e.g. Foundation Earth[69] and the upcoming work of the UK's Food Data Transparency Partnership);[70]
- dietary guidelines that account for environmental impact (e.g. the Danish Veterinary and Food Administration's *The Official Dietary Guidelines – good for health and climate*[71] and WWF's *Eating for Net Zero)*;[72]
- legislative taxonomies; and
- market-based taxonomies (e.g. the Climate Bonds Initiative's *Sector Criteria*).[73]

An entity may consider the Ellen MacArthur Foundation's *The Big Food Redesign* when innovating and designing new products.[74] This provides a circular design framework for marketing, research and development, and procurement teams to use when redesigning products.

Ecolabelling enables customers to compare the environmental footprint of products, however, it is currently a fragmented area with methodological challenges.[75] In disclosing its use of any ecolabelling methodologies, an entity may consider describing any limitations of the methodologies applied, particularly considering the comparison of products (both within and between categories). An entity may also reference whether nutritional or other social information is included alongside ecolabelling to customers.

Food waste at the consumer level has been estimated at 11%.[76] Consumer-related food waste is influenced by packaging sell by and use-by dates, portion sizes and guidance on storage. When amending product labelling to reduce food waste, entities may refer to:

- WRAP's *Label better, less waste*: *Food date labelling guidance*: guidance on best practice for different product types and how UK law applies in relation to "use by" and "best before" labels;[77] and
- ReFED's *Roadmap to 2030*: *Reducing US Food Waste*: guidance on reducing food waste, which identifies the net financial benefit of different food waste solutions at each value chain stage.[78]

If disclosing how sustainability data is incorporated into marketing and stocking decisions, distribution and retail entities may consider disclosing how this data is used in products range reviews (to monitor and assess product sales). Wholesalers and other distributors may consider disclosing how they provide product-level data to retailers and food service companies to inform their procurement decisions.

69) Foundation Earth, **Resources**, as of 2024.
70) UK Government, **Food Data Transparency Partnership**, as of 2024.
71) Danish Veterinary and Food Administration, **The Official Dietary Guidelines – good for health and climate**, 2021.
72) World Wildlife Fund (WWF), **Eating for Net Zero**, 2023.
73) Climate Bonds Initiative (CBI), **Sector Criteria**, various.
74) Ellen MacArthur Foundation (EMF), **The big food redesign: Regenerating nature with the circular economy,** 2021.
75) Waste & Resources Action Programme (WRAP), **Analysis of challenges for environmental reporting at product & organisational level,** 2023.
76) United Nations Environment Programme (UNEP), **Food Waste Index Report,** 2021.
77) Waste & Resources Action Programme (WRAP), **Label better, less waste: Food date labelling guidance**, 2019.
78) ReFed, **Roadmap to 2030: Reducing US Food Waste**, 2023.

Sub-Element

2.3 Policies and Conditions

An entity shall disclose information about any policies and conditions that it uses or plans to use in order to achieve the **Strategic Ambition** of its transition plan.

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

- information about any policies and conditions that it uses or plans to use in relation to:
  - deforestation and land conversion, including relating to specific commodities that have high deforestation risk (e.g. soy, beef, dairy, leather, palm, and timber) **(see DF 2.3.a.viii)**;
  - sustainable land use and management to minimise GHG emissions from farming practices **(see DF 2.3.a.viii)**;
  - farm assurance (e.g. auditing and verification of sustainability information) **(see DF 2.3.a.iii)**;
  - the procurement of goods from suppliers, e.g. required certifications, supplier onboarding relating to climate **(see 2.3.a.iii)**;
  - traceability of purchases (e.g. livestock throughout their lifecycles) **(see DF 2.3.a.iii)**;
  - procurement of transportation and storage services **(see DF 2.3.a.iii)**;
  - packaging (e.g. on single-use, recyclability, and specific materials) **(see DF 2.1.a.ix)**; and
  - food loss and food waste in supply chain and operations **(see DF 2.3.a.iii)**.

When disclosing, an entity may additionally consider:

When describing any policies or conditions that it uses or plans to use to address deforestation, ecosystem conversion and human rights, an entity may consider the Accountability Framework initiative's (AFi) *Accountability Framework,*[79] and *How to write a strong ethical supply chain policy.*[80] The following sections have been highlighted to help develop particular policies or conditions:

- in developing policies related to **deforestation and land conversion**, entities may refer to Core Principle 1 of the Accountability Framework (*Protection of forests and other natural ecosystems*);
- in developing policies related to **traceability,** entities may refer to Core Principle 5 of the Accountability Framework (*Supply chain assessment and traceability*);
- in developing policies related to **supply chain management,** entities may refer to Core Principle 5 of the Accountability Framework (*Managing for supply chain compliance*); and
- in developing policies related to **land sector GHG emissions,** entities may refer to the AFi's (in partnership with SBTi and GHG Protocol) *Deforestation- and conversion-free supply chains and land use change emissions.*[81]

79) Accountability Framework initiative (AFi), **The Accountability Framework Core Principles**, 2023.
80) Accountability Framework Initiative (AFi), **How to write a strong ethical supply chain policy,** 2020.
81) Accountability Framework Initiative (AFi), **Deforestation- and conversion-free supply chains and land use change emissions: A guide to aligning corporate targets, accounting, and disclosure,**2022.

Sub-Element

2.4 Financial planning

An entity shall, to the extent the financial effects of its transition plan are separately identifiable, disclose information about the effects of its transition plan[82] on its financial position, financial performance and cash flows[83] over the short-, medium-, and long-term, including information about how it is resourcing or plans to resource its activities in order to achieve the **Strategic Ambition** of its transition plan.[84]

No additional sector-specific guidance is provided for this Sub-Element.

3 Engagement Strategy

Sub-Element

3.1 Engagement with value chain

An entity shall disclose information about any engagement activities with other entities in its value chain that it is undertaking or plans to undertake in order to achieve the **Strategic Ambition** of its transition plan.

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

- a stakeholder map, as part of its explanation of how it prioritises engagement activities in order to maximise their contribution towards achieving its **Strategic Ambition (see DF 3.1.a)**;
- information about engagement activities that it is undertaking, or plans to undertake, in relation to **improving information collection** (specifying level of granularity), which may include through **(see DF 3.1.b)**:
  - implementing certification schemes or blockchain systems that improve traceability of commodities or sharing of data; and
  - extent of farm assurance for agricultural products;
- information about engagement activities that it is undertaking, or plans to undertake, in relation to **training and incentivisation to change supplier or customer behaviour**, which may include **(see DF 3.1.b)**:
  - education, training, and upskilling suppliers in new techniques;
  - promotion of farming clusters to share good practice on emerging themes, and;
  - promotion of sustainable diets and good food waste practices to customers (e.g. through marketing and education, or financial incentives and rewards);

82) Please note that **2.4.c** is not intended to cover information about the financial effects of wider climate-related risks and opportunities. Instead the focus lies on the direct and indirect effects from implementing the transition plan itself.
83) For entities in the financial sector, this should cover the financial performance of the entity itself and not its investment or lending portfolio.
84) This Sub-Element should be regarded as distinct from the Disclosure Recommendations under Sub-Element **4.2 Financial metrics and targets.** Under **2.4 Financial planning,** the focus should lie on demonstrating that the entity has integrated the transition plan into its financial planning and disclosing expected financial effects. Under Sub-Element **4.2 Financial metrics and targets,** on the other hand, the entity should disclose the financial metrics and targets that it is using to assess progress and delivery of the plan over time.

- information about engagement activities that it is undertaking, or plans to undertake, in relation to **collaboration to develop technologies and techniques**, which may include **(see DF 3.1.b)**:
  - collaboration and joint investment in research, and development of, low climate impact crops and livestock (e.g. feed additives that reduce enteric emissions);
  - collaborating with the cold chain and refrigerant providers to develop lower GHG emissions refrigerants and more efficient cooling infrastructure;
  - collaborating with logistics providers to support zero-emissions distribution;
  - collaborating with packaging providers and recycling companies (e.g. to increase circularity, improve product design and reduce waste); and
  - collaborating with fertiliser producers to produce lower-GHG emissions fertiliser and improve application;
- information about any escalation processes or criteria in place in relation to forest risk commodities (e.g. supplier audits or certification schemes) to manage instances where engagement activities do not lead to the desired changes **(see DF 3.1.c)**.

When disclosing, an entity may additionally consider:

Given the complex and fragmented nature of the value chain in the Food & Beverage sector, a stakeholder map provides clarity on the entity's key stakeholders or stakeholder groups and its relationships with them. Stakeholder groups that the entity may consider including in its stakeholder map include: agricultural input providers (e.g. fertiliser or pesticide manufacturers), primary producers, manufacturers, distributors, retailers and consumers, and those groups identified as most involved in or impacted by the transition within their value chains (e.g. smallholder farmers/producers, and agri-food SMEs). For each key stakeholder group, the entity may disclose:

- which topics it is engaging on;
- how it is engaging, including:
  - whether or not it is engaging directly and/or, indirectly (e.g. with primary producers via a cooperative or grower group); and
  - any partnerships formed, incentive programs and/or investment support to engage on sustainability initiatives (e.g. providing training and resources to suppliers to explore and develop sustainable production methods);
- for suppliers, any existing climate-related baseline criteria incorporated in the entity's supplier sourcing strategy, including those jointly developed with supplier groups. Examples of climate-related baseline criteria may include:
  - SBTi-approved GHG emissions targets; and
  - evidence of a no deforestation supply chain.

An entity may consider relevant guidance on engagement including ACT's *Assessing low-Carbon Transition*: *Retail Sector Methodology,*[85] CDP's *Climate Change Questionnaire,*[86] and the AFi's *Deforestation and conversion-free supply chains and land use change emissions*: *A guide to aligning corporate targets, accounting and disclosure,* which focuses on supplier engagement with regard to deforestation and land conversion.[87]

When identifying engagement activities to improve information collection, an entity may follow data sharing principles across the value chain, such as those identified by British Farm Data's *The Certification Principles*.[88]

Due to the long and complex nature of supply chains in the Food & Beverage sector, additional investment may be needed in smaller entities and those in countries with less developed capabilities to adapt and disclose effectively. An entity may consider evaluating its supply chain resilience and disclosing the steps it is taking to manage its risks.

In describing its engagement activities, an entity may highlight specific interventions that impact progress towards any just transition commitment it has and engage with its value chain on this. Key considerations may include:

- that actions taken to further the Strategic Ambition of its transition plan not cause food insecurity in any location;
- that actions taken to further the Strategic Ambition of its transition plan safeguard nature;
- that decarbonising activities respect communities' control over and access to productive resources elsewhere in the world; and
- that across the value chain, animals are treated in compliance with relevant regulations and/or standards (e.g. RSPCA Assured's *Higher Welfare Farm Animal Standards).*[89]

85) ACT Initiative, **Assessing low-Carbon Transition: Retail Sector Methodology,** 2019.
86) CDP, **Climate Change Questionnaire,** 2021.
87) Accountability Framework initiative (AFi), **Deforestation- and conversion-free supply chains and land use change emissions: A guide to aligning corporate targets, accounting, and disclosure,** 2022.
88) Farm Data Principles, **The Certification Principles**, 2023.
89) RSPCA Assured, **Higher Welfare Farm Animal Standards,** 2023.

Sub-Element

3.2 Engagement with industry

An entity shall disclose information about any engagement and collaborative activities with industry counterparts (and other relevant initiatives or entities) that it is undertaking or plans to undertake in order to achieve the **Strategic Ambition** of its transition plan.

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

- information about engagement and collaborative activities with industry counterparts (and other relevant initiatives or entities) which may include **(see DF 3.2.c):**
  - driving standardisation within the industry (e.g. metrics, data collection methods, and data sharing);
  - providing industry solutions to primary producers (e.g. joint financial incentives, co-investment in emissions reducing R&D or innovation, investment in agriculture solutions which support the transition);
  - collaboration to address methane emissions (e.g. developing adapted feed and vaccination strategies for livestock, improved farming practices for rice);
  - collaboration to address nitrous oxide emissions (e.g. developing optimised fertiliser application techniques);
  - building shared knowledge and understanding on current and projected risks to commodities and supply chains;
  - agreeing standards verification and due diligence of claims made in consumer communications (e.g. packaging and advertising);
  - collaborating to raise industry standards beyond current benchmarks; and
  - considering appropriate distribution of finite resources (e.g. land, water) with industry peers, entities in other sectors (e.g. biofuels, property development) and potentially government bodies.

When disclosing, an entity may additionally consider:

Methane and nitrous oxide emissions account for 32% and 14% respectively of GHG emissions from agri-food systems and have a greater short-term global warming potential than carbon dioxide.[90] The FAO identifies that nitrous oxide emissions can be halved by 2040 and methane emissions halved by 2045, whilst improving crop and livestock productivity.[91] An entity may consider disclosing any industry collaboration in respect of methane and nitrous oxide to enable development of new technologies (e.g. feed additives for livestock) and techniques (e.g. optimised fertiliser application).

An entity may consider describing any engagement activities as part initiatives (e.g. alliances, forums, organisations, round tables) focused on particular issues or commodities. This may include the:

- Alliance for Water Stewardship;[92]
- Dairy Methane Action Alliance;[93]
- Global Roundtable for Sustainable Beef;[94]
- Global Seafood Alliance;[95]
- Round Table on Responsible Soy Association;[96]

90) Food and Agriculture Organization of the United Nations (FAO), **FAOSTAT**, 2024.
91) Food and Agriculture Organization of the United Nations (FAO), **Achieving SDG 2 without breaching the 1.5°C threshold: A global roadmap, Part 1,** 2023.
92) Alliance for Water Stewardship, **About**, as of 2024.
93) Environmental Defense Fund, **Dairy Methane Action Alliance**, as of 2024.
94) Global Roundtable for Sustainable Beef, **About Us**, as of 2024.
95) Global Seafood Alliance, **About Us**, as of 2024.
96) Roundtable on Responsible Soy Association, **About Us**, as of 2024.

- Roundtable on Sustainable Palm Oil;[97]
- Soft Commodities Forum;[98]
- Sustainable Agriculture Initiative Platform;[99]
- Sustainable Aquaculture Innovation Centre Consortium;[100]
- Sustainable Fisheries Partnership;[101] and
- Sustainable Rice Landscapes Initiative.[102]

Sub-Element

3.3 Engagement with government, public sector and civil society

An entity shall disclose information about any direct and indirect engagement activities with the government, regulators, public sector organisations, communities, and civil society that it is undertaking or plans to undertake in order to achieve the **Strategic Ambition** of its transition plan

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

- information about any direct and indirect engagement activities with the government, regulators, public sector organisations, communities, and civil society that it is undertaking or plans to undertake. This may include **(see DF 3.3.b):**
  - engagement with the government and/or regulators on agricultural policy topics, including sector taxes, incentives, and environmental regulation;
  - engagement with public sector organisations and civil society to support access for all to sufficient nutritious, adequate, and safe food;
  - engagement with government, local government and civil society as part of landscape or jurisdictional initiatives to improve sustainable land use;
  - engagement with communities to support meaningful participation of marginalised farmers, workers and community members in local and national policy processes, paying due regard to gender equity considerations; and
  - engagement with communities to understand consumer preferences and raising awareness of topics including alternative proteins, recycling, and reusing carrier bags and packaging.

When disclosing, an entity may additionally consider:

Small-scale farmers and Small and Medium Enterprises (SMEs) at the producers' stage of the value chain are responsible for a large proportion of emissions in this sector but often lack the resources to transition. Given the prevalence of small-scale farmers and SMEs at the producer stage of the value chain, an entity may consider engagement activities relating to:

- developing comprehensive net zero and sustainable farming strategy and provide farmers with necessary technical and financial support;

97) Roundtable on Sustainable Palm Oil, **Who we are**, as of 2024.
98) Soft Commodities Forum, **About Us**, as of 2024.
99) Sustainable Agricultural Initiative Platform, **About Us**, as of 2024.
100) Sustainable Aquaculture Innovation Centre, **SAIC Consortium**, as of 2024
101) Sustainable Fisheries Partnership, **About Us**, as of 2024
102) World Business Council on Sustainable Development (WBCSD), **Sustainable Rice Landscapes Initiative**, as of 2024.

- supporting initiatives for diversification to safeguard livelihoods and provide job opportunities for new entrants, including displaced workers or transitioning workers; and
- ensuring that reliable information about the impacts of food systems on humans and nature is available to small-scale farmers and SMEs.

Landscape or jurisdictional approaches bring together stakeholders in a shared landscape or jurisdiction to address common problems that extend beyond the influence of a single company. Such approaches reconcile multiple social, economic and environmental objectives, and may be useful in preventing "leakage" of deforestation and land conversion outside the entity's value chain. When developing disclosures on landscape or jurisdictional approaches, an entity may refer to the AFi's *Operational Guidance on Achieving Commitments Through Collaboration.*[103]

When targeting mitigation outcomes outside its value chain, i.e. beyond vale chain mitigation (BVCM), an entity may refer to the SBTi's *Above and Beyond: An SBTi report on the design and implementation of BVCM.*[104] This includes guidance on how landscape and jurisdictional approaches may be incorporated into BVCM strategies.

An entity may consider *The Global Standard on Responsible Climate Lobbying* which provides a framework to ensure companies' lobbying and political engagement activities are in line with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels.[105]

103) Accountability Framework initiative, **Operational Guidance on Achieving Commitments Through Collaboration**, 2019.
104) Science Based Targets initiative (SBTi), **Above and Beyond: An SBTi report on the design and implementation of beyond value chain mitigation (BVCM)**, 2024.
105) Climate Lobbying, **Responsible climate lobbying: the global standard**, 2022.

4 Metrics & Targets

Sub-Element

4.1 Governance, engagement, business and operational metrics and targets

An entity shall disclose information about the governance, engagement, business and operational metrics and targets that it uses in order to drive and monitor progress towards the **Strategic Ambition** of its transition plan, and report against these metrics and targets on at least an annual basis.

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

- information about any **engagement** metrics and targets that it uses in order to drive and monitor progress towards the **Strategic Ambition** of its transition plan **(see DF 4.1.b, 4.1.d),** which may include:
  - percentage of supply chain (by Scope 3 emissions or cost/revenue) covered by direct engagement on reduction or removal of GHG emissions, including definition of direct engagement; and
  - percentage of supply chain (by Scope 3 emissions or cost/revenue) from which the entity annually collects GHG emissions data, targets information, climate-related risk and opportunity information, and/or climate transition initiatives information;
- information about any **business and operational** metrics and targets that it uses in order to drive and monitor progress towards the **Strategic Ambition** of its transition plan **(see DF 4.1.b, 4.1.d),** which may include:
  - percentage purchases that are third-party certified to an environmental or social sustainability standard, including which certifications were considered;
  - percentage production or sales volume that is third-party certified to an environmental or social sustainability standard, including which certifications were considered;
  - percentage of purchases sourced from local suppliers, including the entity's definition of local;
  - percentage of suppliers within the value chain that have adopted low-GHG emissions production practices;
  - percentage of electric or other zero emissions vehicles within fleet;
  - volume and intensity of pesticides used, by toxicity hazard levels;
  - percentage of production volume from land owned, leased, or managed by the entity which is determined to be no deforestation and/or no land conversion, and a description of the assessment methods used;
  - percentage of sourced volume of forest risk commodity determined to be no-deforestation and/or no land conversion (including no conversion of peatland), and a description of the assessment methods used;
  - percentage of sourced volume which cannot be determined to be no-deforestation and/or no land conversion, and any actions taken to improve traceability;
  - total weight of food loss and the food loss percentage, by the entity's main products or product category, and describe the methodology used for this calculation;
- information about any **business and operational** metrics and targets that it uses in order to drive and monitor progress towards the Strategic Ambition of its transition plan related to its **production** activities **(see DF 4.1.b),** which may include:
  - intensity and absolute metrics related to water use efficiency at a river basin level; and
  - intensity and absolute metrics related to nitrogen use efficiency.

When disclosing, an entity may additionally consider:

When disclosing its metrics and targets related to deforestation and/or land conversion an entity may consider the SBTi FLAG which explains that:

- setting a SBTi FLAG target requires publicly committing to no-deforestation, covering all scopes of emissions by 2025. SBTi FLAG further recommends setting no-conversion commitments across the value chain; and
- when setting SBTi FLAG no-deforestation or conversion commitments, an entity should specify a cutoff date, no later than 2020, after which deforestation renders a given area or production unit non-compliant with no-deforestation or no conversion commitments. Commodities should not be sourced from areas which have experienced deforestation or conversion since the cutoff date (2020 or earlier).[106]

When disclosing its metrics and targets related to deforestation and/or land conversion, an entity may consider the AFi's *Core Principles,* which:,

- considers the appropriate commitment for an entity to be no-deforestation and/or no conversion, which refers to no gross deforestation/conversion of natural forests or ecosystems;
- does not consider zero net deforestation or conversion commitments to be appropriate as targets for an entity's operations, supply chain or investments. This refers to no net loss in forest area, taking into account both losses from deforestation/conversion and gains from forest regeneration and restoration.[107] [108]

When disclosing any metrics and targets related to energy management, water management, fleet fuel management, packaging lifecycle management and ingredient sourcing, an entity may consider the IFRS's S2 *Industry-based Guidance on Implementing Climate-related Disclosures.*[109]

In defining any metrics and targets for water management or food waste, an entity may consider the *Courtauld Commitment 2030.*[110]

If disclosing any underlying taxonomy tools, methodologies, or definitions on which its governance, engagement, business and/or operational metrics and targets rely, an entity may refer to the resources referenced in **2.2 Products and services.**

When disclosing its metrics and targets related to its impacts and dependencies, the entity may consider the TNFD's *Sector Guidance for Food and Agriculture*[111], SBTN's guidance[112], and the Global Reporting Initiative's *Sector Standard for Agriculture, Aquaculture and Fishing Sectors.*[113]

Sub-Element

4.2 Financial metrics and targets

An entity shall disclose information about any financial metrics and targets, relevant to its business, sector, and strategy, that it uses in order to drive and monitor progress towards the **Strategic Ambition** of its transition plan, and report against these metrics and targets on at least an annual basis.

No additional sector-specific guidance is provided for this Sub-Element.

106) SBTi, **Forest, Land and Agriculture Science-Based Target-Setting Guidance,** 2022.
107) Accountability Framework initiative (AFi), **Core Principles,** 2023.
108) Accountability Framework initiative (AFi), **Definitions,** 2024.
109) International Financial Reporting Standards (IFRS), **IFRS S2 Climate-related Disclosures**, 2023.
110) Waste & Resources Action Programme (WRAP), **Courtauld Commitment 2030**, as of 2024.
111) The Taskforce on Nature-related Financial Disclosures (TNFD), **Draft sector guidance – Food and agriculture**, 2023.
112) Science-based Targets Network (SBTN), **Target-setting Tools and Guidance**, 2023.
113) Global Reporting Initiative (GRI), **Sector Standard for Agriculture, Aquaculture and Fishing Sectors,** 2022

Sub-Element

4.3 GHG metrics and targets

An entity shall disclose information about the GHG emissions and removals metrics and targets that it uses in order to drive and monitor progress towards the **Strategic Ambition** of its transition plan, and report against these metrics and targets on at least an annual basis.

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

- information about any GHG metrics and targets that it uses for reducing land emissions across its Scope 1, 2 and 3 emissions, including information about how they support the **Strategic Ambition** of its transition plan **(see DF 4.3.a-f)**;
- information about any GHG metrics and targets that it uses for reducing non-land emissions across its Scope 1, 2 and 3 emissions, including information about how they support the **Strategic Ambition** of its transition plan **(see DF 4.3.a-f)**;
- whether the target, and the methodology for setting the target, have been validated by a third party (e.g. SBTi) **(see DF 4.3.j.i)**;
- information about any GHG metrics and targets that it has set for increasing GHG removals through land use and land use change **(see DF 4.3.g)**, which may include removals from:
  - carbon sequestration in woodland, peatland, hedgerows, and soil;
  - forest restoration on working lands; and
  - improved forest management;
- if the entity excludes any Scope 3 emissions, including those related to land management and natural ecosystem change (including land use change and conversion of marine ecosystems) in the entity's supply chain, disclose the reason for omitting them and any steps it is taking to improve monitoring and reporting systems to enable reporting **(see DF 4.3.I.vi.1)**.

When disclosing, an entity may additionally consider:

When setting its GHG metrics and target, an entity may consider methodologies including:

- GHG Protocol's *Land Sector and Removals Guidance* for disclosing land emissions;[114]
- SBTi FLAG's *Forest, Land and Agriculture Science-Based Target-Setting Guidance* for setting land and non-land emissions targets;[115]
- WWF's *Setting Science-Based Targets in the Seafood Sector: Best Practices to Date* guidance for fishing and aquaculture activities;[116] and
- WRAP's *Scope 3 GHG Measurement and Reporting Protocols for Food and Drink Businesses,* with Section 6.4 (Collate embodied emissions data and assess data quality) providing information on how to address the quality of the data.[117]

When setting its GHG metrics and targets, an entity may consider whether a disaggregated disclosure by GHG type (e.g. carbon dioxide, nitrous oxide, methane, fluorinated gases) may be appropriate. For example, disclosing methane emissions may be appropriate for a livestock processing company, or disclosing fluorinated gases may be relevant to a retailer or distribution company.

114) GHG Protocol, **Land Sector and Removals Guidance (Draft for Pilot Testing and Review),** 2022.
115) SBTi, **Forest, Land and Agriculture Science-Based Target-Setting Guidance,** 2022.
116) WWF and UNGC, **Setting Science-Based Targets in the Seafood Sector: Best Practices to Date,** 2022.
117) WRAP, **Scope 3 GHG Measurement& Reporting Protocols: Sector Guidance for Food & Drink Businesses,** 2022.

An entity may consider conducting a hotspot analysis to identify where most of its emissions arise from to inform how it determines its metrics and targets. Emissions hotspots may include:

- particular commodity or product types;
- land emissions and removals;
  - land management (e.g. fertiliser use and production, enteric emissions, soil emissions, manure management, transport, and machinery);
  - direct land use change; and
  - removals;
- non-land emissions;
  - transport and logistics;
  - packaging; and
  - processing / manufacturing.

An entity may include land tracking reporting using one of three metrics (indirect land use change emissions, carbon opportunity costs, or land occupation), reported separately from emissions and removals.[118]

Sub-Element

4.4 Carbon credits

An entity shall disclose information about how it uses or plans to use carbon credits to achieve the **Strategic Ambition** of its transition plan, and report on the use of carbon credits on at least an annual basis.

When interpreting the Disclosure Framework for the Food & Beverage sector, an entity should consider disclosing:

- an explanation of why the entity is employing carbon credits and the extent to which, and how, the entity relies on the use of carbon credits to achieve the **Strategic Ambition** of its transition plan **(see DF 4.4.a)**, disaggregated by:
  - inset credits (from within its corporate value chain); and
  - offset credits (from beyond its corporate value chain);
- if the entity sells carbon credits **(see DF 4.4.b)**, the number of credits sold and information about:
  - the split between inset credits sold to entities in its value chain versus offsets sold beyond its value chain **(see DF 4.4.e)**;
  - confirmation that any inset credit purchases are not double counted in its Scope 1 and 3 emissions inventories **(see DF 4.4.g)**;
  - when disclosing whether and how it identifies and manages the impacts and dependencies of carbon credits **(see DF 4.4.f)**, information about any connection between offset credits and the landscapes in which the entity produces or sources from.

118) GHG Protocol, **Land Sector and Removals Guidance (Draft for Pilot Testing and Review)**, 2022.

When disclosing, an entity may additionally consider:

Inset credits are from within an entity's corporate value chain, whilst offset credits are from beyond its corporate value chain. An entity may consider the GHG Protocol *Land Sector and Removals* Guidance for further information on inset credits and offset credits.[119] An explanation of why it is using inset or offset credits may reference whether a mitigation hierarchy has been employed to inform if and where inset and offset credits are used.

When disclosing information about its use and sale of carbon credits, an entity may consider guidance by the Voluntary Carbon Market Integrity Initiative (VCMI),[120] and the Integrity Council for Voluntary Carbon Markets (ICVCM), in particular the *Core Carbon Principles* (CCPs).[121]

Entities may consider differentiating between offset credits used to make claims in relation to its Scopes 1, 2 and 3 emissions, and those used for mitigation action or investments that fall outside a company's value chain to avoid, reduce, or remove GHG emissions. Such activities may be particularly relevant to entities in the Food & Beverage sector which deploy resources to stop land conversion, deforestation and encourage restoration in supply chain-adjacent landscapes and jurisdictions. These activities may reduce "leakage" of deforestation or land conversion to adjacent areas, increase resilience (e.g. by protecting watersheds), and/or help to achieve wider environmental and social goals.

119) GHG Protocol, **Land Sector and Removals Guidance (Draft for Pilot Testing and Review)**, 2022.
120) Voluntary Carbon Market Integrity Initiative (VCMI), **Publications**, as of 2024.
121) Integrity Council for Voluntary Carbon Markets (ICVCM), **The Core Carbon Principles**, as of 2024.

5 Governance

Sub-Element

5.1 Board oversight and reporting

An entity shall disclose information about the governance body(s) (which can include a board, committee, or equivalent body charged with governance) or individual(s) responsible for oversight of the transition plan.

No additional sector-specific guidance is provided for this Sub-Element.

Sub-Element

5.2 Roles, responsibility and accountability

An entity shall disclose information about management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee the transition plan, as well as how it is embedded within the entity's wider control, review, and accountability mechanisms.

No additional sector-specific guidance is provided for this Sub-Element.

Sub-Element

5.3 Culture

An entity shall disclose information about how it aligns or plans to align its culture with the **Strategic Ambition** of its transition plan.

No additional sector-specific guidance is provided for this Sub-Element.

Sub-Element

5.4 Incentives and remuneration

An entity shall disclose information about how it aligns or plans to align its incentive and remuneration structures with the **Strategic Ambition** of its transition plan.

No additional sector-specific guidance is provided for this Sub-Element.

Sub-Element

5.5 Skills, competencies and training

An entity shall disclose information about actions it is taking or plans to take to assess, maintain, and build the appropriate skills, competencies, and knowledge across the organisation in order to achieve the **Strategic Ambition** of its transition plan.

No additional sector-specific guidance is provided for this Sub-Element.

Glossary

Term	Definition
carbon opportunity cost	Emissions from total historical carbon losses from plants and soils on lands productively used. This quantity also represents the amount of carbon that could be stored if land in production were allowed to return to native vegetation.[122]
climate resilience	At the **entity-level**: the capacity of an entity to adjust to climate-related changes, developments, or uncertainties. Climate resilience involves the capacity to manage climate-related risks and benefit from climate-related opportunities, including the ability to respond and adapt to climate-related transition risks and climate-related physical risks. An entity's climate resilience includes both its strategic resilience and its operational resilience to climate-related changes, developments, and uncertainties.[123] At the **systems-level**: the capacity of interconnected social, economic, and ecological systems to cope with a hazardous event, trend, or disturbance, responding or reorganising in ways that maintain their essential function, identity, and structure. Resilience is a positive attribute when it maintains capacity for adaptation, learning, and/or transformation.[124]
conversion	Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function. Deforestation is one form of conversion (conversion of natural forests). Conversion includes severe degradation or the introduction of management practices that result in a substantial and sustained change in the ecosystem's former species composition, structure, or function. Change to natural ecosystems that meets this definition are considered to be conversion regardless of its legality.[125]
deforestation	Loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation.[126]
direct land use change emissions	Emissions (primarily from carbon stock losses) due to recent (previous 20 years or more) land conversion directly on the area of land that an entity owns/controls or on specific lands in the entity's value chain.[127]

122) GHG Protocol, **Land Sector and Removals Guidance (Draft for Pilot Testing and Review)**, 2022.
123) International Financial Reporting Standards (IFRS), **IFRS S2 Climate-related Disclosures**, 2023.
124) IPCC Sixth Assessment Report, Impacts, Adaptation Vulnerability. Annex II, 2023
125) SBTi, *Forest, Land, and Agriculture Science Based Target-Setting Guidance,* 2022
126) SBTi, *Forest, Land, and Agriculture Science Based Target-Setting Guidance,* 2022
127) GHG Protocol, *Land Sector and Removals Guidance (Draft for Pilot Testing and Review),* September 2022

enteric emissions	Methane is emitted as a by-product of the normal livestock digestive process, in which microbes resident in the animal's digestive system ferment the feed consumed by the animal. This fermentation process, also known as enteric fermentation, produces methane as a by-product. The methane is then eructated or exhaled by the animal. Within livestock, ruminant livestock (cattle, buffalo, sheep, and goats) are the primary source of emissions. Other livestock (swine and horses) are of lesser importance for nearly all countries.[128]
entity	An organisation that voluntarily chooses, or is required by law, to prepare a general purpose financial report.
forest risk commodity	Global demand for agricultural commodities is the primary driver of deforestation and ecosystem conversion. Forest risk commodities are agriculture commodities associated with deforestation. Key forest risk commodities are timber, cattle products (beef and leather), soy and palm oil, whilst coffee, cocoa, rubber, pulp and paper also have significant impacts.[129, 130]
general purpose financial reports	Reports that provide financial information about a reporting entity that is useful to primary users in making decisions relating to providing resources to the entity. Those decisions involve decisions about: (a) buying, selling, or holding equity and debt instruments; (b) providing or selling loans and other forms of credit; or (c) exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources. General purpose financial reports include-but are not restricted to-an entity's general purpose financial statements and sustainability-related financial disclosures.[131]
greenhouse gases (GHGs)	The six gases listed in the Kyoto Protocol: carbon dioxide (CO_2); methane (CH_4); nitrous oxide (N_2O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF_6).[132]
indirect land use change emissions	Emissions (primarily from carbon stock losses) due to land conversion on lands not owned or controlled by the entity, or in its value chain, induced by change in demand for (or supply of) products produced or sourced by the entity.[133]

128) Intergovernmental Panel on Climate Change (IPCC), **CH4 emissions from enteric fermentation in Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories**, 2000.
129) CDP, **Forests Reporting Guidance,** 2023.
130) World Wide Fund for Nature (WWF) and Royal Society for the Protection of Birds (RSPB), **Riskier Business: The UK's overseas land footprint**, 2020.
131) International Financial Reporting Standards (IFRS), **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information**, 2023.
132) GHG Protocol, **A Corporate Accounting and Reporting Standard,** 2015.
133) GHG Protocol, **Land Sector and Removals Guidance (Draft for Pilot Testing and Review)**, 2022.

inset credit	Quantified mitigation outcomes of projects or broader interventions which are credited for GHG claims to be transferred between entities, and which are generated from projects or interventions that reduce emissions or increase removals inside the reporting entity's value chain. Credited GHG reductions or removal enhancements are quantified using project or intervention accounting methods, which quantify systemwide GHG impacts relative to a counterfactual baseline scenario or performance benchmark that represent the conditions most likely to occur in the absence of the mitigation project that generates the credit.[134]
just transition	The just transition involves anticipating, assessing, and addressing the social risks and opportunities of the transition to a low-GHG emissions and climate-resilient development, as well as ensuring meaningful dialogue and participation for impacted groups (including workers, communities, supply chains, and consumers) in transition planning.
land emissions	Includes land use change, land management emissions, and carbon removals and storage.
land management emissions	All land-related emissions excluding those related to land use change. These include net biogenic carbon dioxide emissions from carbon stock changes within a given land use. For example, these may result from forest degradation or cropland soil degradation. It also includes emissions from biomass burning, enteric emissions, manure management, managed soils, rice cultivation and reservoirs. Emissions from liming or urea application and fertiliser use are included. Energy-related emissions, such as from tractor or irrigation pumps, inside the "farm-gate" are also included.[135]
land occupation	The amount of land occupied for a certain time to produce a product.[136]
land tracking	A category of metrics to account for and report land use and land use change impacts beyond an entity's GHG inventory boundary, helping to ensure that an entity's land use and sourcing decisions lead to meaningful system-wide GHG reductions. These metrics include indirect land use change emissions, carbon opportunity costs, and land occupation.[137]

134) GHG Protocol, **Land Sector and Removals Guidance (Draft for Pilot Testing and Review)**, 2022.
135) Science Based Targets initiative (SBTi), **Forest, Land and Agriculture Science-Based Target-Setting Guidance**, 2022.
136) GHG Protocol, **Land Sector and Removals Guidance (Draft for Pilot Testing and Review)**, 2022.
137) GHG Protocol, **Land Sector and Removals Guidance (Draft for Pilot Testing and Review)**, 2022.

landscape approach	A place-based management approach that involves the collaboration of stakeholders in a landscape to advance shared sustainability goals and build resilience. It aims to reconcile and optimize multiple social, economic, and environmental objectives across multiple economic sectors and land uses. Such approaches are implemented through land-use plans, policies, initiatives, long-term investments, and other interventions.[139]
material information	In the context of sustainability-related financial disclosures, information is material if omitting, misstating, or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.[140]
natural environment	(a) Plants, wild animals and other living organisms; (b) their habitats; and (c) land (except buildings or other structures), air, and water, and the natural systems, cycles, and processes through which they interact.
no conversion	Commodity production, sourcing, or financial investments that do not cause or contribute to the conversion of natural ecosystems (as defined by the Accountability Framework). No-conversion refers to no gross conversion of natural ecosystems.[141]
no deforestation	Commodity production, sourcing, or financial investments that do not cause or contribute to deforestation. No-deforestation refers to no gross deforestation of natural forests.[142]
non-land emissions	Any Scopes 1, 2 and 3 emissions relating to an entity in the Food & Beverage sector not included under Land Emissions. These include emissions related to food and beverage processing, packaging, transport, retail and waste disposal, as well as emissions associated with the manufacturing of fertiliser and pesticides.[143]

139) CDP, **Forests Questionnaire guidance,** 2023
140) International Financial Reporting Standards (IFRS), **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information**, 2023.
141) Accountability Framework initiative (AFi), **Definitions**, 2024.
142) Accountability Framework initiative (AFi), **Definitions**, 2024.
143) Food and Agriculture Organization of the United Nations (FAO), **Greenhouse gas emissions from pre- and post- agricultural production processes,** 2023

offset credit	Quantified mitigation outcomes of projects or broader interventions which are credited for GHG claims to be transferred between entities, and which are generated from projects or interventions that reduce emissions or increase removals outside the reporting entity's value chain. Credited GHG reductions or removal enhancements are quantified using project or intervention accounting methods, which quantify systemwide GHG impacts relative to a counterfactual baseline scenario or performance benchmark that represent the conditions most likely to occur in the absence of the mitigation project that generates the credit.[144]
value chain	The full range of activities, resources and relationships related to a reporting entity's business model and the external environment in which it operates. A value chain encompasses the activities, resources, and relationships an entity uses and relies on to create its products or services from conception to delivery, consumption, and end of-life. Relevant activities, resources and relationships include those in the entity's operations, such as human resource; those along its supply, marketing, and distribution channels, such as materials and service sourcing and product and service sale and delivery; and the financing, geographical, geopolitical, and regulatory environments in which the entity operates.[145]
zero-net deforestation	No net loss in forest area between two points in time, taking into account both losses from deforestation and gains from forest regeneration and restoration. Zero net deforestation would typically be assessed with reference to a given geographic area (e.g. a district, state, nation, or globe) and a given timeframe.[146]

144) GHG Protocol, **Land Sector and Removals Guidance (Draft for Pilot Testing and Review)**, 2022.
145) International Financial Reporting Standards (IFRS), **IFRS S2 Climate-related Disclosures**, 2023.
146) Accountability Framework initiative (AFi), **Definitions**, 2024.

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