



SUSTAINABILITY ACCOUNTING STANDARD
RESOURCE TRANSFORMATION SECTOR

CONTAINERS & PACKAGING

Sustainability Accounting Standard

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Sustainable Industry Classification System™ (SICS™) #RT0204

Prepared by the
Sustainability Accounting Standards Board®

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EXPOSURE DRAFT FOR PUBLIC COMMENT

CONTAINERS & PACKAGING

Sustainability Accounting Standard

About SASB

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

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INTRODUCTION

Purpose & Structure

This document contains the SASB Sustainability Accounting Standard (SASB Standard) for the Containers & Packaging industry.

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

SASB's disclosure guidance identifies sustainability topics at an industry level, which may be material— depending on a company's specific operating context— to a company within that industry.

Each company is ultimately responsible for determining which information is material and is therefore required to be included in its Form 10-K or 20-F and other periodic SEC filings.

SASB's accounting standards provide companies with standardized accounting metrics to account for performance on industry-level sustainability topics. When making disclosure on sustainability topics, companies adopting SASB's accounting standards will help to ensure that disclosure is standardized and therefore useful, relevant, comparable, and auditable.

Industry Description

The Containers & Packaging industry includes companies that manufacture a large range of products and services using metal, plastic, paper, and glass materials. These include corrugated cardboard packaging, food and beverage containers, household product bottles, aluminum cans, steel drums, and other forms of packaging. Collectively, the glass, metal, plastic and paper containers and packaging industry share similar hurdles and business characteristics. Raw material inputs for the industry represent a significant cost to manufacturers, as the industry is heavily tied to commodity prices for raw materials. Paper container manufacturers are the largest subsegment; transforming paper pulp from virgin and recycled sources into various packaging forms. The competitive landscape among glass, plastic, metal, and paper container and packaging companies largely depends on consumer preferences and raw material costs. Due to the nature of the products, domestic containers and packaging manufacturers face little competition from imports, as it is not typically economical to ship inexpensive or empty containers. As a result, most operations are located relatively close to their end market.

Guidance for Disclosure of Material Sustainability Topics in SEC Filings

1. Industry-Level Sustainability Disclosure Topics

For the Containers & Packaging industry, SASB has identified the following sustainability disclosure topics:

- Greenhouse Gas Emissions
- Energy Management
- Air Quality
- Water Management
- Hazardous Materials Management
- Product Safety
- Product Lifecycle Management & Innovation
- Materials Sourcing

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

Sustainability disclosures are governed by the same laws and regulations that govern disclosures by securities issuers generally. According to the U.S. Supreme Court, a fact is material if, in the event such fact is omitted from a particular disclosure, there is “a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of the information made available.”^{1,2}

SASB has attempted to identify those sustainability topics that it believes may be material for all companies within each SICS industry. SASB recognizes, however, that each company is ultimately responsible for determining what is material to it.

Regulation S-K, which sets forth certain disclosure requirements associated with Form 10-K and other SEC filings, requires companies, among other things, to describe in the Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of Form 10-K “any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.”²

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

In determining whether a trend or uncertainty should be disclosed, the SEC has stated that management should use a two-part assessment based on probability and magnitude:

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

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

¹ TSC Industries v. Northway, Inc., 426 U.S. 438 (1976).

² C.F.R. 229.303(item 303)(a)(3)(ii).

3. Sustainability Accounting Standard Disclosures in Form 10-K

a. Management's Discussion and Analysis

Companies should consider making disclosure on sustainability topics as a complete set in the MD&A, in a subsection titled "**Sustainability Accounting Standards Disclosures.**"³

b. Other Relevant Sections of Form 10-K

In addition to the MD&A section, companies should consider disclosing sustainability information in other sections of Form 10-K, as relevant, including:

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

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

Legal proceedings—Item 103 of Regulation S-K requires companies to describe briefly any material pending or contemplated legal proceedings. Instructions to Item 103 provide specific disclosure requirements for administrative or judicial proceedings arising from laws and regulations that target discharge of materials into the environment or that are primarily for the purpose of protecting the environment.

Risk factors—Item 503(c) of Regulation S-K requires filing companies to provide a discussion of the most significant factors that make an investment in the registrant speculative or risky, clearly stating the risk and specifying how a particular risk affects the particular filing company.

c. Rule 12b-20

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

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

³ [SEC \[Release Nos. 33-8056; 34-45321; FR-61\] Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations](#): "We also want to remind registrants that disclosure must be both useful and understandable. That is, management should provide the most relevant information and provide it using language and formats that investors can be expected to understand. Registrants should be aware also that investors will often find information relating to a particular matter more meaningful if it is disclosed in a single location, rather than presented in a fragmented manner throughout the filing."

Guidance on Accounting of Material Sustainability Topics

For sustainability disclosure topics in the Containers & Packaging industry, SASB identifies accounting metrics.

SASB recommends that each company consider using these sustainability accounting metrics when disclosing its performance with respect to each of the sustainability topics it has identified as material.

As appropriate—and consistent with Rule 12b-20⁴—for each sustainability topic, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following, related to the topic:

The registrant's **strategic approach** to managing performance on material sustainability issues;

The registrant's competitive positioning;

The **degree of control** the registrant has;

Any measures the registrant has undertaken or plans to undertake to improve performance; and

Data for the registrant's **last three completed fiscal years** (when available).

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

Users of the SASB Standards

The SASB Standards are intended for companies that engage in public offerings of securities registered under the Securities Act of 1933 (the Securities Act) and those that issue securities registered under the Securities Exchange Act of 1934 (the Exchange Act),⁵ for use in SEC filings, including, without limitation, annual reports on Form 10-K (Form 20-F for foreign issuers), quarterly reports on Form 10-Q, current reports on Form 8-K, and registration statements on Forms S-1 and S-3. Nevertheless, disclosure with respect to the SASB Standards is not required or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

⁴ SEC Rule 12b-20: "In addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading."

⁵ Registration under the Securities Exchange Act of 1934 is required (1) for securities to be listed on a national securities exchange, such as the New York Stock Exchange, the NYSE Amex, and the NASDAQ Stock Market, or (2) if (A) the securities are equity securities and are held by more than 2,000 persons (or 500 persons who are not accredited investors) and (B) the company has more than \$10 million in assets.

Scope of Disclosure

Unless otherwise specified, SASB recommends:

That a registrant disclose on sustainability issues and metrics for itself and for entities in which the registrant has a controlling interest and therefore are consolidated for financial reporting purposes (controlling interest is generally defined as ownership of 50% or more of voting shares);⁶

That for consolidated entities, disclosures be made, and accounting metrics calculated, for the whole entity, regardless of the size of the minority interest; and

That information from unconsolidated entities not be included in the computation of SASB accounting metrics. A registrant should disclose, however, information about unconsolidated entities to the extent that the registrant considers the information necessary for investors to understand its performance with respect to sustainability issues (typically, this disclosure would be limited to risks and opportunities associated with these entities).

Reporting Format

Activity Metrics and Normalization

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

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

Such data—termed “activity metrics”—may include high-level business data such as total number of employees, quantity of products produced or services provided, number of facilities, or number of customers. It may also include industry-specific data such as plant capacity utilization (e.g., for specialty chemical companies), number of transactions (e.g., for Internet media and services companies), hospital bed days (e.g., for health care delivery companies), or proven and probable reserves (e.g., for oil and gas exploration and production companies).

Activity metrics disclosed should:

Convey contextual information that would not otherwise be apparent from SASB accounting metrics.

Be deemed generally useful for users of SASB accounting metrics (e.g., investors) in performing their own calculations and creating their own ratios.

Be explained and consistently disclosed from period to period to the extent they continue to be relevant. However, a decision to make a voluntary disclosure in one period does not obligate a continuation of that disclosure if it is no longer relevant or if a better metric becomes available.

⁶ See U.S. GAAP consolidation rules (Section 810).
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Where relevant, SASB recommends specific activity metrics that—at a minimum—should accompany SASB accounting metric disclosures.

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Tons of packaging materials produced	Quantitative	Tons (t)	RT0204-A
Percentage of production as (a) paper/wood, (b) glass, (c) metal, and (d) plastic	Quantitative	Percentage (%) by revenue	RT0204-B
Number of employees, percentage in manufacturing role	Quantitative	Number, Percentage (%)	RT0204-C

Units of Measure

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

Uncertainty

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

Estimates

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

Timing

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

Limitations

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

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

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

Forward-looking Statements

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

Assurance

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

SASB encourages registrants to use independent assurance (attestation); for example, an Examination Engagement to AT Section 101.

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Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under a regulatory program	Quantitative	Metric Tons CO ₂ e, Percentage (%)	RT0204-01
	Description of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	RT0204-02
Energy Management	Total energy consumed, percentage grid electricity, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	RT0204-03
Air Quality	Air emissions for the following pollutants: NO _x (excluding N ₂ O), SO _x , particulate matter (PM), dioxins, and volatile organic compounds (VOCs)	Quantitative	Metric tons	RT0204-04
Water Management	Total water withdrawn, percentage recycled, percentage in regions with High or Extremely High Baseline Water Stress	Quantitative	Cubic Meters (m ³), Percentage (%)	RT0204-05
	Number of incidents of non-compliance with water quality permits, standards, and regulations	Quantitative	Number	RT0204-06
Hazardous Materials Management	Amount of hazardous waste, percentage recycled	Quantitative	Tons (t), Percentage (%)	RT0204-07
	Number and aggregate quantity of reportable releases and spills, quantity recovered	Quantitative	Number, Kilograms (kg)	RT0204-08
Product Safety	Number of recalls and total units recalled ⁷	Quantitative	Number	RT0204-09
Product Lifecycle Management & Innovation	Percentage of raw materials from (1) recycled content and (2) renewable resources	Quantitative	Percentage (%) by weight	RT0204-10
	Percentage of products that are (1) reusable, (2) recyclable, and (3) compostable	Quantitative	Percentage (%) by weight	RT0204-11
	Discussion of management approach to minimization of (a) weight and volume of packaging used and (b) noxious or hazardous constituents in packaging	Discussion and Analysis	n/a	RT0204-12
Materials Sourcing	Total wood fiber purchased, percentage from certified sources	Quantitative	Tons (t), Percentage (%) by COGS	RT0204-13
	Percentage of non-wood raw materials sourced in conformance with responsible sourcing standards	Quantitative	Percentage (%) by COGS	RT0204-14

⁷ Note to RT0204-09 – Disclosure shall include a discussion of notable recalls, such as those that affected a significant number of one type of product or those related to a serious injury or fatality.

Greenhouse Gas Emissions

Description

Containers & Packaging facilities often burn large amounts of fossil fuels in manufacturing and cogeneration processes resulting in direct (Scope 1) emissions of greenhouse gases (GHGs). Many companies, particularly integrated paper manufacturers, are utilizing cogeneration techniques to provide their own energy, gain energy independence, and (in some cases) improve resource efficiency by repurposing process waste. Direct emissions are a source of corporate risk arising from current and potential future regulations in the U.S. and abroad. Financial impacts on companies will vary depending on the specific location of operations and the prevailing emissions regulations. Companies that cost-effectively reduce GHG emissions from their operations by implementing industry-leading technologies and processes can create operational efficiency. They can mitigate the impact on value from increased fuel costs and regulations that limit—or put a price on—carbon emissions, which are occurring as regulatory and public concerns about climate change are increasing in the U.S. and globally.

Accounting Metrics

RT0204-01. Gross global Scope 1 emissions, percentage covered under a regulatory program

- .01 The registrant shall disclose gross global Scope 1 greenhouse gas (GHG) emissions to the atmosphere of the six GHGs covered under the Kyoto Protocol (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride).
- Emissions of all gases shall be disclosed in metric tons of carbon dioxide equivalents (CO₂-e), calculated in accordance with published global warming potential (GWP) factors. To date, the preferred source for GWP factors is the IPCC's Second Assessment Report (1995).
 - Gross emissions are GHGs emitted to the atmosphere before accounting for any GHG reduction activities, offsets, or other adjustments for activities in the reporting period that have reduced or compensated for emissions.
 - Disclosure corresponds to section CC8.2 of the Carbon Disclosure Project (CDP) Questionnaire and section 4.25 of the Climate Disclosure Standards Board (CDSB) *Climate Change Reporting Framework* (CCRF).
- .02 Scope 1 emissions are defined by the World Resources Institute and the World Business Council on Sustainable Development in (WRI/WBCSD) [The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard](#), Revised Edition, March 2004 (hereafter, the "GHG Protocol").
- These emissions include direct emissions of GHGs from stationary or mobile sources that include, but are not limited to, equipment, production facilities, office buildings, and transportation (i.e., marine, road, or rail).
- .03 The registrant shall disclose the percentage of its emissions that are covered under a regulatory program, such as the European Union Emissions Trading Scheme (EU ETS), Western Climate Initiative (WCI), California Cap-and-Trade (California Global Warming Solutions Act), or other regulatory programs.
- Regulatory programs include cap-and-trade schemes and carbon tax/fee systems.
 - Disclosure shall exclude emissions covered under voluntary trading systems and disclosure-based regulations (e.g., the U.S. Environmental Protection Agency (EPA) mandatory reporting rule).
- .04 GHG emission data shall be consolidated according to the approach with which the registrant consolidates its financial reporting data, which is generally aligned with:

- The Financial Control approach defined by the GHG Protocol and referenced by the [CDP Guidance for companies reporting on climate change on behalf of investors & supply chain members 2013](#) (hereafter, the “CDP Guidance”).⁸
 - The approach detailed in Section 4.23, “Organizational boundary setting for GHG emissions reporting,” of the CDSB Climate Change Reporting Framework (CCRF).⁹
- .05 The underlying technical approach to data collection, analysis, and disclosure shall be consistent with the CDP Guidance.
- The registrant shall consider the CDP Guidance as a normative reference, thus any updates made year-on-year shall be considered updates to this guidance.
- .06 The registrant should discuss any change in its emissions from the previous fiscal year, such as explaining if the change was due to emissions reductions, divestment, acquisition, mergers, changes in output, and/or changes in calculation methodology.
- .07 In the case that current reporting of GHG emissions to the CDP or other entity (e.g., a national regulatory disclosure program) differs in terms of the scope and consolidation approach used, the registrant may disclose those emissions. However, primary disclosure shall be according to the guidelines described above.
- .08 The registrant should discuss the calculation methodology for its emission disclosure, such as noting if data are from continuous emissions-monitoring systems (CEMS), engineering calculations, mass balance calculations, etc.

RT0204-02. Description of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets

- .09 The registrant shall discuss the following where relevant:
- The scope, such as whether strategies, plans, and/or reduction targets pertain differently to different business units, geographies, or emissions sources;
 - Whether strategies, plans, and/or reduction targets are related to or associated with an emissions disclosure (reporting) or reduction program (e.g., EU ETS, RGGI, WCI, etc.), including regional, national, international, or sectoral programs;
 - The activities and investments required to achieve the plans and any risks or limiting factors that might affect achievement of the plans and/or targets.
- .10 For emissions reduction targets the registrant shall disclose:
- The percentage of emissions within the scope of the reduction plan;
 - The percentage reduction from base year, where the base year is the first year against which emissions are evaluated towards the achievement of the target;

⁸ “An organization has financial control over an operation if it has the ability to direct the financial and operating policies of the operation with a view to gaining economic benefits from its activities. Generally an organization has financial control over an operation for GHG accounting purposes if the operation is treated as a group company or subsidiary for the purposes of financial consolidation.” *Guidance for companies reporting on climate change on behalf of investors & supply chain members 2013*, p. 95.

⁹ This is based on the requirements of International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) on consolidation and equity accounting and is consistent with how information relating to entities within a group or interest in joint ventures/associates would be included on consolidated financial statements, as per the CDSB *Climate Change Reporting Framework*.

- Whether the target is absolute or intensity-based, and the metric denominator, if it is an intensity-based target;
- The timelines for the reduction activity, including the start year, the target year, and the base year. Disclosure shall be limited to activities that were ongoing (active) or reached completion during the fiscal year;
- The mechanism(s) for achieving the target, such as energy efficiency efforts, energy source diversification, carbon capture and storage, etc.

.11 Where necessary, the registrant shall discuss any circumstances in which the target base year emissions have been or may be recalculated retrospectively, or where the target base year has been reset.

.12 Disclosure corresponds with:

- CDSB Section 4, "Management actions." 10
- CDP questionnaire "CC3. Targets and Initiatives."

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¹⁰ 4.12, "Disclosure shall include a description of the organization's long-term and short-term strategy or plan to address climate change-related risks, opportunities, and impacts, including targets to reduce GHG emissions and an analysis of performance against those targets." *Climate Change Reporting Framework – Edition 1.1*, October 2012, CDSB.

Energy Management

Description

Fuel combustion onsite contributes to the Containers & Packaging industry's direct (Scope 1) GHG emissions. However, electricity purchases from the grid create indirect impacts on the climate through Scope 2 emissions. These firms are highly reliant on energy as an input for value creation, due to their energy intensive operations. For the Pulp and Paper Manufacturers (the largest segment), approximately one third of their energy emissions is from electricity, while the rest comes from fuel combustion from other sources. Since electricity consumption indirectly contributes to climate change and air pollution, the cost of grid electricity may increase to offset carbon tax on utilities. With manufacturing and assembly plants located in several regions, the likelihood and impact of climate change regulations will vary depending on the exact location of facilities. Companies that proactively limit their exposure to volatile energy prices and carbon prices by fulfilling part of their energy needs from renewable sources are likely to be better able to manage long-term regulatory risks.

Accounting Metrics

RT0204-03. Total energy consumed, percentage grid electricity, percentage renewable

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

- The renewable portion of the electricity grid mix that is outside of the control or influence of the registrant is excluded from disclosure.¹¹

.17 Renewable energy is defined as energy from sources that are capable of being replenished in a short time through ecological cycles, such as geothermal, wind, solar, hydro, and biomass.

- For the purposes of this disclosure, the scope of renewable energy from hydro and biomass sources are limited to the following:
 - Energy from hydro sources that are certified by the Low Impact Hydropower Institute.
 - Energy from biomass sources are limited to those that are considered “eligible renewables” according to the Green-e Energy National Standard Version 2.4, or eligible for a state Renewable Portfolio Standard.

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

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¹¹ SASB recognizes that RECs reflect the environmental attributes of renewable energy that have been introduced to the grid, and that a premium has been paid by the purchaser of the REC to enable generation of renewable energy beyond any renewable energy already in the grid mix, absent the market for RECs.

Air Quality

Description

In addition to GHGs, which have global impacts, other air emissions from containers and packaging manufacturing can have significant, localized human health and environmental impacts. In general, releases of air pollutants in the Containers and Packaging industry stem from the combustion of fuels, as well as the processing of raw materials. Companies can implement treatment techniques to reduce costs and reuse raw materials necessary for production. The industry's air emissions generate regulatory risk, whereby non-compliance can result in fines and required installation of emissions control technology. Human health impacts and financial consequences are likely to be exacerbated the closer a facility is to a local community. By complying with various regulations and implementing best practices, companies can reduce the burden of regulation and operational expenses, adding value for shareholders.

Accounting Metrics

RT0204-04. Air emissions for the following pollutants: NO_x (excluding N₂O), SO_x, particulate matter (PM), dioxins, and volatile organic compounds (VOCs)

- .19 The registrant shall disclose its emissions of air pollutants that are released to the atmosphere as a result of its activities:
- Direct air emissions from stationary or mobile sources that include, but are not limited to, production facilities, office buildings, marine vessels transporting products, and truck fleets.
- .20 The registrant shall disclose emissions released to the atmosphere by emissions type. Substances include:
- Oxides of nitrogen (including NO and NO₂ and excluding N₂O) reported as NO₂
 - Oxides of sulfur (SO₂ and SO₃) reported as SO₂
 - Particulate matter (PM); reported as the sum of PM₁₀ and PM_{2.5}, or all particulates less than 10 micrometers in diameter
 - Dioxins/furans, reported, at a minimum, as the sum of the 17 congeners of polychlorinated dibenzodioxins (PCDDs) and polychlorinated dibenzofurans (PCDFs) that contain chlorine
 - Nonmethane volatile organic compounds (VOCs), defined as any compound of carbon, excluding carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, ammonium carbonate, and methane, which participates in atmospheric photochemical reactions, except those designated by the U.S. Environmental Protection Agency (EPA) as having negligible photochemical reactivity
- .21 This scope does not include CO₂, CH₄, and N₂O, which are disclosed in RT0204-01 as Scope 1 GHG emissions.
- .22 Air emissions data shall be consolidated according to the approach with which the registrant consolidates its financial reporting data, which is aligned with the consolidation approach used for RT0204-01.
- .23 The registrant should discuss the calculation methodology for its emission disclosure, such as whether data are from continuous emissions monitoring systems (CEMS), engineering calculations, mass balance calculations, etc.

Water Management

Description

Water management, as it relates to the quantity of water used, as well as its use in water scarce regions, is an increasing issue. Companies that release large amounts of effluents may also benefit from avoiding the release of toxic chemicals and byproducts from operations, as they can reduce fines and remediation costs while helping to recover key raw materials used in the production process. Companies that depend on water used in the production process recognize the significant constraints and added costs for operations located in water scarce regions. Particularly, pulp and paper mills located in these areas can face significant disruptions to their access of water. Disclosures around this issue may help analysts understand a company's exposure to water stressed regions and the intensity of water usage relative to peers.

Accounting Metrics

RT0204-05. Total water withdrawn, percentage recycled, percentage in regions with High or Extremely High Baseline Water Stress

- .24 The registrant shall disclose the amount of water (in thousands of cubic meters) that was withdrawn from fresh water sources for use in operations.
- Fresh water may be defined according to the local statutes and regulations where the registrant operates. Where there is no regulatory definition, fresh water shall be considered to be water that has a solids (TDS) concentration of less than 1000 mg/l, per the Water Quality Association [definition](#).
 - Water obtained from a water utility can be assumed to meet the definition of fresh water.¹²
- .25 The registrant shall disclose the total amount of water by volume (in thousands of cubic meters) that was recycled during the fiscal year. This figure shall include the amount recycled in closed-loop and open-loop systems.
- Any volume of water reused multiple times shall be counted as recycled each time it is recycled and reused.
- .26 Using the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct (publicly available online [here](#)), the registrant shall analyze all of its operations for water risks and identify facilities that are in a location with High (40–80%) or Extremely High (>80%) Baseline Water Stress. Water withdrawn in locations with High or Extremely High Baseline Water Stress shall be indicated as a percentage of the total water withdrawn.
- .27 For registrant's operations that are not submetered in a way that allows direct measurement of water use, estimation is acceptable and shall be disclosed as such.

RT0204-06. Number of incidents of non-compliance with water quality permits, standards, and regulations

- .28 The registrant shall disclose the total number of instances of non-compliance, including violations of a technology-based standard and exceedances of a quality-based standard.
- .29 The scope of disclosure includes incidents related to statutory permits and regulations, or voluntary agreements, standards, or guidelines, such as total maximum daily load (TMDL) exceedances.

¹² <http://water.epa.gov/drink/contaminants/secondarystandards.cfm>

.30 Voluntary standards include, among others, the registrant’s own water quality standards (parameters) or “effluent guidelines” from the International Finance Corporation’s (IFC) Environmental, Health, and Safety Guidelines as outlined in the following industry-specific guidelines:

- Glass Manufacturing,
- Metal, Plastic, and Rubber Products Manufacturing
- Board and Particle-Based Products
- Pulp and Paper Mills¹³

.31 Typical parameters of concern include total nitrogen, total phosphorous, biochemical oxygen demand (BOD), total dissolved solids (TDS), oil and grease, total suspended solids (TSS), and pH.

.32 An incident of non-compliance shall be disclosed, regardless of whether it resulted in an enforcement action (e.g., fine, warning letter, etc.).

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

- For continuous discharges, limitations, standards, and prohibitions that are generally expressed as maximum daily, weekly average, and monthly average.
- For non-continuous discharges, limitations that are generally expressed in terms of frequency, total mass, maximum rate of discharge, and mass or concentrations of specified pollutants.

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¹³ http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Environmental,+Health,+and+Safety+Guidelines/

Hazardous Materials Management

Description

Containers and packaging use hazardous materials and generate waste that can result in significant air, water, and soil pollution. This waste is subject to the Resource Conservation and Recovery Act (RCRA), which regulates disposal and storage of hazardous and solid waste. Improper management of waste can result in significant fines and remedial actions associated with the Clean Air Act, Toxic Substance Control Act, and Superfund Act. Proper processing and disposal of hazardous waste materials are essential to limiting risk of remediation liabilities, fines, and regulations. In addition, companies that are able to limit the waste of input materials and recycle the waste generated, may achieve significant cost savings and improve profitability.

Accounting Metrics

RT0204-07. Amount of hazardous waste, percentage recycled

.34 The amount of hazardous waste shall be calculated in metric tons, where:

- Waste is generally defined as anything for which the registrant has no further use and that would otherwise be discarded or released to the environment.
- Hazardous waste includes any Subtitle C Hazardous Waste as defined by the Resource Conservation and Recovery Act (RCRA) (40 CFR § 261). Hazardous wastes include those that display the following characteristics: ignitability, corrosivity, reactivity, or toxicity.

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

- A hazardous waste is recycled if it is used, reused, or reclaimed. Furthermore, RCRA hazardous waste regulation makes an important distinction between materials that are used or reused without reclamation, and those that must be reclaimed before reuse. A material is *reclaimed* if it is processed to recover a usable product, or if it is regenerated. Common hazardous waste reclamation activities involve recovery of spent solvents (e.g., recovery of acetone) or metals (e.g., recovery of lead).¹⁴
- Reused materials are defined as those recovered products or components of products that are used for the same purpose for which they were conceived.
- Recycled and remanufactured materials are defined as waste materials that have been reprocessed or treated by means of production or manufacturing processes and made into a final product, or made into a component for incorporation into a product.
- The scope of recycled and remanufactured products includes primary recycled materials, co-products (outputs of equal value to primary recycled materials), and by-products (outputs of lesser value to primary recycled materials).
- Portions of products and materials that are disposed of in landfills are not considered recycled; only the

¹⁴ <http://www.epa.gov/solidwaste/hazard/recycling/index.htm>

portions of products that are directly incorporated into new products, co-products, or by-products shall be included in the percentage recycled.

- Materials sent for further recycling include those materials that are transferred to a third party for the expressed purpose of reuse, recycling, or refurbishment.
- Materials incinerated, including for energy recovery, are not considered reused or recycled. Energy recovery is defined as the use of combustible waste as a means to generate energy through direct incineration, with or without other waste, but with recovery of the heat.

RT0204-08. Number and aggregate quantity of reportable releases and spills, quantity recovered

.36 The registrant shall disclose the total number and quantity (in kilograms) of reportable releases, where:

- Reportable releases are defined as any release of a hazardous substance in an amount equal to or greater than the reportable quantity defined by the U.S. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).
- The number of releases shall represent any spills, leaks, emissions, discharges, injections, disposals, and abandonment releases over time, counted once at the time identified, consistent with CERCLA.
- The aggregate quantity reported shall represent the total estimated quantity released that reached the environment, and shall not be reduced by the amount of such hazardous substance subsequently recovered, evaporated, or otherwise lost, consistent with CERCLA.¹⁵

.37 The registrant may choose to disclose releases to soil and water separately. A release that qualifies as a release to both soil and water should be reported as a single release to water, with the volume properly apportioned to soil and water.

.38 The registrant shall calculate the quantity of releases recovered as the quantity of released hazardous substances (in kilograms) removed from the environment through short-term release response activities, excluding:

- Amounts that were recovered during longer-term remediation at spill sites.
- Amounts that evaporated, burned, or were dispersed.

¹⁵ <http://www.epa.gov/superfund/policy/release/rq/index.htm#info>

Product Safety

Description

The quality and safety of containers and packaging is an important area of concern for packaging companies, since many of their products are used in the food and beverage industry. Some packaging and containers may present problems when they contact food, and have even been found to leach small amounts of chemicals into the food or beverage. Uncertainties and new findings related to consumer health may lead to a shift in consumer preference for certain types of packaging, presenting a risk to manufacturers if they cannot address consumer health and safety concerns. Similarly, poor quality of packaging can lead to unintended consequences, such as increased food spoilage or the tarnished quality of contents, which may result in product recalls. Recalls can be a significant expense for companies and can jeopardize contracts and future business. Being proactive about ensuring quality and safety of containers and packaging can protect companies from reputational risk, as well as risk of litigation and penalties.

Accounting Metrics

RT0204-09. Number of recalls and total units recalled

.39 The registrant shall disclose the number of unique recall incidents and the total number of units recalled, where:

- A recall is defined as any repair, replacement, refund, or notice/warning program intended to protect consumers from products that present a safety risk.¹⁶
- Total number of units recalled refers to the combined quantity of products that were recalled as part of any recall, during the fiscal year.
- The scope of disclosure includes voluntary recalls initiated by the registrant, as well as involuntary recalls mandated by regulatory agencies. Excluded from the scope of disclosure are products provided to customers for the explicit purpose of testing.
- Involuntary recalls are those required by regulatory agencies, and are issued when a container or package does not comply with regulatory safety standards, or when there is a safety-related defect in containers or packaging products.
- Governmental agencies with regulatory oversight include, but are not limited to, the following:
 - Food and Drug Administration (FDA)
 - U.S. Department of Agriculture Food and Safety Inspection Service (FSIS)
 - Centers for Disease Control (CDC)
 - Consumer Product Safety Commission (CPSC)
 - European Food Safety Authority (EFSA)
 - Canadian Food Inspection Agency (CFIA)

.40 The registrant may choose, in addition to total units recalled, to disclose the percentage of recalls that were (1) voluntarily and (2) involuntarily issued.

¹⁶ Consistent with the U.S. Consumer Product Safety Commission's Recall Handbook, available online at: <http://www.cpsc.gov/PageFiles/106141/8002.pdf>

Note to **RT0204-09**

.41 The registrant shall discuss notable recalls, such as those that affected a significant number of products, units of one product, or those related to serious injury or fatality.

.42 For such recalls, the registrant should provide:

- description and cause of the recall issue
- the total number of units recalled
- cost to remedy the issue (in U.S. dollars)
- whether the recall was voluntary or involuntary
- corrective actions
- any other significant outcomes (e.g. legal proceedings, fatalities)

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Product Lifecycle Management & Innovation

Description

Containers and packaging companies face increasing challenges associated with environmental and social externalities attributed to product design and disposal. Advancements in material usage and innovations in design of packaging are playing a critical role in the demand for certain packaging products. Designing for the end-of-life treatment of packaging is an important opportunity for manufacturers to avoid potential legislation and negative perceptions. While the sustainability performance of products depends largely on the type, use, and ultimate disposal of materials, companies that effectively manage the sustainability characteristics of their products may be better positioned to capture more market share with shifting consumer demand.

Accounting Metrics

RT0204-10. Percentage of raw materials from (1) recycled content and (2) renewable resources

- .43 The registrant shall disclose the percentage of raw materials (by weight) for containers and packaging products from recycled content, where:
- Recycled content is defined as materials that have been recovered or otherwise diverted from the waste stream. Recycled content includes recycled raw material, as well as used, reconditioned, and remanufactured components, consistent with the FTC Green Guides. Recycled content can be either pre-consumer or post-consumer waste.
 - The percentage is calculated as the total weight of raw materials from recycled content, divided by the total weight of all raw materials for containers and packaging products.
- .44 The registrant shall disclose the percentage of raw materials (by weight) for containers and packaging products from renewable resources, where:
- Renewable resources are defined as those that either increase in quantity or otherwise renew over a short (i.e. economically relevant) period of time, such that if the rate of extraction takes account of limitations in the reproductive capacity of the resource, renewables can provide yields over an infinite time horizon.¹⁷
 - The percentage is calculated as the total weight of raw materials from renewable resources, divided by the total weight of all raw materials for containers and packaging products.
- .45 For raw materials that are both recycled content and renewable, the registrant may choose which category best reflects the nature of the material, but should not include a single material in both categories.
- .46 For component raw materials that contain both recycled and virgin parts, or which are made from both renewable and nonrenewable resources, the registrant may classify a portion of the material as recycled or renewable based on an estimate of the weight of each portion. Alternatively, the registrant may exclude that item from consideration as recycled or renewable, but should include it in the total weight of raw materials.

RT0204-11. Percentage of products that are (1) reusable, (2) recyclable, and (3) compostable

- .47 The registrant shall disclose the percentage of containers and packaging products by revenue that are reusable, where:

¹⁷ http://www.wto.org/english/res_e/booksp_e/anrep_e/wtr10-2b_e.pdf

- Reusable is defined as a durable packaging product, able to be reused multiple times for the original purpose for which it was conceived.
- The percentage is calculated as the total revenue from reusable containers and packaging products, divided by the total revenue from all containers and packaging products.

.48 The registrant shall disclose the percentage of products by revenue that are recyclable, where:

- Recyclable is defined as able to be reprocessed for the original purpose or for other purposes. A product or package is recyclable if it can be collected, separated, or otherwise recovered from the waste stream through an established recycling program for reuse or use in manufacturing, or in assembling another item, consistent with the FTC Green Guides.
- The percentage is calculated as the total revenue from recyclable containers and packaging products, divided by the total revenue from all containers and packaging products.

.49 The registrant shall disclose the percentage of products by revenue that are compostable, where:

- Compostable is defined as that which undergoes degradation by biological processes during composting to yield CO₂, water, inorganic compounds, and biomass at a rate consistent with other known compostable materials and that leaves no visible, distinguishable, or toxic residue. Compostable plastics are further defined by ASTM Standard D6400, 2004 - Standard Specification for Compostable Plastics.
- The percentage is calculated as the total revenue from compostable containers and packaging products, divided by the total revenue from all containers and packaging products.

.50 For products that are reusable, recyclable, and/or compostable, the registrant may choose which category best reflects the nature of the material, but should not include a single material in multiple categories.

RT0204-12. Discussion of management approach to minimization of (1) weight and volume of packaging used and (2) noxious or hazardous constituents in packaging

.51 The registrant shall discuss its management approach to minimizing lifecycle impacts from products, such as reducing packaging weight and volume for a given application, or reducing the toxicity of raw materials and residuals of packaging content.

.52 Relevant disclosure may include, but is not limited to, the following:

- Implementation of the “Essential Requirements” in Article 9, Annex II of the E.U. Directive on Packaging and Packaging Waste (94/62/EC) which includes minimization of packaging weight and volume to the amount needed for safety, hygiene and consumer acceptance of the packed product, minimization of noxious or hazardous constituents, and suitability for reuse, material recycling, energy recovery, or composting.
- Performance on the Sustainable Packaging Coalition’s Material Use metrics, such as Material Use to Packaged Product Yield, or Materials Health metrics, such as Toxicants Concentration and/or Toxicants Migration.¹⁸
- Performance on the Global Protocol on Packaging Sustainability 2.0 metrics for Packaging Weight and Optimization, and/or Assessment and Minimization of Substances Hazardous to the Environment.¹⁹

¹⁸ *Sustainable Packaging Indicators and Metrics Framework*, developed by the Sustainable Packaging Coalition®, available online: http://www.sustainablepackaging.org/Uploads/Resources/spc_indicator_metrics_framework.pdf

¹⁹ *Global Protocol on Packaging Sustainability 2.0*, available online at: http://globalpackaging.mycgforum.com/allfiles/GPPS_2.pdf

- .53 The registrant may choose to discuss LCA analysis of its products in the context of its management approach to maximizing product efficiency, including: weight reduction, transportation efficiency, and reduced toxicity. Packaging product efficiency and health should be discussed in terms of Lifecycle Assessments (LCA) functional unit service parameters (i.e. time, extent, and quality of function).²⁰

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²⁰ Functional unit concept is further discussed in the *Global Protocol on Packaging Sustainability 2.0*, available online at: http://globalpackaging.mycforum.com/allfiles/GPPS_2.pdf

Materials Sourcing

Description

Materials sourcing for containers and packaging companies involves the sustainable sourcing practices of raw materials, including recycled and virgin materials. Paper packaging companies are using various third-party certifications, like the Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council (FSC) in an effort to verify the responsible sourcing of virgin wood materials. These third-party certifications are important as companies look for greater Chain-of-Custody certification, which verifies that materials, both virgin and recycled, are from responsible, well-managed forests that do not have negative social and environmental impacts. Companies that implement responsible sourcing efforts into their supply chains may be better insulated from illegal and unethical activities that result in reputational harm to the organization. Companies that are using certifications to meet market demand will be better positioned to expand market share, and to manage changing customer requests and regulations.

Accounting Metrics

RT0204-13. Total wood fiber purchased, percentage from certified sources

- .54 The registrant shall disclose the total weight of wood fiber-based raw materials purchased during the fiscal year.
- .55 The registrant shall disclose the percentage of its wood fiber-based raw materials (on a cost of goods sold [COGS] basis) that are sourced consistent with relevant responsible sourcing standards, where:
- Responsible sourcing is defined as use of procurement policies, decisions, and practices to manage and ensure the attainment of environmental and social objectives by procuring materials with a certified provenance.²¹
 - The scope of responsible sourcing standards includes, but is not limited to, protection of natural resources, fair treatment of workers and community, and resource efficiency.
- .56 The percentage is calculated as the cost of wood fiber-based raw materials that are sourced consistent with responsible sourcing standards, divided by the total cost of wood fiber-based raw materials.
- .57 Responsible sourcing standards for wood-based materials include the following, or equivalent:
- Forest Stewardship Council (FSC) (i.e., FSC 100% label, and FSC Mixed Sources and FSC Recycled labels),
 - Sustainable Forest Initiative (SFI),
 - Programme for the Endorsement of Forest Certification (PEFC).

RT0204-14. Percentage of non-wood raw materials sourced in conformance with responsible sourcing standards

- .58 The registrant shall disclose the percentage of its non-wood-based raw materials (on a COGS basis) that are sourced consistent with relevant responsible sourcing standards, where:

²¹ Adapted from "The Role of Responsible Sourcing in Creating a Sustainable Construction Supply Chain," ISBN: 9789052693958. Available online: http://www.academia.edu/922758/The_Role_of_Responsible_Sourcing_in_Creating_a_Sustainable_Construction_Supply-Chain

- Responsible sourcing is defined as use of procurement policies, decisions, and practices to manage and ensure the attainment of environmental and social objectives by procuring materials with a certified provenance.²²
- The scope of responsible sourcing standards includes, but is not limited to, protection of natural resources, fair treatment of workers and community, and resource efficiency.
- For the purpose of this disclosure, responsible sourcing standards may include industry programs, guidelines, and criteria that address environmental and/or social best practices for containers and packaging products or their constituent materials (e.g. glass, metal, and plastics).
 - A registrant may choose to align with multiple programs for a given product to capture both environmental and social best practices for that product.

.59 The percentage is calculated as the cost of non-wood-based raw materials that are sourced consistent with responsible sourcing standards, divided by the total cost of non-wood-based raw materials.

.60 Responsible sourcing standards for non-wood-based materials include, but are not limited to, the following:

- Aluminum Stewardship Initiative,²³
- BES 6001.²⁴

.61 The registrant shall indicate the sourcing standards to which its products are conformant.

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²² Adapted from “The Role of Responsible Sourcing in Creating a Sustainable Construction Supply Chain,” ISBN: 9789052693958. Available online: http://www.academia.edu/922758/The_Role_of_Responsible_Sourcing_in_Creating_a_Sustainable_Construction_Supply-Chain

²³ The Aluminum Stewardship Initiative standard is currently under development. A draft version is available online at: <http://aluminium-stewardship.org/asi-standard/>. SASB will assess whether to include reference to the ASI standard in SASB’s Provisional standard for the Containers & Packaging industry.

²⁴ BES 6001 is intended for product-level certification of the responsible sourcing of construction materials. While SASB recognizes that containers and packaging products are different from construction materials, overlap exists in the sourcing of key raw materials (e.g. wood/paper, glass, metals, and plastics). For the purpose of this disclosure, alignment with BES 6001 Sections 3.2 and 3.3 shall constitute alignment with a responsible sourcing standard for containers and packaging raw materials.

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