Item 05 – GSSB Project Proposal for an Agriculture Sector Standard

For GSSB discussion

Date 22 January 2019
Meeting 7 February 2019
Project Development of a Sector Standard for the agriculture sector. This is one of three project proposals and one of two pilot sector projects proposed by the Standards Division for the Sector Program.
Description This document sets out the draft project proposal to develop an Agriculture Sector Standard, for GSSB discussion and approval to send to the GRI Board and Stakeholder Council for feedback.
After feedback from the GRI Board and Stakeholder Council has been received and incorporated, the Standards Division will present the proposal to the GSSB for final approval on 7 March 2019, in accordance with the Due Process Protocol.

This document has been prepared by the GRI Standards Division. It is provided as a convenience to observers at meetings of the Global Sustainability Standards Board (GSSB), to assist them in following the Board’s discussion. It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard-setting body of GRI. For more information, visit www.globalreporting.org.
Project background

This project proposal sets out an overview of the objectives and scope for developing an Agriculture Sector Standard. It is submitted to the GSSB for discussion and approval to send for review to the GRI Board and Stakeholder Council. Once feedback from the GRI Board and Stakeholder Council has been considered and incorporated, the proposal will be presented to the GSSB for final approval.

This project proposal is for one of two proposed pilot projects for the Sector Program. This sector project will deliver an Agriculture Sector Standard that identifies and describes the sector’s significant impacts and stakeholder concerns from a sustainable development perspective.

The project follows the Due Process Protocol, the implementation of which will be overseen by the Due Process Oversight Committee (DPOC).

Agriculture

The GRI Standards Division has identified the agriculture sector as a high-priority sector from a sustainable development perspective. The sector is recommended for project prioritization in the GSSB workplan.

**Sector description:** The agriculture sector provides a basic societal need (nutrition) and involves the production of food crops, as well as fishing and the raising of livestock.

**Economic value:** According to the *International Trade in goods statistics 2001-2017* from the International Trade Centre (ITC), world agriculture exports totalled USD 920 Billion in 2017.¹

Rationale for prioritization

Producing a Sector Standard can help agriculture companies understand their role in sustainable development, promoting positive changes in transparency and accountability in the sector. Transparency enables a much-needed discussion on the sustainable future of the sector among a wide array of stakeholders, including companies, investors, civil society, policymakers, academia, the general public, and other stakeholders.

The impacts of the agriculture sector are widely documented by intergovernmental organizations such as the OECD, the Food and Agriculture Organization of the United Nations (UN FAO), the ILO, UN Environment, the UN Development Programme, and the Intergovernmental Panel on Climate Change (IPCC); international financial institutions such as the International Finance Corporation (IFC); civil society organizations such as the World Resources Institute; and academic institutions such as the Stockholm Resilience Centre.²

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Below is a sample of economic, environmental and social impacts that have been documented for the agriculture sector. These are provided to give a first indication of the scope of issues covered by the proposed project. However, as the issues recommended for inclusion within the Agriculture Sector Standard will be determined by a multi-stakeholder process in accordance with the Due Process Protocol, the issues recommended for the Agriculture Sector Standard may diverge from those contained within this project proposal.

**Economic Impacts:** According to the UN FAO, over 2.5 billion people living in rural areas derive their livelihoods from agriculture, and many are below the poverty line. Additionally, the World Bank has stated that in 2017, agriculture accounted for 68 percent of employment in low-income economies. Therefore, local employment, local procurement, training and capacity building, and living wages are relevant issues for the sector. In addition, farmer livelihoods may be negatively affected by government subsidies, market protections, or tariffs.

**Environmental Impacts:** The production of food is resource intensive, with large land and water requirements (representing an estimated 70% of freshwater withdrawals globally in 2014). Additionally, the agriculture sector is the second-largest greenhouse gas emitter after the energy sector, according to ClimateWatch data. The sector’s role in deforestation, land and soil degradation, as well as the impacts of pesticide use, are also significant environmental concerns. According to the International Institute of Sustainable Development (IISD), agriculture is responsible for 70 per cent of projected losses in terrestrial biodiversity. The agriculture sector is also expected to be significantly affected by climate change, which may affect crop yields.

**Social Impacts:** Agriculture provides global nutrition, which is key to eradicate hunger and maintain health. Hunger and malnutrition are contributing factors to poverty, and can also lead to social conflict. The social impacts of agricultural activities include forced and child labor, community displacement, and occupational hazards and illnesses. Additionally, access to nutrition, food safety, the implications of antibiotic resistance from overuse of antibiotics in livestock, and health impacts from agricultural pesticide use are social issues that have been identified as relevant to the sector.

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7 Climatewatch Data, accessed 18 December 2018.


10 See FAO website, Poverty, Agriculture and Rural Development, accessed 18 December 2018.


Sector-relevant reporting initiatives: The agriculture sector is subject to diverse voluntary reporting initiatives, principles and certification schemes, including but not limited to the OECD-FAO Guidance for Responsible Agricultural Supply Chains, the Committee on World Food Security’s Principles for Responsible Investment in Agriculture and Food Systems (the CFS-RAI Principles), the FAO’s Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), the ILO’s Safety and Health in Agriculture Convention C184 and Work in Fishing Convention C188, as well as a broad range of certification schemes affecting individual commodities such as beef, coffee, cocoa, palm oil, tea, bananas, cotton, sugar and soybeans.\textsuperscript{13} The work of these organizations as well as others provides a broad foundation for building a common understanding of the sector’s impacts.

GRI G4 Reports data: Data retrieved from the GRI Reports database on 4 January 2019 indicates that 151 G4 reports from 2014-2017 have been registered from the agriculture sector. GRI's sector program can support these reports and help to encourage new reporters by providing a user-friendly point of entry for agriculture companies to report on their impacts.

Project objectives and scope

Objectives: The primary objectives of this project are to:

- identify and describe the agriculture sector’s significant impacts and stakeholder expectations, from a sustainable development perspective;
- provide evidence and authoritative references for these.

The resulting Sector Standard will provide context and clarity to agriculture companies on issues that are considered material for their sector.

It is anticipated that this project will generate insight during the process itself on the feasibility of developing reporting requirements, recommendations, and/or guidance for the sector. Any additional content on management approaches is to be compatible for organizations to use together with GRI 103: Management Approach.

Issues identified within this project for which no corresponding GRI Standard exists are to be assessed and prioritized by the GSSB for future GRI Standards development.

Responsibilities: A multi-stakeholder Project Working Group will be formed to contribute to the identification and description of significant impacts for the agriculture sector, in accordance with the Due Process Protocol. The Project Working Group will be responsible for developing

recommendations for the Sector Standard, the GRI Standards Division will draft the text, and the GSSB will have oversight and final approval over the Sector Standard before its release.

**Scope:** The Standards Division recommends ‘Agriculture’ as the name for the covered sector and recommends that this sector project include crop production, fishing and the raising of livestock. The sector key shown below in Table 1 links these activities to the external classifications systems GICS, ICB, and ISIC. The Standards Division will seek to recruit Project Working Group members with the appropriate expertise to make recommendations on content for these business activities.

**Table 1: Proposed Sector Key for the Agriculture Sector Project**

<table>
<thead>
<tr>
<th>Classification Standard</th>
<th>Classification No.</th>
<th>Classification Name</th>
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<tbody>
<tr>
<td>GICS</td>
<td>302020</td>
<td>Food Products</td>
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<td>ICB</td>
<td>45102010</td>
<td>Farming, Fishing, Ranching &amp; Plantations</td>
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<td>45102035</td>
<td>Sugar</td>
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<tr>
<td>ISIC</td>
<td>A1</td>
<td>Crop and animal production, hunting and related service activities (excludes tobacco)</td>
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<td></td>
<td>A3</td>
<td>Fishing and aquaculture</td>
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</tbody>
</table>

If during content development the Project Working Group determines that the key needs revision (e.g. it becomes clear that some subgroup of the sector is not covered within content development as expected), the Project Working Group can recommend changes to this sector key for the GSSB’s consideration.

**Next Steps**

Table 2 on the following page summarizes anticipated dates for project milestones. Table 3, which follows, shows the anticipated project timeline. However, scheduling changes may occur over the course of the project, due to approval processes or other circumstances, which may extend the timeline of this sector project.
Table 2: Agriculture Sector Project Milestones

<table>
<thead>
<tr>
<th>Summary Milestones</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>GSSB approval of Sector Pilot Project Proposal and Terms of Reference</td>
<td>7 March 2019</td>
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<tr>
<td>Commencement of Pilot Project: Appointment of Project Working Group</td>
<td>Call for nominations for Project Working Group on 25 March 2019</td>
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<tr>
<td>GSSB approves Project Working Group membership via electronic vote</td>
<td>26 May 2019</td>
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<tr>
<td>GSSB approves draft Sector Standard for public exposure (pilot project)</td>
<td>21 November 2019</td>
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<tr>
<td>Public comment period</td>
<td>9 December 2019 – 8 March 2020</td>
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<tr>
<td>GSSB approves final draft of Sector Standard (pilot project)</td>
<td>June 2020</td>
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Table 3: Estimated Timeline for Agriculture Sector Project

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<tr>
<td>GSSB approves pilot project proposal and terms of reference</td>
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<td>Open call for Project Working Group</td>
<td>25-Mar-19</td>
<td>26-Apr-19</td>
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<td>Recruitment for Project Working Group</td>
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<td>GSSB approval of Project Working Group membership (electronic vote)</td>
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<td>Content development by Project Working Group</td>
<td>1-Jul-19</td>
<td>31-Oct-19</td>
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<td>GSSB approval of exposure draft</td>
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<td>Public comment period</td>
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<td>08-Mar-20</td>
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<td>Analysis of public comments and revision of draft</td>
<td>9-Mar-20</td>
<td>07-Jun-20</td>
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<tr>
<td>GSSB approval of final standard</td>
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The Standards Division invites the GSSB to:

1. provide feedback on the project **objectives and scope**;

2. recommend **organizations or experts** that could be invited to join the Project Working Group;

3. approve this proposal to send to the Board and Stakeholder Council for feedback, or explain what amendments would be needed for this approval.