



# Item 05 – GSSB Project Proposal for an Agriculture Sector Standard

## For GSSB discussion

<b>Date</b>	22 January 2019
<b>Meeting</b>	7 February 2019
<b>Project</b>	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.
<b>Description</b>	<p>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.</p> <p>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 <a href="#">Due Process Protocol</a>.</p>

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](http://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.<sup>1</sup>

## 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.<sup>2</sup>

<sup>1</sup> ITC, [International Trade in goods – Exports 2001-2017](#), accessed 3 January 2019.

<sup>2</sup> OECD/FAO, [The OECD-FAO Guidance for Responsible Agricultural Supply Chains](#), 2016, accessed 16 December 2018; FAO, [Sustainable Food and Agriculture](#), accessed 18 December 2018; ILO [website](#), accessed 18 December 2018; IPCC,

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

38 **Economic Impacts:** According to the UN FAO, over 2.5 billion people living in rural areas derive  
39 their livelihoods from agriculture, and many are below the poverty line.<sup>3</sup> Additionally, the World Bank  
40 has stated that in 2017, agriculture accounted for 68 percent of employment in low-income  
41 economies.<sup>4</sup> Therefore, local employment, local procurement, training and capacity building, and living  
42 wages are relevant issues for the sector. In addition, farmer livelihoods may be negatively affected by  
43 government subsidies, market protections, or tariffs.<sup>5</sup>

44 **Environmental Impacts:** The production of food is resource intensive, with large land and water  
45 requirements (representing an estimated 70% of freshwater withdrawals globally in 2014).<sup>6</sup>  
46 Additionally, the agriculture sector is the second-largest greenhouse gas emitter after the energy  
47 sector, according to ClimateWatch data.<sup>7</sup> The sector's role in deforestation, land and soil degradation,  
48 as well as the impacts of pesticide use, are also significant environmental concerns. According to the  
49 International Institute of Sustainable Development (IISD), agriculture is responsible for 70 per cent of  
50 projected losses in terrestrial biodiversity.<sup>8</sup> The agriculture sector is also expected to be significantly  
51 affected by climate change, which may affect crop yields.<sup>9</sup>

52 **Social Impacts:** Agriculture provides global nutrition, which is key to eradicate hunger and maintain  
53 health. Hunger and malnutrition are contributing factors to poverty, and can also lead to social  
54 conflict.<sup>10</sup> The social impacts of agricultural activities include forced and child labor, community  
55 displacement, and occupational hazards and illnesses.<sup>11</sup> Additionally, access to nutrition, food safety,  
56 the implications of antibiotic resistance from overuse of antibiotics in livestock, and health impacts  
57 from agricultural pesticide use are social issues that have been identified as relevant to the sector.<sup>12</sup>

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[Global Warming of 1.5 C](#), 2018, accessed 18 December 2018; [IFC Industry Sector Guidelines](#), accessed 18 December 2018; World Resource Institute in partnership with the World Bank, UN Environment, UN Development Programme, and French agricultural research agencies CIRAD and INRA, [Creating a sustainable food future](#), 2018, accessed 18 December 2018; Stockholm Resilience Centre website, "[Is feeding nine billion people possible?](#)", accessed 18 December 2018.

<sup>3</sup> See [Statistical Yearbook of the Food and Agriculture Organization of the United Nations and Increasing the Resilience of Agriculture Livelihoods](#), accessed 18 December 2018, and "[Sustainability Pathways: Smallholders and Family Farmers](#)", accessed 18 December 2018.

<sup>4</sup> World Bank Group, [The Changing Nature of Work](#), 2019, p. 99, accessed 18 December 2018.

<sup>5</sup> WTO website, "[Agriculture: fairer markets for farmers](#)," accessed 25 January 2019.

<sup>6</sup> See World Bank Group, the [Data Blog](#), March 2017, with data based on [World Bank Indicators](#), accessed 18 December 2018.

<sup>7</sup> [Climatewatch Data](#), accessed 18 December 2018.

<sup>8</sup> SSI Policy Brief, [Biodiversity: Understanding the potential of agricultural standards for biodiversity protection](#), IISD, December 2018, accessed 18 December 2018.

<sup>9</sup> See IPCC, [AR1: Impacts Assessment of Climate Change, Ch2: Agriculture and forestry](#), 2010, accessed 18 December 2018.

<sup>10</sup> See FAO website, [Poverty, Agriculture and Rural Development](#), accessed 18 December 2018.

<sup>11</sup> See ILO website, "[Child Labor in Agriculture](#)," accessed 18 December 2018; ILO and Walk Free Foundation, [Global Estimates of Modern Slavery](#), 2017, accessed 4 January 2019; and [IFC Industry Sector Guidelines](#), Agribusiness/Food Production, accessed 18 December 2018.

<sup>12</sup> FAO website, [Codex Alimentarius](#) and [Antimicrobial Resistance](#), accessed 18 December 2018.

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

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

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## 74 Project objectives and scope

75 **Objectives:** The primary objectives of this project are to:

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

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

81 It is anticipated that this project will generate insight during the process itself on the feasibility of  
82 developing reporting requirements, recommendations, and/or guidance for the sector. Any additional  
83 content on management approaches is to be compatible for organizations to use together with GRI  
84 *103: Management Approach*.

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

87 **Responsibilities:** A multi-stakeholder Project Working Group will be formed to contribute to the  
88 identification and description of significant impacts for the agriculture sector, in accordance with the  
89 [Due Process Protocol](#). The Project Working Group will be responsible for developing

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<sup>13</sup> OECD/FAO, [The OECD-FAO Guidance for Responsible Agricultural Supply Chains](#), 2016, accessed 16 December 2018; the Committee on World Food Security's [Principles for Responsible Investment in Agriculture and Food Systems](#), 2014, accessed 16 December 2018; [FAO's Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security](#), 2012, accessed 18 December 2018; FAO and WHO, [International Code of Conduct on Pesticide Management](#), 2016, accessed 18 December 2018; ILO, [Safety and Health in Agriculture Convention C184](#), 2001 and [Work in Fishing Convention](#), C188, 2007, accessed 18 December 2018. For information on certifications schemes, see International Trade Centre, FiBL and International Institute for Sustainable Development, [The State of Sustainable Markets 2017](#), 2017, accessed 18 December 2018 and the [Ecolabel Index](#), accessed 18 December 2018.

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

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

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

Classification Standard	Classification No.	Classification Name
GICS	302020	Food Products
ICB	45102010	Farming, Fishing, Ranching & Plantations
	45102035	Sugar
ISIC	A1	Crop and animal production, hunting and related service activities (excludes tobacco)
	A3	Fishing and aquaculture

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

## 103 Next Steps

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

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109 Table 2: Agriculture Sector Project Milestones

Summary Milestones	Due Date
GSSB approval of Sector Pilot Project Proposal and Terms of Reference	7 March 2019
Commencement of Pilot Project: Appointment of Project Working Group	Call for nominations for Project Working Group on 25 March 2019
GSSB approves Project Working Group membership via electronic vote	26 May 2019
GSSB approves draft Sector Standard for public exposure (pilot project)	21 November 2019
Public comment period	9 December 2019 – 8 March 2020
GSSB approves final draft of Sector Standard (pilot project)	June 2020

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111 Table 3: Estimated Timeline for Agriculture Sector Project

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Task Name	Start Date	Completion Date	Days	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
GSSB approves pilot project proposal and terms of reference	07-Mar-19	07-Mar-19	0	◆															
Open call for Project Working Group	25-Mar-19	24-Apr-19	30		■														
Recruitment for Project Working Group	25-Apr-19	16-May-19	21			■													
GSSB approval of Project Working Group membership (electronic vote)	26-May-19	26-May-19	0			◆													
Content development by Project Working Group	1-Jul-19	31-Oct-19	122					■	■	■	■								
GSSB approval of exposure draft	21-Nov-19	21-Nov-19	0									◆							
Public comment period	9-Dec-19	08-Mar-20	90											■	■	■			
Analysis of public comments and revision of draft	9-Mar-20	07-Jun-20	90														■	■	■
GSSB approval of final standard	21-Jun-20	21-Jun-20	0																◆

Discussion document - This document is

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.

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Discussion document - This document does not represent an official position of the GSSB