Global Trends in Sustainable Agriculture

Research Summary for SAI Platform FSA Review

This research summary on Global Trends in Sustainable Agriculture was part of a wider scoping exercise for SAI Platform to serve as a foundation for revising and designing version 3.0 of the FSA Programme and should therefore be seen in that context, acknowledging that some topics had to be prioritised and others excluded.

Climate Change and Agriculture

Agriculture has a pivotal role to play with regards to climate change. On the one hand it is a driver of climate changei, with one quarter of global CO2 emissions caused by agriculture and its linkage to deforestation and land use change (LUC)ii. Additionally, agriculture is the highest contributor of non-CO2 emissions such as methane generated by animal rearing and nitrous oxide emissions.

On the other hand, it is also directly affected by the impacts of climate change, specifically when it comes to more frequent and extended periods of drought and extreme weather scenarios on the increase. This includes general problems with water scarcity in some regions and more frequent and severe flooding in others. It is also expected that the higher temperatures caused by climate change will lead to changes in pests and diseases and the spread of formerly present pests and diseases in the tropics or warmer climates to ever expanding areas further North on the planet. All of this will impact the already vulnerable status of food security and availability of ecosystem services in many parts of the world.

Sustainable Development Goals (SDGs)

The SDGs are increasingly being used as point of reference for international reporting on progress made be it by governments or the private sector. They are seen as a useful common framework to help with implementation of sustainable practises and specifically reporting on progress.

Practical tools such as the SDG Compassiii, which was developed by GRI, the UN Global Compact and the World Business Council for Sustainable Development (WBCSD), have been developed to help the private sector in aligning their strategies with the SDGs.

https://www.un.org/sustainabledevelopment/

In its 2018 report "Business and the SDGs", the WBCSD states that "most companies have taken stock of the SDGs, recognizing the potential to support them in enhancing their license to operate, innovate and grow. 78% of companies have already undertaken efforts to identify priority SDGs for their organization."iv

Human Rights

The UN Guiding Principles on Business and Human Rights (2011) can be seen as 'a game changer' in this debate. They defined the roles and responsibilities of the state and businesses and "have placed rights firmly back onto the corporate social responsibility agenda" (Oxfam)v. Human Rights are now seen as forming strongly part of the business community language and are increasingly used as an umbrella term for multiple 'social issues'.

The term "Salient Human Rights" furthermore describes those that are at risk of the most severe negative impacts through a company's activities or business relationships. Best practice now is to focus on the risks to the rights holders themselves rather than just risks to business, which had been the most common approach to risk around social issues so far.

As a consequence of this increased attention to human rights, there has been a rise in legislation requiring transparency around human rights risks to businesses (e.g. UK Modern Slavery Act) and some actors are already pushing for moving beyond reporting on human rights to a due diligence approach.

Legal challenges are emerging and cases are being brought forward against companies on modern slavery, forced and child labour, and human trafficking, as well as on 'land grabbing'.

NDPE Commitments

The 'NDPE' term was coined by Wilmar on 5 December 2013 when they published their "No Deforestation, No Peat, No Exploitation" policy. Similar policies/commitments came before but had not referred to 'no exploitation'. In 2017, an analysis by Zoological Society of London's (ZSL) Sustainability Policy Transparency Toolkit (SPOTT) found that 23 out of 50 (46%) of the largest palm oil producers and traders had comprehensive commitments to no deforestation, no planting on peatland and 'no exploitation'.

It is also apparent that NDPE policies for the most part have only been applied in the palm oil sector. Although many companies trading in other commodities (e.g. cocoa, soy) have made commitments around no deforestation and social responsibility they have not specifically used the NDPE terminology. Even within companies trading in palm oil and other commodities (e.g. Cargill, Unilever) the terminology of NDPE, in most cases, has been reserved for their policies applying to palm oil. Exceptions to this are ADM, Colgate and Wilmar which apply their NDPE policies to other commodities such as soy and pulp and paper.

However, more and more companies are either setting up separate policies for other commodities or including several key commodities in their commitments and policies.

Responsible/Sustainable Sourcing

There is no single definition of responsible or sustainable sourcing, but it is generally understood to mean sourcing commodities in a way that maximises positive impacts and meets key social, environmental and governance (ESG) expectations defined by impacted communities, environmental and social campaigners, governments, customers, investors, shareholders, and other key stakeholders. These include a range of issues such as respecting human rights, protecting the rights of men and women workers, avoiding or resolving conflicts with local communities, protecting forests and other natural vegetation, maintaining biodiversity, conserving water and minimising greenhouse gas emissions.

Responsible sourcing means buying agricultural and forest commodities that have been produced in a way that meets acceptable levels of environmental and social performance. If these levels of performance are not

yet being achieved, it means working with producers who are committed to progressing towards them.

To do this in practice, first you need to know where the products come from (traceability) and second, you need to ensure that the production in these places – farms, plantations or regions – is responsible.

Proforest is one of the leading providers of Responsible Sourcing services and their approach takes a strategic view in order to achieve positive impacts. Proforest's vision is to achieve 'Sustainable Livelihoods in Sustainable Landscapes', and their approach to responsible sourcing aims to contribute to this 'transformation' agenda.

Proforest Responsible Sourcing Approach

Smallholders

Smallholders play a crucial role in agricultural production, globally, producing about 70 per cent of the world's food[vi]. This includes a significant proportion of the commodity crops that form the bulk of global supply chains for food, fuel and fibre. Smallholder production is essential to national and international supply chains for major commodity crops and brings key livelihood benefits for the smallholders themselves.

However, smallholder production also presents a number of challenges for both the farmers and the companies they supply, including:

- inadequate knowledge of sustainable and efficient production practices
- limited access to responsible/sustainable supply chains
- a lack of affordable finance

https://www.sharp-partnership.org/

As a result, yields can be low, negative environmental impacts significant and income gains limited.

Additionally, it can be challenging for smallholders to meet the emerging responsible/sustainable sourcing and sustainability certification requirements of major buyers making access to these supply chains more difficult for them.

Certification schemes also struggle to include smallholders in their programmes and many have attempted to address this by developing group protocols or group management systems (e.g. RSPO, SAN/RA). However, these systems frequently require highly trained professionals to set up and run the internal control system, internal auditing and general management of related documentation and data for certification.

Many private sector companies now engage in responsible/sustainable sourcing programmes, such as the SHARP partnership's Responsible Sourcing from Smallholders (RSS) programme.

Landscape and Jurisdictional Approaches

Landscape or jurisdictional approaches aim to foster collaboration amongst a range of stakeholders, often across commodities, within a district or state to achieve sustainability objectives at a wide scale. Such initiatives typically bring together governmental bodies with farmers, community groups, companies and NGOs to achieve joint aims. Jurisdictional approaches with a variety of objectives are underway in many regions, including Acre in Brazil, San Martin region in Peru, Sabah in Malaysia, and Central Kalimantan in Indonesia.

Proforest have developed a briefing notevii to help clarify the different approaches commonly termed landscape or jurisdictional approaches. In there they highlight that these generally combine most or all of the following elements:
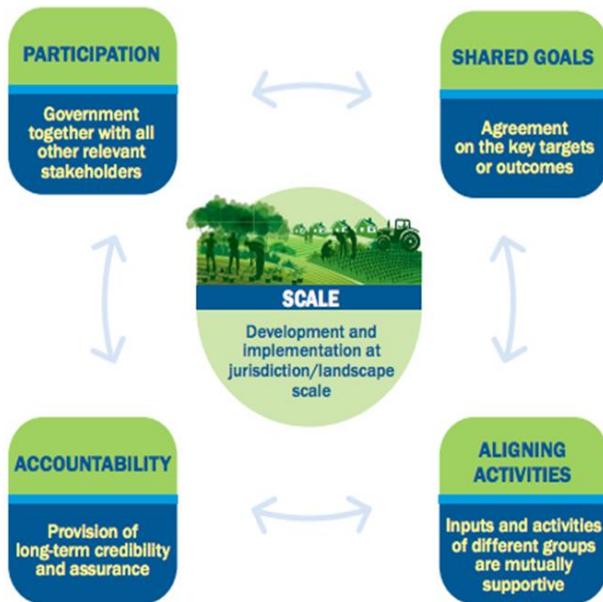
Proforest Landscape Approaches

- Development and implementation at the scale of a jurisdiction (i.e. local or national government) with a focus on the performance of the whole landscape.

- Participation of government together with other stakeholders such as civil society groups, communities, private sector companies and farmers.

- One or more shared goals that support sustainable development (e.g. reducing deforestation, eliminating child labour or supporting smallholders)

- Alignment of the activities and inputs of different stakeholders (e.g. incentives, enforcement and planning) to increase effectiveness.

- Accountability to provide credibility and assurance including long-term governance, monitoring, transparency, communication and verification.

Proforest furthermore state that "Clearly, combining all these elements is not easy. Such approaches are necessarily complex, because they require multiple stakeholders to collaborate in innovative ways to address difficult issues grounded in law, politics, governance, culture and business practice. However, there is a growing consensus that despite the challenges there is huge potential for this more integrated approach to have significant positive impacts."

Impact Reporting

Impact reporting is another element that has received increasing attention over the last years, particularly with regards to demonstrating positive impacts of introducing sustainable practices on the ground for people in agricultural commodity production and environmental protection. Narrating the story of impact is becoming increasingly important for external communication and donors/funders.

Monitoring and Evaluation (M&E) work is seen as a critical component of the implementation of sustainability practices, often faced with the challenge of lack of baseline data on the one hand, as frequently the initial certification or sustainable sourcing process does not gather baseline data of the organisations concerned, and difficulty in linking causes and effects with many parallel initiatives, government policy changes, wider economic impacts, etc also influencing the same actors and processes. Nevertheless, certification organisations in particular are being asked to report on their impacts.

This is reflected by ISEAL Alliance's own Impacts Code and advancement of Theory of Change (ToC) thinking and indeed the collective development of individual ToCs by the ISEAL members.

Standards also increasingly look at outcome monitoring through pre-established Key Performance Indicators (KPIs), collection of specific metrics or efforts to metricate their standards (e.g. RSPOs recent inclusion of a metrics reporting template), and in general wider reporting requirements to gather data on implementation.

Proliferation of transparency and data collection tools

The negative social and environmental impacts of commodity supply chains are increasingly scrutinised in the private sector. The recent and rapid growth in voluntary private sector sustainability standards and initiatives, and related development of responsible sourcing approaches in these sectors is testament to this increased visibility. A key challenge identified is the lack of a fully transparent, uniform and centralised approach for reliable and comparable data about the sustainability performance of companies operating in commodity sectors.

Transparency in supply chains and clear public reporting on commitments and implementation is increasingly seen as a vital step for demonstrating sustainability and responsible sourcing. Many companies also identify sustainability issues as strategically important and publish an increasing amount of information related to environmental, social and governance (ESG) issues. Tools and scorecards to provide and drive greater transparency on the content and implementation of sustainability commitments in commodity sectors are therefore gaining increasing importance to both investors and wider stakeholders.

Overview selection of transparency tools and scorecards

Name	Lead organisation	Launch	Commodity focus
Open access tools			
Corporate Human Rights Benchmark	Corporate Human Rights Benchmark Ltd (research & data: Vigeo Eiris, Business & Human Rights Resource Centre, RepRisk)	2017	Cross-cutting, including agriculture
CDP Global Forests Report	CDP	2013	Timber, Palm oil, Cattle, Soy
The Climate Accountability Scorecard	Union of Concerned Scientists (UCS)	2016	Oil & gas
Scoring Deforestation-Free Beef Commitments and Practices	Union of Concerned Scientists (UCS)	2016	Cattle
Environmental Paper Company Index	WWF	2011	Pulp & Paper
Forest 500	Global Canopy	2014	Timber, Pulp & Paper, Palm, Soy, Cattle/leather
Forest Heroes' Green Cats ranking	Forest Heroes, Climate Advisers	2015	Soy, Palm oil
Oil and Gas Decarbonization Index	Index Initiative	In development	Oil & gas
Responsible Mining Index	Responsible Mining Foundation	2018	Mining
SCRIPT Portfolio Risk Tool	Global Canopy	2018	Palm oil, soy, cattle products, timber products
Seafood Stewardship Index	Index Initiative	In development	Seafood
SPOTT	Zoological Society of London	2014	Palm oil, Timber & Pulp
Supply Change	Forest Trends	2015	Palm, Soy, Timber, Pulp & Paper, Cattle, and 'General' category
Sustainable Agricultural Commodity Index	Index Initiative	In development (target 2019)	Cotton, palm oil, rubber, soybean, and sugarcane (and cocoa, coffee, rice)
Sustainable Cotton Ranking	WWF, Solidaridad and Pesticide Action Network	2016	Cotton
UCS The Climate Accountability Scorecard	Union of Concerned Scientists (UCS)	2016	Oil & gas
WWF Soy Reportcard	WWF	2014	Soy
WWF Timber Scorecard	WWF	2015	Timber
2016 Sustainability Benchmark of Indonesian Palm Oil Growers	Chain Reaction Research	2016	Palm oil

Disclaimer:

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References

[i] http://www.fao.org/3/a-i3671e.pdf

[ii] https://www.wri.org/blog/2014/05/everything-you-need-know-about-agricultural-emissions

[iii] https://sdgcompass.org/

[iv] https://docs.wbcsd.org/2018/07/WBCSD_Business_and_the_SDGs.pdf

[v] https://www-cdn.oxfam.org/s3fs-public/file_attachments/tb-business-human-rights-oxfam-perspective-un-guiding-principles-130613-en_2.pdf

[vi] https://www.sharp-partnership.org/about-sharp/objects/pdfs/P11_SHARP_BN1_web.pdf

[vii] https://www.proforest.net/proforest/en/publications/responsible-sourcing-and-production-briefings/proforest_landscape_approaches_introductionaug2016_web.pdf