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Seeds of change: how will the creation of the International Sustainability Standards Board affect sustainability reporting by agribusiness?

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Abstract

The introduction of new ESG reporting Standards in the form of the International Sustainability Standards Board is a potential route to ending the problem of multiple Standards that has bedevilled ESG reporting since its inception. The ISSB has already issued two draft Standards, one for general reporting and one on climate change. There are however multiple potential issues of conformity with these Standards by agribusinesses, including problems of definition, difficulties of intepretation, and the creation of new Standards specifically focused on the agricultural supply chain. Whilst problems of this kind are not unique to agribusiness, their resolution will require dialogue between agribusinesses themselves and the ISSB.

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Introduction

The International Financial Reporting Standards (IFRS) Foundation has as its objective the development of high-quality, understandable, enforceable and globally accepted Standards for general purpose financial reporting based on clearly articulated principles. For many years, however, international investors with global investment portfolios had been calling for not only financial accounting Standards, but also high quality, transparent, reliable and comparable ESG reporting on climate and other environmental, social and governance (ESG) matters. In response, a number of industry-specific Standards emerged from specialist ESG consultancies.

The main consultancies became known as the 'Big Five' (BDO, 2021):

- *Climate Disclosure Project (CDP)* Founded in 2000, CDP focuses primarily on climate impacts such as carbon emissions, water usage, and deforestation. Reporting entities using the CDP framework are mainly listed, with more than 9,600 entities worldwide disclose their environmental impacts through CDP, which then scores them, making it one of the most widely used reporting frameworks by an increasing number of global investors, some of which, such as BlackRock, require CDP in order to assess climate change and wider environmental risks in their investment portfolios.
- *Climate Disclosure Standards Board* (CDSB). The CDSP, founded in 2007 by the CDP, collects, assesses and discloses information on entities' environmental performance and on their supply chains through specific questionnaires. The CDSB Framework was released in 2015, updated in April 2018 to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and expanded to include social as well environmental, including climate change, information in 2022. CDSP provides a reporting structure, used by 374 entities in 32 countries, but does not specify reporting metrics.
- *Global Reporting Initiative* (GRI). The GRI dates from 1997. The first Guidelines framework was issued in 2000 and the GRI Standards were first published in 2016, continuously updated (GSSB, 2021). GRI is currently the most widely used sustainability Standard, with more than 13,000 entities using it, including over 80 per cent of the world's 250 largest corporations in over 100 countries, The definition of materiality in the GRI Standards an entity's impacts on the environment, on the economy and on people.
- *International Integrated Reporting Council* (IIRC). The IIRC was established in 2010. It published the universal Integrated Framework first in 2013. Principles based, investor-focused and flexible, it is aimed at larger, listed entities, more than 2,500 of which in over 75 countries now report according to the IIRC Framework (IIRC, 2020).
- *Sustainability Accounting Standards Board* (SASB). The SASB was formed in 2011, with the latest editions of SASB Standards dating from 2018. SASB Standards include disclosure topics and metrics across five dimensions of sustainability: Environment, Social capital, Human capital, Business Model and Innovation, and Leadership and Governance. SASB has succeeded in bringing environental and social issues within the scope of materiality (Rissman, 2020:160), this has come at a cost. For example, gender issues are absent from more than ¾ of existing SASB standards, as an issue can be important—and societally and/or environmentally material— but not included in the SASB Standard for a particular industry because, according to the SASB, there is insufficient evidence to support its financial materiality. More than 1,000 entitles report according to SASB Standards, most of them either US-based or listed in the USA.

To these five should be added one more:

- *Task Force on Climate-Related Disclosures* (TCFD). The TCFD dates from 2015, with its recommendations following in 2017. More than 2,000 entities now follow the TCFD recommendations, in over 80 countries. TCFD materiality aims at consistency with other financial reporting, with disclosures being extended to cover governance and risk management. Entities are encouraged to use four reporting pillars: Governance (e.g., board oversight and action plan execution), Strategy (e.g., climate scenario analysis (Huiskamp et al., 2022) and future related impacts), Risk management (e.g., the integration of climate related matters into ERM systems), and finally Metrics and targets (e.g., on progressive greenhouse gas emission reduction).

Sustainability reporting by individual agribusinesses under each Standard has varied. This is explained by two factors. First, because of their voluntary nature and disparate approaches, which are likely to continue, at least with regard to integrated reporting, and even in the EU (Rossignoli et al., 2021:30). Second, because some agribusinesses have been reporting under more than one

Standard and framework – Campbells Soups, for example, reports under no fewer than seven (Campbells Soups, 2022).

In 2020 the IFRS Foundation began the to attempt to reel them in and then knit them together to form one organisation. Their efforts were successful, up to a point On 21 October 2021, the IFRS Constitution was amended to create a new institution, the International Sustainability Standards Board (ISSB), charged with the provision of high-quality, transparent, and comparable sustainability disclosure Standards, intended to be useful to investors and other participants in the world's capital markets in making economic decisions (IFRS, 2021). Its creation was described by leading accountants as the most significant development in ESG Reporting for some time and as a major step towards convergence of the currently fragmented reporting landscape (KPMG, 2021; Ernst & Young, 2021). Not before time, if the prediction that 'Climate change is turning into the most important factor influencing significant decisions regarding capital allocation globally' (Oreshkova, 2023:14) turns out to be correct.

ESG Standard-setting bodies then consolidated into the ISSB, the CDSB in January 2022 and the Value Reporting Foundation (VRF), itself formed following the merger in June 2021 of the SASB and the IIRC later in the year, and which had adopted SASB Standards. The ISSB also enjoys the support of the International Organisation of Securities Organisations (IOSCO), the TCFD and the World Economic Forum (WEF). The Technical Readiness Working Group (TRWG) was created in March 2021 to support the ISSB, with members from these organisations, issued two 'prototype' Standards in November 2021, one on general disclosures (IFRS, 2021a) and the second on specifically climate-based disclosures (IFRS, 2021b). The ISSB intends to progress these prototypes to IFRS Sustainability Disclosure Standards by the end of 2022. It will then be for jurisdictional authorities to decide whether to mandate use of the ISSB's Standards (IFRS, 2022).

The forthcoming publication of actual Standards suggests that the time is opportune to review sustainability reporting opportunities by agribusinesses under existing sustainability Standards, and to examine what the implications of the ISSB may be for their reporting in the future.

Literature Review

The fact that sustainability reporting has become more widespread (Buallay, 2020) has not prevented critical evaluation of individual sustainability Standards. In particular, the adoption by the IIRC of an integrated approach focused on the needs of shareholders has been characterised within the literature as 'regulatory capture' (Flower, 2015; Bridges *et al.*, 2021). Differences between sustainability Standards have been widely remarked upon, both in the academic literature (Bloom, 2020; Eng et al., 2021), and by professional firms (PwC, 2021). The consensus view has emerged that the GRI Standards tend towards being more rigorous, whilst those from SASB have been regarded as more comprehensive, especially given their industry-specific focus (Tóth et al., 2021). The issue of sustainability in the agriculture and food sector has been a global concern for decades (Aigner et al., 2003), later work focusing on CSR initiatives by agribusiness (Luhmann & Theuvsen, 2016) and the ways in which agribusinesses might best report their sustainability profiles (Sachs *et al.*, 2021; Klychova et al., 2019). Studies directed at agribusiness sustainability reporting according to existing standards are however still rare, either detecting undue concentration on environmental reporting in developed countries (Topp-Becker & Ellis, 2017), identifying room for improvement in sustainability awareness elsewhere (Milić, 2021), or warning that voluntary actions and disclosures by companies might not be sufficient to correct the wide range of negative externalities and social costs produced by the agri-food sector (Sodano & Gorgitano, 2017), a conclusion only partially refuted by one more positive recent evaluation of reporting by the agribusiness giant Cargill (Jindřichovská et al., 2021).

It is now widely accepted that the lack of precision arising from the distinction between frameworks and Standards (European Commission, 2021:3), the proliferation of alternative sustainability reporting Standards and associated data management tools (Bose, 2020; together with their uneven adoption worldwide (Sulkowski, 2021), the scarcity of relevant data, the difficulties of measurement, and concerns about mis-labeling and 'greenwashing' (Demekas & Grivas, 2021) has resulted in confusion and has hindered comparability (Godelnik, 2021). The complexity of existing sustainability reporting formats and reported data may also partially explain the lack of consensus regarding the impact of sustainability reporting on financial performance, including for agribusiness (Detre & Gunderson, 2011; Gold & Taib, 2020; Hawaj et al., 2021). These obvious problems, combined with the rising interest on the part of leading investo2rs and other stakeholders in sustainability in countries both developed (Fink, 2022) and developing (Vivid Economics, 2021), and the recognition that financial analysts increasingly rely on integrated reporting to predict earnings per share (Rossignoli et al., 2021) were the underlying motivation behind the ISSB project. The ISSB has already attracted a a raft of broadly supportive commentary, including from the providers of relevant software focused on entity energy management, environmental data and carbon footprint (Perillion, 2019), notwithstanding potential obstacles such as the issue of mandation (Dzinkowski, 2021) and the perennial problem of greenwashing (Tettamanzi et al., 2022).

The ISSB protoype Standards: four key differences of approach

Although the two Standards initally published are clearly identifed as prototypes, they have already been described providing stakeholders and market participants with a good idea on how to report on sustainability-related risks and opportunities (Ernst & Young, 2021). Judging from these prototypes, there are four key differences from the EU/GRI approach, all of them with signficant potential importance for agribusiness.

i. The first key difference is conceptual. Both the European Financial Regulation Action Group (EFRAG), which is developing their corporate sustainability Standards intended to become mandatory across the European Union, and the GSSB which is the the most widely used ESG reporting Standard, and which has conspicuously *not* folded itself into the ISSB, a fact that has been referred to as 'striking' (Stolowy & Paugram, 2023:3), prefer the 'double materiality' approach of impact on investment and society: the EU Taxonomy Regulation and Sustainable Finance Disclosure Regulation have already introduced absolute sustainability measurement (via Technical Screening Criteria and Principal Adverse Indicators, which apply irrespective of their degree of financial materiality (Chiu, 2022). By contrast, both prototype ISSB Standards have been largely derived from the previous work of the SASB, with its focus on materiality only to investors (Jørgensen et al., 2021) together with the four TCFD pillars (IFRS, 2021a). As a result, the ISSB prototypes are primarily focused on enabling investors to make accurate decisions, and not on the wider issue of how a business should be independently judged from each perspective (Godelnik, 2021). Other jurisdictional mandations, such as the USA (Peirce, 2021), Canada (CSA, 2021) and China (Minas, 2021) may respectively reject, follow either of these two approaches or even use language that does not explicitly separate the two.
   This difference in approach, which was identifed well before the formation of the ISSB itself (Guillot, 2020) may now reflect in differences in future ISSB Standards themselves. For without actually defining sustainability itself, the prototype general Standard divides the categories of sustainability impact into three broad categories: those that will affect people, the environment and on the economy, those more narrowly that that are risks to the value, timing, and certainty of future cashflows, and finally those that have already been included in the financial statements. The ISSB general Standard is explicit that 'Sustainability matters that do not affect the reporting entity's enterprise value are outside the scope of general-purpose financial reporting' (IFRS, 2021a). Reporting under ISSB may therefore be expected to include only that information about the entity's impacts on society and the environment which can reasonably be expected materially to affect its future cash flows. 'Dynamic materiality', possible future impact on value to investors (Klein & van der Enden, 2021), may be expected to be too broad to be included. The two examples

provided by the prototype, that of changes within the supply chain and the impact of a carbon emissions tax, are both illustrations of the need for reporting under ISSB to be linked to financially relevant outcomes, in the former case the potential or actual impact on its production costs and R&D expenditure, and in the latter case to restructuring expenditure and labour force provisions. This reverses the original purpose of ESG Standards, which set out to be an*independent* measure of each category, however much investors may have increasingly paid attention to them. The difference is reflected in reporting process: whereas legacy ESG reporting Standards were reported on separately, often in independent ESG reports, the ISSB has already used the logic that, because financial and sustainability information is interrelated, future sustainability reporting under the ISSB will be interlaced with financial reporting, possibly 'positioned in the relevant sections of a general-purpose financial report' (IFRS, 2021a).

ii. The second potential difference, which flows from the first, is the question of scope. The ISSB prototype proclaims that 'climate, labour practices, human rights and community relations, water and biodiversity' (IFRS, 2021a) are the issues that are the most significant sustainability concerns that investors and other providers of capital currently believe bear on enterprise value. It has already been suggested that the introduction of the ISSB will 'facilitate a significant upsurge in corporate biodiversity commitments in coming years' (Stephenson & Walls, 2022:10). However, although this seems *prima facie* a reasonable assertion, there is no explanation included in either the prototype Standards or any associated documentation as to how this conclusion was reached, nor any methodology as to how the ISSB will determine which sustainability matters will affect enterprise value in the future. The responsibility for determining the connection between sustainability issues and enterprise value has therefore been explicitly devolved upon individual entities (IFRS, 2021a).

   Agribusinesses will probably find some sustainability issues easier to resolve and disclose upon than others. The relative level of difficulty associated with developing climate compared with governance and especially social Standards can be judged from the fact that convergence between the CDSB, SASB and TCFD commenced as early as 2017, with agreement on joint Standards achieved by 2020. On social Standards, by contrast, the the TCFD do not produce any, the CDSB only produced social Standards right at the end of its independent existence (CDSB, 2021), whilst the SASB Standards remained unintegrated with those of the IIRC until the organisations merged, let alone with any other set of social goals, such as the Sustainable Development Goals of the United Nations Development Programme (UNDP, 2022), themselves often used as the basis for entities to construct independent policies of disclosure. The social disclosure example provided within the prototype general Standard, that of child labour (IFRS, 2021a), is one there is obvious universal agreement, but it is noteworthy that gender equality was not selected as an example of sustainability risk in the prototype general Standard, which makes no mention of women at all; LGBTQIA+ rights are equally obvious by their omission. Theoretically therefore, and in the absence of their inclusion as part of ISSB Standards, diametrically opposite cultural perspectives on the part of investors could even result in entities reporting mirror images of their material risks to enterprise value.

iii. The third difference is of extent and boundary. There are two different potential dimensions along which Standards can be created – by theme and by industry – and the ISSB has declared its intention to pursue both avenues *concurrently* (IFRS, 2021a). It is not yet clear how the two dimensions will interact in agribusiness sustainability reporting any more than in other sector. The Climate Prototype foresees additional industry-specific climate metrics for companies to report on. Appendix B of the ISSB's Climate Prototype provides a summary of proposed industry-based reporting requirements. It includes multiple requirements specifically identified for each industry, for example for retailers, risks associated with greenhouse gas emissions arising out of third-party transportation and distribution services purchased (IFRS, 2021b), So far as agribusiness is concerned, the Technical Protocols Supplement (IFRS 2021c) has adopted the SASB division of the industry into 'Agricultural Products', covering entities engaged engaged in processing, trading, and distributing vegetables and fruits, and producing and milling agricultural commodities such as grains, sugar, consumable oils, maize, soybeans, and animal feed, all at both wholesale and retail level (IFRS 2021c:152), Alcoholic Beverages, Food Retailers & Distributors, Meat, Poultry & Dairy, Non-Alcoholic Beverages, Processed Foods and Restaurant industries.

   The ISSB has left the door open for the provision of additional information, revolving around changes to business model or strategy in response to the potential eventuation of sustainability risks, but this will again be at the discretion of the reporting entity. The ISSB has also recognised the possibility that sustainability impacts on suppliers will affect enterprise value, but this is again left to the reporting entity to determine.

iv. The fourth, and possibly most important, difference is in reporting format. The IFRS has already established that the principles of integrated reporting will be used to link IFRS financial statements with ISSB sustainability Standards, potentially rendering ISSB Standards to the same criticism of regulatory capture as the IIRC framework from which they are being derived (Bridges et al., 2021). The climate prototype calls for narrative disclosure of matters such as 'board skills and competencies to govern and manage strategies designed to respond to climate-related risks and opportunities' (IFRS, 2021a). It also suggests more specific disclosures on items such as greenhouse gas emissions, the current internal carbon price an entity uses or the range of prices used for assessing climate risks and making investment and strategic decisions, as well as calling for the development by the entity of other metrics reflecting the impact of climate-related risks and opportunities on the entity's financial performance.

SASB vs ISSB Standards for agribusiness

The scope of the agricultural products industry as defined within the SASB Agricultural Products Standard (SASB, 2018), which follows the Sustainable Industry Classification System (SICS) comes very close to the original 'farm to fork' definition of agribusiness (Davis & Goldberg, 1957), with the caveat that in including distribution at the wholesale level, but not retail, supermarkets are not within its scope.

Direct comparison between the SASB 2018 Agricultural Products reporting Standard and that of the ISSB reveals their identicality so far as climate disclosures are concerned – even the codes are the same, which makes the SASB Standards a logical starting point for the investigation of what is to change. The SASB Standards disclosures ask organisations to report on topics such as the amount of crop yields/lost, percentage of agricultural raw materials certified to third-party environmental/social Standards, amount of pesticide consumption by hazard level, and volume of wastewater reused/discharged to the environment. So far as the majority of climate disclosures are concerned, the ISSB prototype and the SASB Standard are entirely congruent.

Table 1. Agricultural Products: conformity of Sustainability Disclosure Topics and Accounting Metrics between SASB and ISSB prototype Climate Standards

Topic	Accounting Metric	Category	Measure
Greenhouse Gas Emissions	Gross Global 1 Scope Emissions	Quantitative	Metric tonnes (t) CO_2-e
	Discussion 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
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)
Energy Management	1. Operational energy consumed, 2. percentage grid electricity, 3. percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)
Water Management	1.Total water withdrawn, 2.total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m^3), Percentage (%)
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a
	Number of incidents of non-compliance associated with water quantity and/or quality permits, Standards, and regulations	Quantitative	Number
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	n/a
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost

(Source: SASB, 2018:6-7)

Table 2. Agricultural Products: conformity of Activity Metrics between SASB and ISSB prototype Climate Standards

Activity Metric	Category	Unit of Measure
Production by principal crop	Quantitative	Metric tons (t)
Number of processing facilities	Quantitative	Number
Total land area under active production	Quantitative	Hectares
Cost of agricultural products sourced externally	Quantitative	Reporting currency

(Source: SASB, 2018:7)

However, the Land Use and Ecological Impacts, Climate Change Impacts on Crop Yields, and Environmental and Social Impacts of Ingredient Supply Chains material issues identified by SASB are examples where SASB takes a more comprehensive approach to reporting for the Agricultural industry's specific issues than does the proposed ISSB Standard. Given its limited remit, however, the Technical Protocols Supplement omits social and governance reporting of SASB. SASB Standards also cover Food Safety and Health Concerns as it relates to the number of recalls issued and strategies used to manage genetically modified organisms (GMOs) and Fair Labor Practices and Workplace Health and Safety (as it pertains to whether farms are certified for fair labor practices, the data on injury rates, and how to assess, monitor and reduce exposure of employees to pesticides).

Table 3. Agricultural Products: non-conformity between SASB and ISSB prototype Climate Standards – SASB metrics not included in ISSB

Topic	Accounting Metric	Category	Measure
Food Safety	Global Food Safety Initiative (GFSI) audit 1.non-conformance rate and 2.associated corrective action rare for a.major and b.minor non-conformances	Quantitative	Rate
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GSFI) recognised food safety certification programme	Quantitative	Percentage (%) by cost
	1.Number of recalls issues and 2.total amount of food product recalled	Quantitative	Number, metric tons (t)
Workforce Health & Safety	2.Total recordable incident rate (TIRR) 2.fatality rate, and 3.near miss frequency rate (NMFR) for a.direct employees and b.seasonal and migrant employees	Quantitative	Rate
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	Quantitative	Percentage (%) by cost
	Suppliers' social and environmental responsibility audit 1.non-conformance rate and 2.associated corrective action rate for a.major and b.minor non-conformances	Quantitative	Rate
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	Discussion and Analysis	n/a
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	n/a

(Source: SASB 2018:6-7)

Food safety, workforce health and safety, the environmental aspects of the supply chain and GMO crops: these are major omissions. It now remains to be seen to what extent either the general provisions of ISSB or the specific agricultural products industry standard reintroduce any, or all, of the provisions SASB has included, or even some that it has itself omitted – for example, the SASB Standards for Agricultural Products (SASB, 2018), and even those for the Food & Beverage industry (SASB, 2018a) do not incorporate gender issues, although both industries employ many low-wage workers, including women and minorities, a fact explicitly recognised by SASB in relation to F&B.

Additions from other Standards

i. CDSB. CDSB themselves have observed that 'The CDSB Framework and technical guidance on Climate, Water, Biodiversity and Social disclosures will remain useful for companies until such time as the ISSB issues its IFRS Sustainability Disclosure Standards on such topics;' (CDSB, 2022).
ii. CDP. As CDP does not itself publish metrics, there are no specific additional points to be added from CDP guidance.
iii. GRI. With its move towards a sharper focus on industry sectors (GSSB, 2020), and as a result of a project launched in 2019, however, there is now a draft Standard for agriculture and fisheries (GSSB, 2021a) and a proposal to develop one for the food sector (GSSB, 2021b). Taken together, these documents would indicate that in addition to the existing proposals, the following issues may be considered for inclusion in reporting by agribusinesses:

- Disclosure of energy intensity, use of renewable energy sources, and reductions in energy requirements of products and services sold during the reporting period (GSSB 2021a).
- Biodiversity reporting, natural ecosystem conversion, soil health, pesticide use, animal health and welfare. There have already been suggestions made as to how ISSB may incorporate these issues, for example in regard to soil health (Pawsey *et al.*, 2022).
- Potential social reporting, covering the same ground as SASB in relation to health and safety, but also taking an active position on labour relations, including freedom of association, a living wage and collective bargaining.
- Reporting on land and resource rights, including the rights of indigenous peoples, non-discrimination and equal opportunity, and a strong position against child, forced or compulsory labour.
- Measures taken against corruption and anti-competitive behaviour and a position on public policy and lobbying

None of these would be impossible for agribusinesses to report on, but in the absence of requirements under ISSB or mandation by local jurisdictions, they will not have incentives to do so.

iv. TCFD. The TCFD published disclosure metrics for agriculture in its implementation proposals (TCFD, 2017), which have subsequently been updated (TCFD, 2021). The original proposals included illustrative examples of disclosure metrics for agriculture, food and forest products. The two principal additions that could have been added from the Appendix in which these featured to the ISSB prototype Standard are:

- Revenues/savings from investments in low-carbon alternatives and expenditure on low carbon/water alternatives. The emphasis of the ISSB prototype is on output measures, which as they refer only to the current reporting period, may fail to capture investment disparities and therefore changes in future risks and value. Agribusinesses could make projections of this kind, although determination of future revenues or savings would always be subject to variations in forecast accuracy.
- Introduction of the distinction between mechanical and non-mechanical emissions sources, focusing on GHG emissions from machinery and energy use by comparison to changes in carbon stocks as a result of agricultural land use. The ISSB prototype does not make this distinction, but agribusinesses would be able to report under this heading if they themselves used agricultural land.
- TCFD recommends disclosure of governance arrangements surrounding climate risks, including whether there is board level level of responsibility for climate-related matters.

The amended TCFD disclosure metrics, which removed the Appendix that contained these two points, did however concur with GRI and proposed EU disclosure in advocating the disclosure of:

- Scope 1 and 2 GHG emissions independent of, and Scope Scope 3 GHG emissions subject to, a materiality assessment (TCFD, 2021:5; EFRAG, 2021:10; GSSB 2021:14).
- The results of climate change-related scenarios in terms of the resilience of the entity's strategy (TCFD, 2021:4; EFRAG, 2021:14), and the risks and opportunities that have the potential to generate substantive changes in operations, revenue, or expenditure (GSSB 2021:18). Agribusinesses reporting under this Framework should conduct what are effectively climate-related stress tests on their key financial metrics.

v. EFRAG. EFRAG's climate standard prototype is substantially based on TCFD, the main difference being in its mandatory application, but there are some additional reporting aspects:

- The use of internal carbon pricing systems and incentives for compensation based around climate targets (EFRAG, 2021:23). Both of these reporting obligations are very EU-focused – as yet, agribusinesses outside the EU do not generally report on them, as they do not have either of these internal sustainability functions.
- The proportion of product mix aligned towards climate related opportunities (EFRAG, 2021:54). Agribusinesses may find it difficult to determine which of their products are thus aligned, although there are certainly possible frameworks that they could use, e.g.

All of the omissions from the ISSB prototypes that feature in other Standards represent potentially material sources of information to investors and to stakeholders more widely. Their absence from the ISSB prototype illustrates the likelihood that despite the commitment of the VRF to the ISSB project, the adoption of universal Standards may not come without risk to comprehensiveness. However, this risk should not be exaggerated: ISSB industry Standards have not yet even been issued, the ISSB will remain open to making changes in the future, and the option for reporting entities to continue to make extra voluntary disclosures will remain.

Conclusions

With the creation of the ISSB and the gradual introduction of mandatory reporting Standards of jurisdictions worldwide, the current disparate range of existing sustainability reporting Standards will be gradually replaced by at least a facsimile of reporting uniformity, derived from a mixture of the ISSB and local requirements.

A likely positive consequence is that the wider potential institutional reach of ISSB Standards than their predecessors will result in more agribusinesses worldwide being drawn into sustainability reporting than hitherto, and with more effective tools at their disposal. This in turn may facilitate the corporate investment in sustainability initiatives. Less positively, although there will still be quantitative reporting of environmental targets, which for those agribusinesses that have not yet adopted sustainability targets will be potentially onerous in terms of data collection, it already appears that the focus on quantitative environmental targets will not be matched by a similar set of quantitative targets either for potentially conflicting social or even for governance reporting. As a result, for those agribusinesses that already report under sustainability Standards, the distance between the new ISSB reporting Standards and the Standards they will be replacing, mainly SASB and GSSB is less than for other industries, and agribusiness preparation for ISSB Standards is therefore likely to concentrate on environmental reporting. By contrast, where they are not included in local reporting requirements, social and governance issues are likely to be swept up in narrative accounts within the existing financial reporting structure.

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