The impact of the ESG companies report on the agriculture activity & sustainability

Author: Marques da Silva, J. R.[ab*]

[a] *UNIVERSITY of ÉVORA / MED / CHANGE, Évora, Portugal, jmsilva@uevora.pt*

[b] *Agroinsider Lda, Évora, Portugal, rafael@agroinsider.com*

Keyword(s): keywords list (Arial font – 10 point size)

Abstract

ESG is all about making a difference: to the planet, to your people and to your organization. So, what is it, and how is it important to any economic activity such as agriculture?
ESG stands for **E**nvironmental, **S**ocial, and **G**overnance. It encapsulates several standards that measure how an organisation's activities contribute to sustainable, viable development, and how that organisation minimises its negative impacts on the planet, its people, and itself.

ESG is also known as the non-financial report that the largest European companies will be required to include in their annual reports starting in 2024. This practice has already been adopted by various companies globally for several years. Gradually, by 2026, it is estimated that 54,000 companies in Europe will be mandated to present this type of non-financial report, with well-defined obligations and specific characteristics. One of the requirements of ESG reporting is to monitor the value chain to understand the upstream and downstream ESG footprints of the company's activities.

Companies that are not yet required to publish this type of annual report are already anticipating this new standard within their operations, as they recognize that ESG indicators (**Environment**: Climate change, Ecological footprint, Resource use; **Social**: Health & Safety, Customer responsibility, Community impact, Labour standards; **Governance**: Risk management, Tax transparency, Anti-corruption) will influence the cost of bank credit, making it cheaper or more expensive depending on the company's scores in these three areas.

Agricultural companies are not required to submit their ESG reports. However, their value chain, specifically distribution, needs to consult their suppliers, requiring a set of data that agricultural companies will need to start providing if they wish to remain operational in the market.

The question remains: What type of data will be most requested from agricultural companies by their value chain, and what is the relative value of this data for their business?