Viewpoint: Are ESG — environmental, social and governance — goals the next step in corporate citizenship or an activist imposition?

Corporate ESG (Environmental, Social and Governance) performance measurements have recently polarised the business community. Many see it as the next evolutionary step in corporate citizenship after product stewardship and Corporate Social Responsibility while others see it as an activist imposition of certain subjective concepts of sustainability encouraged by consultants and investment fund managers.

Certain critical attacks in the investment world, legal challenges and a political backlash in the U.S. have slowed the growth of ESG as a corporate game-changer. But while the recent backtracking by American investment firms would suggest that ESG has passed its moment, this year the European Commission’s Corporate Sustainability Reporting Directive (CSRD) has come into effect, demanding that every company of a certain size comply to report on the

*Social and environmental risks they face, and on how their activities impact people and the environment*

This process though is not just a tick-box table that a company needs to fulfil or a series of checks to ensure their labs are safe. If that is how CSRD is interpreted in a seed company, then the organisation is not very forward-looking and will likely not do well long-term.

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**The ESG chain**

In an integrated food chain, a demand to create a more sustainable food and agriculture system will ultimately come back to the seed. Food manufacturers and processors are going through their ESG reporting process and are quick to conclude that they can be more sustainable if they “source more responsibly”, i.e., pass the responsibility for reducing the environmental impact of the food they process, package, and distribute upon the farmers who grow them.

To earn ESG points then, the downstream users are imposing restrictions up the food chain, upon the farmer (fewer pesticides, reduced fertilisers, water management, regenerative techniques…). Of course, food companies are also demanding that farmers grow abundant quality food at prices they are willing to pay them. Earlier this year, I spoke to farmers struggling to meet a major food manufacturer’s demand to be supplied with no-till potatoes (an agricultural technique that would offer them more ESG points). It should come as no surprise that many farmers don’t care too much for corporate bean counters and their ideas of sustainability.
This trend of imposing sustainability demands up the value chain, to the source of production, is not only an agri-food phenomenon. It is also being imposed, for example, on the production processes in the textile, IT, and automotive sectors. After decades of global supply-chain cost-cutting demands that have created social and environmental pressures and compromises on suppliers, downstream users are now insisting this chain become more sustainable. But unlike an offshore textile factory or a chemical converter, a farmer only has so much room and budget for innovation and automation.

This creates a problem, a challenge, and an opportunity: How can we have more sustainable food that is still sufficient and at a reasonable cost (to the consumer, the farmer and the environment)?

**Seeding sustainability**

Many people with offices in high buildings are calling for an “urgent transition” to a more sustainable food system and are guiding ESG measurement tools toward this objective. The European Commission itself has presented its Farm2Fork strategy within its Green Deal legislation within such ambitions. But in arbitrarily restricting crop protection tools, in reducing fertiliser inputs and prioritising organic farming, the regulators have realised the yield problem they will be creating.

To avoid a major agricultural yield decline following the implementation of Farm2Fork, the European Commission suddenly fast-tracked regulatory support for new genomic techniques (NGTs). To transition to this more sustainable food system, they realised the need for better seeds. The European Commission acknowledges that NGTs “allow precise and efficient development of improved plant varieties that can be climate resilient, pest resistant, require less fertilisers and pesticides, or ensure higher yields.”

Every food company and processor who are themselves striving for a more sustainable food supply chain should understand that farmers would be unable to comply without better seeds. Like the European Commission, that was rather slow to the party, the food chain needs to be aware that farmers cannot meet such demands without better seed technologies.

Seed breeders need to step up and engage in the discussion and meet the challenges of a transition to a more sustainable food system that the ESG framework is imposing. Rather than food companies putting unrealistic pressure on farmers, they should be speaking with agronomists and seed breeders to understand what is presently possible and where opportunities for innovations exist.

I once asked a group of seed researchers how often they spoke with food processors, companies, and retailers… and they just smiled. But these researchers are the ones who can provide the sustainable solutions the food industry is demanding. ESG is an opportunity for the entire food chain, but it starts with the seed.

The next time people in your organisation roll their eyes about another ESG or CSRD requirement, remind them that the seed industry holds the key to a more sustainable food system.
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