Welcome

Dear Reader,

2017 marked 15 years of the ISEAL Alliance. We have seen tremendous growth in the use of sustainability standards as partners in implementing sustainable development practices during this period. 15 years ago I couldn’t have imagined that today sustainability standards would be fully mainstream and impacting sectors from agriculture and forestry to mining, water and sport.

Over the last year, we have deepened our engagement and commitment to the Sustainable Development Goals (SDGs). Complex sustainability challenges such as deforestation, forced labour and rural poverty require an ambitious and collective response. ISEAL members are addressing these and other challenges by working in collaboration with businesses, governments and NGOs, and innovating new approaches.

A new report published in 2017 by WWF and ISEAL, ‘SDGs mean business: How credible standards can help companies deliver the 2030 Agenda’, illustrates how sustainability standards can help businesses to scale up their practices and contribute to transforming sectors. As companies assess their progress towards the 2030 Agenda, they should be encouraged by the prospect of reputational and business benefits that standards bring, as highlighted in a recent AidEnvironment report.

We are harnessing the collective impact of standards and supporting them to work in collaboration on joint projects from living wage to living income, pesticide reduction and other global challenges. These innovative partnerships illustrate the strong convening power of ISEAL, its members and partners.

As ISEAL members explore new models to achieve their goals, new technologies offer opportunities unimaginable 15 years ago. Through our work on innovations, standards organisations are becoming more data driven and results-focused, and look to a future where they provide a near real-time understanding of performance and risk.

We continue to see a global growth in the use of sustainability standards. Our Global Sustainability Standards Symposium in Jakarta was opened by the Minister of Industry and attracted more than 230 participants from a range of backgrounds. This gives us hope that the future is one where the global community comes together on sustainable development.

I would like to thank our members, Board, funding partners and community for their commitments and contributions to what we have all achieved. I look forward to our work together over the next 15 years.

KARIN KREIDER, EXECUTIVE DIRECTOR

ISEAL represents the global movement of sustainability standards.

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The way that sustainability is being assured is changing dramatically. Many sustainability standards are looking beyond a framework that solely enables them to assess performance. They are now implementing continual improvement approaches that reward improved performance over time, capturing data to improve the effectiveness of their systems and to share performance information with clients, and providing technical advice and support to improve practices.

In 2017 we called on our stakeholders to share their views as part of a consultation on how the ISEAL Assurance Code needs to evolve to reflect this new reality. Fundamental to the consultation was looking at assurance as a process that can provide greater accessibility and tangible value to clients beyond compliance assessments. The result was a strengthened Assurance Code reflecting innovations to increase both the effectiveness of assurance and the value provided to stakeholders.
Business, standards and the SDGs
Supporting business growth and critical industries through the SDGs

What role does the private sector have in realising the Sustainable Development Goals (SDGs)? In 2017, ISEAL and the World Wide Fund for Nature (WWF) published a report that urges companies to look at the sustainability of their supply chains to answer this question.

The report ‘SDGs mean business: How credible standards can help companies deliver the 2030 Agenda’ explores how credible voluntary standards can be used as business tools to deliver on the SDGs. It illustrates how credible standards are the building blocks of market transformation processes, which are needed to move the needle on the ambitious 2030 agenda. To do so, credible standards systems and their partners are increasingly developing capacity-building programmes and partnerships to improve their standards’ accessibility in challenging contexts. This means enabling small businesses and smallholders to implement better practices and access high-value markets.

Ultimately, the report suggests that putting the SDGs at the core of the world’s economic strategy could drive major development in growth and productivity. Businesses that are already working towards the SDGs are seeing advantages, from expanding into new markets to eliminating risks from their operations.

A snapshot of ISEAL members’ contributions to the SDGs

The SDGs means business report is accompanied by three infographics, which illustrate how the adoption of sustainability standards can contribute towards achieving SDGs 2, 6, 7 and 8. Examples included range from statistics highlighting the boost in farm productivity as a result of certification, to examples of how sustainability standards uphold core labour rights, help to improve workers’ safety and wellbeing at certified sites and promote industrial dialogue.

Read the full report and infographics on www.standardsimpacts.org

"Sustainability standards are a key tool in market transformation and its contribution to the SDGs. Credible standards provide guidance on what better production... looks like in a concrete and practical way."

WWF / ISEAL REPORT, SDGS MEAN BUSINESS: HOW CREDIBLE STANDARDS CAN HELP COMPANIES DELIVER THE 2030 AGENDA

What are the benefits for businesses in meeting their sourcing commitments?

With shifting trading, geopolitical and environmental landscapes, businesses face a challenge in meeting their sustainable sourcing commitments. To help them implement their sustainable sourcing policies many companies rely on sustainability standards.

In 2017, ISEAL published a report by AidEnvironment, which offers a comprehensive review and synthesis of existing literature and evidence of the benefits businesses derive from using credible sustainability standards. The report identifies a range of benefits from marketing related to procurement, stakeholder engagement and sector-wide cooperation.

The report goes on to note that as the use of sustainability standards become more established, more business benefits materialise which improve the financial return on investment. Sources refer most frequently to the benefits of improved reputation (cited in 60% of the studies) which translates into improved credibility, increased brand value, a license to operate, and higher trust by customers and consumers in a company. Other benefits identified are improved profitability (53%), cost reduction (30%), growth in production (30%), improved supply security (23%), enabling policy context (15%) and a level playing field (10%).

40 studies analysed to identify what benefits businesses gain from using sustainability standards and the related influential factors across four sectors: agriculture, fisheries, mining and forestry.

85% improved market access

Read the full report and infographic www.standardsimpacts.org
Innovations Fund

One way ISEAL supports its members with innovation is through its Innovations Fund. ISEAL members can apply for funding to test innovations practices and products aimed at improving the effectiveness and accessibility of their systems. In 2017 we rolled out our first grants to members and to date the fund has awarded 13 grants to eight members valued at €817,000. Projects range from an online platform dedicated to real-time audit data management to a mobile app that shares pesticide information.

Continual improvement

Many of the Innovation Fund grants resonate with the work we have been doing around impacts and our broader innovations programme. Our work on continual improvement is helping us to understand how standards are adjusting to meet the needs of smallholders and deepening our understanding of what those needs are. As part of this agenda, we commissioned research into outcome-based standards and hosted workshops with members to investigate themes such as risk-based assurance and incentives for improvement at the enterprise level.
Members

Achieving ISEAL membership is a considerable accomplishment for a standards system and consists of a learning pathway and checks against ISEAL’s Codes of Good Practice. By committing to the process, organisations dedicate themselves to continuous improvement and to developing well-functioning systems that embrace credibility.

Some ISEAL members promote high-performance standards that push the leading edge of sustainable practices. Other ISEAL members opt to focus on incremental changes that can more quickly be adopted by a large proportion of a given sector. Here ISEAL believes that a “lifting the floor” approach can be credible provided a strong emphasis is placed on the need for continual improvement.

"Textile Exchange strengthened its standards management systems by using the ISEAL Codes of Good Practice as a guiding star. Joining ISEAL as an Associate Member has now driven and supported Textile Exchange to tackle the more difficult issues challenging scheme owners."  
LEE TYLER, SENIOR MANAGER OF STANDARDS ASSURANCE, TEXTILE EXCHANGE

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As of 31 December 2017 - audited with comparative totals for financial year 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td><strong>Income (in Euros)</strong></td>
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<tr>
<td>Membership and Community</td>
<td>943,000</td>
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<td>Government</td>
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<td>Foundation</td>
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<td>Corporate</td>
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<tr>
<td><strong>Total income</strong></td>
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<tr>
<td><strong>Expenses</strong></td>
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<td></td>
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<tr>
<td>Effectiveness, Credibility and Learning Programme</td>
<td>670,000</td>
<td>910,000</td>
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<td>Impacts Programme</td>
<td>560,000</td>
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<td>Adoption Programme</td>
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<td>Innovations Fund</td>
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<td>Global Living Wage Coalition</td>
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<td><strong>Organisation</strong></td>
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<td>› Communications and Development</td>
<td>189,000</td>
<td>178,000</td>
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<tr>
<td>› Finance, Operations and Governance</td>
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<td><strong>Overhead</strong></td>
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<td><strong>Total expenses</strong></td>
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<td><strong>Surplus</strong></td>
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<td><strong>Reserves at start of year</strong></td>
<td>476,000</td>
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<tr>
<td><strong>Reserves at end of year</strong></td>
<td>581,000</td>
<td>702,000</td>
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</tbody>
</table>

Financials
## Financials

### Funding partners

In addition to our members’ financial and in-kind contributions, ISEAL also received generous support in 2017 from the following institutions:

- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
- European Forestry Institute (EFI)
- Ford Foundation
- Bananera Internacional Fyffes Costa Rica
- Germany Federal Ministry for Economic Development and Cooperation (BMZ)
- Global Environment Facility
- IDH The Sustainable Trade Initiative
- IEA
- Ing槌ler
- Marks and Spencer
- Government of the Netherlands Ministry of Foreign Affairs, Directorate-General for International Cooperation (DGIS)
- Precious Woods
- State Secretariat for Economic Affairs, Switzerland (SECO)
- Svenska Cellulosa Aktiebolaget (SCA)
- Tesco
- Tetra Pak
- The David and Lucile Packard Foundation
- The Walton Family Foundation
- UK Department for International Development (DFID)
- United Nations Environment Programme
- World Wide Fund for Nature (WWF)

### Expenses

- Effectiveness, Credibility and Learning Programme
- Impacts Programme
- Adoption Programme
- Innovation Fund
- Global Living Wage Coalition
- Communications and Development
- Finance, Operations and Governance
- Overhead

### Income

- Membership and Community
- Government
- Foundation
- Corporate

Expenses and Income broke down as follows:

- Overhead: 11%
- Adoption Programme: 18%
- Innovation Fund: 23%
- Global Living Wage Coalition: 15%
- Communications and Development: 4%
- Finance, Operations and Governance: 7%
- Impact Programme: 9%
- Effectiveness, Credibility and Learning Programme: 28%
ISEAL Board of Directors as of 31 December 2017

Hans Joachim Droste
FOREST STEWARDSHIP COUNCIL

Anne-Marie Fleury
RESPONSIBLE JEWELLERY COUNCIL

Nicolas Guichoux
MARINE STEWARDSHIP COUNCIL

Andreas Kratz
FAIRTRADE INTERNATIONAL

Guntars Laguns
ACCREDITATION SERVICES INTERNATIONAL

Lena Staafgard
BETTER COTTON INITIATIVE

Ana Paula Tavares
RAINFOREST ALLIANCE

Darrel Webber
ROUNDTABLE ON SUSTAINABLE PALM OIL

Britta Wyss Bisang
BOARD CHAIR, UTZ

A special thanks to the ISEAL Board members whose service ended during 2017
› Rik Kutsch Lojenga, Union for Ethical BioTrade
› Fraser Simpson, Bonsucro

Our committees

The ISEAL Board has three sub-committees. These committees bring together representatives from ISEAL member organisations and external stakeholders who have a strong overall understanding of the standards world and the larger sustainability agenda.

ISEAL Board sub-committees:
ISEAL Membership Committee
ISEAL Finance Committee
ISEAL Technical Committee

ISEAL Stakeholder Council

The Stakeholder Council is made up of sustainability leaders and experts from the private and finance sectors, NGOs, governmental bodies and academic institutions, who meet annually to discuss how ISEAL members can effectively respond to opportunities and challenges in the rapidly evolving sustainability landscape.

“Looking ahead to the next 15 years of ISEAL, I’m excited to be part of the collective learning as we innovate and capitalise on the rapid changes in data and technology, and together develop new approaches to meet key challenges across all sectors.”

BRITTA WYSS BISANG, BOARD CHAIR

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ISEAL in numbers

ISEAL Secretariat
While this annual report focuses on our important work at ISEAL representing the sustainability standards movement, we thought you might also like a snapshot of the ISEAL Secretariat.

Based in:
- 1 x Beijing
- 2 x India
- 1 x British Columbia
- 23 x London
- 1 x Brussels

28 people
17 languages spoken
88 offset CO₂ generated by air travel in 2017
£964 cost of offset CO₂ in 2017

Our staff values

Our membership and community

22 ISEAL members
143 Subscribers in community
75 Standard-setting organisations in community

Subscribers in community
75

Standard-setting organisations in community
75

as 31 December 2017