Welcome

Dear Reader,

The sustainability landscape is shifting as global sustainability ambitions grow. Along with those ambitions, we see an increasing diversification of sustainability approaches, including the evolution of standards systems.

2018 brought an even greater focus on the innovation of sustainability standards, particularly as the use of data and technology evolves. Already, standards are realising the benefits of new technology, to better understand sustainability challenges and target key sustainability issues. Since 2016, the ISEAL Innovations Fund has supported more than 20 projects, ranging from using Geographic Information Systems to improve audits, to helping eliminate forced labour in supply chains.

Sustainability standards are continuing to delve more deeply into some of the most pressing sustainability issues, such as living wage, living income and gender. In 2018 our members were active across all these topics with ISEAL facilitating member collaborations through the Global Living Wage Coalition, Living Income Community of Practice and the Gender Working Group.

In 2018, a report from the University of Oxford and 3Keel, commissioned by ISEAL, explored evidence on the effectiveness of standards in driving the uptake of sustainable practices. The report found that standards can contribute to the adoption of improved practices, including their approach to conservation, decision making and engagement with local communities. The report also highlighted the critical role that standards have in preventing slippage of good practices.

Furthermore, an ISEAL and WWF commissioned report found that standards can affect whole systems, by shaping government and private sector policies, sharing knowledge and training, raising consumer awareness, and improving coordination across landscapes and sectors.

The lives of smallholders were at the heart of the conversation at our conference in Brazil. We heard how collaboration, good data, impact measurement and communication are vital to ensuring that standards meet the needs of their users and are effective at scale.

We continue to see the growth of sustainability standards in new sectors. This year we welcomed four new associate members in sectors from mining to marine ingredients. I look forward to working with both new and existing members in addressing the complex sustainability challenges we all face. I would also like to thank our Board for their oversight and guidance, and our funding partners for their generous support.

Karin Kreider
EXECUTIVE DIRECTOR

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ISEAL is the global membership association for credible sustainability standards

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Committing to sustainability standards can lead to better practices

‘The systemic impacts of voluntary sustainability standards’ illustrated how:

Standards’ impacts extend beyond the certified entity

‘Conservation impacts of voluntary sustainability standards’ established:

The known impact of certification across the agriculture, forestry, fishery & aquaculture sectors

Case studies illustrating how governments are working with standards

- Minas Gerais & UTZ: Partnership for sustainable coffee production
- Suriname & MSC: Collaboration for certification
- Peru & FSC: Incentivising responsible timber exports
- EU’s renewable energy directive: Towards sustainable energy in the EU
- Upgrading cotton production in Mozambique: The role of the Better Cotton Initiative

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ISEAL Credibility Principles

The Credibility Principles represent ten core values upon which effective sustainability standards are built. They were developed through a year-long multi-stakeholder consultation that engaged more than 400 stakeholders globally.

"By engaging a balanced and representative group of stakeholders at different levels of decision making throughout the standard review process, BCI has ensured the new Better Cotton Principles and Criteria reflect the best compromise possible between all interested parties."

GREGORY JEAN, STANDARDS AND LEARNING MANAGER, BETTER COTTON INITIATIVE

Funding partners

In addition to our members’ financial and in-kind contributions, ISEAL also received generous support in 2018 from the following institutions:

› Business for Social Responsibility
› Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
› eco.business Fund Development Facility
› Ford Foundation
› Global Environment Facility
› IDH The Sustainable Trade Initiative
› Meridian Institute
› State Secretariat for Economic Affairs, Switzerland (SECO)
› Stichting Het Wereld Natuur Fonds Nederland (WWF Netherlands)
› The David and Lucile Packard Foundation
› UK Department for International Development (DFID)
› World Wide Fund Inc. (WWF)
# Financials

As of 31 December 2018 - audited with comparative totals for financial year 2017

### Income (in GBP)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership and Community</td>
<td>1,003,000</td>
<td>779,000</td>
</tr>
<tr>
<td>Government</td>
<td>1,870,000</td>
<td>1,843,000</td>
</tr>
<tr>
<td>Foundation</td>
<td>516,000</td>
<td>668,000</td>
</tr>
<tr>
<td>Corporate</td>
<td>157,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>3,546,000</td>
<td>3,290,000</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impacts and Innovations</td>
<td>1,125,000</td>
<td>1,069,000</td>
</tr>
<tr>
<td>Outreach</td>
<td>588,000</td>
<td>461,000</td>
</tr>
<tr>
<td>Innovations Fund</td>
<td>376,000</td>
<td>570,000</td>
</tr>
<tr>
<td>Global Living Wage Coalition</td>
<td>296,000</td>
<td>107,000</td>
</tr>
<tr>
<td>Membership, Services and Compliance</td>
<td>290,000</td>
<td>306,000</td>
</tr>
<tr>
<td><strong>Organisation</strong></td>
<td>3,079,000</td>
<td>2,978,000</td>
</tr>
<tr>
<td>Communications and Development</td>
<td>156,000</td>
<td>187,000</td>
</tr>
<tr>
<td>Finance, Operations and Governance</td>
<td>248,000</td>
<td>278,000</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>3,441,000</td>
<td>3,244,000</td>
</tr>
<tr>
<td>Overhead</td>
<td>362,000</td>
<td>266,000</td>
</tr>
</tbody>
</table>

### Surplus

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves at start of year</td>
<td>105,000</td>
<td>46,000</td>
</tr>
<tr>
<td>Reserves at end of year</td>
<td>614,000</td>
<td>660,000</td>
</tr>
</tbody>
</table>

As of 31 December 2018 - audited with comparative totals for financial year 2017

© Forest Stewardship Council
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.

Increasingly we are seeing sustainability standards making radical changes to their systems and supporting innovations. Change isn’t easy, however, ISEAL members embrace continuous improvement. It is by challenging their systems and being at the forefront of innovation that standards best contribute towards achieving the SDGs.

Britta Wyss Bisang
BOARD CHAIR

A special thanks to the ISEAL Board members whose service ended during 2018
- Hans Joachim Droste, Forest Stewardship Council
- Guntars Laguns, Assurance Services International
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