

# Review of ISEAL's Impacts and Standard-Setting Codes 2019

The *ISEAL Code for Setting Social and Environmental Standards (v6)* (Standard-Setting Code) and the *ISEAL Code for Assessing the Impacts of Social and Environmental Standards Systems (v2)* (Impacts Code) were both published in December 2014 and are due for review and revision in accordance with the *ISEAL Code Development and Revision Procedure (v4, Nov 2015)*.

In 2019, ISEAL launched a review of both Codes. Through the review, ISEAL will gather and review information regarding the usability of the Codes and their effectiveness in delivering against their objectives, as well as any information that would affect the scope and objectives of the Codes (e.g. changes in the stakeholder landscape, trends, risks, etc.). The current terms of reference are in Annex 1 and Annex 2.

The results of the review will inform the revision of the Codes in 2020, where revision involves the consultative process of amending the Codes.

## Review questions

Through the review process, we will answer the following questions:

### *Scope (Impacts and Standard-Setting Code)*

- Are the Codes applicable to both sustainability standards and standards-like systems?<sup>1</sup>

### *Standard-Setting Code*

- What are the key challenges to credibility that we hear from users of credible standards and does the Standard-Setting Code sufficiently address these?
- What are the key challenges that we hear from users of the Standard-Setting Code – does it provide the necessary depth of content or is it unnecessarily prescriptive or burdensome in some areas?
- Does the Code make sufficient use of existing internationally accepted normative references?

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<sup>1</sup> Where standards-like systems are organisations that:

- Have a sustainability-focused mission
- Define a voluntary standard, performance level, or improvement pathway (e.g., KPIs and targets) relative to one or more sustainability topics
- Undertake monitoring, verification or assurance of their standard, performance level, or improvement pathway
- Manage claims related to their standard, performance level or improvement pathway

- Are the links between the Standard-Setting Code and other ISEAL credibility tools (Credibility Principles, Impacts Code, Assurance Code) made obvious in a way that supports the operational reality of standards systems? Specifically:
  - › Does the justification and identification of objectives support the integration of effective M&E?
  - › Does the process of defining normative references facilitate integration with effective and rigorous assurance?
- Are there gaps between the Standard-Setting Code and other ISEAL credibility tools that affect the effectiveness of the Code?

### **Impacts Code**

- Has the Impacts Code been successful as a means to guide the development of monitoring and evaluation programs by voluntary standards systems?
- Has the Impacts Code been successful as a means to define requirements and guidance for determining which issues to measure and how best to measure them?
- Has the Impacts Code been effective in allowing users to measure short and medium-term change and to understand how this contributes to long-term impacts?
- Does the Impacts Code enable collection, analysis and reporting of data that will show the contribution of standards systems towards long-term impacts and enable learning and improvement within the organisations?
- What are the key challenges that we hear from users of the Impacts Code – does it provide the necessary depth of content or is it unnecessarily prescriptive or burdensome in some areas?
- Are the links between the Impacts Code and other ISEAL credibility tools made obvious in a way that supports the operational reality of standards systems? Specifically:
  - › Are there clear links between the Impacts Code and Assurance Code with regards to effective creation and use of information management systems?
- Are there gaps between the Impacts Code and other ISEAL credibility tools that affect the effectiveness of the Code?

### **Theory of change (Impacts and Standard-Setting Code)**

- How do the Codes fit into ISEAL's evolving theory of change?
- Are the current objectives for the Codes clear and relevant to users?

### **Review process**

The ISEAL Code Development and Revision Procedure (v4, Nov 2015) will guide the review process, which will involve:

- Collation and analysis of information from sources such as member performance against the compliance requirements, and feedback from members, applicants and evaluators. This analysis plus factors such as consistency of the scope, technical content and style across each Code will be reported to the Technical Committee and will inform draft revisions to the terms of reference for both Codes.
- The Technical Committee will revise the terms of reference for both Codes in light of this review and present these to the ISEAL Board for approval.

## Impacts and Standard-Setting Code review timeline\*

Activity	Proposed date
Board meeting to review the intended process and rationale for entering into a review of the Codes	April 2019
Internal review	May to August 2019
Technical Committee to consider the internal review findings	September 2019
Meeting of the Technical Committee to decide on whether to proceed to revision and the scope of that revision, as well as propose any changes to the Terms of Reference for the Codes. The Technical Committee may also decide to conduct further review activities before proceeding.	November 2019
Board agrees Terms of Reference for the Codes and revision plan	December 2019

*\* Note that this timeline only covers the review process, and that a timeline for the revision itself will be developed prior to the December Board meeting*

### Opportunities for stakeholder involvement in the review process

- Share any feedback on your use of the Codes by 7<sup>th</sup> October 2019
- Express your interest in joining a steering group for the revisions

### Contact

If you are interested in getting involved in the review process or have any questions, contact Eleanor Radford: [eleanor@isealalliance.org](mailto:eleanor@isealalliance.org)

## Annex 1 – ISEAL Standard-Setting Code Terms of Reference August 2014

### Context (2002)

This discussion paper puts forward a rationale for why ISEAL members should focus attention on the current debate over the legitimacy of international standards, and a strategy for how to influence this discussion. The objective of this strategy is to ensure that ISEAL members' standards are in the best position over time to be recognized as legitimate international standards in international trade.

An overall interpretation of the relationship between trade agreements and voluntary standards is that the current (2002) threat of a trade dispute is minimal and will likely first arise where governments become involved directly in the enactment of regulations that address process and production method (PPM) criteria. It is clear from the rapid global evolution of standards and labelling for sustainable management practices, and from the increasing interest and involvement of governments in regulating these practices, that the impetus for more clearly defining the relationship between trade agreements and voluntary standards is growing, as is the likelihood of an eventual trade challenge.

The Technical Barriers to Trade (TBT) Agreement gives primacy to international standards as a reference for harmonizing national standards and regulations. If we take as our starting point that PPM standards will, at some point in the future, come under the jurisdiction of the TBT Agreement, whether through future deliberations or trade challenges, then it is in the best interest of international standard-setting organisations to ensure a favourable interpretation of their standards under this agreement. In practice, this means that ISEAL members should attempt to influence the existing dialogue on defining appropriate procedures for setting standards, and ensure their own compliance with whatever procedures are eventually accepted. If ISEAL and its members can help to define the guidance on what is considered a legitimate international standard, and then meet the criteria that are espoused in that guidance, then ISEAL members' standards will be in a better position to be recognized under the TBT Agreement.

The growing interest and application of voluntary standards in international markets is resulting in an increasing number of actors and initiatives that are beginning to question the legitimacy of voluntary international standards. The major criticisms are targeted at the process by which these standards have been set; a process that generally favours northern or developed country participation and results in developing country producers and businesses being relegated to the position of standards-takers. This criticism falls within the perspective that voluntary social and environmental instruments represent a form of green protectionism. Whatever the real effect of these instruments, the result of this growing criticism has been the creation of a number of forums that are focused on a redefinition of the standards-setting process to include the effective participation of developing country stakeholders. ISEAL should address this challenge in the definition of good practices.

### Strategy for Engagement

ISEAL members have an implicit belief that our standard-setting procedures are exemplary and provide good models for replication. However, we need to be able to prove this to the world. In a number of cases these procedures have not yet been formalized or documented and no objective evaluation of members' procedures against an external set of criteria has been undertaken. The obvious place to start in influencing the dialogue on standard-setting is to compile the existing documentation from members on their standard-setting practices and carry out a desk review of compatibility with international guidance documents, specifically the TBT Second Triennial Review Annex 4 and ISO 14024.

Based on a review of our own current documented practices and the applicability of existing criteria as a starting point, we can develop a list of the criteria that we feel are important for effective standard-setting. The end goal of this engagement will be to arrive at a set of procedures for the development of international standards that are both realistic and recognized. From the establishment of standard-setting procedures, we could move to the creation of a review process or framework to assess adherence of ISEAL members and other standards organisations to the agreed procedures. A key role for ISEAL will then be to ensure member adherence to this procedure and to build capacity where necessary.

### **Standard-Setting Code Objectives (2004)**

The ISEAL Alliance facilitated a multi-stakeholder dialogue to develop the Code of Good Practice for Setting Social and Environmental Standards as a means to evaluate and strengthen voluntary standards, and to demonstrate their credibility on the basis of how they are developed. The Code is intended primarily for application to standards that fulfil social and environmental policy objectives. By adhering to procedures that constitute good practices for setting standards, standard-setting organizations help to ensure that the application of their standard results in measurable progress towards their social and environmental objectives, without creating unnecessary hurdles to international trade. In addition, a Code of Good Practice can serve as a minimum bar against which to measure voluntary standards. Good practices that are set out in the Code are applicable to process and production method standards, management system standards and supply chain relationship standards.

In order to be credible, criteria have been included that help to ensure that a standard reflects the priorities of interested parties, that it addresses all material issues, and that it is effective in achieving its stated social and environmental objectives. In addition, standard-setting practices should be based on relevant international normative documents, where appropriate.

## Annex 2 – ISEAL Impact Code Terms of Reference August 2014

### Problem Statement

Given the rise in voluntary standards and labelling initiatives, there is a strong motivation to ensure the credibility of these initiatives and their ability to effectively deliver social and environmental change. Broadly understood, this credibility derives from the process by which standards are set; the way in which conformity with those standards is assessed; and the actual impacts that compliance with the standards brings about. ISEAL and our members are committed to ensuring compliance with good practice in these three areas.

Voluntary standards and certification initiatives are facing increasing pressure from governments, donor agencies, NGOs and others to prove the positive impacts that their programs are having. Each of these stakeholder groups have different expectations about what they need to measure which has resulted in a range of initiatives and approaches to meet these expectations. As a result, each of these methodologies has historically provided fragmented and anecdotal evidence that lacks broad applicability. There is a strong case to be made for harmonisation of various methodologies to ensure some consistency both in the process of gathering information and in the resulting analysis.

Through our research and engagement with initiatives that are measuring impacts, it is clear that the end goal of harmonisation is not to define a single methodology but to define where each methodology is most appropriately and effectively applied and to ensure that the resulting information is meaningful and comparable. The process by which a methodology is chosen and the consistency of the issues measured through that methodology become important components of good practice.

Among the key questions that will need to be answered in the course of this research and Code consultation process are:

- the levels at which impacts can be measured (micro, meso and macro);
- who is best placed to measure the impacts at each of these levels;
- how to ensure that impact assessment is sustainable over the long term and is integrated into the certification process; and
- how to ensure that adequate benefits and feedback loops are built into the assessment process, in order to benefit producers and improve standards as well as meet the needs of external stakeholders.

### Project Goal and Objectives

The end goal of the proposed international consultation process is to have a broadly shared technical understanding of good practice for how to measure the impacts of voluntary standards and certification. This will take the form of a Code of Good Practice.

In order to achieve this goal, a number of objectives will need to be achieved:

- elicit a shared understanding of the elements of good practice that need to be included in a guidance document;
- achieve a technical understanding of how to address each of those elements of good practice;
- build broad-based buy-in and support for this understanding through a transparent, inclusive and multi-faceted international consultation process.

An indicative set of activities that will assist in achieving these objectives include:

- further research and consultation with existing impact measurement initiatives;
- a stakeholder mapping and engagement process;
- the creation and oversight of a technical advisory body; and
- the facilitation of a range of international consultative processes including workshops, stakeholder group engagement, and leading edge internet consultation tools.

### **Impacts Code Objectives**

The purpose of the Impacts Code is to provide a common framework for social and environmental standards systems to assess their impact.

Through the application of a Code of Good Practice by ISEAL members and other standards systems, we expect to achieve the following objectives (as noted in the Introduction to v1):

- to provide a means to guide the development of monitoring and evaluation programs by voluntary standards systems;
- to define requirements and guidance for determining which issues to measure and how best to measure them;
- to enable collection, analysis and reporting of data that will show the contribution of standards systems towards long-term impacts and will enable learning and improvement within the organisations; and
- to provide a structure for users to measure short and medium-term change and to understand how this contributes to long-term impacts.