The ISEAL Code of Good Practice

Consultation briefing note: an overview of changes made to the second draft of the Code

May 2023
About this document

This document provides a summary of the Code consultation process and an overview of the changes made in response to the first round of public consultation. It also highlights the key questions we are seeking feedback on in the second public consultation.

This document is relevant to those who have provided feedback on the first draft of the Code. We have produced a separate briefing note for stakeholders that did not participate in the first round of consultation.

For more information about the draft Code, visit the Code consultation webpage.
Outline of contents

› Public consultation on the second draft
› Overview of the changes made in the second draft
› Aims of the second public consultation
› Revision and transition processes
› Annex
Public consultation on the second draft
Code consultation

From mid-September to mid-December 2022, we held a public consultation on the first draft of the ISEAL Code of Good Practice. The public consultation aimed to assess whether the draft Code had achieved the aims and objectives of the revision and integration process (see Annex).

The feedback provided a valuable source of information. We supplemented this with further activities to understand stakeholder perspectives, including commissioning a review of NGO recommendations and critiques of sustainability systems, and conducting interviews with representatives of sustainability systems with innovative models.

This information, with input from the Steering Group, has informed the development of the second draft of the Code.
The second round of public consultation will run from 31 May to 30 July 2023. We need your feedback to ensure the Code is relevant in your context and accurately reflects credible practice. There are a range of ways to provide feedback, including to:

› Complete the [survey](#)
› Provide comments against individual clauses in the [spreadsheet version of the draft](#)
› Email [consultation@isealalliance.org](mailto:consultation@isealalliance.org)

Please provide feedback or to support our efforts by sharing information about the consultation with stakeholders and colleagues. All comments received will be anonymised and made publicly available. We will also publish a summary of the feedback received and how this was addressed.

You can find more information about the Code on the [consultation webpage](#).
Overview of changes
Structural and sequential changes

Stakeholders in the first public consultation felt that the integration of the existing Codes could be conducted more efficiently, and that amendments were needed to avoid duplication.

In response to this feedback, we made significant structural and sequential changes, in addition to adapting the content of Code to avoid duplication. The Code is now structured into nine chapters, where a new chapter was added to separate procedural management from governance.

0. Policies, procedures, and responsibilities for scheme components
1. Strategy for creating impact
2. Scheme integrity, governance, and operations
3. Scheme performance and continual improvement
4. Data and information management
5. Stakeholder engagement
6. Standards development and maintenance
7. Assurance
8. Claims
Simplification

The feedback indicated that stakeholders felt some aspects of the Code were overly complex. This was especially true of the chapter 3, 1.1: sustainability impacts and strategies, 1.2: analysis informing focus and 1.8: review of the theory of change (no. correspond to draft 1).

Throughout the Code, we made changes to improve the clarity of requirements and to simplify the content where possible. Chapter 3 underwent a significant sequential and editorial revision to improve clarity and simplify the requirements, and the content of 1.1, 1.2 and 1.8 also was also adapted (1.2, 1.1 and 1.7 in draft 2, respectively).
Theory of change

Various stakeholders felt that requiring a theory of change was too prescriptive and that it was not relevant in all contexts. Requiring the socialisation of the theory of change with external partners was also perceived as impractical or not feasible.

In the second draft of the Code, direct reference to the theory of change has been removed and is instead referenced in guidance as a recommended approach. The components of theory of change that are necessary for credibility are included in the requirement text (e.g., defining strategies to achieve outcomes and impacts).

The clause requiring the theory of change is shared with external partners has also been removed. It was recognised that this went above and beyond the level of ambition that is relevant to the Code.
Some stakeholders indicated that further clarity was needed on the approach to due diligence and remediation, both in the expectation of schemes, and relevant clauses within the Code. As both due diligence and remediation are cross-cutting themes, we recognise that reviewing the clauses in isolation does not provide enough clarity on how individual processes contribute to these themes. To address this, we included clearer references to other clauses where relevant, and also produced supporting guidance.

To enhance the clarity of expectations of schemes and ensure this achieved the desired outcomes, we sought input from external experts and made significant changes to the clauses: see due diligence and remediation.
## Due diligence: key clauses

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| 1.3 | Intended role in corporate due diligence | The scheme has defined the role it intends to play in corporate due diligence efforts. | The scheme owner decides whether its system is intended to support corporate sustainability due diligence and, if so, documents which specific elements of due diligence the scheme supports and/or assesses.  
[Guidance: The OECD Guidelines for Multinational Enterprises, OECD Due Diligence Guidance for Responsible Business Conduct and UN Guiding Principles on Business and Human Rights set out internationally agreed standards on responsible business conduct and the key principles, steps and practical actions for companies. The scheme could choose to play no role in due diligence, but should still define and document this decision.]
| 2.6 | Risk assessments of business partners | The scheme owner assesses the risks of associating with its business partners. | The scheme owner carries out due diligence risk assessments of its existing and proposed business partners on a regular basis. It has measures to address the risks that are identified.  
[Guidance: Business partners include implementing partners (e.g., certification bodies) and corporate partners (e.g., certified clients, members, licensees, parent companies of certified sites, etc.).]  
[Guidance: As measures to address identified due diligence risks, a scheme can choose to use tools such as a policy of association or a code of conduct requiring commitments to corporate due diligence as laid out in frameworks such as the OECD Guidelines for Multinational Enterprises, OECD Due Diligence Guidance for Responsible Business Conduct and UN Guiding Principles on Business and Human Rights.]  
[Guidance: Measures to address identified risks could be incorporated in the scheme's risk management plan (see 2.3).] |
## Remediation: key clauses

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| 1.4 | Role in facilitating remediation | The scheme has considered and defined the role it intends to play in the remediation of harm. | **The scheme owner defines and documents its role and responsibilities in facilitating the remediation of harm. This includes clarifying its role relative to other parties such as clients, non-governmental organisations, governmental bodies and enforcement agencies, etc.**

[Guidance: When defining its role and responsibilities, the scheme owner should consider the types of harm that could be within its scope. It can identify types of harm through exploration of any negative unintended consequences of its actions and strategies (3.1); through its assessments of clients (7.10); or through complaints, grievances or allegations raised through its dispute resolution system (5.4). It should also consider whether to include the elimination or remediation of negative impacts as a deliberate strategy (1.2).]

| 5.4 | Scope and design of dispute resolution system | The scheme has impartial and accessible mechanisms in place for resolving complaints, grievances and allegations. | **The scheme owner has in place a documented dispute resolution system that facilitates access to remedy and supports the impartial handling of complaints, grievances and allegations** about clients, implementing partners such as assurance providers, and the scheme itself. The scope of complaints that can be submitted through the dispute resolution system includes, at a minimum, complaints related to standards development and maintenance, assurance processes and decisions, and claims processes and controlled claims.

[see draft Code for full text]
Evaluation approach

During the public consultation, a pilot evaluation process was conducted to assess the auditability of the Code and to inform the approach to compliance. The pilot and consultation feedback highlighted interpretation and evaluative challenges from the use of general terms such as “regularly” and “sufficiently”. It was also evident that more clarity is needed about the evaluation of the Code, including the transition period and format of assessments.

To address feedback on the clarity of language, two consultants assessed the Code for auditability and provide recommendations for improving clarity. The Code includes editorial adaptations throughout in response to this. We have also updated the guidance note to provide greater clarity on the evaluation approach.

The development of the evaluation approach will be informed by additional pilot studies and stakeholder feedback, but we also welcome feedback during the public consultation.
Relevance

Some stakeholders in the first public consultation noted concerns that a range of clauses were not feasible and/or relevant to schemes of different sizes or types.

To inform decisions on the relevance to a wider range of systems, we sought additional feedback by conducting stakeholder interviews with relevant organisations. The findings from these discussions indicated that the terminology used in the Code was applicable, but that interpretation would be supported by additional guidance. This has been noted for consideration during guidance development.

To address feedback about relevance to smaller organisations, we identified that the significant constraint for smaller schemes was the size and scope of monitoring, evaluation, and learning (MEL) activities. To address this, we moved the content that clarified the acceptable adjustments for size and scope to a separate clause and edited to provide greater clarity.
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<td>3.3</td>
<td>Scope of MEL</td>
<td>The scheme owner defines the scope of application of its MEL activities.</td>
<td>The scheme owner aims to carry out MEL activities on priority topics across the full scope of its scheme. Where this is not feasible, the scheme owner includes in its plan of activities how it intends to expand the scope over time or a justification for any exclusion from the scope, and explains how it will address and mitigate any associated risks.</td>
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<td></td>
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<td>[Guidance: A mature scheme with many strategies and activities and a wide scope may choose to exclude some activity areas or some of its product, sector or geographic scope from the scope of the MEL system, provided that the guiding framework and plan of activities for MEL include a strong justification for this choice and a plan for mitigating the associated risks. It may not be feasible for a newer scheme to have MEL activities that cover the full scope of its scheme. Similarly, when a scheme adds new strategies or activities or expands its product, sector, or geographic scope, it may not immediately implement MEL activities to cover these areas. In both cases, the plans to expand the scope over time should be included in the MEL plan of activities.]</td>
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A common question during the public consultation was whether the level of ambition was appropriate. There were recommendations to raise the level of ambition for some clauses, but for the most part, feedback suggested that some clauses were overly prescriptive and onerous.

We conducted a review to consider whether the level of ambition reflected the actions necessary for credible practice. The result of this review included deleting clauses, adding clauses, or amending the requirement text to adjust the level of ambition or provide further clarity of the expectations.

**Deleted clauses:** (requirement no. corresponds to draft 1)
- 1.4: Partnerships and cooperation
- 3.5: Aligning monitoring indicators
## Level of ambition

### New clauses: reintroduced from Assurance Code v2

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<td>7.9</td>
<td>Appeals Mechanism</td>
<td>There is scope to appeal assessment decisions.</td>
<td>The scheme owner requires assurance providers to implement a publicly available appeals procedure where clients can appeal their assessment decisions. It also requires oversight bodies to implement this for assurance providers.</td>
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| 7.10 | Correction of non-conformities | There is a robust approach to correcting non-conformities. | The scheme owner defines consistent procedures for addressing non-conformities. At a minimum, the procedures: 1. define the action required to address specific types of non-conformity, and whose responsibility it is to take that action, e.g., scheme owners have a legal obligation to report some types of non-conformities to local authorities 2. include guidelines for determining whether corrective actions adequately address non-conformities 3. define time limits for implementing corrective actions 4. define steps for verifying corrective actions 5. define repercussions of continued non-conformity.  

[Guidance: The specific types of non-conformity where action and responsibility should be defined can include broad generic distinctions (e.g., major vs. minor non-conformity), and/or distinctions related to the type of non-conformity (e.g., human rights violation), and/or the type of corrective action expected (e.g., reporting to local authorities, providing or facilitating access to remedy - see 1.4.]
## Adapted clauses (clause no. corresponds to draft 2)

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<td>6.3</td>
<td>Consistency between standards</td>
<td>The impact of the scheme is strengthened through alignment with other standards.</td>
<td>At the outset of a standard's development or revision, the scheme identifies standards with overlapping scopes and <strong>assesses whether there are opportunities to strengthen alignment or complementarity.</strong></td>
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<td>6.14</td>
<td>Feasibility assessment</td>
<td>Proposed standards are auditable and feasible to comply with.</td>
<td>As input to the consultation process for standards development, and also when there are significant changes introduced during revisions, the scheme owner assesses the feasibility and auditability of the proposed criteria. [Guidance: Significant changes include changes in scope or objectives or design of the standard. Minimally, the assessment could ask auditors to review for auditability of requirements, though ideally it should also look at applicability or relevance of the criteria in the field.]</td>
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## Level of ambition

**Adapted clauses** (clause no. corresponds to draft 2)

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| 7.4 | Performance insights | The assurance system delivers insights to clients.                              | The scheme owner requires assurance providers to **provide sufficient information to clients to enable those clients to derive insights about their performance.**  

**[Guidance: This information can be provided in assessment reports or through additional information and insights shared with clients.]** |
| 8.6 | Claims approval  | The scheme owner controls claims made by clients about the scheme or its results. | The scheme owner has or **delegates to implementing partners** a mechanism to approve clients' use of claims and to require clients to report on any changes that would affect a client's ability to make claims. |
## Traceability

Consultation respondents felt that the traceability clause was too vague and the phrasing made it difficult to evaluate.

Adaptations were made to improve clarity, including moving the clause to chapter 8 and adding interpretative guidance.

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| 8.5 | Traceability | The scheme's approach to traceability is sufficient to prevent fraud and appropriate for the types of claims it allows. | Where the scheme incorporates supply chain traceability, the scheme owner determines which types of traceability are fit for purpose and appropriate for the claims the scheme enables clients to make, and documents a rationale for its choice. **The scheme owner makes publicly available a summary of how each of the scheme's traceability models works and what controls it has in place to manage their integrity.**  

[Guidance: Traceability models are fit for purpose if they are applicable in the sectoral or geographical context in which the scheme operates, meet business expectations and regulatory requirements, and are consistent with the types of claims that the scheme owner allows.]
## Schemes with multiple standards

Several sustainability systems raised concerns about the feasibility of the including a wider range of standards within scope of standards policies and procedures.

**Amendments were made to clarify how processes can vary between different standards to reflect complexity and stakeholder interest.**

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| 6.1 | Standards policies and procedures | Development and maintenance of standards follows a robust and consistent process. | The scheme owner’s procedures for standards development and maintenance .......... [see draft Code for full text]  
  
Procedures for standards development and maintenance apply to all of a scheme’s standards that are applied to its clients or members.  

[Guidance: The standards included in scope of the procedures are intended to be the scheme’s sustainability standards and any other requirements applied to clients in support of scheme integrity, e.g., chain of custody requirements, etc.]  

[Guidance: Standards development and revision processes can vary in intensity for each standard in relation to the complexity of the standard and level of stakeholder interest, so long as the relevant procedures reflect this.] |
Aims of the second public consultation

Consultation objectives

Priority questions
› Changes from first draft
› Gender
Consultation objectives

The public consultation is a valuable opportunity for us to reflect on whether the Code has met its objectives and if the changes made to the second draft enhance the relevance, value, and clarity of the Code.

We welcome your feedback on all aspects of the Code, but there are several changes and topics that we would especially value your input on. These are summarised in the following slides. Your feedback would help us to assess whether:

› queries made in the first consultation have been adequately addressed
› content introduced into scope of the Code is necessary for credible practice
› there is sufficient clarity.
Priority question: changes

The previous section summarised the key changes made in response to the consultation feedback. For several of these changes, we would be especially grateful for feedback to ensure that the changes have improved the Code as intended. These include:

› Do the amendments to due diligence address concerns on clarity?
› Do the amendments to remediation address concerns on clarity?
› Is the Code relevant in your context?
› Do the amendments to chapter 3 improve the clarity of requirements?
› Do the requirements with an adjusted level of ambition reflect your expectations of credible practice?
Priority question: gender

There is a growing understanding of a sustainability system’s role in addressing gender considerations. In recognition of this, we have introduced references to gender into three chapters of the draft Code:

› **Strategies for creating impact**, where gender is considered during assessment of sustainability risks and opportunities

› **Monitoring, evaluation and learning** activities, where findings from MEL activities are disaggregated by gender and relevant data collected to enable this

› **Standards development and maintenance**, where gender balance is considered as part of obtaining balanced participation in consultations and decision making

We welcome your feedback on whether the requirements on gender reflect credible practice in this area.
## Gender: key clauses

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| 1.1 | Sustainability assessment          | The scheme makes informed decisions about how to focus its work so as to maximise its potential sustainability impacts. | As background for its work, the scheme owner undertakes a regular assessment of the sustainability risks and opportunities, their root causes, and where and how the scheme is well-placed to exert influence across its full scope and reach (e.g. product, sector, geography, etc.)... *[see draft Code for full text]*  
   
   [Guidance: **Assessment of sustainability risks and opportunities** should include an assessment of possible unintended negative impacts of the scheme’s strategy and activities. It should also include an assessment of gender-related trends and risks within the scheme’s scope and its potential to deliver positive gender outcomes through its work.]

| 3.1 | MEL Guiding framework              | The scheme owner has a consistent framework to guide and plan its MEL activities. |  
   
   * [see draft Code for full text]*
   
   The priority topics the MEL activities seek to address include at least the following:  
   6. whether there are **differences in scheme effectiveness, reach, outcomes and impacts by gender** and other groupings of special relevance to the scheme.
## Gender: key clauses

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| 6.12| Balanced participation | Consultation processes enable participation from a broad cross-section of stakeholders. | The scheme owner ensures that the consultation process:  
1. is open to all stakeholders and communicated in a timely manner  
2. aims to gather input from a balanced and diverse group of stakeholders with an interest in the subject matter and geographic scope of the standard, or who are affected by its implementation  
3. addresses barriers faced by stakeholder groups who have been under-engaged or under-represented and proactively seeks their contributions (see 5.3).  

[Guidance: The goal of seeking input from a balanced and diverse group is to ensure that all stakeholders can see their views represented in consultation.]

| 6.15| Balanced decision-making | Stakeholders can see that their views are represented in decision-making.       | The scheme owner ensures that there is a governance body responsible for making decisions on the content of the standard and that this body:  
1. is open to all stakeholders  
2. **constitutes a balanced and diverse group of** stakeholders, including those that are directly affected by implementation of the scheme or by the industry/sector the scheme seeks to impact.  

[Guidance: Similar to 6.12, the goal of engaging a balanced and diverse group in decision-making is so that stakeholders feel that their voice is represented in those decisions. **All major stakeholder groups should be represented and gender balance should be considered, so that no one stakeholder group or set of interests can control decisions.**]
Revision and transition processes

Progress so far
Next steps
Intended approach to transitioning to the Code
Progress so far

- Publication of Credibility Principles v2 (June 2021)
- First round consultation (Sept-Dec 2022)
- Technical Committee sign-off on second draft for consultation (May 2023)

- Reviews of Standard-Setting and Impacts Codes (2019)
- 1st draft developed with input from Steering Group (Jan-July 2022)
- Technical Committee sign-off for consultation (Sept 2022)
- 2nd draft developed with input from Steering Group (Jan – May 2023)
Next steps

Secretariat develops final draft with input from Steering Group (July – Sept 2023)

Technical Committee makes recommendation of the final draft to the ISEAL Board (Nov 2023)

Board approves final version (Nov 2023/Q1 2024)

Transition period (2024 – 2025)

2nd public consultation (May – July 2023)

Steering Group reviews final draft (Oct 2023)

Public summary of feedback and changes (Nov 2023)

Publication (Q1 2024)
Intended approach to transitioning to the Code

- After publication, an 18-month transition period will allow schemes to prepare for evaluations against the integrated Code. The format of the transition period accounts for the context of each scheme:
  - Existing ISEAL Code Compliant members will complete a self-assessment to identify changes needed to achieve compliance with the integrated Code. The scheme uses this to develop a transition plan, which must be implemented within 18 months of Code publication.
  - Community Members in process of becoming Code Compliant will complete a similar self-assessment to identify changes needed to achieve compliance. This will inform the evaluation schedule, which must be completed within four years of the initial application to become ISEAL Code Compliant.
  - New applicants will complete a self-assessment to inform the evaluation schedule, which must be completed within four years of the initial application to become ISEAL Code Compliant.
- More information is available in the transition and evaluation process guidance note.
Annex

Background on the ISEAL Code of Good Practice
ISEAL Code of Good Practice

Terms of Reference: Scope and objectives

The ISEAL Code of Good Practice is a normative reference that operationalises the ISEAL Credibility Principles.

The Code defines credible management of the components of a sustainability system where these components include standard-setting, assurance, claims, and impacts (monitoring, evaluation, and learning).

Approved by the ISEAL Board, May 2020
ISEAL Code of Good Practice

Revision and integration process

The Code revises and integrates the ISEAL Impacts, Standard-Setting, and Assurance Codes of Good Practice, and also incorporates essential practices from the ISEAL Sustainability Claims Good Practice Guide.

Development of the Code is informed by a multistakeholder Steering Group and overseen by the ISEAL Technical Committee.
Aims of the revision and integration process

› To more effectively support adoption and implementation of the Code
› To rationalise requirements
› To strengthen the link between the Credibility Principles and the Code
› To expand the scope of an integrated Code to include essential good practices in claims management
› To retain good practices in decision-making and include additional good practices in transparency currently established as Community Member requirements