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Secretary General
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New York, NY 10017
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Local court Cologne, VR 16263

Cologne, 17 March 2018

Communication on Engagement (COE)

Dear Mr. Secretary General,

I am pleased to confirm that **International Sustainability and Carbon Certification Association** will continue to support the ten principles of the UN Global Compact that we adhered to in March 2016.

With this commitment, we express our intent to further support the Global Compact advancing the principles of human rights, labour, environment and anti-corruption and to ensure a clear statement to our stakeholders and the general public.

The vision of ISCC is to contribute to more sustainable supply chains for food, feed, chemical and bio-energy markets. In our first Communication on Engagement (COE) we describe the organization's efforts to support the implementation of the ten principles and to engage with the Global Compact. It covers our engagement in the period between March 2016 and March 2018.

Sincerely yours,

Prof. Gernot Klepper Ph.D.
Chairman of the ISCC Board

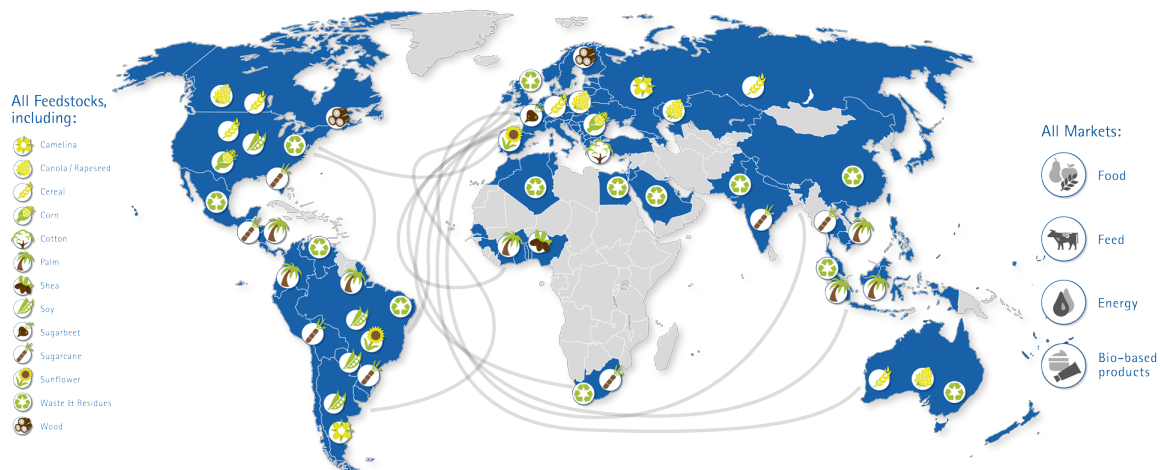
About ISCC

ISCC contributes to improving agricultural production through better agricultural practices, an improved greenhouse gas performance, decent working conditions, good relationships to communities and indigenous people and a fair deal for farmers.

ISCC's mission is to promote environmentally, socially and economically sustainable production and use of crops and other raw materials, and of the products derived from such raw materials.

In order to achieve this, ISCC has established a high-quality global sustainability certification system governed by a multi-stakeholder organization. Within the ISCC association 97 members of different interest groups including social and environmental non-governmental organizations (NGOs), science, agricultural producers, processors, traders and consumer goods manufacturers discuss, develop and further improve the global standard for sustainability and traceability.

More than 17,000 ISCC certificates have been issued so far. Currently, ISCC has more than 3,000 system users in over 100 countries.



Our key objectives are to increase the range and availability of ISCC certified products, to support producers and especially smallholders, and to ensure credibility and integrity of the ISCC trademark for society.

Working with the SDGs

ISCC strives for zero deforestation and for an end of the destruction of high conservation and biodiverse areas, for improved agricultural management, for a good relationship between farmers and indigenous people as well as local communities, and for good labour and working conditions in agricultural sectors. Therefore, ISCC has set up six Principles which producers of agricultural and forestry products need to meet. By thus ensuring that farmers and smallholders are able to improve their livelihood and business, ISCC meets the objectives of the SDG principles.

Human Rights

The ISCC sustainability standard has clear rules for supporting Human Rights. Principle 4 ensures the compliance with Human, Labour and Land Rights. With Principle 5 we support and respect the protection of internationally proclaimed land rights. On the ground, our action's focus is to reduce poverty, support local and sustainable businesses and strengthen the rights of local communities and indigenous people. We work on issues such as forced or child labour, poverty and food safety and prohibit any form of discrimination. Thus, we amplify the message of the UN SDGs.

Labour

ISCC and its members are committed to follow the Core Labour Standards of the International Labour Organisation and to effectively eliminate any form of forced or child labour or human trafficking. The ISCC sustainability standard integrates the core ILO requirements and further social criteria and has set clear requirements for any form of labour, be it employment or other contracted work.

Principles 3 and 4 of the ISCC standard focus on good working conditions including health & safety of workers, legal compliance, education and gender equality. We uphold the freedom of association and the right to collective bargaining. With the ISCC principles it is ensured that payment and working conditions for employees and contracted workers always meet at least legal or industry minimum standards.

Environment

ISCC has a very strong focus on environmental issues and here especially on zero deforestation as well as good agricultural practices. Thereby we apply a precautionary approach for all kind of environmental challenges.

Principle 1 focuses on the protection of land with high biodiversity and high carbon stock. Our certified system users are committed to a zero deforestation strategy to protect important ecosystem services and biodiverse areas for future generations. Principle 2 of the ISCC sustainability standard ensures that soil, water and air are protected via good agricultural practices. Our target is to achieve sustainable growth in agricultural production. Therefore, we conserve natural resources and on-field biodiversity, stop the use of fires for land clearance, take measures to prevent soil erosion or degradation and ensure good practices with respect to fertilizer and pesticide application, storage and disposal.

ISCC also developed a standard to explicitly report on greenhouse gas emissions and continuously reduce emissions through improved management, a switch in fuels or more efficient logistics. Thus, ISCC is taking steps to reduce the impact of one of the biggest contributors to climate change.

Anti-Corruption

We work against corruption in all its forms. Our standard users must follow all respective laws and regulations including those on bribery. Principle 5 of the ISCC standard is requesting that all laws and international treaties must be complied with. Further on, ISCC has set up an integrity management and intensified integrity audits to ensure that corruption within the certification process can be ruled out.

Description of Actions

Deliver education and dialogue

ISCC strives to have a continuous stakeholder dialogue and provide education on the UN sustainability goals and their applicability in agricultural production.



ISCC has set up **six technical committees** to support the constructive regional stakeholder dialogue. The regional committees are active in North America, South-east Asia, Latin America and Europe.

The **Technical Committee (TC) South East Asia** was established in 2013 and includes five working groups. Since 2016, a strong focus was put on the working groups „Smallholders“ and „Social Issues“. In October 2017, social issues and also working conditions were especially addressed in the dialogue of the Technical Committee.



Working group 2 of the TC focuses on “Methane reduction and avoidance” measures in order to decrease greenhouse gas emissions. In late 2016, a seminar was held by ISCC, where different industry partners discussed methane reduction potentials of solid separation methods for oil palm mills. Climate change and greenhouse gas reduction potentials were also addressed in the **TC North America**, which took place in late 2017.

In 2016 and 2017, ISCC also hosted **partnership forums** in Brussels, Bogotá, Sao Paulo, San Francisco and Ecuador.

In February 2017 and February 2018, the **ISCC Global Sustainability Conference** took place in Brussels. Around 200 participants from industry, NGOs and national authorities discussed on topics such as biodiversity, land use change, sustainable supply chains, smallholder certification and greenhouse gas emissions.

The focus of the event in Bogotá, which was held in early 2018, was climate actions, responsible consumption, and the elimination of poverty. In Sao Paulo, ISCC joined forces with industry participants as well as state authorities to discuss the challenges of the intensification of tropical agriculture and its impact on sustainability.



ISCC also provided education on sustainable agricultural production, including soil, water and air protection, zero deforestation as well as human and labour rights in several **ISCC trainings**. In total, 15 trainings were held in South-America, China, South-East Asia and Europe since March 2016 to educate companies on sustainability certification and the requirements of ISCC, and train auditors on correct verification of sustainability requirements. Furthermore, four specific greenhouse gas trainings were held to educate companies on ways to decrease their greenhouse gas impact and the verification of it.

Additionally, ISCC participated in 31 external events since March 2016 and provided education and dialogue on sustainability issues, be it in the food or feed, chemical, packaging or fuel industry, or in conferences for agricultural production.

ISCC support of special initiatives and work streams

Between 2016 and 2018, ISCC continuously supported the **Global Risk Assessment Services (GRAS)** tool. This online tool is an automated system of satellite monitoring, that provides geo-referenced comprehensive sustainability-related information on biodiversity, carbon stocks and land use change. A key functionality is the detection of land use change by using a greenness index called Enhanced Vegetation Index (EVI), allowing its users to identify deforestation, replanting activities, grassland conversion and cropping activities. It enables a continuous monitoring of the sourcing area and acts as an early warning system.



In 2015, ISCC joined the **Forum for Sustainable Palm Oil** (Forum für Nachhaltiges Palmöl, FONAP). FONAP is an initiative of around 40 companies, NGOs and associations and supported by the German Federal Ministry of Food and Agriculture. FONAP aims to increase the share of sustainably produced palm oil consumed in Germany, Austria and Switzerland. ISCC's role in 2016 and 2017 was to support members in setting up sustainable supply chains, increase the share of palm produced from Independent Smallholders and deliver education and a dialogue on further important sustainability issues. In 2016 and 2017 several webinars and forum discussions were also held by ISCC.

In late 2016, ISCC started the support of the Environmental Action Germany (Deutsche Umwelthilfe) in the research and development project **Agora Natura**. The aim of the project Agora Natura is to make the benefits of nature and the value of ecosystem services visible to people in politics and society. With the online marketplace, additional non-state funds shall be raised to support the preservation of ecosystems.



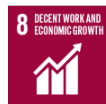
In 2018, ISCC became a partner of the **Food Security Standard (FSS) project**. Together with the German NGO Welthungerhilfe, WWF and the Center for Development and Research University of Bonn, ISCC focuses on identifying suitable pathways to consider security in agricultural production in developing countries and thus, stop hunger.

In late 2016, ISCC started a cooperation with AarhusKarlsham (AAK) to **support women in the Shea industry** for accessing new markets and become more independent. ISCC's focus was to develop certification and traceability requirements of ISCC to the specific situation of Shea collection and to ensure the sustainable and fair sourcing of Shea.



ISCC is currently in the process of becoming a partner with the **Tropical Forest Alliance (TFA) 2020**. The TFA 2020 is a global umbrella partnership that brings together governments, private sector, and civil society organisations to support the elimination of deforestation in palm oil, beef, soy, and pulp and paper production. Becoming a partner will add another important dimension to ISCC's stakeholder-based approach and dialogue. It would also help to further raise awareness to sustainability issues, certification and zero deforestation approaches. The full partnership will become active in 2018.

Leadership of ISCC



In 2017, ISCC introduced a **certification concept for Independent Smallholders (ISH)**. The mission is to improve livelihood, market access and agricultural performance of ISH. Therefore, the certification concept focuses on ensuring the successful implementation of the ISCC Sustainability Principles and through it better market access and a reduction in poverty. Aspects of ISCC's ISH certification concept include the organizational adaptations for ISH to become certified, a business model, a train-the-trainer concept in order to train ISH in good agricultural practices and a Tier 2 certification approach. Together with our partners we also introduced tools and approaches, which helped to reduce the complexity for smallholders to become certification-ready. In early 2018, the first ISCC ISH certificate was issued.

In early 2016 we also **strengthened our social and environmental requirements**. The ISCC sustainability standard from 2011 was revised and a new version came into force in 2016, which was a result of our ongoing discussions and cooperation with different NGOs and industry partners. Part of the revision was to introduce additional requirements on biodiversity and wildlife protection within agricultural areas, the improved protection of water bodies and anti-discrimination. The objective of ISCC was to further strengthen dignity and respect of workers and protect them against any abuse, sexual harassment or intimidation. ISCC recently also launched an electronic **Audit Procedure System (APS)**. The APS tool further facilitates audit and certification processes by assisting auditors and making the audit and documentation process easier.



Participation in UN Global Compact Activities

In April 2016, ISCC participated in the UN Global Compact event of the German Network, which was held in Berlin.

Measuring of outcomes

In 2016, around 65 Million metric tons certified agricultural crops and other raw materials were produced and traded under the ISCC EU scheme.

In July 2016, the European Court of Auditors (ECA) has published a report on "The EU System for the Certification of Sustainable Biofuels". The report identifies important criteria that should generally be covered by sustainability certification but which most certification schemes currently do not consider. These criteria include:

- The effective and comprehensive verification of the compliance with sustainability requirements through complete procedures (audit checklists) and guidance by the scheme
- Socioeconomic sustainability aspects (e.g. safe working conditions, human, labour and land rights) should to be taken into account
- Credible verification of the origin of waste and residues and traceability through supply chains
- Reliable approach on highly biodiverse grassland
- Audits on site (desk audits only not sufficient)

- Transparency: Relevant information should be published on the website of the scheme
- Multi-stakeholder instead of industry or company driven schemes (possible conflict of interest)

These criteria are all covered under ISCC already today. This shows that ISCC is on a good track and we are keen to further work on the continuous improvement of the scheme.

In 2016, the working group „**Transparency**“ was set up, in which all stakeholder groups of the ISCC association are represented. The objective is to increase transparency on ISCC certifications and a measurement of certification outcome. From October 2017 onwards, a summary audit report will be issued for every certified system user. Based on that, ISCC will start a comprehensive analysis and assessment of the impact of ISCC certification. We expect that this assessment will make transparent our aim and success in supporting the Sustainable Development Goals of the UN.