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Local court Cologne, VR 16263

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Communication on Engagement (COE)

Dear Mr. Secretary General,

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

With this commitment, we are pleased to reaffirm our continued support for the ten UN Global Compact Principles in the categories of human rights, labour, environment and anti-corruption. We express our ongoing intent to support Global Compact in advancing these principles and in communicating our progress to our stakeholders and the general public. We welcome feedback on its contents to leverage for improvement of performance and quality-control.

ISCC is committed to support the shift towards the circular economy and bio-economy in all markets, including food, feed, industrial applications and energy. In our Communication on Engagement (COE) we describe our organization's efforts and actions to support the implementation of the ten principles and to engage with the Global Compact. It covers our engagement in the period between March 2018 and March 2020.

Sincerely yours,

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

About ISCC

ISCC supports sustainable agricultural production through better agricultural practices, an improved greenhouse gas performance¹, decent working conditions, good relationships to communities and indigenous people and a fair deal for farmers.

Moreover, ISCC provides sustainable solutions for the use of waste and residues as well as for industrial applications within the circular and bio-economy.

ISCC's mission is to contribute to and promote an environmentally, socially and economically sustainable production and use of crops and other raw materials, as well as 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 more than 130 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 24,700 ISCC certificates have been issued so far. Currently, ISCC has more than 3,500 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 as well as to ensure credibility and integrity of the ISCC trademark.

¹ GHG performance measurement mandatory under ISCC EU, voluntary under ISCC PLUS

Working with the SDGs

ISCC offers solutions for the waste and residue market and supports the shift towards a circular and bio-based economy. Further, ISCC strives for zero deforestation and a stop 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 the agricultural sectors. In order to adequately address both environmental and social aspects, ISCC has set up six Principles for agricultural and forestry production. By ensuring that farmers and smallholders are able to improve their livelihood and business, ISCC meets the objectives of the SDGs and the ten principles of the Global Compact under the following categories:

Human Rights

The ISCC sustainability standard has clear rules for supporting Human Rights. ISCC Principle 4 ensures the compliance with Human, Labour and Land Rights. With ISCC 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, or food safety and prohibit any form of discrimination. Thus, we amplify the message of the Global Compact Principles 1 and 2.

Labour

ISCC is in line with the Global Compact Principles 3-6. 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 all forms of labour contracts, 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 standard and that opportunities are made available locally.

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 in line with the Global Compact Principles 7-9 for all kinds of environmental challenges. ISCC 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 values and areas for next generations. Principle 2 of the ISCC sustainability standard ensures that soil, water and air are protected via good agricultural practices. Our target is a sustainable growth in agricultural production. Therefore, the ISCC standard conserves natural resources and on-field biodiversity, stops the use of fires for land clearance, takes measures to prevent soil erosion or degradation, and ensures good practices with respect to fertilizer and pesticide application as well as their storage and disposal.

Anti-Corruption

ISCC strongly supports the Global Compact Principle 10 as 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 an Integrity Programme and intensified integrity audits to ensure that corruption within the certification process can be ruled out. The ISCC Integrity Program therefore ensures the implementation of an objective, consistent and reliable audit and certification process and delivers valuable feedback for ISCC to further develop the system and for companies and certification bodies to improve processes and compliance.

Description of Actions



Until today, the majority of the world's farms are managed by Independent Smallholders. In cooperation with SNV, an international development organization, established in the Netherlands, ISCC introduced a **certification concept for Independent Smallholders (ISH)** that is applicable to smallholders all over the world producing agricultural raw materials. The mission is to improve livelihood, market access, and agricultural performance, as well as environmental protection and social welfare of ISH. Aspects of the ISH certification concept include the organizational adaptations for ISH to become certified, a business model, a three-step train-the-trainer concept in order to train ISH in good agricultural practices and a Tier 2 certification approach. In order to provide interested stakeholders with in-depth information on the certification process, ISCC, in cooperation with several partners, has created a comprehensive Online Training for Independent Smallholders Certification in 2018. In early 2018, the first ISCC ISH certificate was issued.

In October 2019, the Technical Committee (TC) South East Asia of the ISCC Association included a workshop on **Independent Smallholder Mapping** in cooperation with the Global Risk Assessment Services (GRAS). ISCC supports the GRAS Management Tool that helps improving the traceability of smallholder production.



Food security is one topic that needs to be covered better by sustainability certification standards. From 2018 onwards, ISCC was partner of the **Food Security Standard (FSS) Project** by WWF, Welthungerhilfe, and ZEF (Center for Development Research) which is supported by the German Ministry for Food and Agriculture. The project aimed to identify suitable pathways to consider food security in biomass production in developing countries. Following the first tests of the auditability of the FSS, the pilot audits in Central and South America took place at sugar cane plantations and factories as part of ISCC audits. On 17 January 2020, ISCC took part in the Food Security Expert Panel Discussion from the GFFA (Global Forum for Food and Agriculture) to discuss next steps in the implementation process. The FSS criteria can be implemented quite well into the ISCC standard in the future.

Another significant development during recent years is the intensified movement from agricultural and forestry raw materials towards waste and processing residues. Companies that process municipal solid wastes, landfill gas, or used car tires into valuable products are using ISCC for proving compliance with sustainability requirements. This way, ISCC fosters the transition towards a circular economy and contributes to decreasing competition of conventional feedstock with food security.



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, 11 trainings were held in South-America, China, South-East Asia and Europe from March 2018 to March 2020 to educate companies on sustainability certification and the requirements of ISCC, and train auditors on correct verification of sustainability requirements. Furthermore, one specific greenhouse gas training is held per year to educate companies on ways to decrease their greenhouse gas impact and the verification of it. Additionally, ISCC participated in 32 external events since March 2018 and provided education and dialogue on sustainability issues, be it in the food or feed, chemical, packaging or fuel industry, and in conferences related to agriculture.

ISCC ensures continuous capacity building in the understanding of ISCC's system requirements, especially of land use change assessments and GHG emission calculations. The system requirements are aligned to the SDGs and are continuously enhanced in a multi-stakeholder dialogue. All new system documents and other fundamental changes undergo a public consultation via the ISCC website with the aim to ensure complete transparency for stakeholders.



Since 2016, ISCC participates in 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 evolve certification and traceability requirements of ISCC to the specific situation of Shea collection and to ensure the sustainable and fair sourcing of Shea.



In 2019 ISCC introduced a new training concept to actively support the circular and bio-based economy. The training is a reaction to the increasing awareness and need for a more responsible handling of materials, products, wastes and residues supported by policies such as the EU's 'Strategy for Plastics in a Circular Economy'. In 2020, the Technical Committee for the Circular Economy and Bioeconomy has taking up its work, providing a platform for stakeholders to engage in a constructive dialogue on the sustainability certification of recycled and bio-based materials.

Since 2015, ISCC is a member of the Forum for Sustainable Palm Oil (Forum für Nachhaltiges Palmöl, FONAP). FONAP is an initiative of more than 40 companies, NGOs, and associations and is 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 continues 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. Since the beginning of 2018 the certification of Independent Smallholders is an integral part of the overall ISCC system.



The urgent need to lower greenhouse gas emissions in the aviation industry has been recognised by the International Civil Aviation Organization (ICAO). ICAO Member States have set ambitious targets to mitigate greenhouse gas emissions from air transportation, including carbon-neutral growth from 2020 and beyond. CORSIA, the Carbon Offsetting and Reduction Scheme for International Aviation, is ICAO's instrument to address the increase in total CO₂ emissions from aviation. ISCC is also an active member of the CAEP Fuels Task Group that is working on CORSIA criteria for eligible SAF and LCAF (lower carbon aviation fuels). ISCC is involved in a scientific project analysing reporting

requirements in supply chains of multi-blends of fossil and alternative jet fuel and is a well experienced certification scheme with innovative tools to verify sustainability requirements set by CORSIA. Major fuel producers are ISCC members and active users of the certification system.



Between 2018 and 2020, 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) which allows 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. It is also used in ISCC audits to verify compliance with ISCC Principle 1.



ISCC strives to have a continuous stakeholder dialogue and provide education on the UN sustainability goals and their applicability in agricultural production. In February 2019 and February 2020, the **ISCC Global Sustainability Conference** took place in Brussels. More than 250 participants from industry, NGOs and national authorities discussed topics such as sustainable bio-based and circular supply chains, biodiversity, land use change, smallholder certification and greenhouse gas emissions. Since March 2018 ISCC organised 7 regional stakeholder meetings in Latin America, North America, Southeast Asia and Europe. Further, ISCC has set up **three technical committees** on the topics “Solid Biomass”, “Circular Economy and Bioeconomy” and “Waste, Residues and Advanced Low Carbon Fuels” to support a constructive regional stakeholder dialogue.

In 2018 ISCC has become a partner of 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 remove deforestation from palm oil, beef, soy, and pulp and paper. Being a partner of TFA 2020 is an additional important aspect to ISCC’s stakeholder-based approach. It helps ISCC to further raise awareness on deforestation and other related sustainability issues, and to promote well-established tools, such as certification, to implement deforestation free supply chains.

Measuring of outcomes

From 2018 to 2019, around 74 Million metric tons certified agricultural crops and other raw materials were handled under the ISCC EU scheme. ISCC strives to continuously improve its impact and outcome measurement. Therefore, in 2019 ISCC published its first Impact Report. The ISCC Impact Report is an important milestone of ISCC’s development and a contribution to the rising questions among stakeholders regarding the effectiveness of Sustainability Certification Schemes (SCS). Measuring ISCC’s impact took a profound data assessment and an in-depth stakeholder dialogue. The result is a detailed report filled with a comprehensive overview of ISCC’s work, roles and limitations of sustainability certification and an approximation to estimate the scheme’s actual impact. Besides giving an overview on numbers and statistics showing the global outreach of ISCC as a certification standard, the report also presents the *Theory of Change* as well as the *Monitoring and Evaluation System* that ISCC has developed and is committed to.



During the past two years, ISCC was continuously engaged in benchmark processes. Comparing and evaluating different certification schemes provides the ability to identify strengths and to proactively approach weaknesses. Moreover, it supports the continuing dialogue of ISCC with all its stakeholders from different sectors. In June 2019, ISCC has been evaluated as part of a benchmark study conducted by the International Union for Conservation of Nature (IUCN). The study identified ISCC as the standard with the highest overall scores associated with the prevention of deforestation and wetland conversion, as well as with the protection of land with high conservation value.

With the help of the GRAS tool, ISCC will in future also be in the position to show the impacts of ISCC certification on deforestation and human induced fires. As the tool is able to identify land use change and a decrease in biodiverse and high carbon areas, ISCC will use geo-coordinate data to analyse the impacts of ISCC certification.