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**International Sustainability & Carbon Certification  
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Local court Cologne, VR 16263

Cologne, 16 March 2022

**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. We express and emphasize our ongoing intent to support the Global Compact in advancing these principles by regularly communicating our engagement and progress to our stakeholders and the public. We highly appreciate feedback on its content to improve performance and quality control.

In our Communication on Engagement (COE) we describe our organization's efforts and actions to support the implementation of the ten principles and to continuously engage with the Global Compact. It covers our engagement in the period between March 2020 and March 2022.

Sincerely yours,

A handwritten signature in blue ink, reading "Gernot Klepper".

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

## About ISCC

ISCC stands for *International Sustainability and Carbon Certification*. It is a system for the implementation and certification of sustainable, traceable, and deforestation-free supply chains. ISCC certification covers supply chains for all kinds of biomass (including agricultural and forest biomass), biogenic waste and residues, non-biological renewable materials and recycled carbon-based materials. Independent third-party certification ensures compliance with the strict ISCC standard requirements.

ISCC supports a sustainable agricultural production through better agricultural practices, an improved greenhouse gas performance<sup>1</sup>, decent working conditions, good relationships to communities and indigenous people and a fair deal for farmers. Moreover, ISCC supports the transition to a circular economy and bioeconomy by certifying and promoting waste and residue-based supply chains.

To achieve fully traceable and deforestation free supply chains, ISCC has established a high-quality global sustainability certification system governed by a multi-stakeholder organization. Within the ISCC association, there are more than 180 members of different interest groups, considering raw material producers and processors, representatives from trade and logistics, non-governmental organizations (NGOs), science and research as well as the public sector and consumer goods manufacturers. All eager to discuss and develop the ISCC standard.

More than 30,000 ISCC certificates have been issued since ISCC started operation in 2010. Currently, ISCC has more than 5,000 system users in over 100 different countries.



<sup>1</sup> GHG performance measurement mandatory under ISCC EU and ISCC CORSIA, voluntary under ISCC PLUS



## Working with the SDGs

*The 2030 Agenda for Sustainable Development* includes 17 *Sustainable Development Goals* (SDGs) that call for climate action, environmental conservation, an end to poverty, improved health and education, economic growth and reduced inequality. In accordance with this agenda, ISCC strives for zero deforestation and a stop of the destruction of high conservation and bio-diverse 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. To adequately address both environmental and social aspects, and thus, to put ISCC's commitment into practice, ISCC has set up six Sustainability Principles for agricultural and forestry production. By ensuring that farmers and smallholders can 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, amplifying the message of the Global Compact Principles 1 and 2. The ISCC Principle 4 ensures the compliance with human and labour rights and responsible community relations, with a focus on rural and social development. In addition to this, the standard criteria in ISCC Principle 5 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 poverty, food safety and prohibit any form of discrimination. ISCC already included strengthened criteria considering, amongst others, food security, gender equity and the protection of minority groups.

### Labour

ISCC is in line with the Global Compact Principles 3-6. Besides the focus on human wellbeing, another focus of the ISCC Principle 4 relates to employment conditions for farmers and smallholders at certified entities. This includes sustainability criteria on participation and conflict resolution, respecting results of Free Prior and Informed Consent (FPIC) processes, guaranteeing secure employment contracts including a decent living wage or providing access to basic services for workers. Many of the criteria set in the ISCC Principle 4 are based on the core standards defined by the International Labour Organization (ILO). Hence, ISCC and its members are committed to effectively eliminate any form of forced or child labour or human trafficking. We further uphold the freedom of association and the right of 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 employment opportunities are made locally available.



Complementary to Principle 4, the ISCC Principle 3 focuses on safe working conditions considering sustainability criteria on trainings and competence as well as the prevention and handling of accidents, to ensure farmers and smallholders carrying out their work safe and properly.

## Environment

ISCC has a very strong focus on environmental issues and here especially on zero deforestation and good agricultural practices to improve the management of natural resources and ecosystems around the globe. Thereby we apply a precautionary approach in line with the Global Compact Principles 7-9 for all kinds of environmental challenges.

The foundation of ISCC's sustainability requirements is built by its Principle 1, which prescribes the protection of land with high biodiversity value or high carbon stock, specifying areas that are excluded from any kind of biomass production and areas which can only be used for biomass production if their status does not change or if certain precautions are followed. Within Principle 1, ISCC follows a zero-deforestation strategy to protect important values and areas for future generations. Principle 2 of the ISCC sustainability standard deals with the environmentally responsible production to protect soil, water and air, while promoting the application of good agricultural practices and setting requirements to prevent any contamination, degradation or depletion of the environment due to agricultural and forestry production.

To reach our target of sustainable growth in agricultural production, the ISCC standard conserves natural resources and biodiversity, stops the use of fires for land clearance, takes measures to maintain and improve soil fertility, prevents 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 works against corruption in all its forms and, therefore, strongly supports the Global Compact Principle 10. Principle 5 of the ISCC standard requires compliance with criteria considering the legitimacy of land use, applicable laws and treaties, anti-bribery and corruption statements as well as the absence of any conflict of interest to ISCC. Further on, ISCC has an Integrity Programme with numerous integrity audits to ensure that corruption within the certification process can be ruled out. The ISCC Integrity Programme is a tool enabling ISCC to closely monitor the certification bodies' verification activities and companies' compliance with the ISCC requirements. Candidates for Integrity Audits are selected partly randomly and partly on risk-based criteria, but also as a reaction to complaints from third parties. Accordingly, the Integrity Programme contributes to ensure the implementation of an objective, consistent and reliable audit and certification process. It also provides valuable feedback for both ISCC, to further enhance its 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 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. The first ISH certificate was issued in 2017.



In October 2019, the Technical Committee (TC) Southeast Asia of the ISCC Association included a workshop on **Independent Smallholder Mapping** in cooperation with the Global Risk Assessment Services (GRAS). The identification of smallholder fields is required by many stakeholders and brings manifold benefits such as calculations of area size, risk assessment, yield estimation, precise location, GHG calculation and monitoring. However, especially for smallholders, mapping is often complex, expensive and time-consuming, which is why ISCC continuously supports GRAS to offer easy to use tools for collecting accurate (geo-) data in a straightforward way, that enhance the professionalism and traceability of smallholders.

In 2018, ISCC took part in 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 identifies suitable pathways that safeguard food security under non-food 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. Since the end of 2020, the FSS can be integrated into the ISCC certification.



Another significant development in this field is the increasing substitution of agricultural biomass with **biogenic wastes and residues** for industrial biomass applications. Since 2020, ISCC has more than 60% of all certificates issued for entities in waste and residue supply chains. Companies that process waste and residues into valuable products are using ISCC for proving compliance with sustainability requirements. In this way, ISCC fosters the transition towards a circular economy and contributes to the avoidance of land use change, and thus, to reduce the competition for land preserved to guarantee food safety.

Since April 2021, ISCC is an official member of the **„Food for Biodiversity“** Association, which contributes to reaching the goals of the German and European Biodiversity Strategies, the Convention on Biological Diversity (CBD) and the UN Sustainable Development Goals. The members of the association include companies and organisations from various branches related to food production supply chains, including food retailers and producers, NGOs, and certification standards. ISCC as a member is committed to conduct pilot projects using the set of biodiversity criteria developed by the association. These pilot projects should serve to test the impact of the criteria and measures implemented on farms, and also provide data and experience to further develop the set of biodiversity criteria.

ISCC continuously provides guidance on sustainable agricultural production, including soil, water and air protection, zero deforestation as well as human and labour rights in different **ISCC trainings**. In total, ISCC conducted 36 trainings from March 2020 to March 2022 with more than 1,000 participants, that inform companies on sustainability certification and the ISCC standard requirements. They also trained auditors on the correct verification of such requirements. Thereunder, ISCC offers several specific trainings focusing on greenhouse gas emissions or the circular economy. In addition, ISCC participated in 22 external events during the last two years that provided education and dialogue on sustainability issues in the food, feed, chemical, packaging or fuel industry.



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. **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 offers a certification approach for the wild collection of shea. The picking and further processing of the wild growing shea fruits is traditionally done by local women for whom this work provides an important source of income to support their families. The ISCC certification **supports women in the shea industry** for accessing new markets and become more independent. ISCC's focus is to maintain and further develop the certification and traceability requirements to ensure the sustainable and fair sourcing of shea.



From March 2020 to March 2022, ISCC conducted eight ISCC PLUS trainings focusing on the circular and bioeconomy. 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 recycled and bio-based materials. By using renewable raw materials in place of petrochemicals, ISCC certified companies are contributing to the transition of the feedstock supply in the chemical industry from fossil to bio- and circular sources.



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 sustainable palm and deliver education and dialogue on further important sustainability issues.





ISCC is also 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 with the intention to stop deforestation for palm oil, beef, soy, pulp and paper production. 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.

One key functionality of the former mentioned Global Risk Assessment Services (GRAS) tool 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 for land use change. ISCC auditors use this function during certification audits to verify compliance with ISCC Principle 1. Moreover, it is a helpful tool for the ISCC Integrity Programme to detect non-eligible land use change through risk-based analyses.



ISCC moreover encourages advanced technologies in the area of GHG reduction. Since March 2019, over 200 ISCC certified palm oil mills have implemented **methane capture facilities**. During processing palm oil, wastewater, so-called *Palm Oil Mill Effluent (POME)*, can be a major contributor to GHG emissions if it is stored in open ponds that allow methane emissions to escape directly into the atmosphere. Hence, the capturing of such emissions is an effective method to reduce GHG emissions.



The urgent need to lower greenhouse gas emissions in the aviation industry has been recognised by the International Civil Aviation Organization (ICAO), and ICAO Members have set targets to mitigate greenhouse gas emissions from air transportation. A key-mechanism to ensure carbon-neutral growth from 2020 onwards is **CORSIA**, the **Carbon Offsetting and Reduction Scheme for International Aviation**, under which ISCC is recognized to demonstrate compliance with CORSIA's sustainability criteria for **sustainable aviation fuels (SAF)**. ISCC is also an active member of the **CAEP Fuels Task Group** within ICAO, which elaborates and develops further sustainability criteria for CORSIA eligible fuels. ISCC further provides a platform for important aviation stakeholders to discuss the latest developments and best practices regarding the aviation sector's sustainability transition. Major fuel producers and suppliers as well as airlines are already ISCC members and active users of the ISCC certification system.

ISCC is committed to support the aviation sector in its move towards reducing its climate impact. ISCC develops and provides practical certification solutions to ensure that SAF supply chains are sustainable, do not compete with food and feed production, and deliver credible GHG emissions reductions, including innovative and promising fuel pathways such as power-to-liquid.

ISCC strives to have a continuous stakeholder dialogue and provides information about the UN sustainability goals and their applicability in agricultural production. In February 2021 and February 2022, the **ISCC Global Sustainability Conference** took place as a virtual event. Due to the digital format ISCC could host more than 1000 participants within the last two years. The participants represented industry, NGOs, and national authorities who were discussing a variety of topics such as sustainable bio-based and circular supply chains, biodiversity, land use change, smallholder certification and greenhouse gas emissions. Furthermore, since March 2020 ISCC organised 12 **Technical Committees (TC)** meetings. Among these were the TCs dealing with “Circular Economy and Bioeconomy”, “Waste, Residues and Advanced Low Carbon Fuels” or “Sustainable Aviation Fuels” as well as the *Regional Stakeholder Committees* for North America, Latin America and Southeast Asia.



In addition, ISCC established two **working groups** in 2021: one for the development of mass balance guidelines and one for logos and claims developments. This all helps ISCC to support a constructive dialogue between stakeholders, thus increasing the transparency, credibility, and quality of the ISCC standard.

## Measuring of Outcomes

In 2020, around 80 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 second report is going to be published soon in 2022. The ISCC Impact Report is an important milestone in ISCC’s development and a contribution to the growing questions among stakeholders regarding the effectiveness of Sustainability Certification Schemes (SCS). Measuring ISCC’s impact requires a thorough data assessment and an in-depth stakeholder dialogue. The result is a detailed report filled with a comprehensive overview of ISCC’s activities, its commitment to the SDGs as well as the roles and limitations as SCS, to finally estimate the scheme’s actual impact. Besides numbers and statistics showing the global outreach of ISCC as a certification standard, the report also presents the *Theory of Change* and ISCC’s *Monitoring and Evaluation System*, forming the foundation of the ISCC impact assessment.

In addition to this, ISCC is continuously engaged in benchmarking processes. Comparing and evaluating different certification schemes provides the ability to identify strengths and to proactively approach weaknesses. It moreover supports the continuing dialogue of ISCC with all its stakeholders from different sectors.