20th of August 2022

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Re: Statement of Continued Support to the UNGC Principles (Part I of COE)

To our stakeholders,

I am pleased to confirm ISEAL's continued support for the mandate of the UN Global Compact and its principles in the areas of human rights, labour, environment and anti-corruption.

ISEAL is the global membership organisation for sustainability systems. With a focus on credible practices, we advance scalable and effective solutions that make a lasting impact. We work towards this goal with our members, a diverse set of stakeholders across sectors and geographies.

Our third Communication of Engagement summarizes ISEAL's work and outcomes that have contributed to the UNGC principles and shaped sustainable supply chain practices over the past two years.

Further information about ISEAL, its members, and its activities, can be found on our website (iseal.org). We welcome all feedback on the content of this Communication on Engagement.

Sincerely,

Ms Karin Kreider

Executive Director

ISEAL Alliance

Part II. Description of Actions

Area of action: propose and implement partnerships on corporate sustainability and engage with other stakeholders

ISEAL supports and enables the creation of multi-stakeholder sustainability standards and similar systems, which embody market-oriented sustainability partnerships. ISEAL currently consists of 36 sustainability systems and one accreditation organisation:

Alliance for Water Stewardship (AWS)

Aluminium Stewardship Initiative

Aquaculture Stewardship Council (ASC)

Assurance Services International

Better Cotton Initiative (BCI)

Bonsucro

Climate Neutral Group

CottonConnect

Fairtrade International (FLO)

Fair Trade USA

Forest Stewardship Council (FSC)

Golf Environment (GEO)

Global Infrastructure Basel

Global Sustainable Tourism Council

Gold Standard

GoodWeave International

Hydropower Sustainability Council

Initiative for Responsible Mining Assurance (IRMA)

Linking Environment and Farming (LEAF)

Marine Stewardship Council (MSC)

MarinTrust

ProTerra Foundation

Rainforest Alliance/UTZ Certified (RA)

Responsible Jewellery Council (RJC)

Round Table on Responsible Soy Association (RTRS)

Roundtable on Sustainable Palm Oil (RSPO)

Roundtable on Sustainable Biomaterials (RSB)

Sustainable Agriculture Network (SAN)

Sustainable Biomass Program (SBP)

Sustainable Eel Group

Sustainable Fibre Alliance (SFA)

Sustainable Rice Platform (SRP)

Textile Exchange

The Copper Mark

trustea

US Cotton Trust Protocol

Union for Ethical Biotrade (UEBT)

These sustainability systems work on a range of sustainability challenges, from environmental and economic to labour and human rights. They are key tools that enable businesses to implement the ten UNGC principles and contribute to progress against the Sustainable Development Goals (SDGs).

ISEAL aims to maximize the sustainability impacts of its members in their respective sectors and industries. ISEAL Code Compliant recognises those members who have been independently evaluated to ISEAL's Codes of Good Practice, which define how a credible and impactful multi-stakeholder standard systems should be developed and implemented. ISEAL also supports Community Members — sustainability systems that, without being Code-Compliant as for the moment, wish to improve their processes and outcomes by learning from ISEAL's experience and that of other peers.

Since 2013, ISEAL uses its Credibility Principles to define the core values of credible and effective sustainability systems. In 2021, following extensive global consultation, ISEAL launched the updated Credibility Principles to capture evolving stakeholder expectations, and address what credibility means for a wider range of market-based initiatives.

In addition to supporting credible systems and improving existing standards, ISEAL also partners with a range of other actors to promote and increase the awareness and uptake of sustainable supply chain management. ISEAL developed partnerships across 20 organisations in 2021 alone. Among these, the partnership with the UN Forum on Sustainability Standards (UNFSS) stands out. UNFSS and Evidensia, a research platform ISEAL is a founding partner of, delivered three learning events to understand the impacts

and effectiveness of sustainability standards in delivering on the economic, environmental and social dimensions of sustainability.

ISEAL also works with governments and businesses to provide them with information to understand, identify and use sustainability systems that embrace credible practices. In 2021, ISEAL convened members and experts to support positioning and policy engagement on the EU Green Deal deforestation agenda, and discuss what it means to be substantiating green claims. In addition, ISEAL conducted member-focused information sharing and policy engagement, including discussions about China and EU policy, and Members' Week sessions focusing on due diligence. ISEAL continued its longstanding work in China, where it held workshops with journalists, companies and NGOs to highlight the contributions of sustainability systems to biodiversity conservation.

In 2020, the Global Living Wage Coalition (globallivingwage.org) launched the new Anker Reference Value methodology to measure and improve living wages and living incomes around the world. In 2021 three new members joined this partnership for fairer workers' wages worldwide. ISEAL also partnered with the sustainable trade initiative (IDH) on a new project looking at how sustainability systems can strengthen measurement, verification and auditing to make living wages a reality. ISEAL's Living Income Community of Practice (living-income.com) continued to be active, holding webinars and workshops, and producing resources for the living income community — engaging over 1,300 participants across 72 countries.

ISEAL partnered with GIZ in 2021 to publish the report "Voluntary standards & FPIC". It highlights the role of sustainability standards in protecting the rights of indigenous peoples and local communities in the mining, minerals and metals sector. ISEAL also published the report "Performance metrics for key sustainability issues" in 2020. The report helps sustainability systems to select performance metrics that can be used to understand, respond and make claims around sustainability performance and impact.

ISEAL continued the dialogue around jurisdictional claims in 2021 to explore new ways of thinking about supply chain sustainability and the potential of landscape and jurisdictional approaches. This work informed new guidance to help emerging jurisdictional and landscape initiatives, and the companies involved in them, to demonstrate progress and make credible claims. ISEAL's "Making credible jurisdictional claims good practice guide" has created a foundation on which conversations, guidance and action around jurisdictional and landscapes initiatives can be built.

Area of action: support UN Global Compact business participants as they implement and report on their sustainability efforts.

By using effective, credible sustainability systems, businesses can improve their sustainability performance. As such the use of credible systems is a key indicator which UNGC business participants can use to report on their implementation of sustainability efforts.

In 2021, ISEAL launched its new organisational strategy, aiming to increase its impact in tackling the biggest sustainability challenges of our time, from the climate emergency and biodiversity crisis to human rights and persistent poverty. One of ISEAL's strategic priorities is 'supporting effective use of credible systems' by government and business.

To this end, ISEAL has reached out to a wide base of business audience to raise awareness around the impact and business case of using credible sustainability systems. On average 50% of ISEAL's audience

across its public webinars registrants, newsletter subscribers and LinkedIn followers is made up of stakeholders from the private sector.

While ISEAL acknowledges that the focus and scope of sustainability systems vary greatly, core characteristics include defining responsible practices, assessing how these are implemented and measuring their impact over time. In the last two years, ISEAL has continued to help businesses and governments know which tools are best placed to help them meet their objectives, from developing deforestation-free supply chains to ensuring workers' rights.

One of ISEAL's most recent examples of this work was the publication of "Effective company actions in landscapes and jurisdictions". This guidance laid out four guiding practices to help companies and those who work with them to make real, practical progress on critical sustainability issues at scale.

Area of action: join and/or support issue platforms and workstreams.

Through its partnership with the Global Living Wage Coalition (GLWC) — led by the Anker Research Institute, Fairtrade International, ISEAL, Rainforest Alliance and Social Accountability International — ISEAL supports the GLWC mission to improve workers' wages in farms, factories and supply chains. ISEAL is also a founding member of the Living Income Community of Practice (LICoP). LICoP is an alliance of partners that supports activities focused on improving smallholder incomes towards living income benchmarks, with a goal of enabling smallholder farmers to achieve a decent standard of living.

ISEAL has released numerous thought pieces and blogs on tackling forced labour in supply chains, raising awareness of this important issue. A number of our members also work to promote worker voicers and eradicate child labour. An example of this is ISEAL member GoodWeave International, whose goal by 2025 is to work through partnerships and collaborations to free 30 million children from exploitation.

Finally, ISEAL started working in collaboration with the United Nations Office of the High Commissioner for Human Rights (OHCHR) to support, build and strengthen ISEAL members' capacity to advance remediation efforts — especially linked to human rights violations.

Part III. Measurement of Outcome

Since ISEAL's previous Communication of Engagement, ISEAL has achieved several outcomes. For more information about ISEAL's activities, outcomes, and impacts, please contact David D'Hollander, Manager Policy and Innovations (davidh@isealalliance.org).

ISEAL Credibility Principles: Since they were developed in 2013, ISEAL's Credibility Principles have defined the core values of credible and effective sustainability systems. In 2021, ISEAL published an updated version of the principles, following extensive global consultation. The principles help organisations develop standards and similar sustainability tools to understand which attributes of their system are critical to the credibility of their approach, and why they matter for improving sustainability performance and delivering impacts. The principles also help businesses, governments, and civil society to identify systems that can be effective partners in delivering against shared sustainability objectives.

Evidensia.eco: Launched in 2019, Evidensia houses credible evidence and research on the impacts of market-based sustainability approaches. ISEAL leads the implementation, coordination, and management of all Evidensia activities. To date, the website counted 35,000 unique users. By 2021 it hosted more than 1000 resources, an increase of two hundred on 2020, and was visited by more than 13,000 new users from 177 countries.

ISEAL Public webinars: In 2020 and 2021, ISEAL hosted a range of webinars as an effective way to reach businesses and other stakeholders. To complement the Evidensia webinars aimed at researchers, and ISEAL member and Insight-user webinars, we produced public webinars focused on broader sustainability topics relevant to business stakeholders. The most well-attended webinars in 2021 were "LiCOP Workshop Session 1 | Practicalities in mainstreaming the living income concept" hosted by the Living Income Community of Practice (293 participants) and the ISEAL public session on "Strengthening demand for sustainable palm oil: What we can learn from efforts in Asia" (164 participants).

Growing a dynamic learning community: In line with our goal of growing the ISEAL community to include new types of sustainability systems, ISEAL has expanded its membership by 14 new ambitious sustainability systems since 2018, covering new sectors such as mining, tourism, biotrade and renewable energy. This growth has unlocked new opportunities for collaboration amongst ISEAL members, including on the ISEAL Platform where more than 500 user accounts have been set up since its launch in 2021. In addition, during 2021 Members' Weeks, ISEAL brought together more than 147 people across 28 organisations to discuss subjects from performance management and living wage goals to carbon footprints and better use of data.

Supporting effective use of credible sustainability systems: In 2021, ISEAL's webinars on recent policy trends, including the EU Green Deal, green claims, and biodiversity conservation in China, reached 1,500 registrants in 75 countries.