



ISEAL Credibility Principles

Consultation Draft v0.2 – September, 2012

Introduction

Voluntary standards systems are market-based tools, designed to address the most pressing social and environmental challenges of our time. The ISEAL Alliance works from the premise that sustainability standards that are effective and accessible can bring about globally significant social, environmental, and economic impacts. The continuing strong growth in size and scope of standards systems is an indication of the influential role that these systems can play in bringing about positive change on a global scale. However, it also highlights the pressing need for a broadly shared understanding of good operating practices for the movement as a whole.

Since 2004, ISEAL has been facilitating international consultations to determine what good practice looks like for sustainability standards. Through this work, we aim to maintain an evolving suite of credibility tools that supports the effective implementation of these standards systems. At the heart of these credibility tools are a set of core Principles that define the foundations of credible standards systems. Based on our experience working with existing and emerging standards systems, ISEAL is proposing a set of thirteen core Principles for consultation and debate. We are proposing that standards systems that actively seek to integrate these Credibility Principles are more likely to be effective tools for delivering positive sustainability impacts.

The Credibility Principles contained in this document constitute a public draft and are presented here as a starting point for a conversation about the concepts and actions that underpin effective standards systems. All comments and feedback on these Principles are welcome and should be submitted through one of several other means available on the ISEAL website (www.isealalliance.org/credibilityprinciples) or by email to amy@isealalliance.org.

About ISEAL

ISEAL's mission is to define good practices for sustainability standards, to distinguish and promote credible standards, and to ensure that people understand the difference. ISEAL shapes the context in which sustainability standards systems operate, by defining what good practice looks like for the sector and by influencing how external stakeholders think about and engage with credible voluntary standards systems. We support cooperation among our members and other interested parties to shape an effective standards movement. By building a collaborative movement we aim to achieve a significant and increasing impact on the sustainability of products and services worldwide. More information about ISEAL and our membership is available at www.isealalliance.org.

Objectives

The ISEAL Credibility Principles can serve a number of complementary functions:

- › Provide a framework for standards systems to improve their ability to deliver sustainability improvements
- › Aid users (such as producers, procurement officials, companies, NGOs, financiers) of standards systems in determining the relative credibility of the standards they are engaging with
- › Provide a powerful communications tool that will build greater stakeholder understanding of what makes a credible standard
- › Inform sourcing decisions that reward those entities that have met credible sustainability standards
- › Distinguish good practice from good marketing

Scope

The ISEAL Credibility Principles apply to all standards systems that focus on sustainability performance and that incorporate a standard and a mechanism for assuring compliance with that standard. While these Principles offer a high level overview, additional guidance and information about the interpretation and application of these Principles is necessary and is captured in current and future ISEAL Codes of Good Practice. The Credibility Principles are not intended to be used in isolation as a normative evaluation tool.

In applying these Principles, stakeholders should consider *the extent to which a standards system is consistent with* each of the Credibility Principles, rather than attempting to determine whether a standards system *meets* the Credibility Principles. Not all Principles need to be met to the same degree for a standards system to be effective. Standards systems can combine these Principles in different ways so long as they balance the need for effective performance with ease of uptake by enterprises and end users.

Credibility Principles – At a Glance

The ultimate aim of sustainability standards systems is to bring about positive social, environmental and economic **impacts**. At their core, these impacts depend on two factors: that standards compliant practices result in the intended change; and that there is uptake of the standards system in the market and along the supply chain. The thirteen draft Principles presented here are divided into these two groups:

- Performance - the standard and supporting systems work effectively; and
- Uptake - stakeholders trust and use the standards system .

While the Principles have been assigned to these two groups, many of them contribute to both performance and uptake. The grouping is not meant to be exclusive, but to offer a guide for why each Principle is important and included in its own right. Diagram 1 shows this grouping.

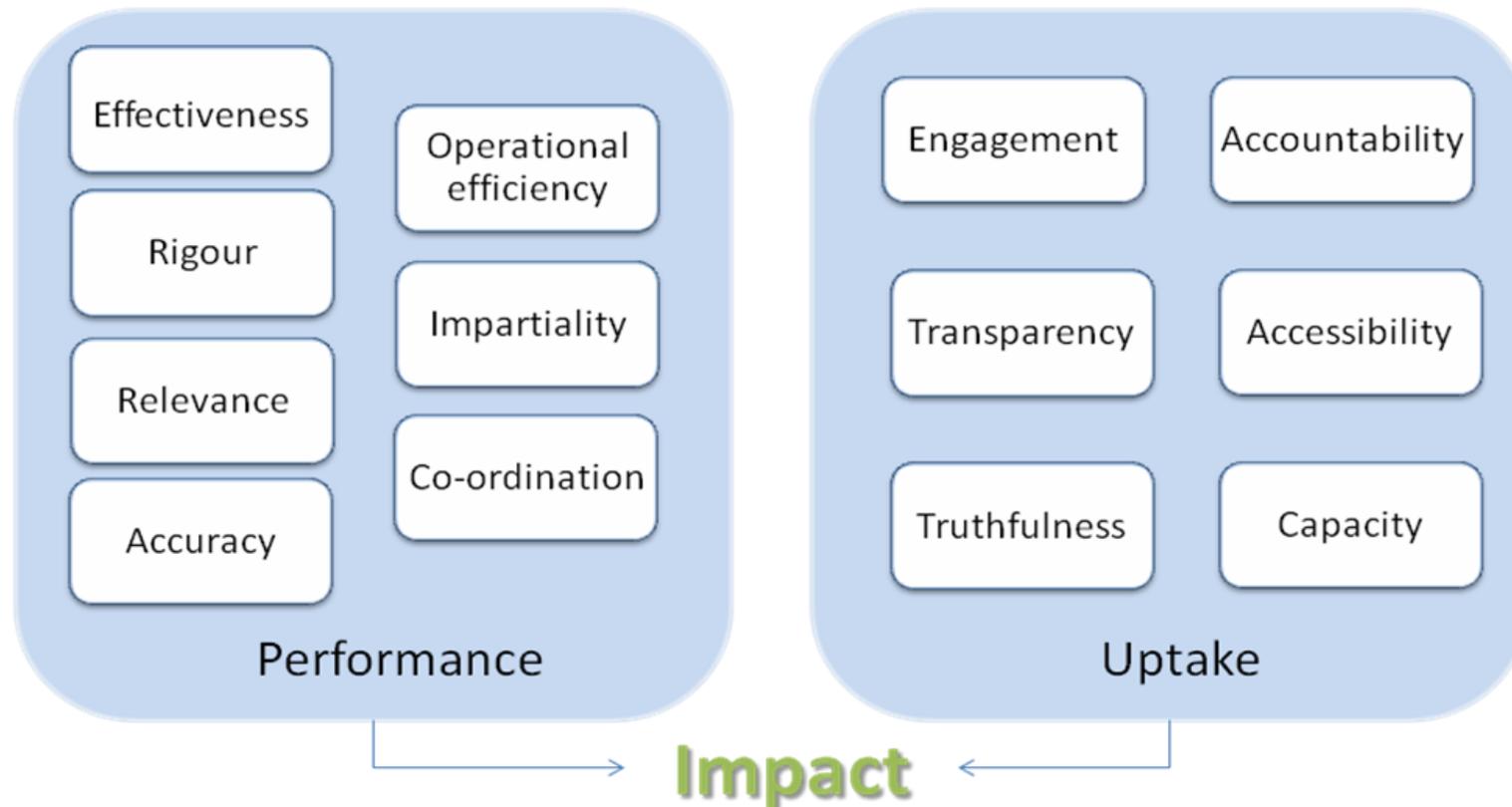
- 1. Effectiveness:** Standards systems measure and demonstrate progress towards their objectives and integrate learning to increase their impacts.
- 2. Relevance:** Standards address the critical sustainability hotspots in the lifecycle of the product or service, only include requirements that contribute to their objectives, and are adapted where necessary to be locally applicable.
- 3. Rigour:** Requirements in a standard reflect best scientific understanding and relevant international norms and are of a performance level that results in measurable improvements towards the objectives of the system.
- 4. Accuracy:** Assessments of compliance provide an accurate picture of whether an entity meets the requirements in a standard.
- 5. Impartiality:** Assessments of compliance are objective and the auditor and assurance personnel are not inappropriately influenced in their decisions.
- 6. Coordination:** Standards systems build on or refer to existing standards where relevant and collaborate with other standards systems to improve consistency and efficiency in operating practices.
- 7. Operational efficiency:** Standards systems have sound business and financial models and efficient governance systems that support their operations, while applying the most effective model to achieve their objectives.
- 8. Engagement:** Standards systems engage a balanced and representative group of stakeholders in standards development, and engage relevant stakeholders in assurance and monitoring and evaluation.
- 9. Transparency:** Standards systems make information easily available about the content of the standard, how a standards system operates, who is certified and how, impact information and various ways that stakeholders can engage.
- 10. Truthfulness:** Claims and communications about the benefits that derive from the purchase or use of a product or service are accurate and enable an informed and comparable choice.
- 11. Accountability:** Standards systems provide stakeholders with mechanisms for recourse where they feel their position or point of view has not been adequately taken into account.
- 12. Accessibility:** Standards systems minimize costs and overly burdensome requirements in order to be accessible to stakeholders, the enterprises seeking assurance and the end users of the system.
- 13. Capacity:** Standards systems facilitate training and access to resources for enterprises seeking assurance and support the development of local or regional assurance capacity.

Performance

Uptake

Diagram 1. Credibility Principles contributing to impact

Credibility Principles



Applying the Credibility Principles

Performance

A credible standards system results in positive changes in sustainability on the ground. In order to achieve this, the standard and supporting systems need to work effectively. The following Principles contribute to the overall performance of the standards system.

1. Effectiveness

Standards systems measure and demonstrate progress towards their objectives and integrate learning to increase their impacts.

Why it's Important:

Ultimately, the true test of the credibility of a standards system is whether it is improving sustainability performance in the target sector. To ensure this happens, performance must be measured, and changes must be made where necessary to improve how well the system works. Applying this principle ensures the standards system can answer the question 'does the system have an impact?' which for many is the most important consideration in evaluation.

A monitoring and evaluation programme is important because it allows for an understanding of what practices or strategies are working and why, and enables refinement of those practices to improve effectiveness of the standards system over time. Additionally, sustainability is an evolving concept and standards systems need to capture the changing landscape of what constitutes good practice by improving their standards over time.

What it Looks Like in Practice:

There is a monitoring and evaluation programme in place to evaluate the effectiveness of the standards system in achieving its stated objectives and to integrate the learning from that process into the structure of the system and content of the standards so as to improve the likelihood of achieving the desired objectives. Through on-going learning and improvement it continues to drive change and demonstrate leadership in its sustainability area, either through high performance levels of its standard or through implementation of innovative approaches.

The monitoring and evaluation programme shows how a standards system believes that their activities lead to desired outcomes, measures the extent to which these hypotheses are borne out in practice and identifies what other factors influence the outcomes. Learning from evaluations of these findings is then integrated into the operations of the standards system so that the standards system becomes more effective at achieving its objectives. The standards system also requires that the standard is reviewed and revised on a regular basis to take account of this learning and of the evolving understanding of what constitutes good practices.

2. Relevance

Standards address the critical sustainability hotspots in the lifecycle of the product or service, only include requirements that contribute to their objectives and are adapted where necessary to be locally applicable.

Why it's Important:

By focusing on the sustainability issues that are most significant in the lifecycle of the product or service, the standard will be relevant and not superfluous. The practices that enterprises are asked to achieve are then likely to help to bring about the objectives underpinning the standard. This also helps to allay concerns that the standard is creating unnecessary barriers to trade by only including criteria that are relevant to achieving the stated sustainability objectives.

Ecosystems and, to a lesser extent, socio-economic value systems vary from region to region. While global standards should aim to harmonize performance for certified entities in different parts of the world, there is a need to recognise and account for the variation in these natural and social systems. Standards that are not locally adapted can be irrelevant or, at worst, discriminatory.

What it Looks Like in Practice:

In the establishment of the standards system, there is an assessment of the key social and environmental challenges faced by the sector or industry, ideally using a sustainability hotspots analysis approach. This then results in the definition of clear objectives and scope of the standards system and forms the foundation for a shared understanding of what the system is seeking to achieve. Additionally, the standards system is careful to ensure that the focus on one issue does not intentionally or inadvertently lead to negative impacts in other areas.

There is a logical and hierarchical structure to a standard that sees the requirements in the standard all contribute explicitly to the social, environmental or economic objectives that the standard is seeking to achieve. This hierarchy can take a variety of forms but most commonly consists of some variation of Principles, Criteria, Indicators and Verifiers, with each level feeding in to the one above it.

Where a standard has a hierarchical structure, the high level principles and criteria are consistent and globally applicable. Different sets of indicators and verifiers can then reflect local circumstances and can be developed at, or adapted to a local level. Standards are adapted as needed to be relevant to the local socio-economic and ecological contexts in which they are applied, while achieving results that are consistent across the system. Detailed guidance or additional requirements on the development of these local components of a standard ensures that there is consistent understanding of the principles and criteria and their interpretation.

3. Rigour

Requirements in a standard reflect best scientific understanding and relevant international norms and are of a performance level that results in measurable improvements towards the objectives of the system.

Why it's Important:

The performance level required in the standard has the most direct bearing on the sustainability of the resulting practices. Standards that require status quo practices are not going to result in measurable improvements. While there can be justification for setting performance requirements at different levels, depending on the role of the standards system in driving change and who the system aims to target, all standards systems are aiming to make improvements in sustainability practices and the standards need to reflect this.

A wealth of information and knowledge exists about good practices for addressing sustainability issues across most sectors. To ensure consistency in approach and to build on that existing knowledge, standards systems need to incorporate scientific understanding about good environmental practices and relevant international norms for social and economic performance.

What it Looks Like in Practice:

The performance level of a standard is often based on technical input and results from a negotiation between interested stakeholders. As such it is important that these stakeholders have a shared understanding of the objectives of the system so that they can set the performance level accordingly.

Standards can be set with different performance levels so it is important that those levels align with the performance objectives of the standards system. For example, a standards system with aspirations of setting the gold standard in a sector needs to include criteria that reflect best practice to be able to make that claim. In contrast, an entry-level standard, designed to raise the performance level of lower performing entities across a whole population, needs to be achievable in order to act as a step towards better practice.

Where relevant, the requirements reflect best scientific or current understanding of good practice, and are written to enable an objective assessment of compliance, focusing on outcomes rather than approach.

4. Accuracy

Assessments of compliance provide an accurate picture of whether an entity meets the requirements in a standard.

Why it's Important:

Having a meaningful standard contributes little to sustainability if the assessment of compliance with that standard does not provide accurate results. Regardless of the intensity or formality of the assurance process that a standards system employs, the technical competence and checks and balances need to be in place to ensure that certified entities do actually meet the standard.

What it Looks Like in Practice:

Accurate and consistent assessments result from a robust and well-functioning assurance system with competent personnel that have the personal attributes, knowledge and skills necessary to ensure this.

Accuracy starts with a consistent interpretation of what compliance with the standard looks like in practice, and requires that auditors are competent to understand and apply that interpretation to the audit process. Standards systems have guidance in place that provides adequate interpretation of the standard. Auditors and others involved in the assessment process possess the right personal attributes needed for their role and have sufficient training and cross-fertilisation to be able to demonstrate their competence to evaluate compliance with the standard. Assurance providers have sufficient procedures and systems in place to ensure that audits are carried out consistently, and there is sufficient oversight of these assurance providers. It also means that the standard and other documents are clear, such that two competent auditors assessing the same enterprise would arrive at the same result.

5. Impartiality

Assessments of compliance are objective and the auditor and audit process are not inappropriately influenced in their decisions.

Why it's Important:

The assessment is intended to establish a credible level of assurance that practices conform with what is required in a standard. Assurance is a proxy for a direct connection between the producer and the consumer,

and between the entity being assessed and the claim being made. As such, it is critical that the consumer has confidence in the assurance process and a large part of that confidence derives from the actual and perceived impartiality and effective management of conflict of interest of the assurance process.

What it Looks Like in Practice:

The organisation responsible for assurance is most often independent of other components of the standards system such as standard-setting or marketing. The more formalised the assurance process (e.g. accreditation and third party, independent certification), the more firewalls are in place to prevent or manage conflicts of interest. All of those individuals engaged in the assurance process (auditors, decision-makers, etc.) do not have vested interests in the outcomes of the certification nor are they unduly influenced in their decisions. Potential conflicts of interest are identified and mitigated. Independence of the assurance body and its personnel from the enterprise being assessed is a significant factor contributing to impartiality.

6. Co-ordination

Standards systems build on or refer to existing standards where relevant and collaborate with other standards systems to improve consistency and efficiency in operating practices.

Why it's Important:

Standards systems do not operate in isolation but each contribute to the achievement of common sustainability goals. Where standards systems overlap, either in the content of their standard or in the sector or entities to which the standard applies, improved consistency and compatibility between systems leads to increased operational efficiencies and opportunities for scaling up the impacts that result from implementation of the standards systems.

What it Looks Like in Practice:

Where standards cover the same issues or apply to the same entities, efforts are made by the standards systems to improve consistency in both the content of the standards and in operating practices such as audit procedures.

When standard-setting organisations are developing a new standard or expanding the scope of a standard, they undertake a review of the existing landscape of relevant standards and work proactively where overlaps exist to ensure consistency in standards content. If it is developed for an issue that already has an existing system, the level or approach of the standards system, and resulting claims, are sufficiently different to avoid confusion by users.

Where enterprises are certified under more than one standards system, the systems work together to harmonise auditing methodologies and reporting requirements. Standards systems also look to other systems for the delivery of specialised functions such as traceability systems or database management, where these would result in significant efficiency gains.

7. Operational Efficiency

Standards systems have sound business and financial models and efficient governance systems that support their operations, while applying the most effective model to achieve their objectives.

Why it's Important:

When stakeholders invest in or support a standards system they are relying on that system to operate efficiently and effectively over time so as to continue to deliver on its sustainability objectives. While stakeholder engagement is critical in parts of the standards system, other parts need to operate as businesses with streamlined decision-making. Where standards systems overlap, either in content or function, improved consistency and collaboration between systems leads to increased operational efficiencies and opportunities for significantly increasing the impacts that result from implementation of the standards systems. In order to deliver on their objectives, standards systems need to determine the appropriate operational model for the context in which they are working, based on their theory of how change is likely to come about.

What it Looks Like in Practice:

Adequate attention is paid in a standards system to the financial viability of the system, with a financial model in place that is appropriate to the stage of development of the system. Governance of the system is clear and is streamlined where necessary for the effective operation of a business. The standards system is streamlined in decision-making and operations and seeks to cut costs for accessing the system while maintaining quality. Areas where stakeholders have a voice in decision-making are clearly defined, and it is clear how they are engaged. The standards system also looks to other systems for the delivery of specialised functions such as traceability systems, accreditation or database management, where these would result in significant efficiency gains.

The model that the standards system chooses to implement can vary from a focus solely on standard setting, to a compliance focus, to more of an emphasis on capacity building. The model is designed to have the greatest impact on the sustainability of the enterprise being considered, taking account of the nature and structure of the sector and of the sustainability issues being addressed.

Uptake

A credible standards system is widely respected and implemented. In order to achieve this, stakeholders need to trust the standards system and be able to easily engage with it. The following Principles contribute to uptake of the standards system.

8. Engagement

Standards systems engage a balanced and representative group of stakeholders in standards development, and engage relevant stakeholders in assurance and in monitoring and evaluation.

Why it's Important:

Stakeholders are often experts with an interest in the success of a standards system. Sustainability standard-setting is a process of seeking agreement among the subjective and varying values of these stakeholders. Multi-stakeholder standards development helps to build a body of stakeholders who buy-in to the standard and who can advocate for its uptake. It is often a compromise between the values of different stakeholders. Ensuring their engagement strengthens likely acceptance of the standard and ensures that it is representative of the diversity of stakeholder views. However, this approach may not be appropriate for all standards. In addition to the standard-setting process opportunities to participate in assurance and M&E activities give stakeholders a mechanism for continuing oversight and expert input to the standards system.

What it Looks Like in Practice:

Standards are developed through a process that includes balanced representation in discussion and decision-making by stakeholder groups that have an interest in the content of the standard or are likely to be affected by

its implementation. The standards system provides opportunities for stakeholders to provide input on assurance or accreditation decisions, and to contribute to monitoring and evaluation activities.

Stakeholder groups and key representatives within those groups are mapped out at the beginning of a standards development process. A case for why the standard is important and how stakeholders can engage is developed as a basis for encouraging stakeholder participation. The drafting and consultation process then seeks to bring in a balance of interested stakeholders to various decision-making bodies and to deliberation. Standards systems make extra efforts to engage stakeholder groups in the standards development process who are under-represented or disadvantaged.

In certification assessments, stakeholders have defined opportunities to provide input prior to certification decisions. In some assurance models they participate directly in the assessment and decision-making process. In monitoring and evaluation, they are consulted on the focus of the monitoring programme, may provide data and are provided with results of evaluations.

There can be a tension between meaningful stakeholder engagement and efficacy of the standards system. It is important to determine the most appropriate opportunities for stakeholder engagement, but not to engage stakeholders unnecessarily, at the expense of efficacy.

9. Transparency

Standards systems make information easily available about the content of the standard, how a standards system operates, who is certified and how, impact information and various ways that stakeholders can engage.

Why it's Important:

Transparency is a cornerstone of a meaningful sustainability standards system. Fundamentally, it builds trust in the process by allowing stakeholders to understand how decisions are made or how content is arrived at and to then make their own decisions about the validity or legitimacy of the process, or to submit additional or corrective informational.

What it Looks Like in Practice:

Information about standards development, certification assessments and decisions, and programme evaluations is made publicly available at least through an organisation's website. In standards development, this includes at least information on governance (how decisions are made and by whom, and how to participate in decision-making and standards development); on consultation (stakeholder input, and how it was addressed in standards development); and on content (draft and final standards). In assurance, this includes at least information on the status of certification assessments, stakeholder input and how it was addressed, decisions on assessments, and the names and status of certified enterprises as well as those whose certificates have been withdrawn or suspended. In monitoring and evaluation, this includes indicators being measured and outcome and impact evaluation reports.

10. Truthfulness

Claims and communications about the benefits that derive from the purchase or use of a product or service are accurate and enable an informed and comparable choice.

Why it's Important:

Claims and labels convey the benefits of purchasing a certified product or service. If the claims overstate the benefits or are not specific then there is likely to be confusion in the marketplace as well as a loss of confidence in the value and legitimacy of the standards system. Claims that a product is derived from a process that meets sustainability criteria require that there is a clear link between the process and the product. Traceability contributes to confidence in the legitimacy and credibility of the standards system.

What it Looks Like in Practice:

Clear objectives of the standard provide the starting point for the types of social, environmental and economic claims that can be made. All claims made about the standards system are accurate, whether they are on-product claims or not. Claims are easy to understand, do not overstate the benefits derived from the certification system, and are accurate and precise in their language. Ideally, claims are based on knowledge about the actual benefits that have been achieved, as identified through monitoring and evaluation or impact assessment. While claims cannot convey all the relevant details about a certified product or service, they provide sufficient information to be verified, either directly or through links to websites or other sources of information. Claims related to product origin (such as through on-product labels about production practices) will have a traceability system in place suitable for the type of supply chain and claim being made. As appropriate, these include product tracking through the supply chain (identity preservation / track and trace), mixing of certified and non-certified product (mass balance and percentage-based claims), or trading volume certificates separately from the certified product (book and claim).

11. Accountability

Standards systems provide stakeholders with mechanisms for recourse where they feel their position or point of view has not been adequately taken into account.

Why it's Important:

Complaints and appeals processes provide necessary checks and balances that the stakeholder engagement or assurance processes are working. Stakeholders, including applicants for certification, will have greater confidence in the objectivity of the system if they know they have an opportunity to question decisions that they feel don't adequately take their views into account. Where standards systems have a local presence, either directly or through local assurance or capacity building organisations, stakeholders are more easily able to convey their concerns.

What it Looks Like in Practice:

A complaints mechanism is in place that requires that there is a consistent and independent mechanism for considering complaints for both standard-setting and to assurance (assessments and decisions). The results are provided at least to the complainant and the entity against which the complaint was lodged. For standard setting, a complaints process usually focuses on procedural complaints. For assurance, this applies to the process by which a certification decision is arrived at or to the decision itself. An appeals process may be in place, usually as a second line of recourse where a decision on a complaint is appealed. In the case of certification decisions, the appeal may also be the first line of recourse. Additionally, the use of local assurance providers provides greater accountability to stakeholders in the region, given their continuing presence.

12. Accessibility

Standards systems minimize costs and overly burdensome requirements in order to be accessible to stakeholders, the enterprises seeking assurance and the end users of the system.

Why it's Important:

In standards development and certification, interested parties should have an equal right to participate. There are inherent barriers to access to standards systems, the most obvious of which are the time and costs required to participate in standards development or in seeking certification, or another type of assurance. Sometimes these are offset by benefits derived from participation but in other cases, there is a public good component that is driving participation. Standards systems must be accessible to encourage participation by all types of potential users, in order to have uptake and therefore sustainability impacts.

What it Looks Like in Practice:

The standards system does not discriminate against interested parties on the basis of cost, restrictions on access or overly burdensome requirements.

In standard setting, the standard setter understands who the interested stakeholders are and provides a range of mechanisms for the participation of those stakeholders, as well as proactive strategies for engaging them. This includes physically going to where they are and providing information in local languages. If in place, membership fees are minimal and costs of travel to meetings are likely subsidised for disadvantaged stakeholders.

The content of the standard is equally applicable to all types of enterprises, is focused on outputs and does not discriminate based on the size of the enterprise. The assurance process is no more onerous than necessary to deliver the level of assurance relevant to the end use of the system (e.g. on-product label, business to business).

13. Capacity

Standards systems facilitate training and access to resources for enterprises seeking assurance and support the development of local or regional assurance capacity.

Why it's Important:

One of the biggest challenges to uptake of sustainability standards systems is an enterprise's lack of ability to meet a standard or prepare for an assessment of compliance. Standards systems are well placed to provide or facilitate the provision of this information and capacity building for enterprises. Another challenge to uptake is lack of availability of local assurance providers which can result in increased cost or lack of familiarity with local language or circumstances.

What it Looks Like in Practice:

Standards either provide capacity building support for enterprises or at a minimum facilitate the provision of that support through helping connect capacity builders with enterprises. Capacity building takes a variety of forms, from direct training to provision of information to financing and access to resources.

Depending on the standards system's theory of change, the provision of capacity building can take different forms. In some instances, this will include field support. In others, this will include simple activities such as listing capacity building providers on the standards system's website or publication of training materials to aid compliance with the standard and preparation for the assessment. Regardless of the approach, the standards system takes care to avoid potential conflicts of interest that could arise from assessment of enterprises that have received technical support.

Appendix 1. Definitions

Assurance: Demonstrable evidence that specified requirements relating to a product, process, system, person or body are fulfilled (adapted from ISO 17000)

Capacity building: Activities which strengthen the knowledge, abilities, skills and behaviour of individuals and improve institutional structures and processes such that the organization can efficiently meet a standards' requirements (adapted from the World Customs Organisation)

Credibility: Recognition bestowed upon a standards system as a result of its effectiveness in delivering on its sustainability objectives

Entity: The product, producer or enterprise that is the subject of the standard

Sustainability standard: A standard that addresses the social, environmental or economic factors of a defined entity, or a combination of these

Standard: Document that provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is not mandatory (from ISEAL Standard-Setting Code)

Standards system: The collective of organisations responsible for the activities involved in the implementation of a standard, including standard-setting, capacity building, assurance, labelling and monitoring (from ISEAL Assurance Code)