Impact of standards and certification on sustainability

Sébastien Haye

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Do these look familiar?
About E4tech

A quick introduction...
E4tech helps businesses, policy makers and technology developers with strategic thinking in sustainable energy

Successful sustainable energy solutions consider:
- Competing technologies
- Evolving policy environments
- Business and finance imperatives

E4tech’s objective analysis and expertise provide:
- Evaluation of opportunities and risks in these disparate areas
- Guidance under uncertainty
- Support in taking the next steps
E4tech’s offering also addresses the needs of sustainability standards, certification systems and their users.

E4tech has in-depth expertise in standards and certification systems. Our highly skilled and experienced staff have many years of hands-on experience in the development, implementation and continuous improvement of sustainability standards and certification systems. We provide analysis and ongoing support to a wide range of clients.

Examples of our clients and partners:
Why are sustainability standards used?

Better practices...better business
Often, regulation/markets are not sufficient to ensure people and nature protection.
Sustainability standards/certification bridge the gap when regulation, governance or markets are too weak.

Sustainability standards and certification are used to **improve practices across supply chain and provide assurance to consumers** regarding compliance. Example – the 6 “better cotton” principles:

1. Minimise the harmful impact of crop protection practices.
2. Use water efficiently and care for the availability of water.
3. Preserve soil health
4. Conserve natural habitats
5. Preserve the quality of the fibre
6. Promote Decent Work.
Standards and certification also ensure traceability

RSPO SUPPLY CHAIN SYSTEMS

1. ‘Segregated’
Certified palm oil is kept apart throughout the supply chain.

2. ‘Mass Balance’
Certified palm oil is mixed in with conventional palm oil but monitored administratively.

3. ‘Book and Claim’
Certified palm oil is not kept apart; Suppliers sell certificates to users; Claimed volumes are matched.

Source: Roundtable on Sustainable Palm Oil
How are standards developed?

A matter of credibility...
Credibility Principles for Standards (ISEAL)

1. Sustainability
2. Improvement
3. Relevance
4. Rigour
5. Engagement
6. Impartiality
7. Transparency
8. Accessibility
9. Truthfulness
10. Efficiency
Compliance and assurance

From theory to practice
How compliance is being verified

- **Standard systems** include a set of indicators and evidences used to verify compliance with sustainability criteria.

  *Compliance check for a given criterion can be +/- robust, e.g. no child labour can be evaluated through internal policy check or direct interviews with workers/communities + visual inspection*

- Systems can use 1\(^{st}\), 2\(^{nd}\) or 3\(^{rd}\) **party verification**

- Verification can be conducted through a remote desktop document check, an on-site inspection of documents, a visual field inspection (e.g. farm, facility) or a combination of all.

- 3\(^{rd}\) party auditors must be accredited through a strict process (e.g. ISO 17065)

  *Important to balance robustness and affordability!*
How does assurance work? The BCI example

Source: Better Cotton Initiative
Monitoring & Evaluation

Achieving impact!
The Better Cotton Initiative (BCI) is the largest cotton sustainability programme in the world.

In 2016, better cotton represented:
- 1.6 million licensed farmers across 23 countries
- 3.5 million hectares under standards
- 2.5 million metric tonnes of cotton
- 12% global cotton production
- Retailer and brand membership grew by 43% in 2016 to 66 members
How sustainability standards/certification benefit to both people and the planet

<table>
<thead>
<tr>
<th>Country</th>
<th>Measure</th>
<th>Certified</th>
<th>Non-certified</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTZ, Indonesia</td>
<td>Average cocoa yield in kg²</td>
<td>687 per ha</td>
<td>322 per ha</td>
<td>345 per ha</td>
</tr>
<tr>
<td>RSPO, Indonesia</td>
<td>Average yield increase for certified palm oil smallholders in tn²</td>
<td>From 17.9 per ha</td>
<td>To 19.7 per ha</td>
<td>9% higher</td>
</tr>
<tr>
<td>BCI</td>
<td>Cotton yields for BCI farmers compared to non-BCI farmers³</td>
<td>Pakistan 9% higher</td>
<td>Mozambique 57% higher</td>
<td></td>
</tr>
<tr>
<td>RA/SAN, Nicaragua</td>
<td>Annual coffee income for farmers in USD⁴</td>
<td>Certified 4,256 per ha</td>
<td>Non-certified 2,025 per ha</td>
<td>34% higher</td>
</tr>
<tr>
<td>Fairtrade, Colombia</td>
<td>Average income increase for banana farming households since joining Fairtrade⁵</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>LEAF, Global</td>
<td>Certified crop with Soil Management Plan⁷</td>
<td>190,516 ha</td>
<td></td>
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<tr>
<td>Bonsucro, Global</td>
<td>Certification has led to</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Global Coffee Platform</td>
<td>Coffee farms treating water used in production⁹</td>
<td>Certified 40%</td>
<td>Non-certified 3%</td>
<td></td>
</tr>
</tbody>
</table>

Source: ISEAL – Sustainability standards and the SDGs (2017)
Market incentives

A driver of changes
How customers can drive positive changes in supply chains
Conclusions

Why you should look for labels
Sustainability standards can help achieving better working conditions, environment protection and good business!

- **Concrete impacts** of sustainability standards and certification are increasingly measured and reported, showing real benefits.

- **Standards cannot address all issues** – goals must be based on needs.

- **Not all standards are made equal**: don’t trust all claims!

- Credible standards differentiate themselves by:
  - Ensuring a **transparent and participatory** development process
  - Concretely addressing specific **sustainability** issues based on needs
  - Implementing a **robust assurance** system
  - Monitoring and reporting their impacts

- Sustainability standards and certification provide small producers with enhanced market access, which brings about socio-economic and environmental benefits for local communities.
E4tech – your partner in sustainable thinking!

For more information please visit our website:

www.E4tech.com

E4tech (UK) Ltd
83, Victoria Street
London SW1H 0HW
United Kingdom
+44 (0)20 3008 6140

E4tech Sàrl
Av. Juste-Olivier 2
1006 Lausanne
Switzerland
+41 (0)21 331 15 70

standards@e4tech.com