CODEX PLANETARIUS

Lessons Learned from Voluntary Standards and Certification Programmes

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About *Codex Planetarius*

Codex Planetarius is a proposed system of minimum environmental performance standards for producing globally traded food. It is modeled on the *Codex Alimentarius*, a set of minimum mandatory health and safety standards for globally traded food. The goal of Codex Planetarius is to measure and manage the key environmental impacts of food production, acknowledging that while some resources may be renewable, they may be consumed at a faster rate than the planet can renew them.

The global production of food has had the largest impact of any human activity on the planet. Continuing increases in population and per capita income, accompanied by dietary shifts, are putting even more pressure on the planet and its ability to regenerate renewable resources. We need to reduce food production's key impacts.

The impacts of food production are not spread evenly among producers. Data across commodities suggest that the bottom 10-20% of producers account for 60-80% of the impacts associated globally with producing any commodity, even though they produce only 5-10% of the product. We need to focus on the bottom.

Once approved, *Codex Planetarius* will provide governments and trade authorities with a baseline for environmental performance in the global trade of food and soft commodities. It won't replace what governments already do. Rather, it will help build consensus about key impacts, how to measure them, and what minimum acceptable performance should be for global trade. We need a common escalator of continuous improvement.

These papers are part of a multiyear proof of concept to answer questions and explore issues, launch an informed discussion, and help create a pathway to assess the overall viability of *Codex Planetarius*. We believe *Codex Planetarius* would improve food production and reduce its environmental impact on the planet.

Lessons Learned from Voluntary Standards and Certification Programmes

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Abstract

Voluntary standards and certification programmes operate in nearly every sector of the global economy and can be effective market-based tools for recognising and rewarding more sustainable production practices. For more than 30 years these programmes have been refining and improving their practices to respond to changing expectations of companies, governments, and civil society. This report explores 15 critical factors contributing to the effectiveness of sustainability standards and certification models, identifying strengths, challenges, and new directions taken by these voluntary instruments. It provides reflections on the procedural aspects of governance, setting of standards and performance levels, certification integrity, data management, and assurance practices. For each of these topics it also then assesses the implications for a mandatory regulatory instrument like *Codex Planetarius* and makes recommendations for consideration in building out this tool. The report concludes with reflections on the complementarity of voluntary and regulatory instruments and how sustainability standards and certification can be useful tools to support implementation of a *Codex Planetarius*.

Context

Voluntary standards and certification programmes[1] have been operating in global supply chains for more than 30 years. These initiatives aim to use the power of the market to incentivise positive sustainability impacts and improvements, particularly in primary production and manufacturing. Voluntary standards and certification programmes now exist in nearly every sector of the global economy and across all major commodities. They have been effective tools for recognising high performing enterprises in their respective sectors, while also helping to shift broader expectations around responsible company behaviour. However, they have also faced limitations, particularly in reaching those enterprises and markets less inclined to sustainability. In this paper we draw on some of the lessons learned about how voluntary sustainability systems (VSS) have strengthened their effectiveness and what types of systems and approaches are needed going forward. We use this to inform recommendations for how a *Codex Planetarius*, as a global regulatory baseline set of performance requirements, might integrate good practices while overcoming some of the challenges faced by voluntary instruments.

This assessment is happening in the context of a significant evolution in the way governments and markets are thinking about sustainability. With the climate and biodiversity crises and increasing market visibility on human rights and livelihoods, sustainability has moved into the mainstream. Governments, which previously abdicated responsibility for managing the sustainability impacts of the markets, are stepping up with a raft of legislative initiatives that aim to prescribe minimum acceptable responsibilities for companies operating in their territories. This is manifesting in regulations and legislative initiatives around company sustainability due diligence, green claims in the marketplace, and sustainability reporting and disclosure.

All of these efforts will serve to further mainstream sustainability considerations into the core business practices of companies operating in those jurisdictions in a way that VSS have not been able to. This is a largely positive development. Where VSS have been effective at recognising better performers, these regulations will pull up the floor, forcing a large number of companies to meaningfully consider sustainability impacts for the first time. It is in this context that a *Codex Planetarius* offers an interesting complement to VSS, by creating the potential for a globally shared and mandatory definition of baseline environmental performance, initially in agriculture. This instrument could use the combination of current momentum around sustainability regulation along with lessons from implementation of VSS to structure its approach and inform its potential success.

Evolution of Voluntary Standards and Certification

VSS need to adapt to the changing contexts in which they operate.

When the first multistakeholder, market-focused VSS like Rainforest Alliance (RA), Forest Stewardship Council (FSC), Marine Stewardship Council (MSC), and Fairtrade were established, there was little regulatory or commercial knowledge of these sustain-

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[1] 'Voluntary standards and certification programmes' refer to a suite of initiatives that aim to assess and communicate the sustainability performance of an enterprise against a set of practice or performance requirements. These initiatives are diverse and alternately referred to as sustainability standards or systems. Within this report, we will use the terms voluntary sustainability systems (VSS) as shorthand for this range of initiatives.

ability instruments, let alone acceptance. A main focus of efforts by VSS in those early days went into brand recognition with consumers and into strengthening legitimacy with governments by seeking recognition under World Trade Organization (WTO) rules.

The technical work of building a sustainability system focused on alignment with trade rules and recognition of international standards under trade mechanisms such as the WTO Technical Barriers to Trade agreement. Legitimacy in certification and accreditation also came through greater alignment with International Organization for Standardization (ISO) conformity assessment standards. This was effective in professionalising the services offered by these VSS and, when combined with consumer awareness, creating a strong market foothold for certified production.

In the early 2000s, there was a blossoming of new roundtables, particularly in commodity agriculture, that were focused initially on aligning stakeholders around definitions of good practices, with certification only being introduced at a later stage. Companies were more broadly interested in this approach, creating momentum for a mainstreaming of VSS. Some of the roundtables, such as the Roundtable on Sustainable Palm Oil (RSPO) and the Better Cotton Initiative (BCI, now Better Cotton), had very quick initial market growth. This was significant in bringing to the table large portions of the supply chain (e.g., leading global traders and manufacturers in the case of RSPO) and delivering large volumes of mass balance certified product to market, at least in Europe.

Around 2010, leading companies in forestry and deforestation-linked agricultural commodities (such as those in the Consumer Goods Forum) were starting to make time-bound commitments to avoid sourcing products from areas of illegal deforestation. The establishment of the Sustainable Development Goals in 2015 reinforced for downstream companies the motivations for setting impact and performance-based goals under reporting initiatives like the Global Reporting Initiative (GRI) or CDP. Where brands and retailers had previously been happy to use a certification label to communicate responsible practices, they started to position their companies as responsible or sustainable, sometimes using certifications as proof of that commitment. Partly in response, some sustainability

standards introduced more metrics-based performance measures into their standards.

The most recent evolution in VSS brings us full circle. VSS were initially a civil society-led response to governments' abdication of responsibility for sustainability issues in the market (through deregulation, etc. in the 1980s). However, governments are now recognising the necessity of prescribing sustainability expectations through legislation that informs how companies and their suppliers are required to act in their jurisdictions. This is most prominent in due diligence legislation but also includes regulations around sustainability claims and non-financial sustainability reporting and disclosure. VSS are now seen as important co-regulatory tools that can work to complement regulation. To do this effectively however, VSS will need to continue to innovate and evolve to meet the expectations of governments and of companies seeking to comply with these regulations.

Governance
No Silver Bullet

Sustainability will be achieved through collaborative, system-wide approaches. VSS need to determine where and how they are best placed to contribute.

In looking at the outcomes delivered by VSS, it has often been the case that factors outside the scope of certification, and often outside the control of the certifying enterprises themselves have had a significant influence on whether or not certification delivers improved sustainability impacts. Enabling and disabling conditions like government policy, enforcement of legislation, capacity building, and financial lending practices have often been the determining factors in the successful adoption of sustainability practices by enterprises.

VSS have sometimes been criticized for not delivering the full promised transformation to sustainable practices of their respective sectors or commodities. What is clear from the research and from experience is that VSS are a useful tool in a broader toolkit of strategies and actions. VSS themselves have recognised that certification alone is not going to transform sectors or regions. Many VSS over the last ten years have stepped back from thinking about themselves as standards and certification organisations and have refocused their efforts around their core sustainability missions. They are

choosing to implement a range of strategies, of which certification is one. Certification is being complemented by place-based and sector-based convening, advocacy and support for enabling policy environments, capacity building and training, and provision of a range of services to supply chain companies.

Implications for *Codex Planetarius*

Sustainability is not going to be achieved enterprise by enterprise. The diversification of strategies by VSS is indicative of the need for systemic solutions that take into account the context and enabling or disabling conditions in which sustainability is being pursued. Adoption of a globally aligned set of performance requirements such as a *Codex Planetarius* will be no different. Its success will depend on the extent to which there are complementary strategies and an enabling environment to support farmers and producers to adopt practices that help them to meet the performance measures.

Professionalising Governance

Balanced multistakeholder governance is good for moving a sector but not great for running a sustainability system.

Most VSS are built on a foundation of multistakeholder governance. This can take many forms, but the premise is that giving voice to the diversity of interested stakeholders in the overall direction and strategies of the initiative will ultimately strengthen the system and its impacts. This multistakeholder approach to governance was instrumental in the successful establishment of VSS. The idea that civil society and companies could work together to define what good practice looks like for different sectors and commodities was both novel and powerful. It brought companies that had not previously considered sustainability into conversations with civil society, represented by NGOS, as equal partners and provided a neutral forum for two stakeholder groups that had previously been combative opponents.

Multistakeholder governance was originally focused on standard-setting, ensuring a voice for those affected by or interested in the outcomes. This was complemented in many cases by technical experts and scientists who brought a rigour to the development of standards content. Often, stakeholder input through consultation was then translated and refined by a technical

body to reflect stakeholder views in a way that was scientifically rigorous. There are strong arguments for why stakeholder engagement and balance in standard-setting is important, primarily as a means to empower stakeholders but also to achieve a high quality standard that represents a balance of views. In many cases, that balanced multistakeholder governance extended into overall management of the sustainability system itself. In some cases, such as FSC, this was necessary to engender confidence in stakeholders that their interests were being represented.

At the same time, multistakeholder governance can be slow and convoluted. For organisations that need to respond to changing market conditions and expectations, multistakeholder governance has been challenging. FSC's governance structure with its 3-chamber model[2] and member voting resulted in a very robust but stakeholder-driven decision-making structure that was at times slow to reach decisions. Similarly, RSPO initially established a very large governance Board that was representative of its stakeholders but challenged to make decisions efficiently. RSPO has subsequently narrowed its Board of Governors to 16 members, while instituting a suite of four topic-based standing committees. Other organisations, by contrast, have created parallel governance and stakeholder bodies that enable stakeholders a voice but not ultimate responsibility in organisational decision-making. MSC's Board of Trustees has both a Technical Advisory Board and a Stakeholder Advisory Council providing advice to the Board and Executive.

To operate efficiently and be able to respond to changing market conditions, VSS need to find a balance in when and how stakeholders participate in organisational governance. The approach that should guide how a sustainability system's governance is structured is to determine the types of decisions where it is important to have agreement across stakeholder groups. This may be appropriate for bigger picture questions like standards content or strategic direction, but it could easily be a hindrance for the day to day governance and operations of the scheme itself. In those cases, a more streamlined and professional, skills-based governance structure is recommended, ideally with an opportunity for stakeholders to provide input or advice.

Implications for *Codex Planetarius*

The governance of an initiative like *Codex Planetarius* is quite different from VSS. There is a much higher degree of formality in representation and decision making. However, the underlying premise that stakeholders who will be affected by an initiative should have a voice in the development of that initiative remains. The governmental process to develop a Codex should consider how directly affected stakeholders can be represented, or at least participate, in the process.

Separation of Functions

VSS that manage potential conflicts of interest in their governance structures will be perceived as more credible.

One of the core tenets of VSS that informs their credibility is that they need to operate impartially. This means that there is no conflict of interest in how the components of the system, like standard-setting, certification, or oversight, are structured or in how they work together. Most commonly, potential conflicts arise when one organisation seeks to carry out more than one function. For example, in most VSS, the scheme owner is responsible for maintenance of the standard. In newly formed systems, the scheme owner may not feel comfortable outsourcing its certification because it is still working out implementation details and wants to ensure the quality of the certification that is delivered. The potential conflict is that, as the scheme owner, it has a vested interest of seeing more enterprises certified so it may not be perceived as impartial. While this doesn't preclude this type of interim structure, it does make it harder to manage the integrity of the system as a whole.

The basic principle that informs a sustainability system's structure is that the certification or validation process should be implemented by an organisation that is separate from the organisations responsible for delivering the other functions. In most VSS the result is that the organisation that develops and maintains the standard or performance requirements is the scheme owner and it then outsource certification and oversight to other organisations. However, the scheme owner often retains responsibility for defining the audit protocols

and audit guidelines that the certification bodies will follow.

One other potential conflict that arises is when the organisation that facilitates development of a standard transitions into being the scheme owner and takes responsibility for ongoing management of the standard. This is actually quite common, such as in the examples of Rainforest Alliance, and the Global Aquaculture Alliance. New standards development is often coordinated by a group of committed stakeholders. Occasionally, one of those stakeholders goes on to take ownership responsibility for the standard but, more commonly, the group sets up a new organisation to manage the system. There is no direct conflict if an organisation managing the standards development process then takes responsibility for the ongoing implementation of the system. The challenge is to ensure that ongoing responsibility for the standard is managed through a balanced multistakeholder process. Any organisation taking on this role needs to have a governance system in place that is sufficiently multistakeholder to be acceptable to interested stakeholders, at least for those parts of the organisation relevant to managing the standard.

Implications for *Codex Planetarius*

The basic principle of separation of functions applies equally to a *Codex Planetarius*. However, given that the Codex will not be implemented like a certification system, the main consideration is the structure of the process to set requirements and which voices are part of the discussions.

Sustainability Standards

Practices vs Performance

Sustainability standards that can measure performance are better able to communicate the results they are achieving.

The theory of change for many early VSS was that the standards would set out current understanding of good practices for their respective scope and that compliance with the standards would result in improved sustainability performance. Standards were mostly structured around these practices in conjunction with requirements that certifying enterprises have management systems in place that would support them to implement the practices consis-

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[2] FSC organizational and individual members are divided into three chambers representing environmental, social, and economic interests. For a decision to be made, both a simple majority of the members' votes in each chamber and at least two-thirds of the votes of all members is required. The institutionalized preference for a consensus and the voting rules create preconditions for FSC members to engage in extensive negotiations and compromise building.

tently over time. At the time, the value of a practice-based approach was in part that the standards could also act as capacity building tools, providing a framework and set of practices that enterprises could adopt or work towards. With the standards defined by stakeholders and experts, the theory was that the practices would naturally lead to the intended performance results.

In the early years, this was a working assumption without good data to back it up. As sustainability standards gained prominence, research in some sectors, particularly agriculture, started to reveal mixed results of certification, with sustainability performance outcomes being stronger in some places than in others. As noted, this was often due to the enabling or disabling conditions that influenced the success of the intervention. Where the goal of the sustainability system is to recognise and reward well performing enterprises, this variability in outcomes is not so problematic, but it becomes more challenging if the goal is to maximise sustainability performance improvement. This improvement lens has become increasingly important over the last 15 years, particularly as production and supply chain companies look to communicate about the sustainability outcomes they are achieving. Without a clear understanding of where and under what conditions these systems would be most effective, it is hard to reconcile the practices with the outcomes.

From around 2010, some VSS started to introduce performance measures into their standards. Standards like Bonsucro and Field to Market emerged that were primarily performance measurement or metrics-driven. Often the standards continued to incorporate good practices but an enterprise's performance would be measured against achieving a certain performance level.

There are both benefits and drawbacks from the use of performance or metrics-based standards. Clearly, the main benefit is the potential to succinctly talk about the concrete performance improvements achieved through implementation of the sustainability system. Additionally, it enables enterprises more flexibility in how they go about meeting the expected performance levels. However, in general, it has been very challenging to identify the right metrics or indicators that give meaningful insight on an issue and that are broadly and equally applicable across the

full geographic scope and varying contexts in which a standard is applied. Performance measurement is also in some cases significantly more costly and time consuming than evaluating whether practices are being followed, e.g., the time and cost required to collect primary data on socioeconomic issues through household surveys. Finally, enterprises often benefit from the structure provided by a set of good practices, particularly those enterprises determining how best to take their first steps along their sustainability journey. The introduction of metrics removes that framework as a capacity building tool for enterprises.

With the growing interest and expectation by certifying enterprises and supply chain companies to be able to communicate about measurable performance improvement, it is inevitable that VSS will feel pressure to provide that performance data. They can either seek to integrate sustainability metrics and performance measures in their standards or capture this information through aligned monitoring and evaluation activities. Ideally, VSS are able to capture good data about performance all the way down to the individual enterprise level. This is useful not only for communicating performance results, but for the sustainability system itself to understand where and under what conditions it can deliver sustainability outcomes most effectively.

Implications for *Codex Planetarius*

Codex comes in at a time when there is increasing recognition of the value of and interest in performance measures. Not only are companies looking to communicate about specific performance levels or improvement against critical sustainability issues, governments and financial institutions are also regulating that performance. To have a set of measurable and universally applicable performance measures will help to position the Codex in the emerging landscape of company reporting requirements.

Setting a Performance Bar

VSS need to have a clear theory of how to bring about performance improvement that informs how they set performance requirements.

If we assume that VSS will increasingly integrate performance metrics and measurement into their standards, a couple of additional questions arise. The first is where to set the performance bar, while the second is what compliance or success looks

like in relation to that performance bar. The answers to these questions need to be informed by a strategic choice about how the standard can be most effective at driving performance improvement. Is it more effective to set a low bar that recognises and rewards a broad swathe of enterprises for making a small amount of improvement, or to set a high bar that distinguishes those enterprises that have made real progress, but whose total numbers are significantly lower? VSS have succeeded along each of these routes.

The right approach depends on the broader system conditions. It is useful for VSS to develop their strategies once they understand who else is doing what in their sector or space and what other mechanisms are in place that will either improve or detract from sustainability performance. There are legitimate roles for tools and approaches pitched at different levels of performance and these can ideally be quite complementary. For example, the Global Coffee Platform (GCP) started out as a standards and certification programme, but their leadership recognised that what the coffee industry needed was a learning platform and network through which to encourage improved performance. GCP separated out its common code for the coffee community (4C) as a baseline standard that now complements the higher performance bar standards operating in this space, like Rainforest Alliance and Fairtrade. Ultimately, sustainability will be achieved through a range of different tools working in complementary ways to create a pathway for enterprises to continue to improve their sustainability practices over time.

Linked to how standards drive change is the question of how the standard is structured. Most people assume that if a standard includes criteria or performance measures, all of those criteria or measures need to be met in order for an enterprise to be certified. In practice, there are innumerable variations in what compliance looks like, ranging from full compliance with all criteria or meeting all performance bars, to making progress on criteria and performance over time. Standards can include baseline or entry level criteria and advanced or aspirational criteria; they can require that certain requirements are met at different points in time; or they can introduce a bespoke scoring system, potentially also including graded claims based on performance level. The LEED Green Building certification is a good example of

the latter, with Silver, Gold, and Platinum levels of performance. Once again, there is no best option. The choice of how to structure a standard or set of performance measures depends on how the initiative thinks improvements are most likely to be incentivised or achieved. VSS should make intentional and informed decisions not only about the requirements in the standard, but also about the performance levels that compliance or recognition entails.

Implications for *Codex Planetarius*

It is assumed that the Codex sets a level of performance that acts as a baseline that all producers and enterprises in applicable sectors must meet – and that the performance requirements must be met in their entirety. There is already a clear theory of change that a Codex serves as a globally recognised baseline. The challenge will be to determine if a common baseline, applicable across agricultural commodities and different regions, is feasible, or if there are too many variations due to geography or commodity.

Standards Writing

VSS need to engage with technical experts and professional standards writers to improve the quality of their standards.

Voluntary VSS put a lot of emphasis on the multistakeholder nature of their standards development and revision processes. The core tenet is that because these standards are about public interest goods (the environment and human welfare), affected and interested stakeholders should have an opportunity to weigh in on what those standards look like. This is about giving stakeholders a voice, but it is also based on the idea that if stakeholders work together effectively, each bringing their own strengths and experiences, there is potential to create a standard that is both stronger and more reflective of stakeholder values. Good practices for what this looks like have been defined and refined over the last 20 years, locking in a process that is built around stakeholder engagement in standards development and in decision-making.

One of the challenges with the multistakeholder approach is that stakeholders don't generally write very good standards. They have valid and valued opinions about what is important and how issues should be taken into account. But that is different from what the words should say that express those values in a way that is auditable, consistently interpretable, and broadly applicable across different continents and contexts. For that, it is important to have the necessary technical and scientific expertise. Most VSS have built technical committees or some variation into their standard-setting process. These technical bodies ideally bring in two types of competencies: competence in the subject matter (scientific expertise) and competence in actually writing standards. This latter piece is the one that is sometimes forgotten or left out by VSS.

Multistakeholder standard setting is about seeking a diversity of opinions. The sign of a successful consultation is not that a scheme owner has heard from every stakeholder but that they have a good sense that they have heard all the positions and suggestions for how to move forward on a specific topic. Standards development or revision is also not about taking every stakeholder comment into account but about seeing the submissions as a body of input from which the technical experts, scientists, and standards writing experts can determine how to craft a standard that is most likely to achieve the intended objectives.

Implications for *Codex Planetarius*

This will be one of the most significant challenges in developing a Codex. There will be a tendency to draw only on the best science to draft the performance requirements. That should be a necessary foundation, but it is also important to draw from the experience of VSS and incorporate stakeholder views through consultation. Ideally, stakeholders provide a frame of reference for what is considered societally important, and this is then refined and made robust by scientists and technical experts.

Sustainability is Dynamic

As societal understanding of what constitutes good sustainability performance evolves, VSS need to evolve with it.

Our understanding of what good practice for sustainability looks like is constantly evolving, whether through needing to adapt to rapidly changing ecosystems and climatic upheaval or through changing expectations about societal welfare and rights. If sustainability standards are going to continue to be relevant over time, they need to evolve with that understanding. Scheme owners have all implemented revision processes whereby a standard is reviewed on a reg-

ular basis and, if warranted, subjected to a revision process. Standards revisions serve a number of purposes including reflecting shifting priorities of stakeholders and the environmental and economic realities they face, intentionally ratcheting up expected performance levels as the industry improves, or seeking to expand the remit or scope of a standard to cover additional facets of sustainability.

One of the challenges with multistakeholder standard-setting is that as a system becomes more established and widespread, there are more vested interests that would like to avoid significant changes to the standard. Companies that have complied with a standard are reticent to invest additional resources to meet any new or upgraded requirements. This needs to be tempered with adapting the standard to respond to increasing environmental and economic pressures on the farmers and enterprises that are being asked to meet it. The result is that it becomes harder for scheme owners to make significant changes to the requirements, even where these might be needed. In those cases, VSS should take time at the outset of a standard's revision process to clearly articulate the intended objectives for the revision – what improvements the scheme would like to make and why. This clarity will enable stakeholders to buy into the process at an early stage and have a sense of direction for the revision. The scheme owner will then also have a reference point for explaining why changes are necessary.

Implications for *Codex Planetarius*

This issue is particularly relevant for a Codex. Performance measures in a *Codex Planetarius* are a reflection of minimally acceptable performance levels. While these can be agreed at a point in time, based on best available science, it is very likely that they will need to be revised on a regular basis, e.g. every 5 years. These revisions will need to reflect both the changing realities on the ground, e.g. due to climate change, and the potential to ratchet up the required levels of performance over time to motivate continual improvement.

Certification Model

Confidence in Results

The integrity of VSS relies on accurate assessments of performance, but VSS need to communicate the limits of certification.

Certification is about managing risk. It is the process of gathering information about practices or performance to develop a good enough picture about whether an enterprise is following a set of requirements or meeting a level of performance. The challenge is that stakeholders generally don't have a good understanding of what a 'good enough picture' looks like and, even if they do, different stakeholders have different expectations about what is acceptable. The root of this problem is that certification is often about assessing performance at a point in time or on an intermittent basis. It is not a guarantee of a result because performance changes over time.

One way of approaching this challenge is to let the use case inform the level of confidence stakeholders are likely to accept and what this means for the rigour of the assessment or certification process. For example, at one end of the use case spectrum, government-regulated food safety requires an extremely high level of confidence in the results, as missed performance targets could have lethal consequences. At the other, knowing that an enterprise has the right documents for its internal management system is important but is not so significant if an assessment doesn't come to the correct conclusion.

Once a use case or range of use cases has been defined, the next challenge for VSS is to determine how to improve the accuracy of their assessments most expediently and cost effectively so as to arrive at acceptable results. This is a work in progress within the VSS community. VSS are refining techniques for gathering data and for ensuring the quality of that data. They are integrating more of a risk-based approach by cross-referencing different types of data to develop a better picture of areas of high risk and then focusing greater auditing efforts on those areas of high risk. This is both an efficient use of resources and enables VSS to dive deeper into the areas where there is more risk of poor performance.

A related challenge is that, intuitively, stakeholders would expect that certification means that an enterprise has met all the practices or performance levels in a standard. Many stakeholders will not understand, or take the time to understand, that most VSS allow enterprises to be certified with minor non-compliances or with improvement plans. In other cases, they have some criteria that are considered optional or that are sequenced so that some

criteria only need to be met in subsequent years. These models are adopted intentionally by VSS because they create incentives for enterprises to improve practices and performance over time. From a sustainability impacts perspective, this makes sense. However, this requires that VSS improve the extent to which they communicate about what certification actually means and ensure that certified enterprises are more transparent about their performance status and where they are improving.

Implications for *Codex Planetarius*

Understanding how a *Codex Planetarius* will be implemented in practice is key. Unlike voluntary certification, the performance requirements in a Codex are intended to be absolutes that all enterprises within scope will need to meet. This removes any ambiguity around interpreting the requirements or what performance levels are needed to comply. However, it does remove the potential role that the structuring of such a set of requirements could have in incentivising improvement of enterprises over time.

Certification Procedures

The assurance practices of VSS need to be fit for purpose, reflecting the expectations of target audiences.

Certification procedures, like the audit process, also need to be fit for purpose. As noted in the context setting, the challenge is that different stakeholders are looking for different things from VSS, and often times these expectations can be conflicting. For example, some VSS have moved away in the last 10 years from strict compliance with the formal ISO-based certification and accreditation models. While all systems need to recognise that the core ISO conformity assessment principles of competence, consistency, and impartiality offer a solid foundation for effective certification, some systems have sought to adapt their models so that they better reflect their broader sustainability goals. A good example is that strict ISO-aligned certification would consider that an auditor providing advice to a client would be a threat to the impartiality of the system. However, from a sustainability perspective, the site visit by the auditor is a great opportunity to build the client's capacity by providing advice of how to improve their practices. The sustainability outcomes take precedence and alternative approaches are put in place to manage for this potential conflict of interest.

While this broader sustainability lens may be beneficial for achieving a system's desired outcomes, there are other developments that may inhibit this. Increasing recognition by governments of voluntary standards and certification and the roles they can play as co-regulatory tools has increased the pressure on VSS to retain or strengthen the rigour of their certification procedures, sometimes to the detriment of sustainability outcomes. For example, in Europe in particular, there is a push to formalise the accreditation or oversight function, aligning that process with legislative mandates to only use national accreditation bodies. This has caused some initiatives like Assurance Services International (ASI) to reorient their services away from accreditation towards less formal assurance, and to enter into partnership agreements with national accreditation bodies so as to be able to continue offering oversight services to VSS. Another example is the expectation of the EU under its new deforestation due diligence regulation (EUDR) that certain products entering or being sold on from the European Union need to be traced to farm plot level to ensure no illegal deforestation or forest degradation. This level of granularity in traceability in the assurance process is possible but is expensive and onerous and draws energy and funds away from more sustainability-oriented activities.

Ideally, VSS can structure their assurance processes to complement and contribute to their sustainability objectives most effectively. In some cases, external factors will dictate what is possible. Ultimately, VSS need to understand the expectations and requirements of their target audiences and adapt their certification models and procedures to meet those expectations.

Implications for *Codex Planetarius*

The *Codex Planetarius* will be implemented by governments as regulation. There are critical decisions to be made about the structure, robustness, and independence of that process. Complying with a Codex could stretch from self-reporting to frequent third party, independent audits. The key consideration is that the approach to compliance assessment should be fit for purpose; it should not be any more onerous than is necessary to serve the defined purpose or to manage for identified risks of non-compliance.

Risk-Based Approaches

VSS that integrate risk-based approaches

effectively into their assurance processes can be more effective and efficient.

Risk-based approaches are an interesting development in certification that have been under-utilised and are generally under-developed. The idea is that through gathering data across multiple sources and cross-referencing that data, a certification body or audit team can triangulate where the greatest risks are of non-compliance and can then focus further assessment efforts on those areas or issues that present a higher risk.

While VSS and certification bodies are making the transition to more data-driven approaches, it is surprising that this has not been taken up more quickly. Even where schemes have good data and information management, the extent to which data-driven risk-based approaches are integrated into the audit process remains limited. Practically, scheme owners that have attempted to integrate more risk-based approaches have combined a few external data sets with internal audit data to create a risk ranking that classifies enterprises into risk categories. These risk categories inform the depth or frequency of the audit but don't yet enable the audit team to narrow the audit to focus on the most high-risk issues.

The reasons for lack of significant progress are twofold. First, the use of risk assessment to focus the assessment process requires sufficient data of good quality and relevance. Many systems have sought to integrate additional types of data or data sets into their assessment processes, from geospatial data layers to global, publicly available data sets, to bespoke, commercial risk assessments at country or sector levels. The challenge for VSS is knowing which data sets are most relevant for the specific contexts and issues they are seeking to assess, and how to combine or weight different sources of data, including their own internal data, to build out a risk profile.

The second challenge inhibiting progress is the lack of experience in translating a risk quantification into specific implications for the assessment process. For example, if data analysis shows that there is a high risk of child labour in a particular region, this would warrant greater scrutiny during the assessment process, but it is unclear how much more. Should the level of effort on that issue be doubled or tripled or should a different sampling approach be put in

place? The answers are not yet clear. What is clear is that there is great potential for VSS to make better use of the burgeoning amount of information and data sets that are coming available and that, collectively, more effort is required to determine how best to translate that data into actionable intelligence that credibly improves the efficiency and effectiveness of certification.

Implications for *Codex Planetarius*

Risk management is a proxy for building a better understanding of the issues where we need to pay attention. It is about having good data sources that highlight risks and potentially allow for a more efficient assessment of compliance. This translates for a *Codex Planetarius* into governments identifying relevant data sets and supporting their continued maintenance over time so that they can be more efficient in the process of validating enterprise performance.

Data

Becoming Data-Driven

VSS that can access, analyse and apply good quality data to meet defined use cases are better able to create value for their stakeholders.

VSS are data purveyors. One of the core functions and assets of a sustainability system is management of the data that the scheme owner and its partners hold. Audit data, combined with data from monitoring and evaluation, is a rich trove of potential insights that can be of benefit to the scheme owner, certification bodies, customers or clients, and, especially, to the certifying enterprises themselves.

One of the most surprising things about the way sustainability certification has been implemented is how analogue it has been for most of its existence. For example, many VSS have historically relied on paper-based or pdf audit reports, precluding any analysis of the data without a lot of manual data entry. That is changing rapidly and most VSS have already gone through the transition to make their audit data and supporting data sets more easily accessible. That being said, a surprising number of these systems are still in the early stages of improving the interoperability of their various data sets and of identifying ways to analyse and draw actionable insights from the data. In most cases, data are spread across different parts of the organisation

or scheme and held in data silos, either on different platforms or in different formats, making it challenging to combine the data sets. This is a prerequisite for being able to create value from the existing data.

For any new sustainability system being developed, it is critical that they determine early on what information they will need to ensure their assessments and the operation of their assurance programme are credible and effective. It will also be valuable to identify priority use cases across their different target audiences and the type of data that will be required to fulfil those use cases. This information will help inform the approach and extent of data architecture and data management systems that will be needed to make best use of the data they hold and can access. Realistically, VSS will build out their data management system in a stepwise fashion as resources and prioritisation allow. For those VSS just starting out, taking a data-driven lens to certification and to creating added value for stakeholders will be one of the most important investments they can make.

Implications for *Codex Planetarius*

This is very similar to the previous issue, in that it is fundamentally about investing in good data to be better able to implement a system efficiently. The challenge these days is almost that we have too much data, so it is valuable to consider how governments might filter data effectively to identify those data sets that are most relevant and reliable. That speaks to good data management. It also speaks to questions of data ownership and the need for governments to integrate good practices for data use rights, as covered in the next section.

Data Equity

As data becomes a new currency, VSS need to ensure that those who provide the data derive value from it.

As data access and use become more prevalent and even ubiquitous in sustainability, there are important questions to be asked about data ownership and equity. As noted, certification is primarily a data gathering exercise and VSS and their partners sit on a wealth of data from which to extract insights and value. Most of that data comes from the enterprises that are being certified. It is easy to see that that data can become a commodity that is valued and sold, almost to the same extent as the prod-

uct being certified. In fact, VSS are already being approached by data analysts and consultancies with requests to share access to the production data for various purposes.

A common example already faced by VSS is the need to share analysis of producer or enterprise data with supply chain companies so that they can use this, in turn, for reporting against their sustainability commitments. Currently, this provision of data is not a service that is explicitly charged for, but as the data analysis gets more mature, it is easy to see this happening. As value is created from the data, there is a need to consider whether part of that value can be transferred back to the producers and certifying enterprises that provided it, along with any analyses that can support producer learning and improvement. There are early-stage examples of this already in operation, such as the Fair Data pilots by Solidaridad, that show how portions of payments might be transferred electronically back to certifying enterprises.

In conjunction with mechanisms to reward enterprises for the data they provide, there is an equal need to ensure that these enterprises are aware of how their data is being used and that they give consent to those uses. Data use rights agreements are becoming more prevalent but this is still a development in progress. As the conversation about data integration and use matures for VSS, so too should the expectations around data equity, ownership and remuneration.

Implications for *Codex Planetarius*

Data equity and who derives value from the use of data is as relevant for mandatory instruments as it is for voluntary standards and certification. There is significant value in the compiled performance data that will be used to show compliance with a *Codex Planetarius*. Governments will need to be clear on which data can be used for what purposes and have the agreements in place to allow for that. Additionally, they should consider how data owners can be compensated for the data they provide.

Challenges in Assurance

Impartiality in assurance

There is an inherent conflict of interest in prevalent certification models, and VSS need to consider whether alternative approaches are feasible.

One of the well-known and often repeated criticisms of certification and its objectivity is that there is an inherent conflict of interest when clients hire certification bodies. The potential conflict is that certification bodies are being paid directly by their clients to assess the client's compliance with a standard. The certification body may be influenced to deliver a positive finding both because it increases their potential future revenue to have recurring clients, and it boosts their reputation with other potential clients. This model is prevalent across certification and is not limited to sustainability certification.

Despite this conflict being intuitively obvious, attempts to put in place alternatives have not worked sufficiently well. The most commonly stated alternative is for clients to pay their fee to a central repository, sometimes the scheme owner, who then randomly allocates a certification body to carry out the assessment. The challenges preventing the adoption of this model seem to be that it disincentivises enterprises from participating and potentially adds to the costs of an audit as the chosen certification body may not be the one closest to the certifying enterprise or best suited to its needs. Additionally, there is the logistical challenge for certification bodies of not knowing as far in advance where or when they might be responsible for an audit.

Given the dearth of alternative models, it is useful to ask whether and how big a problem this actually is, and are there checks and balances in place to cross-check the validity of results? Most VSS have addressed these questions by employing accreditation or some other form of oversight to check the work and impartiality of their certification bodies. Accreditation or oversight that is data driven, analysing such things as consistency of audit non-compliances and numbers of non-compliances issued by individual auditors, to identify statistical outliers, can be a reasonably good tool for identifying and mitigating the risk of impartiality in the audit process.

Managing conflicts of interest is a core part of any certification process. This is just one prominent example of a potential conflict that needs to be managed. VSS that are proactive in identifying and managing potential conflicts will ultimately build a stronger reputation as a credible system.

Implications for *Codex Planetarius*

Just as for voluntary standards, the credibility of compliance with performance requirements in a *Codex Planetarius* is about getting to a correct result. Impartiality is just as important and the threats are similar, depending on how compliance assessments are structured. Practically, for a Codex, this is about mapping where are the risks to impartiality (and incompetence) and proactively managing for these. This is part of the implementation mechanism that will presumably be developed at a national level.

Equity in Assurance

Certification models need to be appropriate and accessible for all enterprises, including small-scale producers.

Certification requires that auditors assess compliance or performance levels of an enterprise to ensure they are consistent with the requirements in the standard. If the enterprise is large and complex, the audit process is more extensive. While the assessment process can be less extensive for small-scale producers and SMEs, either through lighter standards or reduced intensity of assessments, there is still a minimum level of effort required to evaluate compliance. This makes the cost and effort of certification proportionately more expensive for these small enterprises. When considering small-scale farmers in commodity agriculture production systems for example, the costs can be prohibitive. Additionally, these same producers and other small-scale enterprises are often expected to meet standards that are not adapted to the reality of how they operate. Requirements such as health and safety expectations are established with larger enterprises in mind. Without scale-appropriate adaptations, it becomes unnecessarily onerous for these enterprises to meet the requirements. This is a question of equity and market access.

The question of suitability of certification for SMEs and smallholders has been on the table almost since the origins of VSS. Over that time, there have been many solutions attempted, particularly in agriculture and commodity production. One of the most common is where farmer groups are formed under a central coordinating body that has an internal management system in place to support farmer compliance with the requirements. The more costly external audit is then focused on whether the group management system is operating effectively and whether it is able to identify and remediate non-compliances within its membership when non-compliances are found.

This group certification model negates some of the size discrimination and has other benefits such as the potential for a more cooperation and capacity building-focused approach by the group management. Often these groups have internal training and capacity building roles to strengthen the practices of their members. While the group certification model goes some way to addressing questions of accessibility, it is not perfect. In larger groups there have been cases where producers were not even aware that they were part of these groups, let alone the practices or performance requirements they were expected to meet. This has sometimes been the case where very large cooperatives or producer associations have not been effective at informing all their members of market developments or commitments.

There are inherent challenges in building a sustainability system that is equally accessible for all types of enterprises across a wide range of geographies. Smallholder and SME access to international markets has always been challenging, not just for VSS. While solutions have been attempted, VSS will need to keep these questions of equity and market access at the forefront of their development approach. This includes setting requirements in ways that are broadly applicable to all target enterprises, being flexible in the approach to assurance, and understanding what additional support is needed to create the enabling conditions necessary to provide a level playing field.

Implications for *Codex Planetarius*
The biggest challenge for a *Codex Planetarius* with respect to equity is likely to be the variable applicability of the performance requirements across the multitude of contexts in which it is applied. Given the diversity of production systems, ecosystems, cultures, and scales of operation, it is very likely that a set of performance requirements will be more relevant in some contexts than in others. This will need to be assessed and, if necessary, mitigating measures such as local interpretive guidance put in place.

Auditor Capacity
The complexity of a sustainability audit is not reflected in the remuneration of auditors or assessors, resulting in variable quality certification.

Sustainability audits are complex. They cover a wide range of issues and perfor-

mance requirements can be subjective or at least complicated to assess. The enterprises being assessed can vary dramatically in size, level of performance and operating practices and the standards can be applied in a wide variety of contexts. To understand and assess an enterprise's performance requires a great deal of skill, knowledge and experience. Auditors are asked to assess a spectrum of sustainability issues, some of which require particular skills. A good example is the wide range of social issues being assessed, from freedom of association to child labour. Many of these issues are not assessed by asking direct questions or reviewing documents but by gaining trust and encouraging people to share in safe and confidential ways. This requires time and particular skills. Skilled auditors or assessors would rightly seek adequate compensation for their abilities. Unfortunately, with for-profit auditing, there is a significant pressure to deliver assurance at the lowest possible costs and remuneration of auditors is one of the many pieces that can be trimmed.

When a certification body is putting an audit team together, they may not be able to include an auditor with the specific types of expertise needed in the audit. Additionally, the audit team may not have sufficient time to conduct the audit, needing to prioritise where to focus. If, for example, they needed to sample a number of operations, instead of a random sample, they might choose a set of operations that are close together to save time. Third, the certification body sets timelines and guidelines for how the audit is to be conducted, removing the opportunity for auditors to dig into issues more deeply as they arise.

There is also significant variability in the competence and quality of auditors. Personal attributes (the personality of the auditor) play a significant role in whether the individual makes a good auditor and desired attributes like empathy, resourcefulness, and seeking the truth, are hard to learn or acquire. Auditors also receive varied support in terms of training and continuing professional development. One challenge specific to many sustainability standards is that in places where the standard is not yet widely adopted, there may not be enough work over a period of time for an auditor to maintain the knowledge required to accurately assess compliance with a standard, or for the certification body to invest in sufficient training for their auditors.

The straightforward solution to variable auditor competence is to improve remuneration, thus attracting higher quality individuals. However, this has proven challenging for existing VSS and is disincentivised by the for-profit certification model. In fact, among the criticisms most frequently levelled at certification by the certifying enterprises is that the costs are prohibitive, adding pressure to the need to streamline expenses. An alternative solution that may be more realistic in the medium-term is to focus on strengthening the integration of data analytics to improve effectiveness and efficiency in the assessment process. Improvements in data gathering technology and data analysis techniques help to streamline the audit process, enabling the auditor to focus their work on the issues that present the greatest risk to compliance with the standard.

Implications for *Codex Planetarius*
Similarly to the previous issue, there will be variability in the competence of individuals evaluating compliance with requirements. To the extent that the tests for meeting performance levels are science-based and objective, there is less potential for variability of findings due to interpretation. There is also an overall need to consider how a mechanism like a *Codex Planetarius* gets implemented at a global scale. Looking to experiences with similar instruments like the *Codex Alimentarius* would be helpful in this regard.

Looking Forward
Whole System Solutions

Sustainability standards can be effective drivers of sustainability, but durable solutions require a systems approach in which different stakeholders work collaboratively.

VSS were never meant to be whole systems solutions. They play a specific role of incentivising, recognising, and rewarding better production practices at an enterprise level. This model has worked well for recognising the performance of those enterprises that are well-organised and already making steps to address sustainability in their practices. However, for the larger proportion of any supply base that is less engaged in sustainability, VSS have not provided a sufficient incentive to engage. What is needed now is more systemic or holistic solutions that can be applied at scale.

One of the most impactful benefits of volun-

tary standards and certification to date has been the role they have played in bringing stakeholders together to align on what good practice looks like for an industry or a commodity. As a result, there is much greater capacity now for stakeholders to come together in other collaborations. Over the last five years there have been more and more examples of this, from landscape and jurisdictional approaches to place-based and sector-based collaborations, to issue-based alignment across companies and sectors (e.g. deforestation, living wage, living income). This represents a significant evolution in approach to market-based sustainability efforts. Supply chain companies, in particular, recognise that in order to meaningfully address some of the complex structural challenges to sustainability, such as deforestation or child labour, they will need to collaborate with other companies and with other stakeholders to address the deeper enabling conditions and to implement approaches at the scale necessary to shift systems.

Going forward, the frame for a lot of VSS' work and the work of these collaborations will be systems change, bringing the necessary stakeholders together, including local governments, indigenous peoples and local communities, to ensure that any changes that improve performance are embedded in the landscape and owned by the people most affected. Some VSS, such as for RSPO and Better Cotton Initiative (BCI), are al-

ready integrating this approach directly by adapting their programmes to be applicable at a landscape scale.

Understanding where VSS can be most effective is still a work in progress. VSS have had to step back to determine where they can most effectively play a role. Some have chosen to redouble their efforts to deliver certification that is credible and creates value, while others have expanded their remit to supplement certification with capacity building and outreach or have taken on greater advocacy roles to create the local enabling conditions required for the successful adoption of sustainability practices by local enterprises. Ultimately, for any role that a sustainability system chooses to take on, it will be critical that they take account of the system conditions in the places where they work and determine how that role can best complement existing efforts to create more durable and scaled impact.

Implications for *Codex Planetarius*

Voluntary standards and certification have helped to set the stage for tools like a *Codex Planetarius*. Over thirty years, they have helped to refine what good standard-setting looks like and how to implement market mechanisms that use certification of practices and performance as a proxy assurance to consumers that production systems have met a set of requirements. A *Codex Planetarius* can build on this knowledge when considering the structures that need to be

in place to support the successful implementation and uptake of this initiative.

A *Codex Planetarius* also benefits by being introduced in a time when the inherent limitations of voluntary instruments to transform sectors are becoming clear and there is more appetite from governments to take active roles in legislating and mandating companies to be more responsible in their supply chains and in their actions. Mandatory instruments are well-placed to set minimum expectations that apply across industries and sectors. Global instruments, if uniformly implemented, have the additional benefit of avoiding resource substitution that diverts lower performing product to unregulated markets that care less about sustainability.

Ultimately, voluntary standards and certification can be complementary to a *Codex Planetarius*. Much like what is happening with the current due diligence directives and related legislation, these regulations will require implementation mechanisms. VSS have a wealth of experience in assessing performance requirements in real-world situations and putting systems in place to communicate that information through complex supply chains. They are adapting their approaches to be effective implementation tools for various regulations and they can potentially do the same in the context of a *Codex Planetarius.* ■

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