

ISEAL ALLIANCE ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2023



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Trustees' report

The Board, whose members are the Directors and Trustees of the charity, is pleased to present its annual report together with the financial statements of ISEAL Alliance for the year ended 31 December 2023.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 28 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Charitable objectives and strategic priorities

Our vision

We want to create a world where markets are a force for good—where production and consumption, resource management and trade benefit people and planet.

Our mission

We're on a mission to accelerate positive change by improving the impacts of ambitious sustainability systems and their partners.

Our ambition

We aspire to be a driving force for global, collective efforts to tackle the most pressing sustainability issues – from the climate emergency and biodiversity crisis to human rights and persistent poverty.

Strategic plan 2021 - 2024

In 2021 we launched our new organisational strategy, aiming to increase our impact in tackling the biggest sustainability challenges of our time, from the climate emergency and biodiversity crisis to human rights and persistent poverty.

More needs to be done to create change at the scale and pace required – and with growing commitment from governments and businesses to tackle these challenges, there's a huge opportunity. Our strategy sets out how we plan to achieve this over the coming years.

Our long-term objectives

We want credible systems, claims and communications to sit at the heart of market-based sustainability solutions.

We want sustainability systems and their partners to deliver scalable solutions to global sustainability challenges.

Five strategic priorities guide our work

Inspiring solutions to sustainability challenges:

ISEAL will inspire and challenge sustainability systems and their partners to make a profound positive impact on the world's most pressing sustainability challenges.

Strengthening accuracy, reliability and resilience:

ISEAL will boost confidence in sustainability systems by helping them become more accurate, reliable and resilient.

Broadening the applicability of ISEAL's credibility

tools: ISEAL will bring its experience on credibility to a broader range of sustainability systems.

Supporting effective use of credible sustainability

systems: ISEAL will help governments and businesses to achieve their sustainability goals by using credible sustainability systems.

Growing a dynamic learning community:

ISEAL will enhance the member experience and bring ambitious new sustainability systems into its learning community.

Public benefit

The Board of Directors confirms that it has complied with its duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The Board of Directors further confirms that the activities of ISEAL are carried out, in line with its charitable objects, for the public benefit as described in this report.

Introduction to ISEAL

ISEAL works to support and strengthen market-based tools to deliver measurable impacts at a global scale on critical sustainability issues, including climate, biodiversity, human rights, decent work and livelihoods.

Through our membership programme we focus on improving the effectiveness of sustainability systems (standards and similar tools) and catalysing collaboration among stakeholders to create the enabling conditions for increased uptake of more sustainable practices.

We define what credible practice looks like for these systems based on emerging global consensus. Our Code of Good Practice supports them to improve how they operate and deliver greater impact. Our Credibility Principles help businesses and governments make informed choices about the systems they work with, pushing the schemes to further improve.

Our Community Members cover a wide range of sectors and are active in over 100 countries, reaching millions of producers and operations. This extensive network of effective sustainability systems is an important part of ISEAL's unique approach.

Review of 2023

Inspiring solutions to sustainability challenges

ISEAL convenes global stakeholders, and curates collaboration and learning on priority sustainability topics. Through this work, we inspire and challenge sustainability systems and their partners to accelerate impacts on those issues and drive uptake and alignment of good practices.

In 2023, we fostered meaningful dialogue within our membership and engaged with governments, companies and partners to deepen their impacts on critical sustainability issues – from addressing gender inequalities to catalysing innovation to fight climate change.

ISEAL was invited to speak at several events, including those organised by the Organisation for Economic Co-operation and Development (OECD), Food and Agriculture Organization (FAO), United Nations Industrial Development Organization (UNIDO), International Trade Centre (ITC), IDH - the Sustainable Trade Initiative and our membership.

Human rights and decent work

Our work on human rights and decent work has focused on building an understanding of and support for living wage, human rights remediation, and advancing gender equality through sustainability systems.

We continued to support the work of the Global Living Wage Coalition (GLWC) (www.globallivingwage.org) as secretariat and host to the GLWC Action Network. The GLWC has worked for more than a decade to support the development of credible and transparent living wage estimates in more than 50 countries.

Responding to a gap in guidance to support issue-based claims, ISEAL developed its claims framework to support credible claims in the living wage space. The guidance, 'Making credible living wage claims: A framework to guide practice', is aimed at professionals in companies and sustainability systems who are working on living wages.

Over the last year, we worked with our membership to advance thinking and action on providing remedy for abuse of human rights. Our member dialogue series, in partnership with the United Nations Office of the High Commissioner for Human Rights (OHCHR), explored how sustainability systems can strengthen their work on remediation by improving their systems, procedures and policies. ISEAL's Effective Grievance Mechanism Self-Assessment Tool (published in February 2023) is an important first step to help Community Members on this improvement journey.

ISEAL also worked within the CGIAR Gender Equality Initiative to understand how gender is integrated into ISEAL Community Members' systems, and how our membership is seeking to advance gender equality and women's empowerment. ISEAL and CGIAR - Bioversity International took this conversation to the India and Sustainability Standards 2023 conference, where we further explored the challenges and opportunities for sustainability systems to contribute to gender equality in supply chains. We also worked to produce materials that support sustainability systems in developing their gender strategies and incorporating content on gender into their standards.

Our work with Evidensia.eco (a platform to consolidate, synthesise and disseminate knowledge about the impact of market-based tools) also supported this effort. Enhancing public access to research, we updated Evidensia.eco to improve its usability and value to key audiences, based on user research. New research conducted by Evidensia's team included the effectiveness of supply chain approaches in addressing decent work goals.

Livelihoods, resilience and equity

We have been growing and deepening engagement with our living income work, as well as setting the ground for work on equity and producer empowerment.

In 2023, we aimed to drive momentum to raise farmer incomes by increasing access and use of the Living Income Community of Practice (LICOP) activities and resources.

We reached more than 2,300 subscribers in over 100 countries. We successfully delivered a LICOP in-person workshop in Abidjan with the Living Income Thematic Group of Cote d'Ivoire and IDH, which drew on evidence-based learning within the context of the West African cocoa sector. LICOP also embarked on a collaborative pathway with FAO to advance and scale action on income improvement in a two-day co-hosted workshop in Rome and continued to support OECD to develop its technical handbook on living income and wages.

In 2023, ISEAL began a new workstream on improving equity in sustainable value chains. We kicked off with two new projects that will examine innovative approaches and strategies for advancing producer empowerment and more equitable income improvement approaches within supply chains. We will engage members and stakeholders across various sectors, working through LICOP and deepening engagement with the seafood sector.

Climate, biodiversity and nature

ISEAL and its membership have long recognised that complex sustainability issues require holistic, collaborative solutions. Healthy ecosystems are best conserved by going beyond enterprise or farm-by-farm basis. Sustainability systems are an important part of the climate solution. They are increasingly offering new tools and applying innovative approaches to support businesses, governments and civil society to mitigate and adapt to climate change.

We have been supporting our membership to work together to align climate-related standards and metrics across different sectors and supply chains.

In a systematic mapping study in 2023, ISEAL and Evidensia explored the extent to which sustainability certification schemes and labels in the bioeconomy reduce greenhouse gas emissions. This was a preliminary research task in the three-year consortia project STARBBS. Under the project, a coalition of research organisations will benchmark standards for bio-based feedstocks and products against best practice. We are supporting the initiative to apply ISEAL's Sustainability Benchmarking Good Practice Guide.

In addition, the Innovations Fund has been supporting our membership to collaborate with partners to explore and test new ways in which sustainability systems can support

climate actions. In October 2023, the Fund launched a climate-specific funding round for new projects that will explore innovative ways for sustainability systems to support measurement and verification of greenhouse gas emissions, enable climate mitigation and adaptation by small and marginalised producers, and support sector or landscape-level transition pathways.

Strengthening accuracy, reliability and resilience

We support sustainability systems and partners to innovate and improve the effectiveness of their systems to increase their impacts on critical sustainability issues. We focus on the key elements of a sustainability system, from the process of developing a standard through to design and implementation of the assurance (certification, verification, etc.) system, to how claims are made. We create opportunities for shared learning and innovation through our communities of practice, Innovations Fund, and topic-specific learning.

In 2023, we created an assurance integrity framework, which built on the risk mitigation guidance that we developed in 2022. This framework provides a roadmap for ISEAL's membership to better assess the threats to the integrity of their assurance systems.

We developed a 'data maturity rubric' as a tool for our members to enhance their data management and use of data, and worked with our membership to explore its application to assurance integrity risks. Ten members piloted the self-assessment tool to identify their strengths and weaknesses, and how they can improve the way they use their data. Going forward, it will support our membership through peer learning and identifying gaps where we can develop resources or identify expert mentoring.

We also published a research brief on wage auditing and commissioned research to understand NGO criticisms of auditing in the context of labour and social issues. This report will inform a new workstream on social auditing that will carry on into 2024.

Eight grant recipients launched new initiatives from September 2023, funded under phase two of the ISEAL Innovations Fund. They are taking forward a diverse portfolio of work across multiple geographies and sectors,

exploring important themes ranging from improving livelihoods to addressing climate change to remedying human rights harms. Phase two will continue until 2027.

Broadening the applicability of ISEAL's credibility tools

ISEAL brings unique expertise in the credibility of sustainability systems. At the core of our work are ISEAL's Credibility Principles and the ISEAL Code of Good Practice, which together define the characteristics of a credible sustainability system. These tools are widely used as a reference for developing new sustainability systems and for improving the practices of existing systems. They are also referenced by businesses and governments, from informing corporate policies and frameworks, to screening systems and standards.

By the end of 2023, we reached final approval of the new ISEAL Code. This is a significant achievement that comes on the back of an extensive consultation process over the last couple of years. The Code integrates our standard-setting, assurance, and impacts Codes of Good Practice. The ISEAL Code takes a more holistic approach to how sustainability systems operate, and provides a global reference on how sustainability systems can put the Credibility Principles into practice.

The ISEAL Code has an expanded scope to apply to a wider range of sustainability systems, beyond voluntary third-party standards. It also covers emerging areas of good practice, including due diligence, an increasingly important concern in the light of new legislation in the EU and elsewhere, and claims management. Claims management is important as sustainability claims come under increased scrutiny from regulators and the public. Systems that follow the ISEAL Credibility Principles and Code of Good Practice enable businesses to communicate about their sustainability initiatives and impacts in a transparent, trustworthy way, while avoiding greenwash and misleading claims.

As companies increase their interest in making claims about their sustainability performance, we have led on defining what good practice looks like for making these kinds of impact claims. In addition to our guiding framework for making credible living wage claims, we looked at credible performance claims for landscape and jurisdictional approaches. In partnership with

the Tropical Forest Alliance, we aligned 18 leading initiatives around a set of four positions on how companies can invest in landscape actions, measure performance improvements, and make claims about progress in implementing those actions. ISEAL's ability to convene practitioner communities and deliver aligned positions reflects the importance of these issues and the broad commitment to finding solutions.

A goal for 2023 was to support ongoing efforts to benchmark sustainability standards by promoting the use of ISEAL's benchmarking guidance and Credibility Principles. We continued to advise benchmarking initiatives on good practices, advised WWF-UK on a benchmark of sustainability systems for financial advisors, and started work to provide technical support to 3-CO a multi-factor benchmarking project on biomaterials. We also started work with ITC to integrate criteria from the ISEAL Code into its Standards Map benchmarking platform.

Supporting effective use of credible sustainability systems

To deliver against our objectives, we support policymakers, businesses and other stakeholders that use or reference sustainability systems. This ranges from helping an organisation to understand how sustainability systems work and how to use them, to how to reference them in policies, to what it means to have credible practices.

Increasingly, organisations are turning to ISEAL for guidance on sustainability systems, especially as focus shifts to following the EU's new draft policy directives on issues such as green claims and due diligence. We continued to support governments in incorporating sustainability systems into their operations, and to advise businesses in working with credible sustainability systems as they navigate risks and address goals related to critical sustainability challenges. This included enhancing our business engagement in Switzerland and leading conversations around due diligence, credible claims, and related legislation with the cocoa sector.

We created position papers and policy briefings to support engagement with EU policymakers to influence policy processes in Brussels, including on the Deforestation Regulation, Green Claims Directive

and Corporate Sustainability Due Diligence Directive (CSDDD). We met with policymakers from the European Commission and European Parliament to discuss our position on the draft and new directives.

We co-hosted a workshop in Ghana alongside the International Trade Centre (ITC) to discuss the EU CSDDD with a focus on the cocoa sector. It was an opportunity to share information about the directive and how sustainability systems could play a role in the required due diligence process; and learn what concerns stakeholders have, gaps to successful implementation, and how these might be closed.

In addition, we developed a new partnership with the International Institute for Sustainable Development (IISD), which has allowed us to strengthen our work on trade policy related issues.

To support our outreach in China, we launched a Chinese version of the Evidensia platform (Chinese.evidensia.eco) and rolled out business-focused training and engagement with Chinese sustainability systems, which included a public consultation on the ISEAL Code.

streamed Members' Week for the first time since the pandemic. We facilitated and delivered 18 community of practice events to support the technical learning and development of our members across data, assurance, standards-setting, claims, and monitoring and evaluation.

At the end of 2023 we had 45 Community Members and 20 Code Compliant members, exceeding our goal for the strategy period. Seventeen independent evaluations of Community Members were conducted against the ISEAL Codes of Good Practice. We also identified requirements for members as they transition to meet the revised ISEAL Code.

Growing a dynamic learning community

Sustainability systems that aspire to improve can become ISEAL Community Members, signing up for a programme of collaboration, shared learning and improvement. Those that wish to go further can demonstrate compliance with the ISEAL Code of Good Practice through an external evaluation, becoming ISEAL Code Compliant.

In 2023, we conducted a review of our compliance process, and of how our application, community monitoring and independent evaluation procedures are working. This aimed to strengthen our integrity and improve the experience of members.

We also strengthened member engagement with our issues-based programme of work, including delivering a sustainability dialogues series. We held dialogues on a range of topics including forced labour, gender, carbon insetting and biodiversity monitoring. Across the year, we increased engagement with members through our events, communities of practice and platforms. We delivered a well-attended and well-received in-person and live-

Looking forward

In 2024 we will expand our work, in particular on equity, livelihoods, human rights and deforestation. This will include a focus on improving smallholder livelihoods and the conditions for sustainable land use by smallholder producers.

Working through the Living Income Community of Practice, landscapes and jurisdictional networks and by developing and sharing technical solutions for smallholder inclusion, we aim to strengthen the enabling conditions for smallholder market access and increase corporate commitment to, and investment in, improving livelihoods and sustainable land use.

Additionally, we will support certification schemes to make technical improvements to their systems, so they align with company commitments and obligations for credible deforestation- and conversion-free supply chain sourcing. This will contribute to the long-term impact of reducing deforestation and conversion of natural ecosystems from commodity production and strengthening human rights in commodity supply chains.

The ISEAL Innovations Fund and Programme – with support from the Swiss State Secretariat for Economic Affairs, SECO – will expand with funding from UK International Development from the UK Government. The Fund will continue to catalyse innovation among Community Members and beyond to drive change and scale impact, including a focus on smallholder livelihoods and inclusion. Through ambitious partnerships and a deeper understanding of the broader environments in which sustainability systems operate, we aim to encourage new ideas for solutions, technologies and approaches to help sustainability systems drive large-scale and long-lasting impact.

We will launch the new ISEAL Code, providing an opportunity to increase our communication on the importance of credible practices for sustainability systems and how those practices provide value and increased sustainability impact for the businesses and governments that use them.

Our work on the credibility of sustainability claims is expanding. The ISEAL Code includes a broader focus on claims, and with a regulatory focus on claims, for example through the European Green Claims Directive, we will bring our expertise into policy discussions. We will also continue to support sustainability systems in understanding good practice.

We will continue our engagement with policymakers on due diligence and trade. We will share information about how voluntary approaches to supply chain sustainability can support regulatory efforts, as well as build an understanding of the changes sustainability systems may need to make to best support these instruments.

Our membership

We have three membership categories:

ISEAL Community Member

- Open to sustainability systems that demonstrate transparency and continuous improvement. All ISEAL members belong to this category.
- Committed to improving their systems, sharing experiences, building trust and demonstrating transparency.
- Not required to participate in ISEAL's compliance programme, but ongoing system improvement is periodically reviewed.
- The emphasis on improvement and the sharing of information is intended to build a community of trust and learning.

ISEAL Code Compliant

- Community Members who demonstrate adherence to all three of ISEAL's Codes of Good Practice by meeting independent evaluation requirements.

ISEAL Accreditation Member

- Community Members that are accreditation bodies that demonstrate compliance with ISO/IEC 17011:2017 in accordance with the ISEAL Accreditation Member Compliance Procedure.

ISEAL Code Compliant and Accreditation Members are the legal members and guarantors of the Company.

Risk management

The Board of Directors undertakes a regular review of risks facing ISEAL. The risk register is reviewed annually by the board, with support from the Finance Committee. Risk management is an integral part of the senior leadership team's responsibilities.

This process has identified a wide range of risks, and mitigating actions have been taken to manage those risks. The Board of Directors has reviewed the risks and considers the strategies for mitigating the risks to be appropriate.

The key risks ISEAL has identified, together with measures we have in place to mitigate these risks, are shown in the next column.

Principal risks

Relevance

Our Code of Good Practice and other credibility tools underpin ISEAL's work on credible practices. There is a risk to ISEAL's reputation and mission if these do not stay up to date with changing needs and make space for continued innovation by their users. This risk is being mitigated through regular Code review and revision, through regular and geographically widespread consultations, attentiveness to feedback, openness to innovation and investment in learning, and expanded promotion of the Code and Credibility Principles.

Income diversification and security

ISEAL relies heavily on a small number of institutional donors. The loss of a large donor without replacement would be a challenge. This applies particularly from 2026 when current funding finishes. To address this, we are focusing on delivery of high-quality programmes in close collaboration with existing donors, and targeting medium-sized donors that might individually represent 10-20% of ISEAL's income to build this element of our funding portfolio. The growing membership and unrestricted income from membership fees also mitigate the potential impact of this risk.

People – Retention and knowledge management

People are ISEAL's main asset. Staff numbers have grown during 2023 and into 2024. The focus now has moved from recruiting the right people to retaining the organisation's skilled workforce and the knowledge they hold. We are doing this by building a strong culture, investing in, and giving attention to learning, development and progression opportunities for our team. We are also investing in a knowledge management role to improve our information and knowledge practices.

People – Culture

A growing organisation faces challenges to organisational culture, which can risk productivity and staff satisfaction. To mitigate this risk, we spend time and resources on regular staff engagement activities, including surveys, online and face-to-face meetings, and use of ISEAL's values to recognise positive contributions to our culture.

Structure, governance and management

The organisation of the charity

ISEAL is a company limited by guarantee and a charity registered in England and Wales. It is governed by its articles of association as last amended on 2 November 2023.

Board member appointment and induction

The Board of Directors is comprised of a minimum of three directors, with the maximum number of directors determined by the board. A majority of the directors are elected by members at the Annual General Meeting, with the remaining directors appointed by the board. At each Annual General Meeting, one-third of the elected directors retire from office. A director may serve a maximum of three consecutive terms.

The board reviews the skillset of its members regularly and whenever a vacancy arises. Appointments and elections are overseen by the Nominations Committee. Vacancies for elected positions are advertised to members, and for appointed positions are advertised on our website and through our channels as well as through external platforms.

Once elected by the membership or appointed by the board, new board members are inducted by the executive director and other relevant staff members. The board conducts an annual review of its performance. This helps the board to identify and assess the areas of governance that perform well and where improvements may be needed.

Board of Directors purpose and meetings

The board meets at least three times a year and has overall responsibility for the policy and strategic management of the organisation. The main tasks of the board are to ensure:

- That the organisation is acting in pursuance of its charitable objectives.
- Public benefit, by providing strategic direction including approving and monitoring strategic plans.

- That ISEAL operates according to its articles of association, in compliance with the Charities Act, and in compliance with international legal frameworks where relevant.
- Responsible management of resources, by providing regular review and assessment of organisational risks, approving and monitoring annual workplans and budgets, and hiring, appraising and setting remuneration for the ISEAL executive director.
- Accountability, by appointing external board members and board committees, and overseeing committee operations; championing diversity, equity and inclusion; appointing the chair of the board; approving the annual audited financial statements; communicating progress to ISEAL members and other key stakeholders; and reporting annually on how the organisation has been managed for the public benefit.

Board sub-committees

The ISEAL Board of Directors has the following sub-committees:

- Executive Committee
- Finance Committee
- Nominations Committee

The following committees report to the board but also have independent decision-making powers:

- Membership Committee
- Technical Committee

The **Executive Committee** provides support to the executive director and facilitates organisational business between board meetings. It is composed of the board chair and up to two additional board members.

The **Finance Committee** consists of between three and eight individuals, including at least two finance directors or equivalents from ISEAL member organisations. The role of committee chair is held by a member of the board. The committee meets a minimum of four times a year.

The external auditors report to the committee at least once a year. Committee duties include the following:

- Considering strategic issues, including planning and risk.
- Reviewing drafts of financial policies, budgets and annual accounts.
- Reviewing the management accounts and statutory accounts.
- Monitoring and advising on internal financial controls.

These functions and activities do not absolve the full Board of Directors of its legal responsibilities.

The **Nominations Committee** consists of two or three board members. Its key responsibility is to manage the appointment and election of board members.

The **Membership Committee** ensures that decisions on ISEAL community membership and decisions on ISEAL member Code compliance are taken consistently, competently and impartially. The committee is composed of five to seven individuals. The committee members are drawn from the staff of ISEAL Code Compliant and ISEAL Community Members. Members of the committee are appointed by decision of the board.

The **Technical Committee** is responsible primarily for technical oversight of the ISEAL Codes of Good Practice and other credibility tools. The committee brings together representatives from both ISEAL members and external stakeholders who have a strong overall understanding of sustainability standards. It is composed of up to nine individuals, of which one-third are staff at a member organisation. Two-thirds are external experts drawn from non-member sustainability initiatives or other stakeholder groups (e.g., businesses, producers, governments, NGOs), or they are independent experts. The Technical Committee has responsibility for approving the content of new and revised Codes. Decisions of the committee are then formally approved by the board directors, who make their decision based solely on the quality of the Code development or revision process followed.

Management

Day-to-day operation of the organisation is delegated to the executive director and the senior leadership team. The Chair of the Board of Directors is responsible for assessing the pay and performance of the executive director. All staff remuneration is reviewed annually and regularly benchmarked against externally prepared reports.

Fundraising

ISEAL employs one professional staff member who is tasked with negotiating with institutional donors for contracts and grants for ISEAL to deliver its charitable work. From 2023, in line with the Statement of Recommended Practice, these costs have been reflected under the heading support costs, rather than fundraising costs. Further information is provided in notes 3 and 6 to the Financial Statements.

ISEAL does not raise money from the general public. ISEAL does not employ outside fundraising consultants or similar commercial services, nor did ISEAL receive any complaints around fundraising, or the staff engaged in fundraising, in 2023. ISEAL undertook no fundraising requiring disclosure under S162A of the Charities Act in 2016. The majority of ISEAL's charitable income continues to come from institutional sources (foundations/trusts and government bodies) that are not domiciled in the United Kingdom. While ISEAL does not fundraise from individuals, the organisation is in full compliance with the General Data Protection Regulation (GDPR) rules in respect of personal data.

Financial review

Income and funding sources

Total income increased from £3.0m in 2022 to £4.2m in 2023. The increase was across both restricted grant-funded activities and unrestricted membership-funded activities, giving ISEAL a healthy balance of restricted and unrestricted income. Income from grant-funded activities increased from £2.0m to £2.9m, mainly due to increase in income from SECO for ISEAL's project on "Transparency and Innovation of Sustainability Standards", which runs from October 2022 to December 2026. Membership income increased from £0.7m to £1.1m due to increasing numbers of members over recent years.

Expenditure

Expenditure increased from £3.0m to £3.8m. This reflects mainly an increase in direct charitable expenditure (i.e. excluding grants and support costs) from £1.6m to £2.3m. More work is being done across all of ISEAL's strategic priorities, but with particular increases in expenditures that address sustainability issues and support effective use of credible sustainability systems.

ISEAL's expenditure can often fluctuate due to grants made through the Innovations Fund, although this was relatively stable between 2022 and 2023. 2022 saw the final disbursements of payments under the first phase of the Innovation Fund. 2023 saw the initial payments on the second phase which form part of the above-mentioned "Transparency and Innovation of Sustainability Standards" project.

Financial position and looking ahead

ISEAL finished the year in a strong position. The increase in income allowed an unrestricted surplus of £203k to be retained within unrestricted reserves, so that the year-end reserves are equivalent to 3.6 months of salary and overhead expenditure.

ISEAL's closing bank balance of £5.7m is strong. This includes £4.3 million of funds received from funders for future years. The largest element of this is £2.6m from the SECO funded project mentioned above, and £1.2m from the Walmart Foundation for their project "Strengthening certification systems to deliver on deforestation and conversion free goals", which runs from October 2023 to December 2025.

In December 2023 ISEAL signed a £10.2m contract funded by UK International Development from the UK Government for a project starting in January 2024. Although this has no impact on the accounts to December 2023, ISEAL anticipates further significant growth in 2024 with income around £6m. The strong financial position means ISEAL is well placed to manage this growth.

Investment policy

ISEAL has no investments. Current assets are invested in cash deposits.

Reserves policy

The Board of Directors examines ISEAL's requirements for reserves in light of the main risks to the organisation and is satisfied that the current reserves are sufficient to meet ISEAL's funding requirements over the next 12 months. The board regularly reviews the level of reserves as part of its oversight. The board's review in 2023 recognised that significant growth was likely over the coming years, with potential risks associated with that. They therefore adapted the target reserve so that in future ISEAL will aim to hold reserves within the range of 3-4 months of ongoing staff and overhead expenditure.

Total funds held at the end of 2023 amounted to £1.07m. After deducting balances that have been designated, restricted funds and the charity's small investment in fixed assets, there remains £822k of free reserves. This is equivalent to 3.6 months of salary and overhead costs and is within the board's reserve target.

Going concern

The board has reviewed ISEAL's latest income and expenditure and cash flow forecasts, paying particular attention to the risks to income, reserves and liquidity levels. The board has concluded that there are sufficient reserves held to create a reasonable expectation that ISEAL has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to prepare the financial statements on a going concern basis.

Statement of the Board of Directors' responsibilities

The Board of Directors is responsible for preparing the trustees' report and the financial statements in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the board is required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102).
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The board is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

Each member of the Board of Directors confirms that:

- So far as each board director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- Each board director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees' report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Board of Directors on and signed on its behalf by:

Chris Ninnies

Chris Ninnies (May 13, 2024 16:26 GMT+1)

13/05/24

Christopher Harvey Ninnies
Trustee/Director, Board Chair

Reference and administrative details

ISEAL Alliance registered details

Registered charity name

ISEAL Alliance

Charity registration number

1199607

Company registration number

04625800

Principal office

The Green House,
244-254 Cambridge Heath Road,
London E2 9DA

Registered office

The Green House,
244-254 Cambridge Heath Road,
London E2 9DA

The ISEAL Board of Directors

The board directors who served the company during the period and since the balance sheet date were:

K Bose | Independent

A Cox | Rainforest Alliance
(Appointed 4 October 2023)

J D'Cruz | Roundtable on Sustainable Palm Oil
(Appointed 8 March 2023)

M Grant | Responsible Jewellery Council
(Appointed 8 March 2023)

N Guichoux | Marine Stewardship Council
(Resigned 8 March 2023)

F Harnischfeger | Forest Stewardship Council
(Resigned 31 May 2023)

M Kim | Gold Standard
(Appointed 8 March 2023)

A Lim | Independent

A McClay | Better Cotton Initiative

A Morgan | Rainforest Alliance
(Resigned 31 May 2023)

D Morley | Bonsucro

C Nannes | Aquaculture Stewardship Council
Chair

N Schuler | Independent

L Tyler | Textile Exchange
(Resigned 8 March 2023)

I Van der Veken | Responsible Jewellery Council
(Resigned 8 March 2023)

Senior leadership team

T Espley
Company Secretary
(Appointed October 2023)

K Kreider
Chief Executive Officer

Dr K Komives
Director of Programmes

P Mallet
Director of Innovations

P Wilson
Company Secretary
(Resigned October 2023)

Advisors

Auditors
Buzzacott LLP, 130 Wood Street,
London, EC2V 6DL

Bankers
Barclays Bank Plc, 89 Charterhouse Street,
London, EC1M 6PE

Independent auditor's report on the financial statements

Independent auditor's report to the members of ISEAL Alliance

Opinion

We have audited the financial statements of ISEAL Alliance (the 'charitable company') for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a

true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements for charities operating within this sector, through our own experience as well as through discussion with management and those charged with governance and inspection of correspondence. We reviewed policies and procedures regarding compliance with laws and regulation and remained alert throughout our audit to any indications of non-compliance, with areas of highest risk communicated to all members of the audit team.

- The charity is subject to laws and regulations directly affecting the financial statements including financial reporting legislation and taxation legislation which we assessed compliance with as part of our review of related financial statement items. This includes the Companies Act 2006 and Charities Act 2011.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
 - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- To address the risk of fraud through management bias and override of controls, we:
 - performed analytical procedures to identify any unusual or unexpected relationships;
 - assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
 - investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Catherine Biscoe
Senior Statutory Auditor

For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street,
London,
EC2V 6DL

Date 13 May 2024

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2023

Statement of financial activities

(including income and expenditure account)

for the year ended 31 December 2023

UNRESTRICTED FUNDS					
	Note	General Funds	Designated Funds	Restricted Funds	Total Funds 2023
		£'000	£'000	£'000	£'000
Income					
Income from charitable activities	2	1,204	-	2,939	4,143
Interest income		38	-	-	38
Total Income		1,242	-	2,939	4,181
Expenditure					
Expenditure on raising funds	3	-	-	-	-
Expenditure on charitable activities	4	1,037	-	2,783	3,820
Total Expenditure		1,037	-	2,783	3,820
Net movement in funds and net income (expenditure)					
		205	-	156	361
Funds at 31 December 2022		650	60	-	710
Funds at 31 December 2023		855	60	156	1,071

UNRESTRICTED FUNDS					
	Note	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total Funds 2022 £'000
Income					
Income from charitable activities	2	973	-	2,057	3,030
Interest income		-			-
Total Income		973	-	2,057	3,030
Expenditure					
Expenditure on raising funds	3	34	-	92	126
Expenditure on charitable activities	4	904	40	1,965	2,909
Total Expenditure		938	40	2,057	3,035
Net movement in funds and net income (expenditure)					
		35	(40)	-	(5)
Funds at 31 December 2021		615	100		715
Funds at 31 December 2022		650	60	-	710

There were no recognised gains or losses other than those included in the Statement of Financial Activities.
All Income and Expenditure derive from continuing activity.

Balance sheet

as at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed Assets			
Tangible assets	11	33	40
Current Assets			
Debtors	12	251	204
Cash at bank and in hand		5,672	3,531
		5,923	3,735
Creditors: Amounts falling due within one year	13	(4,885)	(3,065)
Net current assets		1,038	670
Total assets less total liabilities		1,071	710
Funds			
Unrestricted funds - General Funds		855	650
Unrestricted funds - Designated Funds	19	60	60
Restricted funds	14	156	-
Total Funds		1,071	710

The financial statements on pages 21 to 42 were approved and authorised for issue by the Board of Directors
on _____ and signed on their behalf by:

Chris Ninnes

Chris Ninnes (May 13, 2024 16:26 GMT+1)

13/05/24

Christopher Harvey Ninnes
Trustee/Director, Board Chair

Company Registration Number 04625800

Statement of cash flows

for the year ended 31 December 2023

Statement of cash flows

	2023 £'000	2022 £'000
Cash flows from operating activities:		
Net cash provided by operating activities	2,124	1,591
Cash flows from investing activities:		
Proceeds from the sales of fixtures and equipment	-	-
Interest income	38	-
Purchase of fixtures and equipment	(21)	(35)
Net cash provided by (used in) investing activities	17	(35)
Change in cash and cash equivalents in the reporting period		
Cash flows	2,148	1,473
Foreign exchange movements	(7)	83
	2,141	1,556
Cash and cash equivalents at the beginning of the reporting period	3,531	1,975
Cash and cash equivalents at the end of the reporting period	5,672	3,531

Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2023 £'000	2022 £'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	361	(5)
Adjustments for:		
Amortisation and depreciation charges	27	37
Loss on the sale of fixed assets	1	2
Interest Income	(38)	-
(Increase) in debtors	(47)	(53)
Increase in creditors	1,820	1,610
Net cash provided by operating activities	2,124	1,591

Analysis of cash and cash equivalents

	2023 £'000	2023 £'000
Cash in hand	5,672	3,531
Total cash and cash equivalents	5,672	3,531

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

Statutory information

ISEAL Alliance is a company limited by guarantee and is incorporated in the United Kingdom. The registered office address is The Green House, 244-254 Cambridge Heath Road, London, E2 9DA. ISEAL was incorporated on 30 December 2002 (registered number 04625800) and was registered as a charity on 8 July 2022 (charity number 1199607). ISEAL is governed under its Articles of Association (amended 2 November 2023).

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006 and the Charities Act 2011. The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared on the historical cost basis and are presented in Pounds Sterling rounded to the nearest thousand pounds. The functional currency of the charity is Pounds Sterling because that is the currency of the primary economic environment in which it operates. Comparative information is displayed for the year ended 31 December 2022.

Going concern

The Directors consider that there are no material uncertainties about ISEAL's ability to continue as a going concern. The Directors approve annual budgets and periodic forecasts to ensure that there is sufficient working capital to meet the charity's obligations over the subsequent 12 months. ISEAL meets its ordinary working capital requirements through existing cash balances. The Directors are of the opinion that, despite current inherent uncertainties, there is no significant threat that ISEAL will not be a going concern or be unable to meet its current commitments for a period of at least twelve months from the date of signature of these financial statements.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Directors and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- Estimating the liability for multiyear project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover support costs
- Estimating the useful economic life of tangible fixed assets

Income

Income represents annual subscriptions received from members, grant income from foundations and government agencies and income from other projects and events.

Annual membership subscriptions' income is recognised over the year to which it relates. The membership year is the same as the accounting year.

Income from grants is included within income when it is receivable, except as follows:

- When donors specify that grants given to ISEAL must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions, which must be fulfilled before ISEAL becomes entitled to use such income, and those conditions have not been met, the income is deferred and not included in income until the pre-conditions for use have been met.

In the absence of specific milestones or other conditions to determine entitlement, income is recognised to the extent that resources have been committed to the specific project, as this is considered to be a reliable estimate of the right to receive payment for the work performed. In this case, cash received

in excess of expenditure is included as a creditor (deferred income) and expenditure in excess of cash included as a debtor (accrued income).

Expenditure

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of VAT that cannot be recovered. Since 1st August 2021, ISEAL has been registered for VAT. Input tax is partially recovered on a business: non-business basis.

Expenditure on raising funds comprises expenditure incurred in encouraging others to make contributions to the charity and includes staff costs directly attributable to that activity. Expenditure on charitable activities comprises expenses incurred on the defined charitable priority of the charity and include staff costs attributable to the charitable activities.

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Support costs have been allocated by applying bases consistent with the use of the resource. Staff costs are apportioned within charitable activities on a time spent basis.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by ISEAL; this is normally upon notification of the interest paid or payable by the bank.

Operating leases

Rental charges are charged on a straight-line basis over the term of the lease.

Monetary assets

Monetary assets and liabilities in foreign currencies are translated into pounds sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into pounds sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the surplus or deficit for the period.

Financial Instruments

ISEAL only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Tangible Fixed Assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

Fixtures and fittings	25% straight line
Equipment	33% straight line
Leasehold improvements	Over the period of the lease

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Grants payable

Grants payable are made to third parties in furtherance of the ISEAL Innovations Fund projects.

Grants are accounted for when the recipient has a reasonable expectation that they will receive a grant and the ISEAL Innovations Fund has agreed to pay the grant without condition.

Taxation

As a registered charity, there is no liability for income or corporation tax on income derived from charitable activities.

Pensions

ISEAL makes payments to defined contribution pension schemes on behalf of employees who wish to join. The assets of these schemes are held separately from those of ISEAL in independently administered funds. The pension cost charge represents contributions payable to the funds during the year. ISEAL has no liability under the schemes other than the payment of those contributions.

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions. Details of the specific restricted funds held by the charitable company are detailed in note 14.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charitable company's charitable objects.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects.

2. Income from charitable activities

	2023 £'000	2022 £'000
Grants from government entities to fund projects	1,882	1,257
Grants from other charitable institutions to fund projects	1,057	800
Restricted - Total grant income from donors as analysed below	2,939	2,057
Members' contributions	1,117	775
Compliance and Services Fees	87	198
Interest income	38	-
Total unrestricted income	1,242	973
Total income	4,181	3,030

Restricted grant income from donors was as follows:

	2023 £'000	2022 £'000
Swiss State Secretariat for Economic Affairs SECO	1,559	1,067
CGIAR International Food Policy Research Institute	152	109
CGIAR Bioversity International	27	36
UNDP-led Good Growth Partnership, under the GEF-funded Food Systems, Land Use and Restoration (FOLUR) Impact Program	76	30
GIZ	112	141
Fairtrade USA and Ethical Tea Partnership	16	8
UKRI - Horizon Europe Guarantee	106	11
IDH - the Sustainable Trade Initiative	114	97
IDH - the Sustainable Trade Initiative & Rainforest Alliance	60	1
Laudes Foundation	-	11
ISEAL Members	33	65
[Dutch] Ministry of Foreign Affairs	29	19
University of Greenwich Natural Resources Institute	-	5
The David and Lucile Packard Foundation	308	137
Walmart Foundation	341	290
Walton Family Foundation	6	-
WWF	-	30
	2,939	2,057

3. Expenditure on raising funds

	2023 £'000	2022 £'000
General fundraising activities:		
Salaries	-	118
Other expenditure	-	8
	-	126

After a review of costs, work done to negotiate contracts and grants for charitable work have been reclassified as support costs in 2023.

4. Expenditure on charitable activities analysed by strategic priority

	Grant payments made	Activities undertaken directly £'000	Support costs £'000	2023 £'000
Inspiring solutions to sustainability challenges	231	695	328	1,254
Strengthening accuracy, reliability and resilience	231	348	176	755
Broadening the applicability of ISEAL's credibility tools	-	231	110	341
Supporting effective use of credible sustainability systems	-	466	176	642
Growing a dynamic learning community	-	513	291	804
Organisational Resilience	-	15	9	24
	462	2,268	1,090	3,820

	Grant payments made	Activities undertaken directly £'000	Support costs £'000	2022 £'000
Inspiring solutions to sustainability challenges	270	483	129	882
Strengthening accuracy, reliability and resilience	270	328	88	687
Broadening the applicability of ISEAL's credibility tools	-	172	43	216
Supporting effective use of credible sustainability systems	-	220	46	266
Growing a dynamic learning community	-	414	113	527
Organisational Resilience	-	-	331	331
	540	1,618	751	2,909

Support costs have been allocated to strategic priority by a combination of the staff time spent directly on the related activities, and the total direct costs of those activities.

5. Grant making / ISEAL Innovation Fund

The ISEAL Innovation Fund encourages institutional grantees to explore new, ambitious ways to boost the impact and value of sustainability systems, driving experimentation and innovation. Grants made by the Fund generate valuable insights on a range of themes central to making sustainability systems more efficient, effective and inclusive. Themes include leveraging data and technology, risk-based approaches to assurance, addressing producer needs, and delivering impact at landscape level. Results from Fund projects are shared, including through live workshops.

Key outputs from the Fund's past portfolio of projects can be found here: www.isealliance.org/innovations-standards/innovations-projects

	2023 £'000	2022 £'000
The total grants recognised during the year amounted to	462	540
Grant commitments outstanding at the end of the year amounted to	508	-

Grants made by the Fund during the year were as follows:

Grantee	Grant project	2023 (CHF '000)
Climate Neutral	Strengthening knowledge on insetting practices	10
Copper Mark	Artisanal and small-scale copper mining in Peru	10
Marin Trust	Comprehensive evaluation of environmental impacts and compliance barriers in the MarinTrust programme: a focus on Improver Programme factories	5
Goodweave	Detecting forced labour in supply chains: effective assessment methodologies	40
Better Cotton	Promoting robust GHG accounting, reporting, claims and incentives: approaches for agricultural commodity supply chains	60
Assurance Services International	Smart assurance: From global monitoring to local action - Validating compliance through combining satellite-based monitoring and AI-driven insight generation with response mechanisms and UAV-supported ground truth	40
Union of Ethical Bioproducts	DoSomething: Enhancing access to remedy for human rights violations in the botanicals sector	30
Sustainable Agricultural Network	Expansion of Blueprint sustainability assessment to build a common territorial agenda	36
Global Infrastructure Basel	Due diligence multilevel reporting	52
Rainforest Alliance	Embedding worker-led approaches to human rights due diligence into agricultural sustainability systems	52
Fairtrade International	Facilitating rightsholder dialogue in human rights and environmental due diligence	70
Forest Stewardship Council	Development of traceability systems equipped for the transfer of climaterelated data across complex supply chains	52
Sustainable Biomass Programme	Joining efforts in a Risk Information Alliance	52
Total grants made		509

5. Grant making / ISEAL Innovation Fund (continued)

Grants made by the Fund during 2022 were as follows:

Grantee	Grant project	2022 (CHF '000)
Better Cotton Initiative	Bridging the Gap in Measuring Real-Time Sustainability Performance	50
Forest Stewardship Council	Creating an Information and Data Standard	25
Rainforest Alliance	An Accountability Framework to Mainstream Responsible Production and Trade for Agriculture and Forestry	-
Aquaculture Stewardship Council	Integration of Seafood Certification and Jurisdictional Assurance Models	60
Steel Stewardship Council	Mining, Minerals and Metals (M3) Standards Partnership: Alignment and collective action to drive improvement	62
Bonsucro	Assessing and designing outcome-based standards: a landscape approach	50
Sustainable Agriculture Network	Development of an evaluation framework and pilot phase in a banana and palm growing municipality	70
Bonsucro	Enabling access to preferential finance terms as an incentive for improving sustainability performance in the agricultural sector	2
Roundtable on Sustainable Biomaterials	Case study application of the FPIC-360 Tool for Monitoring and Verifying Free Prior and Informed Consent.	14
GEO Foundation	Sustainability Reporting for Sport	-
Rainforest Alliance	Use of risk maps for child and forced labour in risk-based assurance processes	-
Fairtrade Foundation	Delta Pilot	5
Gold Standard Foundation	A shared value approach to climate impact at landscape scale	53
Rainforest Alliance	Tech4Communities: Hybrid Community-Based Monitoring System (HCMS)	15
Textile Exchange	Impact Alliance – Scoping Phase	30
Max Havelaar	Landscape Assurance Framework for Social Indicators	30
Alliance for Water Stewardship	Boosting sustainability practice and performance at the landscape level through good water stewardship	15
Better Cotton Initiative	Adaptation to Landscape Approach (ATLA)	29
Textile Exchange	Delta Pilot	6
Better Cotton Initiative	Piloting remote survey technology for farmers and workers in Pakistan	-
Fair Trade USA	Factory Hybrid Audit Pilot	-
Linking Environment and Farming	Development of a transition process towards a LEAF Marque hybrid assurance model informed by risk-based data	-
Responsible Jewellery Council	Hybrid and remote audits	-
Swiss Fair Trade	Digital conference: Strengthening Fair Trade in a COVID19 - Build Back Fairer Sustainability context	-
Global Infrastructure Basel Foundation	Sustainability Infrastructure Intelligence Tool	25
Bonsucro	Local implementation of grievance mechanisms for VSSs' members in alignment with UNGP and OECD	25
Assurance Services International	Risk-based approaches to assurance	8
GoodWeave International	Forced and Bonded Labour Rapid Assessment Tool	25
Evidensia	UNFSS collaboration on the VSS research step-up programme	-
Bonsucro	Collaboration in the Sugarcane Sector (earlier year adjustment)	(1)
Total grants made		598

6. Support costs

	2023	2022
	£'000	£'000
Finance & professional	380	358
Human resources	171	121
Occupancy	119	83
IT and systems	106	65
Communications	110	20
Programme development	96	-
Governance	108	104
	1,090	751

After a review of costs, work done to negotiate contracts and grants for charitable work has been reclassified as a support cost in 2023.

7. Governance costs

	2023	2022
	£'000	£'000
Staff costs	104	86
Other costs	4	18
	108	104

8. Net income / expenditure**ISEAL's net income / expenditure is stated after crediting or charging:**

	2023	2022
	£'000	£'000
Fees payable to the auditors for statutory audit	22	14
Fees payable to the auditors for grant audits	6	-
Operating lease charges - land and building	43	42
Net gains / losses on foreign currency translations	(7)	(7)
Loss on fixed asset disposal	1	2
Depreciation	27	37

9. Employees

Staff costs during the year were as follows:

	2023 £'000	2022 £'000
Wages and salaries	1,937	1,672
Social security costs	215	168
Pension	99	77
	2,251	1,917

The number of staff employed by ISEAL during the year was as follows:

	2023	2022
Full Time Equivalent (FTE) during the year	37	31
Headcount during the year	39	32

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

	2023	2022
£60,000 - £69,999	5	4
£70,000 - £79,999	2	1
£80,000 - £89,999	-	-
£90,000 - £99,999	1	2
£100,000 - £109,999	1	-
£110,000 - £119,999	-	1
£150,000 - £159,999	1	-

Key management personnel are defined as the Directors and the senior leadership team.
The Directors receive no remuneration.

	2023 £'000	2022 £'000
Salary, pension and other benefits received by four senior leadership team members	539	442

10. Directors' expenses

ISEAL met travel expenses incurred by three of the Directors in the charity's business totalling

2023**£**

555

2022**£**

Nil

ISEAL has paid for the management liability insurance for the Directors and its key employees with regard to their actions on behalf of ISEAL.

2023**£**

5,064

2022**£**

5,002

The insurance policy provided cover of £2m at a cost of

11. Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2023	9	52	97	158
Additions	-	-	21	21
Disposals / write offs	-	-	(4)	(4)
At 31 December 2023	9	52	114	175
Depreciation				
At 1 January 2023	6	48	64	118
Charge for the year	2	4	21	27
Disposals / write offs	-	-	(3)	(3)
At 31 December 2023	8	52	82	142
Net book value				
At 31 December 2023	1	-	32	33
At 31 December 2022	3	4	33	40

12. Debtors

	2023	2022
	£'000	£'000
Trade debtors	20	15
Other debtors	8	20
Accrued income	208	162
Prepayments	15	7
	251	204

Accrued income includes the following amount from restricted grant donors

2023	2022
£'000	£'000
208	138

13. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	72	58
Tax and social security creditor	106	39
Deferred income		
Advance payments from donors	4,205	2,846
Other deferred income	45	23
Grant instalments payable	256	-
Accruals	201	46
	4,885	3,065

Deferred income includes £4,205,000 (2022:£2,846,000) in relation to amounts received for restricted projects in excess of the level of performance delivered.

Movements in deferred income were as follows:

	2023	2022
	£'000	£'000
Deferred income brought forward	2,869	667
Amount released to income in the year	(2,869)	(667)
Amount deferred in the year	4,250	2,869
Balance at year end	4,250	2,869

14. Movement on restricted funds

Funder (see note 2 for full details)	Project note	Balance 1 January 2023 £'000	Income £'000	Expenditure £'000	Balance 31 December 2023 £'000
Swiss State Secretariat for Economic Affairs SECO	1	-	1,559	(1,559)	-
Walmart Foundation	2	-	324	(324)	-
CGIAR International Food Policy Research Institute	3	-	152	(152)	-
The David and Lucile Packard Foundation	4	-	115	(115)	-
IDH - the Sustainable Trade Initiative	5	-	114	(114)	-
GIZ	6	-	112	(112)	-
UKRI - Horizon Europe Guarantee	7	-	91	(91)	-
UNDP-led Good Growth Partnership, under the GEF-funded Food Systems, Land Use and Restoration (FOLUR) Impact Program	8	-	76	(76)	-
IDH - the Sustainable Trade Initiative & Rainforest Alliance	9	-	60	(60)	-
The David and Lucile Packard Foundation	10	-	35	(35)	-
ISEAL Members	11	-	33	(33)	-
[Dutch] Ministry of Foreign Affairs	12	-	29	(29)	-
CGIAR Bioversity International	13	-	27	(27)	-
Walmart Foundation	14	-	17	(17)	-
Fairtrade USA and Ethical Tea Partnership	15	-	16	(16)	-
UKRI - Horizon Europe Guarantee	16	-	15	(15)	-
Walton Family Foundation	17	-	6	(6)	-
The David and Lucile Packard Foundation	18	-	158	(2)	156
		-	2,939	(2,783)	156

14. Movement on restricted funds (continued)

Movements on restricted funds in 2022 were as follows:

Funder (see note 2 for full details)	Project note	Balance 1 January 2022 £'000	Income £'000	Expenditure £'000	Balance 31 December 2022 £'000
Swiss State Secretariat for Economic Affairs SECO	19	-	895	(895)	-
Swiss State Secretariat for Economic Affairs SECO	1	-	154	(154)	-
CGIAR International Food Policy Research Institute	3	-	109	(109)	-
CGIAR Bioversity International	13	-	36	(36)	-
UNDP-led Good Growth Partnership, under the GEF-funded Food Systems, Land Use and Restoration (FOLUR) Impact Program	8	-	30	(30)	-
GIZ	21	-	58	(58)	-
GIZ	6	-	83	(83)	-
Fairtrade USA and Ethical Tea Partnership	15	-	8	(8)	-
UKRI - Horizon Europe Guarantee	7	-	11	(11)	-
IDH - the Sustainable Trade Initiative	5	-	52	(52)	-
Swiss State Secretariat for Economic Affairs SECO	24	-	18	(18)	-
ISEAL Members (IPM Coalition)	11	-	66	(66)	-
Laudes Foundation	25	-	11	(11)	-
IDH - the Sustainable Trade Initiative	22	-	45	(45)	-
IDH - the Sustainable Trade Initiative & Rainforest Alliance	9	-	1	(1)	-
[Dutch] Ministry of Foreign Affairs	12	-	19	(19)	-
University of Greenwich Natural Resources Institute	26	-	4	(4)	-
The David and Lucile Packard Foundation	4	-	135	(135)	-
The David and Lucile Packard Foundation	18	-	2	(2)	-
Walmart Foundation	20	-	73	(73)	-
Walmart Foundation	2	-	217	(217)	-
WWF	23	-	30	(30)	-
		-	2,057	(2,057)	-

14. Movement on restricted funds (continued)

The restricted funds relate to donors who have funded specific projects as follows:

Notes (project names):

1. Transparency and Innovation of Sustainability Standards, Phase 2
2. Strengthening supplier engagement in landscape and jurisdictional initiatives
3. Rethinking food markets and value chains for inclusion and sustainability
4. Supporting Chinese commitments towards deforestation-free commodity supply chains
5. Strengthening sustainability standards systems to advance supply chain action on living wages
6. Scaling the Living Income concept, through collaboration and action, to deliver a decent standard of living
7. Sustainability Transition Assessment Rules for Bio-Based Systems (STAR4BBS)
8. Good Growth Partnership under the GEF Funded Food Systems, Land Use and Restoration (FOLUR) Impact Program
9. Effectiveness of supply chain sustainability approaches to deliver decent work goals: a systematic review
10. General operations
11. Engagement in China, pesticide management, living wage
12. Advancing thinking and action on access to remedy through sustainability standards and systems
13. Harnessing gender and social equality for resilience in agrifood systems
14. Strengthening certification systems to deliver on deforestation and conversion free goals
15. Background study for developing a living wage benchmark for tea-growing regions of Assam and West Bengal, India
16. Change to Concise consumer communication through robust labels for bio-based systems (3-CO)
17. Improving Equity and Livelihoods in Sustainable Value Chains through Producer Empowerment
18. Improving Understanding and Scaling Action on Equity and Livelihoods
19. Change to The Future of Sustainability Standards
20. Strengthening the credibility of jurisdictional sourcing
21. Ensuring Credible Effective Action for Sustainability
22. Supporting effective measurement, verification and improvement of living wage gaps
23. Development of a landscape assurance index in Sabah
24. Creating an information and data standard
25. Driving alignment for greater impact: implementing the Delta Framework in sustainable cotton
26. Synthesis and critical assessment of management tools to mainstream biodiversity in decision-making in the private sector

14a. SECO Fund statement

Transparency and innovation of sustainability standards Phase 2

	Deferred income 1 January 2023	Receipts	Expenditure	Exchange differences	Deferred income 31 December 2023
	£'000	£'000	£'000	£'000	£'000
Transparency and innovation of sustainability standards					
Innovations Programme	1,162	962	(1,048)	-	1,076
Innovations Fund	1,061	876	(511)	84	1,510
	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000
Transparency and innovation of sustainability standards					
Innovations Programme	1,320	1,100	(1,252)		1,168
Innovations Fund	1,200	1,000	(509)		1,691

	Deferred income 1 January 2022	Receipts	Expenditure	Exchange differences	Deferred income 31 December 2022
	£'000	£'000	£'000	£'000	£'000
Transparency and innovation of sustainability standards					
Innovations Programme	-	1,316	(154)		1,162
Innovations Fund	-	1,057	-	4	1,061
	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000
Transparency and innovation of sustainability standards					
Innovations Programme	-	1,500	(180)		1,320
Innovations Fund	-	1,200	-		1,200

15. Analysis of net assets between funds

	2023 General Unrestricted Funds £'000	2023 Designated Unrestricted Funds £'000	2023 Restricted Funds £'000	2023 Total Funds £'000
Fund balances at 31 December 2023 as represented by:				
Tangible fixed assets	33	-	-	33
Current assets	1,502	60	4,361	5,923
Current liabilities	(680)	-	(4,205)	(4,885)
Total net assets	855	60	156	1,071
	2022 General Unrestricted Funds £'000	2022 Designated Unrestricted Funds £'000	2022 Restricted Funds £'000	2022 Total Funds £'000
Fund balances at 31 December 2022 as represented by:				
Tangible fixed assets	40	-	-	40
Current assets	829	60	2,846	3,735
Current liabilities	(219)	-	(2,846)	(3,065)
Total net assets	650	60	-	710

16. Related party transactions

As part of the Transparency and innovation of sustainability standards, phase 2 project, the ISEAL Innovations Fund has awarded grants equivalent to £461,363 (2022: £540,053) primarily to ISEAL members. Of this amount £255,615 (2022: nil) was outstanding at the balance sheet date.

Further details of the grants awarded can be found on the charity's website at: www.isealliance.org/innovations-standards/innovations-projects

In 2022, one of those grants involved support from ISEAL equivalent to £9,693 for which ISEAL is entitled to be reimbursed; this did not occur in 2023.

There were no other related party transactions to disclose for 2023 (2022: none).

ISEAL is ultimately controlled by its members. No one member has more than 5% of the voting rights at a general meeting, so there is no single controlling party.

Some board members hold senior executive positions within member organisations, as indicated within the trustees report. All transactions between ISEAL and its members are at the same arms-length terms.

17. Operating lease commitments

ISEAL has a lease for office space, which runs through to March 2026, although it may be terminated with four months' notice. If not so terminated, future rental payments will be:

	2023	2022
	£'000	£'000
Due within one year	39	39
Due within two to five years	49	88

18. Company limited by guarantee

Every guarantor member of ISEAL undertakes to contribute to the assets of ISEAL in the event of ISEAL being wound up while they are a guarantor member, such amounts as may be required not exceeding £10.

19. Designated reserve

A designated reserve has been established for the purpose of funding the future costs of revisions to ISEAL's Codes of Good Practice and other credibility tools.

	2023	2022
	£'000	£'000
Balance at the start of the year	60	100
Transfer to (from) the fund during the year	-	(40)
Balance at the end of the year	60	60

The balance at the end of 2023 is expected to be drawn down against Codes revision expenditure during 2024.

20. Post balance sheet events and going concern

The Directors have determined that there are no related post balance sheet events affecting the figures or disclosures in these financial statements.



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