

ISEAL
ALLIANCE
ANNUAL
REPORT AND
FINANCIAL
STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2022



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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 2022.

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 23 to 26 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.

Review of 2022

Inspiring solutions to sustainability challenges

In 2022 we brought our membership together with governments, companies and other partners to deepen their impacts on the big sustainability issues, as well as develop and test solutions to these challenges.

Human rights and decent work

We continued in our role as the secretariat for the Global Living Wage Coalition Action Network (www.globallivingwage.org). The Action Network now includes eight members and others have expressed interest. Global Living Wage Coalition member events covered topics such as the impact of inflationary trends on living wage action, policy developments around due diligence and living wage, and the IDH salary matrix.

ISEAL also works in partnership with IDH to strengthen sustainability systems as agents of change to support business and producer action on living wage improvements. In 2022, our peer-learning working group helped build understanding and alignment around ways to accurately and reliably measure wages and explored the topic of gender and wages.

We launched a new collaborative project with Bioversity, a global research-for-development organisation, to support sustainability systems in improving their impact on gender. With MINBUZA (Dutch Ministry of Foreign Affairs) support, we also launched a partnership with the Office of the UN High Commissioner for Human Rights to examine effective operational and scheme-level grievance mechanisms and to better understand the role that voluntary multistakeholder initiatives can play in advancing remediation for human rights violations. We also launched a regional workshop series to understand and discuss the implications of emerging human rights and environmental due diligence expectations. The first in the series took place in Bangalore. These will continue into 2023.

Livelihoods, resilience and equity

We continued to host the secretariat of the Living Income Community of Practice (www.living-income.com): an open multistakeholder forum and shared learning space that aims to support action to raise farmer incomes by identifying and discussing strategies to drive living income and developing guidance on measuring and reporting income gaps. In 2022, subscriptions to the Living Income Community of Practice mailing list increased by 31 percent, reaching 2,317 subscribers and expanding our presence to 107 countries around the world. The Living Income Community of Practice convened monthly discussions and workshops on many topics, from income measurement and reporting to gender.

We continued to consolidate, synthesise and disseminate knowledge about the impact of market-based tools through Evidensia.eco. We also held a series of well-attended learning events that brought together researchers and practitioners to explore the practical applications of new research. We have joined forces with the International Food Policy Research Institute to create a new knowledge platform to support CGIAR's work on inclusion and innovation in food systems. This platform will draw on Evidensia's knowledge library and features.

Climate, biodiversity and nature

In February, ISEAL published a paper, 'Recommendations for strengthening the European Union's deforestation-free supply chains proposal', in response to the European Commission's Proposal for a Regulation on Deforestation-free Products. We welcomed the landmark initiative, which has the potential to be a ground-breaking regulatory effort to ensure companies take concrete steps to address global deforestation. In the paper we recommended six areas of adjustment to the legislation to better prevent and mitigate global deforestation.

Protecting biodiversity and nature requires coordinated landscape-level action. We brought together landscape and jurisdictional practitioners to produce a paper on what constitutes a company landscape investment or action. This was the first in a series of papers to provide companies and organisations that support them with

consistent guidance for effective investment and action in landscapes and jurisdictions. In addition, we convened a group of landscape and jurisdictional practitioners who are acting to improve landscape performance measurement. This group aimed to address key issues of data availability, quality and alignment across initiatives, focusing on biodiversity and nature, human rights and wellbeing. Through this shared learning, landscape and jurisdictional practitioners are better equipped to support emerging global data needs at company and investor level.

Strengthening accuracy, reliability and resilience

Data and digitisation, assurance and measurement are important pillars of our work to build confidence in the accuracy and reliability of sustainability systems. Over the year we made important advances in our support for members on system improvements in these areas. These included creating a 'data maturity framework' that will help Community Members assess their organisation's data management maturity level; concluding research on threats to system integrity; developing indicators for landscape-level measurement; and supporting the development of the ISEAL Metadata Standard and the Delta Framework (indicator frameworks that can be adopted by sustainability systems and their partners).

This year saw the end of phase one of the ISEAL Innovations Fund, with all grants awarded and projects completed. Since 2016, the Innovations Fund has enabled ISEAL members to join forces to explore new, ambitious ways to boost the impact and value of sustainability systems. Supported by the Fund, ISEAL Community Members and a wide range of their partners have advanced their understanding of how sustainability systems can operate at a landscape level, helping to accelerate change and deliver impact at scale.

The Fund provides a critical grant-making mechanism to ISEAL members and their partners, supporting them to explore new approaches, technologies, and strategies, and to share the learning within the ISEAL community. No grants were awarded in 2022, although disbursements were made in relation to grants awarded in earlier years. Criteria for grant applications and selection of priority innovations topics are aligned with ISEAL's strategic priorities and are reviewed with an external advisory committee.

The ISEAL Innovations Fund has driven experimentation and innovation in the ISEAL community. With 30 ISEAL members having led or partnered on projects, and others having actively engaged with the concepts and outputs, a culture of collaboration has been fundamental to phase one. Since its inception the Fund has supported 49 projects with a total grant value of more than six million Swiss francs. This was made possible thanks to generous donors, particularly the Swiss State Secretariat for Economic Affairs SECO.

In 2022, we began preparation for the next phase of grant-making. In addition, we published a new learning report and brief, capturing some of the early lessons from the ISEAL Innovations Fund and programme. The Fund projects generated valuable insights on a range of themes central to making sustainability systems more efficient, effective and inclusive, such as leveraging data and technology, risk-based approaches to assurance, addressing producer needs, and delivering impact at a landscape level.

Broadening the applicability of ISEAL's credibility tools

This year we launched the consultation on our integrated Code of Good Practice. The revision and integration of our existing Codes of Good Practice allow us to consider system credibility holistically: equipping systems to be more focused on impacts and performance monitoring, and making them more effective at driving improvements in the areas that matter.

Our integrated Code also incorporates good practices from our Sustainability Claims Good Practice Guide, highlighting the link between claims management and other aspects of sustainability systems, such as assurance integrity or monitoring, evaluation and learning.

We have a range of resources to provide direction and support in developing credible and effective claims systems. These include general guidance on sustainability claims (with linked guidance on chain of custody models and on impacts and outcomes claims), as well as specific guidance on jurisdictional claims.

We aim to ensure that sustainability claims made by companies are credible. This year, we produced a set of guiding practices to steer how companies can support

and invest in landscape and jurisdictional approaches and claim their contributions in a transparent and credible manner. We also introduced the concepts of credible claims and credible corporate action in the Living Income Community of Practice and began to develop guidance on claims for living wages, running two business-focused workshops in partnership with IDH.

In addition, we reflected on the EU's renewed efforts to ensure reliable consumer information on sustainability and how these connect to ISEAL's work, highlighting ISEAL's longstanding focus on the need for clear, accurate and relevant sustainability claims. The importance of truthful claims is reflected in our Credibility Principles.

Supporting effective use of credible sustainability systems

An increasing number of organisations have approached ISEAL for expertise on sustainability systems, as attention turns to how to operationalise the ideas that the EU is putting forward in its draft and new policy directives.

We continued to support governments in their work with sustainability systems and businesses in managing risks and meeting climate, zero-deforestation, human rights and other commitments. We provided governments and businesses with information to understand, identify and use sustainability systems that embrace credible practices and worked with sustainability systems to identify how they can best support governments and businesses in achieving shared sustainability goals.

We participated in panels at a number of high-profile events, including a United Nations Forum on Sustainability Standards event in Brussels, the World Trade Organization public forum in Geneva, a finance sector event in China, and the Convention on Biological Diversity conference in Montreal.

We continued our engagement in India and China, running workshops with partners such as the Centre for Responsible Business and United Nations Conference on Trade and Development. We presented to influential NGO, business and government audiences on the role of sustainability systems in addressing issues such as deforestation and biodiversity conversation.

Effective company actions in landscapes and jurisdictions

This year we launched our new guiding practices for effective company actions in landscapes and jurisdictions. Developed by ISEAL in collaboration with Tropical Forest Alliance, Proforest, WWF and CDP, with input from leading landscape and jurisdictional practitioners, this new guidance highlights four areas that companies should consider when addressing systemic issues beyond their supply chain.

The business benefits of adopting sustainability standards

ISEAL commissioned AidEnvironment to carry out a comprehensive review of recent literature and evidence on the business benefits of using sustainability standards, following up a similar study from 2017. 'The business benefits of adopting sustainability standards' found clear evidence that using sustainability standards brings benefits for businesses beyond the social and environmental outcomes that sustainability systems are designed to address. These benefits reached businesses large and small, at every stage of the value chain, and include both immediate and long-term benefits.

Growing a dynamic learning community

Our goal has been to grow our membership to include a range of market-based approaches, reflecting the scale of systems and tools designed to improve sustainability. By the close of 2022 we had grown our membership from 35 to 43 Community Members.

We conducted 16 independent evaluations of Community Members against the ISEAL Codes of Good Practice, identifying where members needed to improve their systems to better align with the Codes.

We regularly brought together our communities of practice to discuss and support their approach to stakeholder governance, assurance integrity, credible claims and data maturity. We also held two members' weeks, where Community Members came together to explore approaches and opportunities to tackle critical sustainability challenges, and innovations and thinking to support system improvements.

Looking forward

As we move into 2023 ISEAL will continue to support sustainability systems and their partners in tackling the complex sustainability challenges we face. Sustainability systems are taking a more holistic view, looking at how they can help to create the enabling conditions for long-lasting change.

In seeking to influence the enabling environment and drive change at scale, sustainability systems are deepening their engagement with governments and businesses. We will continue to convene these sector-wide collaborations and catalyse innovation to support our membership in driving change at scale on the issues that matter most.

Our work over the last year on topics like human rights and climate is an investment that will bear further fruit in the coming years. Each of these issues has the potential to grow significantly. We will continue to refine our specific priorities for work under each of the issues, particularly for climate, nature and biodiversity. We will bring together our work on issues and system improvement and innovation, for example, exploring effective assurance for human rights risks or better standard-setting to support achievement of living wage goals.

Over the next four years, the ISEAL Innovations Fund and Programme – with support from the Swiss State Secretariat for Economic Affairs SECO – will continue to catalyse innovation among Community Members and beyond to drive change and scale impact. Through ambitious partnerships, and a deeper understanding of the broader environments in which sustainability systems operate, we aim to give rise to new ideas for solutions, technologies and approaches to help sustainability systems drive large-scale and long-lasting impact.

We will implement a new learning programme on assurance integrity. Support for sustainability systems in building organisational data maturity will continue, and we will increase focus on the use of data to derive insights that drive action on different sustainability topics.

Our work on sustainability claims will take on increasing importance. The ongoing Code consultation process, which continues into 2023, is a major opportunity for spreading our credibility messaging, including on claims.

Expanding engagement with policymakers is an additional priority. We will continue to provide support to EU policymakers on due diligence, deforestation and claims, and expand our global engagement on sustainable trade. We will tailor the use of impacts evidence, credibility messaging and assets, and communications to meet the information needs of government and businesses.

We expect continued growth of our membership and are giving particular attention to sector and geographic diversity.

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.

The Board of Directors believes that through this process a wide range of risks have been identified 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

Income diversification

ISEAL relies heavily on a small number of institutional donors. We are working to widen the pool of key supporters and have had some success in this area in 2022. We carefully manage relationships with funding partners. In addition to grants ISEAL receives membership fees, which are also growing as our membership grows.

Relevance

Underpinning ISEAL's work on credible practices are our Codes of Good Practice and other credibility tools. 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.

Governance

ISEAL's 2021-2024 strategy broadens the organisation's ambition. As ISEAL grows and broadens its strategies the board also needs to broaden its strategic perspective. In 2022 ISEAL worked to expand diversity, using an open recruitment process and bringing on new external board members.

The impact of economic uncertainty

Financial instability, including inflation and exchange rate volatility, are risks faced by many international organisations in the UK. To mitigate this we budget conservatively, regularly update financial projections, maintain a flexible cost base, and match income and expenditure currency exposure.

People

Resourcing appropriately to deliver our ambitious strategy and employee wellbeing and morale, given the impacts of the pandemic and remote working, are two key risk areas. We focus attention on organisational culture and wellbeing, provide mental health and wellbeing support, and take a flexible approach to returning to the office.

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 6 December 2021.

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 fundraising staff member who is tasked with supporting senior management to raise funds in line with the organisational strategy. 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 2022. ISEAL undertook no active fundraising from the general public requiring disclosure under S162A of the Charities Act in 2022 and had no campaigns or other active attempts to fundraise from the general public. 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

Financial activities

2022 was a steady year for ISEAL's finances. Unrestricted income continued its consistent growth. Restricted income is highly variable based on planned activities of the ISEAL Innovations Fund, which makes up a significant proportion of our overall restricted income and expenses. The detailed results for the financial period ended 31 December 2022 are shown below in the statement of financial activities.

Overall income for the year fell to £3,030k from £3,586k, reflecting the planned decrease in grants made by the Innovations Fund. Unrestricted income increased to £973k from £868k. Restricted income fell to £2,057k from £2,718k. The net income after expenditure for the year was a deficit of £5k on unrestricted funds. Expenditure for the year was £3,035k, falling from £3,501k in line with the reduced grant-making of the Innovations Fund.

Fund balances at the end of the year amounted to £710k, of which £60k was designated unrestricted funds and £650k was general unrestricted funds.

Cash balances at the end of the year amounted to £3,531k, up from £1,976k at the end of 2021. The increase is mainly due to advance payments from donors received during the year.

Funding sources

ISEAL received £2,057k in grants from institutional donors, down from £2,718k. ISEAL's members made contributions of £775k, up from £629k. Compliance and services fees contributed £198k, down from £239k. The growth in member contributions is largely due to the increase in membership numbers. The reduction in donor income is due to the reduction in grant-making by the Innovations Fund.

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 2022 recognised that differential growth was likely over the coming years between ISEAL's unrestricted and restricted income streams and that the current reserves policy would accordingly require a further review during 2023. The current policy is to maintain a minimum level of unrestricted reserves equivalent to three months of ongoing staff and overheads expenditure. A future policy will take account of quantified risks that are identified by regular risk reviews.

Unrestricted reserves at the end of 2022 amounted to £710k, of which £650k were general unrestricted reserves. This level of reserves is equivalent to 3.6 months of ongoing staff and overheads expenditure.

ISEAL has been able to build up its general unrestricted reserves as expenditure against unrestricted funds has been maintained at levels less than unrestricted income. The board's aim is to cover in-year core recurrent costs from unrestricted revenue and to generate an element of surplus to allow for an investment in foreseen future year expenditure growth and to maintain an unrestricted reserves level that is appropriate for that foreseen increased level of annual expenditure.

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 17 May 2023 and signed on its behalf by:



Christopher Harvey Nines
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

(Appointed 15 June 2022)

J D'Cruz

(Appointed 8 March 2023)

M Grant

(Appointed 8 March 2023)

N Guichoux

(Resigned 8 March 2023)

F Harnischfeger

M Kim

(Appointed 8 March 2023)

A Kratz

(Resigned 8 March 2022)

A Lim

(Appointed 15 June 2022)

A McClay

(Appointed 8 March 2022)

A Morgan

D Morley

C Nines

Chair

M Oliva

(Resigned 8 March 2022)

N Schuler

(Appointed 15 June 2022)

L Staafgard

(Resigned 8 March 2022)

L Tyler

(Resigned 8 March 2023)

I Van der Veken

(Resigned 8 March 2023)

Senior leadership team

K Kreider

Chief Executive Officer

Dr K Komives

Director of Programmes

P Mallet

Director of Innovations

P Wilson

Company Secretary

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 2022 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 2022 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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2022

Statement of financial activities (including income and expenditure account) for the year ended 31 December 2022

	Note	UNRESTRICTED FUNDS			Total Funds 2022 £'000
		General Funds £'000	Designated Funds £'000	Restricted Funds £'000	
Income					
Income from charitable activities	2	973	0	2,057	3,030
Total Income		973	0	2,057	3,030
Expenditure					
Expenditure on raising funds	3	34	0	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)	0	(5)
Funds at 31 December 2021		615	100		715
Funds at 31 December 2022		650	60	0	710

	Note	UNRESTRICTED FUNDS			Total Funds 2021 £'000
		General Funds £'000	Designated Funds £'000	Restricted Funds £'000	
Income					
Income from charitable activities	2	818	50	2,718	3,586
Total Income		818	50	2,718	3,586
Expenditure					
Expenditure on raising funds	3	27	0	90	117
Expenditure on charitable activities	4	756	0	2,628	3,384
Total Expenditure		783	0	2,718	3,501
Net movement in funds and net income (expenditure)		35	50	0	85
Funds at 31 December 2020		580	50	0	630
Funds at 31 December 2021		615	100	0	715

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 2022

	Note	2022 £'000	2021 £'000
Fixed Assets			
Tangible assets	9	40	44
Current Assets			
Debtors	10	204	151
Cash at bank and in hand		3,531	1,976
		3,735	2,127
Creditors: Amounts falling due within one year	11	(3,065)	(1,456)
Net current assets		670	671
Total assets less total liabilities		710	715
Funds			
Unrestricted funds - General Funds		650	615
Unrestricted funds - Designated Funds	17	60	100
Restricted funds	12	0	0
Total Funds		710	715

The financial statements on pages 19 to 38 were approved and authorised for issue by the Board of Directors on 17 May 2023 and signed on their behalf by:



Christopher Harvey Ninnés
Trustee/Director, Board Chair

Company Registration Number 04625800

Statement of cash flows

for the year ended 31 December 2022

Statement of cash flows

	2022 £'000	2021 £'000
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	1,591	(1,181)
Cash flows from investing activities:		
Proceeds from the sales of fixtures and equipment	0	0
Purchase of fixtures and equipment	(35)	(17)
Net cash provided by (used in) investing activities	(35)	(17)
Change in cash and cash equivalents in the reporting period		
Cash flows	1,473	(1,103)
Foreign exchange movements	83	(95)
	1,556	(1,198)
Cash and cash equivalents at the beginning of the reporting period	1,975	3,173
Cash and cash equivalents at the end of the reporting period	3,531	1,975

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

	2022 £'000	2021 £'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(5)	85
Adjustments for:		
Amortisation and depreciation charges	37	33
(Profit) / Loss on the sale of fixed assets	2	6
(increase) / decrease in debtors	(53)	45
Increase / (decrease) in creditors	1,610	(1,350)
Net cash provided by (used in) operating activities	1,591	(1,181)

Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Cash in hand	3,531	1,975
Total cash and cash equivalents	3,531	1,975

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 6th December 2021).

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 2021.

Reconciliation with previous Financial Reporting Standards

This accounting period is the first period in which the organisation has been a registered charity. In preparing the financial statements, the Directors have considered whether in applying the Charities SORP FRS 102 for the first time a restatement of comparative items was needed. No restatements have been made to the funds as previously reported and which form the comparatives to these financial statements. Presentational amendments have been made in order to display the comparatives in a

format which complies with the disclosure requirements of the Charities SORP FRS 102.

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 twelve 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 12.

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

	2022 £'000	2021 £'000
Grants from government entities to fund projects	1,257	1,792
Grants from other charitable institutions to fund projects	800	926
Restricted - Total grant income from donors as analysed below	2,057	2,718
Members' contributions	775	629
Compliance and Services Fees	198	239
Total unrestricted income	973	868
Total income	3,030	3,586

Income from charitable activities analysed by strategic priority

	2022 £'000	2021 £'000
Inspiring solutions to sustainability challenges	925	914
Strengthening accuracy, reliability and resilience	720	1,190
Broadening the applicability of ISEAL's credibility tools	187	172
Supporting effective use of credible sustainability systems	279	368
Growing a dynamic learning community	552	522
Organisational Resilience	366	420
	3,030	3,586

Restricted grant income from donors was as follows:

	2022 £'000	2021 £'000
State Secretariat for Economic Affairs, Switzerland (SECO)	1,067	1,629
CGIAR International Food Policy Research Institute (IFPRI)	109	
CGIAR Bioversity International (BI)	36	
Global Environment Facility (GEF)	30	15
Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)	141	147
Fairtrade USA and Ethical Tea Partnership (FTUSA & ETP)	8	
Horizon Europe Guarantee (UKRI)	11	
IDH Sustainable Trade Initiative (IDH)	97	218
IDH & Rainforest Alliance (IDH & RA)	1	
Laudes Foundation	11	74
ISEAL Members	65	93
Minister for Foreign Trade and Development Cooperation for Netherlands (MINBUZA)	19	
University of Greenwich Natural Resources Institute (NRI)	5	
The David and Lucile Packard Foundation (Packard Foundation)	137	174
Walmart Foundation	290	236
The Walton Family Foundation (Walton Foundation)	0	110
World Wildlife Fund (WWF)	30	22
	2,057	2,718

3. Expenditure on raising funds

	2022 £'000	2021 £'000
General fundraising activities:		
Salaries	118	96
Other expenditure	8	21
	126	117
Charged against restricted funds	92	90
Charged against unrestricted funds	34	27
	126	117

4. Expenditure on charitable activities analysed by strategic priority

	Activities undertaken directly £'000	Support costs £'000	2022 £'000	Restricted £'000	Unrestricted £'000	2022 £'000
Inspiring solutions to sustainability challenges	753	129	882	869	13	882
Strengthening accuracy, reliability and resilience	598	88	687	687		687
Broadening the applicability of ISEAL's credibility tools	172	43	216	78	138	216
Supporting effective use of credible sustainability systems	220	46	266	0	266	266
Growing a dynamic learning community	414	113	527	0	527	527
Organisational Resilience	0	331	331	331		331
	2,158	751	2,909	1,965	944	2,909

	Activities undertaken directly £'000	Support costs £'000	2021 £'000	Restricted £'000	Unrestricted £'000	2021 £'000
Inspiring solutions to sustainability challenges	755	125	880	860	20	880
Strengthening accuracy, reliability and resilience	988	158	1,146	1,146		1,146
Broadening the applicability of ISEAL's credibility tools	145	21	166	71	95	166
Supporting effective use of credible sustainability systems	310	45	354	216	138	354
Growing a dynamic learning community	467	35	503		503	503
Organisational Resilience	0	335	335	335		335
	2,665	719	3,384	2,628	756	3,384

Grant making

Within the above charitable activities Inspiring solutions to sustainability challenges and Strengthening accuracy, reliability and resilience, is included expenditure related to the charity's grant making programme, the ISEAL Innovations Fund (The Fund). The 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, such as 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: <https://www.isealalliance.org/innovations-standards/innovations-projects>

Grants made during the year amounted to CHF 597,770 (2021 CHF 1,534,000), recorded as £540,053 (2021 £1,228,000) in the financial statements. Support costs amounted to £37,000 (2021 £89,000).

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

Grantee	Grant project	Grant amount 2022 (CHF '000)	Grant amount 2021 (CHF '000)
Better Cotton Initiative	Bridging the Gap in Measuring Real-Time Sustainability Performance	50	68
Forest Stewardship Council	Creating an Information and Data Standard	25	147
Rainforest Alliance	An Accountability Framework to Mainstream Responsible Production and Trade for Agriculture and Forestry	0	(11)
Aquaculture Stewardship Council	Integration of Seafood Certification and Jurisdictional Assurance Models	60	154
Steel Stewardship Council	Mining, Minerals and Metals (M3) Standards Partnership: Alignment and collective action to drive improvement	62	120
Bonsucro	Assessing and designing outcome-based standards: a landscape approach	50	105
Sustainable Agriculture Network	Development of an evaluation framework and pilot phase in a banana and palm growing municipality	70	143
Bonsucro	Enabling access to preferential finance terms as an incentive for improving sustainability performance in the agricultural sector	2	55
Roundtable on Sustainable Biomaterials	Case study application of the FPIC-360 Tool for Monitoring and Verifying Free Prior and Informed Consent.	14	1
GEO Foundation	Sustainability Reporting for Sport	0	20
Rainforest Alliance	Use of risk maps for child and forced labour in risk-based assurance processes	0	10
Fairtrade Foundation	Delta Pilot	5	17
Gold Standard Foundation	A shared value approach to climate impact at landscape scale	53	100
Rainforest Alliance	Tech4Communities: Hybrid Community-Based Monitoring System (HCMS)	15	60
Textile Exchange	Impact Alliance – Scoping Phase	30	95
Max Havelaar	Landscape Assurance Framework for Social Indicators	30	60
Alliance for Water Stewardship	Boosting sustainability practice and performance at the landscape level through good water stewardship	15	115
Better Cotton Initiative	Adaptation to Landscape Approach (ATLA)	29	70
Textile Exchange	Delta Pilot	6	21
Better Cotton Initiative	Piloting remote survey technology for farmers and workers in Pakistan	0	11
Fair Trade USA	Factory Hybrid Audit Pilot	0	11
Linking Environment and Farming	Development of a transition process towards a LEAF Marque hybrid assurance model informed by risk-based data	0	11
Responsible Jewellery Council	Hybrid and remote audits	0	9
Swiss Fair Trade	Digital conference: Strengthening Fair Trade in a COVID19 - Build Back Fairer Sustainability context	0	18
Global Infrastructure Basel Foundation	Sustainability Infrastructure Intelligence Tool	25	25
Bonsucro	Local implementation of grievance mechanisms for VSSs' members in alignment with UNGP and OECD	25	25
Assurance Services International	Risk-based approaches to assurance	8	23
GoodWeave International	Forced and Bonded Labour Rapid Assessment Tool	25	25
Evidensia	UNFSS collaboration on the VSS research step-up programme	0	26
Bonsucro	Collaboration in the Sugarcane Sector (earlier year adjustment)	(1)	
Total grants made		598	1,534

5. Support cost breakdown by strategic priority

	Sustainability challenges	Strengthening systems	Credibility tools	Effective use	Learning community	Organisational resilience	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance & Professional	47	29	19	19	50	192	358	336
HR	21	14	7	7	18	53	121	72
Occupancy	14	10	5	5	13	37	83	104
IT and Systems	11	8	4	4	10	29	65	71
Communications	3	2	1	1	3	9	20	84
Governance	32	25	8	10	19	11	104	52
	129	88	43	46	113	331	751	719

Support costs have been allocated to strategic priority in proportion to staff time spent directly on those strategic priorities. Governance costs consist of £86,000 staff costs (2021 £52,000) and £18,000 expenses (2021 £Nil)

6. Net income / expenditure

ISEAL's net income / expenditure is stated after crediting or charging:

	2022	2021
	£'000	£'000
Fees payable to the auditors for auditing services	14	10
Fees payable to the auditors for tax services	0	2
Operating lease charges - land and building	42	57
Net (gains) /losses on foreign currency transactions	(7)	38
Loss on fixed asset disposal	2	6
Depreciation	37	33

7. Employees

Staff costs during the year were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	1,672	1,467
Social security costs	168	140
Pension	77	64
	1,917	1,671

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

	2022	2021
	Number	Number
Full Time Equivalent (FTE) during the year	31	29
Headcount during the year	32	30

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

	2022	2021
£60,000 - £69,999	4	4
£70,000 - £79,999	1	0
£80,000 - £89,999	0	2
£90,000 - £99,999	2	0
£100,000 - £109,999	0	1
£110,000 - £119,999	1	0

Key management personnel are defined as the Directors and the Senior Leadership Team. The Directors receive no remuneration. Salary, pension contributions and other benefits received during 2022 by the four Senior Leadership Team members amounted to £442,000 (2021 £420,000).

8. Directors' remuneration and expenses

The Directors receive no remuneration.

ISEAL met travel expenses incurred by the Directors in the Charity's business totalling £Nil (2021: £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.

The insurance policy provided cover of £2m at a cost of £5,002 (2021 £4,420).

9. Tangible fixed assets

	Leasehold improvements £'000	Fixtures and fittings £'000	Equipment £'000	Total £'000
Cost				
At 1 January 2022	9	52	81	142
Additions	0	0	35	35
Disposals / write offs	0	0	(19)	(19)
At 31 December 2022	9	52	97	158
Depreciation				
At 1 January 2022	5	35	58	98
Charge for the year	1	13	23	37
Disposals / write offs			(17)	(17)
At 31 December 2022	6	48	64	118
Net book value				
At 31 December 2022	3	4	33	40
At 31 December 2021	4	17	23	44

10. Debtors

	2022 £'000	2021 £'000
Trade debtors	15	24
Other debtors	20	14
Accrued income	162	101
Prepayments	7	12
	204	151

Accrued income includes £138,0000 (2021 £101,000) due from restricted grant donors.

11. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	58	108
Tax and social security creditor	39	39
Other creditors	53	77
Deferred income		
Advance payments from donors	2,846	624
Other deferred income	23	43
Grant instalments payable		549
Accruals	46	16
	3,065	1,456

All restricted grants for the delivery of projects have been treated as performance related grants. Deferred income includes £2,846,000 (2021 - £624,000) in relation to amounts received for restricted projects in excess of the level of performance delivered.

Movements in deferred income were as follows:

	2022 £'000	2021 £'000
Deferred income brought forward	667	2048
Amount released to income in the year	(667)	(2,048)
Amount deferred in the year	2,869	667
Balance at year end	2,869	667

12a. Fund statement

Funder (see note 2 for full details)	Project note	Balance	Income	Expenditure	Balance
		1 January 2022			31 December 2022
		£'000	£'000	£'000	£'000
SECO	1	0	24	(24)	0
SECO	2	0	540	(540)	0
CGIAR IFPRI	3	0	109	(109)	0
CGIAR BI	4	0	36	(36)	0
GEF	5	0	30	(30)	0
GIZ	6	0	58	(58)	0
GIZ	7	0	83	(83)	0
FTUSA & ETP	8	0	8	(8)	0
UKRI	9	0	11	(11)	0
IDH	10	0	52	(52)	0
SECO	11	0	18	(18)	0
ISEAL members	12	0	66	(66)	0
Laudes	13	0	11	(11)	0
IDH	14	0	45	(45)	0
IDH & RA	15	0	1	(1)	0
MINBUZA	16	0	19	(19)	0
NRI	17	0	4	(4)	0
Packard Foundation	18	0	135	(135)	0
Packard Foundation	19	0	2	(2)	0
SECO	20	0	355	(355)	0
SECO	21	0	130	(130)	0
Walmart Foundation	22	0	73	(73)	0
Walmart Foundation	23	0	217	(217)	0
WWF	24	0	30	(30)	0
		0	2,057	(2,057)	0

Notes (project names):

1. Future of sustainability standards – Innovations Fund phase 2.
2. Future of sustainability standards – Innovations Fund.
3. Rethinking food markets and value chains for inclusion and sustainability.
4. Harnessing gender and social equality for resilience in agrifood.
5. Green commodities programme phase II - FOLUR.
6. Credible regional sourcing.
7. Scaling the living income concept, through collaboration and action, to deliver a decent standard of living.
8. Background study for developing a living wage benchmark for tea-growing regions of Assam and West Bengal, India.
9. Sustainability transition assessment rules for bio-based systems (STAR4BBS).
10. Supporting effective measurement, verification and improvement of living wage gaps.
11. Creating an information and data standard.
12. Engagement in China, pesticide management, living wage.
13. Implementing the Delta Framework in sustainable cotton.
14. Supporting effective measurement, verification and improvement of living wage gaps - phase 2.
15. Effectiveness of supply chain sustainability approaches to deliver decent work goals: a systematic review.
16. Access to remedy.
17. Synthesis and critical assessment of management tools to mainstream biodiversity in decision-making in the private sector.
18. Supporting Chinese commitments towards deforestation-free commodity supply chains.
19. Social equity and livelihoods.
20. Future of sustainability standards – Innovations Programme.
21. Future of sustainability standards – Innovations Programme phase 2.
22. Strengthening the credibility of jurisdictional sourcing.
23. Strengthening supplier engagement in landscape and jurisdictional initiative.
24. Development of a landscape assurance index in Sabah.

12b. SECO Fund statement

Transparency and innovation of sustainability standards Phase 1

	Deferred income 1 January 2022	Receipts	Expenditure	Exchange differences	Transfers	Deferred income 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Future of Sustainability Standards						
Innovations Programme	38	272	-355	9	36	0
Innovations Fund	339	163	-540	74	-36	0
	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000
Future of Sustainability Standards						
Innovations Programme	50	331	-426		45	0
Innovations Fund	443	200	-598		-45	0

In respect of the SECO funded project 'Future of Sustainability Standards – Innovations Programme', instalments received during the year were CHF 331,000. Expenditure incurred during the year was CHF 426,000 and the balance remaining at the end of the year was CHF Nil.

In respect of the SECO funded project 'Future of Sustainability Standards - Innovations Fund', instalments received during the year were CHF 200,000. Expenditure incurred during the year was CHF 598,000 and the balance remaining at the end of the year was CHF Nil.

For prior year comparatives, see note 19.

Transparency and innovation of sustainability standards Phase 2

	Deferred income 1 January 2022	Receipts	Expenditure	Exchange differences	Deferred income 31 December 2022
	£'000	£'000	£'000	£'000	£'000
Future of Sustainability Standards					
Innovations Programme	0	1,316	-154		1,162
Innovations Fund	0	1,057	0	4	1,061
	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000
Future of Sustainability Standards					
Innovations Programme	0	1,500	-180		1,320
Innovations Fund	0	1,200	0		1,200

In respect of the SECO funded project 'Future of Sustainability Standards – Innovations Programme', instalments received during the period were CHF 1,500,000. Expenditure incurred during the period was CHF 180,269 and the balance remaining at the end of the period was CHF 1,319,731.

In respect of the SECO funded project 'Future of Sustainability Standards - Innovations Fund', instalments received during the period were CHF 1,200,000. Expenditure incurred during the period was CHF nil and the balance remaining at the end of the period was CHF 1,200,000

13. Analysis of net assets between funds

	2022	2022	2022	2022
	General Unrestricted Funds	Designated Unrestricted Funds	Restricted Funds	Total Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 December as represented by:				
Tangible fixed assets & investments	40	0	0	40
Current assets	829	60	2,846	3,735
Current liabilities	(219)	0	(2,846)	(3,065)
Total net assets	650	60	0	710

	2021	2021	2021	2021
	General Unrestricted Funds	Designated Unrestricted Funds	Restricted Funds	Total Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 December as represented by:				
Tangible fixed assets & investments	44	0	0	44
Current assets	854	100	1,173	2,127
Current liabilities	(283)	0	(1,173)	(1,456)
Total net assets	615	100	0	715

14. Related party transactions

As part of the Future of Sustainability Standards Project, the ISEAL Innovations Fund has awarded grants equivalent to £540,053 (2021 £1,227,775) primarily to ISEAL members. Further details of the grants awarded can be found on the ISEAL website at: <https://www.isealalliance.org/innovations-standards/innovations-projects>.

One of those grants involved support from ISEAL equivalent to £9,693 (2021 £47,493) for which ISEAL is entitled to be reimbursed.

There were no other related party transactions to disclose for 2022 (2021: none).

The ultimate controlling party of ISEAL is its members.

15. Operating lease commitments

ISEAL has a lease for office space, which runs through to March 2026, although it may be terminated with 4 months' notice. If not so terminated, future rental payments will be:

	2022 £'000	2021 £'000
Due within one year	39	39
Due within two to five years	88	127

16. 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.

17. 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.

	2022 £'000	2021 £'000
Balance at the start of the year	100	50
Transfer to (from) the fund during the year	(40)	50
Balance at the end of the year	60	100

The balance at the end of 2022 is expected to be drawn down against Codes revision expenditure during 2023

18. 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.

19a. Fund statement (previous year)

Funder (see note 2 for full details)	Project note	Balance	Income	Expenditure	Balance
		1 January 2021			31 December 2021
		£'000	£'000	£'000	£'000
SECO	1	0	359	(359)	0
SECO	2	0	1,228	(1,228)	0
Packard Foundation	3	0	69	(69)	0
Packard Foundation	4	0	8	(8)	0
Packard Foundation	5	0	69	(69)	0
GIZ	6	0	(8)	8	0
Walton Foundation	7	0	106	(106)	0
GEF	8	0	0	0	0
ISEAL members	9	0	93	(93)	0
IDH	10	0	128	(128)	0
IDH	11	0	93	(93)	0
Walmart Foundation	12	0	236	(236)	0
SECO Innovation Fund	13	0	55	(55)	0
GIZ	14	0	155	(155)	0
Laudes Foundation	15	0	74	(74)	0
Packard Foundation	16	0	20	(20)	0
Packard Foundation	17	0	5	(5)	0
SECO Innovation Fund	18	0	4	(4)	0
World Wildlife Fund	19	0	24	(24)	0
Total Restricted Funds		0	2,718	(2,718)	0

Notes (project names):

1. Future of sustainability standards – Innovations Programme.
2. Future of sustainability standards – Innovations Fund.
3. Supporting Chinese commitments towards deforestation-free commodity supply chains.
4. Strategic and communications planning.
5. Credible measuring and communicating of success for sustainability standards.
6. Credible regional sourcing.
7. Credible progress – a sustainability standards improvement framework.
8. Global Impacts Platform under the Adaptive Management and Learning Programme.
9. Engagement in China, pesticide management, living wage.
10. Aligning sustainability auditing good practices in response to Covid.
11. Supporting effective measurement, verification and improvement of living wage gaps.
12. Strengthening the credibility of jurisdictional sourcing.
13. Creating an information and data standard.
14. Credible action for sustainability.
15. Implementing the Delta Framework in sustainable cotton.
16. Supporting Chinese commitments towards deforestation-free commodity supply chains: phase 2.
17. Social equity and livelihoods.
18. Evidensia support.
19. Development of a landscape assurance index in Sabah.

19b. SECO Fund statement (previous year)

	Deferred income 1 January 2021	Receipts	Expenditure	Exchange differences	Deferred income 31 December 2021
	£'000	£'000	£'000	£'000	£'000
Future of Sustainability Standards					
Innovations Programme	40	310	-359	47	38
Innovations Fund	1,322	387	-1,228	-142	339
	CHF '000	CHF '000	CHF '000	CHF '000	CHF '000
Future of Sustainability Standards					
Innovations Programme	51	400	-401		50
Innovations Fund	1,593	500	-1,650		443

In respect of the SECO funded project 'Future of Sustainability Standards – Innovations Programme', instalments received during the year were CHF 400,000. Expenditure incurred during the year was CHF 400,812 and the balance remaining at the end of the year was CHF 49,856.

In respect of the SECO funded project 'Future of Sustainability Standards - Innovations Fund', instalments received during the year were CHF 500,000. Expenditure incurred during the year was CHF 1,650,346 and the balance remaining at the end of the year was CHF 442,763.



ISEAL

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

+44 (0)20 3246 0066
info@isealalliance.org
twitter.com/isealalliance
www.iseal.org