Addressing Power Imbalances in Sustainability Assessment

Recent developments in the sustainability assessment space have seen power being consolidated at the downstream end of supply chains. This trend provides for immense opportunities to drive real sustainability improvements, but also entails risks, particularly for upstream producers. The trend towards consolidation is typically driven by large initiatives aimed at standardising sustainability assessment practices across supply chains. Two examples of this consolidation and standardisation are The Sustainability Consortium (TSC) and the Consumer Goods Forum (CGF). The TSC is a consortium of corporations, non-profits, and academic institutions from around the globe, which focuses on sustainability in the consumer goods industry. The TSC intends to have one trillion US dollars of consumer products covered by its reporting system by 2020. The CGF is a global industry network whose members have combined sales of 3.5 trillion Euro, and are connected to around 90 million jobs through their supply chains. Both the TSC and CGF are undertaking initiatives to standardise sustainability assessment practices, and facilitate alignment to multiple sustainability standards with a single platform.

Other players in this space are the Global Reporting Index (GRI) who are aligned to multiple sustainability assessment initiatives and the International Trade Centre (ITC) who have produced a 'Standards Map' and a 'Sustainability Map' to harmonise and standardise sustainability assessment practices.

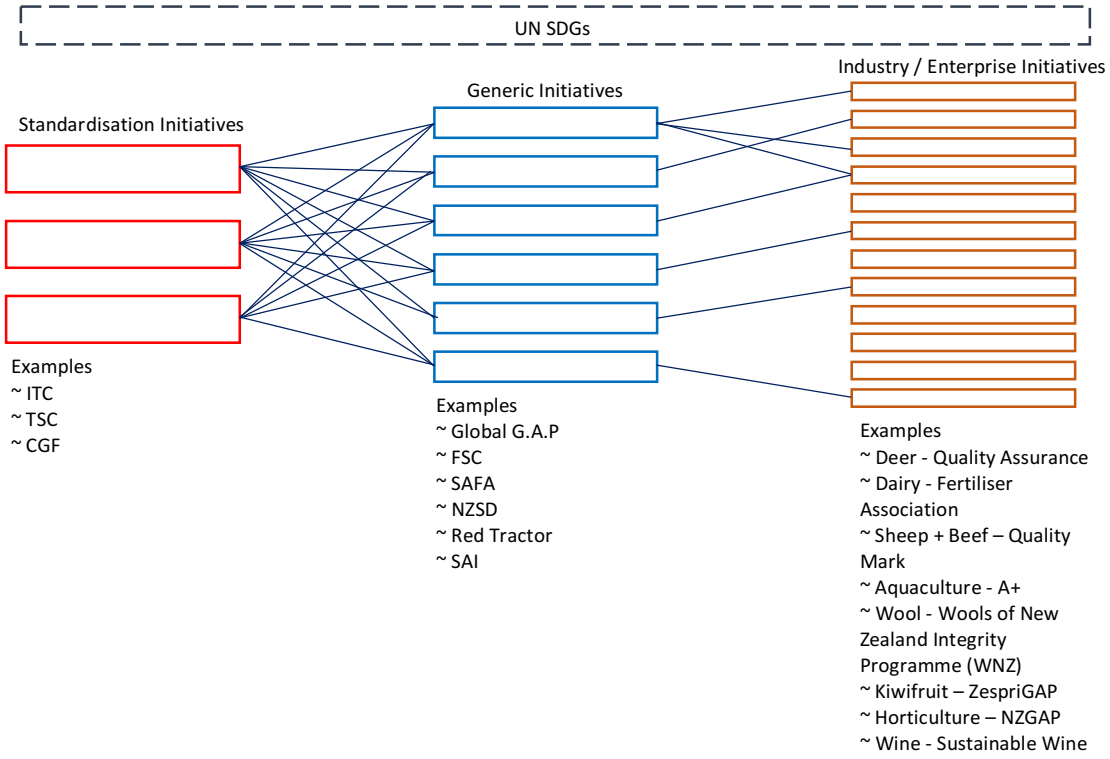
- Current trends towards standardisation in sustainability have huge porential benifits, but also pose risks to upstream producers.
- Approaches to sustainability assessment and reporting which leverage industry/enterprise expert knowledge can mitigate these risks.
- New technologies can be used to create more agile sustainability assessment systems which promote relationships between enterprises and consumers, and deemphasise the role of third party agents.

The proliferation of sustainability standardisation initiatives is in practice adding a new layer of assessment initiatives. Figure 1. Illustrates how relationships in the sustainability assessment space are developing.

The Global Sustainability Assessment Landscape

Sitting above all of these sustainability initiatives are the United Nations (UN) Sustainable Development Goals (SDGs). While many initiatives claim high-level alignment to the SDGs, very few explicitly define this relationship. The large-scale consolidation initiatives tend to focus on alignment to large generic sustainability assessment and assurance standards (e.g. Global G.A.P), rather than the smaller industry or enterprise initiatives. Many industry initiatives (e.g. ZespriG.A.P) are also connected to these higher-level generic standards, however, other industry initiatives (e.g. SWNZ) are not.

Figure 1: The Sustainability Assessment Landscape



As initiatives continue to consolidate at higher levels, the level of influence that smaller producers have over the process will decline, while bigger retailers and suppliers will expert more control. A much larger degree of consolidation is occurring at the downstream end of supply chains, than it is at the upstream end, where producers tend to be smaller and more fragmented. The result of this is the potential that downstream enterprises will be more capable of dictating sustainability requirements back through supply chains to smaller suppliers and producers

Risks of Standardisation in Sustainability Assessment

Trends towards standardisation have the potential to introduce more rigour into sustainability assessment; however, they also entail some risks such as:

- **Inflexibility**. Setting a standardised approach necessarily entails restricting the ability of participants to adjust requirements to meet their own contextual circumstances.
- **Dilution of ambitions.** Standardisation requires accommodating the lowest performers in the initiative, therefore, it risks setting requirements too low for high performers,
- **Slow to adjust.** Large systems are less able to rapidly respond to changes.
- **Overly complex**. Accommodating the needs of diverse supply chains requires a large amount of knowledge on the specific details of each supplier or producer.

A typical standardised assessment approach involves an entity assessing their performance against a standard set of indicators. This may be done by an external auditor, or by self-assessment, which is then audited. There is little opportunity for the entity to influence how its sustainability is assessed in these processes, and therefore, little opportunity to utilise their own knowledge of the context and processes it operates within.

Operating Without Set Requirements

An alternative to standardising assessment requirements exists, where entities are assessed not on their alignment to generic requirements, but on their commitment to sustainability improvements. These approaches are closer to the way the SDGs function. These approaches allow entities to utilise indicators that have been deemed critical to their enterprise through a process such as materiality assessment.

One example of this approach is provided by Origin Green, Ireland's nationwide sustainability programme. Under this initiative, enterprises are encouraged to set their own sustainability targets, and develop a plan to reach those targets. These commitments and plans are then audited. The emphasis is placed on change, rather than the mechanism used to achieve the change. Another example is Science Based Targets. Under this programme, an enterprise develops its own indicators and targets to improve their sustainability performance, these indicators and targets are then audited, and the enterprise publically announces its intentions. Both Origin Green and Science Based Targets rely on the enterprise making public their commitment to making a change. This improves transparency and opens them to public scrutiny. In addition to pledging public commitments to sustainability on company websites or social media, there are dedicated platforms where a company can make public sustainability goals, which are tracked and ticked off when completed. An example of this is Pivot Goals (http://www.pivotgoals.com/).

Rebalancing Power and Leveraging Existing Systems in Sustainability Assessment

A new approach to sustainability assessment that would overcome many of the weaknesses of current approaches would combine; the wealth of data on sustainability indicators available, the UN SDG framework for global sustainability, online resources and social media for making public sustainability goals, and powerful data analysis tools for simplifying and communicating sustainability performance. By doing so, it is possible to develop an approach to sustainability assessment and reporting that leverages the expertise of individual enterprises, balances power relationships, improves transparency, improves flexibility, align sustainability actions under a global framework, and remove barriers to communicating sustainability performance.

This model of sustainability assessment would have the following features:

- It would make use of industry/enterprise expertise by allowing greater flexibility in how sustainability is assessed, and how goals are set.
- It would provide a wide array of sustainability assessment resources in an informative, rather than a prescriptive framework.
- It would provide tools to help enterprises ensure they are focusing on sustainability issues that are critical to their own operations.
- It would bridge the divide between an individual enterprises actions and global sustainability concerns.
- It would provide a mechanism for aligning any sustainability indicator or goal developed by an enterprise under the UN SDG's global sustainability framework.

- It would enhance transparency on sustainability performance by utilising the power of public commitments.
- It would reduce the role of third party entities by making sustainability a partnership between enterprises and the public, rather than between enterprises and a third party certifier.
- It would make sustainability performance data highly accessibility by utilising the latest visualisation tools, and leveraging free online web tools.

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Further Information

The National Dashboard Project:
sustainablewellbeing.nz/nat-dash-report

Websites of key initiatives mentioned:
https://www.globalreporting.org/Pages/default.aspx
https://www.sustainabilityconsortium.org/
https://www.theconsumergoodsforum.com/who-we-are/overview/
https://sustainabilitymap.org/home
http://sciencebasedtargets.org/
https://www.origingreen.ie/

New Zealand Sustainability Dashboard Website:
http://www.nzdashboard.org.nz/