WORKING DRAFT

Uses of Certification in Responsible Sourcing

January 2025

Note to reader

This guidance document on the uses of certification in responsible sourcing has been published as a working draft so that companies and other stakeholders can begin using it while also providing feedback on how it can be improved to best address current questions and decision-making needs regarding the uses of certification. Input from stakeholders is invited from 14 January through 14 March 2025 as part of the AFi's public consultation on updates to the Accountability Framework. For more information or to participate in the consultation, please visit this page of the AFi website.

Although this working draft reflects input from AFi Coalition member organisations and a range of additional stakeholders and subject-matter experts, it has not been subject to formal review and approval by the AFi Coalition through its consensus-based process. Therefore, this document should not be considered as providing official positions or recommendations of the AFi and its Coalition.

It is anticipated that later in 2025, following the conclusion of the public consultation period, this working draft will be refined and subject to formal review and approval by the AFi Coalition. Upon the completion of this process, it will be published in its final form as an Operational Guidance document within the Accountability Framework, reflecting the official positions or recommendations of the AFi and its Coalition.

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Purpose and summary

This guidance explains how companies can effectively use sustainability certification to support a variety of responsible sourcing goals and obligations in alignment with the Accountability Framework. This includes demonstrating compliance with company commitments on environmental and human rights topics; supporting the fulfilment of regulations; meeting requirements from buyers, investors, or lenders; and publicly reporting on supply chain compliance or performance.

The guidance highlights a fundamental distinction between forms of certification that result in the physical separation of materials with specific attributes (including identity preserved, segregated, and certain controlled mass balance systems) and those that do not (including non-controlled mass balance and book and claim credit systems). Systems that provide physical separation of materials may be suitable to demonstrate compliance or other attributes of specific commodity volumes in supply chains. Those that do not provide such separation are not considered adequate to demonstrate product volume-level compliance, but may still support responsible sourcing and broader sustainability goals in other ways.

The document includes the following topics in each of its five respective sections:

1. An overview of certification and its focus and roles in relation to companies' responsible sourcing efforts overall
2. Information on how companies can assess the capabilities of different certification programmes in relation to specific use cases, considering three main programme components: i) production-level standards; ii) chain of custody model; and iii) system requirements that support credibility and rigour
3. Criteria and uses of certification systems to demonstrate product volume compliance, performance, and due diligence
4. Uses of mass balance certification, including options for supplementing and/or transitioning beyond mass balance to more fully address responsible sourcing goals and obligations
5. Synthesis of the preceding guidance into a decision tree to support companies in evaluating options for the use of certification to demonstrate compliance of product volumes against specific sourcing policies or requirements

1. Introduction

Sustainability certification is one of the most widely used tools for companies that seek to implement responsible supply chains and support more sustainable production practices in agriculture and forestry. For instance, approximately 45% of the world's coffee and 47% of its cocoa are certified through third-party programmes, as is more than 90% of palm oil imported into the European Union (EU).[1]

Companies have long relied upon certification or the sourcing of certified materials to fulfil voluntary goals and commitments for responsible sourcing, or to differentiate their products as being more

[1] Sources: IISD cocoa and coffee global market reports (2022) and RSPO sustainable palm oil Europe business report (2022).

sustainable. Now, however, many companies are looking to certification to help address additional or more specific requirements and expectations. These include:

- complying with trade regulations such as the EU Deforestation Regulation (EUDR)
- complying with supply chain due diligence regulations such as the German Supply Chain Due Diligence Act and the EU Corporate Sustainability Due Diligence Directive (CSDDD)
- meeting requirements or expectations from buyers, investors, or lenders for companies to manage risk or demonstrate compliance for specified environmental and social issues
- substantiating company disclosure related to exposure, risk, progress, or compliance in accordance with voluntary or mandatory reporting standards
- supporting accounting for Scope 3 greenhouse gas emissions based on the production practices or other attributes of materials in a company's supply chains

With this broadening of the potential use cases of certification, questions have arisen as to how this tool may best be used—and supplemented where needed—to fulfil a variety of purposes.

This guidance helps answer these questions by summarising how companies may use certification to fulfil or support each of several common types of goals, requirements, and expectations. Recognising that certification programmes vary widely, it outlines how companies can evaluate different programmes to understand their capabilities and limitations, and how they can use this information to incorporate certification into their overall responsible supply chain strategies in appropriate ways. This includes the use of certification in demonstrating compliance with supply chain policies and commitments following the Accountability Framework (hereafter the Framework).

Box 1: What is certification?

In this document, we use the term 'certification' to refer to voluntary sustainability programmes to advance, assess, and recognise businesses and products that are more environmentally and socially responsible. These programmes typically include production-level standards that address a range of environmental and social attributes at the point of production; chain of custody standards that control the movement of product volumes along the supply chain; and assurance mechanisms that assess conformance to these standards. Most programmes also include sustainability labels or claims, as well as training or support for implementation.

This guidance focuses on third-party certification programmes that operate in the context of agricultural and forestry commodities, such as Fairtrade, Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), Rainforest Alliance, Roundtable on Sustainable Palm Oil (RSPO), Round Table on Responsible Soy Association (RTRS), and others. The concepts presented here are also useful for assessing and understanding appropriate uses of national programmes (eg, Indonesian Sustainable Palm Oil [ISPO] and Malaysian Sustainable Palm Oil [MSPO]) as well as company programmes that seek to differentiate and verify sustainability attributes of certain product volumes (eg, trader programmes benchmarked by the European Feed Manufacturers' Federation [FEFAC] for the soy sector).

While certification can be a useful tool for achieving or supporting responsible supply chains, it is rarely a comprehensive solution to meet the full range of company goals, needs, and obligations. This is due to the intrinsic focus and capabilities of most programmes, including the following:

- **Focus on product volumes:** Certification of agricultural and forestry products is primarily a tool for managing and verifying the attributes of product volumes. While this is a key aspect of responsible supply chains, in order to address environmental and social risk more fully across the entire supply chain and achieve high levels of compliance on a long-term basis, the Framework recommends that companies also take action to manage and improve performance at the level of their suppliers and sourcing areas. These sets of actions extend beyond the boundaries of certified production units and typically beyond the scope of certification programmes.
- **Focus on production-level sustainability criteria:** Typically, the environmental and social requirements in certification programmes apply primarily or entirely at the production level. While a few programmes also have sustainability requirements for post-production supply chain actors and integrity controls on which supply chain organisations can participate in their programmes (eg, the FSC Policy for Association), these requirements are generally fairly limited. Additional measures may therefore be required to manage risks and performance throughout the rest of the supply chain, for instance labour issues, water pollution, or waste management in processing or manufacturing facilities.

Limitations related to these intrinsic characteristics do not imply that certification is flawed or should not be used, but they do point to the need for companies to consider the use of certification within a comprehensive overall strategy for responsible supply chains.

In addition to the preceding points related to the scope and focus of most certification programmes, more broadly it is also important to remember that companies hold the final responsibility for legal compliance, due diligence, and fulfilment of policies and commitments. This responsibility cannot be transferred or delegated to third parties such as certification programmes. For this reason, companies need to understand the features and limitations of any certifications that they use and take action to supplement certification as required to fulfil their responsibilities. Guidance on how to do so is provided throughout the remainder of this document.

2. Understanding certification programmes and their capabilities

A first step towards utilising certification effectively as part of an overall responsible supply chain strategy is to understand the characteristics, capabilities, and limitations of any certification programmes that are being considered. This entails assessing three main sets of attributes:

i) the scope and requirements of the production-level standard(s);
ii) the chain of custody model(s) offered by the certification programme and applied for the product volumes that the company seeks to source; and
iii) the programme's system requirements for credibility and rigour, including governance, auditing and other assurance, quality control, stakeholder engagement, transparency, and data management.

These three sets of attributes are discussed below in subsections 2.1 through 2.3, respectively. The final subsection (2.4) identifies key tools and resources that companies can use to further assess certification programmes in relation to these sets of attributes.

2.1 Production-level standard

The production-level standard specifies requirements for the unit that is certified. This may be a production unit, as defined in the Framework, including farms, forest management units, ranches, and plantations. It may also be a producer group (such as a smallholder group) or a primary processing facility (such as a palm oil mill). Where the unit of certification is a producer group or processing facility, the standard typically includes requirements and internal controls that pertain to the individual production units that comprise the group or that supply the processing facility.

The compliance and sustainability attributes of product volumes are based on the performance of the production units where they were produced. Therefore, the capabilities of certification programmes to demonstrate product volume compliance or other attributes depend on the scope and requirements of the production-level standard. These requirements are often specified as principles, criteria, and indicators. To understand the attributes of certified products, it is necessary to determine whether a production-level standard includes key requirements, such as:

- **Land use change** – requirements related to no-deforestation and no-conversion of other natural ecosystems. This includes conversion of natural forests to plantations.
- **Human rights** – requirements related to the protection of human rights, including the rights of Indigenous Peoples, local communities, and workers. These requirements generally take either of two forms:
    1. Compliance criteria: Many standards require strict adherence related to certain human rights, eg, payment of a minimum wage; documentation of valid free, prior, and informed consent (FPIC); and adequate worker health and safety equipment and practices.
    2. Due diligence criteria: In some cases, rather than only taking a strict compliance assessment approach, standards include criteria that follow a human rights due diligence approach.[2] These requirements reflect companies' obligations to monitor human rights risks and impacts on an ongoing basis and take action to prevent, mitigate, and remediate harms as needed. For instance, under some standards, the presence of child labour does not automatically result in the loss of certification but rather triggers a requirement to remediate child labour in appropriate ways that do not cause further harm to the children involved. In such cases, certification might not demonstrate that a production unit is free from human rights violations, but it does indicate that certain human rights due diligence procedures are being followed to help address any such violations that may exist.
- **Legality** – requirements to demonstrate or document compliance with applicable law. To the extent they address legality, most programmes limit their focus to certain categories of laws that are most relevant to the production systems and sustainability topics that the programme addresses (eg, compliance with environmental laws and regulations, legal right to use the land, payment of royalties, and anti-corruption).

[2] The human rights due diligence approach is a structured and iterative process to identify, prevent, mitigate, and remedy potential and actual human rights harms, as discussed further in Section 3.3 of this guidance. It is based on broadly accepted human rights instruments such as the UN Guiding Principles on Business and Human Rights (UNGPs).This approach recognises that absence of harm is the goal, but given that harms can still occur for a variety of reasons, it is essential to engage producers and supply chain actors as active contributors in addressing harms rather than taking a strict compliance approach under which buyers disengage from places where harms have occurred.

- **Other sustainability topics** – requirements on topics such as water, pesticides, good agronomy, timber harvest practices, reduction of greenhouse gas emissions, and producer livelihoods. While some of these topics are outside the scope of the Framework, they are often relevant for companies looking to manage a range of different sustainability goals and risks.
- **Management systems –** requirements for systems, processes, and practices to support compliance or progress. Examples include grievance mechanisms, stakeholder and worker engagement, land use planning, management plans, and monitoring.

To assess whether a certification programme can fulfil a particular company goal (eg, a no-deforestation commitment) or obligation (eg, compliance with a specific regulation), the requirements of any given production-level standard should be benchmarked against the specifications of that goal or obligation.[3] Benchmarking approaches are described in general in Section 2.4, and elaborated further in Section 3.1 for the example of fulfilling no-deforestation commitments and Section 3.3 for an example related to due diligence obligations.

2.2 Chain of custody model

Certification programmes generally include chain of custody (CoC) systems, which are designed to control products and associated product attribute information as they move through each step in the supply chain.

Several types of CoC models are used in certification programmes, including identify preserved, segregated, controlled mass balance, (non-controlled) mass balance, and controlled blending. An additional model offered by many certification programmes—book and claim—is not technically CoC because it does not control the flow of materials through the supply chain.[4] Different programmes offer different variants of one or more of these models. For definitions of several of these models, see the Accountability Framework Terms and Definitions. For further information on CoC and variants on each model, see the ISEAL guide on CoC models and definitions.

As defined by the AFi, CoC and traceability are closely related concepts:

- Traceability is the ability to follow a product or its components through the stages of the supply chain (eg, production, processing, manufacturing, and distribution).
- CoC is the process by which materials and associated information are transferred, monitored, and controlled as they move through each step in a supply chain.[5]

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[3] While the focus of this guidance is to help companies assess uses of certification in relation to specific goals and obligations, it is important that companies' responsible supply chain policies and practices overall address environmental and human rights risks and impacts broadly, covering at least the topical scope included in the Accountability Framework's Core Principles 1 and 2. This scope includes no-deforestation, no-conversion, legal compliance, and full respect for the rights of Indigenous Peoples, local communities, and workers, in accordance with international human rights law.

[4] As specified in the AFi definition, 'book and claim' may also be referred to as credit trading or certificate trading systems. In this document we use the term 'book and claim' to help minimise any risk of confusion because the terms 'credits' and 'certificates' are also used to refer to other types of instruments, such as carbon or biodiversity credits.

[5] These AFi definitions are substantively aligned with those proposed by ISEAL in its draft guidance on chain custody models and definitions. These ISEAL definitions are adapted from ISO 22095.

Thus, CoC systems are one mechanism to achieve and demonstrate traceability. The degree to which they can do so depends on the details of any given CoC system.

The Framework states that companies should know the origins and compliance status of materials in their supply chains.[6] Therefore, to understand how certification may support companies in fulfilling supply chain goals and obligations, a fundamental distinction is whether the CoC model results in the physical separation of materials with specific compliance attributes. Models that do so ('physical CoC') include segregated, identity preserved, and forms of controlled mass balance that provide adequate control of material that does not originate from certified production units (as discussed further below). Models that do not physically separate materials with specific compliance attributes ('non-physical CoC') include non-controlled mass balance, controlled blending, and book and claim.

These different CoC models and their attributes are summarised below.

2.2.1 Physical CoC

Under physical CoC, all product volumes must originate either from certified production units or from other sources verified to meet specific sustainability and/or legality requirements.

Identity preserved and segregated: Under these models, all commodity volumes in products sold as certified originate from certified production units and comply with the production-level standard.[7] Under identity preserved, materials from a single source (eg, a single production unit or producer group) are kept physically separate from materials from other sources throughout the supply chain. Under the segregated CoC model, certified materials from different sources may be mixed along the supply chain, but may not be mixed with materials from non-certified sources.

Controlled mass balance: Under this model, all commodity volumes in products sold as certified originate either from certified production units or from other sources that have been 'controlled' to assess and verify that they comply with (or have low risk of not complying with) specific requirements. Controlled sources could include volumes certified or verified under other standards, volumes traced to sourcing areas or jurisdictions that are verified to be compliant or of low or negligible risk of non-compliance, or others.[8] Controlled mass balance has been established and widely implemented within the FSC system but otherwise is not currently widely available.

The ability of a controlled mass balance system to demonstrate product volume compliance or other attributes depends on the requirements for controlled sources, which are generally less stringent than those for volumes originating from certified production units. Therefore, it is important to understand the specific requirements applicable to the controlled portion to determine whether any given controlled mass balance system can provide effective volume-level control for specific responsible supply chain requirements. Key elements to consider include:

- To what standard must controlled materials adhere? What are the specific environmental, social, and legal requirements of this standard?

[6] See Core Principle 5 and the Operational Guidance on Supply Chain Management.

[7] In multi-ingredient products (eg, biscuits), the ingredient or ingredients that are designated as being certified (eg, palm oil, sugar, or cocoa) originate from certified production units, but the product might contain other ingredients (eg, wheat flour) that do not.

[8] For reference, see the Accountability Framework definition of low risk.

- Do these requirements call for compliance of the controlled product volumes, or do they take a risk-based approach? (Generally, risk-based control is more robust if risks are assessed at a finer spatial scale.)
- At what stage of the supply chain (eg, primary processors versus downstream manufacturers) are non-certified materials controlled? (Generally, control is more robust if it occurs closer to origin.)
- How is compliance to the requirements verified?

2.2.2 Non-physical CoC

Under non-physical CoC, commodity volumes in products designated or labelled as certified do not necessarily originate from certified production units or other controlled sources.

Most certification programmes offer non-physical CoC to facilitate the use of certification where segregation of certified products along the supply chain is deemed impractical or not economically feasible. This may be due to reasons such as underdeveloped markets, long supply chains with multiple processing steps, and logistical challenges in segregating products during processing, manufacturing, and transport. Where these barriers would otherwise limit the uptake of certification, non-physical CoC can support increased demand for certified products, with potential benefits for producers, workers, and environmental and social values on the ground.

Mass balance: Under mass balance CoC, materials may be mixed at points along the supply chain, provided that quantities are controlled such that the amount of product sold as certified does not exceed the amount produced as certified.

The specific rules of any given mass balance system may affect the extent to which it can help companies to assess and manage risk in their supply chains, even though the system is not suitable to demonstrate product volume compliance. Key attributes to consider include:

- At what level(s) of aggregation is mixing permitted? Generally, the larger the spatial or management boundary over which mixing is permitted, the more difficult it is to control the origins of non-certified supply to avoid non-compliant materials in mass balance products. Mass balance mixing can occur at different levels, ordered below from smallest to largest:
    - a batch of materials mixed or processed at a given site (batch-level mass balance)
    - a single site, such as a silo or processing facilitate (site mass balance)
    - multiple sites owned by a single legal entity (multi-site mass balance)
    - multiple sites owned by multiple legal entities (group mass balance)

  Under batch or site mass balance, there may be opportunities to control non-certified materials as they enter the site. Such control is more difficult or impossible under multi-site and group mass balance.
- How far from origin is mixing permitted? Generally, the farther from origin any mixing is permitted, the greater the possibility that non-compliant materials will enter mass balance products. This is because downstream aggregation or processing points in a supply chain (eg, refineries or manufacturers) usually draw from a larger catchment and a wider variety of sources than upstream points (eg, first collection sites or primary processing facilities).

For more detail on the different forms of mass balance and their attributes and limitations, see the ISEAL draft guidance on chain custody models and definitions.

Controlled blending (fixed-ratio blending)

Controlled blending (also described as fixed-ratio blending) is similar in many regards to batch-level mass balance. However, under controlled blending, certified content must be allocated proportionately across all output volumes at any stage of mixing whereas under mass balance, certified content may be allocated freely. For example, if 30 tons of certified inputs and 70 tons of non-certified inputs are delivered to a processing facility, then:

- Under controlled blending, all 100 tons of product output (assuming that no product mass is lost in processing) must be designated as containing 30% certified content.
- Under mass balance, it is up to the processor how the 30 tons of certified input are allocated across any of the 100 tons of output, provided that no more than 30 tons of output are claimed as certified.

One important feature of controlled blending is that it ascertains that the output product contains a certain specified proportion of certified content. In effect, this approach also preserves a degree of traceability for the certified component of the output product. This is not the case with mass balance, which generally allows the output product to be devoid of any certified content, provided that the total amount of certified output does not exceed the amount of certified input across the permissible spatial and temporal scales for mixing (eg, batch, site, multi-site, or group).

Compared to mass balance, controlled blending typically also includes more rigorous product handling, documentation, and verification requirements to help ensure that output products do indeed contain the stipulated proportion of certified source material.

Unless it is used in conjunction with adequate control of non-certified inputs (as may be the case under controlled mass balance), controlled blending does not require or demonstrate compliance for non-certified source material in the blended product. Therefore, volume-level compliance of the output product cannot be assured. For this reason, controlled blending cannot be used to fulfil regulations (such as EUDR) or buyer specifications that require volume-level compliance.

However, in the context of company reporting at the supply chain level, controlled blending may be used to demonstrate and report compliance (for specific criteria covered by the production-level standard, such as no-deforestation) for the amount of material that is known to originate from certified production units. See Box 3 for more information about reporting.

Book and claim (certificate trading): In book and claim, sustainability attributes are not linked to the physical flow of materials in a supply chain. Rather, certified producers generate credits based on the volume of certified material they produce. These are traded through a market registry, and buyers may purchase these credits for a specified volume of the same product. The registry tracks all transactions to ensure that the total quantity of credits purchased does not exceed the quantity sold, and that purchased credits are retired.

Book and claim has traditionally been used in contexts where physical chain of custody has been a challenge (eg, certain smallholder-sourced materials as well as oleochemicals and other highly transformed materials). It enables companies without easy access to certified product volumes to financially support certified production and to make claims related to the sustainability attributes of the volumes represented by the credits purchased.

However, because the company is not purchasing actual certified materials under a book and claim system, it is not possible to claim that the materials in its supply chain are certified, or that they fulfil company commitments or other obligations that pertain to the materials in its supply chain. Since this guidance focuses on responsible product sourcing, book and claim is therefore not addressed in detail in the subsequent sections of this guidance. See Box 2 for an overview of considerations for companies interested in using book and claim.

Box 2: A perspective on book and claim

Book and claim may enable companies to take a measure of action towards mitigating the impacts of their sourcing footprint and supporting more responsible producers or production practices on the ground. However, its complete de-linking of product flows from sustainability attributes presents some fundamental limitations. These can constrain its ability to help companies meet their sourcing goals and to support improvements at a sectoral level. Specifically:

- It does not support traceability or due diligence of sourced volumes. Therefore, it does little to advance company progress towards managing risk or demonstrating compliance in its supply chains.
- By offering a way to make claims, it may disincentivise companies from focusing more effort on managing their own supply chains, including the purchase of certified volumes where they are available.
- Because there is no physical product link, it does not support strengthening of infrastructure or market connections for certified volumes to flow through the supply chain.

While mass balance carries similar limitations, they are usually lesser in degree. For instance, mass balance requires the purchase of actual certified volumes—at least by supply chain intermediaries—and it may help companies conduct partial traceability and/or due diligence based on the ability to trace products to intermediate supply chain stages where mixing is permitted.

While book and claim is limited in being able to help companies manage product volumes, it can support other purposes. The Framework guides companies not only to achieve product volume compliance but also to manage and improve performance at the level of sourcing areas, and to support smallholder inclusion and supplier improvement processes. Along with other mechanisms that support direct investment, book and claim systems operated by certification programmes can provide a means for companies to support such investments. For example, when buyers purchase book and claim credits, this can enable smallholder farmers to participate in certification and derive economic benefits from that participation, even where there is no market for direct purchase of certified raw materials by local buyers.

Book and claim may be most compelling when companies find it difficult to invest directly, and when the book and claim system enables resources to be directed to specific origins or producer segments of relevance to the company and its supply chain (eg, smallholders). For instance, a company whose smallholder supply base is highly dynamic might prefer to use book and claim to channel investment to certified smallholders within their sourcing region. For companies that use or are considering using book and claim to support more responsible producers or production practices on the ground, it is important to examine such systems for credibility. This includes transparency in pricing; independent third-party auditing; and a registry and accounting system that guards strongly against fraud and double-counting.

Finally, it is important to note that purchase of book and claim credits does not support company claims that materials are sustainably sourced. This is because under book and claim systems, product volumes are completely de-linked from the product volumes that a company purchases.

2.3 System requirements for credibility and rigour

In addition to the production-level standard and CoC system, the quality and reliability of the certification programme also affects the ability of certification to fulfil different company goals and obligations. System requirements that should be assessed include:

- **Assurance:** Assurance serves to validate that producers adhere to the applicable production-level standards, and that products sold as certified originate from or are associated with certified producers in accordance with the CoC model. It is important that assurance is provided through independent third-party auditing that is designed and carried out in accordance with good practices for verification. That includes a consistent methodology, effective use of risk-based approaches to prioritise the deployment of auditing capacity, qualified and competent evaluators, stakeholder consultation, and procedures to address non-compliance and support improvement.[9] It should also include volume controls to ensure that volumes of certified material sold do not exceed volumes of certified material produced or bought by a supply chain actor.
- **Quality control:** This includes the certification programme's own complaints mechanism, rules, procedures, and checks to help ensure quality control in implementation, auditing, and other programme elements. It may also include accreditation of auditing firms by an independent accreditation body.
- **Transparency and provision of data:** Key information should be made publicly accessible to companies along the supply chain, as well as to other stakeholders. This includes relevant policies and standards, audit reports (or summaries), and a database of certificate holders and their status. Companies that purchase certified products may also need specific information about product origins, such as geolocation data required under the EUDR.

These and other criteria for programme robustness are elaborated in the ISEAL Code of Good Practice for Sustainability Systems. Code-compliant ISEAL membership is therefore a good indication that key programme elements are in place.

Ultimately, the robustness of any certification programme depends on how it is implemented. Because companies are responsible for the impacts of their supply chains, they should play active roles in understanding the programmes they use, including not only their robustness 'on paper' but also their quality of implementation in practice. Companies should be proactive in identifying any quality of implementation issues, and encouraging the certification programme to address any such issues expeditiously. Some programmes offer opportunities for companies to engage in working groups to

[9] See the Accountability Framework Operational Guidance on Monitoring and Verification for more information on criteria for credible verification.

advance specific topics, to participate in public consultation processes, and/or to play a role in governance. If there are significant gaps in quality of implementation, then the company might need to shift to a different programme and/or use complementary measures, such as additional monitoring and due diligence, to help ensure that its commitments and obligations are being fulfilled.[10]

2.4 Tools and methods to assess certification programmes

Sections 2.1 through 2.3 outlined elements that companies should consider to determine whether the use of certification enables them to fulfil or support specific goals or obligations. A benchmarking approach enables such determinations to be made in a complete and systematic way.

Benchmarking evaluates the certification programme and its standards against a set of clearly defined criteria based on the goals or obligations that the company wishes to address. Companies are encouraged to take a broad approach to benchmarking, looking not only at the requirements of one specific law or commitment but at the overall set of environmental and human rights expectations addressed in the Framework (as well as other topics of relevance for responsible sourcing across the business).

Certification standards and rules can contain several sets of nuances that are important to consider when conducting benchmarks. These include:

- Some certification programmes include both generalised global standards and more specific national or regional standards or interpretations. Some programmes also include adapted standards for specific production contexts, such as smallholders. In all cases, it is important that benchmarking be conducted against the specific standard and interpretations that are being used in the given geographic and production context.
- Most certification standards are updated regularly. This includes full updates to the production-level standard as well as incremental changes or additions such as new or revised procedures or advice notes that may affect the meaning and application of the standard. Benchmarking processes should be based on the currently applicable standard(s). Companies may also need to consider rules and allowances for transition periods with respect to any updates. For instance, following the approval of a new or revised standard, certificate holders or other supply chain actors may be afforded flexibility to continue operating under the prior standard(s) for a period of up to a few years.
- Production-level standards sometimes contain different types of requirements, including 'core' or mandatory criteria that are obligatory for all certificate holders at all times; 'improvement' criteria under which it is obligatory to make progress or to achieve a certain performance level after a period of time; and optional or advanced criteria. Benchmarking methods should consider these distinctions. Certification programmes may differentiate these types of criteria through labels or designations within the standards, or they may use terms such as 'shall' or 'should' in the wording of the criteria themselves to make these distinctions. Generally,

[10] As an example, many stakeholders have highlighted the client relationship between certification bodies (auditors) and audited certificate holders (producers or supply chain actors) as one that carries an inherent risk of conflict of interest and has been associated with lax auditing practices. Companies should be aware of this risk and consider taking steps to address it. Doing so may require conducting supplemental due diligence of the products they source and/or engaging with certification programmes, peer companies, and civil society to develop solutions.

companies can have high confidence that certification is able to demonstrate compliance only when the relevant criteria are obligatory.

There are several tools available to help companies conduct such assessments in their specific business and sourcing contexts. These include 'off the shelf' benchmarking analyses as well as guides that can help companies or their consultants structure analyses of their own.

Benchmarking analyses: ITC's Standards Map provides free access to benchmarks for over 300 sustainability standards. ITC has also completed an assessment of production-level standards for the soy sector, commissioned by FEFAC. Similarly, SME Kompass provides assessments of different certification programmes, with a focus on due diligence and application in the context of the German Supply Chain Due Diligence Act. Some tools also allow users to analyse specific topics in greater detail. For instance, the Supply Chain Traceability Matrix developed by AFi Coalition member Verité provides information on use of different CoC models to support workers' rights due diligence.

With regard to specific regulations, several consultancies as well as certification programmes themselves have conducted benchmarks of different standards and systems against regulations such as the EUDR. Companies are encouraged to contact these organisations for copies of these assessments, though they should bear in mind that assessments conducted in-house may not entirely follow certain good practices for benchmarking, such as independence, consultation, and transparency.

Benchmarking guides: ISEAL's Sustainability Benchmarking Good Practice Guide provides recommendations and a checklist for developing and implementing certification benchmarks.

3. Using certification with physical CoC to demonstrate product volume compliance, performance, and due diligence

By linking product volumes to sources with specific sustainability attributes, certification with physical CoC (ie, identity preserved, segregated, or controlled mass balance) may be capable of demonstrating compliance or performance at the product volume level. This is generally possible when all three of the following criteria are true:

1. The production-level standard (and the requirements for controlled mass balance, if applicable) includes requirements that align fully with the commitment, policy, or requirements against which the company wishes to demonstrate compliance or performance levels. (See Section 2.1.)
2. The certification programme includes proper system requirements for credibility and rigour, resulting in good quality of implementation. (See Section 2.3.)
3. The certification programme provides necessary data that buyers can access, eg, through audit reports or digital traceability platforms. These data should be sufficient to document product origins, confirm product volume compliance status and other relevant product attributes, and furnish information needed for regulatory compliance (eg, geolocation data as per EUDR) or buyer requirements.

The following are additional details on what this means for demonstrating compliance status or performance levels on specific topics. See also Section 5 for a decision tree to determine when certification can demonstrate compliance of product volumes against specific sourcing policies or requirements, along with a summary.

3.1 Demonstrating deforestation-free and/or conversion-free status

To demonstrate deforestation-free and/or conversion-free status in alignment with the Framework, the production-level standard (and, if applicable, the requirements for controlled mass balance) must include the elements in the table below. For deforestation-free status, these elements must apply to natural forests, while for conversion-free status, they must cover all natural ecosystems that are relevant to the production of the given commodity.

Table 2: Elements required for a production-level standard (or controlled mass balance requirements, as applicable) to support demonstration of deforestation-free and/or conversion-free status in alignment with the Framework. Additional elements or details specific to the EUDR are noted in the footnotes.

Element	Details
Prohibition	The standard prohibits deforestation and/or conversion after a stated cutoff date (see below), whether legal or illegal. The standard may also require the use of specific methodologies such as the High Carbon Stock Approach (HCSA) and/or High Conservation Value (HCV) approach. If these are included, they should be referenced as methods to implement no-deforestation, no-conversion, and/or ecosystem protection, not in lieu of definitions and core requirements on these topics.
Definitions of deforestation and conversion	Deforestation and conversion are explicitly defined in alignment with the Framework. The definition of deforestation includes conversion of natural forest to forest plantations or, if this is not the case, then such conversion is otherwise disallowed by the standard.[a]
Cutoff date	The standard includes a cutoff date of no later than 31 December 2020 for deforestation. If the standard addresses conversion, then a cutoff date for conversion is also included, following the Operational Guidance on Cutoff Dates.
Exceptions for minor deforestation or conversion	If the standard allows any exceptions for minor deforestation or conversion, these are limited to the Framework's concept of minimal level. This concept is intended to provide a degree of flexibility for farm infrastructure, but it does not sanction expansion of production areas into natural ecosystems.[b]
Allowances to remediate post-cutoff date deforestation or conversion	If the standard allows production units to retain or re-attain certification following post-cutoff date deforestation or conversion, then: a) it requires restoration or compensation of converted areas following the Framework's Core Principle 9 and recognised methodologies;[11] and b) materials from production units with post-cutoff date conversion are not claimed as certified until suitable restoration or compensation areas have been designated, plans and resources are in place, and activities have been initiated and are on track for successful implementation.[c]

[11] The Operational Guidance on Environmental Restoration and Compensation outlines good practice on this topic. Certification programmes that allow for remediation after the cutoff date should have clear procedures and methodologies for doing so that are developed through a multi-stakeholder process.

Protection and management	While not strictly required to demonstrate deforestation-free and/or conversion-free status at a given point in time, it is advised that the standard also includes requirements for producers to protect and sustainably manage natural ecosystem areas. This reduces the risk that such areas will be cleared in the future or become severely degraded due to inattention to various threats and adverse impacts.

[a] The EUDR deforestation definition does not include the change from natural forest to forest plantations. However, under the law's definition and treatment of 'forest degradation,' timber products may not be associated with such a change from natural forest to forest plantations.

[b] The EUDR does not allow any exceptions for minor deforestation.

[c] The EUDR does not allow for post-cutoff date deforestation on production plots of land, even if the deforestation has been remediated.

When these elements are included in the production-level standard (and when criteria 2 and 3 listed at the beginning of Section 3 are also met), companies may generally designate and claim product volumes to be deforestation-free and/or conversion-free. These designations and claims may be used in relation to specific product volumes, business-to-business product specifications, or in sustainability reports.

Evidence of deforestation-free status provided by certification programmes with these characteristics may also be used to support compliance with regulations including EUDR. Nevertheless, in the case of EUDR, although the law recognises the value of certification in supporting compliance, it does not consider certification as automatic proof of compliance.[12] Regulations may also include specific procedural requirements: for instance, EUDR compliance requires specific forms of data collection and documentation, including geolocation data for the plots of land where commodities are produced. This is not typically included as part of certification programmes' standard offers, but many programmes now offer add-on services to help companies fulfil the EUDR documentation requirements. These include optional add-ons to production-level standards as well as risk assessment services and digital traceability platforms to support the transfer of compliance data (eg, geolocation coordinates) from the production level to the operator placing the product on the EU market.

3.2 Demonstrating other outcome-level compliance or performance attributes

Certification with physical CoC and other robust programme elements can also be used to demonstrate compliance status or performance levels related to other topics. These compliance or performance attributes are assessed and verified at the production level and can then be associated with products originating from the certified entities.

Examples of additional compliance or performance attributes are provided in the table below, with one example provided for each of four common areas of risk and performance management. This information is not meant to be comprehensive. As with all topics, to assess whether a certification programme can fulfil a particular company goal or obligation, the specific requirements of the applicable production-level standard(s) should be benchmarked against the specifications of the given goal or obligation.

[12] For more information about the use of certification in relation to the EUDR, see the European Commission guidance document C/2024/7730.

Table 3: Examples of elements required for a production-level standard (or controlled mass balance requirements, as applicable) to demonstrate compliance or performance levels for various sustainability topics.

Area of risk or performance management	Example of compliance or performance attribute	Examples of requirements of production-level standards to demonstrate the attribute
Environmental	Absence of greenhouse gas (GHG) emissions from deforestation or conversion	When certification is suitable to demonstrate deforestation-free and/or conversion-free status (see above), it may also be used to demonstrate that the production unit has no GHG emissions from land use change since the cutoff date.[a]
Agronomic	Avoidance of impermissible pesticides	Many standards include lists of banned pesticides, and these requirements are audited via record review, on-site inspections, and other methods. This can provide strong evidence that such pesticides have not been used.
Social	Avoidance of specific human rights violations	Where the production-level standard includes strict requirements to respect certain human rights, it may be used to demonstrate compliance relative to these human rights obligations. Examples include payment of minimum wage or living wage, adequate worker health and safety provisions, freedom of association, and fulfilment of requirements for free, prior, and informed consent (FPIC). The scope of human rights provisions in production-level standards varies highly between certification programmes, so it is important to assess the standard's alignment with each human right specified in company policies, regulations, or other obligations. The Framework's Core Principle 2 identifies internationally-recognised human rights for Indigenous Peoples, local communities, and workers.
Legal	Legal compliance	Most standards include requirements for legal compliance. However, the scope of the laws covered, and documentation required by standards varies considerably. Companies should consider such details and not assume that certification automatically demonstrates legality.

[a] While deforestation- or conversion-free certification standards can provide a proxy for absence of GHG emissions from land use change, as of this writing, this convention has not been included in the draft Greenhouse Gas Protocol. Companies are advised to consider the latest GHG Protocol specifications and to provide clear justification and documentation if they choose to deviate from them.

3.3 Supporting the fulfilment of due diligence obligations

Companies may also use certification to help implement human rights and environmental due diligence in their supply chains. Due diligence refers to a proactive, iterative, and ongoing process that includes identifying and assessing risks, preventing and mitigating potential harms, and remediating harms when they occur. It is a universal expectation for companies under the UN Guiding Principles on Business and Human Rights (UNGPs) and other instruments. For more information, see the AFi's topic summary on supply chain due diligence.

Certification may support due diligence at two different levels:

- **Due diligence related to the production of specific product volumes:** Where the production-level standard requires robust due diligence measures (see Table 4) and physical CoC is used, certification can help companies demonstrate that proper due diligence has been conducted at the product volume level. Elements of the certification programme's system requirements for credibility and rigour, notably its auditing and assurance mechanisms, further contribute to the due diligence process. Together, these can help companies meet the expectations of supply chain due diligence laws such as the French Duty of Vigilance Act, German Supply Chain Due Diligence Act, and the EU CSDDD. This function is discussed in the remainder of this subsection.
- **Broader supply chain due diligence:** Whether or not physical CoC is used, certification may be able to contribute in a partial way to due diligence across different parts of a buyer's supply chain. This function is discussed in Section 4.1.

To assess the degree to which certification can support due diligence related to specific volumes, companies should evaluate:

1. the extent to which the production-level standard addresses each of the components of the due diligence process (Table 4)
2. the suitability of the assurance system to support due diligence via processes including independent auditing, monitoring and oversight of corrective actions, and complaints mechanisms

If the company wishes to use certification to help fulfil laws that require due diligence for product sourcing, then the production-level standard should also be assessed against the specific requirements of those laws.

Table 4: Examples of requirements within production-level standards pertaining to each of the six components of a standard due diligence approach.

Due diligence requirement	Examples of how this is articulated in the production-level standard (requirements for certified entities)
Embed responsible business conduct into company policies and management systems	• The certified entity publicly commitments to adhere to the production-level standard. • The requirements of the production-level standard are integrated into the certified entity's operational policies, procedures, decision-making processes, and other relevant management systems. • Responsibility and accountability for compliance is assigned to senior management. • The certified entity implements a stakeholder engagement plan to provide for effective participation of rightsholders and other stakeholders. • If the certified entity outsources work to contractors (including recruiting agencies), then codes of conduct, oversight processes, and/or other effective mechanisms are in place to ensure that contractors adhere to the production-level standard.
Identify and assess risks	• Prior to developing or expanding production or processing operations, the certified entity conducts an assessment and planning process to identify, assess, and develop plans to avoid or mitigate potential impacts of the proposed activities on environmental values or human rights. Examples include land tenure and land use studies to identify legal and customary rights of Indigenous Peoples and local communities, as well as integrated High Conservation Value/High Carbon Stock (HCV/HCSA) studies to identify natural forests and other areas and values for protection. This process should be integrated with the process of free, prior, and informed content (FPIC), where required. • Risks and impacts to workers' rights are identified and assessed, with participation of workers. This includes root cause analysis and community-level assessment for human rights violations that are driven by systemic issues beyond the production unit, such as child labour, forced labour, discrimination, and sexual harassment.
Cease, prevent, and mitigate risks and impacts	• Risk of adverse impacts to environmental values or human rights is effectively addressed through management plans and other mechanisms. • The certified entity obtains FPIC prior to any activities that may affect the rights of Indigenous Peoples and local communities, implements any resulting FPIC agreements, and conducts ongoing consultation or FPIC to address any issues arise during operations. • Employers clearly communicate workplace policies and worker rights to all workers. • Workers are provided with job-specific training to help ensure workplace safely and respect for workers' rights.

Due diligence requirement	Examples of how this is articulated in the production-level standard (requirements for certified entities)
Track implementation and performance	• The certified entity monitors the implementation of its management plans and other activities carried out to comply with the production-level standard. • The certified entity monitors progress and outcomes of corrective actions taken to address non-compliances, adverse impacts, and their root causes.
Communicate about performance, actions, and effectiveness	• The certified entity makes a summary of its management plan(s) publicly accessible. • A summary of the annual audit is made publicly accessible, including any corrective actions, plans to address them, and the status of their resolution. • Summaries of grievances and the status of their resolution are made publicly available (without infringing the privacy or jeopardising the safety of complainants).
Provide remedy	• The certified entity has a grievance mechanism that follows the effectiveness criteria of the UN Guiding Principles on Business and Human Rights and is accessible to all rightsholders and other stakeholders. The anonymity of complainants is respected when requested. • If the certified entity caused or contributed to environmental or human rights harms, it provides for remedy of those harms. The certification standard includes specific remedy requirements and procedures.

4. Using and supplementing certification with non-physical CoC

The Framework states that companies should know the origins and be able to control the compliance status of materials in their supply chains (Core Principle 5). Non-physical CoC models, including (non-controlled) mass balance and controlled blending, do not provide companies with sufficient information in either area. Absent supplemental control measures, it is not possible to ascertain that product volumes managed under non-physical CoC are free from non-compliances, such as post-cutoff date deforestation or conversion, human rights violations, or illegality.[13] For this reason, companies should generally consider these models as transitional strategies and look to supplement them and/or shift to other alternatives to better fulfil the traceability and control dimensions of responsible sourcing.

The remainder of this section elaborates the functions that mass balance can serve (Section 4.1) and provides guidelines for its use and supplementation, depending on context (Section 4.2). Box 3 provides guidelines for reporting on product volumes certified using mass balance or controlled blending.

[13] Throughout the remainder of this section, the shorter term 'mass balance' is used to mean non-controlled mass balance.

4.1 Potential functions of certification with non-physical CoC

While mass balance and controlled blending are not suitable to demonstrate compliance or performance levels of specific product volumes, their use can enable companies to support more sustainable practices at production origins and in the supply chain. This includes, for example, increasing demand for certified raw materials entering mass balance and controlled blending supply chains and helping to drive improvements along the supply chain (eg, enhanced traceability) to meet demand for certified end-products.

Use of mass balance or controlled blending certification may also help support supply chain due diligence. This could occur through several different mechanisms within the certification programme, such as:

- Ability to provide a limited degree of traceability for non-certified volumes within mass balance or controlled blend materials, depending on the points in the supply chain at which mixing is allowed (see Section 2.2.2). To the extent this is the case, the CoC system can provide a basis for the company to conduct supplemental risk assessment, monitoring, and control of non-certified volumes (see Section 4.2).
- Environmental- or human rights-related requirements for supply chain actors within the programme's CoC standard.
- Requirements that the certification programme places upon buyers of certified products as a condition of their participation in the programme, for instance through membership requirements or policies for association.

4.2 Guidelines for the use, supplementation, and transition beyond certification with non-physical CoC

Considering both the potential benefits and limitations of mass balance and controlled blending certification, following are guidelines for its use as part of a responsible sourcing strategy:

- Mass balance and controlled blending certification should not be used as an alternative to improving and achieving product volume compliance in ways that are feasible (or can become feasible over time) in each given sourcing context. Companies should do either or both of the following:
    - Within the context of the certification programmes they use, increase the proportion of purchases that originate from certified production units. This can be done by increasing the percentage of certified-origin material in controlled blending products and/or shifting to greater use of physical CoC.
    - Take measures outside of certification to manage for and demonstrate compliance (see 2 below).
- Because non-physical CoC is not able to demonstrate product volume compliance or performance, companies should supplement it with other measures to monitor and control sourced materials.
    - In some cases, mixing or aggregation points within mass balance or controlled blending CoC models (see Section 2.2.2) may afford the opportunity to control non-certified volumes at intermediary stages in the supply chain. If this is the case, the company should either conduct its own monitoring and control processes on non-certified volumes or

request its suppliers to conduct such measures at these intermediary points. Newer technologies such as wood fibre testing and digital tracking systems may enable downstream companies to conduct adequate monitoring, or at least helpful levels of risk assessment, based on partial information about product origins. If the CoC systems does not furnish usable information about intermediate points of mixing or aggregation, then the company will need to develop adequate traceability, monitoring, and control systems in other ways, in accordance with the Accountability Framework.

  - In both cases, monitoring and control measures include traceability to the point where compliance can be ascertained (Core Principle 5). The Framework's Operational Guidance on Supply Chain Management and Operational Guidance on Monitoring and Verification provide further detail on monitoring and control mechanisms implemented directly by the buyer, as well as indirectly via suppliers.
- Because non-physical CoC does not necessarily enable buyers to invest in their actual sourcing areas, companies should pursue other means to invest in addressing priority risks, impacts, and improvement needs in production landscapes from which they source.
  - Where possible, investments should be made in the company's actual sourcing area. Where this is not possible (eg, due to insufficient traceability), investment could be directed to comparable areas (eg, a company that sources cocoa from Ghana investing in a landscape programme in that country even if it is unsure how much of the cocoa it purchases originates from that landscape). In either case, the company should identify priority landscapes and mechanisms for investing. Examples include monetary and in-kind support to landscape or jurisdictional initiatives, or purchase of book and claim credits offered by the certification programme (see Box 2). Further detail on area-level investments is provided in the Operational Guidance on Achieving Commitments through Collaboration.
  - Tools for calculating appropriate levels of investment based on a company's purchasing footprint are available for some commodities, for instance the soy and corn footprint calculator provided by the Round Table on Responsible Soy Association.
- Claims of any type (including on-product claims, business-to-business product specifications, and sustainability reporting) must not represent a level of compliance, performance, or progress that exceeds the level of evidence provided by the system. For example, products certified under non-physical CoC should not be claimed as having particular compliance or performance attributes at the product volume level. Additionally, purchase of book and claim credits should not be used to claim that products for which credits were purchased are sustainably sourced.
  - ISEAL's Sustainability Claims Good Practice Guide provides detailed information on credible claims. See also Box 3 for information on reporting related to mass balance and controlled blending.

Based on these guidelines, it may be appropriate to use mass balance or controlled blending certification as a short-term transitional approach while working to improve traceability and control of product volumes. For the majority of commodities and sourcing contexts, where it is possible to achieve (or expeditiously progress towards) sufficient traceability and control, companies should have timebound plans for this transition and regularly disclose progress being made. In these contexts, company reliance on mass balance or controlled blending (in the absence of suitable supplemental measures) should generally be only a temporary strategy for responsible sourcing.

Where there are structural barriers to achieving full product volume traceability and control that are legitimately beyond the ability of buyers to overcome, it may be appropriate to use mass balance certification on a longer-term basis where it provides the best means to address risks and support improvement at origin. Examples include sourcing of highly transformed palm oil-based derivatives, for which the length of the supply chain and the amount of blending and transformation at intermediate stages may mean that products with segregated CoC are unavailable, and downstream buyers may have few options for achieving full product-level control. Small companies with limited supply chain visibility and leverage over suppliers may also need to rely more heavily on mass balance as a responsible sourcing strategy.

Where mass balance is expected to be used on a longer-term basis, there should be an especially strong focus on measures to invest directly in risk mitigation and improvement at origin as well as supplier engagement throughout the supply chain. Concurrently, companies should continue to pursue time-bound improvements in traceability and control so that insufficient product-level control does not persistent indefinitely.

Box 3: Reporting on product volumes certified using mass balance or controlled blending

When considering reporting on (or making claims about) certified products that lack physical CoC, it is helpful to distinguish between the characterisation of specific product volumes (eg, a shipment of cocoa beans or the cocoa in a single chocolate bar or in a shipment of chocolate bars) and aggregate volumes across an entire supply chain or business (eg, all the cocoa sourced by a candy manufacturer in a given year).

Specific product volumes: Certification with non-physical CoC cannot support compliance claims for specific product volumes. That's because the origin of the materials in such products is not fully known, and thus they might contain a portion of source material that is non-compliant with criteria such as no-deforestation, legality, or respect for specific human rights.

Reporting on supply chain performance in the aggregate: This scenario includes reporting via company sustainability reports as well as company-level reporting through platforms, such as CDP, or reporting standards, such as the Global Reporting Initiative (GRI) or the European Sustainability Reporting Standards (ESRS). In these cases:

- Non-controlled mass balance materials should not be reported as compliant with policies on no-deforestation or no-conversion, legality, or human rights.
- For controlled blending, it is generally acceptable to report as compliant the portion of material that is known to be compliant based on its origin from certified production units. This is because the total amount of certified content is attributed proportionately across each blending batch such that no buyer of certified material may purchase or claim an amount of certified product that exceeds their proportionate share of the certified inputs. For example, if a company sources 10,000 tons of cocoa with 30% certified content through a controlled blending CoC model with a deforestation-free standard, then the company may report 3,000 tons of this material as being deforestation-free.
- Companies may also report the quantities of materials that they source through mass balance certification, or for which they purchase book and claim credits, as long as these volumes are not represented as being compliant, and as long as they do not overstate the manner in which these tools contribute to supporting responsible supply chains.
- When reporting on mass balance certification, companies should also report the measures they are taking towards achieving sufficient traceability and control for the entirety of the supply chain(s) to which the reporting pertains.

5. Decision tree for uses of certification

Based on the considerations presented in Sections 2, 3, and 4, the decision tree shown in Figure 1 provides an integrated guide to understanding when certification may be used to demonstrate compliance of product volumes against specific sourcing policies or requirements. This includes through the use of certification alone as well as certification paired with supplemental controls.

Figure 1: Decision tree to assess whether any given form and application of certification may serve to demonstrate compliance of product volumes against specific sourcing policies or requirements.