

Insights from IISD's research on VSS: Characteristics, impacts and links with sustainability due diligence regulations

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Outline

1. Main characteristics of Voluntary Sustainability Standards (VSSs) and how they work
2. VSS and market access
3. VSS and their potential benefits

IISD's State of Sustainability Initiatives

Sharing findings, engaging in dialogue,
supporting actions

Since 2008, IISD's **State of Sustainability Initiatives (SSI) program** has been **advancing sustainable and inclusive value chains** by providing credible and solutions-oriented research, dialogue, and strategic advice for decision-makers about voluntary sustainability standards (VSSs) and other supportive initiatives.



Evidence-based,
impartial analysis



Clear, actionable
recommendations



Ability to convene
multiple actors



An influential
voice in the field

IISD's State of Sustainability Initiatives



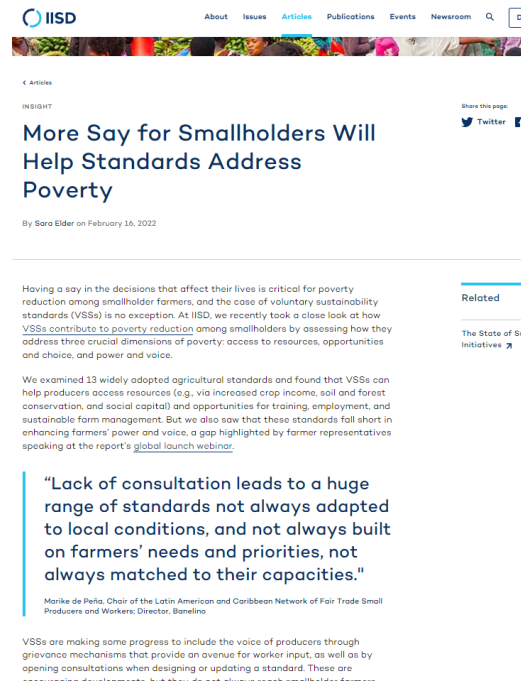
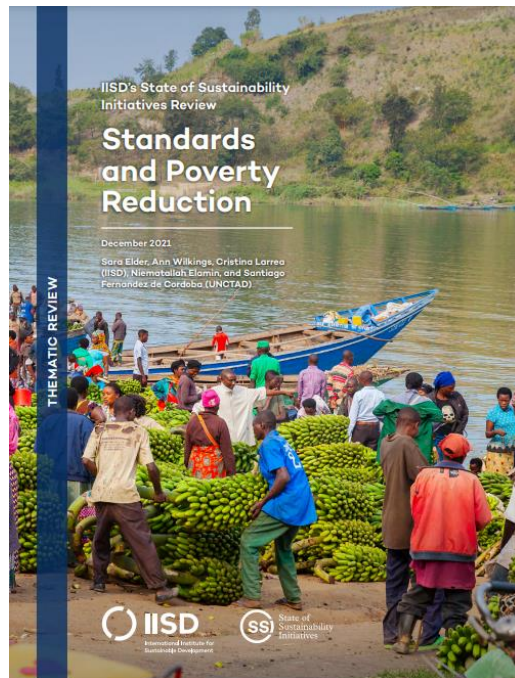
Research



Training, advice, pilots



Multi-stakeholder dialogues



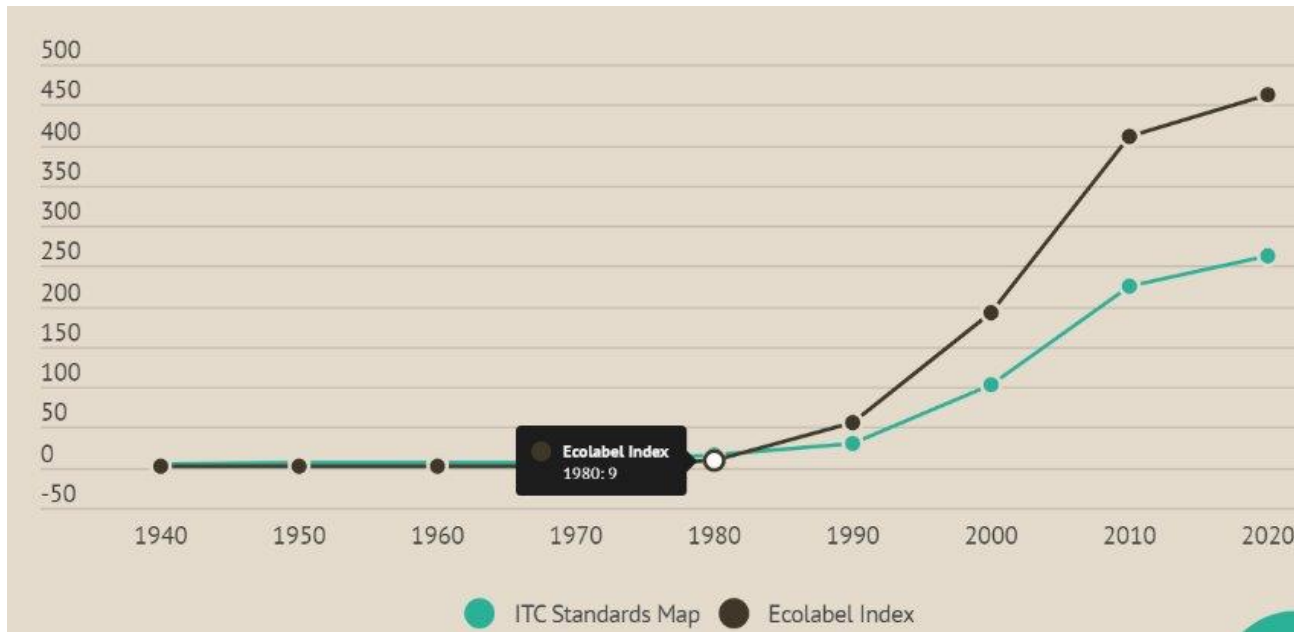
1. Voluntary Sustainability Standards

What are they?

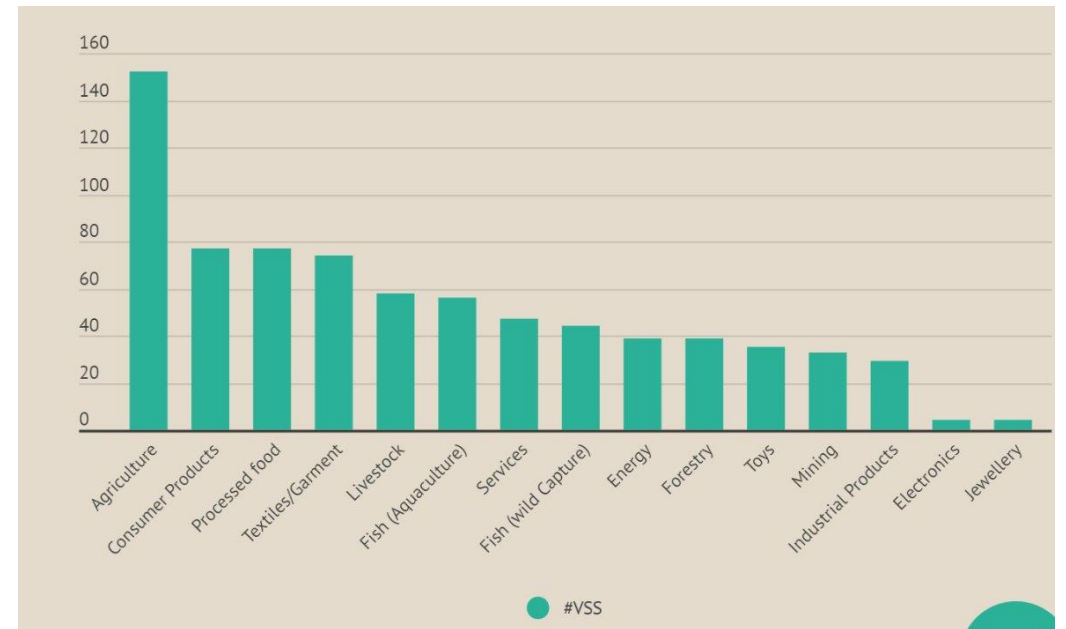
- VSSs are considered market-based tools that “prescribe a set of social, economic and/or environmental requirements that economic actors can voluntarily comply with to make their production and processing practices more sustainable” (United Nations Conference on Trade and Development, 2023).
- Farmers adopt and implement VSS in exchange for market recognition and differentiation.
- Their operation can be traced back to the Organic farming movement in 1970s.
- They have significantly expanded, particularly after 2000, when a number of single-sector initiatives were established.
- VSS also offer governance systems to shift agriculture and forestry sectors and value chains towards sustainability.

1. Voluntary Sustainability Standards

How many are there?



Source: UNCTAD, 2020: 4th Flagship Report: "Scaling up VSS through Sustainable Public Procurement and Trade Policy"



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1. Voluntary Sustainability Standards

How do they function?

- **Production Requirements** – Specification on production practices that must be implemented to be VSS-compliant & obtain potential market differentiation benefits.
- **Implementation** – Support structures for farmers to implement a VSS.
- **Traceability** – Specifications on tracing VSS-compliant product across value chain, in storage and transportation to maintain integrity.
- **Assurance** – Specifications to monitor production to ensure that it observes the standard.
- **Labels and Claims** – Specifications for producers to use labels and make claims to differentiate their products in the marketplace.

1. Voluntary Sustainability Standards

Producer Requirements

1. Comprised of production **criteria** that need to be met to become VSS-compliant.
2. Oriented towards addressing the main **sustainability challenges** in an agriculture or forestry sector:
 - Lowering agrochemical use in pineapple
 - Soil conservation in hazelnut
 - Preventing forced labour across commodities
 - Conserving water in almond, pistachio
3. Varied in terms of whether they need to be implemented and over **what timeframes** (immediately, in 3 years, in 3-5 years, recommendation)



1. Voluntary Sustainability Standards

Implementation

- **Establishing a Common Understanding** – Living Income, Landscape Approach, High Conservation Value Areas.
- **Tailor-Made Standards** – Farm size, Geographic Focus, Continuous Improvement (Global G.A.P.)
- **Capacity Building** – Training and Extension Services Provided, Monitoring framing outcomes (SRP)
- **Funding Sources** – The RSPO Smallholder Support Fund
- **Access to Markets** – Corporate Sustainable Sourcing Commitments, Export Requirements.
- **Development Projects** – Fairtrade Premium Committees for Producer and Community Projects; FSC technology support to monitor forest plantations in real time

1. Voluntary Sustainability Standards

Traceability- Chain of Custody Model

Stronger approach

- **Identity preserved:** VSS-compliant products from a specific origin are kept separate so they can be traced back to their source.
- **Segregated:** Products from different sources compliant with a VSS can be aggregated but must be separated from non-compliant product during the whole supply chain to ensure that end products have 100% VSS-compliant material.
- **Mass Balance:** VSS-compliant and conventional products are mixed but as they move through the supply chain an exact account is kept about the volume ratios. The amount of VSS-compliant product equals the amount of VSS-compliant product sold to consumers.
- **Book and Claim:** Products are mixed and traded as non sustainable. Sustainability certificates or credits are bought by consumers so they can make sustainability claims based on the amount of certificates issued and traded.

Higher Cost

Voluntary Sustainability Standards

Assurance Systems, Labels and Claims

Stronger approach

- VSS assurance systems provide a level of certainty that products comply with a production standard.
 - Auditing approaches and frequencies can make a big difference in providing product assurance:
 - **Certification:** An Independent certification body confirms the producer's performance against a set of criteria by issuing a certificate.
 - **Verification:** Check to see if producer has systems for monitoring systems and controlling their sustainability performance.
 - **Self-Reporting:** The producer assesses and reports their own performance against a set of criteria.
 - **Frequency:** It varies. Certification audit (3-5 years) (Surveillance audits- annually)
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- **Labels and claims options.** In B2B and B2C; VSS have specific on-product and off-product labelling and claims specifications that must be respected.

Higher Cost

2. Voluntary Sustainability Standards & Market Access

Examples of VSS operating in target commodities

VSS and other Initiatives	Description	Relevant countries
Fairtrade Standard for nuts	Covers almonds, cashews, macadamia, peanuts, walnuts, hazelnuts, and others. Includes contract production for peanuts in India & Pakistan.	Multiple
Rainforest Alliance	Focuses on sustainability, improved livelihoods, and ethical labor. Covers hazelnuts (Turkey), cashews (Africa & SE Asia), and almonds (California, USA).	USA, Turkey, Africa
Organic certification	Prevalent in almonds, hazelnuts, cashews and pistachios. Ensures pesticide-free, biodiversity-friendly farming.	USA, Australia, Turkey
Bio Knospe	Swiss organic label supporting sustainable farming. Approved for hazelnuts	Switzerland (Imports from Turkey, others)
Proterra MNV	Assesses and verifies due diligence in supply chains, ensuring deforestation-free sourcing.	Global
Sustainable Nut Initiative	Collaborative platform improving nut supply chain sustainability. Includes retailers like ALDI SOUTH.	West Africa, Global

2. Voluntary Sustainability Standards & Market Access

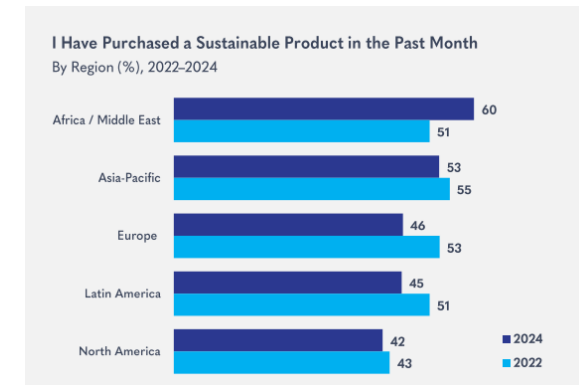
From a consumer attitude and behaviour perspective.....

“A recent survey showed that, almost [60 percent of consumers in Europe](#) are likely to buy and eat food that is less damaging for the environment and is more sustainable”. “Statista, 2025”

”Additionally, about 30 percent of Western Europeans believed that they would purchase more [sustainable and eco-friendly food and drinks](#) if they were widely accessible in the supermarkets”. Statista, 2025

However.....

“[Self-reported purchases of sustainable products in declined](#)”. Globescan, 2024



Consumers demand more than a label: “Nowadays, consumers are increasingly paying attention to transparency, ingredients lists, packaging, etc. Thus, the organic claim can no longer stand in isolation”
[Euromonitor International, 2022](#)

2. Voluntary Sustainability Standards & Market Access

From a perspective of supporting compliance with sustainability due diligence regulations

Main common themes across 12 sustainability due diligence regulations.

Verma, R. (2024). [*Fitting the Pieces of the Puzzle: Making sense of due diligence regulations across the globe*](#)



2. Voluntary Sustainability Standards & Market Access

From a perspective of supporting compliance with sustainability due diligence regulations. VSS can:

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- Support **risk management** through social and environmental requirements producers and operators need to comply with
 - Provide **transparency** as they require having public audit reports and reporting templates
 - Support **traceability** through employing systems to track and trace the product
 - Enhance **accountability** via audit mechanisms and assurance systems; grievance mechanisms and complaints systems
 - Support **legality** as their requirements are mostly based on international treaties and conventions on sustainability like Convention on Biological Diversity

VSS can help, though they also have limitations and continue to evolve



3. VSS and their potential benefits.

A framework to examine producer livelihoods



Source: IISD's SSI Review (2021): Standards and Poverty Reduction

Source: **poverty and sustainable livelihoods** (Chambers & Conway, 1991; Department for International Development [DFID], 1999; Ellis, 1998; Ellis et al., 2003; Scoones, 2009), **asset vulnerability** (Donovan, 2010; McKay, 2009; Moser, 1998), **the human rights-based approach** (Office of the United Nations High Commissioner for Human Rights, 2004, 2012), and **the entitlements/capabilities approach** (Bebbington, 1999; Sen, 1983). Environmental aspects were identified in the literature on green growth (Dercon, 2014) and **ecosystem services** (CGIAR, 2021; Suich et al., 2015)

3. VSS and their potential benefits

Examining VSS criteria against indicators related to the framework

- Content of 13 major international VSSs in agriculture mapped against key aspects of the three dimensions of poverty

Source: IISD's SSI Review (2021): Standards and Poverty Reduction

Box 2. Scope of review

This publication covers the 13 standard initiatives operating in the agricultural sector that are most widely adopted and recognized by the international community (Willer et al., 2019):

- 4C Certification
- Better Cotton Initiative (BCI)
- Bonsucro
- Cotton Made in Africa (CMIA)
- Fairtrade International* (Hired Labour)
- Fairtrade International (Small-scale Producer Organizations)
- GLOBALG.A.P.
- GLOBALG.A.P. Risk Assessment on Social Practice (GRASP)¹
- IFOAM – Organics International
- ProTerra Foundation
- Rainforest Alliance
- Roundtable on Sustainable Palm Oil (RSPO)
- Round Table on Responsible Soy (RTRS)

**It is important to note that Fairtrade International manages separate standards for hired labour and smallholders. This report covers both Fairtrade standards.*

3. VSS and their potential benefits

Main findings of VSS's criteria analysis

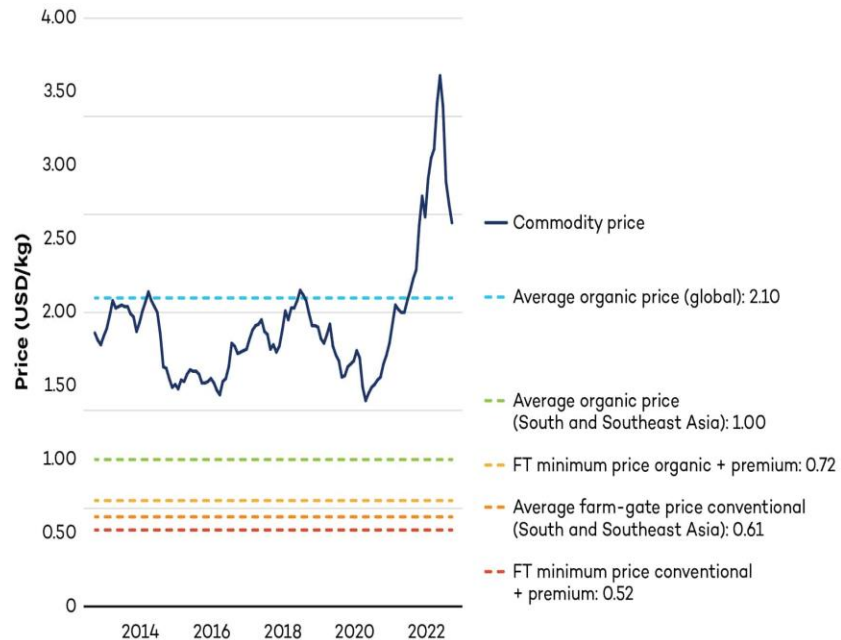
- **Highest coverage:** Opportunity for employment, skills development and training, and compliance with human and labour rights; access to and sustainable management of natural resources; access to social capital and collective action
- **Potential to do more:** Premiums, living wage/income, climate adaptation and mitigation, diversification of markets, direct involvement of smallholder farmers in VSS-activities
- **Less coverage:** gender equality

Source: IISD's SSI Review (2021): Standards and Poverty Reduction



3. VSS and their potential benefits

A dive into farmers' prices/premiums. From analysis of prices data (2010-2020) – IISD's SSI Global Market Reports (2nd Series)



This is an example from the cotton sector; all eight commodities are covered in our analysis.

20-50% higher crop prices at F.O.B. for VSS-compliant commodities (across eight sectors and based on Fairtrade and Organic data only)

The price the farmer obtains varies and there is a lack of transparency (from price at F.O.B. back to price at farm)

As premiums are not established across the board, buyers tend to pay a sustainability differential when market prices are low

Factors that push down farmer's prices:

- Limited market demand & oversupply in certain sectors
- The reference of international commodity market prices

3. VSS and their potential benefits

Review of the evidence of VSSs' impact on aspects of producer livelihoods framework

BIG CAVEAT and LIMITATION: Based on a revision of 12 meta-studies on VSS impacts (coffee and fairtrade the commodity and VSS more examined)

Access to resources	Evidence of better price premiums-, better crop income, and credit in some cases, soil and forest conservation, watershed protection, stronger producer organizations and social networks (buyers, investors). Unclear effects on net household income, limited land access and crop diversification, limited gender evidence; high cost of compliance for farmers and costs of multiple certification
Opportunities and choice	Improvements in job creation and working conditions, workers' and farmers' knowledge and capacity to farm sustainably (IPM, soil, water, forest) but not in all contexts or for all. Mixed evidence of smallholder market access, little evidence of increased opportunities for women.
Power and voice	Support for compliance with human and labour rights and access to grievance mechanisms, limited access to information and consultation, involvement in decisions, and voice for smallholders, and women specifically.

[Source: IISD's SSI Review \(2021\): Standards and Poverty Reduction;](#) [Source: IISD's SSI Review \(2022\): Standards and Investments in Sustainable Agriculture](#)

Take-Aways

1. VSS can **influence** how agriculture and forest **supply chains advance sustainability (practices)**. They are oriented towards **addressing sustainability issues** in specific agricultural and forestry sectors.
2. They are **not created equal, as they differ in the production of their founding elements, which has** implications for enabling sustainability.
3. They **have significantly grown** in number and across agricultural and forestry sectors. This proliferation can create confusion. It is important to work with more credible and robust VSS.
4. Evidence **on their impact is limited and context-specific**, and local factors also influence it. Their adoption is also shaped by the demand for VSS-compliant products, which in some commodity markets is lower than the supply. They can also act as non-tariff barriers of trade (i.e. cost associated to certification)
5. VSS **can help value chain actors** comply with due diligence regulations, but they don't substitute due diligence systems.



Source: <https://sustainability-academy.org/sustainability-equals-growth/>

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