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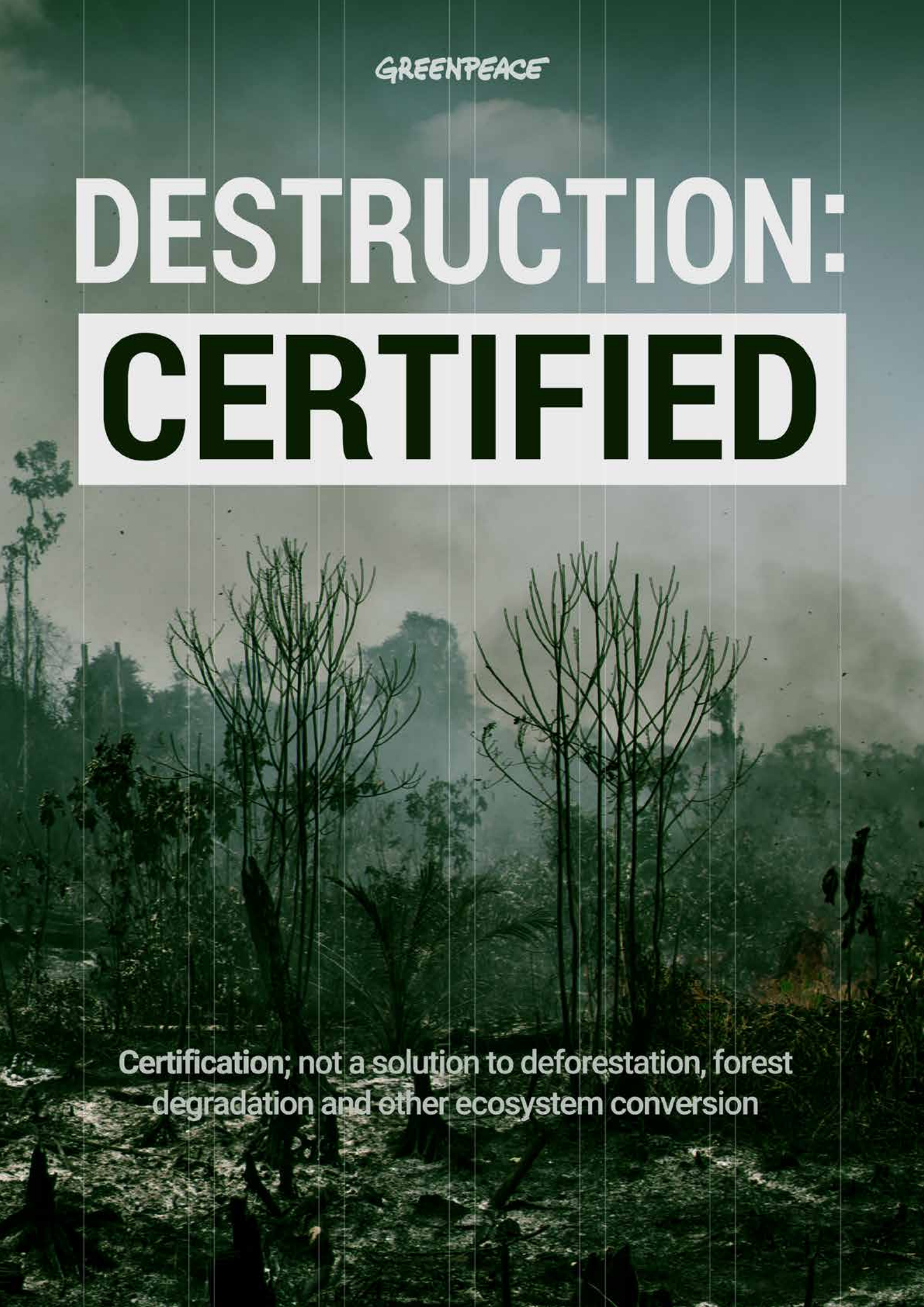
DESTRUCTION: CERTIFIED



Certification; not a solution to deforestation, forest degradation and other ecosystem conversion

ACKNOWLEDGEMENTS

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We shared the draft text about the different schemes from Chapters 2 and 3, including the draft scorecard, with the respective schemes for comments. We would like to thank the schemes which came back to us with written feedback and comments, including the RSPO, the Rainforest Alliance, Fairtrade, ISCC, MSPO, RTRS, ProTerra and PEFC. We incorporated these where possible and where appropriate. The responses we received from the schemes are all available on the Greenpeace International website.

Designer: Sam Walter, Festoon Studios

Front page image:
24 June, 2013 - Indonesia. Open flames on dry tree branches in an area of recently deforested peatland in the PT Rokan Adiraya Plantation oil palm concession.

'Certification does not equal the definition of deforestation-free.'

Marc Engel, chief supply chain officer Unilever[1]

1 Webster, B. (2020, 24 August)

CONTENTS

Certification scheme scorecard:

How well selected certification schemes perform against key aspects needed to be effective at halting ecosystem destruction and rights abuses.

KEY:	Yes	Partially	No

		ISCC	Fairtrade (cocoa and coffee)	Rainforest Alliance & UTZ merged	RSPO	ISPO/MSPO	RTRS	ProTerra	FSC	PEFC
GOVERNANCE AND DECISION-MAKING	Majority non-business representatives in key decision making?	✗	✓	✗	✗	✗	✗	✗	✓	✗
	ISEAL[1] Code Compliant?	✗	✓	✓	✓	✗	~	✗	✓	✗
STRENGTH OF STANDARDS	No deforestation or forest conversion to plantations allowed?	✓	~ 2	✓ 3	✓	✗ 4	✓	✓	~ 5	~ 6
	No other natural ecosystem conversion, including of peatlands, allowed?	~	✗	✓	~	✗	✓	✓	~	~
	Strong cut-off date for forest and natural ecosystem conversion?	~ 7	✗ 8	✗ 9	✗ 10	✗ 11	✗ 12	~ 13	~ 14	✗
	Requires protection of HCVs and conservation areas?	~	~ 15	~ 16	~	~ 17	~ 18	✗ 19	~	✗ 20
	Requires the principles of ecological agriculture/forestry? [21]	✗ 22	✗	~	✗	✗	✗	✗	✗	✗
	Intact Forest Landscape (IFL) protection?	✓	✗	✗	✓	✗	~	✗	~ 23	✗
	Requires respect for Indigenous and land rights?	✓	~ 24	✓	✓	✗	~	~	✓	~ 25
	Addresses labour rights?	✓	✓	✓	✓	✗	✓	~	✓	✓
	Requirements on associated companies applied at group level?	✗	✗	✗	~	✗	✗	✗	~	✗

This scorecard is an assessment based on Greenpeace's analysis and judgement, drawing upon the analysis presented in Chapter 3 of the report, information about the schemes available online and in the literature, the feedback received from the schemes themselves, as well as Greenpeace's own experience. Schemes received a 'Yes' answer to a question when the scheme clearly and demonstrably met the indicator. Schemes received a 'No' answer when there was no or very little evidence that indicator was met. A 'Partial' answer indicates that the scheme met the indicator only in part (not all the elements, or only to a certain degree) or that there was insufficient information available for a complete assessment.

→	Schemes received a 'Yes' if key decision making bodies (board, AGM) are represented by a majority of non-business/producer representatives and a 'No' if industry/producers have majority representation.
→	Schemes that are ISEAL Code Compliant members received a 'Yes', schemes that are Community Members received a 'Partial', and schemes that are neither received a 'No'.
→	A 'Yes' means the scheme's standards include clear language on the prohibition of the conversion of natural forest to plantations. If there is any conditionality or limitations in this regard, then a 'Partial' was given.
→	A 'Yes' means the scheme's standards include clear language on the prohibition of the conversion of natural ecosystems (or equivalent, eg 'natural lands'), including peatlands. If there is any conditionality or limitations in this regard, then a 'Partial' was given.
→	A minimum cut-off date of before 2008 is considered strong. To obtain a 'Yes', the cut-off date should fully cover 'natural ecosystems' as well as 'forest'. If the cut-off date for forests but not for natural ecosystems is before 2008, a 'Partial' was given.
→	Specific language on protection of HCVs and conservation areas is needed for a scheme to obtain a 'Yes'. Schemes received a 'Partial' if weaker language or language that only partially covers HCVs and conservation areas (such as protecting 'high biodiversity areas') is used.
→	Schemes received a 'Yes' if all the principles of ecological farming or forestry are included in their standards. Schemes received a 'Partial' if 50% or more of the principles are included in their standards and a 'No' if less than 50% are included.
→	Schemes received a 'Yes' if their standards include specific language on IFLs or full protection of HCVs, including in national (interpretations of) standards. Schemes received a 'Partial' when application varied and a 'No' when IFLs were not mentioned.
→	Schemes received a 'Yes' when specific language requiring Free, Prior and Informed Consent (FPIC) is included in their standards. 'Partial' indicates that FPIC is not required but Indigenous and community land rights are recognised, including via international conventions.[26]
→	A 'Yes' means the scheme's standards include at minimum compliance with the core conventions of the International Labour Organization (ILO), without any exceptions, covering key aspects such as child labour, the right to organise and a living wage. Schemes received a 'Partial' when the standards' requirements are insufficient.
→	Schemes received a 'Yes' if the standards include requirements for a company's subsidiaries and associated or affiliated companies/entities to either also be certified or not carry out activities that are in major breach of the scheme's standards. Schemes received a 'Partial' when they have requirements that are insufficient.

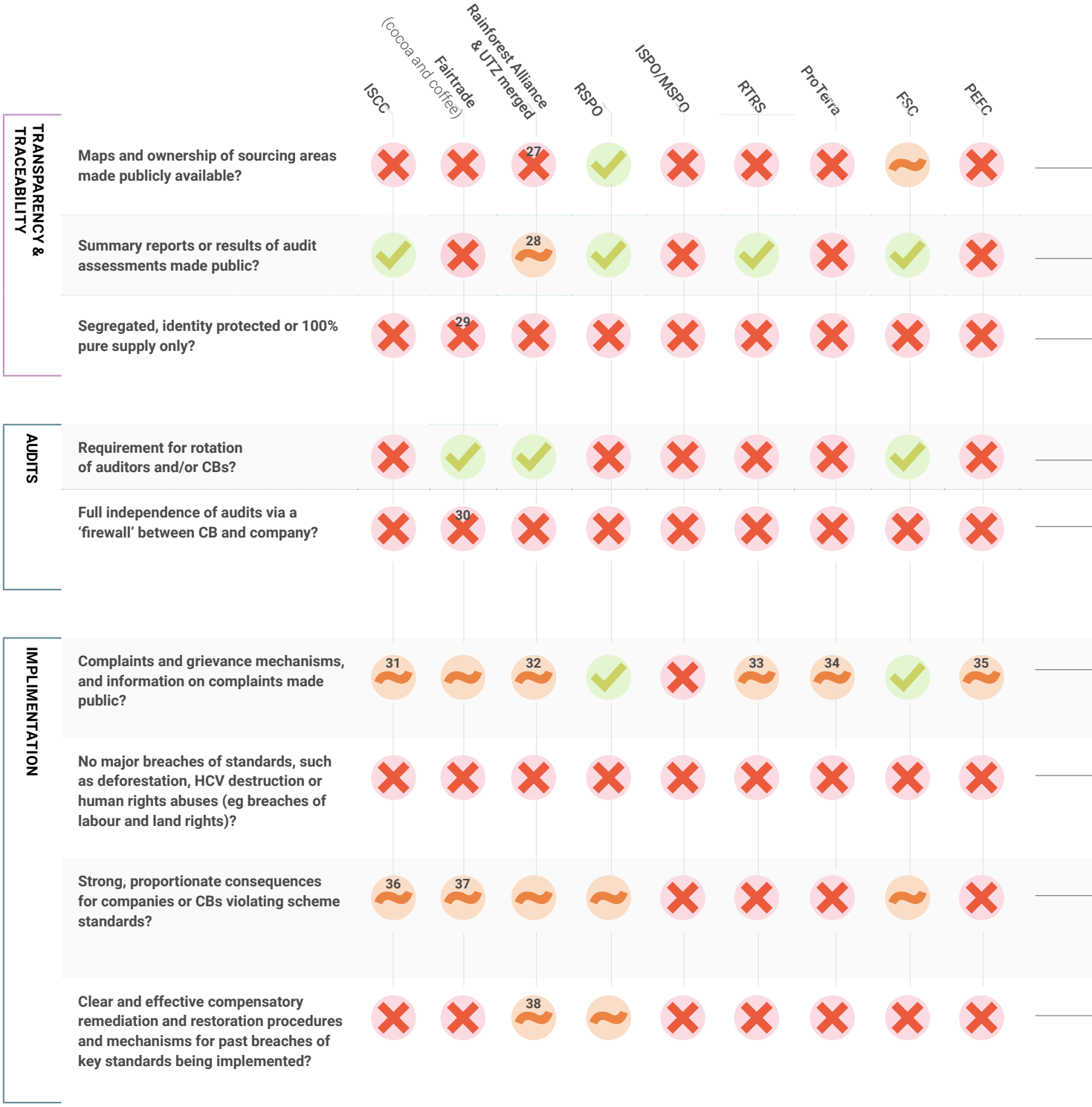

Table Notes

1. Covers commitments to best practice for certification systems.
2. Smallholder groups: yes (though rather ambiguously worded). Large producers: no.
3. Based on our understanding that the RA 2020 standard supercedes the previous RA standard and the UTZ standard.
4. MSPO goes some way towards Partial by having no planting on land with High Biodiversity Value, including primary forest.
5. Allows up to 5% (very limited proportion) with conditions, as well as allows conversion of natural forest to 'semi-natural' or intensively managed 'plantation-like' forests.
6. Allows up to 5% (small proportion) with conditions, as well as allows conversion of natural forest to 'semi-natural' or intensively managed 'plantation-like' forests.
7. 2008
8. No cut-off date
9. Jan 2014, also because UTZ does not talk about other ecosystems
10. Nov 2018
11. None
12. 2009 for HCV areas, and 2016 for 'natural lands'
13. Date after 2008
14. 1994 – a good cut off date, but does not apply to natural ecosystems more broadly.
15. Fairtrade International (2020)
16. No specific language on HCV protection and conservation areas optional.
17. MSOP partially meets this.
18. Insufficient requirements on conservation areas.
19. Insufficient requirements on both HCV protection and conservation areas; the standard only states 'no conversion on HCV areas', and does not require maintenance and protection of HCV's.
20. Insufficient requirements on both HCV protection and conservation areas and large variations across endorsed schemes.

A 'Yes' means maps and details on ownership of sourcing areas are published on the scheme's website, or there is a link on the website to that information. Having maps and ownership details available only on the CB's or certificate holder's website is insufficient. If only some maps are published then this is 'Partial'.

A 'Yes' means summary reports or the results of audit assessments are published on the scheme's website, or there is a link on the scheme's website to the published reports. Schemes received a 'Partial' when only some of the reports are made public.

Schemes received a 'Yes' if they only allow segregated, identity protected or 100% pure supply. Schemes received a 'No' if they also allow other supply chain models.

Schemes have received a 'Yes' when they have auditor or CBs rotation requirements in their auditing requirements.

Schemes received a 'Yes' if they have built in a firewall between the CBs and their clients, including to prevent the direct payment of funds such as by holding the certification fee in an escrow account until the assessment report has been validated, and/or they have a tender process through which a third party decides on the CB for a client.

Schemes received a 'Yes' when at minimum their website provides clear access to its complaints mechanism, a registry of complaints with their status and chronology, and information on the resolution of the complaints. If one or more of these elements is missing, schemes received a 'Partial'. 'No' indicates that none of the elements are present.

A 'Yes' means that in the implementation of the standards on key aspects (see above) no major breaches have been reported, including deforestation, ecosystem destruction and/or human rights abuses, by certified companies / in certified areas. Whether breaches of standards have been reported has been assessed on the basis of information on the schemes' websites, a, literature review and case studies/research by NGOs.

A 'Yes' means strong actions are taken by the schemes, including by their accreditation bodies for any violations of scheme standards. Strong actions include penalties or negative incentives. 'Partial' means that the schemes have strong language regarding the consequences for violating standards but may not always take sufficient action when breaches are identified, or that there was insufficient information to judge.

A 'Yes' means effective procedures and mechanisms are in place. 'Partial' means there is a procedure or mechanism but it is not considered effective and/or transparent. 'No' means that there is none or no information could be found on the existence of a procedure or mechanism.

21. See Greenpeace (2015) for the principles of ecological farming.
22. ISCC allows genetically modified crops (see ISCC (2020b)).
23. Inconsistent IFL protection in national standards
24. Fairtrade International (2019a) p.12
25. The language around FPIC is too weak, and in some of their endorsed national schemes FPIC is not included.
26. See eg https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C169
27. Only GPS points used, not maps
28. Summary reports not made public at this time for UTZ certificate holders.
29. Large producers: yes (except for tea). Smallholder groups: yes for coffee, no for cocoa (also tea, cane sugar and juice).
30. Fairtrade has one approved CB, its subsidiary FLOCERT.
31. Insufficient information on chronology and resolution of complaints.
32. Insufficient information on complaints and their status.
33. Has draft grievance procedure only.
34. Has grievance procedure only.
35. No registry of complaints, grievances or appeals found.
36. Per ISCC (2020b) pp.9-10, companies that fail to meet all 'Major Musts' and at least 60% of 'Minor Musts' for Principles 2–6 will not be certified if the non-conformity is not corrected within 40 days. Companies that do not comply with Principle 1 are excluded from ISCC certification.
37. Insufficient information.
38. Has remediation protocol for social harms only, not restoration.

EXECUTIVE SUMMARY

Certification on its own has not helped companies meet their 2020 commitments to exclude deforestation from their supply chains.

INTRODUCTION

The purpose of this report is to assess the effectiveness of (mainly voluntary) certification for land-based commodities as an instrument to address global deforestation, forest degradation and other ecosystem conversion and associated human rights abuses (including violations of Indigenous rights and labour rights). Ultimately the aim is to inform decision making by governments and companies on what role certification can play as a tool for cleaning up supply chains, what reforms are required and what other measures are needed to address the wider biodiversity and climate crises.

Background: The United Nations Environment Programme (UNEP) reports that between 70% and 80% of total deforestation globally is caused by expansion for agricultural production, mainly animal farming and soya and palm plantations.[1] Together with natural ecosystem conversion and degradation, deforestation is a major contributor to the climate emergency and biodiversity crisis. In response, many companies and governments, including members of the Consumer Goods Forum (CGF – a global network of major manufacturers, retailers, service providers and business associations) have made commitments to eliminate deforestation and reduce degradation. Many also looked to certification as a way to address these issues while being able to continue producing and consuming agricultural and forestry commodities.

Questions answered in this report & methodology: While certification of forest and ecosystem risk commodities (FERCs) has grown globally over the past decades, deforestation and natural ecosystem destruction have continued. Does this mean that certification has failed? How effective are certification schemes at addressing these issues? What inherently limits the effectiveness of certification? Are there common themes in the performance of different certification schemes? What are the strengths and weaknesses of some of the most widely used schemes? What reforms are required, and what role could certification play in the future? What other measures are needed to address deforestation, forest degradation and ecosystem

1 IRP (2019) p.90

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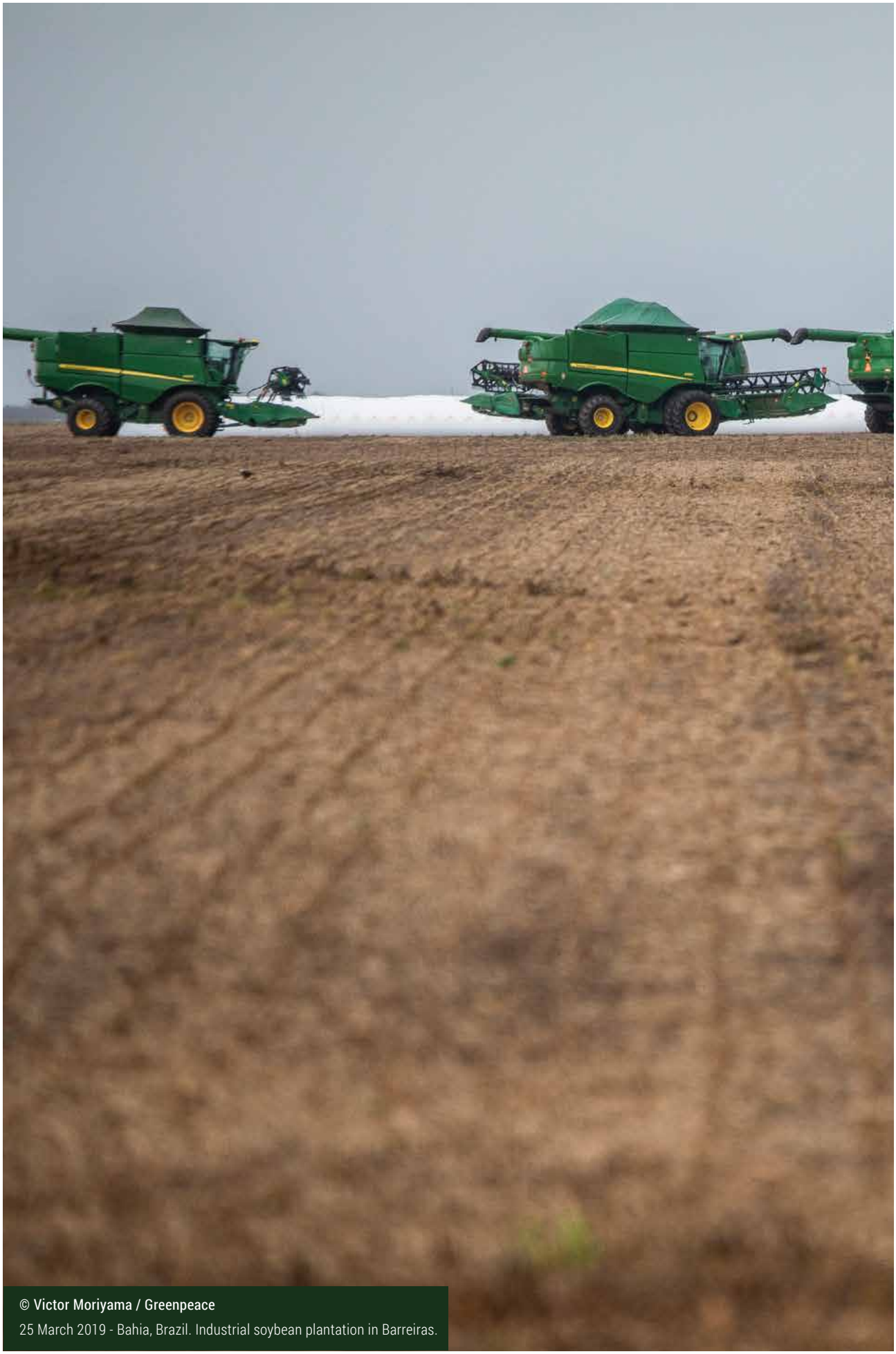
15 March 2017 - Worker in a smallholder oil palm plantation in Apouh, Cameroon. The Société Financière des Caoutchoucs (Socfin), one of the leading oil palm and rubber tree plantation operators in Africa, plans to extend its plantations, threatening forests.

conversion? These questions form the basis for this report. The analysis is based on an extensive literature review of research on certification, and the views of certification experts. At its core is an assessment of nine major certification schemes spread over five land-use sectors based on a review of publicly available information (together with feedback from the schemes themselves).

ANALYSIS: INHERENT LIMITATIONS

Certification has several inherent limitations. First, certification is a market-based mechanism, in which the primary incentive producers and consumer companies have for meeting environmental and social standards is not the 'sustainable' production of products but the reward of increased market access and sales. There are also large differences between certification schemes in terms of their governance, the quality and rigour of the standards and their implementation, meaning some companies may be able to obtain certification and make a claim of 'sustainability' while continuing with business-as-usual destructive practices. Another problem is that certification pushes onto the consumer some of the responsibility for evaluating the claims made about different certified products, which is rightly borne by companies and governments – an evaluation consumers may be ill equipped to make. Further limiting the effectiveness of certification is that these schemes do not – and were never designed to – address the problem of growth in supply or demand for FERCs. This growth puts additional pressure on land and subsequently risks further driving deforestation and conversion of other natural ecosystems. Furthermore, unsustainable producers currently continue to find alternative markets for non-certified goods (a phenomenon called 'leakage').



© Victor Moriyama / Greenpeace
25 March 2019 - Bahia, Brazil. Industrial soybean plantation in Barreiras.

ANALYSIS: KEY ASPECTS DETERMINING CERTIFICATION SCHEME EFFECTIVENESS

Governance and decision making: The main issue in the governance of certification schemes is that the business sector tends to be disproportionately represented in these schemes' governing bodies, giving it an outsized role in decision making and greater influence over the schemes. This 'entrenches power in favor of corporations – the entities they seek to regulate'.[1]

Standards: Certification schemes' standards should at a minimum include: no deforestation or natural ecosystem degradation or conversion; protection of high conservation values (HCVs), High Carbon Stock (HCS) forests, conservation areas and Intact Forest Landscapes (IFLs); restoration of converted ecosystems and restitution of social harms; Free, Prior and Informed Consent (FPIC); Indigenous and community land rights; and labour rights. However, in many instances, they do not or are simply too weak to prevent environmental and social harms. Certification schemes also differ in their scope; they may cover certain important risk areas, such as environmental damage or Indigenous rights, but not address others, such as the use of child labour, pesticides or genetically modified organisms (GMOs). Most schemes do not require corporate group-level compliance with certification standards, resulting in consumers being offered certified 'sustainable' products containing commodities produced by companies linked to ecosystem destruction and/or human rights abuses. Further, standards may change depending on the country and region. This adaptability has a twofold result: it can either strengthen these standards when locally adapted or weaken them whenever national standards depart considerably from the global principles and criteria.

Traceability and transparency: A truly unbroken traceability system enabling commodities to be tracked from source to end product and vice versa is not implemented for any FERCs. Of particular risk are 'mixed' product systems that contain both certified and uncertified materials. Full transparency (public disclosure of the entire supply chain) is similarly lacking. Further, most schemes do not require the provision of maps or data for publication on remaining natural ecosystems or conservation values in certified areas. None of the schemes requires full transparency concerning the ultimate ownership of certified companies and their corporate groups. There is variation across schemes, ranging from essentially no transparency to full reports of audits and maps being made publicly available.

Auditing: Auditing suffers from the inherent flaw that scheduled audit visits present only a snapshot of conditions at a particular location, at a specific time, and allow companies to 'prepare' for the audit. Furthermore, certification schemes often only specify performance standards for the primary producer or processor. In the case where multiple certificates are used in the supply chain, they are often audited by different certification bodies (CBs), lacking transaction verification. Finally, it is common practice for CBs to be paid directly by the clients they are auditing, who can always choose another CB if they are dissatisfied with the results of an audit, creating financial dependence on the clients and an intrinsic conflict of interest.

Implementation: While certification schemes claim they have a positive impact, systematic reviews of the evidence by academics and other researchers typically point to 'sparse, limited, and often context-specific benefits'. Certification schemes often fall short in how their standards are interpreted, implemented and enforced. The case studies in the report show how the RTRS, ProTerra, FSC and RSPO have all certified companies that have been accused of breaching standards and/or having links to environmental destruction and/or human rights abuses. And when certificate holders or CBs breach certification standards, the consequences are not necessarily swift or severe.

1 MSI Integrity (2020) p.66

CONCLUSIONS

While some certification schemes have strong standards, weak implementation combined with a lack of transparency and product traceability means even these schemes have major failings. Certain schemes may have a localised positive impact, such as strong individual country or local application. However, far too many certified companies continue to be linked to forest and ecosystem destruction, land disputes and human rights abuses. The conclusion thus is that certification is a weak tool to address global forest and ecosystem destruction. Currently, certification enables destructive businesses to continue operating as usual. By improving the image of forest and ecosystem risk commodities and so stimulating demand, certification risks actually increasing the harm caused by the expansion of commodity production. Certification schemes thus end up greenwashing products linked to deforestation, ecosystem destruction and rights abuses.

THE ROLE OF CERTIFICATION

The weaknesses and flaws identified in the certification schemes assessed in the report make it clear that certification should not be relied on to deliver change in the commodity sector. At best, it has a limited role to play as a supplement to more comprehensive and binding measures. Following fundamental reforms, including strengthened standards and full transparency, certification can play a role to help lift environmental and social performance on the ground. However, it is imperative to recognise its shortcomings and develop realistic expectations about the applications that certification can have and under what conditions it can be effective. It is also important to recognise and assess the differences between certification schemes, which, as this report shows, vary in terms of governance, standards, transparency, implementation and effectiveness.

Certification must not be accepted as a way to demonstrate compliance with legal requirements related to the protection of forests, ecosystems and human rights, considering all the limitations of these schemes and their issues with regard to effectiveness and credibility. Embedding certification into regulatory frameworks would shift responsibility for ensuring compliance with legal requirements from governmental authorities to third-party auditors, thereby weakening the enforcement of such requirements.

FUNDAMENTAL REFORMS NEEDED FOR CERTIFICATION SCHEMES

Minimum requirements for fundamental reform of certification schemes include:

- **Equitable governance:** Ensuring that schemes' governance bodies have a majority of representatives of social and environmental interests – including Indigenous and local communities – so that decisions are made in the interests of people and the planet, rather than profits.
- **Standards that include at a minimum:** 1) Full respect for Indigenous Peoples' rights and livelihoods, and labour rights; 2) prohibition of direct and indirect deforestation (including conversion to plantations), forest degradation and conversion and degradation of other natural ecosystems, including, but not limited to, peatlands; 3) establishment of strong (early) natural ecosystem conversion cut-off dates; 4) restoration and remediation requirements for deforestation/ecosystem conversion prior to the cut-off dates, as well as restitution of social harms; 5) protection of High Conservation Values, High Carbon Stock forests, conservation areas and Intact Forest Landscapes; 6) adapted provisions to support small farmer/smallholder implementation. Certification should also require ecological production.
- **Full traceability and transparency:** Schemes must, at a minimum, require a comprehensive (unbroken) traceability system for certified products from farm to consumer. Actors at all stages of the supply chain must be certified with transparent reporting of transactions, and volumes tracked to ensure an uncompromised chain of custody. Certification schemes should also require full transparency, including maps of certified areas (including conservation areas) and details on the ultimate ownership of certified

companies. Moreover, all of a scheme's requirements should be enforced across the whole of each corporate group's operations, including those linked by ownership, management and/or other forms of control.

- **Independence of CBs and auditors:** A new structure that acts as a 'firewall' between the two parties is needed, preventing the direct payment of funds, impartially selecting the best qualified CBs to do assessments and verifying the satisfactory performance of assessments and audits.
- **Strong rules** and immediate enforcement are necessary, including sanctioning or expelling certificate holders or members who breach standards.

THE WAY FORWARD: CLEANING UP SUPPLY CHAINS

Producer country governments must enact comprehensive legislation (if it does not already exist) to protect forests and other natural habitats from destruction or degradation. Legislation should include the obligation to publish maps of all supply areas for complete supply chain transparency and traceability, safeguard Indigenous and local communities and workers' rights, and ensure monitoring and independent verification and enforcement of compliance with this legislation.

Consumer country governments and, where applicable, regional jurisdictions such as the EU must adopt laws that prevent products that are linked to forest and ecosystem destruction or degradation or violation of related human rights being sold to consumers. This must be done through due diligence and measures to ensure full supply chain traceability and transparency (public disclosure). Legislation should also include rules on due diligence for financial institutions to ensure that they are neither directly nor indirectly linked to or financially supporting ecosystem destruction or degradation or human rights violations.

Cooperation between consumer and producer countries is also necessary to foster the adoption of responsible, ecological production methods and effective restoration and remediation practices. Special attention should be paid to the position of smallholders and communities whose livelihoods depend on forests and other ecosystems.

Companies must begin by immediately requiring and implementing strong environmental and social standards for commodity production, setting up traceability and transparency systems for all commodities, proactively monitoring their supply chains and supporting and financing forest and natural ecosystem protection and restoration.

THE WAY FORWARD: MOVING BEYOND SUPPLY CHAINS

To meet the demands of social justice and address the climate, biodiversity and health crises, comprehensive and well-structured strategies are needed. Governments in both producer and consumer countries, individually and together, must develop and implement policies that favour people, the planet and biodiversity, to rapidly halt and reverse the loss and degradation of all natural ecosystems and limiting the global temperature rise this century to a maximum of 1.5°C. These plans should include rights-based, legal protection of at least 30% of land by 2030, representing all ecoregions, along with the restoration of at least 500 million ha of natural forests. These policies must be socially just and always protect all human rights. They must be combined with efforts to reduce the consumption of certain commodities and products, addressing the issue of growth as well as just distribution.

INTRODUCTION

The purpose of this report is to assess the effectiveness of (mainly voluntary) certification for land-based commodities as an instrument to address global deforestation, forest degradation and other ecosystem conversion and associated human rights abuses (including violations of Indigenous rights and labour rights).

Ultimately the aim is to inform decision making by governments and companies on what role certification can play as a tool for cleaning up supply chains, what reforms are required and what other measures are needed to address the wider biodiversity and climate crisis.

The world's forests are a crucial defence against spiralling climate change, and are home to many Indigenous and local communities and innumerable species of animals and plants. The current global health crisis and ongoing ecological and climate breakdown share many of the same drivers, including the destruction of forests and other natural ecosystems by industrial agriculture – as humans encroach into previously natural habitats and pathogens transfer from wild animals to humans, the risk of further diseases like COVID-19 emerging only increases.[1] UNEP reports that between 70% and 80% of total deforestation globally is caused by agricultural production, mainly animal farming and soya and oil palm plantations.[2] Underlying the ecological collapse is the neoliberal economic system, based on growth, consumerism and extractivism.

Agricultural and industrial forestry expansion also contributes to the conversion or degradation of other natural ecosystems such as wetlands (especially peatlands), savannahs, shrublands and grasslands.[3] This continuous destruction

1 Everard, M., et al. (2020)

2 IRP (2019) p.90

3 See eg Bonanomi, J., et al. (2019).

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13 November 2013 - Kalimantan, Indonesia. Cleared peatland forest in an oil palm concession owned by PT Ladang Sawit Mas, a subsidiary of Bumitama Agri Ltd.

causes appalling loss of biodiversity,[4] often violates the rights of Indigenous Peoples and other communities and contributes massively to climate change, jeopardising our chances of limiting the global temperature rise to 1.5° Celsius compared to preindustrial levels – the goal set in the Paris Agreement[5] and reinforced by the Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C.[6]

4 IPBES (2019)

5 UNFCCC, The Paris Agreement [Website]

6 IPCC (2018)

During the late 1980s and intensifying in the 1990s and 2000s, the public became aware of the growing role of multinational corporations in perpetrating major environmental harms and human rights abuses, and thus of the responsibility they bear. Numerous campaigns by non-governmental organisations (NGOs) have exposed corporate bad behaviour, yet the governments of the producer countries that host these companies' operations have failed to create or enforce laws to hold them accountable for contributing to such harms. Consumer country governments have likewise failed to take any effective actions, such as

regulating the markets, and kept protecting 'their' industries and economic growth models. Multilateral initiatives and institutions such as the Food and Agriculture Organization (FAO), the United Nations Conference on Environment and Development (UNCED), the International Tropical Timber Organization (ITTO) and the 1992 Earth Summit proved unable to deliver solutions to the crisis of deforestation. So, in the absence of any adequate domestic or international accountability mechanisms and in recognition of the need for corporations to limit their reputational damage and market loss, market-based 'solutions' began to arise. The private sector, civil society and to some degree governments collaborated to establish voluntary frameworks.[1] Since the late 1980s the number of such multi-stakeholder initiatives, including voluntary certification schemes increased rapidly,[2] and they have expanded to address a range of aspects of the production process, including deforestation and protection of Indigenous rights.

The Forest Stewardship Council (FSC) was one the first of many voluntary certification schemes that was set up with multi-stakeholder governance and commodity management standards. Over the years, much effort – including by Greenpeace,[3] working with the FSC[4] and to some degree the Roundtable on Sustainable Palm Oil (RSPO)[5] – has been focused on improving the standards and enforcement of such certification schemes.

In 2010, members of the Consumer Goods Forum (CGF – a global network of major manufacturers, retailers, service providers and business associations) set themselves a deadline of 2020 to eliminate deforestation from their supply chains.[6] The same deadline was also set by several international commitments regarding halting deforestation, such as the Amsterdam Declaration on Deforestation,[7] Target 15.2 of the United Nations Sustainable Development Goals (UN SDGs),[8] Aichi Biodiversity Target 5[9] and the New York Declaration on Forests (NYDF).[10] Many companies and some governments looked to voluntary measures, including certification, as a way to reach these goals[11] – but as the 2020 deadline approached it became clear that the CGF companies would grossly fail to meet their 2020 zero deforestation commitments[12] and that the other initiatives would similarly fall short. Indeed, as the Convention on Biological Diversity confirmed in its 2020 Global Biodiversity Outlook report, 'The recent rate of deforestation is lower than that of the previous decade, but only by about one third, and deforestation may be accelerating again in some areas. Loss, degradation and fragmentation of habitats remains high in forest and other biomes.'[13]

Civil society, together with a range of policymakers, companies and even some certification schemes, has begun to realise that standalone voluntary measures such as certification are not enough to bring about real change and are arguing for regulatory measures

1 Bartley, T. (2003), Chan, S., & Pattberg, P. (2008), MSI Integrity (2020)

2 Liu, P. (2010), OECD (2016)

3 In this report, mentions of 'Greenpeace' should be read as references to Greenpeace International unless otherwise indicated.

4 See eg Greenpeace (2008a).

5 Greenpeace Southeast Asia (2018, 15 November)

6 Consumer Goods Forum (2010, 29 November)

7 Seven European countries have signed the Amsterdam Declaration on Deforestation committing to deforestation-free, sustainable commodities. See Amsterdam Declarations Partnership, About [Website].

8 'By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.' Source: United Nations Sustainable Development Goals Knowledge Platform, Sustainable Development Goal 15 [Website].

9 'By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced.' Source: Convention on Biological Diversity, Aichi Biodiversity Targets [Website].

10 The NYDF includes targets to end natural forest loss by 2030, with a 50% reduction by 2020. In addition, it calls for restoring 350 million hectares of degraded and deforested lands by 2030, supporting the private sector in eliminating deforestation from the supply chains of major agricultural commodities by 2020, and providing financial support to reduce emissions related to deforestation and forest degradation. See New York Declaration on Forests, About [Website].

11 Lambin, E. F., & Thorlakson, T. (2018), Neeff, T., & Linhares-Juvena, T. (2017), Pacheco, P., et al. (2021)

12 See Chain Reaction Research (2020, 5 March), Ecobusiness (2018), Global Canopy (2020), Greenpeace (2018b) and Greenpeace (2019c).

13 Secretariat of the Convention on Biological Diversity (2020) p.7

– in part to level the playing field.[14] There is a realisation that what seemed like the solution for tackling environmental destruction and cleaning up supply chains 30 years ago has failed to deliver on its promise, and that there is an urgent need for other, more comprehensive measures to fight the climate and biodiversity crisis. However, many actors do still see certification as a major part of the solution, arguing for example that in the absence of strong laws voluntary certification schemes can go some way towards preventing deforestation and protecting human rights. This often goes hand in hand with advocating for the need to increase the demand for 'responsible' or 'sustainable' – ie, certified – soya, palm oil or timber/wood products, with the idea being that if more of these products are traded the result will be a decrease in deforestation and other harms linked to the production of these commodities.[15]

While certification of forest and ecosystem risk commodities (FERCs)[16] has grown globally over the past decades, deforestation and natural ecosystem destruction have continued. Does this mean that certification has failed? How effective are certification schemes at addressing deforestation, forest degradation and other forms of ecosystem conversion? What inherently limits the effectiveness of certification? Are there common themes in the performance of different certification schemes? What are the strengths and weaknesses of some of the most widely used schemes? What reforms are required, and what role could certification play in the future? What other measures are needed to address deforestation, forest degradation and ecosystem conversion? These questions form the basis for this report.

The present analysis is based on an extensive literature review of research on certification, a review of publicly available information about a broad range of certification schemes[17] (together with feedback from the schemes themselves) and the views of certification experts.

The report begins by defining some key terms and concepts, such as certification schemes, certification bodies, labelling and verification. Chapter 1 discusses the inherent limitations of certification as an instrument to address global deforestation, forest degradation and other ecosystem conversion for the production of FERCs. Chapter 2 then outlines the key factors that influence the effectiveness of certification schemes in meeting that overarching goal. Chapter 3 supplements this general discussion by detailing the strengths and weaknesses of some individual certification schemes for biofuels, cocoa, coffee, palm oil, soya and wood products. Because there are too many schemes for this report to be able to analyse all of them in detail, only certain schemes are discussed, with a focus on those that are most widely used and/or that are claimed by governments and corporations to exemplify best practice.

Finally, based on the report's findings, the conclusions and the way forward discuss whether certification serves its purpose, consider the appropriate role for certification and the reforms needed, and suggest what further measures governments and companies should focus on to clean up supply chains in order to protect the world's biodiversity and ecosystems, to limit global warming to below 1.5°C and to help prevent future pandemics.

14 MSI Integrity (2020) pp.31,48

15 See eg International Institute for Environment and Development, Four actions to reduce the 'forest footprint' of commodities [Website].

16 FERCs are commodities whose extraction, harvesting or production has, or risks having, a detrimental impact on forests, other ecosystems and related human rights, such as soy (mostly used to feed farm animals), palm oil, beef, timber, rubber and cocoa. See Greenpeace (2020) p.5.

17 This does not include changes certification schemes have proposed to make or will make to their standards and systems in the future.

CERTIFICATION – DEFINITIONS

Certification schemes for FERCs set a range of social and environmental standards with which production of these commodities should comply. These standards usually comprise a set of **principles and criteria** (with the principles setting out the broad elements of the standard and the criteria defining what is required for each element), together with verifiable indicators of compliance with the criteria. An area, product, farm, manufacturer or processor (eg mill) is certified by a particular certification scheme when it is assessed as meeting the standards set by that scheme.

Whereas certification relates to a particular management area or processing facility, **membership** is what allows an organisation to participate in governance of the scheme. In some schemes (eg the FSC), a company can be a certificate holder but does not need to be a member.[1] For other schemes, like the RSPO, membership is a prerequisite for certification.[2]

Participation in almost all certification schemes is **voluntary**, although in some cases the schemes serve to enable companies to comply with legal requirements – for example, compliance with the European Union's Renewable Energy Directive (EU RED) sustainability criteria is ensured by certification schemes such as the International Sustainability and Carbon Certification (ISCC) and REDCert.[3]

Certification is often used by companies that produce or trade FERCs – or manufacture or sell products containing them – to reassure customers that they or their suppliers have taken steps to minimise the negative environmental and/or social impacts linked to the production of the commodities concerned, and that their products can therefore be considered 'sustainable'.[4] Yet no certification scheme can make a claim that its certified products are truly sustainable, as what is actually sustainable in relation to forests, land and agriculture is not known.[5]

Certification **labelling** is a 'promise' or claim that a product meets the criteria set out by a certification scheme, and is mostly done at the consumer goods manufacturers' end.[6] Typically incorporated into a product's packaging, labelling

1 See FSC, Home [Website], and FSC, Members [Website].

2 RSPO, RSPO certification [Website]

3 European Commission, Voluntary schemes [Website]

4 For example, Unilever defines 'sustainable sourcing' of palm oil as purchasing only from certified sustainable sources. See Unilever (2020) p.3.

5 ISO 14021 on self-declared environmental claims says 'The concepts involved in sustainability are highly complex and still under study. At this time there are no definitive methods for measuring sustainability or confirming its accomplishment. Therefore, no claim of achieving sustainability can be made.' See ISO (2016) Clause 5.5, p.5.

6 Liu, P. (2010)

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2 August 2016 - Canada Ruby-throated hummingbird (Archilochus colubris) in Canadian boreal forest.

in theory provides the purchaser/consumer with an indication of the product's sustainability.[7]

An important aspect of certification is product or material **traceability**, usually implemented via a **chain of custody (CoC)** system and standards. Traceability is defined as the ability to follow a product or its components through stages of the supply chain (eg, production, processing, manufacturing and distribution); this is required if guarantees are to be made about the certification status of a product.

Companies or consultancies serving as **certification bodies (CBs)** undertake the task of ensuring, by means of third-party **audits**, that the certified organisations (producers, processors, downstream companies) comply with the required social and environmental criteria. Each CB has an approved list of auditors – typically consultants or employees of the CB – who can perform the audits. The certified organisations themselves are usually responsible for commissioning these third-party audits, and bear the costs.[8] Most certification schemes have accreditation requirements for CBs based on International Organization for Standardization (ISO) requirements.[9] They require CBs to be accredited by a recognised **accreditation body**, such as Assurance Services International (ASI) for the FSC and RSPO.[10] In simple terms, the role of accreditation bodies such as ASI is to ensure that CBs are following the rules set by the certification schemes. Additional guidance on sustainability standards is provided by bodies such as the ISEAL Alliance.[11]

Verification is a simpler approach that does not necessarily form part of a certification scheme; it can be defined as the 'assessment and validation of compliance, performance, and/or actions relative to a stated commitment, standard, or target'.[12] An example would be 'second-party' independent verification of the extent to which a company is complying with its No Deforestation, No Peat, No Exploitation (NDPE) policy.[13] As part of a certification scheme audit, the process of assessing whether organisations are complying with the required social and environmental criteria may also be referred to as 'conformity assessment' or 'verification'.[14]

7 Retail Forum for Sustainability (2011)

8 See eg Carlson, K. M., et al. (2017), Food and Agriculture Organization of the United Nations (2018) and Food and Agriculture Organization of the United Nations, Forest certification [Website].

9 ISO (2012)

10 ASI, Scheme owners we work with [Website]

11 ISEAL Alliance, Who we are [Website]

12 Accountability Framework Initiative, Definitions – Monitoring, verification, reporting, and claims [Website]

13 Accountability Framework Initiative, Core principles – 11. Monitoring and verification [Website], Wilmar International (2018)

14 FSC (2014) p.3

CHAPTER 1:

INHERENT LIMITATIONS OF CERTIFICATION

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11 December 2016 - West Kalimantan, Indonesia. A recently cleared area in an oil palm concession owned by PT Damai Agro Sejahtera, part of the Bumitama group.

This chapter provides some reflections on the inherent limitations of certification, looking at its intended purpose, the wide variation in quality between certification schemes, the responsibility that is shifted to consumers and the fact that problems of growth in demand for FERCs and leakage are not solved (nor meant to be) by certification.

1 Focus on strengthening market access, position and profits rather than sustainability

A commodity can be defined as 'an economic good, usually a resource, that has full or substantial fungibility: that is, the market treats instances of the good as equivalent or nearly so with no regard to who produced them'.[1] In other words, regardless of where or by whom a commodity like palm oil or soya is produced, ultimately it is the same product which essentially has the same value on the global market. Opportunities to increase commodity profitability include preferential market access, price premiums and cost reductions. One key issue is that, in the absence of strong and effective regulatory frameworks in producing and consuming countries, cost reductions can be achieved through what can be described as 'bad practices', such as poor labour and social practices, land grabbing, shortcuts on environmental standards or tax avoidance.

Within this context certification is a market-based mechanism, in which the primary incentive producers have for meeting environmental and social standards is the reward of increased market access or price premiums.[2] Instead of incentivising high performance against standards as a major outcome, a key focus is on increasing the demand for or market share of 'sustainable' (ie, certified) products, even when the actual sustainability of those products cannot be guaranteed.[3]

Another issue is that the very existence of a certification scheme for a commodity tends to strengthen that particular commodity's market position, and may discourage efforts to promote the substitution of alternative commodities whose production may be less harmful[4] or to decrease the production and consumption of certain forest and ecosystem risk commodities altogether. The RSPO, for example, goes as far as to forbid its members even to 'make claims which imply that the removal of palm oil from a product is a preferable social or environmental sustainability outcome to the use of RSPO certified sustainable palm oil'.[5]

2 Misleading label of sustainability with wide variation in the quality of certification schemes

There is little consistency between the various certification schemes in terms of their definitions of forests and ecosystems that should be protected, their treatment of historical deforestation and their requirements for remediation or restoration. More broadly, there are large differences in the quality and rigour of the standards and their implementation.[6] Yet because certification is increasingly being equated with sustainability, despite their differences all of these schemes and their advocates are able to cultivate a positive image.[7]

In many cases industries have created new certification schemes with weaker standards in response to existing schemes with more rigour, enabling them to continue with business as usual but with a certification claim.[8] In some instances major commodities traders have even set up their own voluntary standards, which can have the effect – intentional or not – of undermining more credible schemes and confusing the market. For example, ADM, Amaggi, Bunge and Cargill each have their own standards for soya production; while all of these standards claim to supply certified sustainable (or 'responsible') soya, they offer very different provisions and

1 Wikipedia, Commodity [Website]. See also Chen, J. (2020, 14 February).

2 See Liu, P. (2010) and Pavel, C., et al. (2016).

3 As ISO 14021 states, 'At this time there are no definitive methods for measuring sustainability or confirming its accomplishment. Therefore, no claim of achieving sustainability can be made.' See ISO (2016) Clause 5.5, p.5.

4 Changing Markets Foundation (2018) p.86

5 RSPO (2017a) p.2

6 A deeper analysis of various land use–related certification schemes can be found in Voigt, M. (Ed.) (2019).

7 Changing Markets Foundation (2018)

8 Examples include the PEFC scheme, which is a response to the FSC, and some weak biomass labels such as ISCC and the Sustainable Biomass Program (SBP), as well as the endless other efforts of the industry to self-label.

levels of assurance.[9] Weaker, corporate-driven schemes that provide limited assurance may even certify as 'sustainable' products containing materials that have contributed, directly or indirectly, to clearly unsustainable practices such as the clearance of natural forests or human rights abuses – a fundamental dishonesty that misleads consumers. (see eg the analysis of the Programme for the Endorsement of Forest Certification [PEFC] on page 89).

In the case of national or international guidelines with which different certification schemes are deemed to show compliance, the inconsistencies between schemes mean that the guidelines themselves are only as strong as their weakest link. An example is the European Feed Manufacturers' Federation (FEFAC) Soy Sourcing Guidelines,[10] which set a sustainability baseline for importing soya into the European market. Of the 18 schemes that comply with the guidelines and are classified by FEFAC as sustainable[11] – five of which are traders' own second-party schemes – 10 reportedly rely on national legislation that differentiates between legal and illegal deforestation.[12] The problem with a focus on illegal deforestation alone is that it does not address deforestation as such, and states may legalise deforestation to accommodate soya producers and allow further expansion. FEFAC's 2021 Soy Sourcing Guidelines include protecting natural ecosystems as a 'desired' criterion (with a cut-off date of no later than 2020), but it is still not considered essential.[13] A deeper analysis of FEFAC and other guidelines, including the PEFC and RED, can be found in Chapter 3.

In some cases where there are competing schemes, weaker schemes have taken steps to bring themselves in line with the stronger ones.[14] This can ultimately have a positive effect, with the less robust schemes eventually becoming more similar to the stronger ones – for example, this has been the case with the weaker PEFC adopting some FSC policies and standards.[15] However, as discussed in the box on page 89, the variability in the national schemes the PEFC has endorsed means that it may not in fact deliver the expected level of 'sustainability' assurance.

3 Shifting responsibility onto consumers

Certification pushes some of the responsibility for evaluating the credentials and the validity of environmental and ethical claims made about a product onto the consumer. The responsibility should instead rest with producers, traders, manufactures, retailers and governments, who should ensure that only products free of deforestation, ecosystem destruction and human rights abuses are traded and sold. This transference is not only unjust but also to a large extent ineffective, as the purchasing decisions of a large proportion of consumers are of necessity driven by price rather than environmental and social justice considerations.[16] The global economic recession caused by the COVID-19 crisis – which is having a disproportionate impact on those with limited purchasing power and choice with regard to consumption – has only exacerbated this situation.[17]

Furthermore, the aforementioned variation in the quality of certification schemes may not be clear to consumers, who are often ill equipped to distinguish between commodities certified by weaker and stronger schemes.[18] Consumers typically distinguish only between products labelled as certified and those that are not. Companies using weaker schemes can thus reap the same market benefits as those using stronger schemes, removing much of the incentive for investing in more robust certification.

9 Kusumaningtyas, R., & van Gelder, J. W. (2019)

10 FEFAC, Responsible sourcing [Website]

11 ITC Standards Map, FEFAC European Feed Manufacturers' Federation [Website]

12 Kusumaningtyas, R., & van Gelder, J. W. (2019) p.24

13 FEFAC (2021) p.17

14 For example, the PEFC adopted similar requirements for controversial wood sources in its CoC standard to those implemented by the FSC for its 'controlled wood'. See PEFC (2020) and FSC (2017).

15 OECD (2016) pp.11-12

16 Kaczorowska, J., et al. (2019), Lehmann, J., & Sheffi, Y. (2019)

17 Food and Agriculture Organization of the United Nations, Q&A: COVID-19 pandemic – impact on food and agriculture [Website]

18 OECD (2016)

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31 October 2013 - Central Kalimantan, Indonesia. Orangutans at a feeding station run by Orangutan Foundation International.

4 Certification schemes do not and are not designed to limit the growth of commodities

The focus on producing more for less cost is the dominant business model in companies across the world. A fundamental problem with the growth in production of a particular commodity, however, is that it puts additional pressure on land, and subsequently risks further driving deforestation and conversion of other natural ecosystems.[1] This is most visible where new markets are emerging for commodities. Certification schemes do not – and were never designed to – address the problem of growth in supply or demand; some schemes, like the FSC, even have a strategy of growth.[2] Certification can thus mislead consumers, giving the impression that a certified product is 'green' and 'sustainable', no matter how much of it is produced and consumed. A good example is crop-based bioenergy: increased demand ultimately drives forest degradation and/or land conversion for other crops which are displaced to make room for the bioenergy crops, generating greenhouse gas (GHG) emissions and so fundamentally undermining the goal of the industry.[3] Any certification scheme applied to bioenergy is thus effectively a greenwash.

1 Pendrill, F. (2019)

2 FSC (2015c)

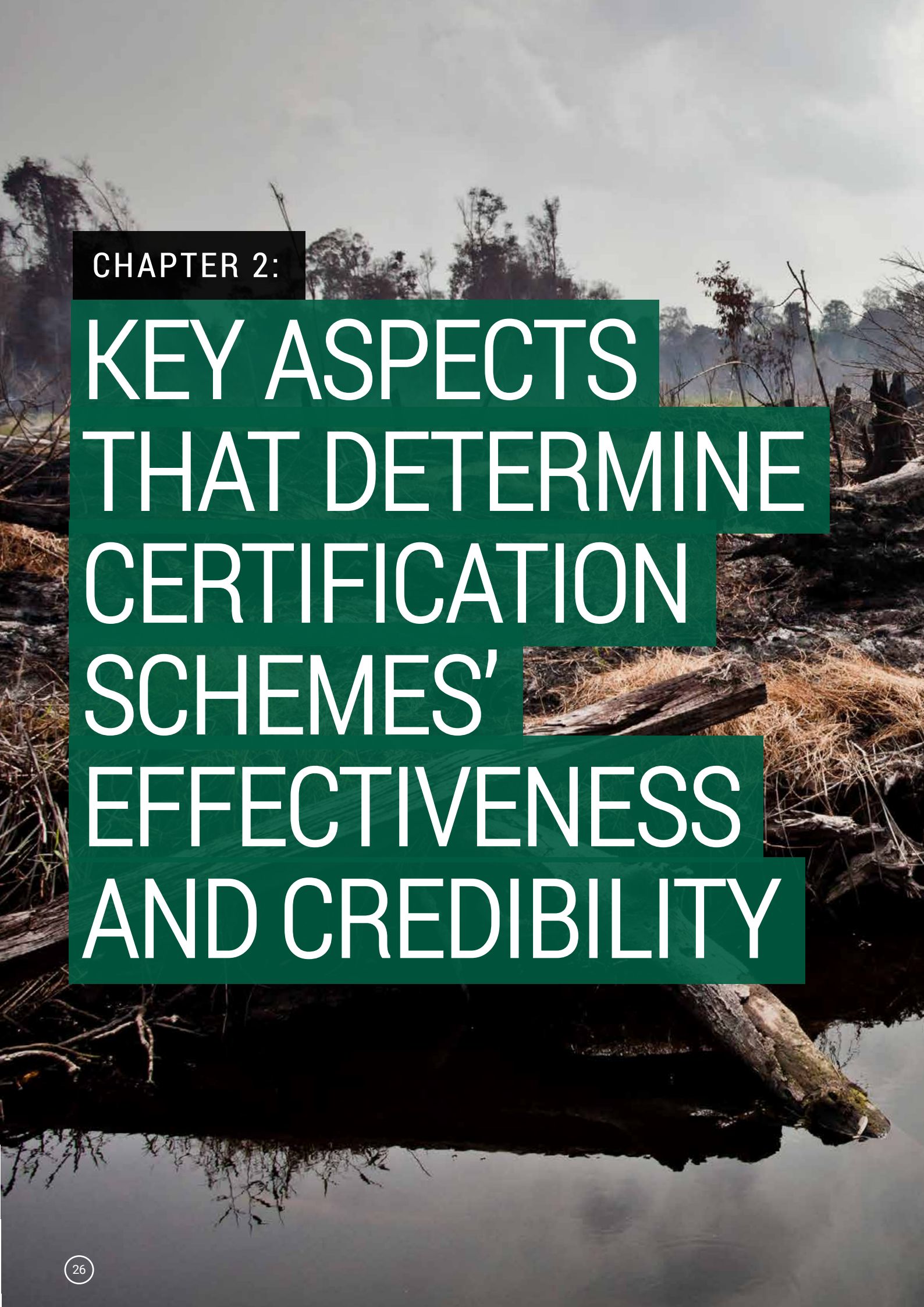
3 Gao, Y., et al. (2011), Lapola, D. M., et al. (2010), Popp, J., et al. (2014)

5 To address the issue of leakage, no one measure is enough

'Leakage' happens because certification tends to be required by downstream companies and consumers in niche markets such as in Europe and the West, while business as usual continues in other countries, such as India, China and Indonesia (although these markets are starting to move towards certification too). Unsustainable producer companies, which are commonly part of corporate groups that include certified companies, often find alternative 'leakage' markets for non-certified products, limiting the ability of certification to drive change on the ground.[4] Unsustainable producers may also be encouraged to move into or expand in jurisdictions where there are laxer sustainability and certification requirements. Rather than being eliminated, the destructive environmental impacts that the sustainability standards and certification schemes hoped to avoid are thus simply displaced – a phenomenon known as the spillover effect.[5]

4 Chain Reaction Research (2018) p.1

5 See eg Bastos Lima, M. G., Persson, U. M., & Meyfroidt, P. (2019), Heilmayr, R., Carlson, K. M., & Benedict, J. J. (2020) and Meyfroidt, P., et al. (2020).



CHAPTER 2:

KEY ASPECTS THAT DETERMINE CERTIFICATION SCHEMES' EFFECTIVENESS AND CREDIBILITY

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29 June 2013 - Riau, Indonesia. Forest fires in an area of recently deforested peatland near Tanjung Baru village, Pangkalan Kerinci subdistrict in Pelalawan Regency. The village lies beside an oil palm concession owned by PT Pusaka Megah Bumi Nusantara (PMBN), a palm oil company belonging to the Asian Agri group (a member of the RSPO).

INTRODUCTION

This chapter examines the effectiveness of certification schemes at addressing global deforestation, forest degradation and human rights abuses associated with the production of FERCs, by exploring the common influencing aspects. The effectiveness and credibility of a certification scheme depend on a range of factors, including: its governance and the independence of its financing, processes and decision making; the strength and scope of its standards; physical traceability in the direct supply chain and the transparency of a corporate group's[1] production activities across its operations (not limited to those directly responsible for the certified product); the way a scheme uses and controls its label and claims; the required frequency of audits and the quality and independence of the auditing system; the auditing system's level of transparency; the possibility of sanctions; and the rigour with which any sanctions are enforced and implemented. This chapter groups these aspects into five key areas – namely governance and decision making, standards, traceability and transparency, auditing and implementation – and reviews the general effectiveness and credibility of certification schemes in relation to these elements.

1 The AFi defines a corporate group as 'The totality of legal entities to which the company is affiliated in a relationship in which either party controls the actions or performance of the other.' See Accountability Framework Initiative, Definitions – Different types of supply chain actors [Website].

Governance and decision making

CORPORATE POWER IS ENTRENCHED – OVERREPRESENTATION OF BUSINESS ACTORS IN DECISION MAKING

The business sector tends to be disproportionately represented in certification schemes' governing bodies, giving it an outsized role in decision making.[1] When the performance standards for certification schemes are being developed and implemented, the market interests of influential corporations tend to carry more weight than the interests of Indigenous and local communities, consumers and other stakeholders, or the need to address the relevant social and/or environmental issues in the most effective way possible.[2] This is in part also due to the fact that standards are continuously being adapted into complex sets of principles in order to apply them in very different contexts. It is difficult for civil society to keep up with or match the amount of lobbying done by multinational corporations, which have extensive resources to dedicate to preserving their interests.[3] As a result, the recent MSI Integrity report *Not Fit-for-Purpose* concludes that multi-stakeholder initiatives (including certification schemes) 'entrench power in favor of corporations – the entities they seek to regulate',[4] whereas people and the environment, not corporations, should be at the heart of governance.

1 MSI Integrity (2020) p.66

2 Marin-Burgos, V., Clancy, J. S., & Lovett, J. C. (2014)

3 Changing Markets Foundation (2018) pp.19-20, MSI Integrity (2020) p.66

4 MSI Integrity (2020) p.66

Furthermore, larger and more powerful actors, such as agribusiness corporations and global traders, are often in a position to dictate standards to smaller and less powerful producers, which may end up being excluded from certification schemes altogether if they cannot afford the investment necessary for the certification process. This has been found to be the case for soya[5] and for independent palm oil smallholders.[6]

That said, there are also schemes – especially within the Fair Trade movement – that have been created intentionally to enable positive participation of marginalized producers in global trade,[7] and some schemes are making efforts to address corporate dominance. An example is the RSPO's Smallholder Support Fund, which aims to improve participation of smallholders by, for example, providing assistance with the costs of certification.[8]

FAILURE OF SCHEMES TO ADHERE TO BEST PRACTICE STANDARDS

The ISEAL Alliance aims to strengthen sustainability standards and provides a standard requirements framework for certification schemes. Its membership is open to all multi-stakeholder sustainability standards and accreditation bodies that demonstrate their ability to meet the ISEAL Codes of Good Practice and accompanying requirements, which emphasise transparency, openness and broad stakeholder consultation and dialogue.[9] ISEAL Code Compliant membership can be considered an indicator of scheme strength, but with ISEAL being governed by its members and not independently auditing member compliance,[10] the extent to which they actually adhere to the Codes is not always clear.

Certification schemes can also apply to be ISEAL Community Members (formerly 'subscribers'), rather than Code Compliant members, but that only requires them to commit to the

5 Elgert, L. (2012) p.296

6 OECD (2016), Rietberg, P., & Slingerland, M. (2016)

7 Commerce Équitable France et al. (2020)

8 RSPO, Introduction RSSF [Website]

9 ISEAL Alliance (2014); see also ISEAL Alliance, ISEAL membership [Website]

10 ISEAL Alliance (2018)

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6 September 2018 - In Inari, Lapland, Greenpeace and Sami people are demonstrating against industrial exploitation of the Great Northern Forest in the Sámi territory.

organisation's mission and not to demonstrate compliance with the Codes of Good Practice.[11] This clearly is less of a guarantee of system strength than full membership.

Schemes that are not ISEAL Code Compliant members or Community Members, such as Malaysian Sustainable Palm Oil (MSPO) and Indonesian Sustainable Palm Oil (ISPO, where CBs are accredited by the ISPO Commission), often use national accreditation bodies, which lack comprehensiveness, independent guidance and oversight.[12]

11 ISEAL Alliance, Become a member [Website]

12 See Malaysian Palm Oil Certification Council, Accreditation of certification bodies [Website], and Ministry of Agriculture of the Republic of Indonesia et al. (2015).

Standards

WEAK STANDARDS

In some instances certification schemes create standards that are too weak to ensure that deforestation, other ecosystem conversation and associated human rights abuses are actually being addressed. This happens when schemes set standards that are weaker than international norms or are otherwise regressive, use ambiguous language and/or make key standards 'optional'.[1]

DIFFERING SCOPE OF STANDARDS

To protect natural ecosystems and respect human rights a certification scheme should include standards on at least the following: deforestation (conversion of forest to plantation or farmland) and forest degradation; degradation and conversion of other ecosystems, including peatlands; restoration of converted ecosystems and restitution of social harms; cut-off dates after which ecosystem conversion is prohibited; protection of high conservation values (HCVs), High Carbon Stock (HCS) forests, conservation areas and Intact Forest Landscapes (IFLs); Free, Prior and Informed Consent (FPIC); Indigenous and community land rights; and labour rights. These are thus the key elements against which the standards of the selected schemes are assessed in this report. More broadly, for certification to be consistent with holistic efforts to address the multiple pressures on biodiversity and ecosystem health it would need to require ecological production,[2] including prohibiting the use of synthetic pesticides and GMOs.

1 MSI Integrity (2020) pp.87-88

2 See Greenpeace (2015).

Certification schemes have emerged sector by sector and do not all share the same scope. For example, they may cover certain important risk areas, such as environmental damage or Indigenous rights, but not address others, such as the use of child labour, pesticides or GMOs.

LACK OF GROUP-LEVEL ACCOUNTABILITY

Certification schemes widely fail to take into account the relevant activities of all companies within a corporate group[3] and to require group-wide compliance with the certification standards (see 'Traceability and transparency' below). This frequently results in consumers being offered certified 'sustainable' products containing commodities produced by companies that are still actively linked to deforestation, human rights abuses or other problematic issues through other parts of their group, as only a part of their production is required to comply with the given certification criteria.[4]

The FSC is a notable exception with its Policy for Association,[5] but it nevertheless uses a rather weak definition of what an 'associated organization or individual' is. In addition, its enforcement of the policy is limited, inconsistent and very slow.[6] The RSPO also requires membership (and thus compliance) to extend to all companies within a corporate group that have an interest in palm oil;[7] however, it frequently fails to enforce this requirement, in part as a result of the complex, informal and (likely often deliberately) opaque structures of many corporate groups within the industry.[8]

3 The AFi defines a corporate group as 'The totality of legal entities to which the company is affiliated in a relationship in which either party controls the actions or performance of the other.' See Accountability Framework Initiative, Definitions – Different types of supply chain actors [Website].

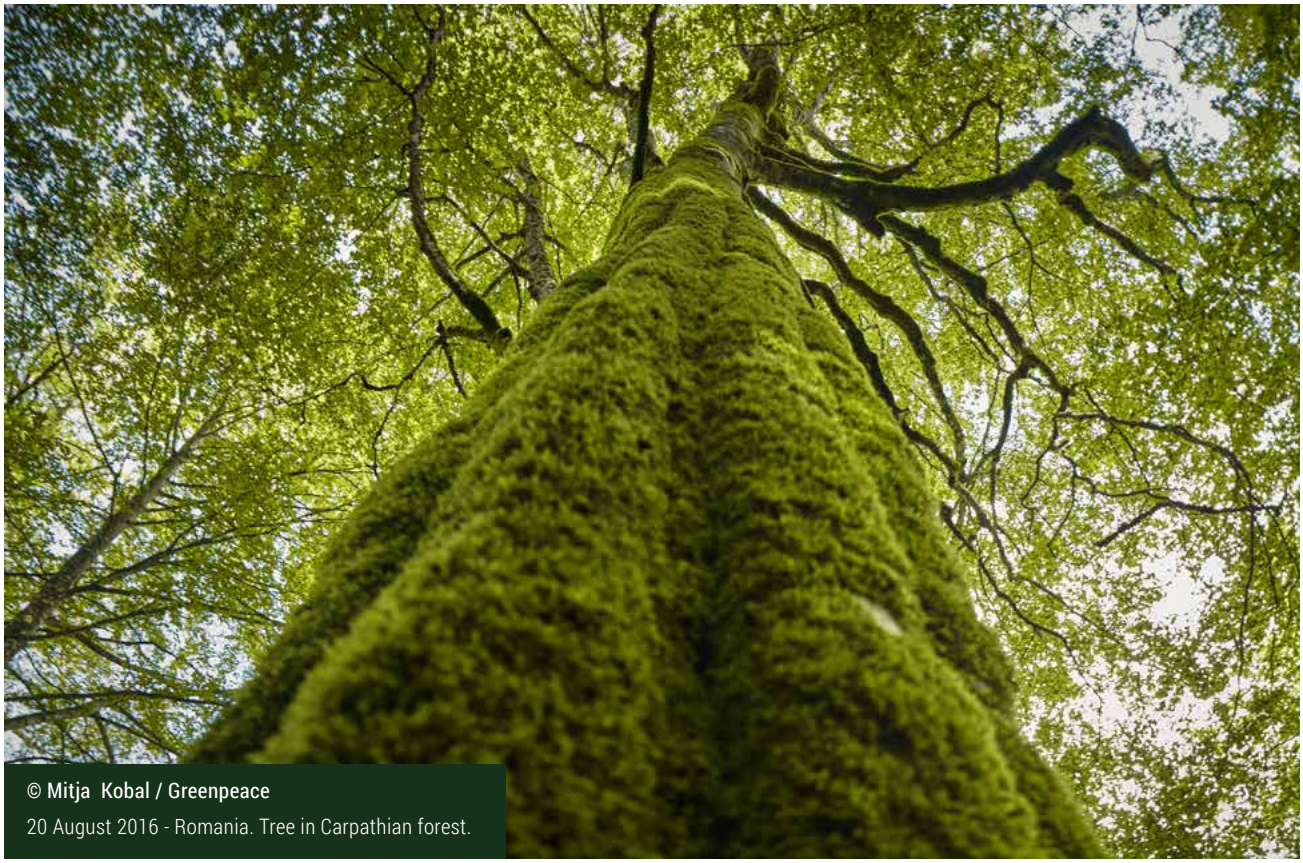
4 Changing Markets Foundation (2018). NGOs have repeatedly called out the RSPO for its failures in this area; see eg EIA (2015), Greenpeace (2018b) and Rainforest Action Network (2017, 12 June).

5 FSC (2011b)

6 The FSC's case tracker includes details on complaints where the resolution process has extended over several years. See FSC, Current cases [Website].

7 RSPO (2017c) pp.6-9

8 See eg Greenpeace (2018a), Greenpeace (2019a) and MacInnes, A. (2021).



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20 August 2016 - Romania. Tree in Carpathian forest.

WEAKENING OF STANDARDS THROUGH ADAPTATION TO LOCAL CONDITIONS

Most certification schemes have the ability to change their standards (normally at the 'indicator' level) for different countries or regions to suit local conditions or national contexts. The FSC relies on this flexibility for the implementation of its global Principles and Criteria for Forest Stewardship,[9] the RSPO allows 'national interpretations' of its Principles and Criteria[10] and the PEFC is simply a collection of different national standards.[11] While some scope for adaptation to national contexts is an advantage, especially if that adaptation is strengthening or clarifying in relation to local laws, this approach can result in a weakening of standards where the national standards depart considerably from the global principles and criteria.

9 FSC (2015a)

10 RSPO, National interpretations [Website]

11 PEFC, Adapting global standards to local needs [Website]

JURISDICTIONAL-LEVEL APPLICATION UNPROVEN

Some certification schemes are moving to jurisdictional certification. This means that a whole district, province, state or even country is being certified, rather than an individual concession or management unit. For example, the RSPO is developing a jurisdictional approach to certification and is in the process of certifying in their entirety the state of Sabah in Malaysia; the district of Seruyan in Central Kalimantan, Indonesia; and Ecuador.[12] The idea behind this approach is to act as a catalyst for a broader commitment to sustainability with the support of multiple stakeholders (local governments, producers, civil society organisations and purchasers) and to reduce the costs of certification by spreading them more widely. Compliance will need to be mandatory to ensure all producers in a jurisdiction are committed to and compliant with the standard, and it will require legal reforms and the engagement of a range of government agencies.[13] To date there has been no successful jurisdictional-level certification.

12 RSPO (2019, 24 June)

13 Colchester, M., et al. (2020).

USING CERTIFICATION TO SIGNAL COMPLIANCE WITH LEGISLATION IS NOT A SOLUTION

In some cases certification is used to show compliance with legal environmental requirements. For example, the EU RED sets out sustainability criteria for biofuels produced or consumed in the EU, and producers can demonstrate compliance with these criteria through certification by a national scheme or a voluntary scheme recognised by the European Commission (such as ISCC).[1] However, the EU Court of Auditors has found the system that should ensure the transparency and reliability of certification systems used in the context of the EU RED to have several deficiencies (see box 'The EU Renewable Energy Directive (RED)' on page 58).

If certification on its own is unable to guarantee that commodity production is entirely free of deforestation, human rights abuses or other harms, there is little to suggest that using certification as a tool for proving compliance with legal requirements could solve the issues in supply chains and fulfill the legislation's objectives. In this context, recognising a particular certification scheme as a proof of compliance, despite its shortcomings, removes any incentive to improve the scheme or to replace it with a more reliable alternative, effectively contributing to the institutionalisation of greenwashing.

Given that certification schemes are voluntary tools, and that compliance with their requirements is verified by third-party operators that often function on a commercial basis (see 'Auditing' below), it is clear that they can neither replace regulatory obligations for operators to comply with legal criteria nor absolve public authorities from the responsibility of enforcing those criteria.

In addition, using certification to comply with legislation poses problems of administrative efficiency and effectiveness as it requires an additional layer of procedures and assessments on top of the already complicated processes of certification schemes. The EU RED legislation is a good example: the current mainstream interpretation of World Trade Organization (WTO) rules says that a government cannot instruct the use of one specific certification scheme, even if that certificate is objectively the best one. Thus, governments have to develop their own criteria, or even go as far as developing elements of a whole certification scheme, together with a procedure to assess existing schemes against these government criteria. After this assessment a formal decision of acceptance, accreditation or recognition has to be taken by the authorities. The assessment itself must be executed by an independent body, which often must be set up specifically for this purpose and which must be composed of independent experts.

There are multiple risk factors here which point to the likelihood of the resulting solution being weaker than existing certification schemes: the government criteria can be limited in scope,[2] the assessment body can lack the necessary independence requirements,[3] the assessment procedure can be incomplete or rely on an insufficient set of information (eg when input from stakeholders is limited or the assessment is merely based on documentation review) and ultimately political actors can interfere and take decisions based on criteria that are totally unrelated to the reliability of a scheme.[4]

1 European Commission, Voluntary schemes [Website]

2 See box 'The EU Renewable Energy Directive (RED)' on page 58.

3 Two examples in the Netherlands are TPAC for timber procurement (see https://www.tpac.smk.nl/32/home.html) and ADBE for biomass subsidies (see https://adviescommissiedbe.nl). In both cases the assessment committees have experts that have clear links to the forest or timber or biomass sector. Their independence can therefore be questioned.

4 For example, in the Netherlands, in the case of subsidies for co-firing biomass for four coal-fired power plants – the so-called SDE+/SDE++ scheme – the Dutch Minister of Economic Affairs and Climate Policy decided in Q3 2018 not to follow the advice of the independent assessment committee that is tasked with advising the minister because it did not lead to enough certification schemes being recognised; he instead made an exception and accepted the FSC and PEFC schemes for an interim period until the end of 2019, even though the PEFC was the weakest of all certificates being assessed. This is the 'Exception in 2019' mentioned on the Netherlands Enterprise Agency website (see Netherlands Enterprise Agency, Sustainability criteria for solid biomass under the SDE+/SDE++ scheme [Website]). While the details of this exception are no longer visible on this page, the category 1 and 2 overview document shows that the PEFC-approved schemes (ATFS and SFI) have the lowest scores of the approved schemes.

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8 January 2015 - Kalimantan, Indonesia. Pulpwood concession PT AHL, owned by PT Riau Andalan Pulp & Paper (part of APRIL), in Sebuku subdistrict.

Traceability and transparency

LACK OF TRACEABILITY AND TRANSPARENCY CONCEAL PROBLEMS IN THE SUPPLY CHAIN

Most certification schemes require only a minimal level of traceability and transparency. A truly unbroken traceability system enabling commodities to be tracked from source to end product and vice versa is not implemented for any FERCs. Full transparency (public disclosure of the entire supply chain) is similarly lacking.

With the exception of the RSPO[1] and FSC,[2] which do so to a limited extent, none of the major schemes publish maps of certified companies and areas. Further, most schemes do not require the provision of maps or data for publication on remaining natural ecosystems or conservation values in certified areas, or publication of details on social conflicts or grievances.

None of the schemes require full transparency concerning either the ultimate ownership of certified companies or the full extent of the corporate groups to which they may belong. This makes it impossible for buyers to avoid certified suppliers that belong to corporate producer groups involved in unsustainable production of commodities through some of their other (uncertified) subsidiaries, associated entities and suppliers.

1 RSPO, GeoRSPO [Website]. See the section on the RSPO in Chapter 3 for further details.

2 FSC, FSC on the map [Website]; see also Worm, L.D. (2019, 5 September).

The lack of full traceability and transparency makes it impossible for certification schemes, let alone downstream companies and consumers, to ensure that destruction or degradation of forests and other ecosystems and human rights abuses are excluded from the production of a commodity.[3]

Technology to enable full traceability and transparency exists,[4] including e-data analysis tools, so feasibility is not the stumbling block – the issue rather seems to be one of reluctance on the part of manufacturers, processors and retailers. This might stem from their unwillingness to pay extra to ensure full segregation,[5] arguing that other models (book and claim and mixed sourcing – see below) also contribute to the growth of 'sustainable' production, or from a fear that traceability will make it impossible to conceal harmful or destructive practices in commodity production, increasing the pressure on companies to solve these problems.

MIXING CERTIFIED WITH UNCERTIFIED COMMODITIES ALLOWS DEFORESTATION LINKED PRODUCTS TO BE GREEN-LABELLED

Even some of the better certification schemes include an option for downstream companies to buy commodities certified under 'mixed' systems such as 'mass balance', or other approaches to support certified production such as 'book and claim'.[6]

Under the **book and claim model** (aka 'certificate trading'), used for example by the Round Table on Responsible Soy (RTRS)[7] and RSPO,[8]

3 Smit, H., McNally, R., & Gijsenbergh, A. (2015)

4 See eg Hirbli, T. (2018) and Saberi, S., et al. (2018).

5 Where certified feedstock is kept separate from any uncertified feedstock throughout the supply chain. Segregation is one of the most expensive supply chain models to implement, second only to identity preservation (IP). See eg Mol, A., & Oosterveer, P. (2015) and RSPO (n.d.-a) pp.5-6.

6 There are slight variations in how schemes refer to the different certification models. The terms used in this report and the descriptions here attempt to represent the most common usage. For further details on the different models see eg Forum Nachhaltiges Palmöl, Trade options [Website].

7 RTRS, How to buy RTRS-certified material [Website]

8 RSPO, RSPO supply chains [Website]

producers receive 'credits' for each tonne of certified commodity they produce; however, the commodity is then mixed with uncertified product, rather than being segregated or tracked through the supply chain. Downstream companies that have purchased quantities of uncertified commodity on the open market can buy corresponding quantities of credits, enabling them to claim to be supporting certified production. The revenue from sold credits is intended to encourage and support the transition of producers to adherence to the certification standards.[9]

Under the **mixed/mass balance model**, certified commodity is mixed with uncertified commodity throughout the supply chain and this mixed commodity is sold to end users as 'certified mixed commodity'. Accounting systems track the quantity of certified commodity passing through the supply chain to the market, and in theory only this volume is able to be labelled or claimed as certified. This approach enables the costs of setting up infrastructure for segregated supply chains to be avoided.[10] Schemes such as Fairtrade and the Rainforest Alliance argue that this allows the participation of more smallholder farmers and companies that otherwise would not be able to afford access to the certification scheme.

The issue with such sourcing models, of course, is that they allow supply chains to continue to be filled with commodities and suppliers associated with deforestation and other social and ecological harms. Companies that purchase commodities or products made from commodities traded through these supply chain models may therefore be inadvertently supporting producers that continue to engage in deforestation, ecosystem destruction and/or human rights abuses. They are also misleading consumers if they claim that the products made with these commodities are 'sustainable'. Even if their certification label says 'mixed sources', it still conveys a certain message to consumers, who may have trouble differentiating between different types of labels.[11]

The **segregated model** (some companies use the term '100%') ensures that certified commodity is not mixed with uncertified commodity;[12] thus, if a product or ingredient is labeled as certified, the entire content is guaranteed to be certified. It may, however, come from different certified sources/farms, including different countries of origin. The strictest form of segregation is the identity preserved (IP) type model, where a certified product or ingredient from one individual source (farm or group) remains segregated – and therefore potentially traceable – throughout the supply chain.[13] This is also the most difficult and expensive model to implement, so its use is relatively rare.[14]

SUMMARY REPORTS OR RESULTS OF AUDIT ASSESSMENTS OFTEN NOT MADE PUBLIC

An important element of transparency and therefore increased accountability and credibility of a certification scheme is the publication of key documents or information relating to the certification assessments. This allows stakeholders to evaluate the performance of certificate holders and supply chain actors against the certification scheme's standards, and to assess how good a job the auditors and certification bodies have done.

There is variation across schemes, ranging from essentially no transparency at all to summary reports of audits being made publicly available. Schemes that lack transparency about members' compliance with their standards and about any sanctions imposed (eg if a member is suspended, and why) risk obscuring evidence of ecosystem destruction and/or human rights abuses in supply chains.[15]

9 SPOTT, GreenPalm: Smallholders [Website]. See also Changing Markets Foundation (2018) p.39.

10 See eg Forum Nachhaltiges Palmöl, Trade options [Website].

11 See eg Brécard, D. (2014). and OECD (2016)

12 FLOCERT, Glossary: Physical traceability [Website], RSPO, RSPO supply chains [Website]

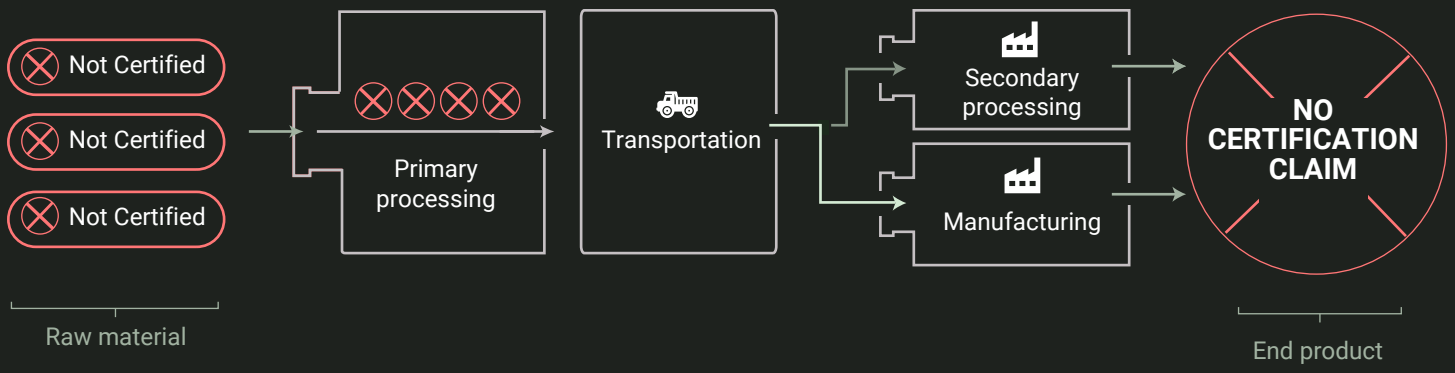
13 IDH & IUCN NL (2019) p.32, Rainforest Alliance (2018c) p.5, RSPO, RSPO supply chains [Website]

14 Mol, A., & Oosterveer, P. (2015). See also eg RSPO (n.d.-a) p.5.

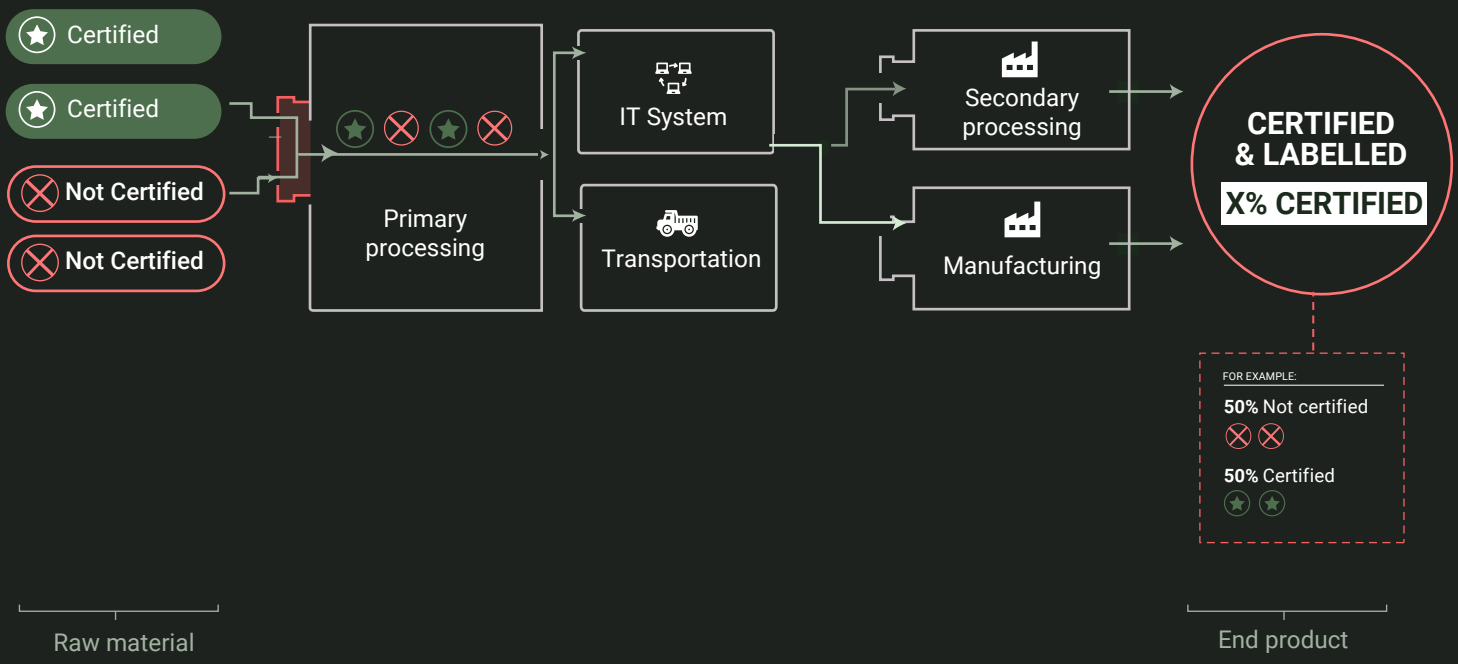
15 MSI Integrity (2020) pp.143-145

Supply chain models

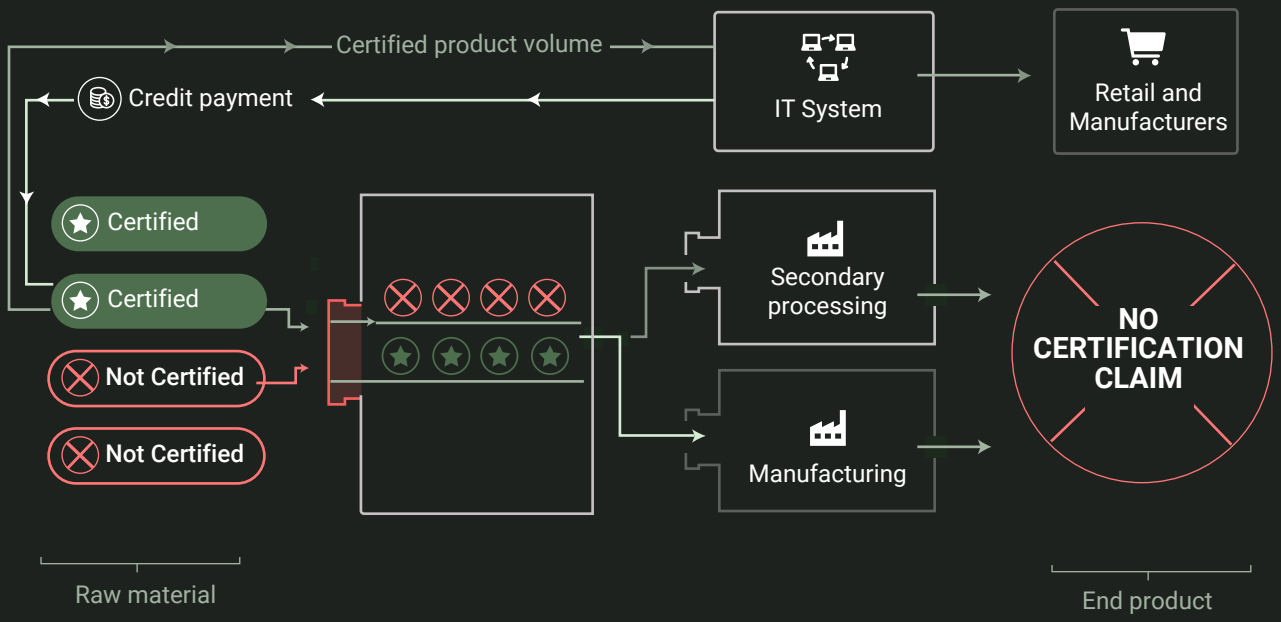
1. Conventional



3. Mass Balance / Mixed

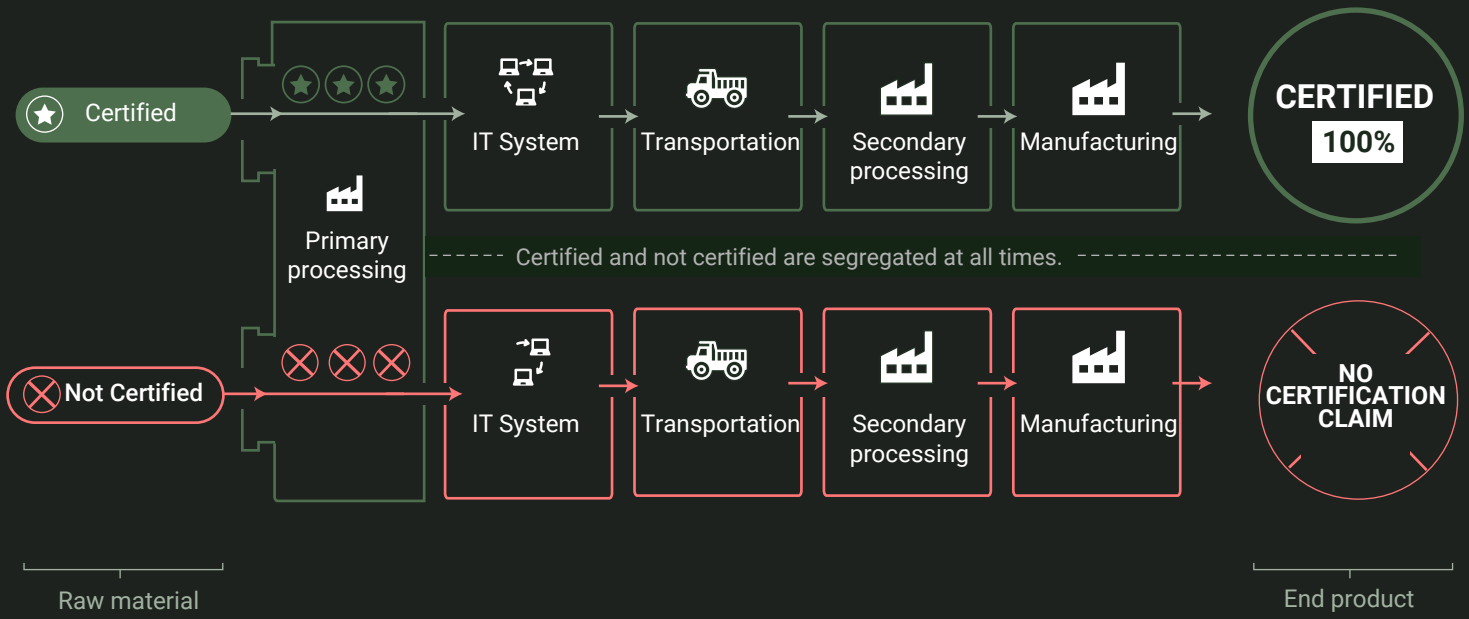


2. Book and Claim



4. 100% Pure or Segregated

This is the only process which Greenpeace can endorse, as the process is 100% tracked



Auditing

INADEQUATE THIRD-PARTY AUDITING PROCEDURES

Scheduled audit visits present only a snapshot of conditions at a particular location, at a specific time,[1] and allow companies to 'prepare' for the audit.[2] Pre-announced audit visits give producers time to falsify records and (perhaps temporarily) remove unauthorized agency contractors or exploited workers from facilities.[3] Some certification schemes go some way towards addressing these concerns by having unannounced audits in addition to scheduled visits.

ONLY PART OF THE SUPPLY CHAIN IS CHECKED

Certification schemes often only specify performance standards for the primary producer or processor.[4] Although schemes might have a 'chain of custody' standard that is intended to provide some assurance about what happens to certified goods before they reach the brand or retailer, these standards may be significantly less detailed and robust than the standards and oversight processes in place for the initial supplier. This opens the risk of, for example, human rights abuses occurring at other points in the supply chain, such as during processing of products like coffee, wood or palm oil.[5]

In the case where there are multiple certificates used in the supply chain, they are often audited by different CBs. The problem here is that the audits are done separately, and critical information – particularly concerning certified volumes of the commodity concerned – is not passed down the supply chain and shared with the CBs that are auditing the buyers of these products. This creates the opportunity for fraudulent labelling of uncertified material as certified.

As discussed in the previous section, at present, no scheme has implemented a system that comprehensively tracks the movement or transformation of commodities all the way through the supply chain (the exception is the 'identity preserved' supply chain model, but as noted, because of the high costs associated with this system its use is not yet widely adopted).[6] The FSC has developed a transaction verification system, but it is applied only in limited circumstances in relation to risk.[7] This lack of full traceability and volume tracking renders claims made about so-called 'sustainable' certified sources questionable.

LIMITED INDEPENDENCE OF CERTIFICATION BODIES

It is common practice for certification bodies to be paid directly by the clients they are auditing, who can always choose another CB if they are dissatisfied with the results of an audit. The CBs' financial dependence on the clients they are certifying creates an intrinsic conflict of interest, potentially encouraging them to give unduly favourable audit results in order to keep their clients. As well, auditors may become overly

1 MSI Integrity (2020) p.134

2 MSI Integrity (2020) pp.131-132

3 LeBaron, G., & Lister, J. (2016) p.3

4 See eg GreenPalm, What is GreenPalm? [Website].

5 MSI Integrity (2020) p.102

6 Mol, A., & Oosterveer, P. (2015). See also eg RSPO (n.d.-a) p.5.

7 FSC, Transaction verification [Website]

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13 December 2016 - West Kalimantan, Indonesia. Members of the Greenpeace Forest Fire Prevention Team walk during an investigation in a newly cleared peatland area inside PT DAS concession in Muara Kayong village, Nanga Tayap Subdistrict, Ketapang.

familiar with their clients over time, which might cause them to overlook issues that they have become habituated to seeing.[8]

Contractual obligations between CBs and the companies they certify can also be a complicating factor. Global Witness investigations have revealed that 'contractual obligations between the FSC's certifying bodies and the companies they certify leave them with little power to take action against subsidiaries', because the CB is 'unable to act as both certifier and complainant'.[9] In some cases such a lack of independence may lead to enabling full-blown corruption, as was recently alleged by Earthsight in their reports on illegal logging in Ukraine (see box 'FSC implementation failure – Alleged greenwashing of illegal timber from Ukraine for IKEA' on page 46).[10]

There is broad acknowledgement of this issue as a threat to certification integrity,[11] but with limited examples of alternative approaches, schemes are reluctant to adopt innovations to address this concern. Research suggests that having a 'firewall' between CBs and their clients improves the strength of environmental standards auditing. Proposals include rotation of CBs and their auditors, having the certification fee held in an escrow account until the assessment report has been validated, a tender process after which a third party decides on the CB for a client, flat fee audits and free audits funded by levies or other means.[12]

8 Jennings, S. (2016) pp.8-9. See also Duflo, E., et al. (2012), EIA (2015), EIA (2019) and Hines, A. (2014, 12 September).

9 Hines, A. (2014, 12 September)

10 Earthsight (2018), Earthsight (2020)

11 Mike Read Associates (2020) pp.32-43

12 Eg Duflo, E., et al. (2012).

Implementation

LITTLE RESEARCH INTO IMPACT – LET ALONE EVIDENCE OF POSITIVE IMPACTS

While certification schemes claim they have a positive impact, systematic reviews of the evidence by academics and other researchers typically point to 'sparse, limited, and often context-specific benefits' for rights holders such as local communities and famers[1] and, particularly regarding forestry, mixed and inconclusive results.[2] Schemes themselves often communicate front and center the uptake or scale of their operations – such as the number of forests, plantations or farms that have been certified or countries that they cover – as evidence of their success or 'impact'.[3] However, assessments of whether they are achieving their desired impact on people or the planet are of varying quality,[4] with even Fairtrade, which seems committed to impact measurement, apparently having difficulty evaluating the extent to which its model produces positive outcomes for the people the scheme seeks to benefit.[5]

1 MSI Integrity (2020) p.193. See also Oya, C., et al. (2017) and Petrokofsky, G., & Jennings, S. (2018).

2 See eg Moog, S., Spicer, A., & Böhm, S. (2014) and Morgans, C. L., et al. (2018).

3 See eg ISCC, Home [Website], Rainforest Alliance, Our impacts [Website], RSPO, Impact: RSPO in numbers [Website] and RTRS, Impact [Website].

4 MSI Integrity (2020) pp.196,201-202

5 MSI Integrity (2020) pp.202-203

REPORTED VIOLATIONS OF CERTIFICATION STANDARDS

Certification schemes often fall short not only in their definition of the standards themselves, as discussed above, but – even more importantly – in how those standards are interpreted, implemented and enforced. For example, numerous case studies from across forest regions show that RSPO certification has been granted to companies that have been reported to be involved in deforestation, land disputes, destruction of Indigenous livelihoods, agrochemical pollution and cutting communities off from their drinking water supplies.[6]

The following case studies show how the RTRS, ProTerra, FSC and RSPO have all certified companies that have been accused of having links to environmental destruction and/or human rights abuses.

'[R]esults on environmental and biodiversity performance are in many cases limited … or variable…. In some cases, certification schemes have spurred more intensive and degrading land-use practice … and caused higher deforestation in neighbouring old-growth forest areas.'

- IPBES (2019) p.44

6 See eg Greenpeace (2019a) and World Rainforest Movement (2018, 16 November).

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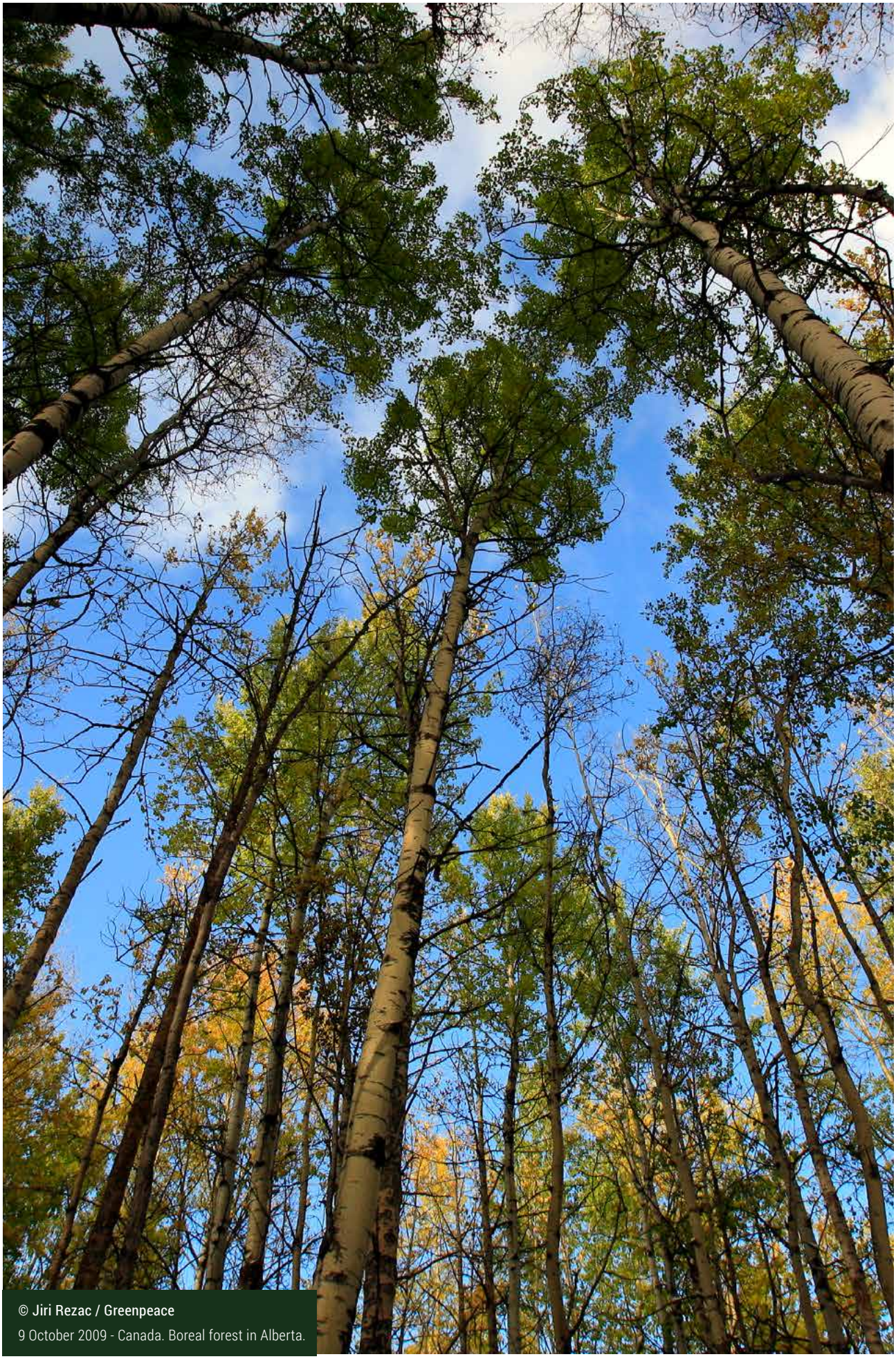
29 June 2013 - Sumatra, Indonesia. A worker watches fires rising in a concession owned by PT Raja Garuda Mas Sejati (a palm oil company belonging to the Asian Agri group, a member of the RSPO).



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9 October 2009 - Canada. Boreal forest in Alberta.

WEAK PENALTIES FOR COMPANIES BREACHING CRITERIA

When companies breach certification standards, the consequences are not necessarily swift or severe. In some cases the auditors appear inclined to be lenient; in others, audits (as discussed in 'Auditing' on page 38) may fail to pick up issues or take a long time to do so (for example when parts of a farm or concession are audited only every few years). Typically, the most extreme sanction for a very serious breach of a certification scheme's standards is for a producer's certification to be terminated immediately. The producer's membership in the scheme may also be revoked. For less serious infractions, the certification may only be suspended. However, in practice certificate holders that have seriously breached a certification scheme's standards do not normally have their certificates suspended or terminated immediately. Rather, they are given time to achieve compliance, on the questionable basis that engagement with non-compliant companies is a more effective driver of change than excluding them from the scheme until they are in compliance and have carried out remediation. Thus, despite the use of pass/fail certification criteria and indicators, the approach often aims for 'continuous improvement' and 'inclusiveness', while ensuring a complete halt to deforestation, natural ecosystem destruction, human rights abuses or other harms across the certificate holder's operations remains a distant goal.[1]

And even if a producer's certification is withdrawn and the producer ultimately suspended or expelled from the scheme, this does not necessarily lead to satisfaction or compensation for communities and individuals who may have lost their land, livelihoods, cultural sites or clean water supply as a result of the producer's activities. Most certification schemes have a dispute or grievance mechanism that enables complaints to be made against certified companies and operations, the CBs and the scheme itself. However, often these mechanisms and the cases heard under them are not made public. They may not have clear processes or be easy to use, and complaints may not be addressed in a timely and comprehensive manner. Moreover, most schemes do not provide for compensation to be paid to people affected by loss of land or livelihood or other human rights violations,[2] nor do they have mechanisms in place for remediation or restoration of damage to natural ecosystems. And if they do have provisions of this kind, their scope and effectiveness are often limited.

The following case studies give some examples of cases where certification has failed to live up to its promise as an effective means of cleaning up supply chains. Details on the implementation and effectiveness of individual schemes are provided in the following chapter.

1 See eg MSI Integrity (2020) pp.139-140.

2 MSI Integrity (2020) p.178

CASE STUDY

RTRS & ProTerra implementation failure

Alleged greenwashing of soya from SLC Agrícola, Brazil, for Lidl

SLC Agrícola, the largest listed soya producer in Brazil, operates 16 farms spread across six Brazilian states,[1] including the region known as Matopiba (comprising the states of Maranhão, Tocantins, Piauí and Bahia, and currently the frontier of deforestation in the Cerrado ecoregion[2]). Its main clients include Cargill Agrícola S.A., Amaggi LD Commodities S.A. and Bunge Alimentos S.A.[3]

SLC Agrícola is a member of the RTRS[4] and of the soya certification scheme ProTerra.[5] It has several RTRS certified farms, two of which are also certified by ProTerra.[6]

Chain Reaction Research (CRR) reports that between 2011 and 2017 SLC Agrícola deforested 39,887 ha of land, some 30,000 ha of which were classified as Cerrado forest.[7] The Cerrado is an ecosystem that has been recognised for its high biodiversity value and whose protection the RTRS supposedly 'strongly supports'.[8]

In February 2018, SLC Agrícola announced its participation in the Lidl Soybean Initiative. This initiative – which is run in collaboration with ProTerra – aims to work with suppliers of sustainable and non-GMO soya, providing a higher price for certified produce sold to Lidl. SLC Agrícola selected Fazenda Parnaíba and Fazenda Planeste in Maranhão, which already had ProTerra and RTRS certifications, to supply certified sustainable soya to Lidl.[9]

According to CRR, soon after this partnership was announced Fazenda Parnaíba was split into two separate farms: Fazenda Parnaíba and Fazenda Palmeira. The report states that Fazenda Palmeira was not part of the ProTerra or RTRS certification programs and was not to be included in the Lidl partnership.[10]

Also in 2018, SLC Agrícola reportedly applied for environmental licences to clear a total of 16,938 ha on its Parnaíba, Palmeira, Parceiro, Parnaguá and Palmares farms.[11] CRR research found that at Fazenda Parnaíba and Fazenda Palmeira, the company's plans were to result in the clearing of 4,775 ha of native Cerrado vegetation; of this, some 4,130 ha conveniently fell within the borders of the newly formed Fazenda Palmeira, and the remaining 645 ha of deforestation was to take place on the certified Fazenda Parnaíba.[12]

1 SLC Agrícola, About us [Website]

2 Greenpeace (2019c)

3 SLC Agrícola (2019) p.109

4 RTRS, Members [Website]

5 ProTerra Foundation, The ProTerra network [Website], ProTerra Foundation (2019f)

6 SLC Agrícola, Our farms [Website]. See also SLC Agrícola (2018).

7 Chain Reaction Research (2017, 18 September)

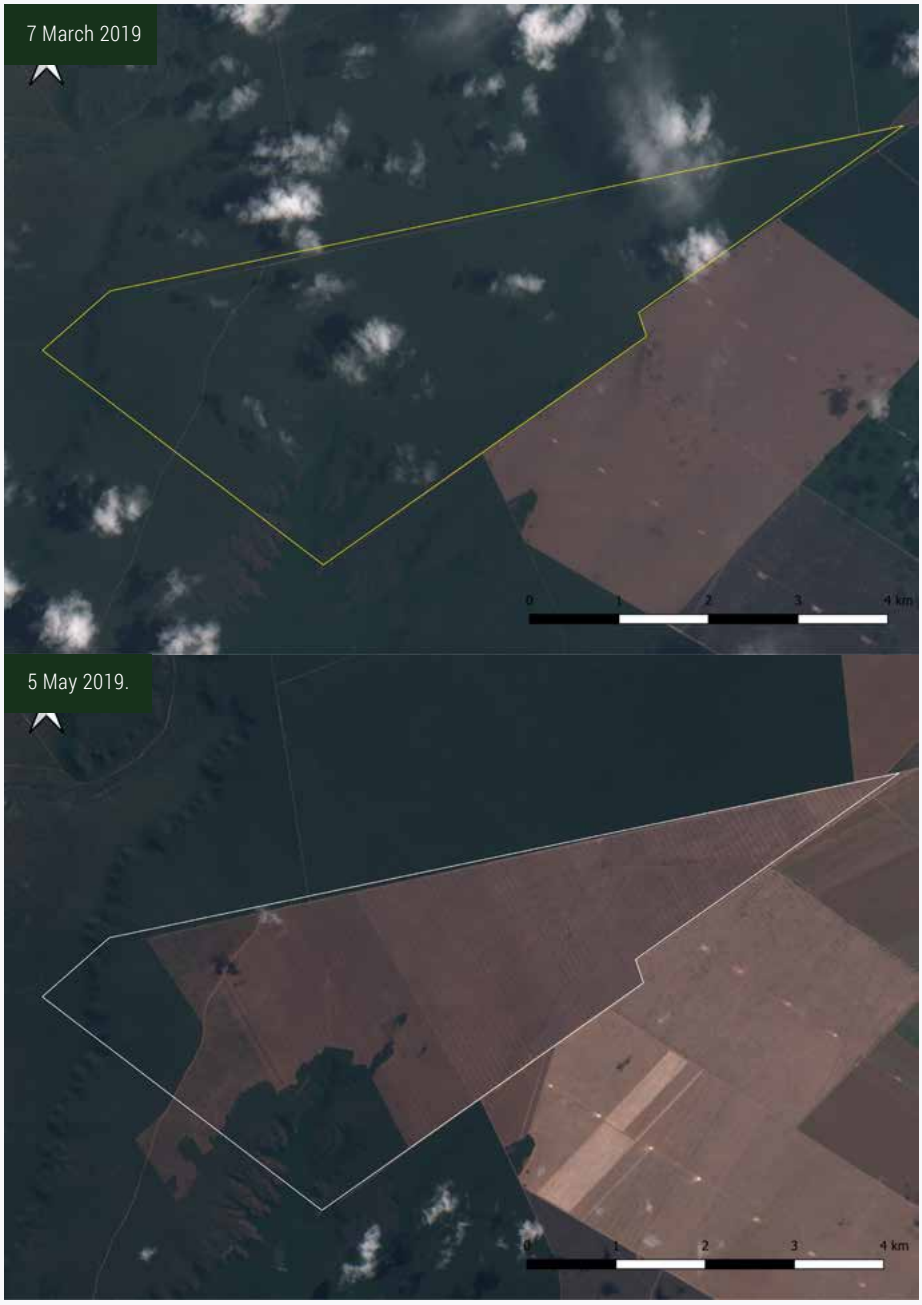
8 RTRS (2017, 24 October)

9 SLC Agrícola (2018)

10 Chain Reaction Research (2018, 29 October)

11 Chain Reaction Research (2018, 29 October)

12 Chain Reaction Research (2018, 29 October)



© Chain Reaction Research

Formosa do Rio Preto, Bahia, Brazil. Deforestation at SLC Agrícola's Fazenda Parceiro between 7 March 2019 and 5 May 2019.

The corporate restructuring of Fazenda Parnaíba – which according to CRR appears to have been intended to circumvent the Lidl Soybean Initiative's responsible sourcing policies and certification requirements – enabled SLC Agrícola to enter into the partnership claiming to be 'sustainable', while reportedly simultaneously continuing to destroy large swathes of native Cerrado vegetation.[13]

If so, this would appear to be a clear example of the RTRS and ProTerra facilitating greenwashing, with the reports suggesting that a company that had engaged in widespread deforestation in the past saw market potential in RTRS and ProTerra certification and decided to circumvent the certification standards through corporate restructuring, allowing it to continue its destructive practices in other areas of its operations even as it sold 'certified sustainable' produce to a major retailer.

Were the RTRS, ProTerra and other schemes to require group-wide compliance with their certification criteria, consumers choosing to buy certified products could be more sure that they were not unwittingly supporting producers engaging in the very practices their buying choices were intended to discourage.

13 Chain Reaction Research (2017, 18 September), Chain Reaction Research (2018, 29 October), Chain Reaction Research (2019, 9 May), Chain Reaction Research (2020, 17 April)

CASE STUDY

FSC implementation failure

Alleged greenwashing of illegal timber from Ukraine for IKEA

In 2014, furniture giant IKEA committed to source 100% of its wood from 'more sustainable sources' – defined as 'wood from FSC forests and recycled wood' – by August 2020.[1] The company later extended this deadline to the end of 2020, and claims to have met it by reaching 98% compliance.[2]

First and foremost, this commitment to responsible sourcing must be weighed against the company's relentless push for growth. Its consumption of wood has reportedly doubled in the past decade, and according to NGO Earthsight's calculations, to sustain its growth each year it must consume 1.8–2.5 million more trees than it did the year before.[3]

Moreover, a recent investigation by Earthsight raises concerns that relying on FSC certification doesn't appear to provide strong guarantees of sustainability or even legality. The investigation reports that IKEA is selling tens of thousands of chairs in countries such as the UK, US and Germany made from wood that was illegally felled by the Velyky Bychkiv state forestry enterprise (SFE) in the Ukrainian Carpathians,[4] home to endangered lynx and bear populations.[5] The report alleges that the SFE illegally licensed 'sanitary' felling on more than a hundred sites in April–June 2018, 2019 and 2020.[6] According to Earthsight, illegal logging was carried out by local furniture and timber company VGSM – one of the largest Ukranian suppliers to IKEA – and Ukrainian state-owned firms that sold to VGSM. Wood panel producer Egger – another important supplier to IKEA – reportedly also imported almost $2 million worth of wood during 2019 from suppliers in Ukraine that have been the repeated subjects of criminal proceedings regarding illegal logging and illegal timber trading.[7]

The illegalities and corruption risks in IKEA's Ukrainian supply chains are not unique. Findings show that in all SFE regions state-sanctioned illegal logging is a business-as-usual practice, with reports of corruption running from the local to the provincial level, and even to a former head of state. Earthsight reports that while President Viktor Yanukovych was in power in Ukraine from 2011 to 2014 overseas companies paid millions of dollars in bribes into the offshore accounts of his friends in the forest agency in order to access timber, and that wood for which such bribes had been paid is highly likely to subsequently have made its way into IKEA products.[8]

FSC audits of these problematic suppliers reportedly failed to detect any problems. As the Earthsight investigation reveals, there are many reported cases of FSC certified companies or their subsidiaries engaging in illegal logging, degradation of IFLs and human rights abuses, with the FSC failing to take action unless NGOs step in. The report argues that instead of following a precautionary approach, the FSC repeatedly gives companies that show indications of engaging in illegal practices the benefit of the doubt, even in highly corrupt countries, and sets the bar for disassociation onerously high.[9]

1 IKEA (2014) pp.13,18
2 See IKEA, Being forest positive [Website]
3 Earthsight (2020) p.13
4 Earthsight (2020)
5 Schlingemann, L., et al. (2017)
6 Earthsight (2020) pp.4-5
7 Earthsight (2020) p.5
8 Earthsight (2020) pp.24-25
9 Earthsight (2020) p.40

©Earthsight
Logs from Carpathians.

Part of the problem is that the FSC has a fundamentally flawed audit system due to the financial link between the company seeking certification and the CB auditing the company against the FSC standards[10] (a problem discussed in 'Auditing' on page 38).

The Earthsight investigation reports that the FSC has even lobbied the Ukrainian government to roll back some of the environmental regulations that were found to be being systematically flouted in certified forests.[11]

The FSC responded to Earthsight's allegations in vague terms, claiming to be supporting government action against fraudulent activities, investigating reported illicit acts and working with other stakeholders 'to address the root of the problems threatening the Ukrainian forests.'[12]

Truly addressing those problems, however – and not just in Ukraine – will require the FSC to shift its focus away from certifying as much forest as possible.[13] To address concerns of greenwashing, it must instead concentrate on rigorous enforcement of its standards and strengthening what it can do to protect forests and fight the global climate emergency and biodiversity crisis.

10 Hines, A. (2014, 12 September); see also Jennings, S. (2016)

11 Earthsight (2020) p.33; see also FSC (2018, 27 November)

12 FSC (2020, 24 June)

13 The FSC has proposed as an indicator of supporting sustainable forest management objectives 'Percentage of forests certified under inclusive, effective certification schemes.' See FSC (2015b).

CASE STUDY

RSPO implementation failure

Greenwashing Indonesian palm oil from Bumitama for consumer brands such as Mondelēz, Nestlé and Unilever

The Bumitama group is a joint venture between the Harita Group, controlled by members of the Lim Hariyanto family, and Malaysian conglomerate IOI Group. The Bumitama group's main palm oil holding company, Bumitama Agri Limited (hereafter referred to as Bumitama), joined the RSPO in 2013.[1] A 2018 Greenpeace investigation revealed that numerous leading consumer brands, including big names like Mondelēz, Nestlé and Unilever, had supply chain links to Bumitama.[2]

Prior to becoming an RSPO member, figures given in the company's prospectus (from when Bumitama launched its initial public offering on the Singapore Exchange in 2012) imply that over 70,000 ha of land for which Bumitama lacked title had already undergone unlawful development. Moreover, investigations into three areas to which Bumitami was connected showed that between 2005 and 2018 some 11,100 ha of forest were cleared – nearly 2,300 ha of this from 2014 onward – apparently without credible HCV assessments having been undertaken and acted upon.[3] The RSPO's Remediation and Compensation Procedure (RaCP) requires members to disclose land development that took place without an HCV assessment. Members are also required to calculate environmental liabilities, carry out appropriate remediation and propose and provide compensation. Under RSPO rules, clearance after May 2014 is banned altogether and cannot be compensated, although a loophole permits RSPO members to acquire newly cleared concessions from non-members.[4]

Bumitama appears to have sought to resolve its legal and certification risks through an elaborate transfer-of-ownership scheme intended to conceal the Lim Hariyanto family's and Bumitama's responsibility for the unlawful development of concessions. By this means, the group was able to claim that it was not connected to the concessions during their period of development without appropriate permits or in breach of RSPO rules. In at least one case, Bumitama continued to manage illegal plantations while neither it nor the Lim Hariyanto family had legal control of them; it also appears to have been responsible for new clearance within the concession concerned in 2015 and 2016,[5] before officially purchasing the concession in December 2016.[6]

The temporary nominal divestment by the Lim Hariyanto family or Bumitama of concessions where development was undertaken without HCV assessments calls into question whether the compensation proposals the company submitted to the RSPO accurately reflect its true liability under the terms of the RaCP. Such proposals are not available to stakeholders for review, so there are insufficient means for stakeholders to independently assess whether the disclosures on which they are based are full and accurate. In this case, the limitations of the RSPO's reliance on members' self-policing are potentially compounded by the fact that Bumitama has a representative on the RSPO Complaints Panel, which adjudicates on complaints against members[7] – a factor that, in spite of conflict of interest procedures, raises questions about what

1 RSPO, Members: Bumitama Agri Ltd [Website]

2 Greenpeace (2018b) pp.iii,38-39

3 Greenpeace (2018a) pp.4-7

4 RSPO, RSPO Remediation and Compensation Procedure [Website]

5 Greenpeace (2018a) pp.5,30

6 Bumitama Agri Ltd. (2016, 20 December)

7 Lim Sian Choo. See RSPO, Complaints Panel [Website], and RSPO, RT17 programme [Website].

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13 November 2013 - Indonesia. Cleared peatland forests in an oil palm concession owned by PT Andalan Sukses Makmur, a subsidiary of Bumitama Agri Ltd.

influence the company may be able to bring to bear on investigations into and complaints about its own operations.

Bumitama's record is profoundly incompatible with the RSPO's Principles and Criteria. Given that there is strong evidence suggesting that the identified clearance was directly instigated, encouraged or supported by Bumitama or the Lim Hariyanto family, despite ownership having passed nominally and temporarily out of their hands at the time of the clearing and before the concessions definitively entered Bumitama's portfolio,[8] there appear to be compelling grounds for Bumitama's expulsion from the RSPO.[9]

In October 2017, Greenpeace, Sawit Watch and the Environmental Investigation Agency (EIA) requested that the RSPO Secretariat reopen a complaint against Bumitama directly linked to this transfer-of-ownership scheme. The initial letter and subsequent information provided to the RSPO by Greenpeace laid out comprehensive evidence of the group's modus operandi and the individuals involved. As of November 2020, the RSPO claimed to still be working on a draft chronology 'to provide clarity of this complaint'.[10]

8 Greenpeace (2018a)

9 The RaCP's guiding principles state that 'Non-compliant land clearance ... after 9 May 2014 by RSPO members may result in expulsion.' See RSPO, RSPO Remediation and Compensation Procedure [Website].

10 RSPO, Complaint: PT Hati Prima Agro (a subsidiary of BUMITAMA AGRI LTD) [Website]

CASE STUDY

FSC implementation failure

Korindo holds FSC certification despite destruction of Papuan rainforest

Korindo – an Indonesian–Korean plantation and energy conglomerate whose customers include multinationals like Siemens Gamesa Renewable Energy – owns the largest palm oil plantation holdings in Papua. A recent analysis using data from the CIFOR Papua Atlas[1] showed that Korindo had destroyed 57,000 ha of rainforest in the province since 2001[2] – an area almost the size of Seoul, the capital of South Korea. The group still holds an FSC certification for its timber operations, despite having been found by the FSC[3] to violate the scheme's Policy for Association[4] due to extensive forest clearance.

The FSC's own investigation found that Korindo had destroyed more than 30,000 ha of rainforest between 2014 and 2019, and in doing so had violated a number of FSC standards, including by failing to protect substantial areas of HCV forests in its concessions.[5] The FSC panel also concluded that violations of Indigenous Peoples' traditional and human rights had taken place.[6] Yet, in a demonstration of weak governance, the FSC International Board failed to cut ties with Korindo, as required by its own Policy for Association.[7]

Korindo's response has centred on the threat of legal action to silence civil society and news outlets that continue to investigate its activities.[8] The FSC, which conducted three separate investigations into Korindo's legacy of deforestation and human rights, published only heavily redacted versions of its reports on these cases after facing legal threats by Korindo.[9]

A recent investigation by Greenpeace and Forensic Architecture has also presented evidence indicating that Korindo intentionally used fire as part of the process of clearing vast areas of forest in remote areas of the Indonesian province of Papua,[10] although the FSC claimed it was not possible to prove that the fires were set with the intention to clear land and declined to follow up on this aspect of the allegations against the company.[11] Plantation development is a root cause of Indonesia's forest and peatland fires, which reportedly led to the destruction of some 4.4 million ha of land between 2015 and 2019.[12]

1 https://atlas.cifor.org/papua/#en

2 Greenpeace Southeast Asia (2020, 12 November)

3 FSC (2019, 3 August)

4 FSC (2011b)

5 For details on the case, see FSC, Korindo Group [Website].

6 For details on the case, see FSC, Korindo Group [Website]. See also Forensic Architecture & Greenpeace (2020) and Jong, H. N. (2019, 11 November).

7 The FSC denies that its decision not to disassociate was based on the threat of legal action by Korindo and claims that it hopes instead to work with the company to '[achieve] demonstrable progress on important environmental improvements and social remedy in the areas in which Korindo operates'. See FSC (2020, 12 November) p.12. See also FSC (2011b) p.6.

8 Greenpeace Southeast Asia (2020, 12 November), Mighty Earth (2021, 19 January)

9 FSC, Korindo Group [Website], Jong, H. N. (2019, 11 November)

10 Forensic Architecture & Greenpeace (2020)

11 FSC (2020, 12 November) p.2

12 Greenpeace Southeast Asia (2020)

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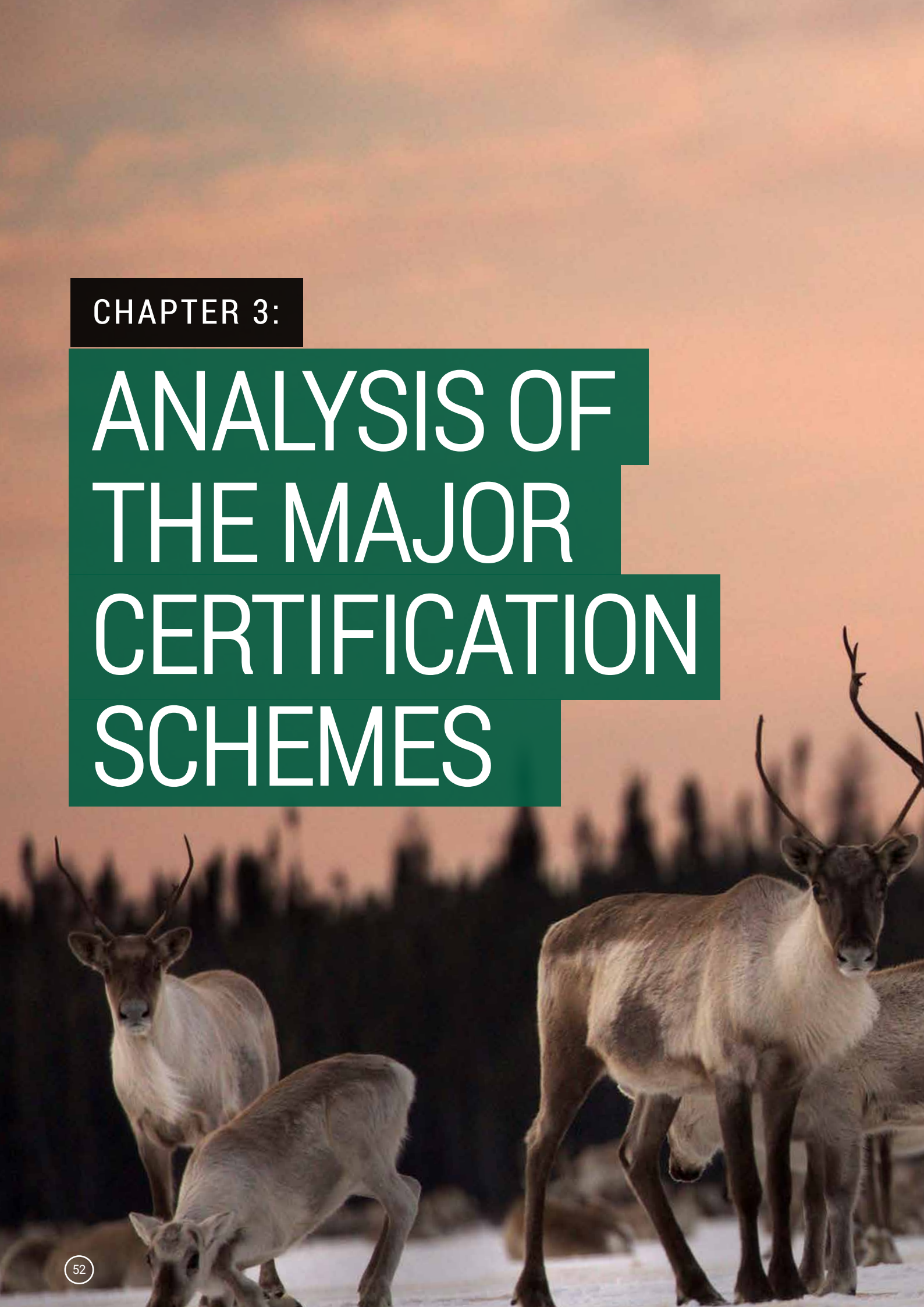
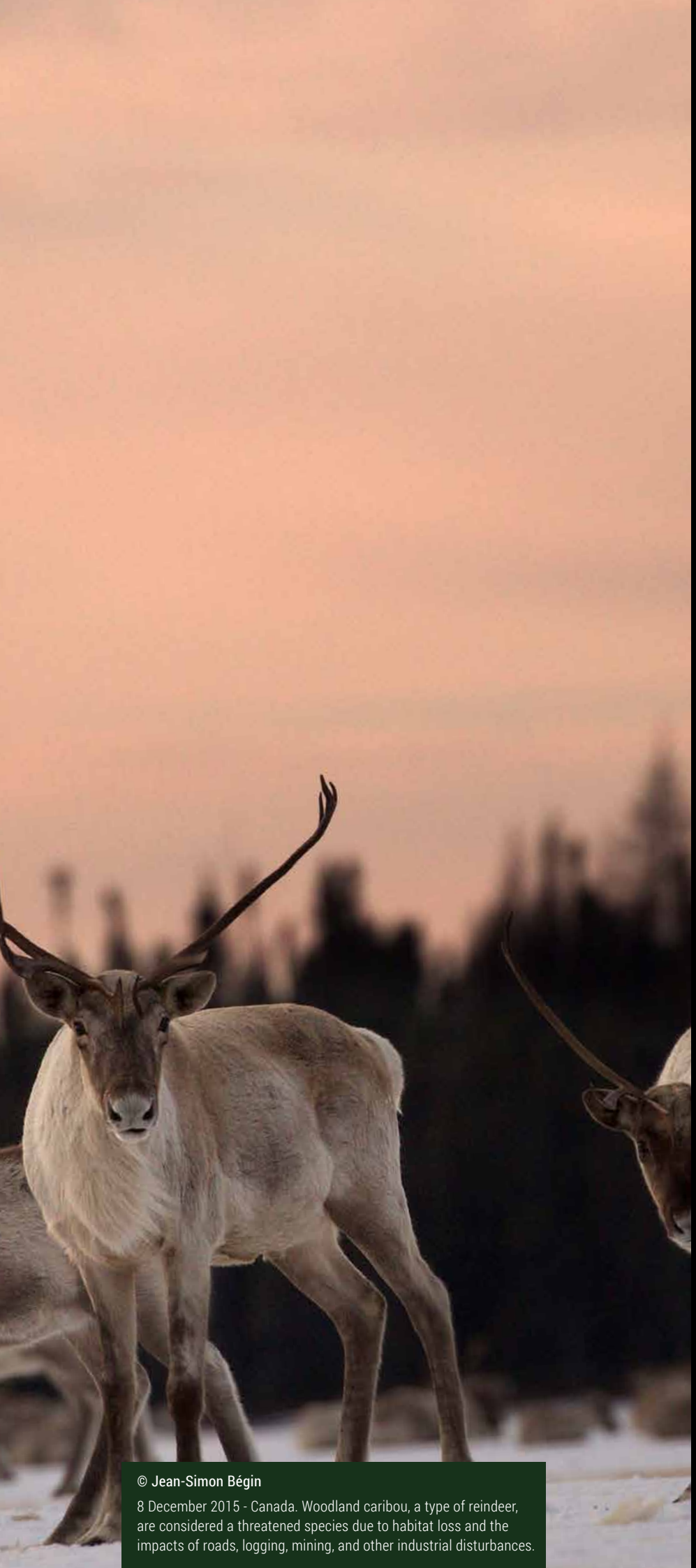
1 April 2018 - Indonesia. Logging operations in PT Inocin Abadi logging concession (HPH), part of the Korindo group.



CHAPTER 3:

ANALYSIS OF THE MAJOR CERTIFICATION SCHEMES



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8 December 2015 - Canada. Woodland caribou, a type of reindeer, are considered a threatened species due to habitat loss and the impacts of roads, logging, mining, and other industrial disturbances.

INTRODUCTION

This chapter analyses the performance of major certification schemes, focusing on five key areas: governance and decision making, standards, traceability and transparency, audits, and implementation and effectiveness. Because there are too many schemes in use for this report to be able to consider all of them in detail, the schemes discussed are those that are most widely used and/or that are claimed by governments and corporations to exemplify best practice, namely: ISCC, Fairtrade, Rainforest Alliance & UTZ (in the process of merging), RSPO, ISPO/MSPO, RTRS, ProTerra and FSC. The chapter is structured by commodity: biofuels, cocoa and coffee, palm oil, soya and wood products.

International Sustainability and Carbon Certification (ISCC)

ISCC's membership and governance are dominated by industry. Its standards mostly refer to national and regional legislation and international conventions – notably the EU RED, Fuel Quality Directive (FQD) and Common Agricultural Policy (CAP) – and therefore are only as strong as the standards of the legislation or international conventions to which they are required to adhere. The scheme relies heavily on self-reporting (sustainability declarations and self-declarations for group members) rather than field verification, although it has supply chain traceability requirements. However, there is no publicly accessible online database reporting on sustainable material produced, so independent validation of this information is not possible. The auditing process lacks transparency, and because companies choose and contract directly with CBs themselves, the independence of the CBs cannot be guaranteed. ISCC does have an online complaints procedure, but it is unclear what action is taken on complaints. Due to weaknesses in governance, standards, transparency, auditing and implementation, this appears as a 'tick in the box' scheme that helps to greenwash commodities for biofuels. Worse, crop-based bioenergy is not a solution to energy needs in the first place – in particular, growing demand for certain food crops for bioenergy, encouraged by the legitimacy conferred by certification, puts increasing pressure on land and our climate. Any certification scheme applied to crop-based bioenergy is thus effectively a greenwash.

Governance and decision making

- ISCC is governed by an association with more than 150 members, which it proclaims to include research institutes and NGOs.[1] However, over 90% of its members are producers, processors, traders or others active in the biomass supply chain, with just four member organisations being NGOs.[2]
- The General Assembly is ISCC's highest decision-making body; all members participate.[3] With such a high proportion of members being private companies from the biomass industry, ISCC is to all intents and purposes controlled by the industry.
- The Board, which manages the affairs of the association, currently consists only of industry representatives and two researchers. NGOs are not represented.[4]
- Board minutes and General Assembly agendas and decisions do not appear to be available publicly on the ISCC website.
- ISCC is not currently a member of the ISEAL Alliancer[5] (see 'Failure of schemes to adhere to best practice standards' on page 28).

Standards

- The ISCC sustainability standard includes six principles and a range of generic criteria suitable for its multi-commodity (eg palm oil, soya, maize), global scope.[6]

1 ISCC, Governance & transparency [Website], and ISCC, ISCC members [Website]
2 ISCC, ISCC members [Website]
3 ISCC (2011) pp.4-5
4 ISCC, ISCC Association [Website]
5 ISEAL Alliance, ISEAL community members [Website]
6 ISCC (2020b)

- Principle 1 requires conformity with the sustainability criteria of the EU RED and FQD.[7] ISCC has concluded that, for EU producers, the requirements of Principles 2–6 – which represent 'best practices' with regard to agriculture and forestry, working and social conditions, compliance with national and regional laws and good management practices[8] – are met through equivalence with cross-compliance of the CAP, and thus these producers are only audited with respect to the requirements of Principle 1.[9] Cross-compliance, although it promotes environmentally friendly land management outcomes, is seen to be relatively weak from the standpoint of sustainability.[10] While protection of land with high carbon stock is included, protection of High Carbon Stock forests is not, raising the question as to whether deforestation is adequately addressed.[11] This also suggests that Principles 2–6 in themselves are not particularly strong or ambitious. Indeed, the ISCC standard allows any company operating in a country that has ratified the fundamental core International Labour Organization (ILO) conventions to be considered in compliance with Principle 4 relating to human, labour and land rights 'as long as the auditor, based on a risk assessment does not come to a different conclusion'.[12]

7 ISCC (2020b) p.10
8 ISCC (2020b) pp.7-8
9 ISCC (2020b) pp.8-9
10 See eg ECA (2008).
11 ISCC (2020b) pp.16-17
12 ISCC (2020b) p.9

- The ISCC standard includes no requirement for participatory mapping[13] but does require a participatory social impact assessment and FPIC for any newly acquired lands.[14] It largely relies on compliance with international conventions and relevant national and local laws to safeguard Indigenous rights.[15]

Traceability and transparency

- ISCC requires every element of the supply chain for 'sustainable' materials to provide evidence of compliance with the EU RED and FQD.[16] It offers two chain of custody options, segregated and mass balance.[17] Both depend upon a 'sustainability declaration' procedure, whereby each actor in the supply chain completes and provides a declaration regarding the origin and sustainability of the material being supplied. The recipient is responsible for verifying that the supplier had a valid ISCC certificate at the time of dispatch.[18] This approach is clearly prone to abuse by unscrupulous actors – the scheme includes a 'plausibility check' that compares material output from a farm or plantation with its area and yields,[19] but given the variation in actual yields at the farm/plantation level as well as the predominant 'mass balance' supply chain model used this seems an insufficient safeguard to prevent unsustainable or illegally produced material being passed off as 'sustainable'. While claiming to provide full traceability throughout the supply chain, ISCC acknowledges that 'some transactions may not be represented or hidden'.[20]

13 ISCC (2020b), McInnes, A. (2017) p.6
14 ISCC (2020b) pp.37,43
15 McInnes, A. (2017) p.6
16 ISCC (2018) p.7
17 See ISCC (2018) pp.31-32.
18 See ISCC (2018) pp.9,13-17.
19 ISCC (2018) p.19
20 Feige, A. (2020)

- There is no accessible online database reporting on sustainable material produced, so independent validation of this information is not possible.
- ISCC requires mapping of plantation areas (but not the associated conservation areas) for independent smallholder certification,[1] but this generally requires external technical support.
- ISCC has an online complaints submission procedure,[2] and an online system for filing complaints, but it remains unclear where the complaints are registered or how to find out any information about their status.
- ISCC set up a working group at its 2016 General Assembly to improve its transparency by making publication of summary audit reports mandatory.[3] Summary reports are available on the ISCC website but have insufficient detail to determine if critical 'sustainability' criteria have been met. As ISCC audits are not pre-announced to the general public, there appears to be no information available on companies that were audited but failed to achieve certification.[4] Further details on the transparency of the audit process are provided in the following section.

Audits

- ISCC audits are conducted by auditors on behalf of CBs that have signed a cooperation agreement with ISCC. However, like most schemes, the independence of the audit process and thus the credibility of the certification is compromised by the fact that companies seeking certification can themselves choose any CB that has ISCC recognition and then contract directly with their chosen CB to provide them with audit services.[5]
- Audits are performed at different points in the supply chain and verify documentation, including 'sustainability declarations'.[6] The 'sustainability' of the material actually being delivered through the supply chain is determined on the basis of the audit of the grower.[7]
- Desk-based risk assessments are conducted prior to each audit to identify potential issues. Where high risks are identified, a more extensive audit is conducted.[9] However, there is a lack of transparency regarding the risks that are identified and the active measures put in place to mitigate risk.
- Certified companies that are determined to be at high risk of non-compliance can be subject to further (potentially unannounced) surveillance audits,[10] but the results of these are not published.

1 ISCC (2019b)
2 ISCC, Procedure for reporting complaints [Website]
3 ISCC, Governance & transparency [Website]
4 See ISCC, All certificates [Website].
5 ISCC (2020a) p.21; see also Jennings, S. (2016)
6 ISCC (2018) pp.12-13
7 ISCC (2016) p.22
9 ISCC (2016) pp.6-8
10 ISCC (2016) p.6

- Farms and plantations are audited and certified either as single sites or as part of a producer group. For group certification, ISCC uses a system of self-declaration in which individual growers report on their own compliance with sustainability criteria. Only the head office responsible for the group and a sample of group members are audited.[11]

Implementation and effectiveness

- ISCC is predominantly a European certification system, with more than two-thirds of its certificates issued in Europe in 2018. The next most predominant region was Asia (20%), with roughly half of the certificates in this region being issued in Indonesia and Malaysia, presumably dominated by the palm oil sector.[12]
- An internal review of the impact of the scheme highlighted that the majority of non-conformities detected by audits were related to mass balance and traceability, followed by issues with documentation and record keeping and GHG emissions calculations.[13]
- An independent review focusing on the palm oil sector furthermore showed that ISCC had significant weaknesses, ranging from its domination by the private sector and related organisations to its lack of transparency, and weaknesses in monitoring and evaluation.[14]
- As ISCC itself points out, sustainability certification is currently required for only a small percentage of biomass produced worldwide (notably biofuels for the EU market), and voluntarily certified products only cover a small portion of unregulated markets. So even if, as the scheme claims, certification has a positive impact in the areas that are certified, it has limited influence on unsustainable practices in non-certified areas, which represent the majority of current production.[15] Increased bioenergy demand increases the demand for feedstocks such as palm oil and soya, pushing up prices and providing an incentive to increase production of these and/or replacement commodities (as other markets, such as animal feed, shift to cheaper feedstocks). Land previously used for growing other crops is taken over for biofuel feedstock production, displacing the original crops (or their replacements) onto newly cleared land. The aim of the bioenergy industry is to reduce GHG emissions by replacing fossil fuels, but increasing demand for feedstocks ultimately drives land conversion for other crops, generating GHG emissions and so fundamentally undermining that goal.[16] Any certification scheme applied to crop-based bioenergy is thus effectively a greenwash.

11 ISCC (2016) pp.12-14

12 Analysis of data from ISCC (2019a) p.35.

13 Wüstenhöfer, S. (2019) pp.8-9

14 McInnes, A. (2017)

15 ISCC (2019a) p.11

16 Gao, Y., et al. (2011), Lapola, D. M., et al. (2010), Popp, J., et al. (2014)

THE EU RENEWABLE ENERGY DIRECTIVE (RED)

The EU's Renewable Energy Directive[1] sets sustainability criteria for biofuels and other forms of bioenergy that can be counted towards the EU's targets for renewable energy. Compliance with the sustainability criteria can be demonstrated through one of the 14 voluntary certification schemes – including ISCC – that are recognised by the European Commission.[2] These schemes are responsible for certifying the sustainability of most biofuels placed on the EU market.

The recognition decisions are based on an assessment of the schemes' certification procedures and are valid for five years.[3] The assessments are carried out by an external contractor, based on a predetermined framework that assesses compliance with the RED's sustainability criteria.[4]

In 2016, after the EU RED had been in place for several years, the European Court of Auditors (ECA) conducted a review of the Commission's assessment process for the voluntary certification schemes.[5] Although the ECA concluded that the assessments of the schemes adequately covered the mandatory criteria established by the RED,[6] the review highlighted several concerns about the assessment process. A key finding was that several important aspects necessary to ensure the sustainability of biofuels, such as a scheme verifying the absence of land tenure conflicts, forced labour and child labour and poor working conditions, were not covered by the assessment.[7] Another was that the assessment procedure was purely based on a documentary review of the certification procedures with no follow-up supervision, which according to the ECA means that 'the Commission cannot obtain assurance that voluntary schemes actually apply the certification standards presented for recognition. Furthermore, the review points to the fact that 'the Commission has no means to detect alleged infringements of voluntary schemes' rules as there is no specific complaint system in place and does not verify whether complaints directly addressed to voluntary schemes are correctly dealt with by them'.[8] The ECA also listed numerous other faults in the schemes, leading them to conclude that 'the EU certification system for the sustainability of biofuels is not fully reliable'.[9]

In addition to these concerns about whether the recognised schemes are able to ensure that the certified biofuels are sustainable, the inherent shortcomings of the sustainability criteria have been debated since the RED was first published in 2008. The increased demand for crops like palm oil for biofuels drives expansion of agricultural land, often into forests and peatlands, leading to a phenomenon known as indirect land-use change (ILUC).[10] A common problem with certification schemes, the negative impacts of growing demand were beyond what any sustainability criteria could address. The outcry of the scientific community and civil society over the GHG emissions and deforestation caused by the EU's growing use of biofuels finally forced the EU to revise the

1 Directive (EU) 2018/2001, available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018L2001

2 For a list of the schemes see European Commission, Voluntary schemes [Website]

3 ECA (2016) p.8

4 ECA (2016) p.20

5 ECA (2016). Note that the report does not name the individual schemes assessed, citing confidentiality based on respect for the private lives of the persons and entities concerned (see p.43).

6 ECA (2016) p.48

7 ECA (2016) p.14

8 ECA (2016) p.9

9 ECA (2016) p.35

10 Fargione, J., et al. (2008), Searchinger, T., et al. (2008)

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25 March 2019 - Cerrado, Brazil. Silo in the "Ring of Soy".

RED[11] and tackle the problem in a different way: by limiting the volume of biofuels made from crops needing agricultural land that could be counted towards the EU targets. While harmful biofuels still prevail, the latest revision of the RED[12] commits the EU to, for example, phasing out the use of palm oil as biodiesel by 2030.

In conclusion, the RED criteria have never been fit to tackle the negative impacts of the growing demand for crops and land driven by the policy, and the implementation of these criteria has been poor. These weaknesses add to the inherent weaknesses of certification schemes that are discussed in this report.

11 Directive (EU) 2015/1513

12 Directive (EU) 2018/2001

Fairtrade

Power sharing at Fairtrade is relatively well balanced. Fairtrade also seems to be one of the better fair trade schemes in operation, currently being the only certification system that guarantees a minimum price safety net for farmers, plus an extra sum for them to invest in business or community projects. However, concern remains about the scheme's actual effectiveness, with a literature review[1] showing mixed results regarding livelihood impacts and pointing to the need for improvement with respect to labour standards on small farms and reducing child labour. FPIC is not explicitly mentioned in the Fairtrade standard. Audit reports and a register of complaints are not made public, limiting transparency. For cocoa and a limited number of other products mass balance sourcing is allowed, meaning buyers could end up with Fairtrade certified products in their hands whose production nonetheless involved ecosystem conversion or human rights abuses. GMOs are prohibited. Furthermore, the Fairtrade standard's requirements regarding deforestation and other ecosystem destruction are not very clearly defined, making implementation difficult and limiting its effectiveness in preventing ecosystem conversion.

1 Bray, J. G., & Neilson, J. (2017)

Governance and decision making

- Decision-making power at Fairtrade is shared between producer networks and national Fairtrade organisations – 'responsible for licensing, marketing, business development and raising awareness in a defined geographic area'[2] – which have equal representation at the General Assembly and on the Board.[3] Power sharing at Fairtrade currently seems well balanced, especially when compared to other certification schemes.[4]
- Fairtrade is a Code Compliant member of the ISEAL Alliance.[5]

2 FLOCERT, Glossary: National Fairtrade Organization (NFO) [Website]

3 Fairtrade International, Our general assembly and board [Website]

4 Bennett, E. A. (2015)

5 ISEAL Alliance, ISEAL community members [Website]

Standards

- The recently revised (2019) Fairtrade standard for small-scale producer organisations has added new requirements on 'Protection of forests and vegetation', 'Prevention of deforestation', and 'Enhancing biodiversity', which if fully implemented are collectively strong.[6] However, how effective they will be is questionable given that this change has come very late, after much deforestation due to cocoa and coffee expansion, as well as the focus on protected areas and ambiguously defined 'carbon storage ecosystems'[7] and reliance on the UN Food and Agriculture Organization (FAO) definitions of forest and deforestation, which are widely considered problematic.[8] Additionally,

6 Fairtrade International (2019a) pp.29-30

7 The 'Protection of forests and vegetation' requirement (3.2.31, with immediate effect) requires that 'Your members do not cause deforestation and do not destroy vegetation in carbon storage ecosystems or protected areas' – wording which leaves it unclear whether deforestation is prohibited outright or merely in the areas mentioned. See Fairtrade International (2019a) p.29.

8 See eg World Rainforest Movement (2016, 21 September).

although the standard requires members to 'take measures to protect and enhance biodiversity', it leaves those measures up to the members' discretion.[9]

- Producers who grow a mix of Fairtrade certified and uncertified crops are permitted to use pesticides that appear in Fairtrade's Hazardous Materials List[10] on the uncertified crops. Even pesticides on the Red List (those banned outright from use on Fairtrade crops, as opposed to being permitted only under specified conditions or 'under extreme caution'[11]) are included in this permission, as long as they are not used on fields where Fairtrade crops are grown.[12]
- The standard for small-scale producer organisations prohibits the use of GMOs on Fairtrade crops or other crops grown in the same fields.[13]
- The standard prohibits discrimination, child labour and forced labour,[14] but makes no specific mention of FPIC.[15] Indigenous rights are mentioned only in the context of the need for conflict resolution regarding land and water rights, in keeping with the ILO Indigenous and Tribal Peoples Convention.[16]

Traceability and transparency

- The Fairtrade standard for small-scale producer organisations allows a mass balance approach for cocoa, cane sugar, tea and juice.[17] The standard for traders similarly waives the requirement for physical segregation and traceability to producers in the case of these commodities, for which single-site or group-level mass balance accounting is permitted.[18] According to Fairtrade, all their coffee is fully traceable and physically segregated from non-Fairtrade products at all stages of the supply chain.[19]
- In the case of single-ingredient products sourced using mass balance, Fairtrade requires that – although Fairtrade and non-Fairtrade material may be mixed at some point in the supply chain – the amount of the commodity a company sells as Fairtrade must match the amount purchased.[20]
- The black Fairtrade mark requires all ingredients of a product that are available under Fairtrade conditions to be Fairtrade (eg, in the case of chocolate, not only cocoa but also sugar and – where used – vanilla). If only a single ingredient is sourced as Fairtrade, this is to be indicated by a white Fairtrade sourced ingredient mark.[21]
- Small-scale producer organisations are not required to make available maps of their operations, but they must keep records of the locations and sizes of their members' farms.[22]
- Complaints and allegations of non-compliance can be made either to Fairtrade or to its CB, FLOCERT.[23] It is possible to view a list of members that have had their

The 'Prevention of deforestation' requirement (3.2.32, which for organisations already certified comes into effect from April 2021) relies on FAO definitions, eg for deforestation ('The conversion of forest to other land use or the permanent reduction of the tree canopy cover below the minimum 10 percent threshold'); see Fairtrade International (2019a) p.29.

9 Fairtrade International (2019a) p.30

10 Fairtrade International (2019a) pp.57-71

11 Fairtrade International (2019a) p.57

12 Fairtrade International (2019a) pp.24-25

13 Fairtrade International (2019a) pp.32-33

14 Fairtrade International (2019a) pp.34-39

15 Fairtrade noted in its reply to Greenpeace that 'FPIC is enshrined at the organizational level. Fairtrade producer networks are co-owners of Fairtrade, and have to both fulfill transparency/democracy/human rights requirements in their own organizations, and are entitled to expect these values while working with other Fairtrade entities.'

16 Fairtrade International (2019a) p.12

17 Fairtrade International (2019a) p.15

18 Fairtrade International (2019b) pp.19-21

19 Fairtrade International, Traceability in Fairtrade supply chains [Website], and Fairtrade International (2019b) p.18

20 Fairtrade International, The Fairtrade marks [Website]

21 Fairtrade International, The Fairtrade marks [Website]. UTZ labels refer only to the coffee, cocoa, tea or hazelnuts in a product; see UTZ, The UTZ logos [Website].

22 Fairtrade International (2019a) p.50

23 Fairtrade International (2010a), FLOCERT, Quality and appeals [Website]

certifications suspended,[1] but neither Fairtrade nor FLOCERT makes public details of complaints against or sanctions imposed upon producers or traders, arguing that details of specific cases are confidential as protected by law in most cases. FLOCERT's grievance mechanism is public[2] and includes multiple channels, including WhatsApp and various language options. FLOCERT also publishes complaints statistics annually, but does not make a register of complaints public.[3]

- Audit reports do not appear to be made public.

Audits

- Fairtrade has only one accepted CB for producers, wholly owned and independently governed subsidiary FLOCERT.[4] FLOCERT is also responsible for the certification of most traders.[5]
- Both announced and unannounced audits (including of subcontracted premises) may be conducted.[6]

Implementation and effectiveness

- Fairtrade works with local and regional cooperative producers and supports small-scale farming.[7] It is currently the only certification system that guarantees a minimum price safety net for farmers,[8] plus an extra sum for them to invest in business or community projects.[9] Fairtrade also offers a higher price for organic.[10] In a recent comparison of fair trade and ethical labels Fairtrade came out on top, earning top marks in 31 of 45 categories.[11] However, concern remains about the overall effectiveness of these schemes. A 2016 literature review of the impact of coffee certification programs (including Fairtrade) on smallholder livelihoods found that there was no consensus about beneficial livelihood impacts. While some studies identified benefits in particular contexts and settings, causation to the certification was difficult to show. A greater number of studies found either neutral or mixed impacts, and a small number reported negative impacts.[12] Fairtrade has developed a strategy to work towards a living income and identifies this as a key issue.[13] However, a recent study found that there is still significant work to do in this area,[14] and Fairtrade's own research into coffee farmers' household incomes has found variations between regions.[15]
- According to the 2018 Cocoa Barometer, Fairtrade and the other major schemes have been unable 'to significantly contribute to ensuring [cocoa] farmers achieving [sic] a living income, reducing child labour, or halting environmental degradation'.[16] A 2017 Overseas Development Institute report commissioned by Fairtrade did find that Fairtrade certification has financial benefits for small producers, but noted that it has 'tended to underestimate and neglect the issue of labour standards on small farms and has not had significant impacts in this area'.[17]

1 Fairtrade International, Faitrade finder [Website]
2 FLOCERT, Quality and appeals [Website]
3 See eg FLOCERT (2021).
4 FLOCERT, Roots and role in Fairtrade [Website]
5 Fairtrade International, How Fairtrade certification works [Website]
6 Fairtrade International (2019a) p.11
7 Fairtrade also certifies larger farms ('hired labour organizations') for certain products, including tea, plants/flowers and bananas.
8 Bray, J. G., & Neilson, J. (2017)
9 See eg Fairtrade International, Products: Coffee [Website].
10 Fairtrade International (2010b) p.3
11 Commerce Équitable France et al. (2020), Martinko, K. (2020, 9 March)
12 Bray, J. G., & Neilson, J. (2017)
13 Fairtrade International, Living income [Website]
14 Commerce Équitable France et al. (2020) p.46
15 Fobelets, V., Rusman, A., & de Groot Ruiz, A. (2017) pp.4-5
16 ABVV-FGTB/Horval et al. (2018) p.3. See also SOAS (2014).
17 Darko, E., Lynch, A., & Smith, W. (2017) p.6

Rainforest Alliance/UTZ

Subsequent to its January 2018 merger with UTZ, the Rainforest Alliance published a new Sustainable Agriculture Standard in June 2020.[1] While including several new requirements, the new combined standards largely follow the Rainforest Alliance's previous standards, which are stronger than UTZ's. Audits to this standard will become mandatory in mid-2021.[2] Until then the two separate schemes will continue in operation, so comments on the UTZ scheme and standards are included below.

Governance of the Rainforest Alliance and UTZ schemes is less balanced than at Fairtrade, with the Standards Committee that oversees them being somewhat industry-heavy. There's room for improvement with regard to transparency: the Rainforest Alliance publishes detailed audit summaries on its website, but UTZ does not appear to make audit reports public at this time and neither scheme makes available details of grievances. Traceability is also a concern – physical traceability is not required and mass balance is a permitted and widely used option, meaning uncertified commodities could end up in products carrying the Rainforest Alliance or UTZ seal. The Rainforest Alliance's Sustainable Agriculture Standard[3] entirely prohibits the use of GMOs as well as deforestation and destruction of other natural ecosystems, but concerns have been raised about certified operations; in 2019 the Rainforest Alliance admitted identifying severe non-compliances among certificate holders in West Africa with respect to traceability, deforestation and farming in protected areas. This led to the decertification of some of the certificate holders,[4] and warnings to or the suspension of several of the implicated CBs, which were mostly approved by UTZ.[5] In addition, although the standards contain relatively strong provisions with regard to FPIC and community and Indigenous rights, an independent review of the effectiveness of the schemes showed that both UTZ and the Rainforest Alliance have been unable to significantly contribute to ensuring [cocoa] farmers achieve a living income or reducing child labour.[6] Unfortunately, implementation is a clear weakness, allowing certification of highly problematic cocoa in recent years.

1 Rainforest Alliance (2020d)
2 Rainforest Alliance (2020, 1 July)
3 Both the 2017 and 2020 versions.
4 Rainforest Alliance (2019, 29 April)
5 Mufson, S. (2019, 29 October)
6 ABVV-FGTB/Horval et al. (2018) p.3

Governance and decision making

- The Rainforest Alliance Standards Committee (overseeing both schemes) is responsible for discussing and deciding on a response to feedback received during stakeholder and public consultation periods, as well as for approving draft versions of standards. The 10 to 15 members of the Committee include representatives of various stakeholder groups (producers, industry, certification bodies and NGOs). They are appointed by the Rainforest Alliance Board of Directors, which also approves the final versions of new standards.[7] The current Standards Committee is industry-heavy, considering it currently includes four

7 Rainforest Alliance & UTZ (2018)

industry members[1] even though only two are required.[2] NGOs, producers and certification bodies each have the minimum required number of representatives (two, two and one, respectively), leading to a relative underrepresentation of smallholder and NGO interests.

- The Rainforest Alliance is a Code Compliant member of ISEAL,[3] as was UTZ prior to the merger.

Standards

- Subsequent to its January 2018 merger with UTZ, the Rainforest Alliance published a new Sustainable Agriculture Standard in June 2020.[4] Audits to this standard will become mandatory in mid-2021;[5] until then, the two separate schemes will continue in operation. It appears that the Rainforest Alliance intends to continue its cattle certification in some form, though it will no longer come under the main standard.[6] Details of any future schemes are still awaited.
- UTZ's certification standard prohibits deforestation of primary forest after 2008, but permits clearing of secondary forest with the relevant title and/or permits ('reforestation activities of at least equal ecological value' are required from individual single-farm and multi-site producers, but not from associations or cooperatives of producers).[7] By contrast, the Rainforest Alliance's Sustainable Agriculture Standard – both the 2017 and 2020 versions – entirely prohibits deforestation and destruction of other natural ecosystems after 1 January 2014.[8] The standard also claims that 'By complying with the core criteria of the Farm Requirements, farms also comply with the High Conservation Values approach as set by the HCV Network.'[9]
- The Rainforest Alliance's 2017 certification standard includes clear requirements on community and Indigenous rights, including the need for constructive engagement, FPIC and compensation where relevant (except in the case of smallholders, who must merely comply with the general prohibition on farming land legitimately disputed by communities, apart from where a conflict resolution process has been implemented and accepted).[10] Under the UTZ standard, however, individual single-farm and multi-site producers are required only to resolve any unresolved land disputes within 'a reasonable period of time' (including compensation for infringed land rights).[11] As a general rule the UTZ standard considers a period of up to five years as a reasonable time frame.[12] The new 2020 standard follows the 2017 Rainforest Alliance standard in requiring farms to obtain FPIC, including negotiated compensation, for any activity 'diminishing the land or resource use rights or collective interests of Indigenous peoples and local communities'.[13] It also adopts the Rainforest Alliance's explicit prohibition on large or individually certified farms farming disputed land unless the dispute has been resolved.[14]

1 Rainforest Alliance, Rainforest Alliance Standards Committee [Website]

2 Rainforest Alliance & UTZ (2018) p.2

3 ISEAL Alliance, ISEAL community members [Website]

4 Rainforest Alliance (2020d)

5 Rainforest Alliance (2020, 1 July)

6 The 2019 draft standard for smallholders states that in the course of the process of defining priority sectors in the wake of the merger with UTZ, 'the decision was made not to include cattle in the scope of this new Rainforest Alliance standard. Recognizing the added value our current standard has, we are exploring ways for the cattle certification program to continue through a different approach. ... For the current certificates with a cattle scope, the Rainforest Alliance will establish the timeline and details of any transition with ample warning and will support the transition to a new program if that is the result of our current exploration.' Source: Rainforest Alliance (2019) pp.4-5.

7 UTZ (2015a) p.39, UTZ (2015b) p.37

8 Rainforest Alliance (2017b), Rainforest Alliance (2020d) p.43

9 Rainforest Alliance (2020d) p.73

10 Rainforest Alliance (2017b) pp.44,48,52-53

11 See UTZ (2015b) p.14 and UTZ (2018a).

12 UTZ (2018a).

13 Rainforest Alliance (2020a) p.4

14 Rainforest Alliance (2020d) p.72

- The Rainforest Alliance Sustainable Agriculture Standard prohibits the use of GMOs, while the UTZ standard permits them provided their use is declared.[15] Any UTZ certified product whose producer discloses use of GMOs will not be eligible for the Rainforest Alliance/UTZ mutual recognition program.[16]
- A new Rainforest Alliance grievance procedure was issued in April 2020, open to anyone with a grievance concerning a member's (or CB's) compliance with Rainforest Alliance or UTZ certification requirements – however, it gives no details on the possible remedies or sanctions available.[17] The Rainforest Alliance's 2017 certification rules state that a complaint may trigger an investigation audit which in turn may lead to suspension and cancellation of a member's certificate for up to three years.[18] This would presumably include complaints filed under the grievance procedure. It also lists five zero-tolerance criteria (such as destruction of HCV areas after November 2005 and various workers' rights issues), failure to comply with which results in immediate denial or cancellation of the certificate without prior suspension.[19] Although the Rainforest Alliance's states that 'By complying with the core requirements of the Farm Requirements, farms also comply with the High Conservation Values approach' [20] the new standard does not appear to contain this explicit prohibition on HCV destruction post–November 2005. It further adopts an 'assess-and-address' approach to issues such as child labour, forced labour, discrimination and workplace violence. The Rainforest Alliance states that it is 'moving away from the idea that certification is only a series of pass/fail requirements' but leaves open the possibility of sanctions such as suspension and decertification in severe cases.[21]
- There is no indication that either the Rainforest Alliance or UTZ has a policy requiring group-wide compliance with its standards, or that such a policy is envisaged under the new standards.

Traceability and transparency

- Neither the Rainforest Alliance nor UTZ requires physical traceability for cocoa, with mass balance being a permitted and widely used option.[22] The new Labeling & Trademarks Policy states that a single-ingredient product will be eligible to carry the Rainforest Alliance Certified (RAC) seal if '100% of the equivalent certified volume has been purchased from RAC farms via a certified mass balance supply chain (crops that allow the mass balance option include cocoa, orange juice, palm oil and hazelnuts)'; for multi-ingredient products this condition applies to the 'core ingredient'.[23]
- According to the new labelling policy, in identity preserved or segregated supply chains a product can carry the RAC seal if it (or its core ingredient) contains at least 90% certified content.[24]
- Marketplace 2.0, the Rainforest Alliance's traceability platform, is password-protected and not generally accessible.[25]
- Both UTZ's[26] and the Rainforest Alliance's[27] certification criteria require producers and producer groups to provide up-to-date

15 Rainforest Alliance (2017a) p.37, Rainforest Alliance (2020d) p.45, UTZ (2015b) p.21

16 Rainforest Alliance, Mutual recognition program [Website]

17 Rainforest Alliance (2020b)

18 Rainforest Alliance (2017a) pp.12,15-17

19 Rainforest Alliance (2017a) p.10

20 Rainforest Alliance (2020d) p.75

21 Rainforest Alliance (2020e)

22 See Rainforest Alliance (2020, 6 April) and UTZ, Mass balance in cocoa [Website]. The Rainforest Alliance also offers a mass balance option for coconut oil, palm oil and orange juice; see Rainforest Alliance (2018a) p.6.

23 Rainforest Alliance (2020c) pp.4-5

24 Rainforest Alliance (2020c) pp.4-5

25 Rainforest Alliance, Marketplace 2.0 [Website]

26 UTZ (2015b) p.14 and UTZ (2015a) p.13

27 Rainforest Alliance (2017b) p.30

maps of their production areas (including crop areas, protected areas, etc), and both publish regularly updated lists of their producer members.[1] The publicly available map on the Rainforest Alliance website,[2] however, thus far only shows the locations of certificate holders and some basic information about the producers.

- Details of grievances are not made public except if there is a legal obligation to do so or one of the involved parties makes a public statement.[3]
- The Rainforest Alliance publishes summary audit reports on its website, regardless of the certification decision. It also produces a separate list of newly suspended and cancelled memberships every three months.[4] UTZ does not appear to make summary audit reports publicly available at this time. Its lists of producer members include producers that have had their certification suspended or revoked but give no details of the nonconformities for which they were sanctioned.[5] The same applies to its list of 'RA approved certification bodies'.[6]
- The new standard describes a 'certificate holder profile' that will provide information on sustainability performance and serve as 'a valuable tool to drive continuous improvement, empower producers, build demand for certified product, and channel supply chain investments'.[7] These profiles will be available to buyers and partners,[8] but it is not yet clear whether the general public will be able to view them.

1 Rainforest Alliance, Certificate search and public summaries [Website], and UTZ, Producers [Website]

2 Rainforest Alliance, Our impacts [Website]

3 Rainforest Alliance (2020b) p.3

4 Rainforest Alliance Certificate search and public summaries [Website]

5 UTZ, Producers [Website]

6 UTZ, RA approved certification bodies for the UTZ programs [Website]

7 Rainforest Alliance (2020d) p.8

8 Rainforest Alliance (2020f) p.1

Audits

- UTZ and the Rainforest Alliance have separate pools of accredited CBs, which will be merged once the new standard comes into effect.[9]
- Under the current standard, the rules for Rainforest Alliance routine (certification and surveillance) audits of groups of farms stipulate that only a sample of farms within the group will be evaluated; the proportion of farms covered and the basis on which they are chosen are not clear, though the rules do state that good performance in a certification audit over several years can be rewarded by halving the size of the sample for the next surveillance audit.[10] UTZ, by comparison, requires auditing of 'at least the square root of the total number of group members'.[11] The new standard takes a similar approach, basing the sample size on the square root of the number of group members, adjusted for risk (so groups with a higher level of compliance risk are audited more heavily).[12]
- Unannounced audits can be performed 'to respond to a specific grievance, or an issue identified as high risk to the credibility of the program'.[13]

Implementation and effectiveness

- According to the 2018 Cocoa Barometer, neither the Rainforest Alliance nor UTZ 'have been able to significantly contribute to ensuring [cocoa] farmers achieving [sic] a living income, reducing child labour, or halting environmental degradation'.[14]
- In April 2019 the Rainforest Alliance announced that in West Africa 'we have discovered that non-certified cocoa has potentially been entering certified supply chains. We have identified groups with

9 Rainforest Alliance, How to become an authorized Rainforest Alliance certification body [Website], UTZ (2017)

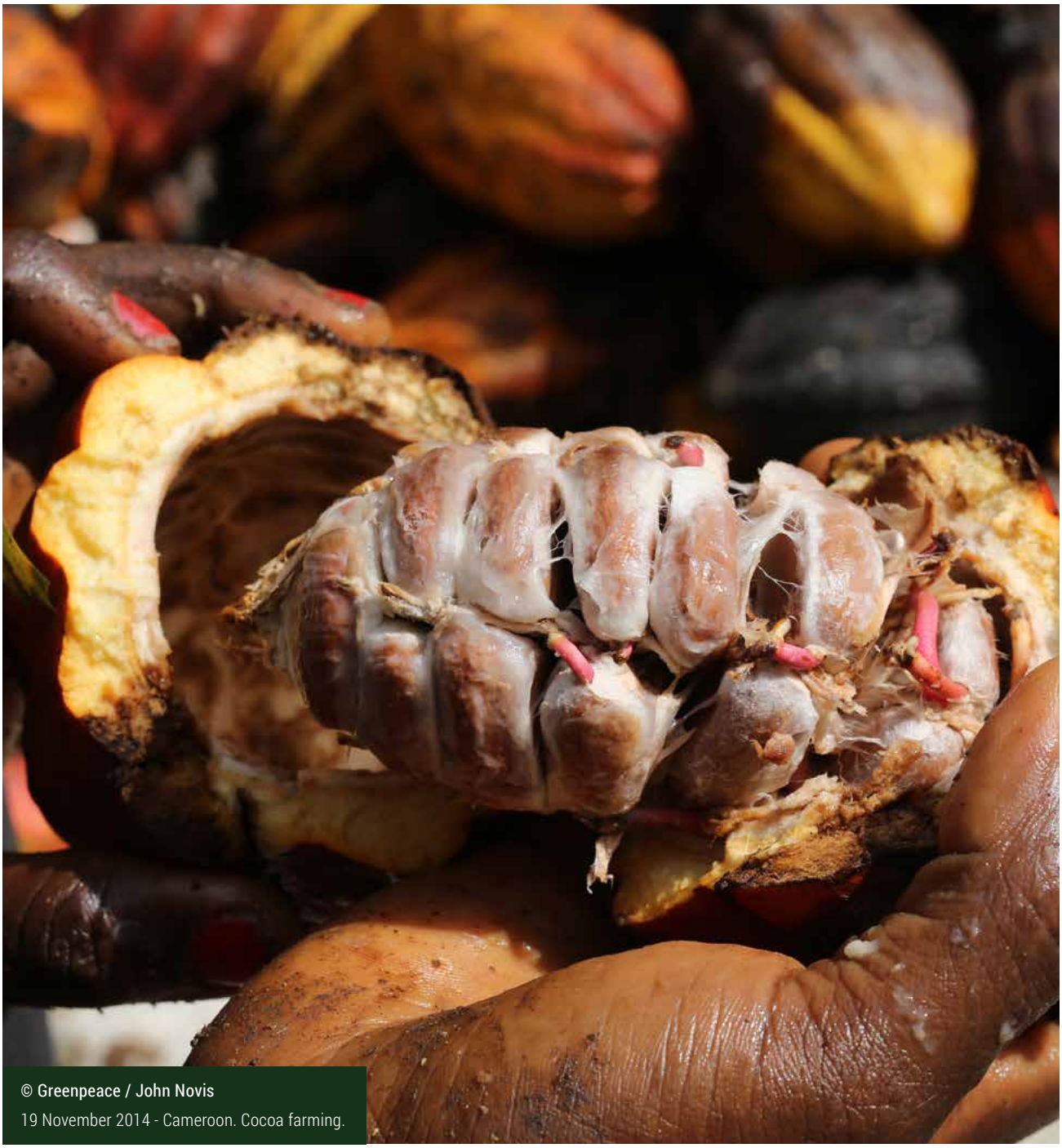
10 Rainforest Alliance (2017a) pp.8,14-15

11 UTZ (2018b) p.24

12 Rainforest Alliance (2020g) pp.69-70

13 Rainforest Alliance (2020g) p.133

14 ABVV-FGTB/Horval et al. (2018) p.3



© Greenpeace / John Novis
19 November 2014 - Cameroon. Cocoa farming.

cases of mismanagement, and severe non-compliances in the areas of traceability, deforestation and farming in protected areas. As a consequence, some certificate holders have been decertified.'[15] As well as acting against certified producers, the Rainforest Alliance issued warnings or suspensions to a number of CBs. According to the ***Washington Post***, these CBs, mostly approved by UTZ, were responsible for 90% of certifications in Côte d'Ivoire in 2018.[16]

- The ***Washington Post*** also cast doubt on the Rainforest Alliance's claims of farm-to-ship traceability, saying that 'industry experts' claimed that this 'would require a census, surveys and satellite maps that aren't available'.[17]

15 Rainforest Alliance (2019, 29 April)

16 Mufson, S. (2019, 29 October)

17 Mufson, S. (2019, 29 October)

Roundtable on Sustainable Palm Oil (RSPO)

The RSPO has relatively strong environmental and social standards on paper, including recently requiring no deforestation through implementing the High Carbon Stock Approach (HCSA). It also has moderately strong multi-stakeholder governance structures and good levels of transparency. However, implementation of its standards is often weak, with serious audit failures being reported, many members failing to meet the full range of membership requirements and grievances slow to be addressed. CBs are contracted directly by clients who are seeking to be certified, causing conflicts of interest, and both NGOs and the RSPO's own accreditation body report widespread and systemic failure to uphold the RSPO standards. Another major weakness is with the RSPO's reliance on mass balance and book and claim supply chain models, where untraced, uncertified palm oil is mixed with certified product. While the more expensive identity preserved and segregated options can ensure certified oil is kept separate throughout the supply chain, overall RSPO certified oil cannot be guaranteed to be free of deforestation or human rights abuses.

Governance and decision making

- The RSPO is a multi-stakeholder body in whose establishment WWF played an important role.[1] However, over time its membership has become dominated by business[2] and it has limited structures or rules to ensure other members, such as civil society and environmental organisations, are fairly represented, including in the General Assembly's decision making.[3] With the exception of smallholders, some of whom are Indigenous, Indigenous Peoples and local communities are also largely not directly involved in the RSPO's governance system, despite (as landholders) being important stakeholders.[4]
- The RSPO is a Code Compliant member of the ISEAL Alliance.[5]

Standards

- On paper, the RSPO has strong requirements with regard to community and human rights, including FPIC, participatory mapping and a documented grievance procedure.[6] However, as RSPO member Forest Peoples Programme admits, industry non-compliance is prevalent (see below).[7]
- In November 2018, the RSPO made the significant step of voting to incorporate 'no deforestation' and the HCSA into its palm oil certification standards.[8] Prior to the 2018 amendments, RSPO standards required the protection of only some types of forest ('primary' forest and HCV areas). Members that are growers are now also required to protect areas of natural forest

1 RSPO, About [Website]

2 RSPO, Impact: RSPO in numbers [Website]

3 The RSPO has recently changed its voting rules to allocate NGOs 25% of the vote, but still requires a simple majority of votes to pass a resolution at the General Assembly (see RSPO (2019, 6 November)). In contrast, the FSC has three equal social, environmental and economic chambers, and a resolution must have majority support in all chambers to pass; see FSC, Membership chambers [Website].

4 Colchester, M. (2016) p.158, McInnes, A. (2017) pp.34-35,37

5 ISEAL Alliance, ISEAL community members [Website]

6 RSPO (2018d), Efeca (2016), McInnis, A. (2017) pp.6-10

7 Forest Peoples Programme (2015, 1 June)

8 RSPO (2018c)

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6 May 2013 - Indonesia. Transport of oil palm fruit by truck from PT Inti Indosawit Subur, an oil palm plantation owned by Asian Agri, the palm oil division of the RGE group. A WWF investigation documented trade from illegal oil palm plantations in Tesso Nilo National Park to the RSPO-certified PT Inti Indosawit Subur mill.

(HCS forest),[9] with a cut-off date of 15 November 2018.[10] However, this change is still being phased in,[11] and given reports of past implementation failures[12] it remains to be seen if enforcement measures will be fully and robustly put in place on the ground. Additionally, the RSPO has yet to develop guidance for implementation of the HCSA in high forest cover landscapes (HFCLs), posing a risk that exemptions allowing some continued deforestation may be made for some countries.[13]

- The 2019 RSPO independent smallholder standard has not yet incorporated the HCSA; it currently relies on HCV probability mapping to identify forest risk areas and voluntary commitments by smallholders to only develop within 'low risk' areas.[14]
- RSPO standards on peat have improved, with all expansion on peat now prohibited.[15] However, apart from those that fail a 'drainability assessment', the standards still do not require the rewetting and/or restoration of the millions of hectares of drained peatlands that have oil palm planted on them, which is essential for climate change mitigation.[16]

9 RSPO (2018b)

10 Ie, no development is permitted to take place in these areas after this date.

11 The RSPO has published guidelines to implement the integration of HCS in the assessment. See RSPO (2019, 12 June).

12 See eg EIA (2015), EIA (2019).

13 RSPO (2018, 21 November). The HCSA defines HFCLs as areas with >80% forest cover. Source: HCSA (2018, 14 June).

14 RSPO (2019c) p.41, RSPO (2018a). HCV 1–3 probability maps are currently available only for Malaysia, Indonesia, Thailand, Honduras and Ghana. 'Low risk' areas include bare land, pastures and existing agricultural lands (see RSPO (2018a) p.2).

15 RSPO (2018d) pp.57-59

16 See IUCN, Issues brief: Peatlands and climate change [Website]. The RSPO has published a best practices manual for management and rehabilitation of natural vegetation for oil palm on peat (RSPO (2019d)) and a procedure for growers to assess and address subsidence and flood risks on peatlands (RSPO (2019a)); however, these procedures are voluntary.

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15 March 2016 - Cameroon. A truck loaded with oil palm fruits in Socapalm (Société Camerounaise de Palmeraies) oil palm plantation near Apouh. Working and living conditions in Socfin's subsidiaries concessions are still way under the international standards.

- The independent smallholder standard is targeted at large groups of organised smallholders with a group manager to facilitate. It is not well adapted to independent smallholders (< 6 ha[1]) in small cooperatives, so will not provide a way into certified markets for them.[2] The RSPO's maximum production area for individual smallholder group members is 50 ha unless a different national level has been agreed on;[3] the standard thus focuses more on small enterprises with large planted areas than on real independent smallholders who rely largely on family labour.
- The RSPO has separate certification systems for production and supply chains.[4] Its Principles and Criteria for sustainable palm oil production apply only to growers and their own mills and plantations.[5] Non-grower members are not required to follow the Principles and Criteria; nor are growers providing 'conventional' (uncertified) sources associated with mass balance or book and claim systems.[6]

Traceability and transparency

- The RSPO offers four supply chain models: identity preserved, segregated, mass balance and book and claim.[7]
- There is no transparency regarding the identity of suppliers whose palm oil is mixed with certified palm oil in the mass balance system, where members are required to collect chain of custody information but not to make it publicly available.[8] With mass balance or book and claim systems there is a risk that the oil that actually goes into products may have been produced by a company group associated with deforestation.[9] Additionally, the lack of transparency on ownership links to other companies means RSPO members may be linked to companies carrying out deforestation and human rights abuses.[10]
- RSPO members agreed in 2013 that all companies would be required to publish their concession maps the following year.[11] Despite ongoing resistance, Indonesian government officials confirmed in May 2017 that there were no legal barriers to companies in Indonesia publishing concession maps on the RSPO platform.[12] The Malaysian government granted permission for publication of maps of concessions in Peninsular Malaysia and Sarawak in December 2019.[13] The RSPO has yet to publish a complete list of all of the maps on its publicly accessible mapping platform,[14] but data collection is improving and as of February 2021 it reported having received and published 95% (162 map submissions out of a total of 171 that should be provided by members).[15] The scheme claims to be following up with members who have not provided maps or complete data, as is required by their membership. The level of map transparency it provides is

1 This is the definition given by Serikat Petani Kelapa Sawit (SPKS), the union that represents Indonesia's independent palm oil farmers. See eg CSPO Watch (2020a).

2 Brandi, C., & Hosang, C. (2015), SEnSOR (2016). The RSPO does have a program, the RSPO Smallholder Support Fund, that aims to help smallholders get certified, for example by providing assistance with the costs of certification (see RSPO, Introduction RSSF [Website]). However, a recent report by Climate Focus and the Tropical Forest Alliance found that 'most independent smallholders continue to find it difficult to achieve certification and the number of certified smallholders remain limited; with fewer than 3,400 independent smallholders in Indonesia and Malaysia certified so far' (Bakhtary, H., et al. (2020) pp.23-24).

3 In Indonesia, for example, the threshold size is 25 ha. See RSPO (2019c) p.8.

4 RSPO, RSPO supply chains [Website]

5 RSPO (2018d) p.6

6 RSPO (2018d) p.6

7 RSPO, RSPO supply chains [Website]

8 RSPO (2018d)

9 See eg Forest Peoples Programme (2019, 13 June) and Morrison, O. (2020, 6 March).

10 Eg RSPO member First Resources; see MacInnes, A. (2021).

11 RSPO (2013, 14 November)

12 RSPO (2017, 31 May)

13 RSPO (2019, 12 December)

14 RSPO, GeoRSPO [Website]

15 Email response from RSPO 22 Feb 2021

the best offered by any of the certification schemes at this time.

- The RSPO has an online database for tracking complaints. Details on grievances are publicly available.[1]
- In addition to compliance audits, members are required to submit an Annual Communication of Progress (ACOP) every year reporting on their progress towards the goal of achieving full sustainability.[2] ACOPs and summaries of audit reports are publicly available, as are summaries of social and environmental impact assessments.[3]

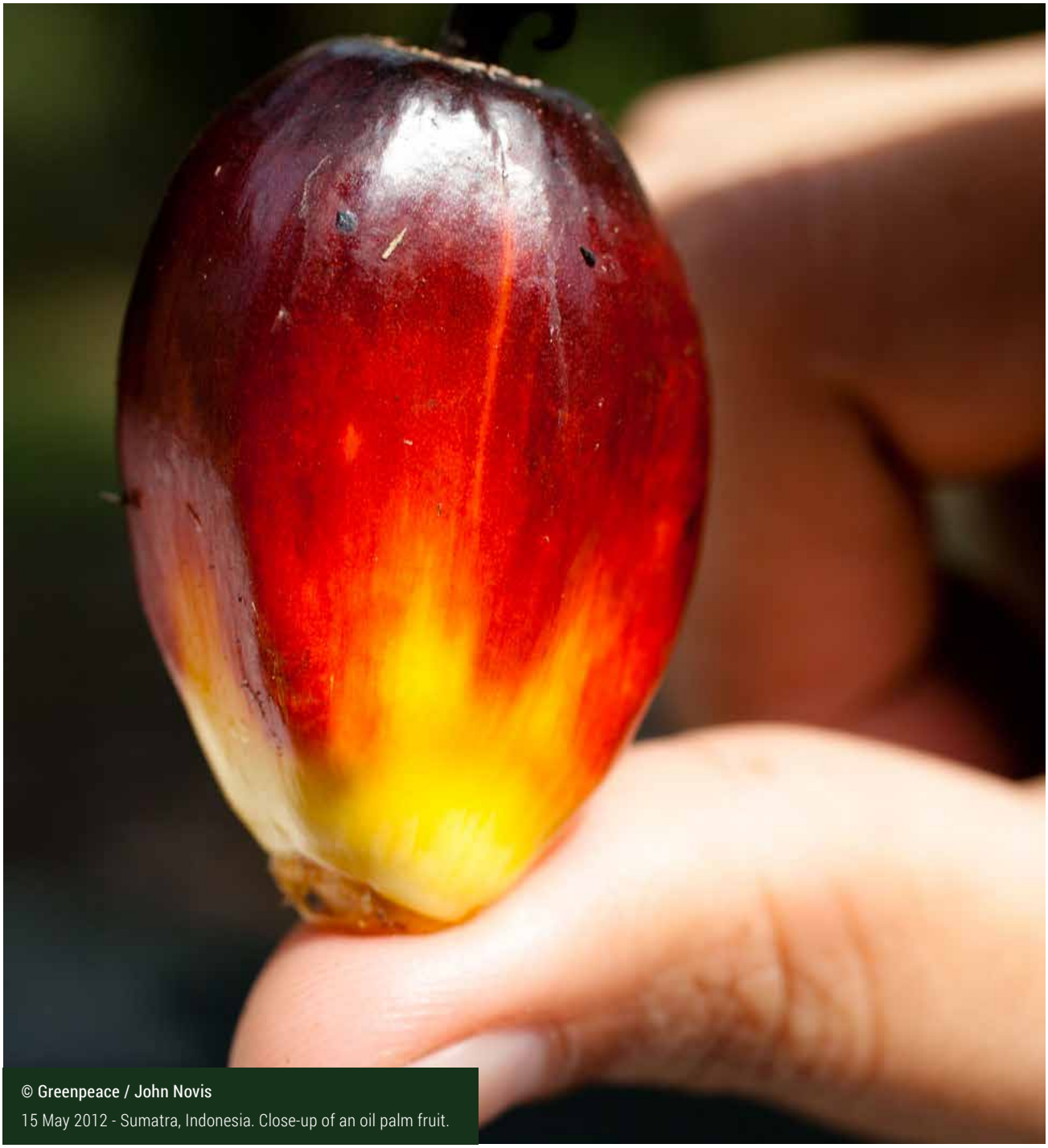
Audits

- All RSPO CBs are accredited by ASI.[4]
- CBs are contracted and paid by the companies being audited, creating an intrinsic conflict of interest. Furthermore, CBs and auditors are reportedly typically selected based on price and not necessarily competence.[5]
- The RSPO requires risk-based auditing and surveillance of accredited CBs, but it does not require unannounced audits.[6]

Implementation and effectiveness

- At the RSPO's annual roundtable in 2016 ASI disclosed that most CBs assessing palm oil plantations were failing to uphold the RSPO standard, undermining its credibility.[7] ASI has continued to find significant variation in the types of non-compliance identified by CBs and those that go undetected.[8] An EIA report from November 2019 also revealed that non-adherence to the RSPO standards, certification system and auditing rules was systemic and widespread and had led to labour abuses and destruction of forests.[9]
- The RSPO has been repeatedly accused of failing to enforce its own standards[10] and demonstrate positive environmental and social impact.[11] Many members have reportedly failed to meet all the membership requirements, including having all their concessions certified.[12] Significantly, 14 of the 25 corporate producer groups exposed by Greenpeace's 2018 ***Final Countdown*** report[13] as involved in deforestation are members or include companies that are members of the RSPO, and one more is very closely associated with Wilmar, an RSPO member.[14] In addition, according to CRR two of India's three largest palm oil refineries are RSPO members but have no NDPE commitments and buy from companies known to be carrying out deforestation.[15]
- More than two-thirds of the palm oil producer groups most linked to the recurrent fires in Indonesia in 2019 – the worst since the disastrous 2015 fire season[16] – are members or include companies that are members of the RSPO.[17] RSPO Principles and Criteria specifically prohibit the use of fire and require fire prevention and control measures, including with adjacent stakeholders.[18]
- The RSPO often only acts on its implementation weaknesses when NGOs bring formal complaints, and even then the complaint system is slow and ineffective. For example, there are many documented cases of the RSPO failing to act decisively when violations of human or Indigenous rights are reported.[19] The majority of complaints the

1 RSPO, Case tracker [Website]
2 Efeca (2016) p.3
3 WWF Malaysia (2018) p.11
4 RSPO, Certification bodies [Website]
5 Jennings, S. (2016) pp.8-9. See also RSPO (n.d.-b).
6 RSPO (2017b), WWF Malaysia (2018) pp.10-11
7 Colchester, M. (2017, 14 February)
8 ASI (2019, 29 October)
9 EIA (2019)
10 See eg EIA (2015), EIA (2019) and Greenpeace (2013).
11 Morgans, C. L., et al. (2018)
12 Less than a fifth of company members claimed to be 100% certified by the end of 2017. Source: WWF & ZSL (2019) p.3. The RSPO requirement is that all existing members have all their concessions certified by 2023.
13 Greenpeace (2018b)
14 For more details see Greenpeace (2018a).
15 Chain Reaction Research (2020, 28 April)
16 Jong, H. N. (2020, 10 February)
17 Greenpeace (2019a)
18 RSPO (2018b)
19 See eg Colchester, M. (2017, 14 February), Forest Peoples Programme (2015, 1 June) and Lierley, E. R. (2017).



© Greenpeace / John Novis
15 May 2012 - Sumatra, Indonesia. Close-up of an oil palm fruit.

RSPO receives derive from land disputes,[20] but these often take years to resolve.

- Similar concerns apply to other types of grievances. For example, despite being aware that IOI Group had been clearing rainforest since 2008, when Greenpeace first exposed it,[21] the RSPO ignored evidence and complaints from NGOs[22] and sidelined a formal complaint lodged against one of IOI's subsidiaries in 2010.[23] It only suspended the group's membership in 2016, after a second complaint was lodged by RSPO member Aidenvironment.[24]

20 Colchester, M. (2016) pp.159-161

21 Greenpeace (2008b)

22 Eg Colchester, M., & Chao, S. (Eds) (2013).

23 RSPO, Complaint: IOI Pelita Plantation SDN BHD (a subsidiary of IOI Corporation Berhad) [Website]

24 IOI's RSPO certification was suspended on 4 April 2016 and reinstated on 8 August 2016. For full details see RSPO, Complaint: PT Sukses Karya Sawit (PT SKS), PT Berkat Nabati Sawit (PT BNS), PT Bumi Sawit Sejahtera (PT BSS), PT Sawit Nabati Agro (PT SNA) (a subsidiary of IOI Corporation Berhad) [Website].

PALM OIL INNOVATION GROUP (POIG) CASE STUDY

POIG was created to address the weaknesses of RSPO standards and, to some degree, inadequacies in the audit process. Its existence testifies to the failures of RSPO certification.[1] The requirements in the POIG Charter[2] and indicators for verification[3] are designed as a 'best in class' add-on to the RSPO standards and audit process. However, POIG itself is not a certification scheme.

POIG requires segregated or identity protected trade in oil to ensure physical traceability is possible, and relies on the RSPO Chain of Custody system for this. Having third-party verification of compliance to POIG indicators is the best way for a producer to demonstrate that it complies with the NDPE policies that have been adopted by leading palm oil consumer goods companies, processors, traders and growers, so they can break the link to deforestation and human rights abuses.

About 19% of the world's palm oil is RSPO certified, and just over 1% of the world's palm oil is POIG verified. As POIG implementation is currently limited to grower members' own plantations, and retailer, manufacturer and trader requirements implementation is still in process, POIG does not ensure all the suppliers of a member are POIG compliant. While POIG has demonstrated that high NDPE standards are possible, including resulting in many of these being adopted by the RSPO in 2018,[4] its ties to the RSPO and limited implementation mean POIG is not the answer to the problem of weak certification. POIG is, however, useful for regulators in importing countries in defining verifiable commodity import standards for stopping deforestation and human rights abuses in palm oil supply chains.

1 POIG (2013, 28 June)

2 POIG (2013)

3 POIG (2019)

4 POIG (2018, 15 November)

© Ulet Ifansasti / Greenpeace
26 March 2018 - Papua, Indonesia. Aerial view of primary forest near the river Digul.

Indonesian Sustainable Palm Oil / Malaysian Sustainable Palm Oil (ISPO/MSPO)

ISPO and MSPO are national standards created by the Indonesian and Malaysian governments together with the palm oil industry. They are based on existing laws and regulations, with limited input from and involvement of civil society or NGOs. The standards, which are available only for purchase and not publicly, are reportedly relatively weak, lacking core requirements on no deforestation (such as via the HCSA), no expansion onto peatlands, implementation of HCV approach, comprehensive FPIC and respect for Indigenous and local community rights, protection of smallholders' and workers' rights or prohibition of the use of fire. ISPO does not have a functional chain of custody system for its certified products, nor does it require transparency. While both schemes are nominally mandatory, providing them with far greater reach than voluntary schemes, they have weak accreditation oversight for their certification bodies and weak implementation of systems for compliance with their standards.

Governance and decision making

- ISPO and MSPO are national government and industry initiatives. They are based on national-level laws and regulations enabling palm oil processors and growers to claim 'sustainability', rather than comprehensive sets of standards and quality assurance systems.[1]
- The dominance of industry and government in the structure and governance of the MSPO system leaves little room for meaningful input from and participation by recognized stakeholders and organisations.[2] Nonetheless, MSPO standards-setting processes are stronger due to MSPO's greater inclusivity and multi-stakeholder oversight committee,[3] compared with ISPO's very opaque and poor standards-setting governance.[4]
- Neither MSPO nor ISPO is a member of the ISEAL Alliance. [5]

Standards

- ISPO standards are available only for purchase and not publicly. These standards have been widely assessed as being weak, in particular due to the lack of core requirements on no deforestation (such as via the HCSA), no expansion onto peatlands, implementation of HCV approach, FPIC and respect for Indigenous and local community rights, protection of smallholders' and workers' rights and the use of fire.[6] To make matters worse, the Indonesian government has recently proposed legislation that will weaken environmental impact assessment (EIA) requirements, a core component of ISPO standards.[7]
- MSPO standards (also available only for purchase) are considered stronger than ISPO's with regard to rights and FPIC.[8] Requirements regarding deforestation and conversion on peatland for new planting are tied to national legislation.[9]

1 Aubert, P-M., Chakib, A., Laurans, Y. (2017) pp.29-30, Efeca (2016)

2 Aubert, P-M., Chakib, A., Laurans, Y. (2017) p.30, WWF Malaysia (2018)

3 Efeca (2016) pp.1-2, WWF (2017) p.6

4 EIA & Kaoem Telapak (2020)

5 ISEAL Alliance, ISEAL Community members [Website]

6 See eg Efeca (2016), Efeca (2020a) pp.2-3, EIA & Kaoem Telapak (2020), IUCN NL (2019), Kusumaningtyas, R. (2018) and McInnis, A. (2017). See also Ministry of Agriculture of the Republic of Indonesia et al. (2015).

7 Jong, H. N. (2020, 11 February)

8 Efeca (2016), McInnis, A. (2017). See also Malaysian Palm Oil Certification Council, Part 3: General principles for oil palm plantations and organised smallholders [Website].

9 See eg (CSPO Watch 2019, 2020b). See also Malaysian

- Both MSPO and ISPO are currently revising their standards. So far the revised ISPO standard has reportedly largely ignored civil society organisation and public consultation input; indeed, it has been criticised by NGOs in Indonesia for failing to incorporate previously agreed aspects from a multi-stakeholder consultation.[1] It does not include clear language that would ensure Indigenous rights are protected, including the right to FPIC, or prohibit deforestation – only primary forests are clearly protected, and there is no reference to Indonesia's moratoria on new licenses for oil palm plantations and clearing primary forests and peatlands.[2] The draft ISPO standard reportedly does include a new principle on transparency, but this focuses principally on the origin and prices of fresh fruit bunches (FFB) and requiring companies to commit to a code of ethics.[3]

Traceability and transparency

- MSPO has recently established a chain of custody system, MSPO Trace.[4]
- ISPO, at present, reportedly does not have a chain of custody system; the certification applies only to plantation growers.[5]
- ISPO has no transparency requirements for assessments, certified areas, disputes and complaints or audit results,[6] and MSPO provides only minimal transparency.

Audits

- ISPO CBs are accredited directly by the ISPO Commission rather than having an independent body to do this.[7] There are reportedly no independent monitors to assess the credibility and accountability of the ISPO scheme.[8]
- MSPO CBs are accredited by Standards Malaysia, the national accreditation body.[9]
- The MSPO standard reportedly does not require an adjustment to audit intensity in relation to issues found,[10] and allows unannounced audits but does not require them.[11] For ISPO, the requirements on both of these fronts are unclear.[12]

Implementation and effectiveness

- ISPO compliance is nominally mandatory for all palm oil operations in Indonesia and is based on compliance with existing plantation laws and regulations.[13] It therefore has the advantage of having much broader application than voluntary standards. However, actual compliance is limited by conflicting and poorly enforced regulations and companies not seeing any market benefit and so delaying implementation.[14] There are coordination problems related to different policies stemming from different ministries, and the division of responsibilities between the national government and local governments in Indonesia.[15]

Palm Oil Certification Council, Part 3: General principles for oil palm plantations and organised smallholders [Website].

1 EIA & Kaoem Telapak (2020), Jong, H. N. (2020, 29 April), Pearce, S. (2020, 9 April). See also Civil Society Representative for ISPO Strengthening (2017).

2 EIA & Kaoem Telapak (2020) p.4

3 EIA & Kaoem Telapak (2020) p.3

4 https://mspotrace.org.my/Home

5 Civil Society Representative for ISPO Strengthening (2017)

6 Civil Society Representative for ISPO Strengthening (2017), EIA & Kaoem Telapak (2020) p.4, WWF Malaysia (2018) p.11

7 Ministry of Agriculture of the Republic of Indonesia et al. (2015)

8 Suara Jakarta (2016, 11 October)

9 Malaysian Palm Oil Certification Council, Accreditation of certification bodies [Website]

10 WWF Malaysia (2018) p.11

11 WWF Malaysia (2018) p.10

12 IUCN NL (2019) p.28

13 Ministry of Agriculture of the Republic of Indonesia et al. (2015), Jong, H. N. (2020, 29 April)

14 Hidayat, N. K., Offermans, A., & Glasbergen, P. (2018). As of April 2020, just over a third of Indonesia's plantation companies (557 of 1,500) and less than 1% of smallholdings had been certified as sustainable by the ISPO. Source: Jong, H. N. (2020, 29 April).

15 Hidayat, N. K., Offermans, A., & Glasbergen, P. (2018)

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11 September 2013 - Central Kalimantan, Indonesia. Land clearance in an oil palm concession owned by PT Andalan Sukses Makmur, a subsidiary of Bumitama Agri Ltd.

- The ISPO scheme appears to have weak provisions for sanctions against non-compliant producers, and has demonstrated failures even on basic legal issues such as ensuring proper permit processes are followed and addressing the several million hectares of oil palm plantations located in the forest estate.[16] Its lack of strong authority to implement and enforce the certification requirements due to the failure of government agencies to monitor and enforce laws, is a fundamental flaw that greatly reduces its effectiveness.[17]
- MSPO certification became mandatory from 1 January 2020, with the government threatening fines and possible license revocation for non-compliant producers.[18] According to MSPO Trace, as of February 2021 88% of Malaysian producers were certified under the scheme, including nearly 100% of organised smallholders and plantation companies and 38% of independent smallholders.[19]

16 See Forest Watch Indonesia (2017, 30 March) and Hidayat, N. K., Offermans, A., & Glasbergen, P. (2018).

17 See Hidayat, N. K., Offermans, A., & Glasbergen, P. (2018) and Kusumaningtyas, R. (2018).

18 Bernama (2020, 10 July), Efeca (2020b)

19 https://mspotrace.org.my/Home

Round Table on Responsible Soy (RTRS)

RTRS certification is often considered by the industry as one of the best of its kind, with buyers making the claim that if they purchase 100% RTRS soya, they are supporting sustainable production.[1] But this is a highly problematic claim, as the vast majority of RTRS soya sales are based on credits, rather than physical flows of soya. Buyers thus might not know whether the producers of the actual products they are buying are engaging in deforestation or other ecosystem destruction. Buying credits is supposedly intended to encourage farmers to produce responsible soya, but the premium farmers receive for credits is too low to compensate them for not clearing land for soya production. As a result it is likely that most certified farms would not have engaged in land conversion even without the RTRS. On top of that, companies can sell RTRS soya or credits from their certified farms while still deforesting on non-certified farms. Claims of supporting sustainable production are therefore misleading, allowing companies a green image even if they are still contributing to human rights abuses and/or the destruction of nature.

1 See RTRS, RTRS claims [Website].

Governance and decision making

- The RTRS was initially conceived in 2004 by a committee whose members – Grupo Amaggi, Unilever, COOP, WWF, Dutch development organisation Cordaid and Brazilian smallholder organisation Fetraf-Sul – came together to prepare an international conference on responsible soya. The scheme was formally established in 2006, but Cordaid and Fetraf-Sul reportedly left the organisation committee in 2005 because they disagreed with not excluding GMO soya from the RTRS standard.[2]
- The General Assembly is the RTRS's highest decision-making body. All members, including both participants and observers, take part, though only participating members have a vote.[3]
- The RTRS's Executive Board is composed of a maximum of 15 representatives from each of the three member constituencies (producers; industry, trade and finance; civil society), which all have the same voting rights regardless of their share in membership.[4]
- The RTRS is a Community Member of the ISEAL Alliance.[5]

2 The RTRS's principles and criteria were finalised in 2010, after a series of consultations. See Hospes, A., van der Valk, O., & van der Mheen-Sluijer, J. (2012) pp.38-43.

3 RTRS, Who we are [Website]; see also RTRS, Members [Website].

4 RTRS, Who we are [Website]

5 ISEAL Alliance, ISEAL community members [Website]

Standards

- The RTRS production standard is a relatively strong standard on natural ecosystem conversion as it forbids any conversion of 'natural lands' after June 2016.[6]
- For areas critical for biodiversity (hotspots), which includes nearly all the Brazilian Amazon, the cut-off date is May 2009.[7] This means that although newly converted land is not eligible for RTRS certification, historical conversion is accepted, except in HCV areas.
- National interpretations of the standard are available, taking into account differences in regulations and production standards.[8]
- The RTRS allows GMO soya but ensures that it is not mixed with non-GMO certified material.[9]

Traceability and transparency

- There are two ways to buy RTRS certified soya. The first is in the form of credits, where producers are granted one credit for each tonne of certified soya they produce, and buyers can purchase credits to support responsible soya production (but not the actual soya itself). The second is by purchasing physical flows of certified soya.[10] Both options are available via the RTRS's online trading platform, and non-GMO options exist for both.[11]
- The vast majority of RTRS soya sales are based on credits rather than physical flows of soya.[12] As with all such systems, buyers risk inadvertently supporting deforestation, as they do not know whether the producer of the actual product they are buying is involved in deforestation or not.[13] Although companies that buy credits can only claim that they are supporting sustainable production,[14] and not that they are buying deforestation-free products, this still allows the companies a green image.
- When RTRS certified physical material is purchased, it is monitored throughout the supply chain, and certification applies to both producers and supply chain actors. There are three supply chain models: segregated, mass balance, and country material balance (a mass balance accounting system implemented at the national level).[15]
- Updates on certified producers and certified volumes are available in the Marketplace section of the RTRS website.[16] Annual audit reports contain information on certified farms and their locations, and producer audits are published on the RTRS website.[17]
- The RTRS has a grievance procedure,[18] but it was only published in mid-2020 and the RTRS claims that no complaints have been received since then. This makes it impossible to say how complaints are dealt with.

Audits

- RTRS-endorsed accreditation bodies are responsible for accrediting and auditing CBs for the scheme.[19]
- The RTRS requires CBs to consult with affected stakeholders during audits, contributing to the level of assurance the scheme offers.[20]
- Producer audits are only carried out on a producer's certified farms and not at the whole producer or company level.[21] This means that companies can sell RTRS soya or credits from their certified farms while still being involved in deforestation on non-certified farms.

6 RTRS (2017) pp.23-24

7 RTRS (2017) pp.23-24

8 RTRS, National interpretations [Website]

9 RTRS (2018) pp.19-21

10 RTRS, RTRS soy [Website]

11 RTRS, Marketplace [Website], and RTRS soy [Website]

12 Data on credits buyers and physical soya buyers is available from the RTRS Marketplace. See RTRS, Marketplace [Website].

13 RTRS, RTRS soy [Website]

14 See RTRS, RTRS claims [Website].

15 RTRS, RTRS soy [Website]; see also RTRS (2018).

16 RTRS, Marketplace - Certified volumes and producers [Website]

17 RTRS, Public audit reports [Website]

18 RTRS (2019)

19 RTRS, What are the benefits of RTRS certification? [Website]

20 Kusumaningtyas, R., & van Gelder, J. W. (2019) p.21

21 RTRS (2017)

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25 July 2017 - Amapá, Brazil. A soya plantation in a Cerrado area within the Amazon.

Implementation and effectiveness

- The premium farmers receive for credits (reportedly around 0.5% of the soya price)[1] is not seen as a sufficient incentive to discourage them from engaging in land conversion. As a result it is likely that most certified farms would not have engaged in land conversion even without the RTRS. They are mostly located in areas with a long agricultural history.[2]
- SLC Agrícola is an example of a soya producer in the Cerrado that has RTRS certification for some of its farms[3] but has reportedly engaged in repeated large-scale deforestation on other farms which are not certified (see box 'RTRS & ProTerra implementation failure – Alleged greenwashing of soya from SLC Agrícola, Brazil, for Lidl' on page 44).[5]

1 Solidaridad (2020, 9 April)
2 Cameron, B. (2017)
3 SLC Agrícola, Our farms [Website]
5 Chain Reaction Research (2020, 17 April) and Chain Reaction Research (2019, 9 May)

ProTerra

ProTerra has stricter sustainability criteria than the RTRS, prohibiting conversion of natural vegetation and HCV areas after 2008, excluding GMO crops and providing a system of identity preservation (IP) – that is, traceability of an individual certified producer's soya throughout the supply chain. However, producer certification applies only to the farms a producer chooses to have certified, rather than to all of a producer's or company's farms. This means companies can be involved in deforestation or violations of economic, social and cultural rights on non-certified farms and can pick and choose which farms to have certified. Thus, buyers who choose to support ProTerra certified operations might be filling the coffers of parent companies engaging in destructive practices elsewhere. Also problematic is the lack of transparency: detailed production or trade data at the company level is not available, producer audits are not made public and details of complaints are not released, so it is difficult to verify the effectiveness of the standard's implementation.

Governance and decision making

- The ProTerra standard was established in 2006 by FoodChain ID (previously Cert ID). The ProTerra Foundation became independent in 2012. Standard revisions are developed through a multi-stakeholder process with input from internal and external actors.[1]
- The Board of Directors is the main decision-making body, comprising four directors. Two of the current directors are also connected to FoodChain ID, which carries out the ProTerra audits.[2] The Stakeholder Council has a strategic advisory role; it is composed of between three and nine members, with the current composition representing one soy producer, three feed companies, one food manufacturer and one food retailer.[3] There are no NGOs represented on the board or stakeholder council.
- ProTerra is not currently a member of the ISEAL Alliance.[4]

Standards

- The ProTerra standard is based on the Basel Criteria on Responsible Soy, published in 2004 by WWF and Coop Switzerland,[5] but applies to a broad range of agricultural commodities (not just soya). These criteria exclude GMO crops and require identity preservation – that is, traceability of an individual certified producer's output throughout the supply chain.[6]
- The cut-off date for the conversion of native vegetation and HCV areas is 2008.[7]
- For ProTerra the unit of certification includes the entire farm.[8] However, producer certification applies only to the farms a producer chooses to have certified, rather than to all of a producer's or company's farms. This means companies can be involved in deforestation in non-certified farms and can pick and choose which farms to have certified (as CRR reports in the case of SLC Agrícola; see box 'RTRS & ProTerra implementation failure – Alleged greenwashing of soya from SLC Agrícola, Brazil, for Lidl' on page 44).

1 ProTerra Foundation (2019e)

2 ProTerra Foundation, About us [Website]

3 ProTerra Foundation, About us [Website], ProTerra Foundation (2019d)

4 ISEAL Alliance, ISEAL community members [Website]

5 ProForest (2004)

6 ProTerra Foundation (2019c) pp.32-35

7 ProTerra Foundation (2019c) p.29

8 ProTerra Foundation (2019c) p.8

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25 July 2017 - Amapá, Brazil. Soybeans growing in a Cerrado area in the Amazon.

Traceability and transparency

- ProTerra offers two chain of custody options: segregated and mass balance. According to ProTerra, in the latter case ProTerra soya is mixed only with non-GMO non-ProTerra soya.[1]
- Detailed production or trade data at the company level is not available, but ProTerra does provide summary information on the compliance of its members.[2]
- ProTerra has grievance procedures[3] but until now has not released details of complaints, which makes it impossible to say how they are being dealt with. It does not rule out making details public depending on the case.[4]
- Producer audits are not made public.

Audits

- ProTerra has only one approved CB (FoodChain ID).[5]
- Two of ProTerra's directors are the President & CEO and a director at FoodChain ID,[6] which calls into question the independence of the auditing company.

Implementation and effectiveness

- ProTerra offers fairly comprehensive provisions related to forests, wetlands and biodiversity conservation; however, it is difficult to verify the effectiveness of the scheme's implementation as it is lacking in transparency in comparison to the RTRS scheme.[7]
- SLC Agrícola is an example of a soya producer in the Cerrado that has ProTerra certification for some of its farms[8] but has reportedly engaged in deforestation and conversion of large areas of native vegetation on other farms which are not certified (see box on page 44).[9]

1 ProTerra Foundation (2019c) pp.53-56
2 ProTerra Foundation (2019b)
3 ProTerra Foundation (2019a) and ProTerra Foundation (2019c) pp.26-27
4 Correspondence with Greenpeace, April 2020.
5 ProTerra Foundation (2019c) p.57
6 ProTerra Foundation, About us [Website]
7 Kusumaningtyas, R., & van Gelder, J. W. (2019) pp.22,27
8 SLC Agrícola, Our farms [Website]
9 Chain Reaction Research (2020, 17 April) and Chain Reaction Research (2019, 9 May)

EUROPEAN FEED MANUFACTURERS' FEDERATION (FEFAC)

FEFAC represents European feed associations in 27 EU countries.[1] It first released its Soy Sourcing Guidelines in 2015,[2] providing recommendations on sourcing responsible soy, and published an updated version in 2021.[3] The guidelines comprise 54 'essential' and 19 'desired' criteria regarding legal compliance, responsible working conditions, environmental responsibility, good agricultural practices, respect for legal use of land and protection of community relations.[4] At present 18 schemes and standards are considered to be compliant with the guidelines, of which five are traders' own schemes.[5]

The essential criteria require compliance with the relevant forest and ecosystem protection legislation.[6] So, as long as operators stay within the law, they are effectively complying with the FEFAC guidelines. However, in many countries legal compliance is not enough to halt deforestation and conversion of areas with high biodiversity. Large areas of savanna could, for example, be legally converted in the Brazilian Cerrado biome, an area of enormous ecological value that has already lost half of its natural vegetation and remains under threat.[7] The new version of the Soy Sourcing Guidelines includes protecting natural ecosystems as a desired criterion (with a cut-off date no later than 2020), but this is non-binding and still allows companies to source soya produced in converted natural ecosystems.[8]

A study by Profundo analysing 17 certification standards endorsed under the FEFAC soya guidelines showed that 10 of the standards prohibit only illegal deforestation. Just seven of the standards excluded deforestation and conversion of all native vegetation after 2008 or 2009.[9]

Companies and/or countries publicly claim they aim for 100% sustainability by sourcing soya under schemes that are compliant with the FEFAC guidelines. However, such general guidelines that apply to a number of schemes are only as strong as their weakest link. In the case of FEFAC, because the majority of the certification schemes only require compliance with local or national laws instead of enforcing true sustainability criteria, sourcing from schemes that adhere to the FEFAC guidelines can in no way be considered proof that a company is sourcing products with no links to forest or ecosystem destruction and/or human rights abuses.

1 FEFAC, Statistics [Website]

2 FEFAC, Responsible sourcing [Website]

3 FEFAC (2021)

4 FEFAC (2021) pp.6,11-27

5 ITC Standards Map, FEFAC European Feed Manufacturers' Federation [Website]

6 FEFAC (2021) p.11

7 Greenpeace (2019c) p.6

8 FEFAC (2021) pp.17,33-34

9 Kusumaningtyas, R., & van Gelder, J. W. (2019) p.2

Forest Stewardship Council (FSC)

The FSC has a number of strengths, including its multi-stakeholder governance structure and strong forest management standards that include respect for Indigenous Peoples' and workers' rights, an early cut-off date on natural forest conversion, and a prohibition on GMOs. It is also the most credible and effective forestry certification scheme, and as one of the first schemes it has served as a model for certification more generally. However, the FSC still has a number of serious and even fundamental weaknesses. These include the lack of consistent protection for IFLs, insufficient transparency (maps of certified and conserved areas are not required to be made publicly available), a heavy reliance on mixing non-certified sources into labeled products (coupled with weak and inconsistent safeguards against controversial sources), failure to consistently disassociate from companies associated with deforestation and human rights abuses, and insufficient product traceability. Concerns have also been raised about the objectivity and independence of audits due to the conflict of interest caused by companies contracting directly with certification bodies, leading to weak implementation of the standards. The FSC is an imperfect and inconsistent tool to protect forests and people's rights, and thus additional due diligence is required to provide an assurance of responsibly sourced wood products.

Governance and decision making

- The FSC's governance system has economic, social and environmental membership chambers, with an Indigenous Peoples chamber added in some regions, and with measures to balance their weight and influence (thereby limiting the dominance of economic interests on key standards issues).[1] However, practically speaking – through greater numbers, resourcing and FSC reliance on licence fees from economic players – the economic chamber still has a greater influence.
- In 2013 the FSC established a Permanent Indigenous Peoples Committee – an advisory unit to the FSC board of directors – to ensure the voice of Indigenous Peoples is heard at the decision-making level.[2]
- The FSC is a Code Compliant member of ISEAL.[3]

Standards

- On paper, the FSC has strong international principles, criteria and indicators for responsible forestry, including provisions that uphold Indigenous Peoples' and workers' rights, protect IFLs and other HCVs and environmental values, set a strong natural forest conversion cut-off date of 1994[4] and prohibit GMOs.[5] The international FSC requirements also mandate conservation of representative samples of forest ecosystems, that a minimum 10% of each management unit be conserved and that national FSC standards include more specific rules for logging and forest management.[6]

1 The chambers are further split into 'global' North and South sub-chambers (representing high-income and non-high-income countries, and votes are weighted to ensure that both groups have an equal say; see FSC (2011a). The FSC also aims to promote gender equality; see FSC (2016, 29 August).

2 FSC, Indigenous peoples [Website]

3 ISEAL Alliance, ISEAL community members [Website]

4 FSC (2015a) p.15

5 FSC (2015a)

6 FSC (2018) pp.36-37,39

- The FSC standards are well known for requiring FPIC as a fundamental human right for communities potentially impacted by forest harvesting.[7] The FSC has taken important additional measures to recognise the importance of Indigenous rights and perspectives, including the establishment of the FSC Indigenous Foundation[8] and recognition of Indigneous Cultural Landscapes (ICLs) as essential to the governance of IFLs in some regions.[9]
- However, the national standards that implement the FSC's international requirements, and that are the basis of certification audits, provide inconsistent levels of protection for priority values and weak requirements for maintaining and restoring the natural character of forests. For example, national standards in some priority regions only partially protect IFLs at low levels.[10]
- FSC certification is also not structured as a tool to achieve large-scale forest protection.[11] Maps of conservation areas are not required to be disclosed, and most standards do not require permanent protection. Despite a widely supported General Assembly motion agreeing to IFL protection, and chamber-balanced international indicators for IFL protection, there is strong resistance to implementing these requirements in some countries.[12] Furthermore, the FSC (like other forestry schemes) does not have approaches for landscape-level forest protection.

Traceability and transparency

- The FSC is failing in terms of traceability and transparency, which are fundamental to accountable and responsible sourcing of commodities. To be fully credible, it would need to publish digital maps of certified forest management units and wood sourcing areas judged to be 'low risk'. However, neither the FSC nor any other forest and wood product certification scheme requires these maps to be published.[13]
- Most FSC wood products are traded under the FSC Mix label, where uncertified 'controlled wood' is mixed with FSC certified products.[14] Controlled wood is neither fully controlled nor exempt from environmental and social harms, as it uses a risk assessment approach that only addresses a few priority topics and has varying national approaches to implementation, some of which are weak.[15] The reliance on controlled wood in FSC Mix products undermines the FSC's effectiveness as a tool for labelling products from responsibly managed forests.
- The FSC has spent years developing a transaction verification tool,[16] but rather than being applied across the system worldwide it has largely been abandoned [17] and is currently used only to conduct spot checks on high-risk markets, such as China.[18]
- While the FSC publishes audit summaries of forest management certificates,[19] it does not make audit reports for Chain of Custody certificates publicly available.[20]

7 FSC (2012)

8 FSC (2020, 2 June)

9 FSC Canada (2016)

10 Eg the National Forest Stewardship Standard for Cameroon (FSC (2020)).

11 See eg Conniff, R. (2018, 20 February).

12 European Sustainable Tropical Timber Coalition (2020, 20 April)

13 At the FSC General Assembly the economic chamber has rejected on multiple occasions a proposal to require maps of certified areas to be made public. Source: Rosoman, G. (2017, 31 October). The recently launched 'FSC on the Map' is a step in the right direction, but relies on 'geospatial data being voluntarily contributed by certificate holders' or National Initiatives and at the time of its launch included contributions from just 40% of certificate holders (see Worm, L. D. (2019, 5 September) and FSC, FSC on the map [Website]).

14 See FSC, Controlled wood and FSC Mix [Website], and FSC (2019, 29 April) p.6.

15 FSC (2017). For examples of controlled wood failures, see Greenpeace (2014a,b,c).

16 FSC, Transaction verification [Website]

17 Earthsight (2020) p.35, FSC (2019, 15 January), FSC. (2020, 24 March). Transaction verification is currently only required for certain 'high-risk product types, species and regions'; see FSC, Transaction verification [Website].

18 FSC (2020, 14 April)

19 FSC, Public certificate search [Website]

20 Greenpeace (2018d)

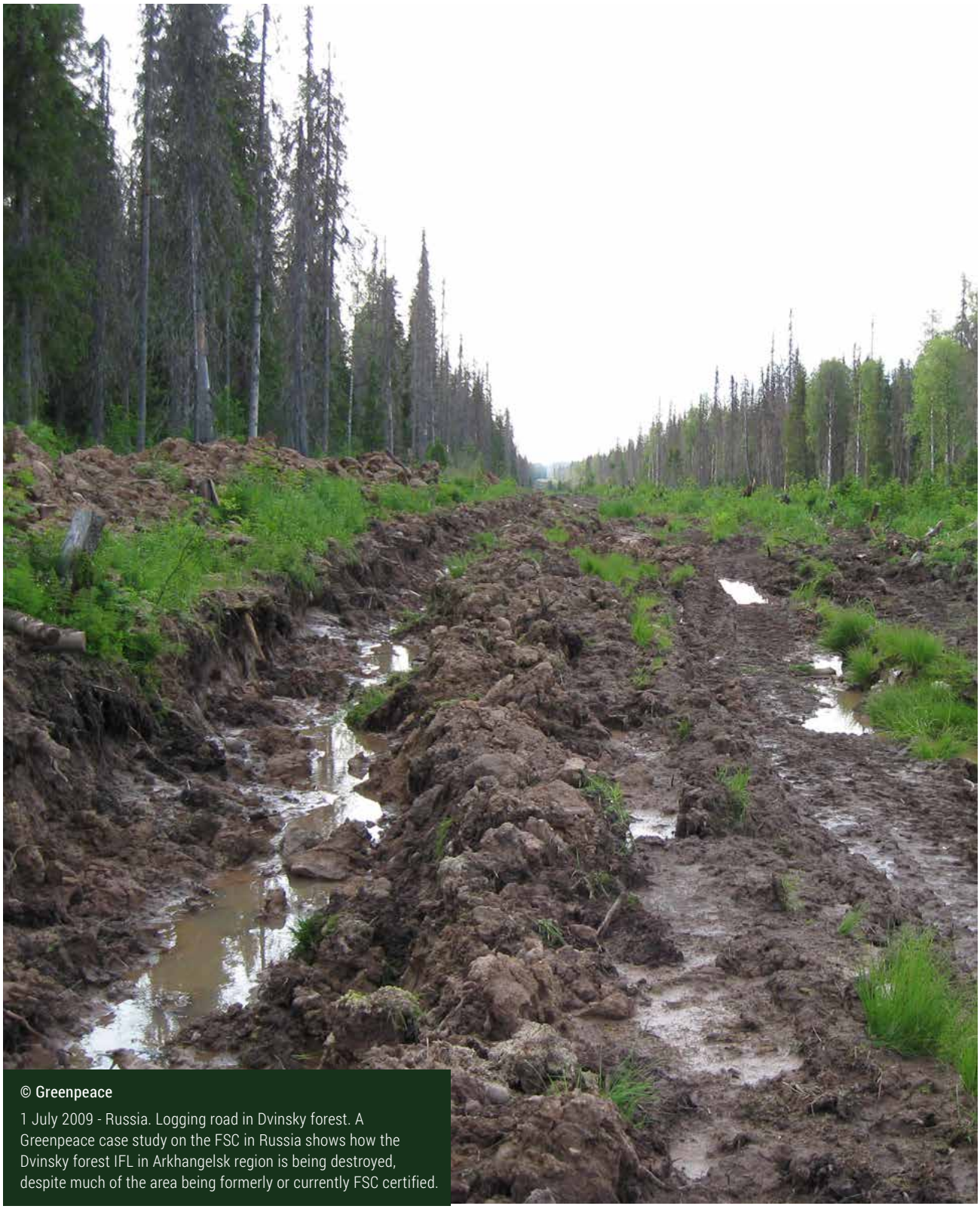
Audits

- CBs are contracted and directly paid by the companies being audited,[1] creating a potential conflict of interest that can undermine the independence and objectivity of the audits.[2] The FSC can act to correct weak audits when complaints are received about breaches of FSC standards or when problems are revealed through accreditation surveillance and monitoring of CBs or certified operations, but this does not happen often.[3]
- The FSC fee for single and multiple-site Chain of Custody certificates is calculated based on the sites' aggregated annual sales of FSC products.[4] As a result, CB independence is compromised; a negative audit result will lead to reduced sales and thus reduced CB income.

Implementation and effectiveness

- In some regions, when implemented effectively, FSC full forest management (resulting in 'FSC 100%' or 'Pure' products[5]) provides stronger forest and rights protection than weaker schemes such as the PEFC and SFI (see box PEFC on page 89).
- However, over the past decade investigations by Greenpeace[6] and other NGOs have revealed inconsistent implementation of FSC principles and criteria globally, and serious cases of FSC certified companies being linked to illegal logging, destruction of IFLs, violations of community rights, high-level corruption and human rights abuses.[7] This has particularly been the case in high-risk regions where democratic and civil society institutions are weak, corruption is prevalent, and HCVs are not formally protected. For example, a Greenpeace Africa analysis from 2017,[8] confirmed by subsequent independent research,[9] showed that loss of IFLs in the Congo Basin was higher inside FSC certified concessions than in uncertified concessions. A Greenpeace Russia investigation found the FSC was contributing to IFL degradation and loss in parts of the country through labelling and marketing destructive wood.[10] Earthsight also uncovered evidence of the scheme certifying illegal wood in Ukraine (see box 'FSC implementation failure – Alleged greenwashing of illegal timber from Ukraine for IKEA' on page 46).[11] FSC certification has even failed to protect HCVs and other values in some countries with strong institutions and governance, such as Finland.[12]
- The FSC's lack of full traceability and transparency makes it difficult for buyers and the public to assess the claims of the certificate holder. Currently, it's all too easy for illegal and unsustainable timber to find its way into FSC certified supply chains, especially for FSC 'Mix' products.[13]
- Greenpeace International was a founding member of FSC International in 1994 but terminated its membership in 2018,[14] largely because the FSC's integrity and credibility had been compromised by weak governance and implementation, in particular with regard to controlled wood and the FSC Mix label. However Greenpeace Canada, China, New Zealand, UK and USA are still members.[15]
- The FSC's controlled wood requirements[16] for non-certified inputs to FSC Mix labeled products remain insufficient (see above), despite being far more robust than other systems' corresponding requirements. The FSC has also proven weak on sanctioning companies[17] responsible for rights abuses

1 FSC, Become certified [Website]
2 Hines, A. (2014, 12 September); see also Jennings, S. (2016)
3 ASI, Assessments & reports [Website]
4 FSC (2019) p.9
5 FSC, What it means when you see the FSC labels on a product [Website]
6 Eg Greenpeace (2014a,b,c).
7 See eg Earthsight (2020).
8 Greenpeace Africa (2017)
9 Kleinschroth, F., Garcia, C., & Ghazoul, J. (2019)
10 Greenpeace Russia (2017)
11 Earthsight (2020)
12 Greenpeace (2014a)
13 EIA (2018, 21 February), Earthsight (2020).
14 Greenpeace (2018, 26 March)
15 https://info.fsc.org/membership.php
16 FSC (2017)
17 Any company that holds an FSC certificate or trademark



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1 July 2009 - Russia. Logging road in Dvinsky forest. A Greenpeace case study on the FSC in Russia shows how the Dvinsky forest IFL in Arkhangelsk region is being destroyed, despite much of the area being formerly or currently FSC certified.

and deforestation outside of certified forests, despite a policy intended to curb their association with the FSC brand.[18]

- The FSC has also done little to stem the global tide of deforestation.[19] Given the pace of deforestation and the strength of its drivers, certifying more forests is unlikely to have a significant impact, and additional solutions are desperately needed.

licence, as well as its subsidiaries and associated entities.

18 Jong, H. N. (2019, 11 November)

19 Moog, S., Spicer, A., & Böhm, S. (2014)

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8 January 2015 - Kalimantan, Indonesia. Recently cleared peatland forest inside a pulpwood concession owned by PT Adindo Hutani Lestari in Sebuku Subdistrict.

PROGRAMME FOR THE ENDORSEMENT OF FOREST CERTIFICATION (PEFC)

The PEFC describes itself as a 'global alliance of national forest certification systems', in part created to address 'the specific requirements of small- and family forest owners'.[1] It is dominated by governments and economic interests, and the governance structures of PEFC-endorsed schemes do not have full and balanced representation of economic, environmental, social and Indigenous interests.[2] It is considered a weak and industry-dominated certification scheme, especially in comparison to the FSC,[3] and thus this report provides only a limited assessment.

While they have shown some gradual improvement, the PEFC's international standards, to which endorsed schemes are meant to conform, remain weak and insufficient in crucial areas. For example, they still do not address IFLs, do not recognize and protect most other HCVs, do not sufficiently prohibit conversion of forests to plantations, do not consistently recognize and protect Indigenous Peoples' rights and do not address certified companies' controversial practices outside of certified forests.

Some important PEFC-endorsed national schemes even fall short of the PEFC's international expectations. For example, the standards of the PEFC scheme for North America, the Sustainable Forestry Initiative (SFI), have no meaningful prohibitions against forest conversion, do not require FPIC for operations affecting Indigenous Peoples' lands and rights and do not meaningfully recognize and protect HCVs, rare and endangered species (including Canada's iconic woodland caribou), old growth and other environmental values.[4]

The certification of highly controversial forestry practices has also been an ongoing concern with a number of PEFC-endorsed schemes around the globe. The Indonesian Forestry Certification Cooperation (IFCC) is weak when it comes to the protection of HCV areas, forest conversion, hazardous pesticide use, respect for Indigenous Peoples' rights, controls over certification bodies, international consistency and implementation.[5]

1 PEFC, What is PEFC? [Website], and PEFC, History [Website]

2 Ford, J., & Jenkins, A. (Eds) (2011) p.14, WWF (2015)

3 Clark, M. R., & Kozar, J. S. (2011), Gutierrez Garzon, A. R., et al. (2020)

4 See eg Ford, J., & Jenkins, A. (Eds) (2011), Judge-Lord, D., McDermott, C. L., & Cashore, B. (2020), Skene, J., & Vinyard, S. (2019) p.17 and Smith, M. A., & Perreault, P. (2017).

5 See eg Greenpeace Southeast Asia (2015, 24 June) and Koalisi Anti Mafia Hutan et al. (2020), which documents extensive clearance of HCVs and peatland in the concession of PEFC-certified PT Adindo Hutan Lestari between 2015 and 2020. The IFCC also allows much more recent conversions than does the FSC, with a cutoff date of 31 December 2010 (IFCC (2013) p.38).

THE INDONESIAN TIMBER LEGALITY ASSURANCE SYSTEM (SISTEM VERIFIKASI LEGALITAS KAYU, SVLK)

While any system with standards based only on existing laws is already limited, some of the same shortcomings of voluntary schemes also limit the functioning and reliability of public mandatory verification systems such as Indonesia's SVLK. The SVLK is used to assess the compliance of Indonesian timber with domestic laws and is therefore a key element of the Indonesia–EU Voluntary Partnership Agreement (VPA) – a legally binding trade agreement that aims to ensure only legal timber and timber products from Indonesia reach the EU market.[1]

The SVLK scheme was initiated in response to the recommendations of the 2001 Bali Declaration on tackling illegal logging, with input from government, NGOs and the private sector.[2] While civil society organisations continue to play a role as independent monitors, there is concern that their inputs to government consultation on the reform of the scheme were ignored.[3] Timber legality assurance systems commonly rely on government agents to verify the legal origin of each timber shipment through a traceability control system, but Indonesia's SVLK outsources this task to accredited independent private verification bodies. In the SVLK all operators throughout the supply chain are audited to ensure compliance, and a legality license is issued at the point of export.[4]

The SVLK was launched in 2009, with a Ministry of Forestry Regulation[5] stating that it was mandatory for all timber producers and timber processors to obtain a certificate of sustainable production forest management (S-PHPL) or timber legality certificate (S-LK) to ensure that all timber harvested, processed, transported and traded in Indonesia was legal.[6] The VPA on Forest Law Enforcement, Governance, and Trade (VPA-FLEGT) was signed in 2013, and in 2014 Indonesia ratified the agreement through Presidential Regulation No. 21/2014. This opened the possibility for Indonesian timber and timber products to enter the EU market as FLEGT-licensed timber, which is automatically considered legal under the terms of the EU Timber Regulation (EUTR) that came into force in March 2013.[7]

In November 2016 Indonesia became the first country in the world eligible to issue FLEGT licenses for exports to the EU. A FLEGT licence effectively means operators in the EU do not need to exercise due diligence on imports of timber products

1 See EU FLEGT Facility, Background: The Indonesia–EU Voluntary Partnership Agreement [Website].

2 EU FLEGT Facility, Background: The Indonesia–EU Voluntary Partnership Agreement [Website], Lubis, M., et al. (2018)

3 See eg Meridian, A. H., et al. (2018).

4 Luttrell, C., & Fripp, E. (2015) pp4-5

5 Regulation No. P.38/Menhut-II/2009. This regulation has since been revised several times; the current version is Ministry of Environment and Forestry Regulation No. P.21/MENLHK/SETJEN/KUM.1/10/2020.

6 Lubis, M., et al. (2018) p.1939

7 EU FLEGT Facility (2013, 3 October).

covered by the license[8] – in other words, a licence issued on the basis of SVLK verification is considered evidence of compliance with EU law.[9]

But how effective is that verification at ensuring the legality and sustainability of Indonesian timber? After four years of FLEGT licensing and a decade of SVLK implementation, the evidence suggests that while the scheme has contributed to improving the administration of Indonesian forests and the beginnings of a traceability system, it has had limited impact on tackling illegal logging.[10]

A December 2018 Tempo report titled 'Illicit Timber Laundering Machine'[11] provided evidence of the manipulation of the timber verification process in Papua. According to the investigation, the 'laundering' of illegal timber is possible because the origins of timber are not verified in the field. Recent research by the Anti Mafia Forest Coalition/Koalisi Anti Mafia Hutan and other NGOs confirms that the verification system cannot guarantee the legality of forest products, let alone their sustainability – their 2020 report 'Sustaining Deforestation' documents evidence of recent natural forest conversion inside a concession in East Kalimantan owned by a company that holds a PHPL certificate.[12] The Independent Forest Monitoring Network (JPIK) has also found evidence of a number of failures,[13] and several companies whose concessions burned between 2015 and 2019 are certified under the SVLK scheme.[14]

In addition to the SVLK's weaknesses in legality verification, there are failures in illegal logging law enforcement, with only a handful of prosecutions out of over 50 identified cases in 2018–2020 of companies trading in illegal timber.[15] In one shocking case, Indonesia's Supreme Court even returned $1.6 million worth of illegally acquired timber to a trader who had been convicted and issued with a fine and a jail sentence.[16]

In summary, largely as a result of weak governance, requirements and enforcement, the SVLK is not yet up to the task of ensuring legal compliance and stopping deforestation. For the government, it appears that the system is more about trade diplomacy than real improvements in forest governance in Indonesia.

8 EU FLEGT Facility, FLEGT licensing: Lessons from Indonesia's experience [Website]

9 EU FLEGT Facility, SVLK – Indonesia's timber legality assurance system [Website]

10 Jong, H. N. (2020, 26 March)

11 Tempo (2018, 24 December)

12 Koalisi Anti Mafia Hutan et al. (2020)

13 JPIK (2020)

14 For example, many Asia Pulp and Paper (APP) concessions, all of which are SVLK verified (see APP, Sustainability report 2019: About us [Website]), have had fires in them between 2015 and 2019. See eg Greenpeace Southeast Asia (2019, 24 September), Greenpeace Southeast Asia (2020), Greenpeace Southeast Asia (2020, 15 July) and Wright, S. (2017).

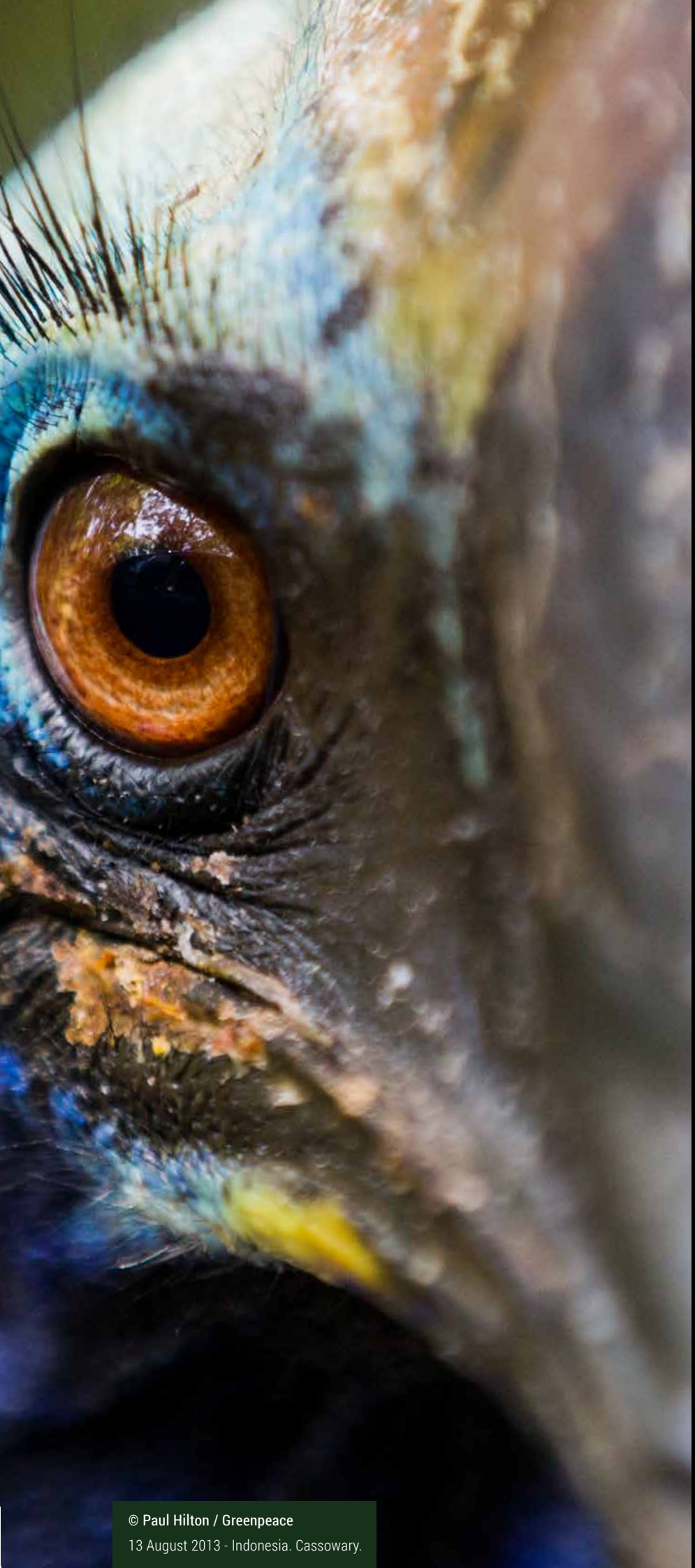
15 EIA & Kaoem Telapak (2021)

16 EIA & Kaoem Telapak (2021) p.22

CHAPTER 4:

CONCLUSIONS AND THE WAY FORWARD: FOREST PROTECTION GOES BEYOND CERTIFICATION

Rather than being an effective forest protection tool, certification schemes end up greenwashing products linked to deforestation, ecosystem destruction and rights abuses.



© Paul Hilton / Greenpeace
13 August 2013 - Indonesia. Cassowary.

Conclusion:
Certification – A greenwashing tool?

A key aim of the certification schemes discussed in this report, and others of their kind, is to remove environmental destruction (including deforestation) and social harms from the production of commodities and their supply chains. Yet the analysis in this report shows that certification is a weak tool to address global forest and ecosystem destruction. It cannot and is not designed to address the problem of growth in supply of and demand for commodities that is driving this loss. Furthermore, it cannot avoid 'leakage', where certification of some commodities, producers and areas leads to deforestation and ecosystem destruction being displaced to other countries, regions or biomes.

Strong environmental and social standards developed through multi-stakeholder processes have a wide range of potential applications, including in regulations. But while some certification schemes do have strong standards, problems with implementation combined with a lack of transparency and product traceability mean even these have major failings. Thus, whereas certain schemes may have a localised positive impact,[1] such as strong individual country or local application, the inherent limitations of the certification model and the flaws in their design and implementation mean that none of these schemes are able to live up to their promise.

Although certification has been proposed by some as a useful surrogate for good land use governance and commodity regulation, it has not succeeded in producing the profound reforms needed in commodity production and consumption. Far too many certified companies continue to be linked to forest and ecosystem destruction, land disputes and human rights abuses.

Certification has done much to cultivate the image that 'green' labelled commodities are 'sustainable'. But instead of guaranteeing that deforestation and other harms are excluded from supply chains, certification with inadequate governance, standards and/or enforcement enables destructive businesses to continue operating as usual. More broadly, by improving the image of forest and ecosystem risk commodities and so stimulating demand, certification risks actually increasing the harm caused by the expansion of commodity production. Instead of being an effective forest protection tool, certification schemes thus end up greenwashing products linked to deforestation, ecosystem destruction and rights abuses.

Although certification was initially conceived as a potential solution to these problems, three decades of experience show that attempts to address the various design and implementation flaws have largely failed. Certification can play a role in excluding products linked to deforestation, forest degradation, ecosystem conversion and associated human rights abuses from supply chains – but it requires many reforms (see box on page 96). Moreover, the focus on certification is distracting from and delaying the implementation of a comprehensive and integrated set of solutions including robust laws and regulations, and hindering the transformation of commodity production systems away from a model that relies on continued expansion into natural ecosystems.

1 See eg IPBES (2019) pp.44-45,55,87

The way forward:
The role of certification

CERTIFICATION – A LIMITED ROLE IN HALTING ECOSYSTEM DESTRUCTION

The weaknesses and flaws identified in the certification schemes assessed in this report make clear that certification should not be relied on to deliver change in the commodity sector. At best, it has a limited role to play as a supplement to more comprehensive and binding measures, and it should neither carry legal force as proof of compliance with those measures nor absolve the certificate holder of liability for non-compliance. With reforms, including strong standards and full transparency, certification can potentially help lift environmental and social performance on the ground – but it is imperative that we develop realistic expectations about the applications it can have and under what conditions it can be effective.

It is also important to recognise and assess the differences between certification schemes, which, as this report has shown, vary in terms of governance, standards, transparency, implementation and effectiveness. For example, there is considerable difference between PEFC/SFI certification and FSC certification for wood produced in Canada; while there is room for improvement in the FSC system, FSC certified forests and 100% FSC certified products do provide important forest, wildlife and Indigenous rights protections, whereas SFI certification cannot be considered anything more than a greenwash.

For certification to play any role in cleaning up supply chains and be considered fit for purpose, certification schemes first require fundamental reform, as outlined in the box on page 96.

CERTIFICATION – NO SUBSTITUTE FOR ROBUST LAW AND GOVERNANCE

Governments and legislators must not accept certification schemes as a way to demonstrate compliance with legal requirements related to the protection of forests, ecosystems and human rights. Considering all the limitations of certification schemes and their issues with regard to effectiveness and credibility, as highlighted in this report, it is clear that relying on certificates as proof of compliance with legal requirements addressing ecosystem destruction and social harms would jeopardise the effectiveness of the legislation in question. Embedding certification schemes into regulatory frameworks would also shift responsibility for ensuring compliance with legal requirements from governmental authorities to third-party auditors, thereby weakening the enforcement of such requirements. Furthermore, there would be no clear gains in terms of administrative efficiency, given that governments would still have to introduce and manage a complex layer of procedures to assess and accept certification schemes.

Instead, a sound regulatory approach must be based on the requirement for companies to provide, under their own responsibility, reliable and verifiable evidence that their supply chains and products are free of deforestation, ecosystem conversion, degradation of forests and other ecosystems and human rights violations.

FUNDAMENTAL REFORM IS NEEDED BEFORE CERTIFICATION CAN PLAY EVEN A LIMITED ROLE

Certification schemes have a potential role to play – as argued above – as a supplement to more comprehensive and binding 'sustainability' and responsible trade measures implemented by the governments of both producer and consumer countries (see below). But to be fit for even this purpose, they require fundamental reform.

A starting point would be to ensure that the schemes' **governance bodies have a majority of representatives of social and environmental interests** – including Indigenous and local communities – so that decisions are made in the interests of people and the planet, rather than profits.[1]

1 This is of course without prejudice to the availability of other avenues and means of redress by stakeholders, such as civil liability claims in consumer and producer countries, accountability mechanisms prescribed by law and actions before international jurisdictions.

Certification standards should include at a minimum provisions for all of the following:

- Full respect of Indigenous People's rights and livelihoods, and labour rights
- Prohibition of direct and indirect deforestation (including conversion to plantations), forest degradation and conversion and degradation of other natural ecosystems, including, but not limited to, peatlands
- Establishment of strong (early) natural ecosystem conversion cut-off dates
- Restoration and remediation requirements for deforestation/ ecosystem conversion prior to the cut-off dates, as well as restitution of social harms
- Protection of HCVs, HCS forests, conservation areas and IFLs
- Adapted provisions to support small farmer/smallholder implementation

More broadly, to support efforts to address the multiple pressures on biodiversity and ecosystem health, certification should require ecological production, including prohibiting the use of chemical pesticides and fertilisers or GMOs.[2]

Certification schemes should also require **full transparency**, including maps of certified areas (including conservation areas) and details on the ultimate ownership of certified companies. Moreover, all of a scheme's requirements should be enforced across the whole of each corporate group's operations, including

2 Greenpeace (2015)

those linked by ownership, management and/or other forms of control, regardless of whether there is a formal parent/subsidiary structure.

Schemes must at a minimum require a **comprehensive (unbroken) traceability** system for certified products from farm to consumer. Going further, actors at all stages of the supply chain must be certified with transparent reporting of transactions, and volumes tracked to ensure an uncompromised chain of custody.

The certification assessment system must be transformed to **ensure integrity and credibility**, and in particular to address the inherent conflict of interest between the CB doing the auditing and its clients. A new structure is needed that acts as a 'firewall' between the two parties, preventing the direct payment of funds, impartially selecting the best qualified CBs to do assessments and verifying the satisfactory performance of assessments and audits. To improve the **objectivity of audits** some parts should be digitalised, for example by making use of remote sensing data. To ensure their integrity, recommended measures include:

- Rotation of CBs and auditors
- Having the certification fee be held in an escrow account and withheld until the assessment report has been validated
- A tender process after which a third party decides on the CB for a client
- Flat fee audits, or free audits funded by levies or other means
- Strengthening of the auditor registration requirements and training processes
- Publishing audit reports and clearly indicating any non-compliances with the standard
- Applying and enforcing appropriate penalties and compensation payments for significant and/or recurring non-compliances

Implementation is key; strong rules regarding breaches of these conditions must be immediately enforced. Considering the scope of the changes that would be needed for effective reform, and the fact that considerable attempts have been made to address some of these issues for years with only limited success, the question remains as to whether the system is reformable. Thus, the recommendation remains that certification can at best only serve as a useful supplement to comprehensive and binding measures, provided that the reliability and credibility of a scheme has been duly assessed.

The way forward:
The role of governments and companies in cleaning up supply chains

An adequate response to ecosystem destruction and associated human rights abuses in supply chains requires governments in both producer and consumer countries to take responsibility to protect people and nature, and requires companies to fully act within those regulatory frameworks to clean up their supply chains.

PRODUCER COUNTRY GOVERNMENTS' ROLE

Governments in producer countries must enact comprehensive legislation (if it does not already exist) to protect forests and other natural habitats from destruction or degradation. Legislation should also include the obligation for producers, traders and consumer companies to achieve complete supply chain transparency and traceability and safeguard Indigenous and local communities' and workers' rights, with penalties sufficient to act as a genuine deterrent. Particular support should be given to small farmers to assist and incentivise them to meet environmental and social standards. Governments must also invest in adequate monitoring and enforcement of compliance with this legislation. Independent verification of compliance should be possible, supported by governments publishing details of producers in their territory, including maps of all farms, concessions or other forms of corporate land tenure, as well as group-level ownership information. As well as complying with such laws, corporate groups should invest in responsible production methods that bring opportunities and benefits to local communities.

CONSUMER COUNTRY GOVERNMENTS' ROLE

Governments and, where applicable, regional jurisdictions such as the EU must adopt laws regulating domestic markets for commodities and derived products entailing a risk for forests and ecosystems, to ensure that they can be sold only if they meet strict sustainability and human rights criteria. Such laws should prevent the placing on the market of commodities and derived products linked to forest and ecosystem destruction or degradation or violation of related human rights. To this end, legislation must make companies sourcing FERCs and derived products responsible for ensuring that products meet the prescribed criteria, by means of due diligence and measures to ensure full supply chain traceability and transparency (public disclosure).

Legislation should also include rules on due diligence for financial institutions to ensure that they are neither directly nor indirectly linked to or financially supporting forest and ecosystem destruction or degradation or human rights violations.

Crucially, governments should cooperate internationally to ensure that new laws regulating the trade in and financing of FERCs are adopted in a broad number of countries, and to guarantee their compliance with strong environmental and social standards. This will maximise the impact of such initiatives and minimise the availability of alternative markets for environmentally and socially harmful commodities and products (thereby preventing 'leakage', as explained in Chapter 1).

Cooperation between consumer and producer countries is also necessary in order to improve governance and foster the adoption of responsible, ecological production methods and effective restoration and remediation practices. Special attention should be paid to the position of smallholders and communities whose livelihoods depend on forests and other ecosystems, with consumer governments putting in place targeted and inclusive measures, trade and aid partnerships, and programmes to support smallholders and communities in producer countries.

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3 October 2016 - Sweden. Fiby Urskog Nature Reserve.

COMPANIES' ROLE

Companies must begin by immediately requiring and implementing strong environmental and social standards for commodity production, setting up traceability and transparency systems for all commodities, enabling them to identify all traders, producer and corporate groups and third-party suppliers in their supply chains. They should also proactively monitor their supply chains to ensure that all suppliers comply with strong environmental and social standards and policies and, when in place, robust regional or national legislation.

Finally, companies need to go beyond simply removing deforestation from their supply chains to actively carrying out, supporting and financing forest and natural ecosystem protection and restoration, in collaboration with local governments and local and Indigenous communities.

The way forward:
Moving beyond supply chains

Removing deforestation and other harms from specific supply chains is an important element of any strategy aimed at protecting the environment and human rights. However, in order to meet the demands of social justice and address the climate, biodiversity and health crises, comprehensive and well-structured strategies are needed.

Such changes must start with countries working together to develop and implement action plans that favour people, the planet and biodiversity, with the goal of rapidly halting and reversing the loss and degradation of all natural ecosystems and limiting the global temperature rise this century to a maximum of 1.5°C. These plans should include rights-based, legal protection[1] of at least 30% of land by 2030,[2] representing all ecoregions, along with restoration of at least 500 million ha of natural forests[3] and all degraded peatlands[4] by 2030. For these protection plans to be effective, recognising, respecting and defending Indigenous Peoples' and local communities' right to customary lands and their self-determination – including self-government, Indigenous law and cultural heritage – is a key requirement.

Policies and measures for ensuring responsible supply chains must be combined with efforts to reduce the consumption of certain commodities and products, addressing the issue of growth as well as just distribution. Government policies and changes to business models must seek to ease pressure on land use by a 50% reduction in global meat and dairy consumption by 2050 (with a 70% reduction by 2030 in high-consuming regions).[5] More broadly, these policies and business models must contribute to a transformation of the current capitalist paradigm fixated on GDP growth into a socio-economic system that inherently respects the boundaries of nature and supports social justice and democratic engagement.

Trade policies should mirror and support the production and consumption objectives set to serve people and the planet. In many cases, relocalising production and consumption supply chains can provide such support. Where it makes ecological sense, relocalised supply chains can increase social accountability of producers towards both their employees and consumers, and can strengthen community ties. Diversified supply chains are also more resilient than the just-in-time system we currently have.

Fiscal policies (including a polluter-pays approach) and reform of the financial system should aim to shift the trillions of dollars a year currently spent on perverse subsidies for fossil fuels[6] and destructive agriculture[7] – as well as private investment in these – into clean energy, ecological food systems and rights-based nature conservation and restoration.

1 In line with IUCN categories I–VI (see IUCN, Protected area categories [Website]). Notably, an absence of industrial activities and minimum of human influence beyond traditional natural resource activities of Indigenous and local communities.

2 In some regions, higher levels of protection may be necessary – in particular where tipping points would potentially be passed when only 30% was protected (eg in the Amazon) or where there are HCV or HCS values in more than 30% of the ecoregion. In some ecoregions, achieving long-term ecosystem stability will also require ecosystem restoration.

3 See eg Houghton, R. A., Nassikas, A., & Byers, B. (2015) and Griscom, B. W., et al. (2017), Table S1, p.7.

4 Degraded peatlands have been drained or had their water flow altered but have not been completely converted to other land uses, and can be rehabilitated by restoring the natural flow of water. Those are estimated to cover around 46 million ha. See Nature4Climate, Peatland restoration [Website].

5 Greenpeace (2018c) pp.14-15

6 Coady, D., et al. (2017)

7 Food and Land Use Coalition (2019)

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23 February 2016 - Pará, Brazil. Achiote (Bixa orellana) fruit.

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