

False Solutions to Deforestation:

A Fact Sheet on Forest-Risk Certification Schemes



Source: International Consortium of Investigative Journalists

Sustainability certifications for palm oil, soy and timber products are schemes driven by agrocommodity industries. They are promoted as a risk assessment procedure for companies to use and hold up as a stamp of approval. Yet, these voluntary forest-risk certification schemes are **false solutions to the global crisis of deforestation and forest degradation**.

By and large, the objective of certification schemes is to increase market access and generate premiums for participating companies. Arguably, this may incentivize marginal improvements in sustainability practices. However, due to their voluntary and private nature, these certification schemes do not ensure transparent governance, due diligence processes, and monitoring systems across entire supply chains. They include weak standards that do not prevent landgrabs, commodity-driven deforestation, forest degradation, or conversion of other natural ecosystems. Their implementation is not regulated and non-compliance is overlooked. Certified companies continue to engage in adverse social and environmental impacts. **Voluntary forest-risk certification schemes are not a solution to halting the global deforestation crisis.**

What is a false solution?

False solutions are market-oriented initiatives promoted to address deforestation, climate change, and biodiversity collapse, but in fact do not change or challenge the status quo, market interest, or power. They have “greenwashing” titles that indicate a solution, but this is just in name. False solutions are often corporate and industry-led interventions, are voluntary and non-binding, and often receive significant financing and influence in their domains. False solutions tend to perpetuate or worsen the problem while blocking real solutions that offer a systemic shift in the balance of power.

Examples of Forest-Risk Certifications:¹

- **Roundtable on Sustainable Palm Oil (RSPO)** – palm oil
- **Forest Stewardship Council (FSC)** – timber products including wood, paper, rubber, fibers, and more
- **Roundtable on Responsible Soy (RTRS)** – soy, corn, biofuels

7 Reasons Why Forest-Risk Certifications are False Solutions

1. Voluntary means no legal enforcement

As voluntary mechanisms, certification labels, systems and schemes do not have the authority to confirm or enforce compliance with national laws on deforestation, land clearing, forest management or human rights. These certification processes do not confirm the legality of company operations or land use, and certified products have been repeatedly linked to illegal operations and land grabbing.²

Agribusiness companies driving deforestation can opt in or out of voluntary certification when there is a profit-oriented case such as demand for responsibly produced products or access to finance. Because they have much less stringent requirements for businesses than adopting strong environmental, social and governance (ESG) standards, and they avoid the need for government regulation that might mandate supply chain due diligence in order to sell products on national or global markets, voluntary certification schemes offer businesses a relatively easy way to market their products as “sustainable”. This same dynamic contributes to industry-driven backlash against anti-deforestation regulation. Why support regulation when you can pay for green credibility?

Numerous members of RSPO have sourced illegally produced palm oil from lands that have been deforested in Indonesia.³ There are a combined 8.33 million acres of palm oil plantations considered illegal under Indonesian law.⁴ The majority of palm oil imported by the U.S. (which ranks globally as the fifth largest importer of palm oil) is from Indonesia.⁵

2. No change to the status quo

Voluntary actions do not have the power to transform the systems of production that drive ecosystem destruction. The production and consumption of agricultural commodities that drive deforestation (palm oil, soy, pulp and paper products, cattle products, etc.) continues to grow. **Voluntary certification supports this expansion, and thereby directly and indirectly causes forest destruction and land grabbing.** Voluntary certification advocates claim the solution is better production rather than limiting consumption (‘Save the rainforest, buy sustainable palm oil!’) – yet this puts the onus on the consumer to choose purchasing a certified labeled product, rather than governments taking responsibility through regulation to ensure a clean and healthy environment.

Furthermore, these voluntary certification schemes often disregard the use of extremely toxic chemicals in production, which cause water and soil pollution and health and safety issues for workers. The Roundtable on Sustainable Soy (RTRS), for example, certifies genetically-modified soy, which is often cultivated with glyphosate, a listed Highly Hazardous Pesticide.⁶

This increases total demand and production of the forest-risk products under the industrial agribusiness model that drives profit to corporations and, across the global South, dispossess communities of their land and their rights. This has a hidden side effect that non-certified portions of these products are sold to buyers that are not interested in certification (see Lack of traceability).

3. Not designed to reach zero deforestation

Their standards may appear good on paper, but in reality, certification schemes **do not guarantee basic principles of responsible forest management and agriculture**, including halting deforestation and forest degradation, or respect for land rights, including through the internationally protected right of Indigenous Peoples to Free, Prior and Informed Consent (FPIC).

While indigenous peoples and local communities are recognized for preserving lands and stewarding forests, their FPIC is structurally denied and not addressed by certification schemes.

Companies are not meeting their commitments to zero deforestation in their supply chains by certifying their products. Even defining deforestation is a grey area varying across standards, with exemptions that entrench these schemes as false solutions: **forests can be cut down if their loss is compensated elsewhere** (a similar false solution to carbon offset schemes), and **deforestation, degradation and conversion is allowed for certain types of forests** (including industrial logging on what is considered primary and High Conservation Value forests, even if these are crucial for protecting biodiversity and climate mitigation).⁷

With these weak definitions and loopholes, agrocommodity plantations and forests that do not fit within the standards are simply left out of the scope of certification, which enables a company to get certified despite any deforestation or forest degradation occurring in its operations.

There does exist a broadly agreed-upon set of standards for achieving “No Deforestation” supply chains, called the Accountability Framework Initiative (AFi).⁸ The Accountability Framework is a roadmap for achieving ethical supply chains that protect forests, natural ecosystems, and human rights, through consensus-based guidelines for companies in the agriculture and forestry sectors. Its comprehensive set of guidelines have resulted from extensive consultation with businesses, investors, as well as civil society groups. Many multinational companies, including members of the RSPO, RTRS and FSC, recognize its principles – but very few adhere to these principles. The AFi differs from these schemes both in its more rigorous principles, but, more importantly, because it is not industry-led and does not offer any market premium. Unfortunately, this also makes it less appealing to most large companies.

In its impact assessment on certification as it relates to the EU Deforestation Regulation, the European Commission concluded that voluntary certification schemes on their own have not been able to prevent deforestation.



Source: Environmental Inspection Agency

4. Independent audits are not independent

When a business hires, oversees, and pays an audit firm, there is always a risk of conflict of interest – that is, an incentive for the audit firm, or the company or certification body, to ignore or suppress findings that may be inconvenient or damaging. The RSPO’s auditors have routinely shown that such conflicts of interests increase the risks of violations occurring and being ignored.⁹ Companies can hire another audit firm when they are not satisfied. If social auditors fail to uncover bad practices, they are not held liable for the consequences. For communities affected by industrial plantations in many countries, these consequences can be severe, and deadly, including loss of life from environmental impacts, violent retaliation against forest and land defenders, or injuries due to the lack of provision of safety equipment.

These systems are sensitive to fraud given that certified companies may easily mislead their auditors, who depend on the company to tour them around and are frequently presented very limited visibility into the areas of operation. As a consequence, audits notoriously under-report, under-detect and under-remediate human rights risks and impacts. **Companies continue to receive certification even when they perform poorly in audits or violate the certification standards.**

5. Lack of traceability

Most certified deforestation-risk products are not traceable to the point of harvest and lack public disclosure of the entire supply chain. Some voluntary certification schemes, such as the RSPO “mass balance” approach, allow for a mix of certified and non-certified products to be sold to consumers and business markets with their label. This means that you cannot find out what plantation, ranch, mill or refinery the certified product you bought is coming from exactly – and the certified processor can still source uncertified commodities.

It is therefore impossible to use certification systems to verify if the product is in fact directly linked to deforestation or forest degradation.

6. Corporate power versus affected communities

Certification has become a massive industry, involving the certification bodies, consultants and standard-setting mechanisms. Public money as well as civil society resources have been pouring into the certification business, while the structure itself is disempowering to affected communities.

Even when there are measures for inclusive decision-making by including community representatives, the decision-making bodies (i.e. Boards of Directors) are usually dominated by corporations. The resources and capacities of civil society, workers organizations, and affected communities to participate are much smaller than those of large multinational corporations, resulting in a real power imbalance.

Certification schemes have developed into extremely hard-to-navigate technical institutions very far from realities on the ground. Communities have been tricked into engagement in certification processes, spending their valuable time in sessions and signing up to sky-high promises of development that would come with certification and responsible management but have been consistently broken afterwards. This is disempowering for communities, who should have the right of self-determination for their own development. Moreover, **if communities speak out, they risk – sometimes violent – backlash and criminalization.**

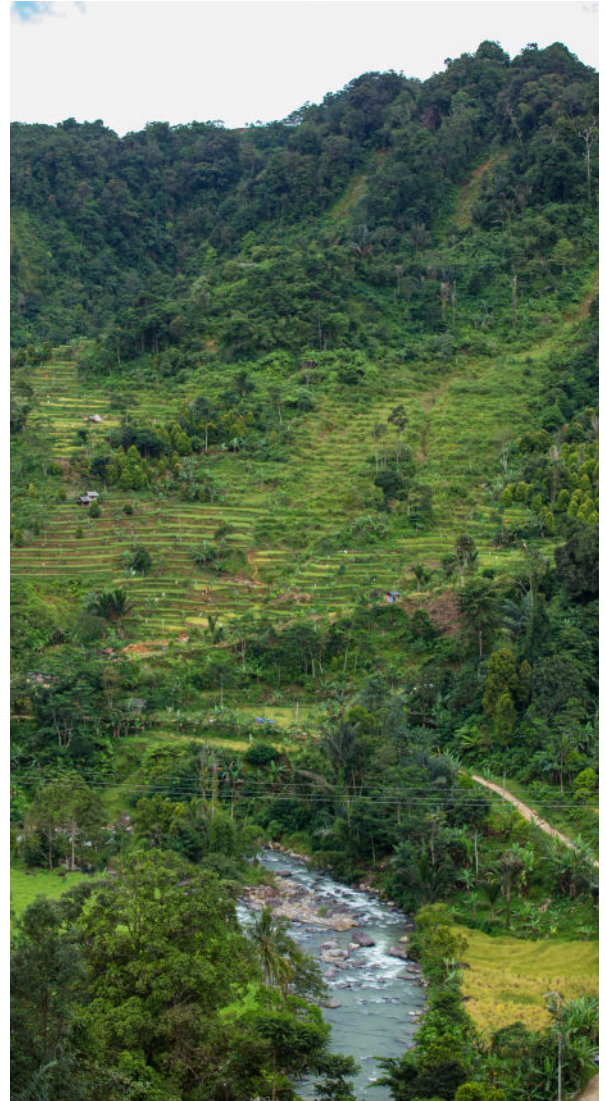
An investigation into the Forest Stewardship Council found that it relies heavily on industry funding through certification fees, and has weakened its standards in order to boost market shares.¹⁰

7. Unresolved grievances

Complaint and grievance mechanisms of certification schemes are very hard for affected people to access and rarely lead to demonstrable results. Research shows that the palm oil label RSPO structurally fails to address grievances from affected communities.¹¹

Certification schemes do not require that companies disclose maps of their concession areas and plantation expansion plans, all the business relationships throughout their supply chains, or their ownership or financiers. This lack of transparency makes it very difficult for affected communities to hold companies accountable for adverse impacts, including land grabs, disregard of the right to FPIC, or denial of territorial and land rights.

Nonetheless, filing an official complaint requires highly technical input and can be a years long process, using up limited resources and time from affected individuals and communities and their representatives. Even when there is significant evidence of bad practices underpinning the grievances, certification labels are rarely revoked. Lenient audit firms, and a focus on company policies rather than actual practices and remediation, allow for companies to continue destructive business as usual, while continuing to perpetuate or ignore real harms, and still obtain certification.



Real Solutions to Addressing Deforestation in Supply Chains

Mandatory Due Diligence Systems

Certification is not a proxy for due diligence. As defined by the UN Guiding Principles on Businesses and Human Rights, due diligence is a process for identifying, preventing, mitigating, and accounting for human rights impacts – both actual and potential impacts. Human rights due diligence requires meaningful engagement with stakeholders (e.g. human rights defenders, supply chain workers) and must be rooted in international human rights frameworks.¹²

The OECD Guidelines explain that industry schemes should not be used as proxies for due diligence or play a dominant role in due diligence procedures. Reforming supply chains to address deforestation risk requires legally binding mechanisms. **Governments need to enact mandatory due diligence systems at various levels, from imports and exports, procurement, and investments.**

The European Deforestation Regulation (EUDR) has created a mandatory due diligence system to regulate the import and export of deforestation-risk commodities precisely because relying on voluntary certification schemes does not clean up supply chains from deforestation. Scientists that reviewed certification schemes against the EUDR concluded they are not fit for purpose and that legally binding options are more effective.

State Level Procurement Policies

Legally codified procurement policies at state levels in the United States are one means of enacting similar mandatory due diligence systems for forest-risk commodities. By requiring state governments to set up their own mandatory screening and not rely on industry-driven voluntary certification schemes, supply chains would be thoroughly assessed for their contribution to deforestation and would prohibit states from purchasing products linked to deforestation, forest degradation and rights abuses, thereby influencing the markets for those products and impacting larger systems change.

Import Screenings

Another solution to the deforestation crisis is federally mandated due diligence screenings for the importation of forest-risk commodities to US markets. The federal government could set up the Customs and Border Protection agency with a supply chain due diligence system to ensure that any import meets deforestation-free requirements across the supply chain.

Identifying high-risk countries could also add significant trade relations pressure on countries where there is rampant illegal deforestation or high rates of deforestation in critical forest biomes. In addition, creating preferential bidding or import preferences for deforestation-free commodities will have a cumulative impact on the global market.

Technical Assistance

As with the enacted EUDR, US laws concerning import and purchasing of forest-risk commodities should complement these enforcement efforts with technical assistance programs to help businesses meet sustainable supply chain standards in line with a human rights framework and support countries to enforce forestry laws.

Shifting from the Industrial Food System to Agroecology

Real solutions to the environmental destruction and human rights violations resulting from the industrial agribusiness model of production are already being practiced by small farmers around the world. In order to address the climate crisis and global biodiversity collapse, and to uphold food sovereignty, we need to move away from the extractivist model of industrial agriculture – and the market-driven notion that ‘sustainable supply chains’ will end deforestation – towards **agroecological farming and forestry practices** that rebuild soil, end reliance on hazardous chemical inputs, and restore land rights to Indigenous and community land holders.

Governments can support this transition by **enacting legal mechanisms for forest-risk due diligence**, which will create the enabling conditions to **reduce consumption of forest-risk products** and curtail the harmful expansion and impacts of those agrocommodities (including biofuels or biomass for energy). Additionally, governments can shift financial flows from subsidizing industrial agriculture plantations and logging operations into community-based forest management and restoration rooted in agroecology.



Endnotes

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