

The false promise of certification



How certification is hindering sustainability in the textiles, palm oil and fisheries industries

Executive summary and key findings

1. Executive summary

The purpose of this report is to shed light on industry-specific issues related to environmental impacts of certification schemes and voluntary initiatives in fisheries, palm oil and textiles sectors.

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Faced with the gravity of today's environmental and social problems, consumers are increasingly seeking out sustainable products that minimise negative impacts on people and the planet. In 2015, a survey of 30,000 consumers in 60 countries found that 66% of consumers are willing to pay more for products or services from companies committed to positive social and environmental impact (Nielsen, 2015). In the UK alone, the market for ethical products grew to more than £81.3 billion in 2017, with demand for sustainable fish growing by nearly 37% in 2016 (Ethical Consumer, 2017).

Studies also show that many shoppers rely on labels and certifications as a quick and easy way to identify more responsibly made products without having to become supply chain experts (e.g. Nielsen, 2014).

As sustainability goes mainstream, more and more companies are keen to show off their credentials by adopting different types of certification, labels and ethical commitments. The number of different schemes and voluntary initiatives has grown exponentially in recent years. The Ecolabel Index,

The market for sustainable and ethical products is growing (credit- Peter Bond/Unsplash)



the largest global directory of ecolabels, currently lists over 460 labels in 25 different sectors (Ecolabel Index, 2018). Most of these have emerged in the past two decades. But are they any good? This report shows that, rather than being an accelerator for positive change, this 'flood' of certification creates confusion for consumers and the industry and is standing in the way of genuinely sustainable consumption.

We investigated voluntary initiatives in three sectors where growing consumption and unsustainable sourcing have caused serious environmental problems: palm oil, fisheries and textiles. Palm oil is one of the leading drivers of deforestation, greenhouse gas (GHG) emissions, forest fires and loss of habitat for charismatic and endangered species such as orangutans, elephants and rhinos. Industrial fishing has devastated the planet's oceans; nearly 90% of global fish stocks are either fully fished or overfished (FAO, 2016a). It is also a hugely wasteful industry. Nearly 10 million tonnes of good fish are thrown back into the ocean every year, while damaging fishing methods have wreaked havoc on ecosystems: gill nets commonly kill dolphins, porpoises and whales, longline fishing is a particular problem for birds and discarded fishing gear continues to kill sea life for many decades in what is called 'ghost fishing'. Last but not least, the textile industry uses one-quarter of the world's chemicals and has been blamed for 20% of industrial water pollution, making it the second biggest polluter of freshwater on the planet. Violations of human and workers' rights are also rife in all three sectors.

In the absence of effective national and international legislation to tackle these problems, and with increasingly globalised supply chains, voluntary schemes are seen as a convenient way to fill the gap. In this report, we analyse the context in which such voluntary initiatives emerge, what their role is and how they set out to address some of the challenges identified. We investigate an array of voluntary initiatives that provide a company, product or service with a sustainability endorsement, ranging from product labels to industry-wide initiatives aiming to improve the environmental performance of a sector as a whole. We review key schemes in each of the three sectors, evaluating how they work, their achievements and their failures. Our focus is mostly environmental issues, although in some cases we also look at reports on human rights violations.

This report comes at a time when many of these schemes are under pressure to reform from NGOs and scientists - and, in some cases, even progressive companies. But despite the fact that the tide is turning, there is still a massive push for certification - and not always for the right reasons. This report demonstrates that many of these schemes are being used as a cover, which makes it more difficult for NGOs and academics to question the sustainability of some products and companies. For example, McDonald's has used the Marine Stewardship Council (MSC) label to deflect criticism over the sustainability of the New Zealand Hoki Fishery, which has been criticised for its high discard levels and trawling methods (McGrath, 2016). Governments are also increasingly using schemes as evidence of sustainability, as demonstrated by the use of certified palm oil to comply with biofuels targets, despite doubts about its success in stopping deforestation. The following section presents the key findings of this report.

2. Key findings

2.1. Fisheries

In 2015, 14% of global seafood production was certified - up from only 0.5% nearly a decade earlier. Certified-sustainable wild catch accounts for 20% of global wild catch supply and has been growing ten times faster than conventional seafood production (Potts et al., 2016). This report focuses on two of the biggest schemes: Friend of the Sea (FOS) and the MSC, which certified over 9 million metric tonnes of fish in 2015. Other schemes are relatively insignificant in comparison. Both the MSC and FOS certification schemes cover the prohibition of destructive fishing techniques, management of by-catch, environmental risk, impact assessment and the management of stock regulation, among other issues.

MSC and FOS were both found to be certifying numerous fisheries as sustainable - even when they overfished, had very high levels of by-catch and, in some cases, were even at odds with national legislation. The MSC has also been found to certify a number of fisheries in a 'compartmentalised' approach, which means a vessel and crew can use their nets to catch tuna 'sustainably' (receiving MSC certification), and then - on the same day and using the same equipment - haul in tuna along with protected species: a practice that is unsustainable and therefore non-certified. Although some

certification experts (Froese and Proelss, 2012) say certified seafood is still a better choice (because those fisheries are more likely to reflect healthy, moderately exploited stocks and to ensure labelled fish has not been caught illegally), critics charge that the MSC system has compromised its standards to keep up with booming demand from Wal-Mart¹ and other retailers. Booming demand for sustainable seafood, and the desire to meet it, are actively threatening the MSC's credibility, as there are not enough truly sustainable fisheries to supply demand.²

FOS does not have much support from NGOs and the scientific community due to its lack of transparency and stakeholder involvement; hence, it should probably be abolished. MSC, which looks better on paper, has come under a lot of criticism from NGOs and scientists and is also losing credibility in the eyes of many retailers. In a last-ditch attempt

to reform the scheme, many dozens of NGOs sent a letter to the MSC Board in January 2018, requesting that it deliver on commitments to finally make urgently-needed reforms to both the standard and the certification process itself. The aim is to re-establish MSC as a gold standard in seafood certification. Unless this happens within a short timeframe (the deadline given in the letter is the end of 2018), NGOs may be forced to recommend that the public, partner organisations, producers and retailers move away from seafood labels altogether (Ziegler, 2017). Until (and if) this scheme is reformed, consumers and restaurants need to find other tools to enable them to source genuinely sustainable fish that contributes to the long-term sustainability and health of the oceans and livelihoods connected to it.

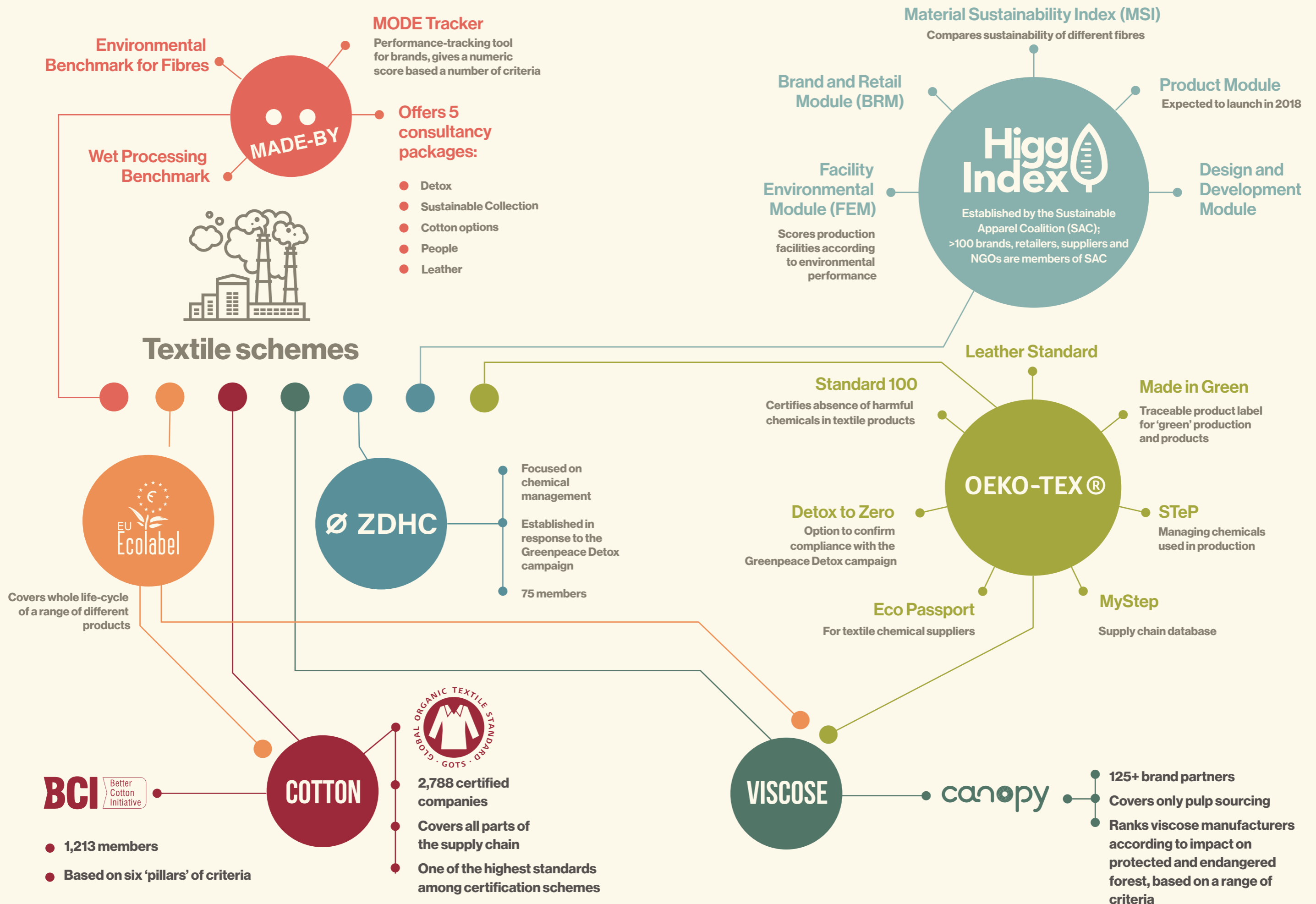
1 Wal-Mart committed to using only MSC-certified sources by 2011, but still hadn't fulfilled this commitment by 2015, due to lack of sufficient certified supply (Potts et al., 2016).

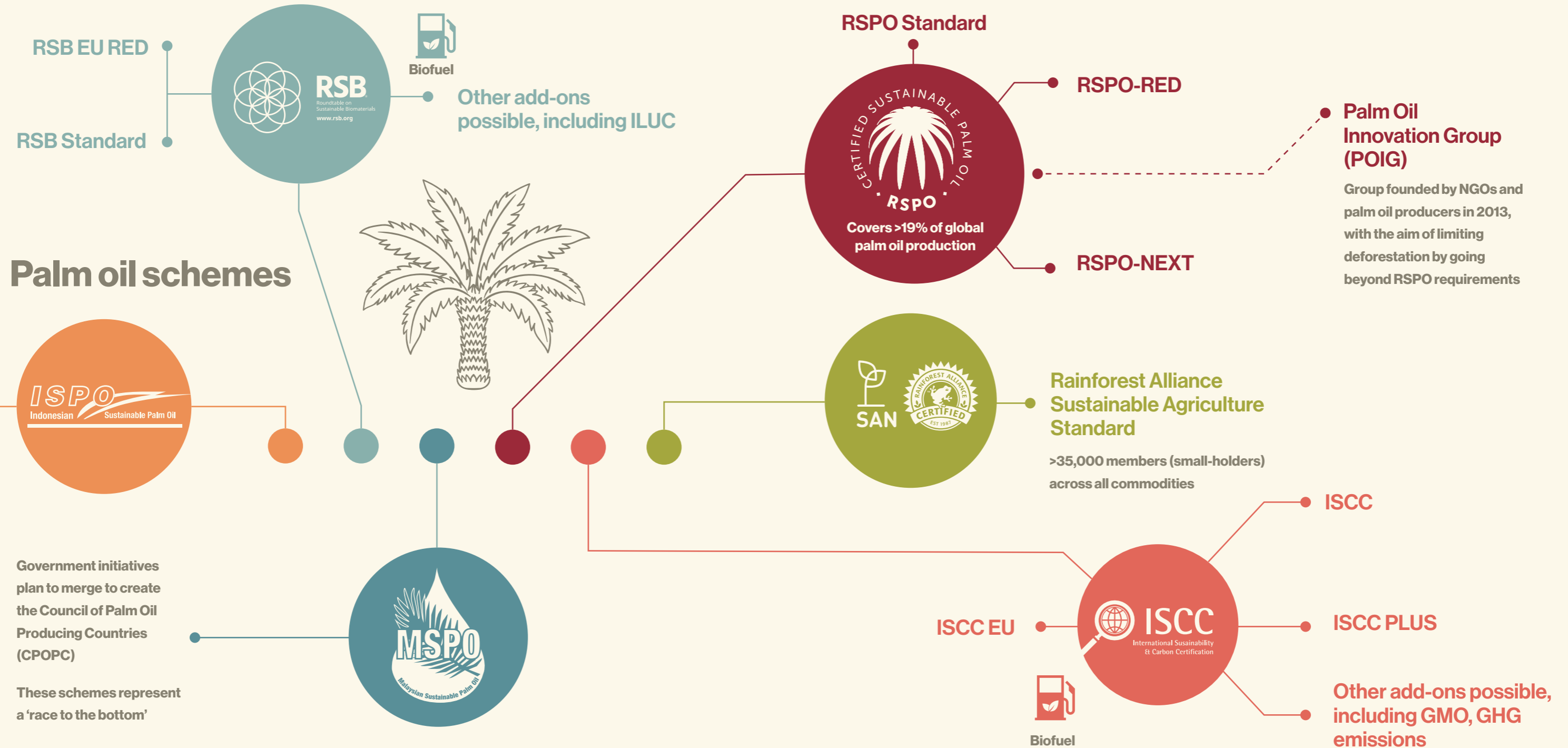
2 The MSC actually has a specific target: to make 20% of all wild caught fish MSC-certified by 2020, and 30% by 2030 (up from the current 12%).

Bottom trawler in the Barents Sea (credit-Nick Cobbing/Greenpeace)



OVERVIEW OF VOLUNTARY INITIATIVES ANALYSED IN THIS REPORT





Fisheries schemes

- **Global coverage: 12% (2017)**
- **No. of fisheries certified: >300**
- **No. of companies committed to source certified seafood: >100**



- **Global coverage: 15% (2017)**
- **No. of fisheries certified: >500 (including aquaculture)**
- **No. of companies committed to source certified seafood: 27 retailers**



Palm oil production is a leading cause of deforestation (credit-Ulet Ifansasti/Greenpeace)



Sulfur pollution in village surrounding viscose factory, Indonesia (credit - Muhammad Fajar Fauzan)

2.2. Palm oil

Palm oil is now so common that is estimated to be present in half of all supermarket products (Amnesty International, 2016a). In addition, a third of all biodiesel burned in cars and trucks in the EU is now estimated to be palm oil (Transport & Environment, 2017). Since palm-oil cultivation is centred around tropical areas, it is in direct competition with tropical rainforests for land, and is one of the leading drivers of deforestation. Besides massive biodiversity loss, deforestation is also responsible for large amounts of GHG emissions. Indonesia alone, which is the largest palm-oil-producing country, is ranked second in the world for tropical deforestation; land-use change and peatland draining are responsible for 79% of Indonesian GHG emissions (WRI, n.d.). While Indonesia and Malaysia currently represent 85% of global palm-oil production, the plantations are quickly moving into new areas and countries, such as in Africa and Latin America, leading to similar problems there.

Founded in 2004, the Roundtable on Sustainable Palm Oil (RSPO) has become the most prominent voluntary palm-oil

certification scheme worldwide, now certifying 2.6 million hectares – or around 19% of global palm-oil production (RSPO, 2017). Since then, other certification initiatives in the palm-oil sector have emerged, leading to continuous growth in the amount of certified palm oil on the market. These include International Sustainability and Carbon Certification (ISCC) and the Roundtable on Sustainable Biomaterials (RSB), which mostly focus on palm oil used in biofuels, and the Rainforest Alliance (RA), which mostly focuses on sustainable agriculture. The Malaysian and Indonesian governments have also set up their own schemes: Malaysian Sustainable Palm Oil (MSPO) and Indonesian Sustainable Palm Oil (ISPO). ISPO certification, which is now a requirement for Indonesian plantations, has rapidly increased in recent years to cover 16.7% of all plantations, or 1.9 million ha (Indonesia Investments, 2017). However, as this report shows, ISPO represents a race to the bottom, as it merely requires compliance with already weak Indonesian legislation.

This report shows that none of the schemes has been effective at slowing down deforestation, peatland draining or the loss of biodiversity. While RSPO is often referred to as the

best scheme in the sector, it has several shortcomings; most notably, it allows the conversion of secondary forests and the draining of peatlands, it has not prevented human rights violations and it does not require GHG emissions reductions. All of the schemes investigated also have consistency issues: they offer numerous different standards within each scheme. These ‘modules’ have different levels of ambition (tailored to the market of destination) and different traceability requirements (ranging from full segregation of certified products to just selling green certificates via trading platforms). RSB and ISCC have developed several modules, depending on which biofuel market the company wants to sell to. In response to criticism, RSPO has developed a voluntary add-on module called RSPO NEXT, which raises the bar on sustainability by prohibiting peatland and secondary forest conversion. The first 2,000 tonnes of this certified palm oil reached the market in February 2018, but were sold on the trading platform PalmTrace, which offers no traceability back to the source (RSPO, 2018). This lack of traceability is a major problem (and is criticised in this report) because it reduces the incentive for companies to take responsibility for their own operations further down the supply chain.

The report also reviewed the schemes set up by the Malaysian and Indonesian governments, which are now trying to merge their two schemes into one weak standard and solidify it via trade agreements and cooperation with other palm-oil-producing countries. This is a blatant effort to ‘greenwash’ the sector and allow further expansion into new areas, and is driven by continuing growth in demand for biofuels and processed food products. In light of this, we call for action to reduce demand for palm oil, such as ditching biofuels targets, as well as channelling new plantations into non-forested areas by putting in place a strong moratorium on palm-oil expansion to forests and peatlands. Most schemes in this sector should be abolished in light of their failures on multiple fronts.

2.3. Textiles

The textile sector has seen a proliferation of voluntary schemes and green labels – over 100 are listed in the Eco-label Index, and several other initiatives, such as the Higg Index, are analysed in this report. Raw material sourcing, manufacturing and processing of textiles are largely located

in countries with very low wages and weak environmental regulations, which has historically led to problems, ranging from environmental pollution with toxic chemicals to the exploitation of workers. This report focuses on schemes that set out to address the environmental performance of the textile industry as a whole, and at key schemes covering two fibre types: cotton and viscose. We found that, despite the proliferation of different initiatives, there is no overarching scheme that satisfactorily addresses sustainability performance across the whole supply chain. The EU Ecolabel covers different types of textiles using a life-cycle approach – but in the case of viscose, it does not cover all parameters, notably water pollution indicators during the manufacturing of viscose fibres.

The Higg Index, which is widely used by fashion brands and counts several NGOs among its members, is often referred to as a key tool for improving the environmental performance of the sector as a whole. However, this report shows that it has many shortcomings; namely, a reliance on self-assessment and a lack of transparency, which would be a real incentive for fashion brands to continuously improve. While the Higg Index has promised full transparency by 2020, it remains to be seen how thorough this will be. A similar tool, MADE-BY's ModeTracker, also scores brands on their environmental and social performance – and suffers from incompleteness, allowing brands to pick and choose the areas on which they are assessed. This report also evaluates different types of OEKO-TEX Standards – not only the OEKO-TEX Standard 100 module, which deals with chemicals in the final product, but also the MADE IN GREEN and Sustainable Textile Production (STeP) modules, which deal with chemicals in the production process.

The report takes a closer look at schemes for cotton and viscose, based on the potential for these two fibres to be produced in an environmentally friendlier way. On cotton, it was found that a weak scheme – the Better Cotton Initiative (BCI), which allows for the use of toxic chemicals and genetically modified (GM) seeds – has grown very rapidly at the expense of organic cotton. A recent investigation broadcast on French television (Lucet, 2017), showed how BCI has overtaken organic cotton's market share and that farmers have switched from organic to GM cotton as a result of their participation in BCI. Even some well-intentioned and successful schemes (such as the CanopyStyle initiative, which addresses raw material sourcing in viscose production) can provide a misleading picture, because they only cover one

part of the supply chain. As the Canopy initiative only covers the sourcing of wood pulp, but not the use of chemicals in the manufacturing of viscose, it can give companies that are continuing to pollute the environment an unjustified 'green glow' – which is then often used as a selling point with customers.

3. The way forward for certification

The main conclusion of this report is that certification has lost its way and that its contribution to creating a more sustainable world is minute. We argue that it can even cause active damage; it lowers the bar to certify higher product volumes and in many cases fails to enforce greater transparency, thereby providing cover for unsustainable companies and practices. If there is to be a role for certification in the transition to a sustainable economy, it must undergo some serious reforms. First of all, the majority of schemes in the three sectors examined here should be abolished, because they are leading to confusion and 'label shopping', which waters down the ambition of certification in general. Second, certification schemes should aim for the highest possible level of ambition – not develop different modules with differing requirements, based on their target markets and to satisfy different companies' priorities. Why has RSPO developed a voluntary add-on module (RSPO NEXT) to drive more sustainable practices, which will affect only a small share of supply, rather than prohibiting all expansion of palm oil to forested areas and peatlands? This piecemeal approach has to change.

The general problem with certification is that all these schemes come in the context of growing demand for commodities, as well as insufficient national and international regulation to protect the environment and safeguard human rights. These schemes also exist within the framework of globalised production and consumption, where complex and opaque supply chains often obscure relevant information and reduce the level of external scrutiny. Certification exists to address this problem, in part – but therein lies the problem: for all three sectors featured in this report, most of the schemes only certify a very small part of overall production volumes, or only one aspect of the 'problem' (e.g. only one part of the supply chain, only chemicals used at a specific part of the production process, etc.). Schemes should become more comprehensive and aim to cover the whole

life-cycle of the product – as is, for example, the intention of the EU Ecolabel.

Schemes must also be selective about their membership, with high entry requirements and a continuous drive for improvement. Currently, schemes are all too often focused on getting all industry players on board, or trying to lower their bar to meet the growing demand for certified products, which leads to a race to the bottom. This report calls for significant reforms, which should be based on the following four principles:

- 1. Transparency**, which includes availability of criteria and reporting on the performance of different members of the scheme, and encourages supply chain transparency.
- 2. Independence**, which includes removing conflicts of interest, such as decoupling membership revenue from certification and compliance outcomes, and ensuring independent bodies set the standards.
- 3. Holistic approach with high traceability**, aiming to cover the whole life-cycle of a product, and not allowing companies to pick and choose criteria or to be certified with conditions.
- 4. Aiming for continuous improvements**, which includes setting the bar high enough to only certify companies that demonstrably go above and beyond average performance and are committed to continuous improvement. Schemes should also be science-based, reflect regulatory improvements and prevent backsliding.

While voluntary initiatives and certification can play a role in driving more sustainable practices, this report also concludes that they cannot – and should not – replace governmental and international regulations. The report proposes several measures that governments, companies and consumers can take, in the absence of effective certification schemes, and what can be done to put all three sectors on a more sustainable track. This includes: prioritising small-scale sustainable fisheries; establishing marine reserves and science-based fishing quotas, and enforcing them in the fisheries sector; a moratorium on deforestation and peatland draining in the palm-oil sector; and establishing zero-pollution policies and greater supply chain transparency in the textile sector.

These measures are ultimately also beneficial for companies operating in these sectors, as they guarantee the long-term viability of their business operations. It is evident that without healthy oceans there can be no fish for human consumption, and that without healthy forests we risk dangerous climate change, which will affect all agricultural production everywhere. For the fashion industry, the lack of access to clean and sufficient water supplies represents a major business risk, which is already affecting their operations. Industry must realise that the scale of the challenge requires actions that go beyond the weak requirements of voluntary initiatives, and live up to its own commitments and market demands for greater sustainability.

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