



# Eco-Link

Linking Social, Economic, and Ecological Issues

## Forest Certification II

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**Independent third-party forest certification is becoming a fact of life in the woods and mills across North America and beyond.** Sustainable forestry has to be measured against a set of performance-based standards, and verified through an independent third-party. Certification represents a new way and cost of doing business. While it may not contribute to short-term profitability, becoming certified is the price of entry to compete in some markets. While certification is a relatively immature market, those who ignore it *may* do so at their own peril.

*The chain extends from the forest floor to the sales floor.*



Forest Mgmt



Harvesting



Transportation



Manufacturing



Distribution

**One very positive aspect of woods certification is that it implies a harvest.** Those who do not believe in harvesting trees are excluded from this process. Today everyone realizes that forests must be managed to provide a variety of goods and environmental services. Sustainable forestry has come over us like a wave, and there is wide agreement over the need for forestry that is socially acceptable, economically viable and environmentally responsible. There are commonly accepted guidelines and principles for sustainable forestry. The debate is over performance standards: who sets the standards, who measures performance against these standards, and who accredits the certifiers. Large retailers are playing an important role by determining which products they will or won't sell based, in part, on their ability to verify whether the products were produced in "certified well-managed forests" (Forest Stewardship Council terminology). Buyers groups are working to create a market for FSC certified forest products. Key players who have been defining the certification business are:



Forest Stewardship Council

Accrediting Organization



Scientific Certification Systems (SCS)

FSC Accredited Certifiers



Buyers Group



Major Retailer

## The Need

Many people recognize the need to create a positive perception about modern forestry, forest products and the forest products industry. That means making people feel good about using a renewable resource that is produced in a sustainable manner. However, just practicing sustainable forestry is no longer enough, and wood will no longer sell itself. Retailers, architects, specifiers, builders and consumers have options as to what type of wood they'll use; or in some situations, whether they'll use wood at all. This is where certification can play a positive role. It will grow simply because there is a need for independent third-party audits, verification and *perhaps* a credible marketplace label (like a Good Housekeeping seal of approval). The question is not if certification will expand beyond small niche markets. The question is who will be setting the agenda.

## Pulling it Through

**B&Q** The Home Depot and B&Q are the world's first and third largest retailers of building materials. They are both promoting the use of certified forest products. It is reasonable to expect other retail chains to follow suit. As this happens, manufacturers will scramble to become certified and meet the needs of their customers. Where there is a demand, the supply usually follows. B&Q has a goal to sell 100% certified wood products with the FSC ecolabel by Dec. 1999.

Top Three Home Improvement Warehouse Retailers		
The Home Depot	\$30.2 Billion sales (f 1998)	Sell Certified (FSC)
Lowe's	\$12.2 Billion sales (f 1998)	
B&Q (Kingfisher)	\$6.4 Billion sales (f 1998)	Sell Certified (FSC)

**Retailers in and of themselves are not sustainable.** They advocate consumption. However, they can be good neighbors and position to meet the needs of a sustainable society. This is exactly what B&Q is doing in the United Kingdom. In its third environmental review, "How Green is My Patio," B&Q examines everything that goes into a patio and whether they are sourcing in the most responsible manner. Only the FSC label is used to make environmental claims on wood products.

"We increasingly deny customers the choice of blatantly unsustainable products by not offering them in the range. Secondly, we highlight the products which have distinct environmental advantages. In doing this, we help customers make environmentally appropriate choices." [B&Q's Third Environmental Review](#)

"We were the first home improvement retailer to pioneer the US Market for wood products certified under the principles of the Forest Stewardship Council (FSC) and we are seeing this market grow. We are members of FSC and helped lay the foundation for the Certified Forest Products Council." [The Home Depot News Release](#)

**Some architects and builders feel guilty about using wood.** Obviously they need reassurance that wood is the most environmentally sound building material. The Steel Alliance, Portland Cement Association, Plastics Institute and others are capitalizing on negative perceptions of modern forest practices to position their building materials as the "environmental-friendly" alternative. The Steel Institute is

spending \$100 million over the next five years in a quest to capture 25% of the residential wood framing business. Once a builder invests in the tools and training to do steel they may never go back. While the end consumer of a house may be somewhat ambivalent about which materials are used, the architects and builders are not. Once again, they can pull through what they want. Perhaps certification will become an important tool in ensuring these decision makers that wood is the best option. Perhaps the growing market for certified wood will encourage the National Association of Home Builders to promote wood as the most environmentally sound building material.

Certified forest products offer a positive, practical answer to the question, "Can I still be green and specify wood?"

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## Buyers Groups

The Worldwide Fund for Nature played a major role in establishing the Forest Stewardship Council and then several buyers groups to promote the use of FSC certified forest products. The WWF 1995 Plus Group in the UK was the first buyers group. It now includes about 100 companies, including the largest building material retailers and publishers. Similar groups have arisen in Holland and Belgium. In fact, there are 14 buying groups in the world today. In 1997, the Certified Forest Products Council was formed out of the Forest Products Buyers Group and the GoodWood Alliance. Today, it is the sole "buyers group" in North America. The job of these groups is to create the demand for certified products that will then encourage certification of "well-managed" forests around the world. They have some of the world's largest environmental organizations, foundations and retailers as allies.

**The WWF 1995 Plus Group in the UK has set a goal to use only FSC certified forest products by December 1999 (modified from 1995).** There is currently a significant shortfall of certified wood to meet the U.K. goals. Some producers, notably those in Sweden, have recognized the shortfall and have become the first large-scale producers of softwood to offer the FSC certified sawn timber. Companies like STORA and Assi Domän have committed some of their mills to FSC certified production. Two countries, the UK and Sweden, now use FSC standards designed specifically for their national forest agencies. The Netherlands has established an organization called the Dutch Kerhant whose mandate is to consider all reasonable forest management schemes using qualified and independent third-party auditors. If the Kerhant are satisfied, the Hallmark Certificate will be issued. However, a "chain-of-custody" is necessary to get the Hallmark Label.

*The emerging Pan-European Forest Certification (PEFC) Council represents over 15 European countries and 12 million small-scale forest owners. The PEFC is dedicated to finding a certification process appropriate to the small-scale, family owned forests that predominate in Europe.*

## Principles, Guidelines & Criteria



There is no longer much of a debate over commonly accepted principles, guidelines and criteria for practicing Sustainable Forestry or Sustainable Forest Management.

Simply put, sustainable forestry integrates interdependent social, economic and ecological needs across a landscape. The North American forest products industry has made a strong commitment to Sustainable Forest Management. A commitment to practice sustainable forestry, to measure performance, and to have the results verified is commendable. Winning public trust and making people feel good about using wood products are critical issues for the industry.

The Sustainable Forestry Initiative (SFI<sup>SM</sup>) is an ambitious program of the American Forest & Paper Association. Compliance with SFI<sup>SM</sup> guidelines, principles and performance measures is mandatory for all AF&PA members who own over 90% of the industrial forestland in the United States. The SFI<sup>SM</sup> program, now in its fourth year, has further enhanced its credibility through the use of an Independent Expert Review Panel and a Voluntary Verification Program. Champion International has announced it will review all of its forest operations in the U.S. according to independent SFI<sup>SM</sup> third-party verification protocols.



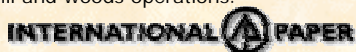
## Standards



There are two kinds of standards: performance-based and systems-based. These two standards can and should co-exist.

The idea of a performance-based standard is to have specific goals and a way to measure progress against those goals. The basic idea of a systems-based standard (e.g. ISO 14001 Environmental Management System) is the constant improvement of a company's activities. The two standards are beginning to merge. In the USA, SFI<sup>SM</sup> is moving towards a performance-based standard that can combine nicely with ISO 14001. The same thing is happening in Canada. ISO 14001 is being used as a foundation for CSA International, which incorporates the criteria and critical elements of Sustainable Forest Management.

ISO 14001 is an environmental management system (EMS) standard written by a group of representatives from more than 100 countries. The main objective of this standard is to help organizations manage the environmental impacts of their operations while always working toward continuous improvement. International Paper was the first integrated forest products company to become certified against the ISO 14001 standard. Bureau Veritas Quality International (BVQI) registered IP and has registered 500 other companies in other industries to this standard. ISO does not do certification itself. The forest products industry is applying ISO 9000 and ISO 14000 series standards to mill and woods operations.



## Chain-of-Custody

One of the most debated aspects of FSC certification is the "chain-of-custody," which is documentation tracing the certified forest product from the forest floor to the sales floor. Certification of the forest management (i.e. well-managed) and certification of the chain-of custody are both necessary to get the FSC ecolabel. The chain-of-custody is currently an FSC exclusive.



This chain means that certified wood and uncertified wood must be kept separate and tracked all the way through the system. The rule has been relaxed to allow 70% certified wood and 30% uncertified wood from the same source to get the ecolabel. Any one of FSC's six accredited certifiers can be involved in auditing the chain-of-custody necessary for the FSC ecolabel:

- ① Scientific Certification Systems (SCS)/Green Cross Certification Program
- ② Rainforest Alliance/SmartWood Certification
- ③ Oxford Center for Innovation/SGS Forestry Qualifor Programme
- ④ Soil Association's Woodmark Scheme/The Responsible Forestry Program
- ⑤ SKAL Forestry Certification Programme
- ⑥ Institute for Marketecology (IMO)

Certification for chain-of-custody is reciprocal between one FSC endorsed certifier and another. Every manufacturer and distributor of FSC certified forest products must be chain-of-custody certified in order for the product to bear the FSC ecolabel when sold. It can be very challenging and expensive to keep certified and uncertified wood separate. The biggest challenge may be tracking small amounts of wood coming into a mill from hundreds of small woodlots, or tracking pulpwood through the system.

## Cost of Certification

Non-industrial forest landowners are the most opposed to certification because of cost and the perceived threat to their property rights. Certification cannot succeed without their support. They own 60% of the commercial forestland in the United States and in Europe/Scandinavia. In an attempt to overcome their resistance, both SmartWood and SCS (both FSC accredited certifiers) have started to give blanket certification to Forest Resource Managers. This is an expensive process for the forester undergoing certification. However, this Resource Manager can work with dozens of woodlot owners on their forest management plans and recoup a bit of the cost from each. Since the Resource Manager is certified, the wood from forests he/she supervises is considered to be from a "certified well-managed forest." It no longer needs initial certification or expensive audits, which are beyond the capability of many small woodlot owners.



The cost for a forest landowner to become FSC certified and get annual audits, or for a mill to do separate production runs of FSC certified wood and non-FSC certified wood is too variable to report here. The question is whether these costs can be passed on to the consumer.



- > Under the FSC standard, approximately 30 million acres of forests worldwide have been certified as well-managed, including 5 million acres of certified forests in the United States.
- > The Canadian Sustainable Forestry Certification Coalition is a group of 22 organizations representing virtually all of the Canadian forest products industry. The CSFCC says that Canada has 120 million Ha of managed forestland and that 72 million Ha will be certified by 2003. Of that, they expect 69 million to be certified against the ISO 14001 standard, 8 million Ha against the CSA International standard, 8 million Ha against the FSC standard, and 20 million Ha against the Alberta Forest Care Code standard. Some lands will be certified against more than one standard.



## Summary

There is a broad acceptance in many industries that companies with “sustainability” as a core value will be in the best position to profit in the future. That’s what this is all about. It’s about doing the right thing, and feeling good about what you’re producing, selling and consuming. People can feel good about using wood products if they have a highly credible third-party telling them that these products were produced in well-managed forests. Certification based on internationally applicable principles assures that forests are managed in an environmentally responsible, socially beneficial and economically viable manner. Educating the public on how sustainable forestry is being practiced is critical. Providing proof will likely involve independent third-party certification.



The altruistic reason for certification is to encourage sustainable forestry around the world and to recognize and reward those who do it. However, there are many pragmatic reasons to be involved, such as market access, competitive advantage, and getting beyond the conflict and chaos. There is a new certification industry emerging and it will add a new cost of doing business. However, it is not going away and smart organizations will work to be involved and get out in front, positioning themselves as responsible neighbors in the world community.

- ❖ The concept of forest certification was conceived by environmental, nongovernmental organizations in the late 1980's, mainly as an alternative to outright boycotts of tropical timber. The concept quickly grew to encompass temperate and boreal forests.
- ❖ Timber certification is designed to ensure a stable, long-term supply of high quality wood products from forests managed with social and environmental responsibility.
- ❖ Certification labels are designed to reward companies that produce or use wood from well-managed sources, and to provide purchasers with an easily identifiable choice of sustainable wood products.
- ❖ Timber certification is purely market-driven and voluntary, meaning that individual companies can choose to participate only if their mission or market demands justify certification.
- ❖ When consumers are told that certification means that products come from a forest that has been certified as being managed in an environmentally sound manner, ensuring long term supply, 91% support the idea of requiring certified wood products.
- ❖ Studies at Louisiana State University state that non-governmental environmental organizations are the most trusted entity to certify by consumers. Gaining trust is a key issue for the forest products industry. Independent third-party verification of performance against credible standards may be the key.

**American National Standards Institute** is the official standards organization of the United States. They represent the USA in the International Organization for Standardization.

**Certified Forest Products Council** is an independent, not-for-profit, voluntary business initiative committed to promoting responsible forest products buying practices throughout North America in an effort to improve forest management practices worldwide. They actively promote and facilitate the increased purchase, use, and sale of third-party independently certified forest products.

**Forest Certification** is defined by the Forest Stewardship Council as a system for identifying forestland that is well-managed with a goal toward sustainability. In this context, sustainability includes ecological, economic, and social components.

**Forest Stewardship Council** is an independent, not-for-profit organization that sets standards and accredits certifiers of “well-managed” forests and “chain-of-custody” - both necessary to get the FSC ecolabel on certified forest products.

**International Organization for Standardization (ISO)** develops voluntary technical standards which add value to all types of business operations. ISO is an international body with over 100 member nations, represented by their national standards institutes.

**Registration Accreditation Bureau** accredits certifiers in the USA.

**Standards Council of Canada** is an organization that approves standards, accredits standard writing organizations (e.g. CSA), and accredits environmental management system registrars (e.g. QMI, SGS, KPMG). The SCC is part of the Canadian National Standards System.

**Sustainable Forestry Initiative** is a mandatory program for all members of the American Forest & Paper Association. Involves compliance with Sustainable Forestry principles, guidelines and performance measures. Annual reports are audited by an independent expert review panel and a Voluntary Verification Program has been added.

**Sustainable Forestry Management** is a forest management system with performance measures. Used in conjunction with CSA International as a basis for certification in Canada.



## Sources

- AF&PA (Sustainable Forestry Initiative)** [www.afandpa.org](http://www.afandpa.org)
- Bureau Veritas Quality International** [www.bvqina.com](http://www.bvqina.com)
- Canadian Pulp and Paper Association (CPPA)** [www.cppa.org](http://www.cppa.org)
- CSA International** [www.csa-international.org](http://www.csa-international.org)
- Canadian Sustainable Forestry Certification Coalition** [www.sfms.com](http://www.sfms.com)
- Certified Forest Products Council** [www.certifiedwood.org](http://www.certifiedwood.org)
- Forest Stewardship Council (FSC)** [www.fscus.org](http://www.fscus.org)
- International Organization for Standardization (ISO)** [www.iso.ch](http://www.iso.ch)
- Quality Management Institute (div. of CSA Int'l)** [www.qmi.com](http://www.qmi.com)
- Scientific Certification Systems** [www.scs1.com](http://www.scs1.com)
- SmartWood** [www.smartwood.org](http://www.smartwood.org)
- Society of American Foresters** [www.safnet.org](http://www.safnet.org)
- The Sampson Group** [www.sampsongroup.com](http://www.sampsongroup.com)



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