

Forest Certification – a brief lookout.

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Forest certification – history and general.

Certification generally means that someone ensures, certifies, that another person, organization or company is doing what they have promised to do in a written statement. This is by no means something that has arisen in modern times with the debate about the effects of forestry in the temperate or tropical regions. There are many examples in history when someone needed to know whether a producer really met the requirements stated by the consumer or buyer. Below are some examples of early certifications:

- In Stockholm and many other towns in Sweden the quality of the wood tar was controlled at the “Tjärhov” during the 17:th and 18:th centuries. This was done by specialized and supposedly independent controllers “tjärvråkare”. They stamped their signature on the barrels certifying that the content was up to the standard that was required for the brand name “Stockholm Tar”. In those days this was an extremely important export article and the state had to be sure that the brand name was not misused as this would risk revenues.
- In the French colonies there was an independent control system to ensure that no inferior goods got loaded on ships bound for French ports. This system gradually evolved into the gigantic certification company SGS (Société Generale de Surveillance) which today is the biggest forest certification company.
- Gold and other precious metals have since the 14:th century been controlled of its quality by specialized agencies, often under state supervision. Metals which met the requirements were approved, certified. This was shown by using – a confusingly diverse - flora of seals stamped in the metal. Metal goods found to be defective in any way did not get certified and not stamped.

Certification can be described as communication between the *producer* and the *consumer*. The quality of the product or the process to be sold is stated in a *standard* where the producer can tell a consumer of the merits of the product or the process. The *certifier* acts as an independent and credible intermediary, telling the consumer that the producer is doing or producing what they have promised to do as specified in the standard.

The idea of certification is therefore to give the producer a communication tool to tell the market how good their performance or goods are. The market value of a certification depends entirely on its *credibility*. In theory anyone can certify and the standard can have any level of requirements. If the consumer believes that the certifier is credible and the standard satisfies his or hers demands no more needs to be done and the message that the producer wants to give the consumer is forwarded.

In practice certification is based on the credibility of the *certifier* and the *standard*. If the certifier is seen as incompetent or dependent on the producer the market value of the certification is low or even negative. As stated above the certifier can be anyone, but in order to be credible the certifier must be well trained in doing different types of assessments and he or she must absolutely be independent from the producer and the buyer.

The same thing applies for the standard; a standard that has low requirements that almost anyone can meet also has a low or negative market value. On the other hand, a standard that takes into account all or most of the different things that concern consumers will be a powerful marketing tool – much more powerful than fancy and expensive advertisements in papers, brochures, radio or TV.

Management standards versus performance standards.

Standards may aim at *how things are brought about and documented* or aim at *setting a specified level* for the product or process involved. In the first case industry has for quite a while used certification under the ISO-system (International Organization for Standardization). The ISO 9 000 and ISO 14 000 series aim at establishing and controlling how the company manages its quality (9 000) and its environmental aspects (14 000). ISO-certification does not however specify any special levels of performance to be reached other than what legislation requires. Instead it specifies how these are controlled and documented, it is a so called *management standard*. The level of performance is unilaterally decided by the company/organization based on what they decide to be appropriate. After specifying the performance level the certified unit has to *improve* from this level and to keep on managing and documenting procedures as stated in e.g. ISO 14 000 rules.

In forestry, FSC (Forest Stewardship Council) and PEFC (Pan European Forest Certification) are examples of *performance standards*; a company must at least reach or exceed the levels specified, otherwise it fails to get and maintain certification. Similar performance standards deal with organic food specifying the amounts and types of fertilizer and control agents that are allowed to be used and how animals are to be kept and fed. One big advantage with a performance standard is that it allows for on-product labelling of raw material and finished products it is possible to trace the material in the so called Chain of Custody (see later). A performance standard does though not tell the manager how to organize and document things in the company so as to reach and maintain the required levels.

It is therefore a profound difference between a management and a performance standard but no conflict, in fact they complement each other and are best used in combination – as in the Canadian Standard, see below. A company that only has ISO runs a risk that their products or process are not up to the standard required by the market and a company that only has a performance standard may run into trouble controlling the continuous performance especially in time of changes. However, all too often there is a misconception that management standards and performance standards are just two options for certification and one can chose either to “get certified”.

Designing performance standards.

Standards may be designed by a producer without representative and decisive outside involvement a purely internal standard. If such a standard has high requirements and market actors believe that it is credible it may work as a market communication tool. There is however a definite risk that the producer will overlook certain issues from lack of knowledge or from wish to exclude certain issues – or just that the critical market *thinks* that issues have been overlooked or excluded. If such issues are something that concern consumers the certification will not work well since the major idea of a certification is to adress these very issues. Also many actors – Non Government Organization, NGO:s - on the market want to be involved in designing the standard. If they are not truly represented they will not defend the standard or even oppose it. A producer-based standard is therefore likely to be challenged even if it has high requirements.

Standards can also be designed in a process involving a few or many so called *stakeholders*. A stakeholder can be defined as a person, group, tribe, company, associations, government agency who have an interest in how forestry is planned and executed. Depending on the amount of stakeholders that are involved, the process of making the standard by necessity becomes quite time-consuming; lots of time is initially spent making statements and quarreling. Gradually working conditions may improve. If so, the large group can then compile a standard which at best takes into account all the different issues that concern the different stakeholders. The big advantage with such a standard is that it is owned by all the organizations that were involved in its writing and by so all those will defend it.

The outside involvement in creating a standard is, as indicated above, a crucial component which to a large degree decides its future market value. One can maybe distinguish 4 major levels of outside involvement:

Unilateral – A single person or corporation writes the standard with the levels they consider appropriate without any involvement from the outside except from the knowledge they have gained from research, market investigations et.c.

Informative – The standard is primarily compiled by a person or corporation on behalf of one or a few important stakeholder groups, often a producer. A number of outside persons or corporations are interviewed and their advice and concerns may be used or not but they are not given any decisive power. Their concerns and ideas are then used in a large or small degree when the standard is compiled.

Selective – The standard is compiled by a person or corporation on behalf of one or a few important stakeholder groups, often producers. He or she is complemented with selected outside persons, often connected to important stakeholder groups. Those are given decisive power in the writing of the standard and by so they become involved in support of the standard.

Participatory – All relevant stakeholders are asked to appoint official representatives that then will be given a balanced and decisive power in a group that is responsible for writing the standard. The different stakeholders that participate will then have ownership of the standard and by so become involved in the support of the standard.

It may be noted that 4 standards compiled under the 4 different processes indicated above and which all have more or less the *same wording and requirements* will often be met very differently on the market. The participatory based standard will be most credible and will also enjoy a wide support that the other standards may not enjoy.

If the perceptions of the market actors would only follow strict scientific and rational lines there would be little room for the diversity of product that characterizes a sound economy. Instead emotional or even irrelevant issues to some part (or large part) influence the market. This forces producers to change design or performance that cannot be motivated from purely technical reasons. Because of this situation it is very important to accept and realize that a standard is not only based on technical issues regarding social, environmental or economic matters that are scientifically proven. There is often quite a part that can be described as emotional, as in any marketing situation, and any standard is a product of negotiations between a few or a multitude of interests.

Credibility and certification.

The credibility of a certification not only depends on the used standard with its content and requirements and the process behind it. It is also founded to a large degree on *who* is controlling that the company is doing what is stated in the used standard. One can distinguish between two different levels – internal audits and third party certifications

Internal and external audits

In internal audits the control of how well the company complies is done by someone directly employed by the producer, often a specialized staff member. Such an audit protocol, stating that the company complies, has a relatively small value on the market since the internal auditor is not credible as he or she are entirely dependent on the producer. The typical case of this is when a company writes its own standard – with or without outside advice – and then checks out if it is being implemented. However, through such audits the producer exerts self-control and very often malfunctions or bad behaviours are detected and can then readily be corrected. A well functioning internal audit scheme is therefore a very important internal control tool which is used by most of the big companies.

Despite the low market value of an internal audit it is a very important first step towards reaching a good performance. During the audit there are no or small reasons to hide shortcomings and problems can be discussed and advice can be openly given which is not always the case with other types of certifications. Furthermore most independent third party certifications are partly done by checking on the efficiency of the internal audit. If there is an efficient internal control which also includes effective corrective actions the certification of a performance standard can become more cost-efficient.

Second-party certifications are when the buyer himself or an employed agent makes an inspection at a production site to ensure that the specifications stated are met with. Those are not dealt with in the following text because when certification is discussed today it is almost always in the way of so called *third party certifications* and all major schemes prescribe such. In this case the control is in the hands of an external, independent party – usually specialized companies who have no connections to either the producer or the consumer or the party that designed the standard. The certifier then works on behalf of consumers, producers and the stakeholders that were involved in writing the standard. As stated above, part of the strength of a certification depends on the requirements of the standard itself, part on the backup it enjoys among stakeholders.

Some important forest performance standards.

The different forestry standards referred to below all aim at promoting sustainable forestry in the sense developed at the Rio Conference. Sustainable in this sense refers not just to the traditional sustainable yield forestry but to the larger social, environmental and economical matrix in which forestry operates. A forest operation producing high volumes of excellent wood over many rotations is not seen as sustainable if it at the same time degrades the biological diversity or forces people into poverty. Sustainable forestry is therefore defined as an activity which takes into account social, ecological and economical considerations and the interactions between those.

In forestry there are today a few different standards that can be used for certification. The most discussed and used ones; FSC, SFI and PEFC have a general matrix covering all or many aspects of forestry which can either be used by a certifier who then has to interpret what is appropriate at national or regional level. Normally the FSC and PEFC standards are elaborated at country level producing a country or regional standard. Such standards are naturally more specific and adapted to the special types of land-use at hand. They provide the company better guidance what they have to accomplish and the certifier gets easier work as he or she has to do less interpretations – which always becomes quite uncertain.

Standards are usually hierarchially divided into *Principles*, *Criteria*, *Indicators* and *Verifiers*. What is defined as a principle, criteria and indicators is though not always stringent among the different standards. A *principle* is normally a very general goal for one of the major aspects of sustained forestry e.g. “Forestry is organized, planned and executed in a way that does not endanger the quality and quantity of water in the forest and for downstream users”. A *criteria* defines a part of the principle that has to be met in order to comply e.g. “Pollution from chemical storages are not allowed to enter waterways”. The *indicator* level is even more specific and should normally be possible to assess directly in the field or from books e.g. “Chemicals are only handled in areas where spills can be contained and collected for destruction/recycling and vehicles are equipped with safe and well maintained tanks”. The final *verifier* level is often not stated in the standards but is elaborated by the certifier. It is even more specific stating what to directly look for or which documents to inspect. In order to get a certification a company usually must pass all indicators in order to qualify for approval of the principles and criteria.

The FSC standard is based on 10 principles, containing goals that apply to almost any type of forestry. It was designed by a wide group representing economic, social and environmental interests. It was at start somewhat focused on tropical forestry where land rights may be unclear and where forestry affects more or less primeval forests but has later been complemented and now also includes a special principle about plantations (intensively managed, short-rotation forests usually with exotic species). It is seen as the most comprehensive standard and since it is based on a very wide participatory process it also has a backing up of major NGO:s and is for this reason seen as having the highest market value.

Any country or region where there are to be major FSC-certifications are supposed to sooner or later set up a national participatory process with true representation of all major stakeholders. This national process then has to decide how to adapt the general standard into something that is appropriate for the situation in the country. Finally this national standard is submitted to FSC International for approval or adjustments. For Swedish use it has been strongly adapted to suit the natural forest management that is prevailing. Such processes have also been conducted in e.g. Bolivia, parts of the USA, Denmark and Germany.

It may be noted that FSC International will look quite a lot on how the national process was conducted to be sure that all major stakeholders are behind it than on the specific wording covering different aspects of forestry and conservation – as long as it follows the guidelines set by the 10 general principles and criteria. FSC itself is a body of mixed origin, it encompasses members from commercial forest companies, members from large buyers and members representing most major social and environmental NGO:s. FSC has rather strict rules for use of the FSC logo on products, which may increase the transport work – in itself something to minimize in any standard. Rules for use of the logo as part of a marketing campaign and in advertisements are less strict.

The PEFC standard is based on the 7 principles that evolved from the so called Montreal, Santiago and Helsinki declarations as a result of the Rio de Janeiro Environment Conference. These declarations were essentially made as a system to make reporting on important aspects of forestry on an equal and common base between signatory countries. It is therefore not a standard as it does not specify any goals to attain, only what to measure and monitor. As these declarations cover many aspects of sustainable forestry it can readily be changed into a standard with specified goals and it is in this form it is used under PEFC. Many governments are in favor of the Montreal declarations as it is an intergovernmental tool.

Countries wanting to use PEFC have to elaborate a national standard and submit these to an international secretariat which approves or suggests amendments. PEFC itself is a recently organized body of primarily European small forest owners and timber producers with the aim of promoting wood from small scale forestry under a common certification scheme. Larger forest owners or sawmills have to institute a full or selected parts of ISO to ensure that the management does not risk the set performance levels.

Like FSC the PEFC logo can be used on products and in marketing but rules for on-products labelling are more liberal and flexible than those of FSC and this has a great appeal for producers. There are difficulties in keeping the different country standards at a coherent level and the Norwegian PEFC standard has markedly lower levels set than the Swedish which in many, but not all, aspects are at a level of or near the Swedish FSC standard.

Designing of the different national PEFC-standards is essentially done by the producers. The environmental and social NGO:s are openly invited to participate without selecting special persons or organizations to join. They have however no real decisive power and may act as advisers. For this reason they have often pulled out or remained as just observers and will for this reason often challenge the standard – maybe regardless of the content.

ITTO (International Tropical Timber Organization) has also issued a quite comprehensive document with some 66 principles (which equals Criteria under FSC or PEFC) covering most aspects of sustainable forestry. The document is not written as a standard with performance levels but rather as a guideline as to what a forest manager should think about when setting up an internal standard. Since it does not contain any goals, those have to be elaborated at company or country level. The ITTO logo cannot be used on products, it is more of an information to a customer that the producer is a member of ITTO.

CSA (Canadian Standards Association) is a Canadian system also based on the Montreal criteria but it also incorporates the obligatory use of ISO management standards. It can therefore be described as an attempt to make a synergy of the management and performance standards which makes it unique. However many companies with FSC or PEFC also use ISO to ensure that the management does not risk the performance.

CSA has a set of 6 principles, 21 criteria and 83 indicators where a user must more or less define performance levels at local level (Canada is a big country). Two companies using CSA may therefore have somewhat differing performance standards but have a common core of main aspects as dictated by the Montreal protocol. Public participation, at least on informative level, is required in writing the local performance levels

SFI (Sustainable Forestry Initiative) is an initiative from the American Forest and Paper Association in the United States. The program uses 11 main objectives (app. = principles) with accompanying Performance Measures (app. = criteria and indicators) which cover most or many aspects of sustainable forestry. These to some degree coincide with the Montreal declaration. One of the objectives deals explicitly with visual impact of clearcuts which is a unique trait compared to other standards where this is dealt with at criteria or indicator level. The performance measures set in the standard are generally not prescriptive (stating exact levels et.c) but linked to best management practices. This to a large part stems from the fact that it is supposed to cover a enormous variation of forest types and exacting levels will always cause troubles in such a situation.

SFI puts a relatively strong emphasis on professionalism and existence or development of policies and plans and use of latest research data (program participants are required to contribute financially to research which is another unique trait) and internal training. It is less strong on social matters, public consultations are encouraged but not required and the public is mainly a receiver of knowledge. The writings that deal with biodiversity is mainly focussed on fish and wildlife. It is relatively strongly linked with US legislation and Codes of Practice which may be adopted to other nations – if they have the same level of requirements.

SFI has, like CSA, mainly been used in the countries that gave birth to the systems. They are both principally producer designed systems. PEFC, CSA and SFI have lately joined hands and declared mutual recognition of their respective standards. This is quite natural as they all are based on the Montreal protocol and they are all producer based standards. The total forest area under PEFC-type certification has for this reason been greatly increased.

LEI (Lembaga Ekolabel Indonesia) is an Indonesian initiative that set up a certification standard that has been little used. It is based on a broad participatory process and has for this reason been mutually recognized by FSC as an equal standard.

Woodmark, Green Cross, Smartwood, Qualifor are standards or programs developed by different certification companies or associations (Soil Association, resp. Scientific Certification Systems resp. Rainforest Alliance resp. Societe Général de Surveillance) to certify forestry. Those standards are used on their own in the absence of a regional FSC-standard with specific performance levels. In such cases they will use their own generic standards, which are approved by FSC, which is then adapted to include performance levels that are appropriate for each situation.

New Zealand, Australia and Chile are working on national standards with the aim of getting those endorsed by some of the international schemes described briefly above.

Different certifiers and accreditation.

Forest certification was at start rather idealistic as it started out as a reaction against irresponsible forestry in the tropics. Today it is commercialized and employs quite a few persons around the world. A person, an association or a company that wants to work as a certifier under one of the internationally recognized schemes (ISO, FSC, PEFC) must start with getting *accreditation*. In most cases there are national accreditation agencies that will do this on behalf of the owner of the standard by checking the competence of the applicant, how records are kept, how internal training is brought about and other relevant matters. If the

accreditation agency considers the applicant competent they will issue an accreditation for the scheme or schemes they have applied for. FSC differs in this aspect as the only way to get accreditation is directly from FSC itself.

Certification in practice.

Once a standard has been set up and there are accredited certifiers available, certification can proceed. Normally the first step is taken by the producer/company looking at one or a few different standards and comparing them to what is presently done in terms of product or process performance. He or she will also consider to which extent the different certification options will satisfy the market – which is the ultimate goal. In this judgement it is of great help to have conducted internal audits which will show present day performance.

Once having decided which standard to follow and which certifier to employ a company or organization may ask for a *pre-audit* or *scoping visit*. Such a visit is non-obliging and the certifier will look at different aspects of the company; in the forest, in the nursery, in the sawmill, in the office, in the archives and compare it to the standard. He or she will then indicate where the present performance is up to the required standard and where there are risks of a so called non-compliances towards the standard and where changes must be made. In cases where there is no national or regional FSC standard the scoping visit is obligatory.

In this action and during all following visits it is important that the certifier just indicates where there are problems to be corrected but *not necessarily indicating how to do changes*. If the certifier gives too much such advice he or she automatically becomes involved and lose their independence since they in the future will be checking that their own advice is being followed. This way of not giving advice is sometimes seen by a company as a fault of the certifier but is essential for the credibility. The company wants straight advice and not just knowledge about where they are failing in some aspect but if the certifier complies with this desire they are risking their credibility.

The next step is normally that the company or organization goes through the audit report and makes the necessary changes as they understand it. In this process a well functioning internal audit system is again a most valuable tool. When the company/organization feels confident that no major non-compliances are remaining they will formally apply for *certification* or *main audit* by the same or another certifier that did the pre-audit. If the certifier finds that everything complies with the standard the company will get the long-desired certificate for a specified period, normally three or five years - given that the yearly visits are successful.

Normally the certifier will find things that do not comply with what is stated in the standard. Very minor deviations may cause the certifier to make a remark in the report. Normally they will result in a so called *CAR* (Corrective Action Requests). If the non-compliance is not serious there will be a so called *minor CAR* issued in the audit report. Those will be checked at following, *annual monitoring visits* and if they have not been changed to the better the certifier will issue a so called *major CAR* and the company has to make changes to comply.

Such major CAR:s may also be issued at the certification audit when the certifier finds a little more serious non-compliances. The company must then make what they think are the correct and necessary changes within a specified time period. They will however get the certificate immediately but have to report changes or accept an extra visit. In such a case the certificate is said to be given with *conditions*.

Some CAR:s (non-compliances) are of a very serious nature indicating e.g. that the staff at some level are unaware of parts of the standard or are unable to reach some of the levels required in a reasonably short time. In such cases the certifier may then chose to issue a certificate with *preconditions*. The certificate is then pending and will only be valid when the necessary correctice actions have been made and checked by the certifier.

In cases of very serious non-compliances the company has failed and the only way to get a certificate is to make all the necessary changes and ask for a wholly new certification audit. A failure to get certified or a revoked certificate may be seen as a great disadvantage - it is a clear signal to the market that the company was not up to the standards they thought and such a behaviour will affect the marketing negatively.

Before issuing a FSC-certificate to a company the certification report done by the certifier is normally put forward to a group of independent and highly esteemed persons, a so called *Peer Rewiew*. These persons have a good insight in sustainable forestry with its many related questions. They will then give the final judgement on the whole certification process in general terms after which the company is awarded the certificate with or without conditions or denied the certificate.

As long as the certificate is valid the certified company must accept regular and *yearly monitoring visits* by the certifier and also *unannounced visits*. These audits are similar to a certification audits but have more of a sampling character. If the certifier finds non-compliances he or she will make remarks or issue a minor or major CAR, usually with some conditions. In the worst cases the certificate may be revoked completely, which has happened.

Chain of Custody.

A certificate that has been awarded to a company is best used as a logo on the product itself or in very close conjunction with it. If so the certifier must be able to check that the certified product e.g. wood, milk, potatoes or cars really has been produced in the way the standard prescribes. Also and equally important is the control of the flow of material from the production site to the shelf in the retail store. This means that the material produced in the forest or in the farm is the same as that which appears on the roadside waiting for transport, the same that appears at the gate at the factory, the same that appears loaded onto trucks from the factory and the same that is unpacked and exposed at the final retailer. This control of the flow is called the *Chain of Custody*. Products that are to be sold as certified must also be accompanied with a certificate for the Chain of Custody.

Organic food certifications deal with products that are supposed to have special properties because how they were produced in a different way than “ordinary”, uncertified food. (if those properties really can be measured or tasted is another matter. Some people however prefer just to subsidize the farmers that treat their livestock or farm their land in a way they feel sympathy with without any real expectation that the food is superior). In such a case no mixing of certified and uncertified products is allowed though certified milk may well be sold as uncertified e.g. in surplus situations. The flows of material must then be kept tightly controlled – the credibility of the producer and the certifier is otherwise at risk.

In forestry the material from a certified forest is normally not different from the material from an uncertified forest. Instead they are more or less identical and the difference lies in the way the forest production was organized and under which limitations it operated. FSC will therefore allow a certain percentage of uncertified wood in products which carry the FSC-logo. Certified and uncertified wood may be mixed in known proportions and the producer may then claim that corresponding percentage figure on the product as certified. PEFC has more liberal rules and allows for a “percent in – percent out” mix of raw material. Depending on the percentage of received certified wood at the factory gate, the producer may label the same percentage as fully certified regardless of the origin of the individual fibre. In this system the wood flow is mixed which makes transportation and logistics simpler. In both cases unauthorized wood from nature reserves, key habitats, high conservation value forests et.c. (prohibited wood) may not be used.

All certified companies use the certification in conjunction with their marketing, sales campaigns and in information material and some may even refrain from its use on products. Chain of Custody is therefore an indispensable part of a certified forest operation if all links from the producer to the retailer want to use the benefits and market advantages a credible certification offers. However the more links there are in this chain, the more complicated the procedure gets and for this reason the number of middlemen should be minimized.

Some possible problems.

The certifier, whose credibility is based on their independence, are almost invariably directly paid by the very company/organization they are certifying. Such a system runs a certain risk of losing its credibility since there will always develop a relation between the company and the certifier and both parties depend on each other. In theory it would be a better situation if the certifiers are appointed by the owner of the standard (FSC or PEFC) and then paid by funds collected by the owner of the standard. Such a situation will inevitably involve a lot of bureaucratic procedures and has for this reason not been instituted.

Certifiers are sometimes directly asked to do a certification but more often the different certification agencies puts tenders for a job. Normally this may evolve into a sound competitionlike situation. There is however a certain risk that in order to offer a low price a certifier may lower the amount of field or other visits below what can be described as a good sampling system.

The many specifications in a standard are written in earnest but regulations will sometimes have adverse effects. Above has been mentioned that FSC rules for on-product labelling are strict and often forces a producer to widen the area from which the certified timber is drawn and by so the transportation minimization goal is at risk. Another example may be that a standard may require special impact assessments for operations above let say 500 hectares. In order to avoid this a company may be tempted to start conducting operations only below 490 hectares which may be a very inoptimal area from many aspects.