Forest Certification Update:

Changes to the SFI and FSC Standards in 2015

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Executive Summary

Third-party forest certification began more than twenty years ago, and there have been a number of revisions to the standards used to conduct forest management audits in North America. In 2015, changes are once again being made in the Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC) programs.

In January 2015, SFI released the revised SFI 2015-2019 Standards and Rules for its program. The major changes include a restructuring of the program into three core standards (Forest Management; Fiber Sourcing; and Chain of Custody) and the development of a range of specific modifications to address land use conversion, pesticide use, water quality, biodiversity, indigenous peoples' rights, and biotechnology. The FSC is introducing International Generic Indicators (IGIs) in 2015 to increase the consistency of its global program. The FSC is also undertaking a review of its chain of custody program with proposed changes to include the re-classification of pre-consumer reclaimed paper and a reduction in the threshold for use of the FSC Recycled label.

In general, the changes may be viewed as positive and representative of a continuing evolution in the understanding of responsible forestry and growth of the respective organizations. In many ways, it appears clear that forest certification programs are facing a breakpoint in their development[6] – from "forming" to "norming." The clarification of procedures and practices (e.g., principles, criteria, and indicators) that facilitate improved consistency and thus operational efficiency are a reflection of this stage of development. However, the rate of change in the standards (e.g., every five years or less) can cause marketplace frustration and confusion while also risking auditing inconsistencies. Recognition that, for a certification system to successfully guide improvement while also creating value, standards must be consistent and stable is key to future success.

Since 2004, SFI, which certifies forestlands in the U.S. and Canada, has grown from 90 million certified acres to 250 million acres. The FSC program, which operates globally, has grown from 125 million certified acres in 2004 to 450 million (FSC has 173 million certified acres in the U.S/Canada region). The SFI program today has approximately 240 active forestry certificates, including 180 in the U.S. and 60 in Canada. The FSC program has approximately 130 forestry certificates in the U.S. and 70 in Canada for a total of 200.

Note: Information summarized in this report was also delivered via a webinar on 20 January 2015. The webinar recording is available as of 2 February 2015 at: http://youtu.be/EFhYP5TUyE8

Background

Third-party forest certification began more than twenty years ago. In the past two decades there have been a number of revisions to the standards used as the basis for forest management audits in North America (Table 1). In 2015, changes are once again being made in the SFI and FSC certification programs. This report highlights the changes and what forest managers and the certification marketplace can expect in the coming months.

Table 1
Iterations of the FSC and SFI standards, 1993-2015

Forest Stewardship Council (FSC)	Sustainable Forestry Initiative (SFI)
1993 – FSC starts (1st/interim standards)	1994 – SFI starts (1st/interim standards)
2002 – FSC Regional Standards *(e.g., Lake States/Central Hardwoods)*	2005 – SFI 2005-2009 Standard
2010 – FSC U.S. National Standard	2010 – SFI 2010-2014 Standard
2015 – FSC IGIs	2015 – SFI 2015-2019 Standard

Sustainable Forestry Initiative (SFI)

In January 2015, SFI released the revised SFI 2015-2019 Standards and Rules for its program (hereafter SFI Standard). Major changes include a restructuring of the program into three separate core standards: Forest Management; Fiber Sourcing; and Chain of Custody. In addition, specific modifications have been made within the standard to address land use conversion, pesticide use, water quality, biodiversity, indigenous peoples' right and biotechnology.

The revised SFI Standard was the result of an extensive, year-long process that included holding public workshops in the U.S. and Canada, providing two 60-day comment periods, and publishing of the responses to comments. There was additional oversight from the External Review Panel[1] of stakeholders, with the SFI Board granting final approval before the revised standard was released in January 2015.

The structural changes made to the SFI Standard help to clarify the different components of the SFI program. The Forest Management standard is specific to the management of SFI certified lands. The Fiber Sourcing standard applies to materials being provided for inclusion in SFI labeled products but coming from non-SFI certified lands. The Chain of Custody standard is used for the tracking of content included within SFI labeled products, and includes considerations for the avoidance of controversial sources (e.g. ensures that due diligence and risk assessment procedures are adequate to avoid illegally harvested wood).

The Fiber Sourcing standard that applies to materials being provided for inclusion in SFI labeled products but coming from non-SFI certified lands is unique to the SFI program and can be characterized as a targeted response to the challenge of fragmented forest ownership conditions in the U.S and Eastern Canada. There are approximately 22 million family forest woodland owners in the United States, representing over 264 million acres of forestland with a standing inventory of more than one billion board feet.[2] Only a small fraction of these lands are certified via any third-party program. Yet, SFI Program Participants must show that raw materials used in SFI labeled products come from legal and responsible sources, whether they are obtained from certified forests or not. To provide these assurances the Fiber Sourcing standard requires SFI participants to directly engage with suppliers from non-SFI certified lands to ensure legality, avoid controversial sources and address key forest sustainability concerns. The Fiber Sourcing standard is designed to influence the practices of noncertified landowners through promotion, education, training and outreach by the

[1] The lead author of this report, K. Fernholz, is a member of the SFI External Review Panel and participated in the standards revision process.

[2] Butler B., Hewes, J., Butler, S., and Zelada A. 2014. Research Supporting Stemming the Loss of Family Forests across the United States. A report by the Family Forest Research Center, a joint venture between the U.S. Forest Service and the University of Massachusetts, Amherst.

SFI Program Participant (i.e., the owner/manager of the SFI certificate). Areas of concern include biodiversity protection, water quality and other Best Management Practices (BMPs), contracting with qualified resource management and harvesting professionals, threatened and endangered species, invasive exotic plants and animals, reforestation, and other objectives. In contrast to the "Due Diligence System to Avoid Controversial Sources" required within the SFI chain of custody standard (which is primarily a risk assessment process with greatest applicability to materials sourced outside North America), the Fiber Sourcing requirements include a much wider range of concerns. The Fiber Sourcing requirements address importing and trade considerations while also providing a more direct way for SFI Program Participants to directly engage with landowners in the areas where they operate in the U.S. and Canada. The Fiber Sourcing requirements also go beyond chain-of-custody considerations to incorporate requirements to support research, training programs, and public reporting.

Changes in the SFI Forest Management Standard

There are six topics that have been addressed by the changes to the SFI Forest Management Standard and are specifically worth noting here:

- Land use conversion
- Water quality
- Indigenous Peoples' Rights
- Pesticide use
- Biodiversity
- Forest Tree Biotechnology

Each of these areas of change is briefly discussed in this report within the context of the affected section of the standard (i.e., applicable Objective). Further information about these changes and details about the SFI 2015-2019 Standard are available at the SFI website: http://www.sfiprogram.org/sfi-standard-2015-2019/

Objective 1 – Forest Management Planning (Land Use Conversion)

When land use is changed, e.g., from open space, forest, wetland, or grassland to developed uses or agricultural production, there are impacts on the products and services provided. When forestland is converted to non-forest uses, there can be losses to wildlife habitat, negative impacts to water quality, reduced timber supplies, and other impacts. While the new land use may provide substantial alternative benefits (such as economic), it is generally recognized that the conversion of forestlands to non-forest uses is counterproductive to achieving sustainable forest management. It is also possible for negative impacts to occur when one forest cover type is converted to another forest type, especially if the prior type was rare or provided specific, unique benefits or services.

The revised SFI 2015-2019 Forest Management Standard (SFI FM Standard) includes new requirements: Performance Measure (PM) 1.2 and PM 1.3. The new PM 1.2 states that SFI Program Participants cannot convert one forest cover type to another forest cover type unless certain conditions have been met. The conditions that must be addressed include complying with applicable regulations; not converting rare or ecologically significant forest types or causing them to become rare; and not creating significant long-term impacts on unique forests types (e.g., Forests with Exceptional Conservation Value, old-growth forests, or forests critical to threatened and endangered species). Additionally, PM 1.2 requires the land manager to complete an assessment that considers impacts to productivity and stand quality (including social and economic values); specific ecosystem issues (e.g., invasive species, insect or disease); and ecological impacts including appropriate mitigations. To further clarify the SFI requirements addressing Land Use Conversion PM 1.3 clearly states "*Program Participants shall not have within the scope of their certification to this SFI Standard, forest lands that have been converted to non-forest land uses*."

Objective 2 – Forest Health and Productivity (Pesticide use)

Appropriate and cautionary use of pesticides in forest management has been an important consideration for third-party certification programs. The revised SFI FM Standard addresses pesticide use in PM 2.2, which includes new requirements regarding lists of prohibited pesticides. Specifically, SFI now requires:

- *The World Health Organization (WHO) type 1A and 1B pesticides shall be prohibited, except where no other viable alternative is available (PM 2.2, Indicator 4)*
- *Use of pesticides banned under the Stockholm Convention on Persistent Organic Pollutants (2001) shall be prohibited (PM 2.2, Indicator 5)*

WHO type 1A and 1B list of prohibited chemicals is available at:
http://www.who.int/ipcs/publications/pesticides_hazard_2009.pdf

WHO Class 1A chemicals are identified as "Extremely hazardous" and the 1B list is "Highly hazardous." Under the SFI requirements: "*In the rare exception where a Program Participant believes a variance on the prohibition on the use of a WHO type 1A and 1B chemical is warranted, the Program Participant will submit their rationale to their certification body for approval. The certification body will then monitor the chemical usage approved under this variance, should this variance be approved.*"

The list of chemicals banned under the Stockholm Convention on Persistent Organic Pollutants can be viewed at: (http://chm.pops.int/TheConvention/ThePOPs/tabid/673/Default.aspx). The SFI FM Standard does not provide the option of a variance for the use of chemicals banned under the Stockholm Convention (2001).

The new pesticide use requirements in the SFI standard are similar to the approach used by FSC. In November 2014, the FSC Board of Directors approved the standard FSC-STD-30-001 regarding the identification of highly hazardous pesticides (HHPs). The revised standard will come into effect on March 10, 2015.[3] The FSC standard includes 10 criteria for determining pesticides to be included on its "highly hazardous" list and utilizes a number of sources of information, including the WHO type 1A and 1B listings and other governmental and research organizations. The FSC List of 'Highly Hazardous' Pesticides includes a list of restricted materials for which limited derogations (i.e., permitted use) may be provided if there is sufficient rationale. As of Oct 27, 2014 (the most recent listing available), FSC has derogations for the use of some WHO type 1A and 1B chemicals, including the following examples (Box 1.). The FSC does not have any derogations for chemicals banned under the Stockholm Convention (2001) as of Oct 27, 2014.

Box 1. Examples of FSC Derogations for the use of WHO 1A and 1B Chemicals

WHO 1A Chemicals:
- Brodifacoum (Chile, through April 2015; 6 certificate holders; Uruguay, through Oct 2018, 2 certificate holders)
- Sodium fluoroacetate (Australia, through 2017, 9 certificate holders)

WHO 1B Chemicals:
- Sodium cyanide (New Zealand, through March 2016, 11 certificate holders)
- Warfarin (UK, through Sept. 2016, 16 certificate holders)

[3] This standard replaces the document FSC-GUI-30-001 FSC Pesticides Policy: Guidance on Implementation and Annexes.

Objective 3 – Protection and Maintenance of Water Resources (Water Quality)

Protecting water quality is a critical part of sustainable forestry and providing clean drinking water is a primary forest service in most regions of the U.S. and Canada where the SFI standard is applied.

The revised standard addresses water quality in PM 3.2 which includes new language to ensure that protection measures for water quality are applied "*during all phases of management, including the layout and construction of roads and skid trails to maintain water reach, flow and quality."* The requirements include all types of water features, including rivers, streams, lakes, wetlands, water bodies and riparian areas. Additionally, PM 3.2, Indicator 4 includes a new requirement for *"Plans that address wet-weather events in order to maintain water quality"*. Recent research has found that wet-weather events and changes in winter conditions may be creating challenges in harvesting operations.[4] Increasing attention to this issue seems timely and appropriate within the revised SFI FM Standard.

Objective 4 – Conservation of Biological Diversity (Biodiversity)

A number of changes and additions have been made throughout this section of the SFI standard to further address biodiversity considerations and improve clarity. Changes include requiring:

- Documentation of the diversity of forest cover types and working to enhance biological diversity at the landscape scale (Indicator 4.1.3);
- Consideration of efforts such as state wildlife actions plans, habitat conservation plans and other efforts in forest management planning (Indicator 4.1.4);
- Addressing conservation of species of concern (Indicator 4.1.5);
- Consideration of the role of natural disturbance (Indicator 4.1.8); and
- Managing ecologically important sites to address unique qualities (PM 4.3)

Considerations of biodiversity concerns have also been similarly enhanced within SFI's Fiber Sourcing Requirements.

Objective 8 – Recognize and Respect Indigenous Peoples' Rights

The revised SFI Standard has expanded the consideration of Indigenous Peoples' Rights to include all Program Participants. Past versions of the SFI standard specifically addressed the unique responsibility that public lands management has in addressing Indigenous Peoples' Rights. The 2015-2019 SFI FM Standard requires that all Program Participants:

- Provide a written policy commitment to recognize and respect the rights of Indigenous Peoples (Indicator 8.1.1);
- Be aware of traditional forest related knowledge (Indicator 8.3.1); and
- Respond to Indigenous Peoples' inquires and concerns (Indicator 8.3.2).

The standard retains additional considerations regarding conferring with affected Indigenous Peoples regarding the sustainable management of public lands.

[4] Rittenhouse, C.D., Rissman., A.R.. Changes in winter conditions impact forest management in north temperate forests. *Journal of Environmental Management*, 2015; 149: 157 DOI: 10.1016/j.jenvman.2014.10.010

Objective 10 – Forestry Research, Science and Technology (Forest Tree Biotechnology)
The SFI Standard includes requirements that clarify the use of forest tree biotechnology (e.g., genetically modified trees). The standard allows for Program Participants to be engaged in research related to biotechnology so long as applicable regulations are adhered to (Indicator 10.1.2). However, fiber from genetically engineered trees is not approved for use in SFI labeled products.

Forest Stewardship Council (FSC) Program

In February of 2012, the FSC approved revised FSC Principles and Criteria Version 5 (P&C V5). In order to phase in the use of P&C V5 consistently across the globe, FSC has been developing International Generic Indicators (IGIs) since that time. The final version of the IGIs is now available and anticipated to be approved by the FSC board in March 2015, with full implementation scheduled for later in the year. The stated goals for the IGIs include ensuring greater consistency in the application of FSC certification around the globe, improving the quality of the standards, increasing FSC system credibility, and replacing interim standards in countries that do not have approved national FSC standards. [5]

Harmonizing forest certification practices around the world and across a wide variety of cultures, legal requirements, and ecological systems has been a significant undertaking, resulting in an equally significant expansion in the level of detail and the resultant number of potential indicators. FSC has sought and received stakeholder input on the various versions of the IGIs during the development process. This feedback has resulted in FSC recognizing the need to carefully balance the need for global standardization with awareness of national concerns with IGI implementation. Thus, although the new IGIs will create a greater level of consistency across the FSC standards globally, there will still be differences at the national level. The IGIs provide some specific indicators that will be used in National Standards, along with the consistently applied Principles and Criteria; however, there are also provisions throughout the IGIs which provide guidance to national FSC programs regarding development of appropriate indicators as needed to address a given criteria.

Changes in the FSC Program – International Generic Indicators

Major changes to be anticipated from the FSC IGIs include:

a. Modification of the FSC Principles (Table 2)
b. Addition of Annexes A-H (Table 2)
c. Revision of Indicators (Table 3)

The changes in the principles represent a restructuring of the FSC standard and include changing Principle 10 from a plantation management focus to a "Management Plan Implementation" theme. The addition of the Annexes is noteworthy because it will provide an additional level of prescriptive detail throughout the standard. The annexes are to be developed at the national and sub-national level by the standards developers (e.g., national offices and local working groups).

[5] Dovetail Partners is an FSC member, in FSC's Environmental-North Chamber.

Table 2
Current FSC Principles in U.S. Standard and FSC Principles and Annexes in the FSC IGIs Final Draft

Current FSC-US Forest Management Standard – Principles	FSC IGIs Final Draft – Principles and Annexes
Principle 1. Compliance with Laws and FSC Principles Principle 2. Tenure and Use Rights and Responsibilities Principle 3. Indigenous Peoples' Rights Principle 4. Community Relations and Workers' Rights Principle 5. Benefits from the Forest Principle 6. Environmental Impact Principle 7. Management Plan Principle 8. Monitoring and Assessment Principle 9. Maintenance of High Conservation Value Forests Principle 10. Plantation Management	Principle 1: Compliance with Laws Annex A: Table of applicable laws Principle 2: Workers' Rights and Employment Conditions Annex B: Training requirements for relevant workers Principle 3: Indigenous Peoples' Rights Principle 4: Community Relations Principle 5: Benefits from the Forest Annex C: Claims for Ecosystem Services Principle 6: Environmental Values and Impacts Annex D: Conservation Area Network Conceptual Diagram Principle 7: Management Planning Annex E: Elements of the management plan Annex F: Conceptual framework for planning / monitoring Principle 8: Monitoring and Assessment Annex G: Monitoring requirements Principle 9: High Conservation Values Annex H: Strategies for maintaining High Conservation Values Principle 10: Implementation of Management Activities

As shown in Table 3, there are changes at the indicator level throughout the IGIs. The first draft of the IGIs was met with significant resistance, in part due to the high number of proposed indicators. The distribution of indicators has changed significantly from the first IGI draft to the final and now represents only a modest net increase compared to the current U.S. standard.

Table 3
FSC Indicators in IGI Draft 1-0; IGI Draft 2-0; Current U.S. Standard, and IGI Final Draft

Principle	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	Total
IGIs Draft 1-0	32	33	31	46	24	58	27	16	17	58	342
IGIs Draft 2-0	21	22	16	21	14	32	12	11	13	35	197
Current U.S Standard	*10*	*7*	*9*	*19*	*15*	*55*	*22*	*16*	*10*	*29*	*192*
IGIs Final Draft	24	28	16	19	13	29	12	9	13	38	201

The IGI transfer process (e.g., moving from current approved national or interim standards to standards that comply with the IGIs) is proposed to occur before the end of 2015 such that use of new approved national standards could begin in 2016. However, the FSC acknowledges that these are soft deadlines.

The FSC is also undertaking a review of its chain of custody program with proposed changes to include the re-classification of pre-consumer reclaimed paper and a reduction in the threshold for use of the FSC Recycled label. The proposal to recognize pre-consumer reclaimed paper follows an FSC board decision in July 2014 that was informed by a study of the proposed change.

Information of the FSC IGI process is available at: http://igi.fsc.org and FSC Chain of custody information is available at: https://ic.fsc.org/chain-of-custody-standard-revision.782.htm

Growth in Forest Certification

Over the past decade, SFI, which certifies forestlands in the U.S. and Canada, has grown from 90 million certified acres in 2004 to 250 million acres certified as of late 2014. The FSC program, which operates globally, has grown from 125 million acres certified in 2004 to 450 million (FSC has 173 million acres certified in the U.S and Canada) (Table 4).

Table 4
Certified Acres in SFI and FSC Programs, 2004-2014

	2004	2010	December 2014
SFI	90 million	180 million	250 million
FSC	125 million	300 million	450 million *(173 million in the US & Canada)*

Data compiled by Dovetail Partners

The change in the programs is also illustrated on maps on the following pages (Figures 1, 2, 3, 4).

Figure 1. SFI Forest Management and Fiber Sourcing Certificates, 2010

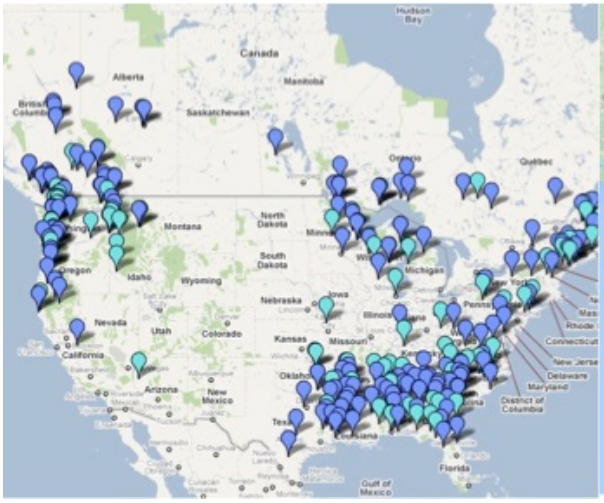
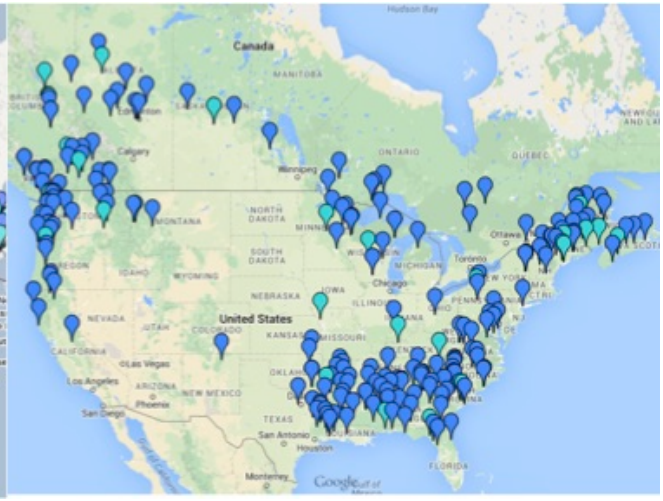


Figure 2. SFI Forest Management and Fiber Sourcing Certificates, Dec. 2014



Sources: http://www.dovetailinc.org/report_pdfs/2010/dovetailcertreport0310b.pdf
http://www.dovetailinc.org/programs/certification/maps/certification_us_canada

Figure 3. FSC Forest Management and Group Certificates, 2010

Figure 4. FSC Forest Management and Group Certificates, Dec. 2014

Sources: http://www.dovetailinc.org/report_pdfs/2010/dovetailcertreport0310b.pdf
http://www.dovetailinc.org/programs/certification/maps/certification_us_canada

As shown in the previous figures and listed in Table 5, the SFI program today has approximately 240 active forest management certificates, including 180 in the U.S. and 60 in Canada. The FSC program has approximately 130 forest management certificates in the U.S. and 70 in Canada for a total of 200.

Table 5
Change in SFI and FSC Programs in US & Canada, 2010-2014*

	Total as of Dec. 2014	Removed Certificates** (2010-2014)	Added Certificates*** (2010-2014)
SFI	240 total *180 in the U.S* *60 in Canada*	115	110
FSC	200 total *130 in the U.S* *70 in Canada*	40	140

Data compiled by Dovetail Partners

* *Note: Approximate certificate counts based upon publicly available information from each program's website. Data is rounded. Some "removed certificates" are due to mergers, etc.*

** Removed Certificates refers to names of certificate holders that were on the list in 2010 and are not on the list in 2014

*** Added Certificates refers to certificate holders that were not on the list in 2010 and are on the list in 2014

Bottom Line

Breakpoint Theory (Jarmin and Land, 1992)[6] suggests that organizations face two major crisis periods (or breakpoints) in their growth, where significant change in leadership approach is required. The first breakpoint occurs when the organization transitions from the entrepreneurial "forming" stage where change and reaction to current conditions are common, to increased standardization, stability, and operational efficiency (referred to as "norming"). Jarmin and Land found that the same leadership practices that benefit the forming phase hinder the norming phase of the organization by creating stress and, often, failure. It is not uncommon for whole industries to share this transition and it appears clear that forest certification programs are facing this breakpoint today. The clarification of procedures and practices (e.g., principles, criteria, and indicators) that facilitate improved consistency and thus operational efficiency are reflective of the need for change.

Third-party forest certification began more than twenty years ago, and over the past two decades there have been a number of revisions to the standards used to conduct forest management audits in North America. In 2015, changes are once again being made in the Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC) programs. In general, the changes may be viewed as positive and representative of a continuing evolution in the understanding of responsible forestry and growth of the respective organizations. However, the rate of change in the standards (e.g., every five years or less) can cause marketplace frustration and confusion while also risking auditing inconsistencies. Recognition that, for a certification system to successfully guide improvement while also creating value, standards must be consistent and stable is key to future success. Also, for land managers in particular, planning forest management for the next 50-150 years using guidelines that change every five years or less only adds to the complexity of the challenge. The significant changes proposed by both major certification organizations this year reflect changing dynamics within the marketplace. In the long-term, increased efficiency of the operations, increased consistency across practices, and reduced cost per acre will be the true measure of success. If history is any guide, forest certification remains susceptible to challenges from other, yet to be defined, solutions.

[6] Land, George and Beth Jarman. 1992. Breakpoint Theory and Beyond: Mastering the Future Today. Harper Business. New York. P. 261.

This report was prepared by

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