Rainforest Alliance SmartWood Certification:
Assessment of Program Credibility

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Abstract:
Forest destruction and degradation are a serious problem facing today's world. There are many nonprofit and nongovernmental organizations around the world seeking to change the trajectory of deforestation. This case study focuses on the creation and implementation of a third-party certification and monitoring program for sustainable forest management practices. This case study will outline the standards set forth by the Forest Stewardship Council, examine the organizational characteristics and processes of the Rainforest Alliance and its SmartWood certification program for forestry, and develop an assessment of the program's credibility. SmartWood has established itself as the leading player in the forestry certification field, but the organization must continue to take steps to instill confidence and strengthen credibility.

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I. Introduction

Over the years, more and more attention has been placed by nonprofit organizations on sustainable forest management practices. Population growth has led to increasing demand for wood, timber, and other products derived from forests. The result is that forests worldwide are continuing to diminish. In the period 1990-2000, the total net loss of forestland was 8.9 million hectares per year. In the five-year period from 200-2005, the world's total net loss of forestland was 7.3 million hectares per year. The environmental impacts of deforestation are huge, accounting for 20% of global greenhouse gas emissions that contribute to global warming.[1] Moreover, the magnitude and severity of the problems associated with the current state of forests around the world is illustrated by the fact that "only 12% of the world's forests lie within protected areas. In a worst-case scenario, all of the world's readily accessible remaining forests outside those protected areas will be destroyed by unsustainable harvesting within the next several decades."[2]

Through the work of media, nonprofit and nongovernmental organizations, increased public awareness on the destructive effects of business practices such as logging has put pressure on companies to adopt more eco-friendly forest management practices. Forests are essential to ensuring "environmental functions such as biodiversity, water and soil conservation, water supply and climate regulation."[3] To protect the world's forests, there has been a movement towards implementing sustainable management for entire forest ecosystems, thereby meeting ecological, economic, and social needs. As a result, nonprofits have established standards and

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[1] United Nations Food and Agriculture Organization
[2] Diamond, p. 473
[3] United Nations Food and Agriculture Organization

policies, including certification programs, through which companies' business practices can be monitored and evaluated.

A. The CSR Problem

There are two main parts to the CSR problem that needs to be addressed. First, organizations need to ensure that forest operations are managed in a socially beneficial way and forest products are harvested at a renewable rate to meet ecologically sustainable and economically viable standards. Second, companies along the supply chain have to be convinced to buy and offer sustainable forest products to customers.

This paper will address how standards and certifications developed and administered by third-party, nonprofit organizations seek to solve the stated CSR problem. The case study will outline the Forest Stewardship Council's standard, describe Rainforest Alliance as an organization, evaluate the SmartWood certification program, assess the program's credibility, and analyze the incentives of different stakeholders within the system.

II. The CSR Standard- Forest Stewardship Council

The Forest Stewardship Council (FSC) was established in 1993 as an international, nonprofit, membership based organization. The goal was to create an umbrella organization that would serve as the global standard setting body for responsible forest management practices. Through a consultative process involving environmental organizations, social groups and businesses, a set of 10 Principles and 56 Criteria were developed for forest stewardship.[4] These forest management principles and criteria incorporate elements that fall under three general categories:

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[4] See Appendix B for FSC's Ten Principles.

- **Environmentally Appropriate:** "Ensures that the harvest of timber and non-timber products maintains the forest's biodiversity, productivity and ecological processes."
- **Socially Beneficial:** "Helps both local people and society at large to enjoy long term benefits and also provides strong incentives to local people to sustain the forest resources and adhere to long-term management plans."
- **Economically Viable:** "forest operations are structured and managed so as to be sufficiently profitable, without generating financial profit at the expense of the forest resources, the ecosystem or affected communities. The tension between the need to generate adequate financial returns and the principles of responsible forest operations can be reduced through efforts to market forest products for their best value."[5]

By highlighting all three components, FSC has developed a set of standards that represent a sustainable solution to the problems associated with destructive forest management.

To implement these standards, FSC accredits third-party certification bodies that assess and audit forest management operations in adherence to the principles and criteria. There are two basic types of certifications available: forest management, and chain-of-custody. Currently, the FSC has accredited 16 certification bodies to carry out forest management and/or chain-of-custody certifications. Of the 16 certifying bodies, there are two located in the United States: Rainforest Alliance and Scientific Certification Services.[6] While a comparison between the two certifying bodies is outside the scope of this case study, future reports may seek to analyze these two organizations. The certification process is voluntary and must be initiated by the forest owner or manager seeking certification.

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[5] FSC Website.
[6] Ibid.

According to the FSC, the main benefits of certification based on FSC standards are international recognition for forestry management practices, and an opportunity to tap into new markets for certified products. Since its establishment, various research reports, books, and literature have examined the impact of FSC certification on the world's forests. These reports come from a variety of sources including other nonprofit organizations, multilateral NGOs, and academics.[7]

III. Rainforest Alliance

A. Organizational Overview

The Rainforest Alliance was founded in 1987 as a nonprofit organization. The organization's mission is "to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior."[8] The Rainforest Alliance is based on New York City currently has around 33,000 members and supporters. The organization's reach expands to over 50 countries around the world in Africa, Asia, Central America, Europe, North America, Oceania, and South America.

The Rainforest Alliance is an FSC-accredited certification organization. In addition, it also has certification programs in agriculture and tourism. For certified operations in forestry, agriculture, or tourism, a Rainforest Alliance Certified seal of approval is issued to differentiate products that have been deemed to be sustainable in the way they are grown or made. The Rainforest Alliance asserts that products carrying its seal serve as a guarantee to consumers that

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[7] Selected reports available at http://www.fsc.org/en/about/about_fsc/reports.
[8] Rainforest Alliance website.

those products "are the result of practices carried out according to a specific set of criteria balancing ecological, economic and social considerations."[9]

The Rainforest Alliance's agriculture certification program certifies crops such as bananas, cocoa, coffee, citrus, tea, and flowers and ferns based on a set of standards developed by Sustainable Agriculture Network. Additionally, Rainforest Alliance has been a pioneer in the area of tourism certification. The organization is a major mover behind the establishment of the Sustainable Tourism Stewardship Council, a proposed global accreditation body for ecotourism certifications. A list of retail venues selling Rainforest Alliance certified products is shown in Appendix C.

As part of its education and awareness efforts, the Rainforest Alliance issues a variety of publications and newsletters in different languages. *Rainforest Matters* is a monthly e-newsletter that provides information on conservation news, program developments and interviews. *Eco-Education Matter* is another monthly e-newsletter, but is targeted at teachers and educators and provides curriculum ideas and classroom best practices. These are just two examples of Rainforest Alliance's different publications and illustrate one way through which the organization is building consumer awareness and supporting educational initiatives. Another way the organization seeks to increase awareness is through case studies that profile best practices in sustainability. These profiles, available for agriculture, forestry, and tourism, show how collaborative partnerships can achieve sustainable, conservation goals. In addition, Rainforest Alliance staff members and partners are active publishers of research papers on forestry and certification practices.

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[9] Rainforest Alliance website.

In terms of organizational capacity, the Rainforest Alliance employs 160 staff members, with offices in New York, Vermont, California, Minnesota, Oregon, Costa Rica, Bolivia, Guatemala, Indonesia, Mexico, The Netherlands, and Spain.[10] Many of the organization's staff members are experts in their respective fields, with highly qualified academic credentials and professional experience. Tensie Whelan, the executive director since 2000, originally served on the Board of Directors and also as a consultant. In her previous career as a journalist, she served as managing editor of an international environmental journal. She has also authored a book on eco-tourism, titled *Nature Tourism: Managing for the Environment*. Another key staff member is Richard Donovan, who has served as the Director of SmartWood since 1992, and became the Chief of Forestry in 2000. He has over "22 years of experience in forest conservation and rural development," and has also personally conducted on-site assessments and audits. He has a Masters of Science degree in Natural Resources Management.

Since its founding, the Rainforest Alliance has built the organizational capacity to implement and manage conservation programs and services. The organization has a track record of success, attracting experts in their respective fields to join its staff. The Rainforest Alliance has also built a reputation for the organization through its certification programs as an important player in the sustainability and conservation movement, with a label that is recognizable by consumers.

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[10] Rainforest Alliance 2006 Annual Report.

B. Board of Directors

Rainforest Alliance's Board of Directors consists of 20 voting board members, 2 non-voting board members who are Rainforest Alliance staff, and 3 emeritus members.[11] As shown in the following breakdown of voting board members, those with a corporate background represent the majority of members.

Type	Number on Board
Nonprofit	4
Corporate	12
Media & Entertainment	3
Medical	1
Total	20

The number of board members coming from the private sector is large, even if they are necessary for bringing in funding. This however, raises the question of whether the organization is held captive to the special interests of corporations, who may also be the targets of the Rainforest Alliance's programs. For the most part, the board members are not representing companies that are directly involved in the logging or agricultural industries, the main targets of environmental endeavors.

The Chairman of the Board is Daniel Katz, one of the founders and former executive director of Rainforest Alliance. He currently serves as a Senior Advisor to The Overbrook Foundation, directing the Foundation's giving in environmental areas. There are a number of board members where a conflict-of-interest between the organizations they represent and the Rainforest Alliance can lead to causes for concern. Frank Dottori was the founder of Tembec Inc, which is an international forestry company. Although he is no longer an employee of Tembec, the company is a recipient of FSC/Rainforest Alliance certifications for forestry practices. Another board

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[11] See Appendix D for more information.

member who may have a conflict of interest is Henry Juszkiewicz, the CEO and Chairman of Gibson Guitar Corporation. Gibson Guitar has been a major partner of Rainforest Alliance, as the first company to use certified wood in its guitar production, and as a sponsor of key special events. The different ways through which Gibson Guitars is involved with Rainforest Alliance, as customer, sponsor, and board member could lead to misalignment of incentives.

C. Funding Sources

In 2006, the Rainforest Alliance had an operating budget of $15.29 million. The bulk of the expenses, at 32% or around $4.7 million, went to SmartWood's program and services. Overall, 92% of expenses were spent on program budgets. In terms of revenue, the organization generated $15.23 million, with the top two sources of funding, government and certification fees, accounting for 32.5% and 31.2%, respectively.[12] This represented an operational deficit of just under $60,000 in 2006. The main sources of government funding are the United States government, the World Bank, the International Development Bank, and other multilateral organizations. These funds are generally earmarked for project funding.[13] The fees for services represent fees paid for certifications in forestry, agriculture, and tourism. While the funding structure for the Rainforest Alliance appears to be diversified from a variety of sources, the specific funding structure for SmartWood will be addressed in the next section.

IV. SmartWood Certification Program

SmartWood is the Rainforest Alliance's certification program for forestry. It was founded in 1989 to certify responsible forestry. It became FSC-accredited in 1995, after the establishment of the FSC as the global standard setter in sustainable forest management practices. Since its

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[12] See Appendix E for more information.
[13] Pinker

inception, SmartWood has become FSC's leading certifier worldwide, accounting for over 40% of the world's total of FSC certified forest management operations. Additionally, SmartWood asserts the claim that "no FSC/Rainforest Alliance certificate has ever been overturned by the FSC,"[14] as a testament to the quality of the certification program and services.

On an organizational level, SmartWood employs around 60 staff members worldwide. About 10 are employed at SmartWood's headquarters in Vermont, with the remaining 50 spread around 7 regional offices and 2 partner offices. To learn more about SmartWood beyond the information presented on the website, a 45-minute phone interview was conducted with Dr. Wolfram Pinker, Managing Director of SmartWood, followed by two e-mail exchanges. As the managing director, Dr. Pinker "oversees the day-to-day operations of the SmartWood program including certification services, finance, certification quality and systems, and strategic marketing and sales."[15] Dr. Pinker holds a PhD in industrial science, as well as a Masters degree in forest management. Before coming to SmartWood, he spent five years as a director at Scientific Certification Systems, a SmartWood competitor in the certification business.

In contrast to the diversified funding stream for Rainforest Alliance, SmartWood derives its entire operational budget from certification fees paid by applicant companies. However, it was noted that SmartWood does collaborate with other types of funders to support the certification of smaller, community forest operations, who do not have the financial resources to pay the certification fees themselves.[16]

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[14] SmartWood website.
[15] Rainforest Alliance website.
[16] Pinker

A. Scope of Program

In 2006, total SmartWood certified land grew by 66%, with chain-of-custody certificates issued increasing by 22%.[17] The growth trend has continued in 2007, with 2,051 certified forest management and chain-of-custody operations in 61 countries, covering more than 42.6 million hectares to date.[18] SmartWood certifies all forest types including tropical, temperate and boreal. The chart below presents the breakdown of certified area by geography. Canada accounts for 45% of total SmartWood certified area, followed by Europe with 18%, and South America with 13%.[19]

Total SmartWood Certified Area (Hectares), 2007
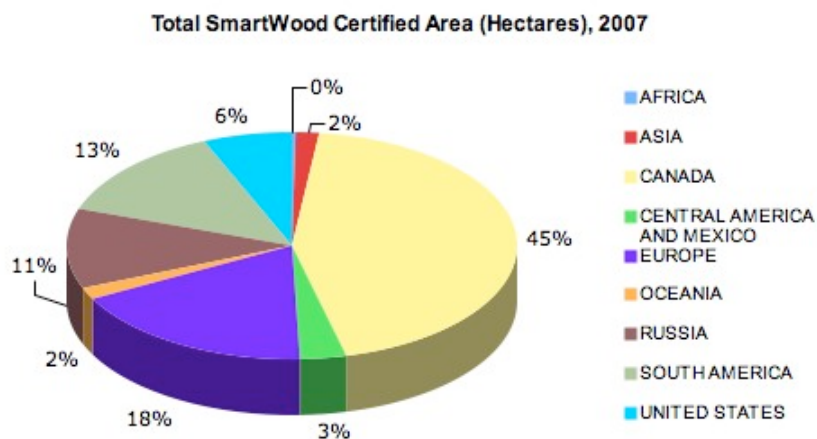
B. Types of Certification

SmartWood issues certifications to qualifying operations and business based on the FSC's principles and criteria. The two basic types of certifications that this paper will examine are forest management and chain-of-custody.

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[17] Rainforest Alliance 2006 Annual Report.
[18] Pinker.
[19] SmartWood website.

Forest management certifications are targeted towards all the different types of forest landowners, including large and medium-sized forest managers, and groups of small landowners. The goal of the forest management certification is to ensure that forest owners and managers are meeting FSC standards for sustainable management and harvesting. To date in 2007, SmartWood has issued 358 forest management certifications, which accounts for 17.5% of the total certificates. Forest management certifications typically cost approximately $5,000 to upwards of $50,000. The fee structure is dependent on a variety of factors including the operation's geographic area or region, size, and company revenue. The varying degrees of complexity also leads to a certification that can range from several weeks to months, from the time an application is submitted to the certification decision.[20]

The main audience for chain-of-custody certifications is forest product operators along the supply chain, such as manufacturers, suppliers, and retailers. Chain-of-custody certificates tracks wood from certified forests to the point of sale, assuring along each step of the supply chain that each operation is producing and delivering a certified product.[21] To date in 2007, 1,693 chain-of-custody certificates have been issued to sawmills, secondary manufacturers, broker and distributors, wholesalers, retailers, printers, paper merchants, and other operations, accounting for 82.5% of the total. Comparatively, chain-of-custody certificates are less costly, ranging from $1,500 on the low-end to $4,000 on the high-end, depending on the complexity of the operation. The time required to complete the certification process is similarly less, taking on average 1 to 3 weeks.[22]

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[20] Pinker.
[21] See Appendix F for a SmartWood flyer.
[22] Pinker

In both cases, certification is issued for a five-year period. Certified operations are able to place both the Rainforest Alliance certified seal of approval and the FSC certified label on its products. Once an application is received by a SmartWood representative, and initial assessment will be performed to determine certification eligibility. In some cases, a pre-assessment may also be conducted at the request of the applicant. After a certification is issued, SmartWood conducts at a minimum 4 annual audits. The details of the assessment and audit processes will be examined in the next section.

C. Application and Monitoring Process

The following flowchart shows the overall application and monitoring steps employed by SmartWood throughout the certification process for both forest management and chain-of-custody certificates. Examples of both types of application forms can be found in the Appendices G and H.

Application Submitted	→	Initial Assessment	→	Certification Decision	→	Annual Audits
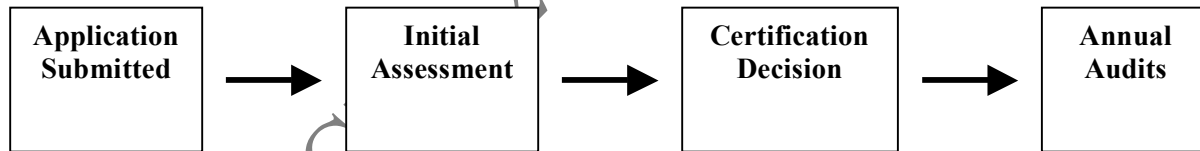
Once an application is submitted, SmartWood sends an assessment budget proposal of the certification fee back to the applicant. Although the range for certification fees for each type were given, further information on how SmartWood's specific fee structure could not be found.

If the applicant decides to proceed with the certification process, then an initial assessment is performed by SmartWood auditors. The exact number of people on the auditing team will differ depending on the scale and scope of the certification, but in general, a "multi-disciplinary team,

usually a forester, an ecologist, and a community relations specialist" will conduct an on-site assessment of the candidate operation.[23] According to SmartWood, there are currently 200 active auditors, of which 20% are employed by SmartWood as staff, and the remaining are contract auditors. As part of the on-site visit, the auditors inspect selected sample sites of the operation. In addition, consultation is sought from other stakeholders such as environmental groups, local communities, government, and scientific researchers. Feedback and public comment are collected through a variety of means, including "mailed questionnaires, face-to-face and telephone interviews and public meetings."[24]

Depending on the operation's ability to meet FSC standards, a certification recommendation is made by the auditing team. As part of the certification decision, the auditors may issue additional corrective action requests or observations that require actions of improvement on the part of the operation. If a certificate is issued, SmartWood will return for at least 4 annual audits throughout the remaining certification period. Interim audits may be performed if infractions are found during the course of the certification period. The annual audits typically include an on-site visit by auditors, a review of management records, and an evaluation of overall compliance with FSC standards. Some operations do choose to withdraw from the certification scheme, citing lack of sales, no source of certified products, and financial reasons as the main reasons. However, no exact rate of withdraw is known. Public summaries from the initial assessment and subsequent annual audits are available on the Rainforest Alliance website. The organization appears to be highly transparent in this respect, as the auditors names and backgrounds are listed,

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[23] Rainforest Alliance website.
[24] Rainforest Alliance website.

areas of inspection identified, and anyone is able to view the audit results by downloading the reports from the website.[25]

SmartWood also has a specific dispute resolution process in place. This process allows for comments or complaints to be submitted on certified operations. SmartWood maintains that it will follow-up within a specified time period and issue a public response.[26] Overall, SmartWood is quite transparent in providing information about the organization. For most of the information that was not available on the website, answers were obtained by calling and emailing staff members. It should be noted however, that in earlier exchanges with Dr. Pinker, he cited confidentiality reasons for withholding information on funding and auditors. In the last email communication, he was able to provide that information after viewing the presentation slides prepared for this case study.

V. Program Assessment and Credibility

In 2005, SmartWood published a research report on the global impact of its certification process, as a testament to the success of the program. The report concluded that SmartWood certifications had played a significant role in changing the behavior of forestry operations along environmental, social, and economic lines. In terms of environmental impact, the most prevalent changes made by certified operations were improved aquatic management, improved treatment of high conservation value forests, and improved protection of threatened and endangered specified. The most prevalent social changes that were made include better communication and conflict resolution amongst stakeholders, and improved worker training and worker safety. Finally, the most important economic and legal impacts were deeper understanding of operation

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[25] A sample audit report can be found in Appendix I.
[26] The complete dispute resolution process can be found in Appendix J.

profitability and efficiency, and improved compliance with laws. Overall, SmartWood certification achieved better management system operations, monitoring, and chain-of-custody practices.[27]

On the surface, it appears that SmartWood has succeeded, through its certification program, to affect change in forestry operations around the world. A program report card that summarizes the following findings is shown in Appendix K. The deeper analysis reveals that there are three major reasons that undermine the program's credibility:

1. Autonomy from Target of Monitoring.

As previously stated in Section IV's overview of the SmartWood Certification program, the program relies entirely upon certification fees to sustain its operating budget. This creates a strong conflict-of-interest on the part of SmartWood. On the one hand, it is certifying an operation based on a specific set of standards developed by the FSC. On the other hand, SmartWood needs the revenues to remain operationally viable. A possible result is that SmartWood will issue certifications to non-compliant operations.

2. Monitoring Practice.

SmartWood conducts at least one one-site visit each year for certified operations. Although it reserves the right to unannounced visits, the website states specifically that "the designated contact person at the certified operation must be notified of unannounced random site visits prior to actual field inspection of a field operation." By notifying the contact person ahead of time, this effectively negates the unannounced, random nature of a site visit. Therefore, SmartWood does not actually carry out on the threat of conducting unannounced visits.

3. Evaluations.

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[27] Newsom and Hewitt.

In almost all SmartWood assessment and audit reports, corrective action requests (CARs) are issued to the certified operation, stating changes that need to be made or areas that need improvement. In most cases, an explicit time period for compliance is stated and there is a threat that noncompliance may lead to decertification. However, no concrete information could be obtained from either the website or SmartWood staff regarding an actual rate of decertification. Although Dr. Pinker stated that decertification is "very rare," because of SmartWood's due diligence in the pre-assessment process to identify the operations that would not pass certification, no information could be found on the select few operations that have been decertified. In reviewing series of audit reports, it appears that CARs that are not met by the stated time are generally upgraded in status and more time is given to the operation to comply. In the end, the recommendation typically allows the operation to remain certified, on the condition that it complies with the CARs. According to the FSC, it is also the FSC's policy that it will not insist on 100% satisfaction of the principles and criteria. Rather, individual certifiers make the final decision on disqualifying a candidate from certification, or decertifying a certified operation based on identified major failures in meeting FSC standards.[28]

In addition to the three areas explained above, there are two other aspects that may be cause of concern:

1. Sources of Information.

Although SmartWood takes a multi-stakeholder approach during the initial assessment period, subsequent annual audits seems to rely more heavily on self-reported changes made by the operation. Particularly in terms of management practices and systems, SmartWood has to rely on the information that is provided by the certified operation. However, it is difficult to confirm

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[28] FSC website.

whether changes made in company documents are actually implemented or enforced in practice. Moreover, on-site visits are most often conducted at sample sites that have been pre-selected by the certified operation. While the auditor reserves the right to make the final decision on which of the sample sites are inspected, the original set of possibilities has already been self-selected by the operation.

2. Auditors Training and Compensation

Given that only 20% of the 200 total auditors are employed by SmartWood, quality control of auditors can become an issue. In general, auditors receive training in the forms of classroom, on the job, materials such as handbooks, guides and checklists, lead auditor sessions, web seminars, etc. In addition, compensation for auditors is stated to be a daily rate plus expense reimbursement. However, information could not be obtained on the average years of experience of auditors, how much training an auditor has to undergo to be used by SmartWood, the amount of the daily rate of compensation, and most importantly, how an auditor's performance is evaluated. To be fully confident that SmartWood's auditors have the capability to carry out unbiased inspections, these questions need to be answered.

A. Incentives of Stakeholders

Within the certification process, there are many stakeholders with different incentives to conform to FSC and SmartWood standard, or cheat and undermine the system. The conflict between the incentives to conform and cheat result in potential behavior on the part of each stakeholder that can then strengthen the overall credibility of the system, or lead to collusion amongst different parties. The chart below summarizes each stakeholder's different incentives and potential behavior.

Stakeholder	Conform	Cheat	Potential Behavior
SmartWood	Reputation of integrity & transparency	Need money to run organization	Certify non-compliant operations
Forest operators	Use of label, differentiate product	Costs of implementation	Lie in self-reporting, misrepresent practices
Local community	Better living standards/conditions	Economic incentives, ie employment	Potentially blow the whistle
Supply chain companies	Consumer demand, brand image	Lower costs	Do the bare minimum
FSC	Reputation, integrity & credibility of standard	"Sell" standard as the best one	Stay quiet in disputes
Public	Care about sustainability	Want cheaper prices	Blow the whistle

From the chart, it is evident that economic incentives are often the most important reasons behind cheating. From the point of view of SmartWood, the program survives based on the certification fees received. While SmartWood does have a reputation of integrity, transparency, and credibility to protect, there is a constant struggle with making enough money to continue operating its programs and services. For forest operators and companies along the supply chain, they are hoping to create a differentiated product that meets consumer demands and builds a positive public brand image. However, that is weighed against the increased costs associated with certification and implementation of changes. Therefore, there is a likelihood that SmartWood and these target companies have an incentive to collude. On the one hand, SmartWood receives certification money to continue its programs and services, while the companies display the certification seal of approval. On the other hand, SmartWood is less vigilant in monitoring compliance to ensure that companies retain the certification.

Ultimately, the only stakeholder with a compelling incentive to blow the whistle is the public, which can include consumers and the media. This behavior has manifested itself in the form of websites and blogs from consumer watchdog groups that highlight infractions of SmartWood certified operations. While some of these efforts have succeeded in building a critical mass to warrant a response from SmartWood, in most cases, these vigilantes may be too small or unorganized to make a measurable impact.

VI. CONCLUSION

Overall, Rainforest Alliance has done an admirable job in implementing FSC standards through its SmartWood certification program. Accounting for 40% of total FSC certified land, SmartWood has built a reputation as the major FSC certifier, and raised consumer awareness of certified products. The major caveat is the inherent conflict-of-interest between SmartWood relying solely on certification fees for its operational needs, and the need to remain objective in the certification process. Additionally, SmartWood should be more forthcoming in its decertification of operations. Rather than undermining the program's credibility, this type of action can actually build credibility in the minds of consumers. The SmartWood certification system is not completely corrupt and unreliable, but more can be done to strengthen measures and metrics that will instill confidence in the organization.

VII. APPENDIX A: Class Discussion Questions

1. What is the importance of Rainforest Alliance publications? Are they simply a public relations tool, or do they help build credibility for the organization?

2. Why is it important to look at the Board of Directors and governance structure of a nonprofit organization involved in certification and monitoring?

3. What are the pros and cons of the Rainforest Alliance having certification programs in forestry, agriculture, and tourism? Does this make you more or less confident in the capabilities of the organization?

4. What are some measures or actions that Rainforest Alliance can take to improve confidence in its certification system?

5. Are you confident that a product carrying the Rainforest Alliance Certified seal of approval is certified to the standards for FSC's principles and criteria? Why or why not?

6. Compare this case with the two cases on the Forest Stewardship Council (Veach and Stryjewski). Does this case study on the Rainforest Alliance strengthen the Forest Stewardship Council's credibility? Why or why not?

7. How well does the Rainforest Alliance's SmartWood Program solve the two CSR problems set forth by the author?

APPENDIX B: FSC Principles

Ten Principles:

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 worker's 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: Plantations

Complete Principles and Criteria available on FSC Website:
http://www.fsc.org/keepout/en/content_areas/77/134/files/FSC_STD_01_001_V4_0_EN_FSC_Principles_and_Criteria.pdf

APPENDIX C: Rainforest Alliance Certified Products

- Holiday Inns in the United States (coffee)
- Staples in Canada (FSC/RAC paper)
- Target stores (FSC-certified furniture)
- Ikea (FSC wood - worldwide, RAC coffee - Italian stores only)
- Seven Eleven stores in Sweden (coffee)
- Wal-Mart, Target, Sam's Club and grocery stores across the US (coffee)
- The United Nations (coffee)
- All Nippon Airways lounges (coffee)
- Asiana airlines (coffee in business class)
- Imperial Hotel, Tokyo (coffee and orange juice)
- KLM flights (coffee)
- McDonald's restaurants in the UK and Ireland (coffee)
- Prado Museum in Madrid (FSC wood)
- Whole Foods in the US (coffee, bananas, chocolate)
- Harry Potter final book (FSC paper)
- As Intermitências da Morte by Nobel Laureate Jose Saramago (printed on FSC-certified paper)
- Goldman Sachs world headquarters (FSC wood)
- Bank of America East Coast Operations Headquarters (1 Bryant Park, under construction) (FSC wood)
- ABC Carpet and Home (FSC wood furniture)
- Crate & Barrel (FSC wood furniture)
- Arby's (coffee - Indiana only)
- Caribou Coffee cafes across the United States (coffee)
- Gloria Jeans cafes across the US and Australia (coffee)
- Some New York City park benches, bridges & decking (FSC wood)
- Institute of Contemporary Arts in Boston (FSC ceiling paneling and decking)
- Pottery Barn/Williams-Sonoma catalogs (FSC paper)
- Victoria's Secret catalogs (FSC paper)
- All Harper Collins books published in the UK (FSC Paper)
- Plus Markt in The Netherlands (coffee)
- Deen Supermarkt in The Netherlands (coffee)
- Super de Boer supermarket in The Netherlands (coffee)
- Stenaline Ferry from UK to France (coffee)
- Easy Jet, a European budget airline (coffee)
- Supermarkets across Europe (bananas)
- Franken & Kok café in Amsterdam (FSC wood tables)
- Flashing Billboard at Piccadilly Circus in London (McDonald's ad)
- Tchibo, a German and Austrian coffee shop/market (coffee)
- McD cafes and McD stores in Germany (coffee)
- Ben & Jerry's in Germany (coffee)
- Monimbo coffee, sold online and out of home in Germany (coffee)
- Train tickets for the Deutsche Bundesbahn (FSC paper)
- Slow Food International Terra Madre meeting (coffee)
- Slow Food International fair "Saloine del Gusto" (coffee)
- Middlebury College (FSC wood)
- Phillips Academy Andover (FSC wood)
- United Nations Headquarters in New York (coffee)
- Minneapolis St. Paul Airport (coffee)
- Shinkansen (Japanese Bullet Train) (coffee)
- Fresh Direct website (based in New York) (coffee)
- Thistle Hotels in the UK (coffee)
- Yellowstone, Yosemite and the Grand Canyon National Parks (coffee)
- The Casa Claudia Catalogue in Brasil (FSC wood)
- Select Equinox Gym Vendors, New York City (coffee)
- Green & Easy website (FSC wood)
- Waitrose Supermarkets in the UK (coffee)
- Mousetraps in Brooklyn, NY (FSC wood)
- Specialty chocolate stores in Sweden (chocolate)

- Penn State University - gym (FSC wood) - Duke University's Nicholas School of the Environment (FSC wood) - Madisons Coffee Shops - UK wide (coffee) - Prêt a Manger - UK wide (coffee) - The Natural History Museum, London (coffee) - The Science Museum, London (coffee) - Eden Project, Cornwall UK (coffee) As Intermitências da Morte - Morrisons in-store Cafes, UK wide (coffee) - Sainsburys, Tescos, Asda, Morrisons and other major supermarkets across the UK (100% certified coffee and innocent smoothies with certified bananas) - B&Q (FSC wood) - Home Depot (FSC wood) - The Antwerp Zoo (beginning mid-June) - Thalys, a fast train through Europe (coffee) - Accor Hotels in the Netherlands (coffee)	- Cafeteria atop Mt. Hood, Oregon (coffee) - True Grounds in Somerville, Massachusetts (coffee) - PCC Natural Markets in eight Seattle, Washington locations (chocolate) - Cape May Bird Observatory, New Jersey (coffee) - Stop & Shop Supermarket (coffee) - Marvelous Market in Washington, DC (coffee) - Books-A-Million in Washington, DC (coffee) - Gaiam catalogue (FSC cork bath mat) - American Airlines Terminal (Juan Valdez café), JFK airport, New York (coffee) - Explorations catalogue (printed on FSC paper) - Long Road Out of Eden by the Eagles (packaged in FSC paper) - Greendale by Neil Young (packaged in FSC paper)

Source: Rainforest Alliance Website,
http://www.rainforest-alliance.org/marketplace/venues.html

APPENDIX D: Rainforest Alliance Board of Directors

Name	Position on Board	Title	Type
Daniel R. Katz	Chairman	Senior Advisor, Overbrook Foundation	Nonprofit
Labeeb M. Abboud	Vice Chairman	General Counsel, International AIDS Vaccine Initiative	Nonprofit
Bert Aerts	Member	President, Fujifilm Hunt Chemicals USA	Corporate
Dr. Noel Brown	Member	Former North American Director, UN Environment Program	Nonprofit
Mrs. Karen M. Clark	Member	Former editorial positions in Vogue, Glamour, House and Garden Magazines	Media
Daniel Cohen	Member	President, Dan Cohen & Sons LLC	Corporate
Karl Fossum	Member	President, Park Madison Professional Laboratories	Medical
Wendy Gordon	Member	Founder and General Manager, The Green Guide	Media
Robert M. Hallman	Member	Partner, Cahill Gordon and Reindel	Corporate
Henry E. Juszkiewicz	Member	CEO and Chairman, Gibson Guitar Corporation	Corporate
Sudhakar Kesavan	Member	President, Chairman, CEO, ICF Consulting	Corporate
Mary Stuart Masterson	Member	Actress	Entertainment
Anthony Rodale	Member	The Rodale Institute	Nonprofit
Eric Rothenberg	Member	Partner, O'Melveny & Myers LLP	Corporate
Peter M. Schulte	Member	Founding Partner, CM Equity Partners	Corporate
Kerri A. Smith	Member	Public Speaker	Corporate
Martin Tandler	Member	President and Principal, Tandler Textile, Inc.	Corporate
Annemieke Wijn	Member	Former Senior Director, Kraft Foods	Corporate
Mary Williams	Member	Owner and Founder, MJW Consulting	Corporate
Alan Wilzig	Member	Entrepreneur and Inventor	Corporate
Diane Jukofsky	Non-Voting Member	Director, Rainforest Alliance's Communications and Education Department	Nonprofit
Chris Wille	Non-Voting Member	Chief of Rainforest Alliance's Sustainable Agriculture Program	Nonprofit
Henry P. Davison II	Emeritus	Vice President, J.P. Morgan Private Banking Group	Corporate
Patricia J. Scharlin	Emeritus	Principal, The Environment Group	Nonprofit
Judith P. Sulzberger	Emeritus	M.D., Retired	Medical

Complete biographies available at http://www.rainforest-alliance.org/about.cfm?id=board_all

APPENDIX E: Rainforest Alliance Revenues and Expenses

Financial Overview – Summary of Activities

SUPPORT AND REVENUE	2006	2005
Fee for Services	4,750,928	4,526,856
Foundation/Corporation/Government	2,668,232	2,255,435
Membership/Contributions	1,575,539	1,455,748
Special Events	833,446	646,231
Government	4,908,363	3,496,090
Other	495,852	97,365
TOTAL	15,232,360	12,477,725
EXPENSES		
Program	14,083,452	10,984,645
Fundraising	986,873	764,342
Management/General	220,383	198,775
TOTAL	15,290,708	11,947,762
Change in Net Assets	**(58,349)**	**529,963**

Source: Rainforest Alliance 2006 Annual Report.

Breakdown of Expenses
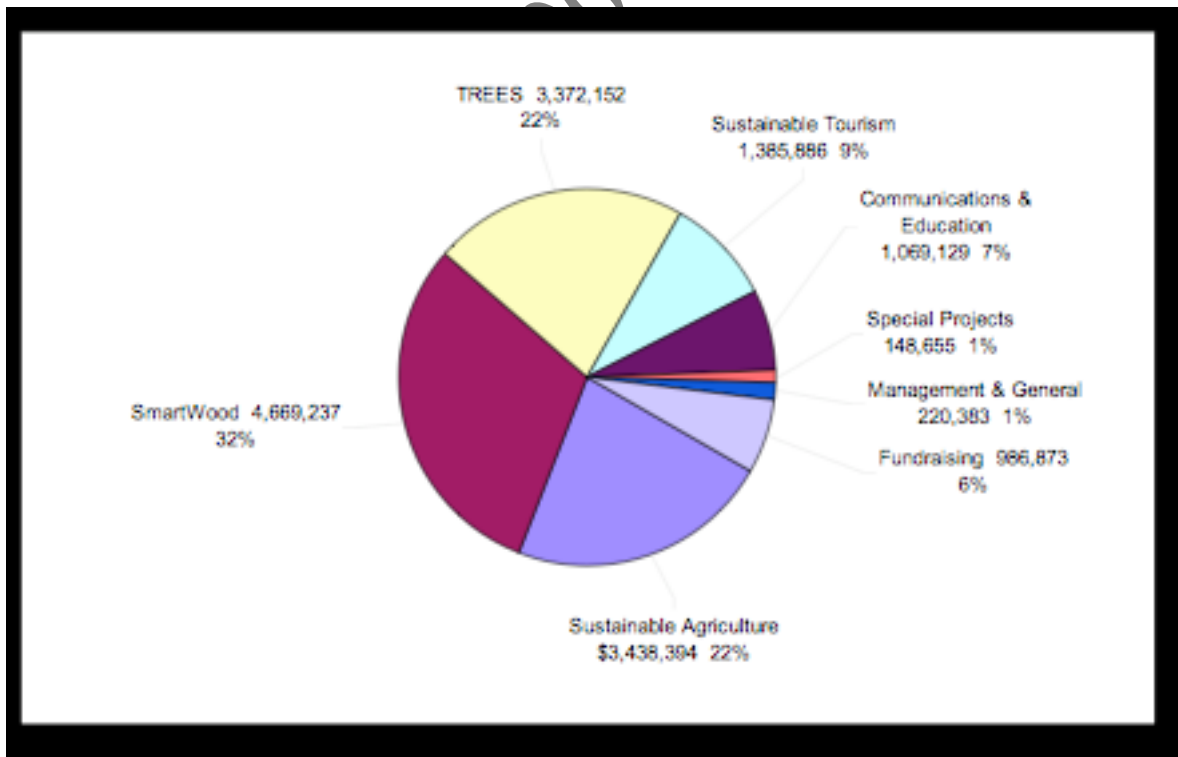
Source: Rainforest Alliance 2006 Expenses.

APPENDIX F: Chain-of-Custody Flyer
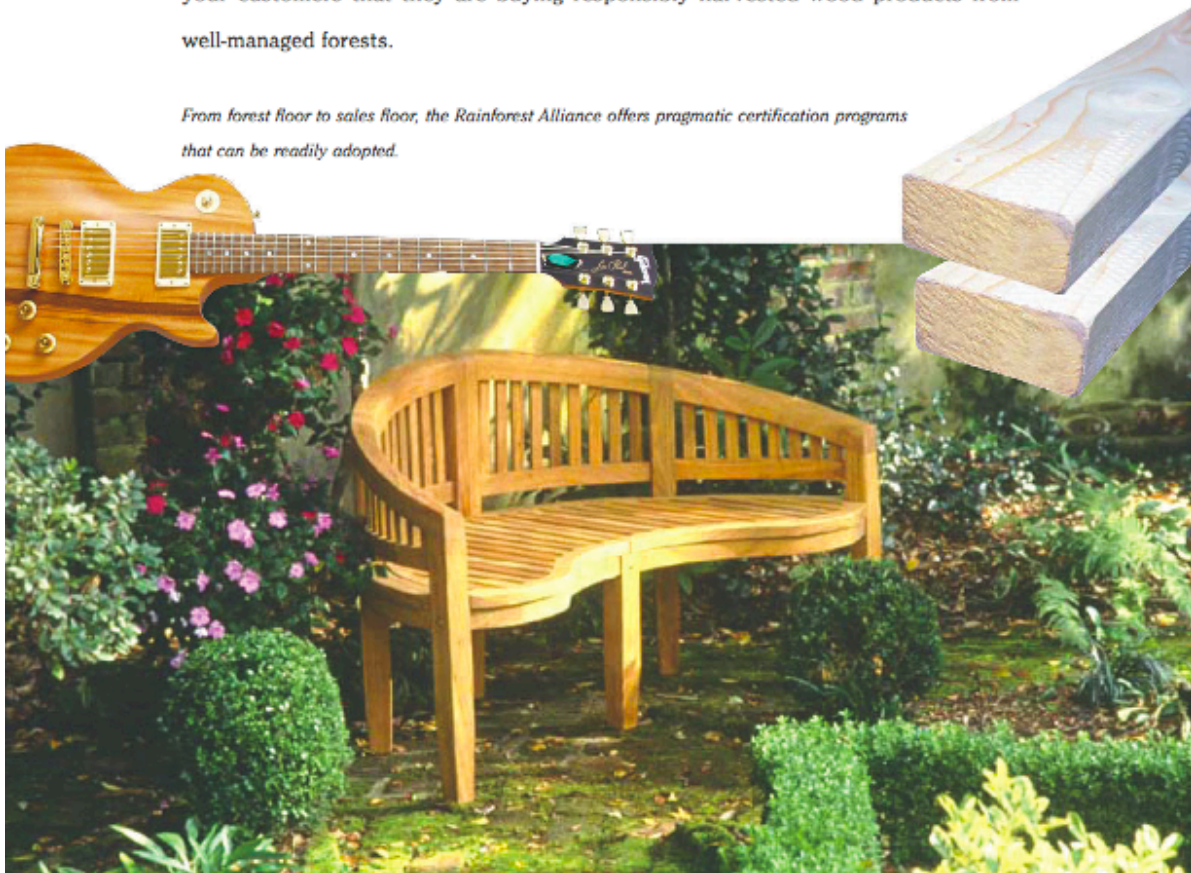
Source: Rainforest Alliance/SmartWood website.

APPENDIX G: Forest Management Certification Application Form

FOREST MANAGEMENT CERTIFICATION APPLICATION

SmartWood
Practical conservation through certified forestry

CONTACT INFORMATION

Organization/Legal Name:	

Type of Legal Entity:		**Jurisdiction of Organization:**	
Primary Contact:		**Title:**	
Mailing Address:			
City:	**State:**	**Country:**	
Email Address:		**Postal Code:**	
Telephone:		**Fax:**	

List of proposed forest management units: (submit separate list of FMUs for larger groups)

Forest Management Unit	Location	Size (ha)
	Total Area	

OPERATION BACKGROUND
(Check all applicable boxes)

TYPE OF OPERATION		Forest Area	Total	To be Assessed
Private company/landowner	☐	**Total forest area:**		
Public agency/land manager	☐	**Productive forest area:**		
Resource manager	☐	**Non-productive area:**		
Community forest	☐	**Conservation zones:**		
Indigenous lands	☐	**Reserves:**		

☐ Acres   ☐ Hectares

YEARS IN OPERATION:
Year most lands acquired: ____

FOREST PRODUCTS:

Logs (only)	☐	**Pulp/Paper**	☐

Year timber harvesting began:

Year active management began:

Lumber	☐	Composites/Panels	☐
Veneer	☐	Non-timber forest products	☐
Plywood	☐	Other:	

TIMBER SUPPLY

% timber procured from:

Lands applicant OWNS & MANAGES	%
Lands applicant MANAGES only	%
Lands managed by known 3RD PARTY	%

MANAGEMENT PLANNING

Do forest management plans exist for ALL ☐ or SOME ☐ of the lands enrolled under this application?

If SOME, then what % of lands are covered by forest management plan(s): ____ %

Do forest management plan(s) require approval by a government agency?   YES ☐   NO ☐

HARVEST
(Fill-in as applicable)

	Volume:			Area:		
What is the annual allowable cut?	Mbf	M³	Cord s		☐ Acres	☐ Hectares
What was actual harvest for last year?	Mbf	M³	Cord s			

Major species harvested:	Annual Quantities: (*tons, MMbf, ft², m³*)

ANNUAL REVENUES

What are your average GROSS ANNUAL SALES for all products?   US$ ____

Additional information:

(a) **Signature:** _____

(b) **Title:**_____

(c) **Date:**_____

APPENDIX H: Chain-of-Custody Certification Application Form

SmartWood
Practical conservation through certified forestry

CHAIN~OF~CUSTODY
CERTIFICATION

APPLICATION

CONTACT INFORMATION

Organization/Legal Name:			
Type of Legal Entity:		**Jurisdiction of Organization:**	
Primary Contact:		**Title:**	
Mailing Address:			
City:		**State/P:**	**Country:**
Email Address:		**Postal Code:**	
Telephone:		**Fax:**	

BUSINESS BACKGROUND
Help us create a profile of your business to plan for your chain-of-custody assessment.

<u>**BUSINESS TYPE**</u> (check all applicable boxes)

Primary manufacturing:
Lumber	☐
Plywood/Veneer	☐
OSB-MDF-Particleboard	☐
Pulp/Paper	☐
Engineered wood	
Other	

Secondary manufacturing:
Furniture/Cabinets	☐
Millwork/Moulding	☐
Doors & Windows	☐
Flooring & Ceiling	☐
Panels & Siding	☐
Printed Materials	☐
Tools & Household	☐
Musical Instruments	☐
Other	

Distribution:
Wholesaler	☐
Retailer	☐
Broker	☐
Import/Export	☐
Distributor	☐
Other	

<u>**COMPANY FACILITIES**</u> *(e.g. manufacturing sites, offices, warehouses, etc…)*

Total number of company facilities:	
Number of facilities to be included in chain of custody: (List these individually below)	

Facility name & type *(i.e., sawmill, furniture shop)*	Location:	Production capacity:	# Employees:

CERTIFIED INPUTS (current or potential)

Certified material that YOU WILL BUY: *(logs, lumber, paper, panels, etc.)*	Species	Annual Quantities, *(tons, MMbf, ft², m³)*

Company name of each source of certified inputs: Number:	Location: *(state, province, country)*	FSC Certification

CERTIFIED OUTPUTS / FSC Product Groups (potential)

Certified products that YOU WILL SELL:	Species: (if applicable)	Annual Quantities, if known: *(tons, MMbf, ft2, m3)*

CHAIN OF CUSTODY PLANNING

Application is for ALL ☐ or SOME ☐ of the forest products your business produces or sells.

Will you need assistance in locating certified sources or materials?   YES ☐ NO ☐

Will you be producing percentage-based products (not 100% FSC)?   YES ☐ NO ☐

Are there other companies in your supply chain that may want to be certified?   YES ☐ NO ☐

If yes, please list them:

Is there a specific date when you want to have your certification completed by?   Date:

What are your average GROSS ANNUAL SALES for all wood products? $

Signature: _____

Title: _____

Date: _____

SEND TO: SmartWood, 65 Millet Street, Suite 201, Richmond, VT 05477
Phone: (802) 434-5491   Fax: (802) 434-3116   Email: info@smartwood.org

APPENDIX I: Sample Audit Report

Certified by:

SMARTWOOD Certified Forestry

SmartWood Headquarters
65 Millet St. Suite 201
Richmond, VT 05477 USA
Tel: 802-434-5491
Fax: 802-434-3116
www.smartwood.org
Contact person: Jon Jickling
jjickling@smartwood.org

Certification Audit
Performed by:
SmartWood, Canada office
215 Notre-Dame de l'île, #3
Tel: 819-772-5740
Fax: 819-772-5740
Contact person: Alexandre Boursier
Email: aboursier@ra.org

FSC
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FM-08 Oct 2005

SmartWood
Practical conservation through certified forestry

Forest Management
2006 Annual audit
Report for:

Nagaya Forest
Restoration Ltd.
in
Dieppe, New Brunswick

Certificate code: SW-FM/CoC-214

Audit Dates: July 25, 2006
Report Finalized: Dec 12, 2006
Auditors: Bruce Byford R.P.F.

Operation Contact: Mr. Bill McKay
Address: 214 Chartersville Rd
Dieppe, NB

1. AUDIT PROCESS

1.1. Auditors and qualifications:

Bruce Byford R.P.F.

Bruce Byford is a licensed professional forester (Ontario). He has over 27 years experience as a forestry consultant. He has completed several Forest Management (FM) and Chain of Custody (COC) audits for SmartWood and a conducted Independent Forest Audits (IFA) in Ontario. Mr. Byford has completed SmartWood Assessor Training and ISO 14001 Lead Auditor training.

1.2. Audit schedule

Date	Location /main sites	Main activities
July 25, 2006	Truro Nova Scotia	Interview with the Resource Manager
Dec 11, 2006		Draft report sent to client
Dec 12, 2006		Report finalized
Total number of person days used for the audit: 1		
= number of auditors participating 1 times total number of days spent for the audit 1		

1.3. Sampling methodology:

This audit is an annual audit conducted in compliance with SmartWood SLIMF Policy and Procedures. As such audit intensity was reduced and assessment procedures were streamlined and the annual audit was conducted as a desk audit with no site visitation. The Resource Manager, Mr. Bill MacKay, was interviewed and relevant documents and materials reviewed. Given the small size of the Group and the relatively low levels of activity compliance risk was deemed to be low. The auditor reviewed a sampling of Nagaya documents and records and reviewed a management plan for conformity with Nagaya philosophy and Forest Stewardship Council (FSC) principles.

FMU or Site audited	Rationale for selection	Group FMU belongs to and number of FMUs in the group
Interview and document review with Resource Manager.	Annual field audit was conducted in 2005. SLIMF policy permits desk audits for intervening years.	Nagaya Forest Restoration Ltd. The Group has 25 members with properties in New Brunswick, Nova Scotia and Prince Edward Island.

SmartWood Forest Management Annual Audit Report — Page 3 of 22

1.4. Stakeholder consultation process

No stakeholder issues were brought forward for review during this assessment.

1.5. Changes to Standards (if applicable)

No changes to the standard have occurred since the last evaluation. For the conduction of this audit as well as for the conduction of previous audit/assessment the following standard was used:

Canadian Forest Stewardship Council Standards for Best Forestry Practices in the Maritime Forest Region (March 2003).

This standard can be obtained on the FSC Canada website http://www.fsccanada.org/maritimes/index.shtml.

A new standard for the Maritimes is expected to be accredited by the FSC in early 2007. As per FSC policy, non-compliances with a new accredited standard have to be identified at the first audit following accreditation (also called a Gap Analysis), and compliance has to be demonstrated at the 2nd annual audit after that.

2. AUDIT FINDINGS AND RESULTS

2.1. Changes in the forest management of the FMO

In 2006, the membership pool consists of 25 properties, 1 more than in 2005.

2.2. Stakeholder issues

No stakeholder issues were brought forward at the time of the assessment.

2.3. Compliance with applicable corrective actions

The section below describes the activities of the certificate holder to address each applicable corrective action issued during previous evaluations. For each CAR a finding is presented along with a description of its current status using the following categories. Failure to meet CARs will result in non-compliances being upgraded from minor to major non-compliances with compliance required within 3 months or face suspension or termination of the SmartWood certificate. The following classification is used to indicate the status of the CAR:

CAR Status Categories	Explanation
Closed	Certified operation has successfully met the CAR and addressed the underlying noncompliance.
Open	Certified operation has not met the CAR; underlying noncompliance is still present. CAR becomes a Major CAR with a 3 month deadline for compliance

No CARs were issued in the 2005 annual audit.

2.4. New corrective actions issued as a result of this audit

No corrective action requests are issued as a result of this audit.

2.5. Audit observations

Nagaya's membership pool consists of 25 properties with a forest area of 3,194 hectares. The membership is located within New Brunswick, Nova Scotia, and Prince Edward Island.

The forestry observations of the Group may be characterized as low impact and small scale. The calculated allowable cut for the pool properties is approximately 4,600 m^3. The reported actual harvest from pool properties in 2005 was 1,213 m^3.

The documents reviewed and the interview conducted verified that the Nagaya management system is designed to restore Acadian Forests to a natural forest in terms of species composition and a forest structure appropriate to the site. Silvicultural strategies reviewed within the management plan (Alyth Forest) were appropriate to forest conditions and plan objectives.

2.6. Audit decision

The low level of forest management activity, the small size of the forest holdings and the strong commitment of the Resource Manager and pool membership to Forest Stewardship Council principles and criteria and the Nagaya philosophy are conducive to long term sustainable forest management. No CARs are associated with this annual surveillance audit. The auditor recommends the Nagaya certificate be maintained.

SmartWood Forest Management Annual Audit Report — Page 4 of 22

Excerpted from: http://www.rainforest-alliance.org/forestry/documents/nagaya_pubsum06.pdf

APPENDIX J: Certification Complaints, Appeals and Dispute Resolution Policy

"Background: Complaints from stakeholders (e.g., community residents, adjoining landowners, consulting foresters, government officials, or environmental organizations) may arise about or in relation to a SmartWood-certified operation or applicant for certification, either before, during or after the initial SmartWood certification assessment process. During or before the assessment, such perspectives will be considered during the assessment process. This policy is provided specifically for challenges relating to SmartWood-certified operations, whether in the form of complaints, appeals or other disputes, lodged after the final decision-making stage of the certification assessment process. In order to be fair to the certified operation, and at the same time give due process and attention to any observation, complaint or other challenge, SmartWood must have clear policies and protocols regarding the handling of complaints, appeals and disputes and the role of programmed or random audits or inspections of certified operations. This document provides these policies and protocols.

Policies and Procedures: All appeals, complaints and disputes brought before SmartWood by suppliers or other parties shall be subject to the following procedures. SmartWood shall keep a record of all appeals, complaints and disputes and remedial actions relative to certification, take appropriate subsequent action and document the action taken and its effectiveness, in each case pursuant to the procedures outlined below.

A. Lodging of Complaints, Appeals and Disputes: SmartWood may receive either written or verbal complaints, appeals or disputes. If not lodged in writing, the person contacted at SmartWood will put the challenge in writing and distribute to the following:

a) the SmartWood Director or, in his absence, the SmartWood Managing Director or, in his absence, the SmartWood headquarters (HQ) staff person with responsibility for the region from which the dispute originates;
b) the SmartWood task manager (at HQ and/or a regional office, if any) for that certification;
c) the designated contact person at the certified operation; and
d) the certified operation's file at HQ.

B. Written Response: SmartWood staff will document and respond in writing to all written challenges within 15 days. A formal FSC Complaints Log is saved on the designated drive at HQ by the SW Certification Administrator. Included on the log: date the written complaint is received, SW certificate registration code (if not certified, status is noted, e.g., "pending"), contact person and organization the complaint is received from, SW staff person responsible for follow-up and date reply to complainant is sent. HQ staff will review verbal challenges. In most cases, if a challenge is not lodged in writing, SmartWood will not respond.

C. Notification of SmartWood-Certified Operation: As per the above, upon receiving and/or documenting a challenge, the SmartWood task manager will send documentation of the challenge to the contact person at the SmartWood-certified operation. This must take place within seven (7) days of receipt of the challenge. If HQ receives the challenge in writing, a copy will be forwarded immediately to the certified company with a copy of these policies and procedures and a cover memo describing actions that will be taken by HQ. SmartWood will

honor the confidentiality of the aggrieved party if requested or, in the judgment of SmartWood, in cases where divulging his/her name may be politically or personally dangerous. It is important to stress that even if a challenge is not lodged in writing, SmartWood may contact the certified operation and let them know what has been heard and communicate about the response process. SmartWood will err on the side of responsiveness. HQ staff will formally keep track of responses to challenges, in writing and in the appropriate HQ file for the certified operation.

D. Opportunity for Certified Operation Response: SmartWood will give the SmartWood-certified operation an initial opportunity to provide its perspective on the issue, e.g., through the operation's own version of the incident, historical background, etc. This may be done in either verbal or written fashion, preferably in writing.

E. Initial SmartWood Response: SmartWood will provide a written response to the aggrieved party within 15 days from the time that SmartWood receives a written challenge (with copies to all of the entities listed under paragraph A above). SmartWood may ask the certified operation to assist in providing such written response. It is a SmartWood decision whether to seek comment from the certified operation on the draft response or not. SmartWood may choose to do either. SmartWood may also choose to contact relevant third parties to clarify the situation. SmartWood may also need assistance in this regard from the certified operation. SmartWood will deal with such situations expeditiously and professionally with a priority on fairness to the certified operation and the aggrieved party and protecting the credibility of SmartWood. SmartWood believes such accountability is expected in certification and will respond in a consistent fashion in all situations.

F. Independent Dispute Resolution: If the aggrieved party is not satisfied with the SmartWood response, it may request in writing the opportunity to present its case to an entity that has the duty of seeking the timely resolution of disputes, grievances, complaints or appeals made against Rainforest Alliance, Inc. and is independent of (1) the relevant certification evaluation; (2) the relevant certification decision; and (3) the day-to-day implementation of the polices of Rainforest Alliance, Inc. and SmartWood. An example of such an entity is the Rainforest Alliance Chief of Agriculture. If, after input and actions by such independent entity, there is no resolution, SmartWood will either ask the aggrieved party to put its continued concerns in writing to the Director of SmartWood or to the Director of the Forest Stewardship Council, or HQ may forward all related correspondence to the FSC to commence, if appropriate under FSC's guidelines and procedures, a formal FSC complaint or appeal process.

G. Resolution: If resolution is reached during any of the steps outlined above, a memorandum for the record shall be distributed to the contact points listed in paragraph A above, providing final documentation and/or closure.

H. Public Certification Summary: Depending on the severity of a complaint, appeal or other dispute, the public summary for a SmartWood certification may include a summary of such challenge and SmartWood's response."

Source: Rainforest Alliance website,
http://www.rainforest-alliance.org/programs/forestry/smartwood/dispute-resolution.html

APPENDIX K: SmartWood Certification Program Report Card

On each dimension, imagine a scale of 1-5, where 1 is ideal for strong monitoring and 5 is the weakest.
Try to write down a figure for each place you have information.

	SCORE	NOTES
1) Autonomy from Target of Monitoring: How autonomous from target: • In money source: do they take money from the Target • In control: governance structure: who sits on the board are they connected to the Target? • Do they charge fees for inspection? • Who pays the fees?	4	All of operational budget comes from certification fees, paid by operations receiving the certification (target).
2) Organizational Strength: Capacity to carry out monitoring: • Size of staff • Training of staff: what kind of • Educational level of staff • Amount of back up: accounting, finance, law?	1	60 staff, 200 auditors worldwide.
3) Monitoring Practice: How do they carry it out? • How often in the field? • Unannounced? • How do they select inspection sites? • How do they interact with the Target? • Do they need permission?	3	On-site audits, right to unannounced visits, but always informs target ahead of time, prior to inspection. Choice of inspection sites generally pre-selected by target.
4) Sources of Information: How do they get information: • Visits to the field? • Do they collect complaints from employees and others? • Are they free of the target in information gathering?	2	On-site visits and multi-stakeholder approach to information gathering, but there are still elements of self-reporting by target.
5) Standards vs. Monitoring: • Who sets the standard? How is that related to monitoring activity? • Is the Monitor separate from the standard setter?	2	FSC is a separate standard setter, but Rainforest Alliance one of the founding members of FSC.
6) Evaluations: • Do they ever find violations? How many? • What do they do with the violations information? • How do they measure compliance with the standard? • How do they follow up deviation from standard?	4	Issues corrective action requests for violations, but no decertification rate could be determined.
7) Sanctions • Are there any sanction on the target? • Who administers a sanction: what other organization?	NA	No sanctions could be determined.
8) Transparency of Monitoring Organization: • Can you learn about 1-6 from their Website, How? • Does it tell you about: Money, Board control, process, staff, etc.?	2	Public summaries on webiste, interview with managing director. Initially not as forthcoming on certain issues, but in the end was able to answer most questions.
9) Shadow of the State: • Does the organization rely on Government info • On Government rules of information provision? • Does it need government support to get target to give information?	2	Maybe more important in certain countries, ie China. In general, SmartWood works/partners with govt.
AVERAGE SCORE	**2.5**	

APPENDIX L: References

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