The Sustainable Forestry Initiative
vs.
The Forest Stewardship Council:
Evaluating the Credibility of Competing Forest Certification Schemes

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I. Introduction

The Forest products industry is one of the largest and most ecologically destructive in the global economy. Driven by a growing demand for forest products in the 20th century, mainstream forestry companies increasingly turned to harvesting methods that maximize extraction, no matter the social and environmental consequences. Common practices, including old growth logging, clear-cuts, introduction of non-native species, and the use of harmful chemical pesticides and herbicides seriously undermine the ability of many of the world's forests to regulate natural water systems, absorb carbon dioxide, and provide habitats for native plant and animal species. In addition, illegal logging, often connected with illegal trade and corruption in developing countries, not only endangers entire ecosystems but also the native populations that traditionally depend on them.

Environmental NGOs and consumers became more vocal about harmful forestry practices in the 1990s, sparking a widespread corporate social responsibility movement to certify sustainable forestry production as a way to ensure socially and ecologically responsible forest management. The Forest Stewardship Council (FSC), begun in 1993 by a group of forest product consumers and traders, as well as social and environmental nonprofits, operates on a global scale and was the first of these forest certification organizations. Soon after, a plethora of other forest monitoring systems emerged. In 1994 the American Forest and Paper Association (AF&PA), an industry trade group, initiated its own certification scheme, the Sustainable Forest Initiative (SFI), currently the largest certifier of forest management in North America.

This paper will explore the issue of forest certification credibility by comparing the SFI and FSC certification schemes. First, this paper examines the relative costs and benefits of each system. Next, by evaluating each scheme's independence, standard-making procedure, standard quality, certification and monitoring process, transparency, chain of

custody procedures, and oversight mechanisms, this paper will weigh the credibility of each certification scheme. From this analysis, we can conclude that in terms of environmental protection, independence, and oversight, FSC is marginally more credible. However, it is important to note that both systems have several serious flaws. In addition, SFI has continued to improve its program and strengthen its standard, coming to look increasingly similar to FSC.

II. Why Certify?

Before discussing the exact characteristics of these two certification systems, it is worth exploring the relative costs and benefits of each in order to better understand the reasons forestry companies choose to pursue one or the other type of certification.

A. Costs

The direct costs of these two certification systems are difficult to compare since exact

	Acres	SFI Per acre	SFI Total	FSC Per acre[a]	FSC Total
Division of Forest Resources	32,000[b]	$0.54	$17,280	$0.72	$30,439
Duke University	8,000	$4.18	$33,440	$2.92	$23,378
North Carolina State University	4,500	$9.32	$41,940	$5.47	$24,594

[a]FSC audit was provided as a total cost only; costs per organization derived from proportional share of acres.
[b]DFR had 32,000 acres audited for SFI and 42,000 acres for FSC.

costs are calculated for individual operations based on the location and size of the forestland as well as the revenues of the company. One double certification that took place in 2003 faced costs displayed in the table above, averaging $1.99 per acre for FSC and $2.30 per acre for SFI[1]. However, indirect costs of compliance with the standard are an equally important issue. As detailed later in this paper, FSC represents the stricter of the two standards, involving tighter controls on clear-cuts, use of GMOs and non-native species, and logging in endangered habitats. Therefore, certification to FSC standards causes large forest operations to forego the financial benefits of logging large areas indiscriminately and using fast-growing

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[1] Frederick Cubbage, et al. "Forest Certification of State and University Lands in North Carolina," Journal of Forestry. December: 2003: 27-28.

GMO and non-native species. We would therefore expect the indirect costs of compliance with the FSC standard to be much greater than the costs of compliance with SFI standards for large operations, representing these foregone benefits from ecologically harmful management practices. However, smaller forest operations, which are generally less dependent on such large-scale, destructive practices, do not face as high costs in complying with FSC standards. The costs of compliance for small operations are usually concentrated in the management and documentation systems that are required for both schemes.

B. Benefits/Pressures

There are several benefits from pursuing forest certification. One of the most obvious is that certification often brings preferential market access. This may come from verifying legality and sustainability in order to meet government procurement policies, gaining access to buyers' groups like the Global Forests and Trade Network (GFTN), or gaining preferred status with large buyers like Home Depot or Lowe's. Along with preferred market access, certification also differentiates suppliers in the market, giving responsible operations a market advantage and influencing some customers' buying decisions. Suppliers may also be able to increase revenues through price premiums. Although evidence of consistent price premiums is not clear, some markets pay 1-20% less for uncertified wood[2]. An additional benefit of certification is as a hedge against potentially harmful campaigns by environmental groups.

In particular, SFI and FSC certification bring with them slightly different benefits. For instance, since SFI strengthened its chain of custody standard in 2005, it was allowed to join the Program for the Endorsement of Forest Certification Schemes (PEFC). This development gives SFI-certified operations increased access to international buyers.

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[2] Kari Sann and Kirsti Thornber, "Impact of Market-based instruments and initiatives on the Trade in Forest Products and Sustainable Forest Management," p 45. Available at: www.fao.org/forestry/foris/data/trade/pdf/lts.pdf

Although many buyers and retailers officially endorse the FSC, many of them also do not discriminate against SFI-certified products. However, FSC likely has more benefits from market access to buyers and buyer groups like the GFTN and other environmentally focused organizations that source FSC products exclusively. As a hedge against adverse environmental campaigns, FSC clearly holds the greater benefits, as there are many ongoing campaigns against SFI and SFI-certified companies.

In summary, although the costs associated with FSC certification are slightly higher than SFI certification, in terms of benefits, there is no clear advantage to one or the other. This is indicative of the fact that virtually all large industrial forest operations in the US prefer SFI to FSC. Without increased consumer preference for FSC-certified products, SFI certification will continue to make the most economic sense for large forest product suppliers.

III. Comparison of SFI and FSC

Rewarding responsible forest producers in the marketplace through forest certification can only take place by sending consumers a credible signal that the products they purchase come from forests that are managed according to certain social and environmental standards. Both SFI and FSC attempt to accomplish just this. They both consist of a standard, a certification process, and rules to guarantee that products carrying their label are actually derived from certified forests. However, when the average concerned consumer in Lowe's or Home Depot is faced with one FSC labeled product and one SFI labeled product, they have no way of knowing if there is a difference, or which is the more credible system for monitoring forestry management and protecting forest ecology. In this section we will analyze the most important aspects of a certification system to evaluate the relative credibility of SFI and FSC.

IV. Independence from Certified

Just as a conflict of interest in the political or corporate arena creates an appearance of impropriety, so dependence of a CSR monitor on the industry being monitored can destroy public confidence in their impartiality. Conversely, the ideal monitor would be a third-party with a vested interest in reducing the negative outcomes of the CSR issue in question. The degree of industry independence for FSC and SFI differs greatly in the areas of origin, funding and governance.

A. Origin

The origin of the FSC lies in the 1992 United Nations Conference on Environment and Development. After the Conference failed to reach a binding agreement that would curb the destruction of tropical rainforests, the World Wide Fund for Nature (WWF), the Rainforest Alliance, several small logging companies, foresters and social groups continued the dialogue, creating the FSC in 1993 as a market-oriented alternative to a binding convention.

SFI originated with AF&PA, the US industry's major trade group. Due to increased pressure from the media, consumers, and environmental groups, and partially in response to strict FSC standards, the AF&PA began exploring ways to "visibly improve industrial forest practices."[3] In an interview with the Property and Environment Research Center, an employee of International Paper, one of the largest pulp and paper companies in the world, explained the need for SFI: "We realized that unless we regain the public's trust, that ability to gain access to fiber and a fair regulatory playing field could become a problem."[4]

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[3] Available at :http://www.sfiprogram.org/history.cfm
[4] Available at: http://www.perc.org/perc.php?id=225

B. Funding

According to an independent comparative study jointly commissioned by FSC and

SFI, and carried out by the Meridian Institute in 2001, the sources of program funds for the

two organizations at that time differed considerably. Approximately 85% of FSC

International funding came from private foundations, with the other 15% from membership

and accreditation fees. A portion of these membership fees do come from for-profit forestry

companies, however, since they can only comprise one-third of the membership body,

industry is not likely to exert excessive control over the organization. Private foundations

covered 100% of FSC-US funding. SFI, on the other hand, received only 18% of its funding

through grants, revenue from meetings, publications, and the Licensee Program. The other

82% came from AF&PA members through dues and contributions.[5] While this data is now

several years old, SFI claims in its own marketing literature that the program "does not

exclusively rely on annual foundation funding or grants and has the support and funding

infrastructure necessary to ensure an economically viable program into the future."[6]

Presumably, SFI still depends on support from AF&PA. However more information on the

present fiscal relationship between SFI and the forestry industry is needed.

C. Governance

FSC International authority ultimately lies with its membership body, with equal

representation from economic, environmental, and social interests. The Board of FSC

International and FSC-US is also equally representative of these three chambers. All

members and board members and their designated chambers are clearly posted on the FSC

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[5] Comparative Analysis of the Forest Stewardship Council and Sustainable Forestry Initiative Certification Programs (Meridian Institute, 2001).

[6] Advantages of the Sustainable Forestry Initiative (SFI) available at: www.sfiprogram.org/miscPDFs/ AdvantagesSFI.pdf

website. This structure is meant to ensure that the forest industry, or any other single interest group, cannot dominate the governance process. FSC-US also employs its own staff.

SFI has steadily been moving from extremely dependent toward increasingly independent governance. At its start in 1994 it was under complete control of the AF&PA. The External Review Panel (ERP) was established in 1995 by the AF&PA board to advise the SFI, and became an independent organization in 1997. However, the independence of its membership is not known. In 2000, AF&PA established the Sustainable Forestry Board to manage the SFI standard. According to the SFI website, 40 percent of the board was made up of participant companies, while the other 60 percent were made up of "diverse stakeholder groups."[7] However, these groups are not identified. As of 2001, the SFB became an independent, not-for-profit organization even though the SFI executive was employed through AF&PA, and the program used AF&PA staff.[8] In 2002, the SFB moved toward a chambered structure similar to FSC's with equal representation given to environmental, organizations, forestry organizations, and SFI participants. Finally, at the beginning of 2007, SFI became a fully independent organization with control over all aspects of the program.

Although SFI has been moving away from its industry origin, the organization's history and likely continued financial dependence on the forest industry it monitors, makes it vulnerable to suspicion that it is less than objective. FSC on the other hand, has maintained its independence and accepted no funds from the forest industry, lending it relative credibility on this point.

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[7] "SFI Program History" <http://www.sfiprogram.org/history.cfm>
[8] Comparative Analysis of the Forest Stewardship Council and Sustainable Forestry Initiative Certification Programs (Meridian Institute, 2001).

V. Standard Making

The standard making procedure of a credible certification system will be open and transparent, including representation from diverse stakeholder groups as well as oversight by the concerned public at large. Both FSC and SFI receive mixed marks in this category.

FSC does a good job of making clear on its website its process for standard review and revision. Methodology, as well as membership of the FSC-US Standards Committee and working group are all clearly identified. It is also indicated that the review process builds off an independent review of the regional standards, however the origin of this review is not provided. Committee membership is composed equally of economic, environmental, and social interests. However, as suggested by a 2005 comparison carried out by the forest products group UPM with the WWF, the FSC lacks broad support and membership from forest industry representatives and large-scale forest owners, due in part to the dominance of SFI among this segment[9]. Therefore, its standard making procedure may not be fully representative, resulting in a standard that is so heavily focused on environmental factors that it may not be practical for mainstream industry. For instance, in 2006, after FSC added several new pesticides to its list of highly hazardous chemicals, many forest managers submitted complaints to certifiers about the obvious lack of industry input on chemicals that are widely used to control disease and invasive species[10]. Through the FSC website, all interested individuals are given the opportunity to review background documents, join review committees to provide feedback to working groups, and provide comments on the latest draft of the National Standard. Although the extent to which outside review contributes to the standard making process is not clear, disclosed methodology and membership, including environmental representation, increases confidence that the standard making process is fair

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[9] Parallel Field Testing of Forest Certification Standards (UPM, WWF: 2005) p. 9.

[10] "SmartWood USA FM certificate holder comments regarding FSC's new 'highly hazardous' pesticides" (Forestry Center: 2006) < www.forestrycenter.org/library>

and open. Surprisingly, the possibility that FSC does not have *enough* industry

representation may present problems for its long-term viability and growth in the US.

The SFI standard making process, although also ostensibly involving public

comment, is considerably more opaque. The SFI standard is mainly developed by the SFI

Resources Committee, sub-committees and working groups. However, the representation of

interests within these groups is not clearly identified. Although SFI is not currently

undergoing a standards review, making it difficult to compare with FSC's process, SFI's

review procedure outlined on their website illustrates several interesting points[11]. First, we

can see that a "Customers Forum" plays a role both in the beginning and again in the middle

of the process. It is unclear whether this "Customers Forum" is made up of certified forest

managers, consumers, or retailers of certified wood products. If it is the first, this is an

obvious conflict of interest, and is not balanced with input from any environmental groups.

In addition, the method of public comment is not identified. Overall, the process appears so

complicated that it is difficult to know who has decision-making power and whether all

interests, and particularly environmental interests are represented.

VI. Quality of Standard

The standard itself is an important factor in determining whether either of these two

certification systems can truly offer a guarantee of environmental sustainability or is simply a

way to green-wash status quo industry practices. Although SFI's 2005-2009 standard are a

significant improvement over the previous standard in several important areas, and were

declared clearer by one independent study, at this point FSC still provides the stronger

standard for environmentally and socially responsible forest management.

FSC's standards are generally more focused on environmental sustainability and

social issues, with a broader scope and more stringent standards. SFI on the other hand, with

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[11] "SFI Standard Setting" (SFI: 2004) < http://www.sfiprogram.org/standard.cfm>

its roots in industry, is more heavily focused on maintaining sustainability of productive capacity, with lower environmental standards in several key areas. In 2005, the forest products group UPM conducted a parallel field test by assessing their forestland according to several different standards simultaneously. According to the study, the forests complied fully with SFI standards across environmental, social, and economic criteria. However, assessed by FSC standards, the same forests were found to have minor or major non-conformities across environmental, social and environmental criteria. This illustrates that the FSC standard is tougher on environmental performance, going beyond government regulations and status quo industry practices.

For years the SFI standard received severe criticism from environmental groups and was the target of environmental campaigns attacking its legitimacy. In particular, the success of campaigns that pressured retailers into declaring their preference for FSC over SFI wood was a major blow to SFI credibility. In response, the 2005-9 SFI standard includes several notable additions from previous versions. These include prohibitions against logging old growth forests, limits on chemical use, and limitations on use of exotic species. As the SFI standard improves and comes to look more like the FSC standard, SFI gains credibility and is more difficult for environmental groups to target.

At present, clear differences still exist regarding reserve areas, clear-cutting restrictions, use of GMOs, and conversion to plantations. The following table compares the two standards on key environmental elements.

	FSC[12]	SFI[13]
Rare, Threatened, Endangered Species	"Safeguards shall exist which protect rare, threatened, and endangered species and their habitats."	"Collect information on imperiled and critically imperiled species" and "incorporate research results …into forest management

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[12] "FSC Principles and Criteria for Forest Stewardship" (FSC: 2000) <http://www.fscus.org/standards_criteria/>

[13] "SFI 2005-9 Standard" (SFI: 2005) <http://www.sfiprogram.org/standard.cfm>

		decisions"
Biological Diversity	"Representative samples of existing ecosystems within the landscape shall be protected in their natural state…"	"Program participants shall have programs to promote biological diversity at stand and landscape levels."
Reserve Areas	Required	No specific requirements
Water Quality	"Written guidelines shall be prepared and implemented to protect water resources."	Meet or exceed applicable laws and best management practices
Clear-cutting	"Forest conversion to non-forest land uses shall not occur" except when limited in size, (1% of forest area by one US standard, 40 acres by another) not on high conservation value forests, and when enables long-term conservation benefits	Not to exceed 120 acres
Chemical Use	"Management systems shall promote the development and adoption of environmentally friendly non-chemical methods of pest management and *strive to avoid* the use of chemical pesticides."	Program Participants shall *minimize* the chemical use required to achieve management objectives while protecting employees, neighbors, the public, and the forest environment.
Exotic Species	"Use…shall be carefully controlled and actively monitored to avoid adverse ecological impacts."	Requires "minimized plantings of exotic tree species and research documentation that exotic tree species, planted operationally, pose minimal risk
GMOs	prohibited	Allowed
Conversion to Plantations	"Forest conversion to non-forest land uses shall not occur" except when limited in size, not on high conservation value forests, and when enables long-term conservation benefits.	No specific prohibition

Historically, FSC's standards of socially responsible forestry have also been stronger than SFI's. With its global scope, FSC was created to fill the gap in government regulation in developing countries. It therefore includes high standards for the protection of indigenous

peoples', workers', and community interests. These topics were not seen as a priority for SFI

in the North American context. However, a major theme of the revisions that took place for

the 2005-9 standard was to strengthen the social element of the SFI standard. Notable

additions include requirements to confer with affected indigenous peoples, and to identify

and protect culturally important sites[14].

A. Clarity

　　　Clarity is also a very important aspect of the standard because the clearer the

indicators, the less room there is for loose interpretation during the certification process.

According to the UPM field test, expert assessors experienced difficulty interpreting 40% of

the criteria under the FSC Maritimes standard, even though this standard was also found to

have more detailed environmental criteria. Only 10% of SFI's criteria were vulnerable to

unclear interpretation.[15] There are several problems with using this study. First, the SFI

standard used was probably not the most recent 2005-2009 standard. Second, the FSC

Maritimes standard is only one of the many FSC standards in operation in North America and

may have since undergone a revision. However, this study suggests that SFI's criteria may

be more clear and precise, which may make this standard more robust against capture during

the certification itself.

　　　Overall, The SFI standard has improved dramatically over the past few years, coming

to look increasingly similar to FSC's. Whereas in the 90s, the SFI standard was widely

considered green-washing of status quo practices, today that accusation is much more

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[14] "Summary of Significant Changes in the 2005-9 Sustainable forestry Initiative Standard and Audit Procedures and Qualifications" (SFI: 2005) < http://www.sfiprogram.org/standard.cfm>

[15] "Parallel Field Testing of Forest Certification Standards," (UPM, 2005). < http://w3.upm-kymmene.com/upm/internet/cms/upmcms.nsf/$all/F9DA3F3EFF672804C225700A001D30FD?Open&qm=menu,0,0,0>

difficult to make. There is also some evidence that SFI's standard is clearer and more easily interpreted. However, looking across all environmental and social indicators, FSC is still the most stringent for environmentally and socially responsible forestry.

VII. The Certification Process

The next crucial step toward providing a credible guarantee of responsible forestry is to ensure that the standard is actually being met on the ground. This is done through a credible certification process. The ideal process would be open and transparent, free of any conflict of interest, subject to outside review, and sufficiently standardized to prevent skewed interpretation. Though FSC may be stronger in a few areas, SFI and FSC have similar certification processes, and therefore have similar weaknesses to the credibility of their certification process

A. Certification Bodies

Certification under FSC and SFI standards both rely on third-party verification through accredited certification bodies. 6 certification bodies are accredited to perform certification audits to the SFI standard in North America, and 4 for FSC, all of which have satellite offices throughout area. Two of these certifiers—Bureau Veritas Certification and SGS Systems and Services-- are accredited to certify to both standards. Certification fees vary depending on the size and geographic distribution of the forestland, and the annual revenues of the managing corporation and are paid directly to the certifier. To provide a general idea of certification costs: direct costs of certification of the same North Carolina state lands came to $41,940 for SFI and $24,594 for FSC[16]; Michigan State Forest Program was given a quote by SFI of $16,000 per year for surveillance audits and $82,000 in year five

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[16] Frederick Cubbage, et al. "Forest Certification of State and University Lands in North Carolina," Journal of Forestry December: 2003: 27-28.

for recertification[17]. Certifiers depend on the fees of those they certify to keep them in

business. This presents a clear conflict of interest since Certifiers have an incentive to certify

forests regardless of whether they meet the standard, to ensure a stream of future earnings

from surveillance audits and re-certifications. No matter what the accreditation process of

certifiers, they do not have an incentive to uphold the highest standards of responsible forest

management on the ground. It is therefore difficult to accept a guarantee of compliance with

either standard. A more ideal system might be for the forest owners to pay FSC or SFI, who

would then use those fees to hire reliable certifiers. In this way certifiers would have an

incentive to adhere strictly to FSC's guidelines in order to win more contracts, resulting in

more credible certification.

B. Thoroughness of onsite verification

A credible certification system should thoroughly inspect the forest site against every

indicator of the standard. According to one on the ground comparison of the two certification

processes, the SFI and FSC teams were both made up of 3 to 4 auditors, both included office

visits and planned and unannounced field visits. However, the FSC team generally visited

fewer sites. Interestingly, the SFI team sought field verification of individual standards,

while the FSC team examined roads, silvicultural practices and "broader philosophical

issues."[18] According to another reverse evaluation of certification audits under SFI and FSC

carried out by the Pinochet Institute for Conservation in 2004, managers of public and

university lands found FSC to be more thorough in coverage of biological, ecological, and

social issues in the field audit and final reporting[19]. Of course, these are isolated cases, and

should not lead to any generalized conclusions. While both assessments found the audit

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[17] "Gap Analysis and Comprehensive Scoping Assessment Michigan State Forest Program". 2004. P 11.
<www.michigan.gov/documents/MI-DNR_SFI_ScopingReport-FINAL_12_161552_7.16.04.pdf>
[18] Cubbage.
[19] Alaric Sample, et al. "Certification on Public and University Lands: Evaluations of FSC and SFI by the
Forest Managers," Journal of Forestry. Dec, 2003.

teams to be quite thorough, it would be interesting to test this with multiple, commercially

held lands to see how consistent the process is, how susceptible to capture, and how strict in

pointing out violations.

C. Major and Minor Infractions

Neither SFI nor FSC do a good job of clarifying the procedures surrounding major

and minor infractions. The distinction between major and minor infractions is not clearly

stated and seems to be at the discretion of the certification body. It is also unclear how many

infractions are sufficient to justify failed certification. For instance, it is not uncommon to

see more than 20 "corrective action requests" or CARs in FSC certification reports. There

also does not appear to be any penalty for not addressing CARs within the given time frame.

In a surveillance audit of North Carolina State University forests, 18 CARs were to be

addressed within one year, yet when only 11 actually were, no corrective action was taken[20].

SFI audits on the other hand usually find very few or no "areas of nonconformance" and

several "opportunities for improvement," both of which require "corrective action plans."

However, corrective actions are not always completed, with no penalty for the forest being

certified. It is possible that the certification bodies are still upholding the spirit of the

standard even if they allow minor oversights, however, a clear and consistent method

classifying and dealing with infractions would inspire more confidence in the certification

system. With more time and resources, it would be interesting to do a thorough investigation

of these certification reports to look for how often major infractions are found and how often

decertification actually takes place.

D. Outside Review

In spite of some of the problems outlined above, independent, expert review of each

forest management certification is one way to improve credibility in the certification process.

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[20] North Carolina State University, Dept of Foresty Surveillance audit 3,
<http://www.us.sgs.com/forestry_us/forestry_certification_us/qualifor_fmr_united_states_us.htm>

According to FSC procedures, at least two disinterested and credible peer reviewers are required for every forest certification, with the exception of small and low intensity operations. However, perhaps because most FSC-certified forests in the US are small or low intensity, most FSC US audit reports do not include peer review comments. SFI has no such policy of outside peer review. Therefore, FSC may be the stronger system on this point.

E. Stakeholder Interviews

Stakeholder interviews provide another avenue for individuals outside and inside of the forest management company to blow the whistle on irresponsible management practices. FSC has always required stakeholder interviews, while SFI has added them to their certification process in 2005. While requiring stakeholder interviews does increase credibility, in practice, the quality of these interviews as an oversight tool varies widely across certification bodies. FSC SmartWood does the best job of including many stakeholders from different categories and clearly reporting the issues they raise. Other FSC certifiers, like SGS, often either include no information on stakeholder interviews or include only the number and type of stakeholders interviewed without including their comments. None of the many SFI reports from different certification bodies examined for this paper included any mention of stakeholder interviews. Like peer review, stakeholder input is another procedure that is often cited as evidence of credible forest certification, but in practice often falls far short of providing any real assurance.

F. Failed Certification

It would be very interesting to look at rates of failed certification under each system. However, both SFI an FSC effectively weed out those operations that are not likely to become certified through a preliminary assessment process. The preliminary assessment is a way to alert forest operations to issues that may keep them from being certified, and analyze the feasibility and potential costs of the certification process. Unfortunately, these

preliminary assessments are the property of the forest operation and not subject to public review.

G. Transparency and thoroughness of Reporting

Both SFI and FSC require certification and surveillance reports to be posted for public review. These are available through the SFI website and individual certification body websites. However, reports vary in length, style, and thoroughness, making direct comparison difficult. Some formats are very clear and comprehensive, taking more than 20 pages to clearly outline performance on all indicators, while others give a cursory approval in two pages. One format for certifying to FSC standards is particularly thorough, including all subsequent surveillance audits with the original certification audit, making it easy to follow the progress and continued shortcomings of the forest operation over time. Price Waterhouse Cooper audits to the SFI standard are perhaps the most inadequate, providing a 1-page summary of surveillance audit findings, with no update on previous non-conformities or areas for improvement. In addition, as mentioned previously, very few audits include a thorough account of stakeholder interviews, or peer review input. Considering that these are two of the major avenues of oversight on the certification process, this is a very serious shortcoming. Overall, it would inspire much more confidence in the certification process if certification bodies were all held to a standard structure of reporting that included a thorough account of the process, performance on all indicators, stakeholder and peer review input, and a record of non-conformities and corrective action requests.

VIII. Chain of Custody Guarantee

After certification is complete, FSC and SFI must be able to make a credible guarantee that the forest products sold on the shelf with an FSC or SFI label actually come from the same forests that have been certified for environmental and social sustainability. They attempt to do this through a chain of custody (CoC) certification that theoretically

allows wood to be tracked through every step in the value chain, from the forest to the retailer.

CoC certification has been part of the FSC process since it first started certifying in 1993. SFI on the other hand allowed the use of an SFI label on forest products without any system of CoC certification for years. After intense criticism by environmental groups and as a requirement of joining the Europe's PEFC system, SFI began a system of CoC certification in 2005.

Today the two CoC procedures are largely the same, and therefore both entail similar flaws. CoC requirements cover the following areas:

- Quality of the company's internal procedures, staff training and record-keeping;

- Wood and fiber sourcing requirements including which materials can be included in certified products and the requirements for receiving and storing these materials;

- Production controls and record-keeping requirements for the quantity of material received and used in each product group, batch numbers, and average content of FSC material for each product group.

- Labeling standards depending on the amount and type of certified material used

- Requirements for information to be included in sales invoices and shipping documentation.

According to an FSC CoC user guide, "accurate and complete documentation ensures the chain of custody is maintained from one company to the next[21]." Indeed, FSC and SFI both have comprehensive requirements for record keeping, documentation procedures, internal auditing, and inventory controls. Documentation should certainly play a key role in any CoC scheme. However, an over-reliance on documentation may also be a weakness of the CoC concept. Certain of these documents may be easy to forge or exaggerate. In addition,

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[21] "FSC Chain of Custody User Guide"
<www.scscertified.com/PDFS/forest_STD40004UserGuide121004.pdf>

requirements for keeping certified materials physically separated from non-certified materials when auditors are not present seem particularly difficult to guarantee. Frequent physical inspection, and especially surprise audits would be necessary to fully credible CoC system. However, both SFI and FSC require only annual audits.

Although the CoC is not the main focus of this paper, it is a complex an important part of any credible forest certification system and therefore warrants further exploration. With more time, it would be interesting to examine CoC audit reports in more depth and learn more about the procedure for on-the-ground audits.

IX. Oversight

Besides the internal oversight mechanisms outlined above, it is also worth exploring who, if anyone, provides additional outside oversight of the SFI and FSC certification systems. Environmental groups that have a genuine and demonstrated interest in protecting the world's forests are the logical choice for providing oversight of forest certification and blowing the whistle on ecologically harmful forest operations.

A. Vigilantes, Activists

There are currently many environmental groups that monitor SFI and FSC as well as the forests they certify. Groups like Greenpeace directly target forest product suppliers and manufacturers that they have identified as using harmful forest practices to call public attention to forest destruction and pressure companies into switching to FSC certified sources. For instance, one of Greenpeace Canada's current campaigns is against SFI certified sources that they claim are destroying Canada's Boreal Forest. Greenpeace, along with other groups like Sierra Club, Dogwood Alliance, ForestEthics, the Rainforest Action Network, and the National Wildlife Federation have come together to create the Alliance for Credible

Forest Certification. Through their website, www.dontbuysfi.com, this campaign attempts to persuade consumers with information on why they should choose FSC over SFI certified products. Some of these organizations, like the Rainforest Action Network, also focus on the retail end of the issue, engaging in highly visible campaigns against groups like Home Depot and Staples, to pressure them into switching to FSC certified products. RAN has achieved notable success in convincing Home Depot and Staples to endorse FSC over SFI. At the same time, all of these campaigns have also brought pressure against SFI itself to strengthen its credibility through a stronger standard, more comprehensive chain of custody certification, and increased independence from the forest industry.

Interestingly, one of the few campaigns critical of FSC is the FSC Watch, which claims that "power within the FSC is increasingly captured by vested commercial interest.[22]" Besides the names of its three founders, one of whom was a founding member of FSC, very little else about this organization and its funding is known. RAN, although supportive of FSC, also acknowledges in its official blog that FSC must "raise public awareness, strengthen its governance, rebuild flagging consensus among its members and reestablish itself as a credible tool for conserving forests.[23]"

B. Complaints Procedures

An effective procedure for eliciting and acting on complaints against certification bodies and certified forest operations would be another way to ensure sufficient oversight of the SFI and FSC systems. That is, if consumers can be assured that all complaints of wrongdoing and poor forest management are seriously investigated and can result in decertification, then the certification system would be much more credible.

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[22] "FSC Watch" <http://www.fsc-watch.org/about.php>

[23] "Forest Stewardship Council Credibility on Thin Ice" (Understory: the official blog of RAN: 2007) <http://understory.ran.org/2007/10/31/forest-stewardship-council-credibility-on-thin-ice/

The websites of SFI and SFI's CBs' websites do not indicate any clear method of complaint filing and review. Most of the local SFI Implementation Committees (SICs) do request on their websites that any inconsistent practices be reported to a toll free number. However, each SIC has its own policy for handling complaints of inconsistent practices. In a test of SFI's complaint procedure, in December of 2006 two environmental groups asked SFI to investigate and decertify the Plum Creek Timber Company in Maine and Weyerhaeuser Company in Washington for breaking state forestry laws and logging critical habitats[24]. The outcome of these complaints will be an interesting indicator of how well SFI integrates outside monitoring through its complaint procedures.

FSC US also does not have a clear form on its website for filing a complaint. One CB website indicates that the forest operation itself should have its own established process for addressing complaints and should be the first point of contact for any complainant. Only then, if the complainant is not satisfied with the company's response should it contact the CB itself. The Rainforest Alliance's SmartWood Certifier requires complaints to be submitted in writing to local SmartWood representatives. SmartWood's website does feature the results of a SmartWood investigation into complaints against a forest operation in Peru, but none of the complaints were verified. FSC Watch faults FSC's dispute resolution mechanism for being overly "legalistic and labyrinthine.[25]"

Both SFI and FSC seem to be lacking robust complaint resolution procedures. A centralized or at least standardized mechanism for complaints would make the process easier to understand, access, and monitor, therefore inspiring more credibility. In particular, SFI and FSC websites should feature prominent and easy to understand complaint submission

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[24] "WFLC Takes On Deceptive Sustainable Forestry," (Washington Forest Law Center: 2006) <http://www.wflc.org/advocacy/advocatowl/SFI>

[25] "FSC's Complaints Procedures in Chaos" (FSC-Watch: 2007) <http://www.fsc-watch.org/archives/2007/06/02/FSC_s_complaints_procedures_in_chaos>

information as well as records and updates on all pending complaints and complaint investigations.

X. Conclusion

In the forest industry, the main CSR goal examined in this paper is to ensure that forest product suppliers operate in an environmentally responsible manner. Both FSC and SFI attempt to make this guarantee to consumers through their certification and labeling process. Base on the strength of the standard and the independence of the two schemes, one might conclude that FSC is clearly the more credible system. However, both have serious flaws that make their guarantees questionable, the most important of which include conflicts of interest within the certification process, inadequate outside review, excessively paper-based CoC certification, and fragmented complaint procedures. Therefore, while FSC may be marginally more credible than SFI, both have significant room for improvement. By continuing to improve the certification process, both schemes can not only strengthen their credibility, thereby increasing the benefits to their label, but also improve the ecological state of our world's forests.

XI. Discussion Questions

1. How can competition among certification schemes affect the ultimate CSR goal? Is competition a good thing or a bad thing?

2. Does FSC's relative strength in certain areas outweigh its shortcomings in other areas?

3. If you were faced with one FSC-certified product and one SFI-certified product, which would you choose?

4. How likely would the FSC and SCI standards merge into one standard in the future? If likely, which standard will prevail?

5. What can FSC and SCI do to differentiate its label from one another to inform consumer preferences?

XII. Appendix I: FSC and SFI Report Card

	FSC	SFI
Average Score:	2.78	3.28
Autonomy from Target of Monitoring:	2	4
Organizational Strength:	?	?
Monitoring practice:	3	3.5
Sources of Information:	2.5	3
Standards vs. Monitoring:	2.5	2.5
Evaluations:	3	3
Sanctions:	4	4
Transparency of Monitoring Organization:	2-3	3
Shadow of the State:	?	?