

FOREST CERTIFICATION UPDATE
THE SUSTAINABLE FORESTRY INITIATIVE

KATHRYN FERNHOLZ

DR. JEFF HOWE
DR. JIM BOWYER

APRIL 24, 2007



DOVETAIL PARTNERS, INC.



Forest Certification Update: ***The Sustainable Forestry Initiative***

In 2004 and 2005, Dovetail Partners released a series of reports outlining the major forest certification programs¹. Since that time significant change has occurred in certification programs nationally and globally. Over the next several months, Dovetail will produce a series of reports that highlight recent changes within each program.

This first report summarizes changes to the Sustainable Forestry Initiative (SFI), examines how these changes enhance the program, and offers insights as to future challenges to program success. In total, recent changes have made what was a national, trade association effort into an internationally recognized, independent certification program that includes a rigorous accreditation process and chain-of-custody accountability. This evolution has been rapid and comprehensive, and the full benefits and impacts still need time to develop.

Introduction

The American Forest & Paper Association (AF&PA) established the Sustainable Forestry Initiative (SFI) in 1994. The SFI is one of the five largest certification programs in the world, and has certified more than 126 million acres of forestland in the United States and Canada. The SFI Standard (SFIS) outlines the requirements for evaluating and certifying forestlands for compliance with the SFI program. The standard includes 13 objectives that address forest management and wood procurement considerations. The SFI program also contains public reporting requirements and initiatives to address illegal logging concerns.

Additional information about the SFI program can be found in a previous Dovetail report², and in the SFI website: <http://www.sfiprogram.org>

PEFC Endorsement

In December 2005, the SFI program received endorsement from the Programme for the Endorsement of Forest Certification (PEFC) schemes³. This endorsement included an independent review of the SFI program and standards in relation to the PEFC's international requirements for credible forest certification schemes. The SFI program was found to be in compliance and subsequently endorsed by the PEFC Council⁴. SFI is now

¹ For a listing of reports by Dovetail Partners, visit: <http://www.dovetailinc.org/Publications.html>

² *Beginner's Guide to Third-Party Forest Certification: Shining a Light on the Sustainable Forestry Initiative (SFI)*. Dovetail Partners, October 2004. Available at: <http://www.dovetailinc.org/reports/pdf/DovetailSFI102004hm.pdf>

³ http://www.pefc.org/internet/html/news/4_1154_65/5_1105_1259.htm

⁴ For more information about the PEFC: *Beginner's Guide to Third-Party Forest Certification: Shining a Light on the Programme for the Endorsement of Forest Certification schemes (PEFC)*. Dovetail Partners, October 2004. Available at: <http://www.dovetailinc.org/reports/pdf/DovetailPEFC111904wi.pdf>

one of 22 PEFC-endorsed certification programs worldwide that together represent over 484 million acres (196 million hectares) of forestland.⁵

The PEFC endorsement allows regional or national certification programs, like the SFI, to gain international recognition, which increases opportunities to market the SFI program and SFI certified products outside North America. With this endorsement, SFI certified companies are also provided the opportunity to add PEFC qualifications to their operations and make use of the PEFC logo.

ANSI Accreditation

The SFI program was required to develop an accreditation program for auditors conducting SFI certification inspections as one condition of PEFC endorsement. Beginning in 2005, the SFI program collaborated with the ANSI-ASQ⁶ National Accreditation Board (ANAB) to develop SFI-specific accreditation programs for companies conducting audits of the SFI Standard (for forest management), the SFI chain-of-custody standard, or the PEFC chain-of-custody standard. To date, seven certifiers have been identified as qualified to conduct audits to the SFI Standard⁷. In March 2007 it was announced that the first four firms had achieved full ANSI accreditation for the conduct of SFI and/or PEFC chain-of-custody audits.⁸

Similar auditor accreditation programs are being developed for SFI certificates in Canada in collaboration with the Standards Council of Canada (SCC).

SFI Chain-of-Custody

In October 2006, SFI issued the *SFI Requirements for Fiber Sourcing, Chain of Custody, and Product Labels*.⁹ The document outlines procedures and requirements for organizations using SFI on-product labels and making marketplace claims about SFI-certified content.

The SFI program has four different labels and also allows participants to include statements regarding recovered (recycled) content¹⁰. The four labels are the:

- 100% Certified Content label for products coming directly from SFI or CSA¹¹ certified forests;

⁵ http://www.pefc.org/internet/html/about_pefc.htm

⁶ American National Standards Institute (ANSI) and American Society for Quality (ASQ)

⁷ <http://www.sfiprogram.org/certifiers.cfm>

⁸ <http://www.sfiprogram.org/generalPDFs/FINAL-ANSI-SFI%20Accreditation%20Program.pdf>

⁹ <http://www.sfiprogram.org/generalPDFs/SFI%20Requirements.pdf>

¹⁰ <http://www.sfiprogram.org/sfilabel.cfm>

¹¹ Canadian Standards Association (CSA) CAN/CSA-Z809 Standard

- X% Certified Content label for products with a verified percentage of certified content that follows percentage based methodology and that excludes “controversial sources” as defined by the PEFC;
- Volume Credit label for products that exclude “controversial sources” and follow the volume credit methodology; and
- 100% and X% Recovered Fiber labels for verified recovery claims.

As of March 2007, 26 companies were participating in the SFI chain-of-custody program. Many of the companies have multiple locations, so this participation represents the issuance of 151 SFI chain-of-custody certificates. One of the most significant participants is xpedx and the nearly 100 chain-of-custody certificates issued for its paper distribution facilities around the country (see side bar).

SFI Independence

On January 1, 2007, the SFI program became fully independent of the American Forest & Paper Association (AF&PA)¹². This is perhaps the most important development of the last two years within SFI. There has been continual criticism that the SFI program is too heavily influenced and controlled by industry interests since the AF&PA first created the SFI program in 1994. In 2000, the Sustainable Forestry Board (SFB) was established as an independent non-profit group with broad participation from wildlife and conservation interests and charged with responsibility for administering the SFI Standard. With the changes completed in January, the 15 person multi-stakeholder board is the sole governing body for the SFI program.

XPEDX IS FIRST NORTH AMERICAN PRINTING PAPER DISTRIBUTOR TO RECEIVE BOTH SFI AND FSC CHAIN-OF-CUSTODY CERTIFICATIONS

Provides Key Business Advantage to Printers and Their Customers Who Want Papers Certified by Sustainable Forestry Initiative or Forest Stewardship Council

Dual Certifications Apply to All xpedx Locations in the U.S.

LOVELAND, Ohio, January 30, 2007—Xpedx today announced that it has received both Sustainable Forestry Initiative® (SFI) and Forest Stewardship Council® (FSC) chain-of-custody certifications. It is the first North American paper distributor to be certified in both standards.

The Xpedx SFI and FSC chain-of-custody certifications allow printers to prove key environmental stewardship and paper-handling compliance to customers who want or need this.

Xpedx does business with the vast majority of printers in the U.S. and its chain-of-custody certifications apply to all of its U.S. distribution centers, retail stores, as well as sales via xpedx.com.

“With our new dual, national chain-of-custody certification, U.S. printers can now be assured they have a dependable supply of certified papers to meet growing demand,” said Jeff Higgins, corporate Director of Marketing Services for Xpedx.

https://www.xpedx.com/marketing/news_articles/013007_xpedxco.pdf

¹² <http://www.sfiprogram.org/aboutsfi.cfm>

Five of the board members represent forest product companies, five represent non-profit environmental groups, and the remaining five are from broader forestry interest areas¹³.

The Impacts of the Changes and SFI's Future

Recent changes, including PEFC endorsement and the issuance of the first SFI chain-of-custody certificates have increased international acceptance of the SFI program. One indication of this is the commitment from companies such as Crate-and-Barrel to use SFI certified wood and wood products.

In many ways, changes to the SFI program were essential for maintaining the program's relevancy in the certification marketplace. The SFI program needed to find a mechanism for international recognition and international market access, and chain-of-custody is increasingly recognized as an essential step to that end. In addition, separation from the AF&PA allows the SFI program to begin to distance itself from some of its history and reputation as an industry controlled program.

In terms of what the future might hold for the SFI program, there are significant questions around how these changes will develop in the marketplace. The key market responses to watch for will include the reactions of the various green building programs regarding recognition of SFI certification; the growth and adoption of the SFI chain-of-custody standard and issuance of certificates; expansion in the number of SFI accredited auditing firms, and growth in the area of forest certified under the SFI program.

Recognition of SFI by PEFC greatly expands global recognition and opportunities for worldwide promotion of the SFI/PEFC brand. On the other hand, because the SFI program operates only in the United States and Canada, the land base for its program is not as extensive as other programs, and the continued divestiture of forest industry lands in this region creates challenges for maintaining current SFI certified acreage. A potential area of expansion for the SFI program would be to encourage the participation of the expanded TIMO and REIT ownerships in North America.

The Bottom Line

Forest certification is a relatively new phenomenon and is still characterized by a significant rate of change. Recent modifications to the Sustainable Forestry Initiative (SFI) include endorsement by the PEFC, a new auditor accreditation program, a chain-of-custody standard, and independence from the AF&PA. These changes represent significant enhancements of the SFI program and are expected to translate into greater credibility and marketplace acceptance of SFI products. The full impacts will develop over the next several months and key indicators of success will include marketplace responses from the green building programs and the level of forest industry participation in the SFI program.

¹³ <http://www.sfiprogram.org/boardmembers.cfm>

This report was prepared by
DOVETAIL PARTNERS, INC.

Dovetail Partners is a 501(c)(3) nonprofit corporation that collaborates to develop unique concepts, systems, programs, and models to foster sustainable forestry and catalyze responsible trade and consumption.

FOR MORE INFORMATION OR TO REQUEST
ADDITIONAL COPIES OF THIS REPORT,

CONTACT US AT:

INFO@DOVETAILINC.ORG

WWW.DOVETAILINC.ORG

612-333-0430

© 2007 Dovetail Partners, Inc.

This Dovetail Report is made possible through the
generous support of the Surdna Foundation and
additional individual donors.



DOVETAIL PARTNERS, INC.

528 Hennepin Ave, Suite 202
Minneapolis, MN 55403
Phone: 612-333-0430
Fax: 612-339-0432
www.dovetailinc.org