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Canadian  
Home Builders'  
Association



Association canadienne  
des constructeurs  
d'habitations

## **Sustainable Forest Management and USGBC-LEED®**

### Foreword

Environmental concerns are having a wide range of impacts on our industry and our customers. As home builders continue to seek ways to improve the environmental performance of homes, we need well-defined options that allow us to make appropriate decisions.

This paper, developed for the CHBA, examines the current status of sustainable forest certification programs operating in Canada in relation to the Leadership in Energy and Environmental Design (LEED®) building rating system. Such programs certify wood and wood products that are produced in accordance with specific sustainable forestry practices and requirements. Developed by the U.S. Green Building Council (USGBC), LEED® recognizes only wood product certification under the Forest Stewardship Council (FSC) system.

Alternate systems, developed by the Canadian Standards Association (CSA Z809) and by the Sustainable Forestry Initiative (SFI) are not accepted for LEED® credit.

Canada is the world leader in terms of forest certification, with 96% of our working forests now certified. In terms of market share, about 50% of certified forests are covered by the CSA standard, more than 25% are covered under SFI certification, and somewhat less than 20% are certified by FSC.

The paper points out that certification of sustainable forestry practices is a relatively new process, and that all three of the systems operating in Canada are continuing to evolve. There has been a growing convergence among the three forest certification systems in their respective requirements and the rigour of their verification procedures. While some differences among the three systems remain, they are, in most respects, comparable.

The preferential treatment of FSC certification by LEED® has a number of implications for Canadian home builders and our customers. This includes market distortion, higher prices for the limited supply of FSC certified products, and the erroneous notion that homes built with wood certified under the non-FSC systems are not environmentally sound. As well, LEED® is undermining the significant investments being made by the Canadian forest industry in developing more sustainable practices based on Canadian-developed standards.

Richard Lind  
President, CHBA

February 21, 2008



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**Sustainable Forest  
Management and  
USGBC-LEED**

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February 2008

# Introduction

## Why this Paper?

In Canada, there are three main certification programs for sustainable forest management and for validating labels/claims that products are 'from sustainably managed forests' or have specific levels of 'recycled content'. The programs are:

- Canadian Standards Association (CSA) Z809 standard for Sustainable Forest Management (used in Canada)
- Forest Stewardship Council (FSC) (three regional standards in Canada with a fourth currently under development; nine in the US)
- Sustainable Forestry Initiative (SFI) (used in the United States and Canada)

There are two systems of international 'approval' for certification systems. FSC international, with secretariat offices in Germany, establishes international Principles and Criteria; national FSC groups prepare national indicators and regional standards, which must be endorsed by FSC international. The Programme for the Endorsement of Forest Certification (PEFC), headquartered in Luxembourg, establishes framework criteria for endorsement of national/regional programs and labelling. PEFC has endorsed the CSA and SFI certification systems.

Canada is seen as a leader in certification of sustainable forest management. With 96 per cent of its working forests certified, it accounts for roughly half of the certified forest area worldwide. More than half of the certified forests in Canada are covered by the CSA standard, more than one quarter by SFI, and less than one fifth by FSC. By comparison, only 10 per cent of the world's forests are certified.

Many governments and green building programs recognize all of the programs. These include the French, German, Japanese, New Zealand, Swiss and UK governments, the Green Globes green building program in the US, and retailers such as Centex Homes, Hallmark Cards, Lowes, Office Depot, Staples, and Times/AOL. However, the United States Green Building Council (USGBC) only recognizes the FSC certification process in calculation of points for its Leadership in Energy and Environmental Design (LEED) Green Building Rating system. By extension, USGBC's Canadian branch (CaGBC) also only recognizes FSC certification in Canada.

LEED certification is actively promoted to governments, either as a minimum requirement for government's own purchasing/building programs or as a minimum requirement for new private sector construction. A LEED pilot program for homes had recognized more than 540 homes by the beginning of this year, and almost 13,000 were in development. The final 'LEED for Homes' rating system was released in January 2008.

This paper is intended to assess two issues:

- the similarities and differences between the four certification regimes, and
- the reasons for and possible implications of USGBC's preference for FSC certification.

## Elements of a Forest Certification System

Forest certification systems provide the public with information about the quality of forest management operations, provide customers with assurance about the origins of products, help industry differentiate their products and access markets, and reinforce the 'social licence' to carry out forestry operations.

They generally have several basic elements:

### 1. A standard for forest management protecting environmental, social and economic sustainability, including:

- Fundamental Principles /Objectives / Performance <sup>1</sup>
  - e.g., "Conserve genetic diversity by maintaining genetic variety". (CSA)
  - e.g., "Recognize and respect Aboriginal and treaty rights". (CSA)
  - e.g., "Sustainably produce acceptable and feasible mix of timber and non-timber benefits" (CSA), "Long term harvest levels are sustainable and consistent with growth-and-yield models" (SFI).
- Indicators to measure compliance
  - e.g., "Select trees for harvest, retention and planting to maintain genetic diversity and quality" (FSC-US indicator), "Planning, inventory, maps include endangered or protected genetic in situ resources" (PEFC criteria and guidelines which underlie CSA and SFI endorsement).
  - e.g., "Identify and contact tribal leaders with legal or customary use rights and invite participation" (FSC US indicators).
  - e.g., "Long term resource analysis includes ... access to growth-and-yield modelling (and) recommended sustainable harvest levels", "Documentation of annual harvest levels", "Inventory system and method to calculate growth", "Periodic updates of inventory and recalculation of planned

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<sup>1</sup> Examples in this section are taken from different certification systems, as shown in the Yale Report charts comparing different certification systems.

harvests", "Document forest practices consistent with assumptions in harvest plans" (all are SFI indicators).

- Process to assess, certify and regularly review company forest management plans and operations.

A certification system will also usually include or reference standards for

- Allowed claims and labels (e.g., "100% from a certified forest", "Minimum ...% from certified forests).
- Process to validate claims and labels along the various stages in the manufacturing and distribution process. (May also be used for claims and labels for recycled content, etc.) e.g., product from certified forests is tracked separately from other product, so percentage claims can be justified.

## **2. A process to Prepare/Review/Update the Standards**

- International norms require, for example, that the decisions be based on a consensus principle, with participation accessible to directly interested persons, under a process allowing for and reflecting input by stakeholders and the public, which includes fair appeal procedures.

## **3. A requirement for Certifiers/Registrars who assess forest company plans and operations and validate chain-of-custody procedures**

- These companies determine compliance with the standard prior to initial registration, and for regular performance audits; they also identify areas where corrective action is required or operations could be improved, and issue certificates of continued compliance where appropriate.
- Chain of custody auditors (may be the same companies as those in 3) review procedures for validating labels and claims about product content ("...% from certified forests", "...% recycled").

## **4. Public Information**

- Standards themselves and requirements or guidelines for providing information on some or all of: companies certified, forests, forest management plan summaries, summaries of audit results, information on chain of custody certification.
- Possible education, training, marketing, etc.

# Similarities and Differences between the CSA, FSC and SFI

## 1. Background

All three systems grew out of growing concern about deforestation during the 1980s, especially in the tropics, and awareness of the importance of forests for the global environment. It has been estimated that tropical deforestation accounts for 20% of all greenhouse gas emissions<sup>2</sup>.

According to the UN Food and Agriculture department, more than 180 million net hectares of forests – an area greater than Canada’s entire working forest – were lost because of deforestation between 1980 and 1995. There were calls for a new emphasis on sustainability, and some threats of radical action and boycotts against tropical timber.

The question of protecting forests under a legally binding international agreement was hotly debated at the UN Earth Summit in Rio de Janeiro in 1992. Rio did produce a statement of forest principles, applicable to all types of forest in countries around the world. However, to the great disappointment of many onlookers, they were not binding on member nations.

Since then, there has been quite a lot of activity in many countries and in international groups, by governments, industry and Environmental Non-Governmental Organizations (ENGOS). Work has included national sustainable development strategies; criteria and indicators for sustainable forestry; satellite mapping to measure changes to forest cover; combating threats such as fire and pests (mountain pine beetle, for example); drivers for afforestation; connections between poverty and deforestation rates; new approaches to cutting practices, harvest sizes and shapes; new systems for trading in carbon sequestering credits, and proposals to fund countries for ‘reducing emissions from deforestation and degradation’ (REDD, a key discussion at the December 2007 Climate Change Conference in Bali). Sustainable forest certification systems are one part in this overall response to issues of forests and the environment.

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<sup>2</sup> See “Struggling to decode Bali’s message”, *The Economist* magazine, November 29, 2007, available online at [www.economist.com/world/international/displaystory.cfm?story\\_id=10214977](http://www.economist.com/world/international/displaystory.cfm?story_id=10214977) (early 2008)

Canada has taken a leadership role. For example, the 2007 State of Canada's Forests report says:

- 1992: Canada was the first country to adopt a national forest strategy.
- 1992: Canada unveiled one of the largest, most innovative SFM experiments ever—the Canadian Model Forest Network. An international network followed in 1995.
- 1994: Canada was a founding member of the Montréal Process, established to formulate international criteria and indicators for SFM; participants include Canada, the U.S., Mexico, and countries in South America, Asia and the Pacific Rim.
- 2002: The Forest Products Association of Canada was the first national trade association to commit its members to achieving forest certification by 2006 – a goal it has achieved.
- 2007: Canada announced the Forest Communities Program, patterned on the successes of Canada's Model Forest Program, to take advantage of new resource-based opportunities.
- 2007: FPInnovations was formed, the largest public/private forest research institute in the world.

Not mentioned in that report but of significant importance: the CSA Z809 standard is thought to have become the first nationally adopted sustainable forest management standard.

Element	CSA	FSC	SFI
Start of the SFM Standard	<p>Initiated in Canada by government agencies responsible for forests and Canadian forest companies after the 1992 UN Environment Summit in Rio. They approached the respected, independent standards developing organization CSA to prepare a management standard similar to the work it did on ISO 14000 for environmental management.</p> <p>First published in 1996. Updated in 2002 and adopted as a National Standard of Canada in 2003. Currently being updated again.</p>	<p>Initiated on US West Coast by environmental groups, First Nations, retailers and foresters. International effort led by World Wide Fund for Nature set up own certification system after 1992 UN Earth Summit failed to produce a binding international agreement on forest management.</p> <p>FSC Principles and Criteria approved by founding members in 1994. First certification in Canada was an initial standard for the Maritimes, accredited by FSC International in 1999.</p>	<p>Initiated by the American Forest and Paper Association as a compilation of Best Practices for forward-thinking companies.</p> <p>First adopted by AF&amp;PA as principles and implementation guidelines in 1994. Made mandatory for all member companies in 1996. Produced as a standard in 1998.</p>

## 2. Main Similarities

Fifteen years is not a long time in the world of standardization. As happens in the early stages of most new technologies, the three forest certification systems in North America have learned from each other and become more similar.

In 2007, the Yale University Program for Forest Policy and Governance was commissioned by the US Green Building Council to assess policy options regarding the recognition of forest certification as an indicator of environmentally and socially preferable wood products as part of green building certification. The draft report, issued in the fall of 2007<sup>3</sup>, includes a brief history:

“(Initially) FSC supporters were pushing for a transformation of status quo timber production into ecosystem-driven management, while SFI and CSA supporters were promoting current industry best practices, while ATFS<sup>4</sup> was concerned with outreach to non-industrial forest owners. In regards to certification procedures, FSC certification was based on third party auditing of forest management and the green labeling of forest products systematically tracked from certified forest operations to their final point of sale. SFI, in contrast, began with industry self-auditing, and neither ATFS, CSA, or SFI initially carried a forest products label.

“Over the last ten years or so, competition among these systems has forced each to change and adapt to the demands of competing interests. The FSC has become more responsive to market economics and the other systems are more responsive to non-producer concerns. (Cashore et al, 2004.) The current result of this competition, is that FSC, SFI and CSA have all made inroads into mainstream wood markets, and the ATFS has been developing a certification option for non-industrial producers. Should there be significant market demand, all systems have developed the capacity to provide certified wood for green building ...”<sup>5</sup>

The Canadian Council of Forest Ministers, Canadian Forest Service, Department of Foreign Affairs and International Trade Canada, and representatives of all provinces/territories, state<sup>6</sup> that all three systems “contribute significantly to sustainable forest management”.

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<sup>3</sup> Assessing USGBC’s Forest Certification Policy Options , available on the internet at [www.yale.edu/forestcertification/pdfs/2007/USGBC/1%20-%20YFPFG\\_USGBCReport091707.doc](http://www.yale.edu/forestcertification/pdfs/2007/USGBC/1%20-%20YFPFG_USGBCReport091707.doc)

<sup>4</sup> American Tree Farm System, representing small woodlot owners.

<sup>5</sup> While one could argue with some of the characterization here (and many people will), the important point is that the three systems have all become much more alike.

<sup>6</sup> See Sustainable Forest Management in Canada website at [www.sfmcanada.org](http://www.sfmcanada.org)

All three “require independent, third-party audits through which auditors measure the planning, procedures, systems and performance of on-the-ground forest operations against predetermined standards,” it says.

“They all require annual surveillance audits and public disclosure of findings through audit reports, and engagement with affected Aboriginal peoples to ensure Aboriginal rights are respected.

“They all offer chain-of-custody certification.

“They all reinforce the basics of good forest management by requiring that harvested areas are promptly reforested, that laws are obeyed and that no unauthorized or illegal logging takes place.

“They all go beyond simple timber production by ensuring the conservation of biological diversity, whether at the landscape level or in high-conservation-value areas, the maintenance of wildlife habitat, soils and water resources, and the sustainability of timber harvesting.”

Another somewhat unfortunate similarity is that all three programs now get criticized by environmental groups – albeit at very different ‘decibel levels’. SFI has attracted sustained and vituperative criticism from several ENGOs, including a coalition called the Alliance for Credible Forest Certification, for example. Greenpeace recently issued a report on *Canada’s Boreal Forest* criticizing CSA-certified forests and the companies who buy from them, while various groups regularly and incorrectly characterize the independent standards-developing organization as an industry group. FSC, which was founded by ENGOs, has recently had some small ripples of its own. It now is dogged by a regularly updated critical website called FSC Watch. A recent Wall Street Journal article titled ‘FSC’s ‘Green’ Label for Wood Products Gets Growing Pains’<sup>7</sup> continues the trend. It quotes one environmentalist as saying: “If they [APP] can get an FSC accreditation, there must be something wrong with the system.” FSC has “acknowledged that some companies using its label are destroying pristine forests and says it plans to overhaul its rules”, the article reports.<sup>8</sup>

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<sup>7</sup> Published October 30, 2007.

<sup>8</sup> While FSC allows companies to certify part of their operations to encourage adoptions of SFM, FSC International’s Board of Directors decided in December 2007 that it would not allow any association of its name/trademark with APP – or any company in which APP is a majority shareholder – until it provides evidence that it has completely stopped converting natural forests. (A new draft FSC policy on partial certifications is nearing completion.)

Element	CSA	FSC	SFI
Scope	National (Canada)	International	US and Canada
Certification area in North America (2007)	Approximately 78 million hectares (Canada)	Approximately 31 million (9 million hectares in the US, 24 million hectares in Canada)	Approximately 58 million (22 million hectares in the US, 36 million hectares in Canada)
International endorsement	2003 standard endorsed by the Program for Endorsement of Forest Certification (PEFC), 2005	Three FSC Canada standards endorsed by FSC International: <ul style="list-style-type: none"> <li>• Canada Maritimes Standard – prepared in 1996 and accredited by FSC International in 1999, revisions accredited January 2008</li> <li>• National Boreal Standard – accredited 2004</li> <li>• BC Standard – accredited 2005</li> </ul> Fourth standard, Great Lakes & St. Lawrence – under development. There are also nine FSC-US standards. Forests in areas not covered by a standard cannot get FSC certification.	2005-9 standard endorsed by the Program for Endorsement of Forest Certification (PEFC), 2006.
Related certification area around globe	(All PEFC-endorsed programs: approximately 197 million hectares.)	All FSC-endorsed programs: approximately 94 million hectares.	(All PEFC-endorsed programs: approximately 197 million hectares.)

### 3. Main differences

As the Yale University Program for Forest Policy and Governance (YPPFG) states on its website<sup>9</sup>, the extent of differences between certification programs is “a highly contested issue, with some environmental groups arguing that the differences are large, while industry associations, referring to commissioned reports, have argued that while programs may emphasize different issues, they share common approaches and concerns. ”

One problem is that many of the comparisons were performed several years ago. As stated above, the certification systems are not standing still.

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<sup>9</sup> <http://www.yale.edu/forestcertification/faq.html>

## 2007 Yale Report Comparison

The Yale report for USGBC referred to above produced several comparison matrices for governance, auditing and standards content, as part of a decision-making tool. It assessed the programs' general principles and indicators based on level of 'prescriptiveness' and degree of comprehensiveness (range of issues specifically addressed for each criterion).

As FSC has many different standards in use across parts of North America, two examples were used:

- the FSC international principles and US national indicators, assumed to underlie all the standards in this region, and
- The Pacific Northwest (temperate rainforest) standard, included as by far the most prescriptive of FSC's North American standards

For CSA, the analysis only considered CSA's criteria and SFM elements, as other indicators and thresholds are determined with input from a public advisory group on a forest-by-forest basis (Defined Forest Area) to reflect specific local forest conditions.<sup>10</sup> (The CSA user group has objected, saying that if regional level specifics could be included for FSC, which has various standards in North America, CSA specifics for at least one plan at the DFA level should have been assessed as well.)

Where YPFPG found differences, in most cases the FSC system was found to be the most prescriptive, and its Pacific Northwest standard was understandably usually the most prescriptive in the matrix as well.

"Prescriptiveness may or may not be 'better' than flexibility in achieving environmental goals," the report said. "Flexible approaches allow room for innovation, and enable forest managers and certifiers to consider the local

*Ecosystem-based management does not exclude the use of clearcuts. Instead, it promotes mimicking natural disturbance patterns. In the Pacific Coast rainforests, this might involve mimicking natural patterns of intermittent tree mortality through single tree selection. In interior habitats, it could involve mimicking forest fire patterns through harvesting larger groups of trees.*

Assessing USGBC's Forest Certification Policy Options (draft)  
Yale Program on Forest Policy and Governance, 2007

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<sup>10</sup> CSA's approach is praised as allowing flexibility to respond to actual forest conditions. However, it can require a lot of time and effort by stakeholders, who have called for key indicators and thresholds to be set in the overall standard, rather than having to decide them for each forest. The committee drafting the current update has included a number of indicators.

context when determining appropriate management practices. All else being equal, however, they also leave more room for inadequate performance among those firms that lack commitment to environmental and social goals.”

It is worth mentioning that standards-setting-agencies around the world have been actively trying to avoid over-prescriptiveness, because it stifles the market’s key strength – continual improvement through innovation and competition.

Also, a standard can be prescriptive on certain issues which are not required – at least in Canada and the US – because they are already covered in laws and regulations. Comparisons of the systems can create quite incorrect impressions as a result. For example, FSC’s standard includes a large number of objectives and indicators which are simply redundant in Canada and the US. Because CSA and SFI do not waste time, effort and paper repeating the relevant legal requirements, ‘comparison charts’ can make their programs appear to be less robust.

The areas where YPFPG identified FSC as having *visibly more prescriptive* requirements than the wording found in the other standards were:

- requirement for consent from all aboriginal groups; major disputes ‘will normally disqualify operation from certification’<sup>11</sup>
- union rights and wages
- requirement for impact assessment
- restrictions on forest conversion to plantations or non-forest, and criteria for management
- specifics of ‘high-conservation-value-forests’
- specifics of protection of ‘representative samples of existing ecosystems’
- specific restrictions on old growth areas
- specific indicators for tracking sustainability

The areas where YPFPG identified SFI as having *visibly more prescriptive* requirements than the wording found in other standards were:

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<sup>11</sup> One commentator interviewed for this paper noted that where there are unsettled claims on Crown land, aboriginal representatives can be unwilling to give forest companies consent even to plans they agree with. If many different native groups are involved, one or two groups voting no can jeopardize the entire certification. It can also be difficult to get ongoing representation on public advisory committees.

- requirement that companies have wood procurement policies as a prerequisite for certification, whether end products are labelled or not:
  - a) for wood from inside US and Canada  
SFM information on best practices provided to landowners; programs to promote use of qualified natural resource and logging professionals using best practices; verifiable monitoring system across fibre supply area; monitoring to improve best practices compliance
  - b) for wood from outside US and Canada  
Requirement to assess and address risk of illegal logging; plans which promote conservation of biodiversity hotspots and major tropical wilderness; knowledge of suppliers' SFM and program to promote it; requirement to assess and address risk of harm in countries without effective environmental and social laws
- inspections and reports on utilization of forest products and product separation, as well as training and incentives for loggers

The areas where YPFPG identified CSA as having *visibly more prescriptive* requirements than the wording found in other standards were:

- public advisory group participation process
- reporting and process  
Appoint person in charge of implementation; report to top management, requirements for reporting, annual reports, internal communications; SFM documentation, system manual
- checking and corrective action

*Compliance with law is a requirement of the CSA standard and there is a strong legal framework in place and enforced in Canada, where the standard is applied. Those laws are not repeated in the standard, to avoid redundancy and for readability ...*

CSA User group comments to Yale PFGP,  
Letter, October, 2007

Element	CSA	FSC	SFI
Accreditation as standards-setting agency	CSA is one of four standards-setting agencies accredited by the Standards Council of Canada (est. 1970). CSA itself began in 1919, and building standards were one of its first mandates. It produces hundreds of standards for products and systems ranging from children's hockey helmets and consumer products to high tech and management.	Unknown	Not for sustainable forest management. (However, the American Forest and Paper Association is accredited by the American National Standards Institute to develop and maintain wood design standards, including the US-building-code-referenced <i>National Design Specification for Wood Construction</i> .)
International norms followed	International Standards Organization ISO's Guide 59 <i>Code of Good Practice for Standardization</i> , plus the World Trade Organization's Technical Barriers to Trade Agreement, Annex 3, <i>Code of Good Practice for the Preparation, Adoption and Application of Standards</i>	International Social and Environmental Accreditation and Labelling Alliance ISEAL's <i>Code of Good Practice for Setting Social and Environmental Standards</i> (ISEAL is designed to be compliant with ISO Guide 59 plus the WTO TBT Agreement Annex 3)	International Standards Organization ISO's Guide 59 <i>Code of Good Practice for Standardization</i> , plus the World Trade Organization's Technical Barriers to Trade Agreement, Annex 3, <i>Code of Good Practice for the Preparation, Adoption and Application of Standards</i>
Governance	CSA has a Sustainable Forest Management Technical Committee, reporting to the Strategic Steering Committee on Environmental Technology. It has four membership categories: aboriginal peoples/governments/regulatory authorities; academic/professional practitioners; environment/general interest; and industry. Balanced representation is required from each category. Decisions require a 2/3 vote, no specific requirements for supporting votes from each chamber. There is not really a governing body for an overall process including standards, certification, education and marketing.	Nine-member International Board of Directors; three from the environmental/indigenous sector, three from the social/non-profit sector and three from the economic sector (one forest products company, one user group company and one individual). North/South representation in each chamber. National Boards of Directors have similar structure. FSC Canada has a fourth chamber for aboriginal groups. Decisions require a 2/3 vote, with at least one supporting vote from each 3-person chamber.	Independent Board of Directors with majority of outside directors instituted in 2000. As of January 1, 2007, SFI Inc. has become a separate non-profit organization. Of its 15-member Board of Directors, five are CEOs of non-profit environmental groups, five are CEOs of forest product companies, and five represent the broader forest community (including community/social interests). Decisions require 80% vote, with at least two supporting votes from each 5-person chamber.

## 2006 UK CPET Analysis

The findings of the UK Government's Central Point of Expertise on Timber (CPET) are also interesting. They started out requiring FSC certifications and now accept all three systems as evidence that wood products come from legal and sustainable sources. (For both FSC and SFI, it requires at least a minimum of 70% where sourcing labels show the percentage of certified fibre. CSA does not label product with less than 70%.)

In its most recent assessment (2006), CPET rated the systems on a variety of indicators. Out of a possible 52 points, FSC scored 46, CSA scored 45, and SFI scored 44.

Their scores were virtually identical – extremely high – for accreditation, certification and legality. (SFI lost two points in the legality sector, but it was really hair splitting: their standard does not contain a requirement that the forest owner holds legal tenure to the land, or pays all relevant taxes, but both are implicit in its requirement for compliance with Canadian/US laws and regulations.)

On content, FSC achieved 12 /12. SFI was marked down one point for having no requirement to assess impacts/plan to minimize them, although the assessors noted that similar issues were covered in other requirements. CSA lost three points: one for having a large scope for variability in plans determined at the forest level, and two more for not explicitly addressing protection of biodiversity and high-conservation-value forests, or requiring harvest levels not to exceed long-term productive capacity of the forest. (Proposed changes to the standard for 2008 should help address those issues.)

On the standards-setting process, CSA scored the highest at 5/6. It lost one point because decisions do not require a majority from each interest category – in fact, all three systems lost that point. SFI got 4/6, losing its second point because the assessors received complaints that some groups in the social category were not adequately represented on the Board. FSC only achieved 3/6, losing points because: there is no specific requirement that national/regional standards setting has to comply with ISO or ISEAL or include a three-chamber consensus process; in countries/regions that have not yet developed an FSC-International-accredited standard, the FSC system permits certification bodies to carry out certification according to their own 'interim' standards adapted with input from stakeholders; and "publicly available details of who certification bodies have consulted during the standards-setting process and how their comments were incorporated are extremely limited."

# USGBC's Preferential Approach to FSC

## 1. Establishment of USGBC and LEED

The United States Green Building Council was established in 1993, as the 23-member Consortium for Energy Efficiency. The U.S. Department of Energy enabled the development of LEED with a \$500,000 grant in 1997. USGBC launched the LEED Green Building rating system in 2001, and the accreditation program for LEED accredited professionals who evaluate building plans and performance began a year later.

Originally developed for new commercial projects, LEED has become an important factor in the commercial/institutional sector. Rating systems for commercial interiors and for operations and management were released in 2006. LEED for schools was launched in 2007. Other rating systems specifically aimed at healthcare, retail, campuses and laboratories are nearing completion. A new LEED for Homes has been pilot tested. It was sent out for member ballot in late 2007, and published in January 2008.

By the summer of 2007, USGBC had become a non-profit organization with 9,500 member organizations. Some 92,000 active individual volunteers worked with the program on various standards, training and communication projects. It had accredited more than 36,000 people to assess buildings<sup>12</sup>. Administration included 85+ staff. As of January 2008, to conform to best practices for credentialing programs, the USGBC has transferred responsibility for administration of the LEED Professional Accreditation program to a newly incorporated entity – the Green Building Certification Institute – which has sought accreditation under the American National Standards Institute.

## 2. The LEED rating system

LEED uses a simple point rating system to score projects in five overall categories:

- sustainable site development
- water savings
- energy efficiency
- materials and resources
- indoor environmental quality.

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<sup>12</sup> Accreditation is based on a computer-generated multiple-choice exam, designed to measure the candidate's ability to facilitate the integrated design process and his/her knowledge of the LEED Rating System and the resources and processes involved with the project certification process. There are no prerequisites.

Each category includes certain minimum standards ('prerequisites') that all projects must meet, followed by additional credits that are earned by incorporating additional green design and construction techniques. Four progressive levels of LEED certification – Certified, Silver, Gold and Platinum – are awarded based on the number of credits achieved. Accomplishing the LEED Certified rating level usually does not require huge differences from conventional construction, but achieving extra points becomes more and more important for the higher levels.<sup>13</sup>

The rating system(s) currently allow one point for the use of FSC-certified wood. LEED for Homes allows 0.5 point for 'environmentally preferable products' (EPPs), to a maximum of 5 points. To qualify, 90% of the component must qualify as EPPs, by weight or volume. These include wood exterior framing, siding, flooring (45% of total area x 2), interior framing, decking, cabinets, counters, doors, trim, window framing, roof framing and sheathing. The qualification calls for FSC certified, or reclaimed wood (a number may also be recycled material – see the LEED for Homes Rating System document).

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<sup>13</sup> LEED has been criticized for the points it assigns to different environmental strategies. People can 'cherry pick' low-cost strategies which add up to little or no environmental impact. Until 2006, it was possible to have a project certified which did not have a single point relating to energy conservation. Ratings are not based on life cycle analysis, although a working group has developed initial recommendations for incorporating Life Cycle Assessment (LCA) of building materials. And the actual certification process is expensive.

Element	CSA	FSC	SFI
Standard- Setting	National standard for Canada; specific values, indicators, objectives and targets for Defined Forest Areas are set by the company, working through a defined Public Advisory Group process.	International principles and objectives; specific standards for the national or regional level are prepared by national FSC body.	One standard for US and Canada.
International endorsement	PEFC (requirements for scheme development and implementation, forest management certification criteria, audit and procedures and chain of custody certification, based on Pan-European Criteria for Sustainable Forest Management/Operational Level Guidelines, and international conventions such as the Montreal Process)	FSC International (accreditation based on FSC International forest management certification principles and criteria, development processes and chain of custody certification)	PEFC (as for CSA)
Forest management standard preparation/ consensus/ appeals	Consensus process, with full public review and formal appeals process. Updated as necessary/ every 5 years.	Consensus process, with full public review and formal appeals process. Updated as necessary/ every 5 years.	Consensus process, with full public review. Updated as necessary/ every 5 years.
Certification of management plan and compliance/ progress	Initial assessment and regular audit including field inspections. Done by independent, third party certifiers, who must be accredited by the Standards Council of Canada. Also, annual surveillance of certifiers required.	Initial assessment and annual audit including field inspections. Done by certifiers who are third party to the forest and distribution chain firms seeking certification. Firms must be accredited by Accreditation Services Intn'l (ASI), of which FSC Intn'l is sole shareholder. ASI does annual desk and field audits of certifiers.	Initial assessment and at least 18-month audit including field inspections. Done by independent third party certifiers, who must be accredited by American National Standards Institute-ASQ National Accreditation Board, or Standards Council of Canada. SFB does annual desk and field audits of certifiers.

### 3. Why did USGBC choose FSC certification?

It is difficult to assess motivations for any decision, and decisions taken some years ago by a group of disparate individuals are the most difficult of all to parse. The following represents a 'best guess' as to the initial reasons, based on available information.

(The list refers primarily to FSC and SFI because, at the time the LEED ratings system was being drafted, SFI was the major US alternative to FSC. Although wood from Canadian forests certified under the CSA system was being sold in the US, it seems

likely the initial USGBC decision did not consider CSA, as it is not a US system. Comments on CSA certification are included in the “Does this still apply today?” sections, below.)

### **i) They were at the table**

Industry observers have noted that there was a fair amount of crossover between the people supporting USGBC /LEED and those supporting FSC. The LEED program uses established standards where possible, typically allocating points where projects meet a standard or exceed it by a defined percentage. Many of the people writing the points system were very familiar with and actively supporting the FSC certification system.

#### **Does this still apply today?**

Yes.

### **ii) The competition was run by the forest industry**

It should be noted that the fact a program is run by the industry affected should not be seen as de facto evidence of any bad intentions or inadequacy. Many programs started up by industry groups address important issues and perform to excellent effect. The AFPA has a history of providing best practices and design guidelines which are highly respected. It also received many awards for the SFI program. However, there is a general agreement that certification bodies should be, and be seen to be, impartial. That would normally require an independent structure where no one group has an effective majority, especially the group representing the certifiers.

When USGBC was drafting the LEED rating system, the SFI system was still being run by the AFPA, albeit with advice from an independent Expert Review Panel. SFI got a separate 15-member Board of Directors in 2000, just two years after its initial guidelines were redrafted and issued as a standard. Ten of the Sustainable Forestry Board members were from diverse stakeholder interests and five were program participants. However, that structure was still considered new and untried when LEED was rolled out in 2001.

#### **Does this still apply today?**

No. In 2002, the Sustainable Forestry Board was chartered as an independent 501(c)(3) corporation, with a new membership structure with equal representation (one-third each) from conservation and environmental organizations, the broader forestry community and SFI program participants. On January 1, 2007, a new entity called the Sustainable Forestry Initiative Inc. was created, fully independent of the AFPA. It directs all elements of the SFI program, through a three-chamber Board as above. Decisions require an 80% vote, with at least two supporting votes from each chamber.

CSA is not run by the industry. Decision-making requires a 2/3 vote in the steering committee, which has a balanced membership from the four categories of interested groups.

### **iii) The FSC standard's content covered more ground**

When the LEED rating system was being drafted, the FSC system covered more environmental and certification issues than the other programs.

It's worth repeating the Yale 'snapshot' of the programs at the end of the 1990s: "FSC supporters were pushing for a transformation of status quo timber production into ecosystem-driven management, while SFI and CSA supporters were promoting current industry best practices, while ATFS<sup>14</sup> was concerned with outreach to non-industrial forest owners. In regards to certification procedures, FSC certification was based on third party auditing of forest management and the green labeling of forest products systematically tracked from certified forest operations to their final point of sale. SFI, in contrast, began with industry self-auditing, and neither ATFS, CSA, or SFI initially carried a forest products label."

#### **Does this still apply today?**

Very much less so. There has been a lot of convergence between the standards, and more is coming. (CSA's standard is currently being updated, for example.) While the Yale report found FSC still has more prescriptive standards in some key areas, all three systems address the same basic principles. Some of the outstanding areas of difference are controversial. FSC's virtual prohibition of 'ecologically simplified' plantation forests/tree farms, for example, is being debated within FSC itself.

### **iv) FSC was the only system with 'Chain-of-Custody' certification**

Claims and labels as to the content of wood products ("100% from certified forest", "70% from certified forest", "x% recycled product", etc.) are verified for accuracy by checking how the material is handled and kept separate from other materials at each stage of the production, manufacturing and distribution process. This is referred to as the Chain-of-Custody (CoC). When LEED was being drafted, FSC was the only system which covered CoC certification.

#### **Does this still apply today?**

No. All three companies have equivalent labeling and CoC systems.

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<sup>14</sup> The American Tree Farm System, not covered in this paper, is aimed at small woodlot owners.

Element	CSA	FSC	SFI
Chain of custody certification standard and labels	<p>PEFC Annex 4, consistent with ISO guidelines</p> <ul style="list-style-type: none"> <li>• CSA "100% from a certified forest"</li> <li>• CSA "Minimum 70% from a certified forest"</li> <li>• PEFC labels</li> </ul>	<p>FSC COC standard consistent with ISO guidelines</p> <ul style="list-style-type: none"> <li>• FSC "Pure"</li> <li>• FSC "Mixed Sources" – pure, recycled and/or controlled (controlled wood can't come from illegal sources, social conflict, genetically modified organisms, high conservation value forests or large conversions – no third party audit)</li> <li>• FSC "Recycled" (100% recycled, minimum 85% post consumer)</li> </ul>	<p>SFI COC standard, consistent with ISO guidelines, <i>or</i> PEFC Annex 4, consistent with ISO guidelines</p> <ul style="list-style-type: none"> <li>• SFI "100% Content" – fibre comes from forests independently certified to credible standards (SFI, CSA, etc.)</li> <li>• SFI "At least x% content" – portion of the fibre comes from forests ... (as above)</li> <li>• SFI "100% recovered" and "At least x% recovered fibre" (fewer details)</li> <li>• PEFC labels</li> </ul>
Certification of chain-of-custody for product labels	<p>Done by independent, accredited third party certifiers. Must be accredited by SCC (also see Certification of management plans, above)</p>	<p>Done by third party certifiers. Must be accredited by ASI (also see above).</p>	<p>Done by independent, accredited third party certifiers. As of March 2007, accreditation must be done by the American National Standards Institute (also see above).</p>

## 4. Other Issues

### 1. Competition Between Groups

Some ENGOs appear to have perceived AF&PA's SFI program as an attempt by industry to wipe out their fledgling FSC system. Some industry representatives appear to have perceived FSC as an attempt by environmentalists to destroy commercial forestry. Some ENGOs have been using hardball tactics to promote 'their' certification system – FSC – in the marketplace.<sup>15</sup> They have been fighting all attempts to treat the three certification systems as equal in the LEED rating system. In response, AF&PA has strenuously objected to proposals that government agencies or other groups require LEED certification for their projects.

The Yale report sums up the situation like this: "forest certification has seen dramatic growth over the last fourteen years. At the same time, it has been

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<sup>15</sup> Demonstrations and media campaigns have been directed at producers and retailers for dealing in non-FSC products. These are designed to hurt the companies' corporate image as environmentally responsible citizens .

fraught with conflict, resulting in a highly uneven distribution within and across countries and regions. This conflict has often served to pit different forestry interests against each other, sometimes at the expense of environmental and social goals.”

In its response to the Yale study, Wisconsin’s department of forestry stated: “Many North American forest industries and forestry professionals also felt locked out of FSC in its early years. You should not overlook the sociological implications of the strong-arm tactics used by particular activist groups that left forest industries and many professional foresters feeling as if they were the enemy. The American Forest and Paper Association helped SFI evolve into an independent standard in an effort to be more inclusive of all stakeholders.”

It is time the infighting stopped. All three programs are strong enough now to compete and survive. They should be treated as equal under LEED, as they are in many other environmental purchasing programs.

If USGBC wants to support three or four criteria which it believes are not covered equally by the current certification systems, it should define those and require a statement from an accredited third party certifier that those are met through – or in addition to – the company’s certification.

## **2. Is the forest industry being penalized for environmental leadership?**

USGBC recognition of alternative forest certification systems seems to have been complicated by its goal of pushing the market. LEED promotes itself as providing incentives for using materials that are ‘environmentally preferable when compared to conventional alternatives’.

The question now may be: what is the conventional alternative?

With full support from the American Forest and Paper Association and the Forest Products Association of Canada, sustainable forest management has almost become the conventional alternative for wood in North America. In Canada, this is particularly true – 85 per cent of the working forests are certified under one of the three certification systems. At least half of Canadian wood products now come from these forests.<sup>16</sup> The numbers are not as high in the US, but the trend is the same.

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<sup>16</sup> Estimate from *Environmental Paper Procurement, Review of Forest Certification Schemes in Canada*, produced by EEM, July 2007, for Markets Initiative.

During LEED discussions of the certification issue, some people have commented that SFI and CSA should not be recognized because they represent 'conventional practice'.

At this juncture, it would appear that the forest industry in North America is being penalized for its own environmental leadership.

The definition of conventional practice should be widened. First, the definition of 'conventional practice' should look at structural and trim materials as a whole, not just the wood sector. The competition for wood is generally concrete/masonry, steel or plastics. Wood should be compared to these products, using supportable life cycle assessment.

Second, the 'conventional alternatives' comparison should be made on a global basis. Only 10% of the world's forests are currently certified. The fact that so many of them are in North America should not count against the certification systems, or the industry.

... Worse, illegal logging is rampant in far east Russia, Indonesia , Burma, the Congo basin, Papua New Guinea and the Brazilian Amazon.

Many of the illegal logs "are "laundered" through international trade and manufacturing and imported into Europe and North America as value-added products like lumber, decking, flooring, plywood, and furniture."

Coalition for Responsible Wood Use  
*Proposal for Revisions to the  
Certified Wood Credit, 2007*

## **Implications for the Home Building Industry**

- 1. LEED for Homes (Canada) may also adopt the restrictive FSC-only point rating system**
- 2. All impacts would be magnified if government agencies demand LEED certification**
- 3. Demand for SFM wood would increase because of the large amount of wood used in home construction.**
- 4. Supply of SFM wood would be unreasonably restricted**
- 5. Even where it is available, builders may have to pay more for LEED-recognized SFM wood, leading to increased house prices**
- 6. Builders would be unreasonably denied recognition for real environmentally sound construction based on other SFM wood**
- 7. Customers would be misled into thinking homes built with other SFM wood are not environmentally sound**
- 8. A respected and widely-used Canadian national standard is being threatened by US interests**