Overview Of The Forest Management Certification Process

KPMG Forest Certification Services Inc.’s (KPMG FCSI) ForestSteward program has two major elements:

- Pre-certification assessments
- Certification audits

A. Pre-certification assessments

Pre-certification assessments do not lead to direct certification but provide the forest operation with detailed information as to how its current practices compare to the forest stewardship standard required to achieve FSC certification. There are two specific types of pre-certification assessments that can be conducted:

- Gap Analysis - provides information on the gaps in the company’s processes that would need to be addressed before certification could be achieved.

- Forest in Transition Assessment - this assessment is similar to the gap analysis except that KPMG FCSI and the operation’s management would review the gaps identified and prepare and agree upon an action plan with specific target actions and completion dates that would help the company to be ready for certification by a specific date.

Pre-certification assessments will normally involve a detailed review of relevant documentation based on a forest stewardship questionnaire, followed by a field visit to the operation, typically by a three-person assessment team for a period of one to two weeks. The field visit is designed to gather as much information as possible on the operation and will include interviews with forest managers, workers, regulatory agencies and various stakeholders, as well as a field assessment of performance in comparison to the forest stewardship standard. A full report is prepared and presented to the operation’s management and, in the case of Forest in Transition Assessments, will be followed up on by the joint development of a specific action plan for achieving forest certification.
The results of pre-certification assessments will not normally be made publicly available. However, in the case of Forest in Transition Assessments, a summary of the commitments made towards achieving the ForestSteward, or existing FSC-endorsed regional forest stewardship standard, may be released at the clients request.

B. Certification audits

Certification audits are designed to assess the management actions in respect of a particular forest (natural or plantation) against an appropriate forest stewardship standard and certify the forest should it meet the requirements of the forest stewardship standard. There are several potential outcomes to a certification audit. These are:

- The certification of exceptionally managed forests (forests consistently managed to a standard beyond that set by the forest stewardship standard against which the operation is audited) through the issue of a five-year certificate identifying the forest as “exceptionally well managed”.

- The certification of well managed forests (forests managed in accordance with the forest stewardship standard against which the operation is audited in all significant respects) through the issue of a five-year certificate identifying the forest as “well managed”.

- Conditional certification of forests managed in accordance with the forest stewardship standard in all critical respects but with a number of non-conformances which, while not critical to the overall achievement of forest stewardship goals, are nonetheless considered important elements of good forest stewardship. This certification will be conditional on the operation signing a binding agreement to address the non-conformances through specific actions within a defined timeline. In these cases the forest will be identified as “well managed”. However, the certification is only valid until the end of the period over which the identified improvements are to be made. If the specific timelines are not met by the operation, the certification lapses. If the improvements are made, a replacement certificate will be issued which is valid for a period of five years from the date of the original audit. Timelines for improvements will not normally exceed two years.

- Deferred certification of forests managed in accordance with the forest stewardship standard in almost all critical respects, except for a small number of non-conformances which are considered critical to the overall achievement of forest stewardship goals, but the company is still capable of improving performance in these areas within a short timeline. In such cases the certification will be deferred until such time as the improvements have been
made. If the improvements are made, a certificate will be issued which is valid for a period of five years from the date of the original audit. Otherwise, the certification will not be granted. Timelines for improvements will not normally exceed six months.

Where the audit team considers that the management regimen has resulted in an inadequate level of performance the forest certification will be denied.

A comprehensive audit of the operations forest stewardship is required before making any certification decision. The key steps in the process are as follows:

Once an application is received, the Project Manager will put together a team of 1-3 people to make a planning visit to the operation. This involves interviews with forest managers, workers, regulatory agencies and various stakeholders as well as a brief field assessment of performance in comparison to the forest stewardship standard. At the end of the process the Project Manager must decide whether the operation is ready to undergo a certification audit. If this is the case, the Project Manager must then develop a detailed Certification Plan as to how the audit would be carried out, by whom and when. This will include identifying an appropriate audit team, including people with local experience, identifying suitable peer reviewers and the basis for developing an appropriate forest stewardship standard against which to evaluate the operation.

The next stage is the development of an appropriate forest stewardship standard against which to audit the operation. In regions where there is an existing FSC standard, the existing standard will form the basis of the audit. Where no such standard currently exists, the Project Manager is responsible for identifying local proxies and blending these with KPMG FCSI’s audit protocols, which reflect the FSC’s general principles of sustainability. Input is sought from peer reviewers who are respected experts in forest management as well as local stakeholders. All input is reviewed and incorporated, as appropriate, into the forest stewardship standard. The key principles addressed by each forest stewardship standard are:

1. Respect for applicable legislation and conformance with FSC principles and criteria.
2. Clearly defined, documented and legally established long term tenure and use rights to the land and forest resources.
3. Recognition and respect for the legal and customary rights of indigenous peoples to own, use and manage their lands, territories and resources.
4. Maintenance or enhancement of the long term social and economic well-being of forest workers and local communities.

5. Encouragement of the efficient use of the forest’s multiple products and services to ensure economic viability and a wide range of environmental and social benefits.

6. Conservation of biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, the maintenance of the ecological functions and the integrity of the forest.

7. Creation and maintenance of a detailed forest management plan.

8. Monitoring to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.

9. Management activities which follow a precautionary approach in order to maintain or enhance the attributes which define high conservation value forests.

10. Planning and management of plantations to provide an array of social and economic benefits and contribute to satisfying the world’s needs for forest products while complementing the management of, reducing pressures on, and promoting the restoration and conservation of natural forests.

The Project Manager then develops specific measures with which to assess the operation against the forest stewardship standard and briefs the audit team on the procedures to be used.

A full audit of documentation and field conditions is conducted by the audit team, including interviews with regulatory agencies and local stakeholders. This will typically last 1 to 3 weeks depending on the size and complexity of the operation.

In determining whether the operation has achieved the requirements of the standard, the audit team evaluates the operation’s performance in respect of each of the key principles of sustainability. For each principle, a score is determined based on the extent to which the requirements of the forest stewardship standard have been met. In order to achieve certification the operation must score 4/5 on 80 per cent of the principles and no less than 3/5 on the remaining principles. Exhibit 1 below summarizes the certification options in relation to scores achieved and the extent to which “critical” and “significant” elements of the forest stewardship standard must be met. In this context, critical elements are critical to the overall achievement of forest
stewardship goals and significant elements are not critical to the overall achievement of forest stewardship goals, but are nonetheless considered important elements of good forest stewardship.

**Exhibit 1**
Certification options relative to scoring and achievement of critical and significant elements of the forest stewardship standard

<table>
<thead>
<tr>
<th>Score</th>
<th>All critical elements of forest stewardship standard met</th>
<th>All significant elements of forest stewardship standard met</th>
<th>Certification options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No</td>
<td>No</td>
<td>Certification not achievable at this point. Recommend “Forest in Transition program”</td>
</tr>
<tr>
<td>2</td>
<td>No, but only a small number of critical elements not met and timeframe to fix these is short</td>
<td>No, but only a small number of significant elements not met and operation is committed to fixing these</td>
<td>Deferred certification. If operation fixes all critical elements to auditors’ satisfaction within six months, certification or conditional certification may be granted at that time</td>
</tr>
<tr>
<td>3</td>
<td>Yes</td>
<td>No, but only a small number of significant elements not met and operation is committed to fixing these</td>
<td>Conditional certification. Operation enters binding arrangement to fix significant elements within agreed upon timeframe (normally no longer than two years).</td>
</tr>
<tr>
<td>4</td>
<td>Yes</td>
<td>Yes</td>
<td>“Well managed” Certification</td>
</tr>
<tr>
<td>5</td>
<td>Yes</td>
<td>Yes. Evidence that standards above those required by the forest stewardship standard are being consistently applied.</td>
<td>“Exceptionally well managed” Certification</td>
</tr>
</tbody>
</table>

Certified operations are also subject to periodic monitoring by the audit team to ensure that they continue to meet the certification requirements. Monitoring visits are at least annual and a full re-audit is conducted every five years.

- Having reached a conclusion on certification, the Project Manager, with the assistance of the audit team, prepares a draft certification report, which is then peer reviewed. Peer review comments are then incorporated into the report as appropriate.
The draft certification report is then presented to an independent certification committee, which acts as the final check on the appropriateness of the report. Upon approval by the certification committee, a public summary of the report is prepared and issued, along with a forest management certificate valid for five years.