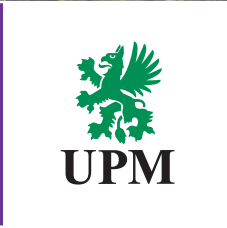


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Parallel field testing of forest certification standards



PARALLEL FIELD TESTING OF FOREST CERTIFICATION STANDARDS

A PROJECT TO PROMOTE A
GLOBAL INCREASE
IN THE USE OF CERTIFIED WOOD

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1 Executive Summary

1.1 Background

During 2004 a parallel field test of seven forest certification standards was carried out in forests managed by UPM in Canada, Finland and the UK. The targets of the test were as follows:

- Provide insights into the practical differences between different standards in different countries.
- Test the functionality of selected criteria and provide feedback to the schemes.
- Identify how the standards could be improved or brought together.
- Evaluate UPM's performance level in key environmental, social and economic subject areas against different standards and develop UPM's worldwide forestry competency.
- Promote research in key areas of difference.

The project was led by UPM Environmental Forestry Affairs; Det Norske Veritas was the independent consultant assessor carrying out the field tests and WWF acted as an external observer and provided technical advice to the process.

The standards evaluated were:

Canada: FSC Maritimes, SFI and CSA¹

Finland: Finnish Forest Certification Standard FFCS (recognised by PEFC), FSC Draft Finland and FSC Sweden

UK: UK Woodland Assurance Standard UKWAS (recognised by both FSC and PEFC)

UPM is responsible for managing over 2 million hectares of land worldwide and supports credible certification as a tool for promoting good forest practices and providing assurance to customers that the Company's wood fibre originates from well managed forests. Less than 6% of all forests worldwide are certified, though it is estimated by WWF that this rises to 30% in commercially managed forests. There is confusion in the marketplace about the differences between the standards. In order to dispel this confusion, UPM seeks to promote development between the standards. A first step to achieving this is to understand the practical differences between the standards in the forest.

This parallel field certification test carefully selected a few core subject areas (covering key environmental, social and economic criteria) that UPM and WWF felt would be

most significant in their impacts and hence would best illustrate the differences in performance between the standards. The criteria selected represent an average of 35% of the total number of criteria in the six standards tested. As such the results should not be interpreted as a thorough evaluation of the standards, nor used to imply that all the criteria in the standards will be equally different.

The parallel field test sites represented 2% of the total forest area managed by UPM in Canada, Finland and the UK.

1.2 Conclusions

1.2.1 Standard Differences and Complexity

1. Seven standards were studied but only six were tested. Five of them (FFCS, FSC Draft Finland, FSC Sweden, SFI and UKWAS) achieved a balanced approach to promoting the economic, social and environmental management of forests but with slight differences in emphasis.

2. The FSC Maritimes standard, through the structure, content and lack of clarity in some requirements, make it challenging for large scale commercial application. The standard has a strong emphasis on environmental matters.

3. CSA was not included in the field test because the test method required comparable criteria and defined performance thresholds. The management system style of the CSA standard generally lacked these.

4. There are significant differences between the various standards in the number of criteria used for any one subject area, as well as in the scope and threshold requirements. The differences not only occur between standards in a country, but also between national standards within the same scheme. This reflects the local conditions and the values of the stakeholders who have been involved in standard setting processes.

5. The assessors found difficulty in interpreting the requirements of some standards. There was some degree of difficulty in over 40% of the criteria tested in FSC Maritimes, 22% in FSC Draft Finland and 10% in SFI. FFCS and the UKWAS criteria presented no interpretation difficulties.

6. UKWAS meets the requirements of both FSC and PEFC, proving that the harmonisation of standards at a national level is possible.

¹ CSA endorsed by PEFC on 29.3.2005

1.2.2 UPM's Performance

1. The overall performance of UPM was good. The highest levels of compliance, with an average of 91%, were with those standards for which UPM holds certificates: FFCS, SFI and UKWAS. UPM will take measures to address the non-conformities. Average compliance with the five standards which achieved a balanced approach to promoting the economic, social and environmental management of forests was 84%.

2. UPM's performance against the standards to which it is not certified was variable: against FSC Sweden the performance was good, but noticeably more non-conformities were found against FSC Draft Finland and FSC Maritimes. It is worth noting that whilst a range of performance was achieved against FFCS and UKWAS, for SFI all 21 criteria fell into the "comply" category.

3. UPM's strengths in forest management, according to the results of this project, lie in protection of water, tree species selection, provision for multiple use and public access, plantation management and legal compliance. Opportunities for improvement lie in biodiversity management, retention trees and deadwood, as well as implementation of health and safety instructions on harvesting sites.

4. There was a variance in the performance of UPM's management planning against the requirements of the different standards. This suggests that the criteria and requirements of the standards may be inconsistent, rather than a being a recognition of UPM's performance.

1.2.3 Discussion and Next Steps

There is evidence from the test that the national standards process is pivotal in the development of a realistic, credible certification standard. The lack of substantive industry participation in the FSC Maritimes standard, and to some extent the FSC Draft Finland standard, has led to standards that have a greater focus on environmental and social issues. In contrast, the absence of NGO support in developing FFCS in Finland has led to lesser focus on environmental and social criteria. UKWAS and FSC Sweden reflect a better consensus with requirements that are clearer to interpret and implement in the forest.

It is worth noting that in the preparation of the UKWAS standard, the presence of assessors as observers to the standard development process facilitated the drafting of a standard that is demanding yet clear to understand.

UPM, as a global company, aims to take a consistent approach to forest management in all countries where it operates by providing common guidance to forest managers. At the same time the Company seeks a consistent message for customers who wish to use the certification logos of their choice on their end-products. This trial has provided important insights into the challenges at the field level that the Company needs to overcome in order to provide a consistency of management. It has also indicated some key policy issues that the company needs to actively pursue in order to be able to increase the proportion of credibly certified fibre it is able to supply to the market. Results demonstrate that currently no one scheme is able to provide a consistent framework across the three countries sampled. UPM will revise its global forest certification policy to reflect the need for clear, objective and measurable performance criteria, and to promote harmonious development between the systems.

A balanced standard development process is a sound starting point for forest certification that is able to meet the requirements of all stakeholders. This can facilitate consensus on performance threshold levels and the development of criteria that are clear to interpret by forest managers and assessors. UPM is therefore willing to participate in the development of certification processes which aim to strengthen stakeholder involvement.

Based on the knowledge and experiences gained during the test, UPM will take corrective action on the minor non-conformities against the existing certificates, further develop its own forestry practices to promote an increase in the amount of deadwood on Company lands and make publicly available a summary of the forest management plan for forests in Finland. In Canada, UPM, the licence holder, will instigate discussions with the Department of Natural Resources (DNR), the landowner, to clarify the boundaries of responsibility for overall management and forest certification.

There is a need for more research into the long term effects of forest certification. Based on the key areas of difference between the standards identified in this test, UPM will promote research in biodiversity management, retention trees, management planning, employee training and competence and stakeholder consultation. UPM is willing to develop research on sustainable forestry practices together with WWF and leading universities in this field.