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Reviewing the impacts of eco-labelling of forest products on
different dimensions of sustainability in Europe

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37 **Abstract**

38 Europe has been implementing eco-labelling on forest products for the last two decades as a market-
39 oriented tool to combat forest degradation and manage forest resources sustainably. Numerous studies
40 have investigated the impacts of eco-labelling from different perspectives and geographic locations.
41 Nevertheless, holistic reviews to disentangle the impacts of eco-labelling on forest sustainability are
42 lacking. This study proposes a conceptual framework to collate and qualitatively analyse existing
43 literature regarding forest eco-labels for disclosing its effects on social, ecological, and economic
44 sustainability. With regard to social sustainability, forest eco-labelling has established itself as a
45 credibility icon that enhanced end-consumption patterns and successfully institutionalised the
46 discourse over customary rights, despite insufficient procedural justice for indigenous communities
47 and workers. In the economic dimension, forest eco-labelling enhanced market competitiveness;
48 however, increasing costs continue to be a huge setback for producers. The ecological dimension
49 demonstrated restored landscapes as a result of disturbance reductions. Nonetheless, insufficient
50 preservation of trees and areas with high conservation values during felling have undermined forest
51 integrity and biodiversity protection. More rigorous marketing strategies and campaigns might be
52 needed to address the profitability issue. Also, quantitative measures for on-the-ground performance
53 should be enacted to leverage the unique strengths of forest eco-labelling in institutionalising cross-
54 sector cooperation and normalising environmental discourses in forestry.

55
56 **Keywords:** forest certification, eco-labelling, forest products, sustainable forest management,
57 Europe, impacts, Forest Stewardship Council, Program for Endorsement of Forest Certification
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61 **1. Introduction**

62 Entering an era when human activities have unprecedented impacts on the planet, sustainability has
63 never been more articulated on the global agenda. Forestry is no exception because of the vigorous
64 disturbances posed to forest landscapes. Across the globe, approximately 500,000 hectares of logged
65 forests have been converted into profitable plantations, whose monoculture has degraded the
66 resilience and regenerative capacity of forest landscapes (Harrison, 2011; PEFC Council, 2017b).
67 Europe, as a net exporter of wood products (Guan et al., 2019), plays a pivotal role in timber
68 production and heavily engages in silviculture. Historically, temperate forests in Europe had been
69 cleared for energy, agriculture and settlements, affecting over 50% of the original forest areas
70 (Dauvergne & Lister, 2010). The region is now experiencing a significant shift in species composition
71 and tree standing due to timber-production activities which undermine ecological resistance to the
72 natural disturbances (e.g., storm and frost) prevalent in temperate forests (Spiecker, 2002) and
73 endanger the survival of red-list category species (Seibold et al., 2014). The growing commercial
74 logging industry and illegal logging have also ignited disputes among indigenous people and local
75 inhabitants (Reboredo, 2013).

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77 As a consequence, sustainable forest management (SFM) has been developed as a concept to balance
78 the ecological, economic and socio-cultural values of forest resources. In the broadest sense, such an
79 ecological management approach emphasises the relationships between economies, nature, and intra-

80 and intergenerational fairness (Andersson et al., 2006; Martínez Pastur et al., 2020). SFM is streamed
81 by involved actors, enforcement and geopolitical scale (Sotirov et al., 2020). One of the prominent
82 non-state, market-driven voluntary measures guiding forest management practices at a global scale is
83 forest certification. Forest certification uses market incentives to foster ecologically responsible forest
84 management and changes in the market ecology. The most distinctive feature of voluntary
85 certification is chain of custody (CoC) in green procurement, which is identified by eco-labels on
86 forest products. Eco-labels become the instruments that alleviate information asymmetry among
87 consumers by providing classifications and identification of product sourcing and origins (Koos,
88 2011). Simply put, eco-labels make consumption “greener” by increasing awareness of their
89 underpinnings. Europe has long been practising forest certification and eco-labelling to protect forest
90 resources, with Sweden being one of the earliest European countries to adopt a set of nationally
91 adjusted standards from an independent forest certification system – the Forest Stewardship Council
92 (FSC) (Boström, 2006). Hence, a suitable question to pose might be, “In the past 20 years, what have
93 been the consequences of forest certification and its eco-labelling strategy?”

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95 Scholars often investigate the ecological impacts of certified forests on sustainability. Specific
96 attention has been paid to tree retention practices or voluntary set-asides guided by certification
97 systems since these constitute one of the key elements to regulate and safeguard biodiversity in
98 certification systems. Several studies have accounted for positive relations between retention
99 practices and biodiversity in Europe, such as minimising drastic vegetation change by supplying
100 substrates in early succession stages, which benefits species richness (Gustafsson et al., 2010;
101 Shorohova et al., 2019) due to the release of ephemeral resources (Koivula & Vanha-Majamaa, 2020).
102 However, evidence of forest landscape protection is often ambivalent. The relations between tree
103 retention level in certified forests in Finland and biodiversity have been explored by Kuuluvainen et
104 al. (2019). Retention level in the certified forest was found to be compromised for production. Thus,
105 prior research shows mixed views about the effectiveness of forest eco-labelling in providing tangible
106 ecological results. It calls attention to sorting out the environmental consequences that are scattered
107 across different regions in Europe. Recently, there have been more economic and social studies that
108 reviewed the normative impacts of forest certification in conserving other aspects of sustainability
109 and institutional effectiveness (Gulbrandsen, 2005a; Gustafsson et al., 2010; van der Ven & Cashore,
110 2018). Articulating the socio-economic processes involved in the implementation of forest eco-
111 labelling helps comprehend its potential in expanding sustainability capacity. This underscores the
112 need to collate the sustainability efforts of eco-labelling from different domains to generate a deeper
113 understanding of eco-labelling on forest products.

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115 The current study aims to provide a comprehensive review of eco-labelling of forest products by
116 collating the contributions of the major forest certification systems towards ecological, economic and
117 social sustainability. By synthesising the European experience of practising eco-labelling on forest
118 products, more insight about the potential of forest certifications could be inferred, contributing to
119 the understanding of eco-labelling future roles and values in SFM. Another goal is to propose a
120 framework to organise and analyse the impacts of eco-labelling of forest certification systems.

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125 2. Development of SFM in the European context

126 The sustained yield (SY) paradigm is the earliest forest management approach developed in Europe
127 (Wiersum, 1995). SY is a supply-oriented approach that aims to secure the largest harvest amount
128 without degrading the productivity of the stock. Optimal yield rates (i.e., allowable cut) and biological
129 rotation have been employed to transform forests into timber production systems. Its command-and-
130 control foci and perception of forest resources as economic assets have been heavily criticised for
131 altering the natural dynamics and ecological integrity of forest landscapes (Elbakidze et al., 2013).
132 Its negligence of non-timber products and a reductionist interpretation of nature were often considered
133 the cause of continued forest degradation and irreversible resource depletion. Concurrently, the
134 substantial demand for forest products has depleted forest resources more swiftly during the SY
135 period. Although most forests in Europe (e.g., Croatia, Sweden, Switzerland, Estonia and Lithuania)
136 have been primarily planned for economic production (Marx & Cuypers, 2010), the strain from over-
137 productivity and anthropocentric focus on yield might overwhelm forest health in the long run.
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139 Thus, attention has focused more on the biocentric integrative and adaptive approaches to forest
140 management. Adaptive management such as the ecosystem approach emphasises retaining natural
141 variations and respecting the limits of biophysical functioning (United Nations, 2007). Structures,
142 processes and functions should be captured when managing landscapes, where extensive knowledge
143 about the sophisticated relations existing between ecological processes and resource regeneration in
144 landscapes should be applied (Andersson et al., 2006). The biocentric approach has evolved as the
145 broad term “SFM”. SFM represents a framework that promotes the delicate balance between the
146 ecological, economic and socio-cultural considerations of forest management. The key elements of
147 SFM prioritise dynamics, regenerating power, and the balanced use of forests. To operationalise this
148 concept, criteria and indicators (C&I) have been formulated to assess forest conditions, activities,
149 policy formulation and sustainability efforts (Stupak et al., 2011). At the global level, SFM has
150 developed 7 criteria that are at the core of sustaining biologically diverse and healthy forest
151 ecosystems, long-run functionality and profitability, as well as the socio-cultural identity of forest
152 landscapes (FAO, 2015).
153

154 The first debate on SFM in Europe began in the early 1990s when ministerial conferences, such as
155 the Ministerial Conference on the Protection of Forests in Europe (MCPFE), engaged with the
156 potential of SFM to tackle forestry issues and maintain the vitality of forest ecosystems (Köhl &
157 Rametsteiner, 2009). In the second MCPFE, SFM was officially outlined in Helsinki resolution H1
158 and contextualised 6 pan-European C&I to protect regional forests. Currently, the MCPFE is branded
159 as FOREST EUROPE, a voluntary political process that strengthens intergovernmental dialogue and
160 cooperation in European forestry (FOREST EUROPE, n.d.). Thus, SFM has been successfully
161 institutionalised in regional policies and continues to mature. With the acknowledgement of SFM by
162 FOREST EUROPE state members, more tools and initiatives have been adopted to support
163 sustainable ecosystem management alongside international cooperation. For example, in 2003, the
164 EU adopted the Forest Law Enforcement, Governance and Trade Action Plan as a transnational
165 governance tool to stop illegal timber trading with other countries (Sotirov et al., 2020). Europe
166 enacted the EU Timber Regulation (known as EUTR) as a response to illegal logging and wood
167 circulation and to mitigate negative environmental impacts posed upon forest landscapes (Gavrilit et

168 al., 2016). Nevertheless, the state-led or transnational legal-binding regulation was constrained by
169 institutional challenges and negotiation with low-awareness states (Sotirov et al., 2020). Thus, other
170 pathways to achieve SFM have also been adopted in European forestry (e.g., transnational non-state-
171 led instruments and voluntary tools). At the Madrid Conference, the role of market-based instruments
172 in the green economy continued to be recognised and commended for protecting forest ecosystem
173 services among other national forest programmes and policies (FOREST EUROPE, 2015). Forest
174 certification often received the most attention in terms of its performance in protecting forest
175 resources and landscapes.

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178 **3. Forest certification and eco-labelling**

179 Forest certification is a market-based instrument that protects forests by differentiating forest products
180 with desirable sustainable management from other competitive goods. Such differentiation is
181 achieved by third-party certification, where a third party assesses whether a management unit
182 complies with the standards (Marx & Cuypers, 2010). Its independence from state actors is also the
183 major source of authority and legitimacy to its audience. A team of biologists, foresters and experts
184 from a third-party certifying body complete the assessments by conducting a series of field
185 inspections at the forest unit and consultations with local communities (Auld et al., 2008). Assessment
186 principles mirror the vision of SFM and target environmental impact, economic viability and benefits
187 to social communities. The certification body provides written assurance and accreditation to certify
188 that a product and its production process abide by the standards. If a non-conformance is spotted, the
189 third-party certifying body will inform forest managers or producers about the modification needed
190 to comply with standards (Darnall et al., 2018).

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192 The market-based nature of forest certification is unique because it provides economic incentives for
193 multiple stakeholders in industries to voluntarily produce and obtain forest products that fulfil higher
194 environmental standards. The certificate intends to provide a competitive edge, or space, for
195 bargaining price premiums on the market where responsibly sourced products are in demand (Lewin
196 et al., 2019). Forest certification is believed to be a powerful tool because it creates demands along
197 the chain of production and recruits more producers for adopting certification (Boström, 2006). It is
198 thus an information-based system that allows both consumers and businesses to distinguish and
199 purchase forest products from producers and owners that comply with higher environmental
200 standards. In short, forest certification scrutinises owners' and producers' practices and informs
201 consumers about product origins for how to make environmentally responsible and sustainable
202 choices.

203

204 Introduced in 1993, the FSC is the pioneering certification system that has served as a model for most
205 other systems (Hall, 2020). Other competing systems with varied target regions and policy scales
206 arose to challenge the prominence of the FSC; one of which is the Program for Endorsement of Forest
207 Certification (PEFC), originally titled as Pan-European Forest Certification in 1998. The FSC and
208 PEFC are by far the leading and most widespread certification systems, accounting for over 8.3% of
209 world forests in the 2000s (Stupak et al., 2011). PEFC is an umbrella system that endorses different
210 national forest certification schemes to form an alliance of certification systems. While the FSC

211 upholds a set of standards that apply to the international community, the PEFC focuses on forestry
212 standards at a national level. Although the two systems are distinct in their target audience and
213 framework, they consist of similar components (Cadman et al., 2015). In general, there are three
214 inseparable components involved in certification systems: *forest certification*, *CoC*, and *eco-*
215 *labelling*. Forest certification pinpoints the code of practices of forest managers. Their forest
216 management systems and field operations are examined and audited by an independent certification
217 body to verify that the products from the forest unit fit the standards. On the other hand, CoC functions
218 as a bridge between forest certification and the market. CoC tracks the origins of materials used along
219 the supply chain to ensure that products originate from certified forests. This leads to the eco-labelling
220 step, which benchmarks whether a product is derived from certified forests and adheres to CoC
221 guidelines. While eco-labelling commonly exists in the form of a logo, it is also represented as
222 multiple labels that specify the percentage content of certified material or informative text (Wingate
223 & McFarlane, 2005). Eco-labelling is an information-based tool that targets consumers of forest
224 products and hints at the sourcing of products. It also reminds consumers to exercise their economic
225 power to change the market ecology.

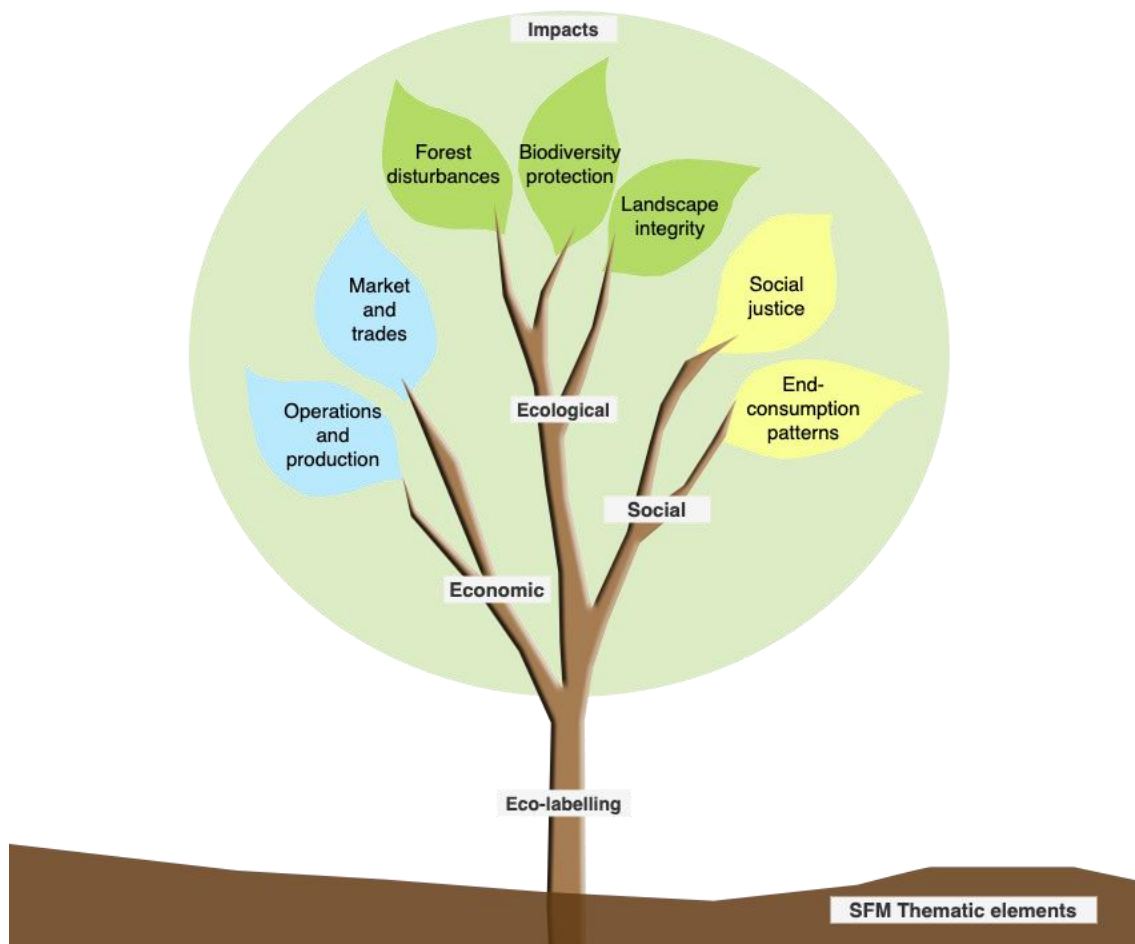
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227 These two prevailing eco-labels are usually examined with regard to their C&I and standards. Clark
228 and Kozar (2011) conducted a meta-analysis to compare how well the FSC or PEFC systems had
229 served the purpose of SFM. FSC outperformed a PEFC-endorsed scheme (i.e., Sustainable Forestry
230 Initiative) in most ecological, social and economic indicators, while under par performance was found
231 for stakeholder participation and credibility. Major forest certification systems in Europe and North
232 America have also been compared extensively for their regulatory frameworks, prescriptiveness, CoC
233 flows and differentiation of different wood materials (Garzon et al., 2020; Wingate & McFarlane,
234 2005). Thus, a comprehensive investigation of the regulatory frameworks and written protocols of
235 forest certification contributed to the understanding of law enactment and on-paper forest protection.
236 Nevertheless, these analyses call for further study on the actual effects and on-the-ground
237 performances of forest certification to determine whether the standards were sufficient to achieve
238 SFM goals (Clark & Kozar, 2011). More field studies and thematic reviews were conducted in the
239 past two decades with a broad focus on sustainability. For instance, ecological studies specifically
240 concentrated on retention level, tree cover and species abundance in Northern Europe (Gustafsson et
241 al., 2010; Kuuluvainen et al., 2019; Shorohova et al., 2019). These ecological studies often show a
242 mix of evidence about the effectiveness of forest certification, specifically regarding retention level
243 and whether deforestation could be halted. Economic studies about eco-labelling shed light on the
244 motivation for certification adoption, different firm-level interactions and global market shares, often
245 debating over the issue of profitability and trade volumes (Trishkin et al., 2014). Social studies, on
246 the other hand, investigated the role of states, trust for third-party certification (Darnall et al., 2018),
247 influences on political or legal institutions (Cashorea et al., 2003) and forestry conflicts among
248 multiple stakeholders in forest management (Overdeest, 2009). These field studies and reviews often
249 covered a wide array of themes which were packed with useful clues about the effectiveness of three-
250 pillared sustainability. They are, however, scattered according to study areas and the outcome
251 variables covered (van der Ven & Cashore, 2018). To understand the effects produced by eco-
252 labelling, the diverging evidence needs to be collated and re-organised to portray a holistic picture of
253 eco-labelling. Therefore, the current study aims to provide an organised conceptual framework to
254 structure and analyse the effects brought on by eco-labelling.

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4. Research framework and methodology

258 This study employed a qualitative literature review approach to synthesise existing findings of the
259 impacts of major forest certification systems (i.e., FSC and PEFC) in Europe presented in peer-
260 reviewed journal articles and grey literature. Grey literature refers to any technical assessment reports
261 and organisation publications from public agencies. Such an approach was adopted because of the
262 large variation in effect size and disciplinary focus of existing literature, where qualitative thematic
263 analysis would be more advantageous in synthesising the state of the art in forest eco-labelling
264 (Snyder, 2019). Moreover, a conceptual framework was proposed to collect and organise knowledge
265 and analyse findings of the impacts of forest eco-labelling (Fig. 1). The framework conceptualises
266 eco-labelling as a tool rooted in and developed from the themes of SFM. The impacts of eco-labelling
267 are underpinned by three pillars, which branch out as **social**, **ecological**, and **economic** dimensions
268 and their corresponding sub-themes. The three pillars serve as the skeleton of the framework to
269 capture the effects of eco-labelling. The sub-themes are attributable themes that refer to the effects of
270 implementing eco-labelling (Cubbage et al., 2010). The sub-themes also break down the dimensions
271 into specific items that help lay out the effects of forest labels. This conceptual framework does not
272 aim to critique or compare the effectiveness of major forest certification systems but rather constitutes
273 a structured method to disentangle the changes driven by eco-labelling and infers implications for
274 future practices.



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Fig. 1 Conceptual framework for organising and analysing the impacts of eco-labelling on forest products.

278 Regarding the **social dimension**, the sub-themes cover *social justice* and *end-consumption patterns*.
279 One of the roles of forest certification is to promote socially beneficial forest management practices.
280 This implies that local inhabitants and society should be able to gain forest benefits when they commit
281 to long-term forest management (Auld et al., 2008). Thus, it is necessary to investigate issues related
282 to equity in forest management. Pinto and McDermott (2013) developed a framework containing four
283 parameters to assess equity among certification stakeholders. Specifically, content of equity
284 suggested by Pinto and McDermott (2013) is adopted in this study as it facilitates the exploration of
285 the existing social benefits in decision making and the share of power. Hence, the current framework
286 incorporates the concept of equity under the sub-theme *social justice*, which covers participation
287 (Tsanga et al., 2014) and a range of rights for vulnerable groups, such as labour and indigenous
288 people. Apart from equity, this framework adds the discourse on social awareness towards forestry.
289 One of the intentions of eco-labelling is to communicate environmental information about forest
290 products to consumers so as to change forestry practices. End-consumption decisions and patterns
291 provide information about social awareness and intentions in forest protection. To understand whether
292 this intention has a social impact, purchasing habits and consumers' consciousness about forestry
293 practices should then be examined. Thus, the social dimension mainly focuses on equity and end-
294 consumption patterns.

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296 Under the **ecological dimension**, sub-themes include *forest disturbances*, *biodiversity protection* and
297 *landscape integrity*. Both the FSC and PEFC systems target environmental values, conservation and
298 ecosystem vitality as their core principles in guiding forest management units. Thus, the three sub-
299 themes tap into ecosystem indicators related to wood mass, diversity and landscape ecology that help
300 capture a myriad of effects on forest health (Trumbore et al., 2015). The first sub-theme is *forest*
301 *disturbances*. According to the evaluative framework proposed by Tikina and Innes (2008), problem-
302 solving can be seen as an important indicator of effectiveness. Given that forest certification intends
303 to address forest degradation at a regional and global level, how certification systems have monitored
304 or checked against forest degradation uncovers their contribution to forest health protection. Thus,
305 this framework considers a series of indicators of forest health (e.g., tree cover, zonation, tree standing
306 size, and soil and water condition) to investigate whether eco-labelling could impact on managing
307 forest landscape risks and slacken deterioration from logging, clear-cutting or other silvicultural
308 activities. In addition, *biodiversity protection* emphasises species diversity in forest landscapes.
309 Studies have shown that forest management practices under certification interact closely with
310 biodiversity (Eriksson & Lindhagen, 2001). Wood debris, tree types, tree standing sizes and ages in
311 the post-logging period are interrelated with the survival of endangered species. Therefore, the
312 survival of endangered species and tree species at production sites becomes the key concern in this
313 sub-theme, which also reveals potential influences on ecosystem services in forests. *Landscape*
314 *integrity* is another sub-theme that investigates the functional connectivity and spatial configuration
315 of habitats (Angelstam et al., 2001), which are prerequisites for species survivability. Habitat loss
316 results in landscape patchiness and fragmentation, which increase the risk of local species extinction
317 after exceeding thresholds (Angelstam et al., 2001). This sub-theme is thus closely related to species
318 populations, biodiversity and forest disturbances. Therefore, investigating landscape functionality
319 helps understand forest health and biodiversity protection under eco-labelling.

320
321 For the **economic dimension**, both the FSC and PEFC systems accentuate the productive functions
322 and economic viability of forests and management planning. Economic viability means that profits

323 are generated without limiting forest resources, ecosystems and communities (Pinto & McDermott,
324 2013). Thus, the sub-themes encompass *operations and production* and *market and trades*.
325 *Operations and production* examine corporate management practices and attitudes towards SFM
326 among management units and producers. Producers' recall of management practices is considered a
327 market-related element as it reflects the climate in the sector and subsequently its influences on timber
328 production procedures. Furthermore, part of the certification mechanism is that producers will change
329 their practices to meet the certification standards if they receive price premiums after becoming
330 accredited. Thus, internal management and field practices reflect the intended impacts of eco-
331 labelling. Not only is the behavioural effectiveness of producers and operators worth attention (Tikina
332 & Innes, 2008), but their mindset also implies indirect impacts and changes that might contribute to
333 sustainable forestry practices. Producers' attitudes influence how production and procurement are
334 modelled and practised (Jakobsson et al., 2021). Both the behavioural and attitudinal change of
335 producers might normalise a new market ecology and corporate culture. Therefore, changes in
336 producers' attitudes and operations were accounted for in the current framework to analyse the
337 economic impacts of eco-labelling. For the sub-theme *market and trades*, price premiums, production
338 costs and trade volume flows generated by eco-labelling are indicators of the economic viability of
339 eco-labelling. Costs of forest certification refer to both direct and indirect costs. The former includes
340 payment for accreditation and internal and external auditing, whereas the latter covers the costs of
341 changing operational forest practices based on standards (Van Deusen et al., 2010). These indicators
342 reflect the external effects of eco-labelling on economic performance as well as on the profitability
343 resulting from eco-labelling.

344
345 In short, the conceptual framework considers a wide range of sub-themes under social, economic, and
346 ecological sustainability to maximise the angles taken to capture the effects and outcomes of eco-
347 labelling. The following keywords (i.e., search terms) derived from the conceptual framework were
348 shuffled and employed to gather relevant literature through database searches in SpringerOpen,
349 ScienceDirect, MDPI, Wiley Online Library and Google Scholar:

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351 "Forest certification" AND "impacts" OR "effects"
352 "eco-labelling" AND "forest"
353 "forest certification" AND "Europe" OR "EU"
354 "ecological" OR "social" OR "economic" AND "impacts" AND "forest certification"
355 "biodiversity" OR "degradation" OR "landscape integrity" OR "forest certification"
356 "Indigenous rights" OR "equity" OR "consumption" OR "willingness to pay"
357 "costs" OR "producers" OR "market" OR "procurement" OR "certified wood product"

358
359 The choice of materials was based on their research quality and relevance to forest certification and
360 eco-labelling. To filter and solicit appropriate literature for the data analysis, a set of reflective criteria
361 targeted (i) research objectives of the literature; (ii) authority and trustworthiness of the literature;
362 and (iii) a specific time frame. Criterion (i) ensured that literature must be relevant to forest
363 certification systems (FSC and/or PEFC) and the search terms. The focus areas in the literature must
364 be either located in or involving Europe. For generating a more holistic understanding of the impacts
365 created by the eco-labelling strategy, the focussed effects in the literature could be direct or indirect
366 outcomes of forest certification (van der Ven & Cashore, 2018). For instance, tree cover change in
367 certified forests is considered the direct impact of certification systems because the changes stem

368 from altered practices. On the contrary, indirect impacts refer to the far-reaching changes pertaining
 369 to the implementation of forest certification, e.g., opening up dialogues about workers' rights or forest
 370 policies (van der Ven et al., 2017; van der Ven & Cashore, 2018). While criterion (ii) mainly
 371 concerned the status of publication and authority of the publisher (e.g., peer-reviewed or grey
 372 literature), criterion (iii) narrowed the scope of publication to the 2000-2021 time frame, which
 373 covered most of the momentum when European countries implemented either the FSC or PEFC
 374 system.

375

376 5. Results

377 A total of 41 papers matched the selection criteria and were collected for analysis. Direct and indirect
 378 research was combined to discuss the impacts of the two forest certification systems (Table 1).
 379 European countries covered in the materials were spread across the European continent, e.g., ranging
 380 from Russia, the Czech Republic to Italy and Sweden (See Appendix A). The literature was examined
 381 and analysed by applying the proposed framework (Fig. 1). Three sets of literature contained
 382 compliance reports from the PEFC, which were considered grey literature. Rather than compare the
 383 superiority between the systems, this study's objective was to collate the existing evidence observed
 384 across different European countries and certification systems and to assist the investigation of the
 385 potential of eco-labelling.

386

387 Table 1. Overview of the changes in ecological, social, and economic impacts induced by forest
 388 certification systems in solicited literature.

Dimension	Sub-themes	Outcomes	FSC	PEFC	Literature support [#]
Social	Social justice	Customary rights for local communities and indigenous populations	+/-	-	Gulbrandsen (2005b) Hain and Ahas (2007) Keskitalo et al. (2009) Malovrh et al. (2019) PEFC Council (2015, 2016, 2017a) Tysiachniouk et al. (2021)
		Working conditions for forest workers	-	-	Hain and Ahas (2007) Hain and Ahas (2011) Mikulková et al. (2015)
	End-consumption patterns	End-consumer behaviours and awareness	+/-	+/-	Aguilar and Cai (2010) Darnall et al. (2018) Holopainen et al. (2017) Petrescu et al. (2020)
Economic	Operations and production	Management practices, operations, and environmental attitudes	+/-	+/-	Galati et al. (2017) Hain and Ahas (2007) Johansson and Lidestav (2011) Paletto and Notaro (2018) Paluš et al. (2018) Paluš et al. (2021) Petrescu et al. (2020)

	Market and trades	Market penetration and competitiveness	+	+	Auld et al. (2008) Chen et al. (2020) Gulbrandsen (2005a) Gulbrandsen (2006) Halalisan et al. (2019) Owari et al. (2006) Paluš et al. (2017) Paluš et al. (2018) Savcor Indufor Oy (2005) Zubizarreta et al. (2021)
		Production costs, trade volumes and profitability	+/-	+/-	Fernholz and Kraxner (2012) Galati et al. (2017) Gomez-Zamalloa et al. (2011) Gulbrandsen (2006) Gullison (2003) Michal et al. (2019) Paletto and Notaro (2018) Paluš et al. (2017) Paluš et al. (2018) Petrescu et al. (2020) Savcor Indufor Oy (2005)
Ecological	Forest disturbances	Soil erosion, chemical use, illegal logging	+	+	Auld et al. (2008) Blumröder et al. (2020) Dias et al. (2015) Hain and Ahas (2007) Halalisan et al. (2019) Sverdrup-Thygeson et al. (2008)
	Biodiversity protection	Biodiversity (e.g., deadwood, stands, biomass, species abundance)	+/-	()	Blumroeder et al. (2019) Elbakidze et al. (2011) Elbakidze et al. (2016) Johansson and Lidestav (2011) Kuuluvainen et al. (2019) Simonsson et al. (2016) Sverdrup-Thygeson et al. (2008)
	Landscape integrity	Connectivity, habitat fragmentation, functionality	-	-	Blumroeder et al. (2019) Johansson and Lidestav (2011) Villalobos et al. (2018)

+: positive changes; -: negative changes; +/-: mixed evidence; (): lack of relevant literature support.

#Literature might repeat because of its multiple study objectives.

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396 **5.1 Social dimension**

397 **5.1.1 Social Justice**

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399 Eco-labelling helped enact a comprehensive legal framework to protect the customary rights of
400 different social groups, especially in the case of the FSC system. The formulation of operational
401 standards and explicit emphasis on the role of indigenous communities strengthened the significance
402 and voice of this community under the FSC system. Principles 3 and 4 were dedicated to the rights
403 of indigenous people and local communities in forest management. Principle 3 specifically stated that
404 indigenous communities have the right to own, use, and manage their territories and resources.
405 Detailed criteria were also set accordingly to operationalise the concept in the industry. Indeed, some
406 protection of local and indigenous rights was observed. Before the increasing prescriptiveness of the
407 international policy Free Prior and Informed Consent (FPIC) on the FSC, the established FSC
408 guidelines arrangement had effectively enhanced indigenous rights by (i) a broader definition of
409 indigeneity (i.e., self-identification); (ii) the requirement of consensus from indigenous and local
410 communities in forest management; and (iii) the normalisation of negotiations among the Social,
411 Economic and Environmental chambers in Russia (Keskitalo et al., 2009; Tysiachniouk et al., 2021).
412 Similarly, the Swedish FSC standards marked the Sami minority people's grazing areas as concession
413 areas and increased consultation opportunities to protect their reindeer herding rights (Keskitalo et
414 al., 2009). The customary rights of indigenous communities were recognised and articulated in the
415 FSC system. As for the PEFC system, indigenous rights were not made as explicit as in the FSC
416 system. Yet, stakeholder engagement and consensus were highlighted in standard-setting procedures.
417 To promote procedural justice, the PEFC certification system clearly stated that stakeholders are to
418 be mapped according to the UN definition, where indigenous communities must be included before
419 proceeding to any standard-setting activities (PEFC Council, 2017b). This represented a big leap
420 forward in acknowledging the stake of indigenous communities in this system as compared to the
421 earlier decade of implementation of the PEFC. The comprehensive rules and regulations recognised
422 and included indigenous communities, which signified the normative and regulative impacts of eco-
423 labelling.

424

425 Nonetheless, there was a lack of actual empowerment of indigenous communities. Despite the
426 comprehensive regulations enacted for customary rights protection, its stringency evaporated in
427 implementation. In recent years, several compliance assessments from the PEFC system highlighted
428 a repeated pattern of non-conformities related to representativeness in standard-setting procedures
429 across Sweden, Norway and Hungary. Similarly, forest units in these areas failed to invite
430 stakeholders to standard-setting activities. For example, the Sami people, social NGOs and scientific
431 organisations in Sweden were not present at the procedures (PEFC Council, 2015, 2016, 2017a). This
432 acted against the principle of the PEFC system because it should have highlighted stakeholder
433 engagement and transparency in forest management. Another study that compared private
434 certification systems also echoed the condition where stakeholders were overlooked in most
435 procedures (Gulbrandsen, 2005b). It further explained that consultations in the PEFC still taking place
436 exclusively among forest owners undermine the empowerment of indigenous and local communities
437 in decision making (i.e., hindering procedural justice). In short, the regulations in the PEFC were
438 insufficient to ensure the actual participation of indigenous and local communities. For the FSC

439 system, despite a better legal foundation for customary rights protection, the increasingly stringent
440 rules under the FPIC ironically narrowed the definition of indigeneity, which reduced the coverage
441 of communities protected under the FSC principles (Tysiachniouk et al., 2021). Another study in
442 Estonia also reported similar exclusion and communication problems with representatives in Tallinn,
443 as well as insignificant benefits offered to indigenous/local communities (Hain & Ahas, 2007). The
444 exclusion of indigenous rights was also applicable to other regions. A study of 4 southeast European
445 countries demonstrated that “P4 Community relations and workers’ rights” showed the highest
446 proportion (32.4%) of non-compliance, with a majority violating “Criterion 4.2 protection of
447 customary rights” (Malovrh et al., 2019). These findings showed that genuine empowerment of
448 minority groups in forest management might still be a challenge.
449

450 Furthermore, the workers’ rights studies, which are scant in number, noted a lack of increasing
451 recognition of labour rights in both certification systems. Eco-labelling had little to no effect on
452 protecting workers’ rights. Despite a significant improvement in workplace safety in an Estonian FSC
453 case study (Hain & Ahas, 2007), no noticeable post-certification improvement in workers’ welfare
454 has been commonly highlighted in recent research. For instance, out of the 156 certificate holders
455 surveyed in the Czech Republic, none had reported effects of the PEFC system on the social area
456 (Mikulková et al., 2015). Shockingly, 0 respondents reported improvement in the social area and
457 working environment as the real benefit of the PEFC system. This was further underpinned by a high
458 share of non-compliance in Criterion 1 and Criterion 4 (i.e., communication and worker safety) in a
459 nationwide study that investigated FSC audit reports from 32 countries (Hain & Ahas, 2011). Also,
460 local unemployment was not considered as a side-effect of the increased costs from CoC and forest
461 certification (Hain & Ahas, 2007).
462

463 **5.1.2 End-consumption patterns** 464

465 The public’s opinion of eco-labelling was positive and their willingness to purchase eco-labelled
466 products increased. The research conjointly analysed the US and UK, pointing out that consumers
467 preferred wood products with eco-labels 3.9 to 15.6 times more than non-eco-labelled products
468 (Aguilar & Cai, 2010). The recognition of label meaning affected the final decision and consumer
469 preference. The fact that the adoption of forest certification was a response to market demand
470 indirectly signified an increased environmental sensitivity in consumer markets (Petrescu et al., 2020).
471 Another study in England reported that the FSC label would alter consumers’ in-store decisions
472 because the environmental information provided was considered legitimate and trustworthy (Darnall
473 et al., 2018). Interestingly, when a business was distrusted to provide credible environmental
474 information, consumers in England were 15% more inclined to buy products that carried the FSC
475 label. In other words, these labels displayed a high potential of becoming credibility icons of
476 sustainably sourced products and a determinant of consumption choices.
477

478 Despite the signs of increased consumption of certified products, studies also highlighted that
479 consumers might not have paid much attention to certification attributes of the products per se. The
480 decision-making process was heavily dependent on product prices, product origin, product quality
481 and loyalty to the brand. An experiment analysis that simulated scenarios with different combinations
482 of attributes showed that forest certification only contributed 13.7% to decking material choice while
483 material and price mattered the most in affecting purchase choice (Holopainen et al., 2017).

484 Interestingly, consumers who preferred PEFC products prioritised price, whereas those who looked
485 for FSC products valued material. Aguilar and Cai (2010) further highlighted that consumers were
486 more willing to purchase labelled forest products if the base price was relatively low. As a result,
487 whether eco-labelling fostered environmental communication and awareness remains an unsolved
488 issue. Furthermore, increased willingness to buy certified forest products was observed in companies
489 that already have a higher level of environmental awareness, raising the concern of “preaching to the
490 choir” (Petrescu et al., 2020). The Nordic study also informed that market sensitivity is more
491 predominant in business-to-business trade instead of end-consumption markets (Holopainen et al.,
492 2015). Therefore, the actual effect on enhancing environmental awareness and communication with
493 end-consumers about SFM might be rather ambiguous. Another point to note is that most
494 consumption literature of labelled forest products employed choice analysis or modelling to
495 investigate the willingness-to-pay for eco-labelled wood products. It was an estimation rather than an
496 actual relation between eco-label and purchase habit. Thus, findings and remarks about consumers’
497 environmental awareness and behaviours were more anticipatory and implicative.

498

499 **5.2 Economic dimension**

500

501 **5.2.1 Operations and production**

502

503 The attitudes of producers and forest owners towards eco-labelling were positive in the studies
504 collected. An in-depth understanding of SFM concepts and principles in corresponding forest
505 certification systems was highlighted by studies in Eastern Europe. Most of the literature investigated
506 producers’ understanding of SFM and the requirements from corresponding certification systems to
507 unpack their environmental awareness. Double-certified and PEFC-certified firms in Slovakia had a
508 better understanding of SFM concepts and perceived the impacts of forest certification more
509 positively compared to firms solely certified by the FSC system (Paluš et al., 2018). Such a pattern
510 continued in the newly conducted survey-based study in Slovakia, such that the level of understanding
511 of the SFM concept among the certified forest owners remained high, with better performance among
512 managers and owners of larger forest areas (Paluš et al., 2021). Such differences in understanding
513 might stem from the relatively proactive promotional strategies and communication in the PEFC
514 system. In the case of Estonia, staff and contractors also acknowledged that enhanced environmental
515 awareness was the main impact of the FSC certification system on local forestry. Noticeably, the
516 senior management level became more environmentally educated after participating in FSC
517 certification, which increased participation at different internal policy levels (Hain & Ahas, 2007).
518 Similar acknowledgement of SFM concepts was reported in Italian firms as well (Paletto & Notaro,
519 2018). Yet, the literature highlighted that the motivation behind adopting certification and making
520 corresponding changes was more likely the result of market response to consumers’ demand and
521 needs (Petrescu et al., 2020). Thus, whether forest certification impacted the sense of environmental
522 responsibility and awareness in the industry was ambiguous, despite the upward trend in certification
523 adoption.

524

525 Some changes were also spotted in management and production practices amid the increasing
526 adoption of eco-labelling. In general, management practices received more attention and
527 improvement effort. A study surveyed 500 forest-based companies in 20 Italian regions about their
528 perceived effects of the FSC system. An absolute majority (94.2%) of respondents reflected that

529 ample training was required of employees before allowing them to manage internal processes and
530 procedures (Galati et al., 2017). Fifty percent of the respondents expressed that they would hire
531 external consultants to ensure adherence to FSC standards if internal training was unavailable. The
532 stringent training provided to workers implied a fundamental change in production and operations
533 (e.g., learning more about regulations, mechanisms and documentation). Apart from increased
534 training, record-keeping and awareness of biodiversity protection were enhanced with the FSC
535 system. The Italian case demonstrated the potential of certification systems in pressuring firms and
536 owners to change their production practices and model. Also, the owners in Slovakia perceived both
537 the PEFC and FSC systems positively in terms of improvement in management practices (Paluš et
538 al., 2018). Regular reviews of logging rules, drafting protection measures and inventory monitoring
539 were conducted, as compared to being almost non-existent before the Estonian firm became FSC-
540 certified (Hain & Ahas, 2007). Owners from FSC-certified firms in Sweden stated that environmental
541 considerations were taken into account when planning silvicultural activities, e.g., leaving potential
542 trees and deadwood and establishing set-aside areas (Johansson & Lidestav, 2011). The experiences
543 in Eastern, Southern and Northern Europe highlighted a change in environmental attitude, which
544 heightened environmental sensitivity in firm operations and production procedures. Thus, eco-
545 labelling was to some degree impactful on corporate culture, especially in its organisational and
546 timber production practices.

547

548 **5.2.2 Market and trades**

549

550 Market competitiveness was the most recognised positive outcome in the literature. Eco-labelled
551 products are highly competitive, especially in environmentally sensitive markets. Forest certification
552 improves the green quality level of products and the credibility of product sourcing, which create a
553 competitive edge for certified products on the global market (Chen et al., 2020). A study focussing
554 on three Nordic countries also showed enhanced timber quality and quantity after improved
555 management (Savcor Indufor Oy, 2005). Quality improvement was mostly a result of upgrading
556 timber production methods and communication. Apart from better product quality, research
557 conducted in Italy, Romania, the Czech Republic, Finland and Slovakia reported improved corporate
558 image and competitiveness as the most significant economic impacts of forest certification (Halalisan
559 et al., 2019; Mikulková et al., 2015; Owari et al., 2006; Paluš et al., 2017; Paluš et al., 2018).
560 Producers agreed on market penetration and the competitive edge in maintaining market share.
561 Indeed, producers rated signalling and market mechanism as the most important drivers in getting
562 eco-labelled (Galati et al., 2017; Halalisan et al., 2019; Paluš et al., 2017; Zubizarreta et al., 2021).
563 These two motivational mechanisms concern the benefits of exhibiting corporate effort in achieving
564 higher environmental standards to consumers and the economic interests of corporates, respectively.
565 This implies that the obtainment of eco-labels and accreditation provide market competitiveness to
566 forest firms.

567

568 Eco-labelling also created impacts by changing market ecology and normalising itself as a credible
569 icon. The market segment perceived forest certification systems as a credible icon in verifying and
570 providing information about the origin of materials thanks to third-party verification. Exporters to
571 Europe claimed that accreditation from the FSC has become a prerequisite for most European forest
572 market access (Auld et al., 2008). This implies that eco-labelling has established itself as a benchmark
573 for sustainability and market requirements. Indeed, multi-lateral institutions also recognised and

574 emphasised certified forest products to a greater degree. For instance, governments in the UK, the
575 Netherlands, Denmark, Germany, and France required or prioritised the FSC certification system or
576 certified timber and forest products (Gulbrandsen, 2006), increasing the market influence of eco-
577 labelled products. Market pressure translated the FSC system into a competitive advantage for forest
578 companies, making it a novel and widely recognised business performance indicator. In this way,
579 producers whose products become eco-labelled can expand and penetrate new markets more easily,
580 thus changing market ecology. In addition, forest certification also fostered new supply chain support.
581 For instance, influential brands in Sweden, e.g., IKEA Sweden, which are heavily involved in the
582 FSC certification system, established a close communication network with environmentally
583 concerned importers in Germany and the UK (Gulbrandsen, 2005a). Eco-labelled forest products thus
584 created new market pressure and potential partnership networks, generating momentum in market
585 access and expansion.

586

587 As for trades, procurement of certified wood products showed positive outcomes in a survey study
588 (Paluš et al., 2017). A significant majority (over 50%) of respondents purchased certified products
589 from forest owners' wood manufacturers in the Czech and Slovak Republics (Paluš et al., 2017).
590 Furthermore, spurred by the buyers' group network, FSC-certified forest products account for 16%
591 of total British wood consumption (Gulbrandsen, 2006), while certified wood products contributed
592 to about 30% of the sales revenue in the Czech Republic and Slovakia (Paluš et al., 2017). As the
593 market segment became increasingly reliant on certification-labelled wood products, about one-third
594 of respondents were willing to pay price premiums to buy certified wooden planks (Paletto & Notaro,
595 2018; Petrescu et al., 2020). In contrast, another Romanian study that surveyed 214 companies
596 showed an increased willingness to replace conventional products with FSC products only if prices
597 were reasonable (Petrescu et al., 2020). While the FSC certification system took around 26.5% of the
598 market share in global forest products, Europe contributed up to 12.7% of the proportion of total
599 roundwood from certified forests in 2012 (Fernholz & Kraxner, 2012) compared to 5% of the market
600 share of certified forests products in 2002 (Gullison, 2003). There was an overall sign of increased
601 trade volume of certified products in the European and global context.

602

603 Nonetheless, the actual economic return seemed dimmer when the price premiums were not as
604 significant as expected. Studies on the economic impacts of forest certification prevalently pointed
605 out an inevitable increase in production costs after certification. In the study investigating the Czech
606 and Slovak Republics, extra costs after forest certification stood at nearly 50% (Paluš et al., 2017),
607 which was a similar concern in another study in the Czech Republic (Michal et al., 2019). Short-term
608 profitability was not as respectable as expected. Though sales and trade volume in Romania increased
609 after getting eco-labelled, the premium was not economically significant (Halalisan et al., 2019). This
610 finding again echoes the study of Paluš et al. (2017) where an astounding majority stated that no
611 premiums were generated from selling certified products because buyers perceived certified products
612 to be overpriced. The case of the Czech and Slovak Republics applies to the wider European context
613 as well. A study that surveyed industry experts from EU27 showed small price differences between
614 certified and non-certified products, undermining the obtainment of premiums despite increased
615 production costs (Gomez-Zamalloa et al., 2011). The profitability from obtaining eco-labels seemed
616 skeptical. The Finnish study indicated that an increasingly higher number of competitors were able
617 to supply certified products locally and across the borders, which increased competition and made
618 securing price premiums difficult (Owari et al., 2006).

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Indeed, Galati et al. (2017) revealed that the high costs were partly compensated by new partnerships established in the supply chain network instead of by the increment in the sale price of certified products. The green premiums from selling certified products were intended to be the biggest selling point and compensation of the indirect costs from management corrections or upgrades. Some owners and producers were thus skeptical and hesitant about the economic return of eco-labelling. Nonetheless, the scale determines whether long-run profitability will be affected. The costs due to changed management training were indeed more fixed, whereas unit costs might be reduced as more areas become certified (Savcor Indufor Oy, 2005). Also of note is that the scale of the company affects affordability (Paluš et al., 2018). The additional cost of certification might be burdensome to some companies. Yet, when the scale is enlarged, the interpretation of economic return and profitability may completely change. Given that the collected literature from Eastern Europe predominantly includes small-to-medium private firms, the conclusion of the marginal return may be highly variable, and profitability from forest certification could either be underestimated or overestimated.

5.3 Ecological dimension

5.3.1 Forest disturbances

In an attempt to halt disturbances posed to forest landscapes, eco-labelling lowered the frequency of disturbance-causing practices at the remedial level and zoned set-aside areas as a preventive measure. Felling-free periods were emphasised with forest certification, which reduced disturbances posed to fauna. A case study in Estonia demonstrated that the FSC certification system had catalysed the cancellation of felling works during spring and the suspension of amelioration networks in forests (Hain & Ahas, 2007). At the same time, assessments were carried out when renewing the existing drainage system and a new drainage system was banned from national forests as a result of forest certification. Disturbances from felling and related activities were minimised. Indeed, the audits required by eco-labelling specifically addressed concepts such as natural regeneration, reduced-impact harvesting and the use of chemicals (Auld et al., 2008). The reduction of chemical use, such as fertilisers and pesticides, was also frequently reported in other studies about the effectiveness of eco-labelling (Hain & Ahas, 2007; Halalisan et al., 2019). In other words, eco-labelling was able to reduce the frequency and abundance of disturbances present in some forest landscapes, which are often the major source of forest degradation. Moreover, forest certification systems specifically drafted step-by-step guidelines on the zonation of set-aside areas to restore or prevent areas from suffering disturbances caused by silvicultural activities. More buffer zones in swamp forests were set up and observed after certification, where large trees in only 29% of the buffer areas had been removed compared to 43% in the pre-certification period (Sverdrup-Thygeson et al., 2008). Similar practices were implemented in some regions in Portugal, and signs of habitat restoration were also detected in studies in Mediterranean streams possibly owing to the removal of ecological disturbances under certification (Dias et al., 2015). In sum, the FSC certification system helps reduce disturbances introduced in productive forest areas and contributes to biodiversity and habitat restoration to some extent.

However, there is also a flip side to the ecological protection provided by eco-labelling. A more recent study in Russia demonstrated that clear-cut areas did not reduce in size after FSC certification in

664 Russian forests, with up to 97% of investigated areas still in complete clearance (Blumröder et al.,
665 2020). This indicates that forest areas were still heavily affected by the negative consequences derived
666 from any logging and silvicultural activities (e.g., soil erosion, noise disturbance, loss of habitat). In
667 addition, skid trail density had not been reduced in clear-cut forest areas. Such a high density of skid
668 trails severely impacted the soil of the forest floor, especially the top-most layer (Blumröder et al.,
669 2020). Damage to coarse logs during logging after certification is still trending upward, causing
670 damage to decaying logs and terrain in Norway (Sverdrup-Thygeson et al., 2008). Concomitantly,
671 disturbances from off-road transport trails or the use of clear-felling affected 79% of certified areas.
672 Final felling was twice as frequent in certified forests as in non-certified forests. As a side note, the
673 ecological literature which covers the PEFC certification system was scant. Compared to the PEFC
674 system, the FSC system has a more comprehensive archive of Corrective Action Requests; thus, more
675 existing literature was able to develop their work based on those available data (Visseren-Hamakers
676 & Pattberg, 2013). Given that the PEFC certification system is different from the FSC system in terms
677 of policy scale and target forest firms, insufficient findings related to the PEFC system may have
678 affected the overall interpretation of the ecological dimension.

679

680 **5.3.2 Landscape structure and biodiversity protection**

681

682 Some degree of positive impact on landscape functionality could be observed in certified forests
683 across Northern Europe. A study in Sweden and another comparative study conducted by Sweden
684 and Northwest Russia both highlighted that voluntary set-aside forests under forest certification
685 enhanced structural diversity (Elbakidze et al., 2011; Simonsson et al., 2016). Nevertheless, the
686 spatial scale used (e.g., edge width) significantly affected landscape pattern interpretation. Another
687 study conducted by Johansson and Lidestav (2011) reported some evidence of biodiversity
688 improvement in certified forests. The volume of deadwood increased in Swedish regions and an
689 increasing number of old broad-leaved trees was found in small-scale certified areas. Retaining old
690 trees is important to biodiversity conservation because the old-growth features enhance habitat
691 variability, which is valuable to regeneration and stability. Retained trees also increase carbon storage
692 for soil and hydrology in forests (Santaniello et al., 2017). Despite the improvement experienced in
693 Northern Europe, more studies have highlighted the ineffective outcomes from eco-labelling,
694 especially in retaining tree mass and landscape intactness.

695

696 Johansson and Lidestav (2011) raised concerns over the difficulty in contributing improvement to
697 forest certification when only one FSC ecological indicator in large-scale firms and a limited number
698 of firms at the Södra and Norra regions showed improvement. Another study in Lithuania reported
699 that in 18.5% of formally protected areas and voluntary set-asides, only less than 10% constituted
700 older forests (Elbakidze et al., 2016). Also, a Russian study flagged that the volume and availability
701 of different types of deadwood are insufficient to conserve biodiversity in clear-cutting areas under
702 FSC certification (Blumroeder et al., 2019). Although the fragmented forests in certified areas
703 demonstrated a higher level of diversity, the low volume of tree biomass spared from felling reduced
704 the cooling capacity in primary forests, posing risks to various ecosystem functions. The edge effect
705 from clear-cutting led to dieback of the tree species adjacent to the felling areas (Blumroeder et al.,
706 2019). Similarly, the Lithuanian study demonstrated that structural fragmentation deteriorated in
707 certified areas with an increasing edge and islet classes and decreasing total core areas as edge width

708 increased (Elbakidze et al., 2016). In the long run, potential functionality and biodiversity would be
709 undermined if species required spruce, broad-leaved and deciduous forests as habitats.

710
711 The case studies across the four countries show that old forest patches existed in low numbers and
712 were scattered across certified areas, which undermined functional connectivity at various scales and
713 failed to support structural variation. Few positive outcomes were found to be related to the
714 preservation of biomass and microhabitats (e.g., tree species and deadwood), which conserve
715 biodiversity by mimicking the natural forest habitat after felling (Kuuluvainen et al., 2019). Failing
716 to retain old tree mass may hinder biodiversity conservation due to the absence of old-growth features
717 that aid regeneration, stability, and carbon storage for soil and hydrology in forests (Santaniello et al.,
718 2017). Indeed, the problem of low retention had already been flagged by an older study in Norway,
719 although the volume of retained spruce trees increased twofold after forest certification (Sverdrup-
720 Thygeson et al., 2008). The average number of remaining trees and high stumps were 8.8/ha and
721 1.4/ha, respectively, which failed to meet the requirements in both the FSC and PEFC certification
722 systems. This finding shows that the problem of landscape protection has alarmingly persisted for
723 decades across the continent. It warrants attention to the retention level of trees as the means to protect
724 biodiversity and landscape functionality. Furthermore, Villalobos et al. (2018) compared the before-
725 and after-felling forest inventory data for both systems in Sweden. Their study indicated that neither
726 the FSC nor the PEFC system significantly increases the preservation of environmentally sensitive
727 areas or tree stumps during felling (8.7 trees/ha after felling). Although certified forest areas generally
728 showed a lower non-compliance rate and a larger quantity of remaining high stumps, the differences
729 diminished as the spatial and temporal scales were adjusted. In short, the measures to protect biomass
730 and habitats brought on by forest certification still need to be improved to halt forest landscape
731 fragmentation and degradation.

732 733 **6. Discussion**

734
735 The current research employed a qualitative paradigm to disentangle and synthesise existing findings
736 regarding the impacts of forest eco-labelling on the social, economic and ecological dimensions of
737 sustainability in Europe. The conceptual framework included broad and general themes related to the
738 various dimensions of sustainability as the study aimed to provide an overview of multiple research
739 areas. Undeniably, the flip side of this qualitative strategy was the increasing risk of inaccuracy or
740 biased interpretation. Although the study developed a conceptual framework to collect and analyse
741 findings in an organised fashion, there is still a lack of consensus on appraisal techniques for
742 qualitative studies (Mallett et al., 2012). This leads to the problem of evidence selection bias, as some
743 relevant and available data on the topic might be overlooked or excluded unintentionally,
744 undermining the accuracy of the literature abstraction process (Drucker et al., 2016). Because the
745 process is susceptible to selection bias, its interpretation might under-represent certain eco-labelling
746 cases in forest management practices. Although more rigid methods exist, such as meta-analysis or
747 quantitative systemic review, the issue of vastly different statistical measures and effect size is still
748 the biggest hurdle to any synthesis about the impacts of SFM tools. Future research might need to
749 address the knowledge base of eco-labelling by drawing on both quantitative and qualitative methods
750 to investigate its impacts on SFM.

751

752 While this study did not attempt to generalise the effects of eco-labelling, it highlighted several
753 observations and concerns that are shared across European countries regarding market demand,
754 profitability and ecological performances. The first issue concerns profitability and end-consumption
755 in the socio-economic dimension. As a management tool that utilises market incentives and affects
756 market planning, the economic performance of eco-labelling received the greatest attention. The
757 designated mechanism of eco-labelling is to provide better prices for certified products as
758 compensation for increased operating costs and rewards for adhering to sustainable forestry practices.
759 In recent decades, the debate on profitability has been ongoing without a clear-cut interpretation. The
760 difficulty lies in the scale of the firm studied. As presented in the results, most small- to medium-
761 scale firms suffer from increased costs because of the holdings of forest areas and productive
762 resources. On the contrary, large firms might already own more forest areas and a higher quality
763 management system in response to existing forestry regulations (Owari et al., 2006). Such
764 incongruent increments in cost and revenue also hold back producers and owners in tropical countries
765 (Dauvergne & Lister, 2010). Although long-run financial returns have been reported in forest-rich
766 Nordic countries, the under par short-term financial performance makes more producers reluctant to
767 get on board. This drastically undermines the potential of eco-labelling in halting deforestation.
768 Indeed, a lukewarm market response (i.e., underdeveloped demand) might be the greatest obstacle to
769 reward participating firms. Although there have been positive signs of more sustainable end-
770 consumption patterns and procurement, the hurdles to enhancing green consumption behaviours still
771 predominate. Few studies have highlighted a drastic improvement in consumer behaviour after
772 certification, although consumers demonstrated an increasing understanding of eco-labels and
773 producers changed their supply chain (Aguilar & Cai, 2010; Darnall et al., 2018). These trends create
774 an unfavourable market orientation for the uptake or undermine the effects of forest certification.

775
776 Enhancing the end-consumption market in the social dimension is a possible breach of this vicious
777 loop. Producers in Europe pointed out that the demand for certified products is still skewed towards
778 business-to-business networks (Holopainen et al., 2015), which is in line with the observation in the
779 *end-consumption patterns* where increasing awareness seemed insignificant and lagging. Low
780 awareness might be the result of a lack of information and marketing of eco-labels. End-consumers
781 often had little knowledge about the underpinnings of eco-labelling, slackening the change in
782 purchase patterns. While knowledge and trust are the key factors influencing actual green
783 consumption (Daugbjerg et al., 2014), forest certification lacked campaigns and informative label
784 design (Horne, 2009). The environmental claims of eco-labels are complex and implicit; for instance,
785 FSC labels have multiple categories to indicate whether product sourcing is pure, mixed or other
786 (Dauvergne & Lister, 2010; Gulbrandsen, 2006). This might explain the slow bloom in the end-
787 consumption of certified forest products. Thus, the marketing strategy and social promotion of eco-
788 labels should step up to raise consumers' awareness and create a positive climate to encourage
789 consumption of certified forest products (Horne, 2009). For example, the communication campaign
790 administered by a retailers' association showed a significant positive effect on increasing knowledge
791 for FSC and other eco-labels, which positively related to consumers' likelihood to purchase products
792 with superior environmental performance (Testa et al., 2015). If consumption of certified forest
793 products is promoted, the green market can be better secured which, in turn, supports the profitability
794 of eco-labelling. Thus, the marketing strategy needs to generate greater impetus and norms in society
795 to address the profitability issue in the long run. Improving the eco-label design and communication

796 campaigns could be a starting point to effectively convey environmental claims and boost the
797 expansion of end-consumption of eco-labelled forest products.

798

799 The second issue highlights the contradictory performance between producers' environmental
800 attitude and actual ecological performance. The literature collected in this study listed positive
801 changes to owners' and producers' forestry practices, whereas on-the-ground ecological indicators
802 predominantly accounted for ineffective outcomes. The survey-based studies investigated how
803 producers changed corporate management practices after adopting forest certification, such as
804 conceptualising high-conservation-value areas, zonation, and altering the felling period. Yet, the
805 protection offered to forest landscapes seemed unsatisfactory. The performance gap may be due to an
806 imbalanced representation of the PEFC and FSC certification systems in the collection of existing
807 studies on managers' forestry practices and ecological impact studies. The two systems are different
808 in terms of stringency, where the PEFC is relatively flexible and less rigorous with regulations
809 (Malets, 2015). The flexibility offered by the PEFC system might have contributed to the positive
810 perceptions towards forest certification and practices. On the contrary, on-the-ground ecological
811 performance was evidenced by the stricter FSC requirement. The gap is thus magnified in the current
812 study, where the highly positive attitude contrasted against stricter audits on ecological performance
813 under the FSC system.

814

815 Moreover, such a gap between operations and on-the-ground practices drew attention to indicator
816 design, which influences the quality of forestry practices. A common critique for most forest
817 certification systems, whether the FSC or PEFC system, is that ecological indicators are not precise
818 and technical enough. Angelstam et al. (2013) pointed out that only one of 23 indicators in the FSC
819 system in Sweden met the SMART criteria (i.e., Specific, Measurable, Accurate, Realistic and
820 Timebound), indicating that specificity and measurability were questionable. Stringency is more
821 conceptual, whereas the implementation of goals might be lost in translation throughout different
822 processes in forest management. Eco-labelling was thus stronger in prescriptiveness but often lacked
823 technicality in the recommendation. Among the compliance reports collected from the PEFC Council
824 (2015, 2016, 2017a), improvement and recommendations were often written qualitatively and
825 descriptively, without suggestions for concrete actions. This led to the paradox of under par ecological
826 performance amid improved corporate practices and attitudes because management units, especially
827 small- to medium-scale firms, had little information about the actual pathway to modify malpractices.
828 Simply put, managers often struggle to proceed from the non-compliances pointed out in audits
829 (Gutzat & Dormann, 2020). Thus, the indicators in eco-labelling may be insufficiently quantifiable,
830 leading to ambiguous implementation and lower stringency. Indeed, the value-laden and qualitative
831 approach in regulation is a double-edged sword, as it empowers socio-political communities with
832 flexibility while causing ambiguity in implementation. To improve on-the-ground effectiveness, the
833 ecological sustainability requirement in forest certification systems could incorporate evidence-based
834 indicators (Angelstam et al., 2013). This line of action would have profound impacts on both
835 developed and developing countries. The European experience highlighted such pitfalls in securing
836 ecological sustainability despite the greater availability of forestry knowledge and professionalism.
837 Yet, tropical forests predominantly located in developing countries may have worse equipment level
838 and forestry knowledge. Specific expectations and precise indicators are thus pivotal to protect forests
839 in both the developed and developing context, as they provide management units with the necessary
840 technical assistance to effectively correct any forestry malpractices.

841

842 On a brighter note, such pitfalls can be overcome, and strengths were commonly highlighted in studies
843 on the FSC and PEFC certification systems. Eco-labelling is unique in spurring motivation towards
844 sustainability among consumers and producers. Forest certification has established itself as a
845 credibility icon in market ecology, upon which consumers can rely for ecological information and
846 producers for market access and supply network. More importantly, the supply side believes that
847 benefits potentially outweigh the costs, as evidenced by the continual uptake of forest certification
848 across Europe. This reflects its consolidating legitimacy in the sector and societies. Legitimacy
849 consists of legality and public acceptance (McDermott, 2012). Because eco-labelling is not a
850 mandated legal requirement, its legitimacy is predominantly rooted in public acceptance and
851 collective belief. The fact that both consumers and producers in Europe view forest eco-labelling as
852 a legitimate icon reflects high environmental sensitivity towards sustainable forestry among actors in
853 the market. Such a profound trust and appreciation will have far-reaching implications on the adoption
854 of eco-labelling, as they will become the cornerstone for expanding the green market in the long run.
855 As previously mentioned, incremental support among producers and consumers is somewhat slow-
856 moving. However, existing literature has examined the impacts of eco-labelling at a single point in
857 time, limiting the analysis on progressivity and momentum over time (van der Ven & Cashore, 2018).
858 Eco-labelling still boasts a strong potential to introduce socio-economic impacts in civil society. Its
859 interplay with the public and private sectors could also be observed in the establishment of a new
860 supply chain of timber products in Scandinavian countries, as well as in the market's penetration and
861 uptake of certification across Europe. Pressure from NGOs and green groups has led to changes in
862 the sustainability standards of the supply chain, which also pressured other managers to adopt
863 certification to avoid being left out from market share. The acknowledgement by the state and
864 requirement from the EUTR urged an upgrade in their forestry practices altogether. Even in
865 developing countries, forest certification has interacted delicately with the state's regulatory process,
866 especially in legal enactment and procedure setting (Savilaakso et al., 2016). In addition, its non-state
867 voluntary nature has made it easier to shed light on indigenous and local inhabitants, as compared to
868 state actors who are often politically constrained to introduce such dialogues. Forest certification is
869 thus a unique approach that provides prescriptiveness and generates normative impacts (Johansson,
870 2014).

871

872 **7. Conclusions**

873

874 In an attempt to broaden the discourse on the impacts of eco-labelling, the current study proposed a
875 conceptual framework that considers direct or tangential indicators to eco-labelling. The framework
876 organised the direct and indirect collated evidence on social, economic, and ecological sustainability
877 from existing literature. In the social dimension, while procedural justice was seen as insufficient in
878 addressing forest rights issues with indigenous communities and workers, impacts were generated by
879 establishing trust with end-consumers in their purchasing decisions and extending the discourse over
880 forest customary rights in a normative framework. For the economic dimension, skeptical notions
881 about profitability were articulated regarding the scale of economies and market demand, despite the
882 positive change in corporate operation and competitive market access. While the ecological
883 dimension demonstrated restoration of landscapes consequent to the reduction of disturbances, the
884 protection of biodiversity and landscape integrity appeared weaker when existing field studies
885 highlighted insufficient tree stumps and fragmented forest landscapes. Nonetheless, extra caution

886 must be taken when concluding the evidence and outcomes, which vary according to context and
887 scale of study. Eco-labelling should be understood as a rigorous tool that addresses a delicate balance
888 between different dimensions of sustainability. The European experience has made clear the interplay
889 that exists between the three pillars of sustainability. The impacts in each dimension are intertwined.
890 Thus, society needs to become more creative and holistic when approaching eco-labelling to leverage
891 its strengths and overcome its weaknesses. Eco-labelling should be understood as a softer, yet more
892 mindset-changing approach that makes use of social dynamism and market psychology to advance
893 the long-term and far-reaching changes necessary for managing forests sustainably.

894

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1172 Appendix A. Overview of the literature that matched search criteria and was used to analyse the impacts of forest eco-labelling in Europe.

Author(s)	Year	Publication status	Study focus	Forest certification	Study area	Methodology	Related themes
Aguilar & Cai	2010	peer-reviewed	consumer preference for wood products, eco-label	Forest eco-labels	The UK and the US	choice-based conjoint analysis	consumption preference and patterns, social impacts
Auld et al.	2008	peer-reviewed	impacts, forestry, effectiveness	FSC, PEFC	global (Europe)	literature review	forest degradation, biodiversity, production practices
Blumröder et al.	2020	peer-reviewed	clear-cut areas, boreal, ecological effectiveness	FSC	Russia	spatial analysis	biodiversity, landscape integrity, forest degradation
Blumroeder et al.	2019	peer-reviewed	clear-cut areas, boreal, ecological effectiveness, before-and-after certification comparison, forest operation	FSC	Russia	spatial analysis	biodiversity, landscape integrity
Chen et al.	2020	peer-reviewed	international trade, economic effect, price	FSC, PEFC	global (Europe)	modelling	market trade
Darnall et al.	2018	peer-reviewed	third-party certification, consumer trust	FSC, forest eco-labels	The UK	survey	consumer preference and patterns
Dias et al.	2015	peer-reviewed	river restoration, ecological impacts	FSC	Portugal	SVAP	biodiversity
Elbakidze et al.	2011	peer-reviewed	boreal, biodiversity conservation, standards	FSC	Sweden, NW Russia	field study assessment	forest degradation, biodiversity, production practices
Elbakidze et al.	2016	peer-reviewed	biodiversity, functional habitat connectivity	FSC	Lithuania	spatial analysis	biodiversity, landscape integrity, forest degradation
Fernholz & Kraxner	2012	grey	market review, market share, certified area increment	FSC	global (Europe)	literature review	market trade

Galati et al.	2017	peer-reviewed	motivations, voluntary certification, operation costs	FSC	Italy	questionnaire	production practices, working condition
Gomez-Zamalloa et al.	2011	peer-reviewed	status of forest certification, ecological impacts, price of certified wood, market access, social impacts	FSC, PEFC	EU countries	Delphi method, questionnaire	market competitiveness, production practices
Gulbrandsen	2005a	peer-reviewed	effectiveness, non-state governance systems, market penetration, forestry practices	FSC, PEFC	Norway, Sweden	literature review	market trade, production practices
Gulbrandsen	2005b	peer-reviewed	role of state, rule-making authority, competition of forest certification systems, stakeholder interests	FSC	Sweden	literature review	customary rights, legal framework
Gulbrandsen	2006	peer-reviewed	consumer influence, market, eco-labelling	FSC	Europe	literature review	consumption patterns, market trade
Gullison	2003	peer-reviewed	biodiversity conservation, cost and benefits	FSC	Estonia, Poland, Sweden	literature review	biodiversity, market trade
Hain & Ahas	2007	peer-reviewed	forest management, business perception, biodiversity, soil damage	FSC	Estonia	mixed method	forest degradation, biodiversity, production practices, working conditions
Hain & Ahas	2011	peer-reviewed	impact, European forest, operations, non-conformities	FSC	Europe	desk study + documentary analysis	customary rights, legal framework
Halalisan et al.	2019	peer-reviewed	perceived cost-benefit, motivation, chain of custody, CSR	FSC	Romania	questionnaire	market trade, production practices

Holopainen et al.	2017	peer-reviewed	choice, outdoor decking material, certified product market, consumption preference	FSC, PEFC	Finland	choice experiment analysis	consumption patterns
Johansson & Lidestav	2011	peer-reviewed	voluntary standards, environmental impacts	FSC, PEFC	Sweden	documentary analysis + questionnaire	forest degradation, biodiversity, production practices, landscape integrity
Keskitalo et al.	2009	peer-reviewed	local consequences, environmental and social impacts at local level	FSC, PEFC	N. Sweden, N. Finland, N. Russia	case study + interviews + lit review	customary rights, legal framework
Kuuluvainen et al.	2019	peer-reviewed	certification, retention forestry, biodiversity	PEFC	Finland	case study	biodiversity, landscape integrity
Malvorh et al.	2019	peer-reviewed	non-conformities, FSC principles, business operations, workers' rights, indigenous rights	FSC	Bosnia and Herzegovina, Croatia, Serbia, Slovenia	audit review, interview	customary rights, legal framework
Michal et al.	2019	peer-reviewed	socio-economic impacts, business, consumers' perception	FSC, PEFC	Czech Republic	questionnaire	consumption patterns, production practices, market trade
Mikulková et al.	2015	peer-reviewed	perceived cost-benefit, economic results	PEFC	Czech Rep.	questionnaire	market trades, production practices, social impacts
Owari et al.	2006	peer-reviewed	wood products marketing, price, procurement, market share, adoption motivation	PEFC	Finland	questionnaire	market trades, production practices
Savcor Indufor Oy	2005	peer-reviewed	efficiency, impacts, costs	FSC, PEFC	Sweden, Finland, Norway	pilot study + comparative analysis	market trade, production practices, forest degradation
Paletto & Notaro	2018	peer-reviewed	willingness-to-pay, manufacturers	PEFC	Italy	questionnaire	consumption patterns, market trade
Paluš et al.	2017	peer-reviewed	chain-of-custody, company perception	FSC, PEFC	Czech Republic, Slovakia	questionnaire	market trade, production practices, working conditions

Paluš et al.	2018	peer-reviewed	forest owners' perception, perceived benefits, perceived problems	FSC, PEFC	Slovakia	questionnaire	market trade, production practices, social impacts
Paluš et al.	2021	peer-reviewed	perception of forest owners, understanding of SFM and forest certification, adoption motivation, perceived cost-benefits	FSC, PEFC	Slovakia	questionnaire	production practice, market competitiveness
PEFC	2015	grey	conformity assessment	PEFC	Norway	desk study	working condition, customary rights, forest degradation
PEFC	2016	grey	conformity assessment	PEFC	Sweden	desk study	working condition, customary rights, forest degradation
PEFC	2017	grey	conformity assessment	PEFC	Hungary	desk study	working condition, customary rights, forest degradation
Petrescu et al.	2020	peer-reviewed	green procurement, willingness-to-buy, perceptions	FSC	Romania	questionnaire	consumption patterns, market trade
Simonsson et al.	2016	peer-reviewed	conservation, certified-driven voluntary set-asides	FSC, PEFC	Sweden	documentary analysis	forest degradation, biodiversity, production practices
Sverdrup-Thygeson et al.	2008	peer-reviewed	before-after comparison, boreal forest, regeneration areas, biodiversity	PEFC	Norway	database analysis	biodiversity, landscape integrity, forest degradation
Tysiachniouk et al.	2021	peer-reviewed	global governance, local rights	FSC	Russia	interviews + documentation review	customary rights, legal framework
Villalobos et al.	2018	peer-reviewed	environmental outcomes, non-compliance, tree standings, set-aside areas	FSC, PEFC	Sweden	Control group + observations	forest degradation, landscape integrity
Zubizarreta et al.	2021	peer-reviewed	certification drivers, adoption motive	FSC, PEFC	Spain	questionnaire	market competitiveness, production practices

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FSC, Forest Stewardship Council; PEFC, Program for Endorsement of Forest Certification; FPIC, Free Prior and Informed Consent; SVAP, Stream Visual Assessment Protocol; CSR, Corporate Social Responsibility.