



Forest Stewardship Council®



# Pilot project for enabling procurement claims

Terms of Reference and Operating rules

December 2021

PROJECT SUMMARY		
Project Title:	Pilot project for enabling procurement claims	
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## PROJECT INFORMATION

### 1. Introduction

The purpose of this document is to specify the scope and rules for engagement for the pilot project for implementing the use of procurement claims in the FSC system and to test the feasibility of such claims.

Although many businesses have been purchasing both labelled and unlabeled FSC certified finished products, despite having a sustainable procurement policy, they cannot make procurement claims due to the absence of normative requirements for procurement claims within the FSC system.

Many certificate holders on the other hand may be purchasing large volumes of FSC input but cannot make FSC claims on finished products due to various reasons. The demand to make procurement claims have been an ongoing request from (internal and external) stakeholders.

There is also a third category of users who may be willing to use FSC certified material as input, but do not have a corresponding product which can be sold with FSC claims, but who wish to furnish their sustainability credentials with a verified procurement claim.

This pilot project will initiate a 2-year process to test the feasibility of procurement claims within the FSC system, including how they can be operationalized and verified. Organizations can make procurements claims for purchases of FSC raw materials, semi-finished products, and unlabeled finished products (which will be used for internal consumption and not further sold with an FSC claim) for chosen product categories.

The data collected from this pilot project will contribute into the revision process of the FSC-STD-40-004 *Chain of Custody Certification* and FSC-STD-20-011 *Chain of Custody Evaluations* standards and potentially add new product categories (i.e., energy, smoke etc.) as part of the revision of FSC-STD-40-004a *FSC Product Classification*.

The key objectives of the project are:

- I. To allow certificate holders to make procurement claims with the FSC trademarks for inputs at the beginning or middle of the supply chain, regarding the purchase/use of a high volume of FSC raw materials or semi-finished products which, however, will not/cannot result in an FSC claim on the product.
- II. To test the feasibility of allowing such procurement claims within the FSC system.
- III. To evaluate the compatibility of procurement claims with the Chain of Custody standards.

The target participant group for this pilot project are:

- Certificate holders (or potential certificate holders) who procure FSC material but cannot make FSC claims on their products due to various reasons
- Certificate holders (or potential certificate holders) who procure FSC material for use in their operations, but do not intend to sell the FSC material or products made from FSC material, but rather consume them internally
- Certificate holders who procure FSC material but do not need to further sell it downstream, but would wish to have their procurement verified by external 3<sup>rd</sup> party sources to meet internal or external procurement/sustainability requirements

## **2. Pilot timelines and delivery dates**

The pilot project period is estimated to commence from March 2022 with a targeted completion date in February 2024. Annex 1 shows the estimated timeline for the pilot project, and it will be updated as necessary.

## **3. Pilot monitoring and evaluation**

- i. During the pilot, FSC CoC certificate holders participating in this pilot shall participate in a formal evaluation undertaken by FSC (either directly, via FSC Regional office/ FSC Network partners or through consultants engaged for this evaluation).
- ii. Certification bodies participating in this pilot shall provide an evaluation report to collect quantitative and qualitative information.
- iii. Selected Network partners participating in this pilot shall monitor the environmental and social parameters affected by this pilot.
- iv. FSC shall undertake periodic monitoring of the performance of the pilot on the field by means of sample evaluations by FSC International staff or by respective FSC Regional offices/FSC Network partners in the region.

## **4. General requirements for engagement**

In the context of this pilot project, participants are organizations (either certificate holders or potential certificate holders who would apply for certification to participate in this project) and certification bodies (hereafter referred to as 'participants'). The staff of FSC International, as well as relevant FSC Network partners and FSC Regional offices, will be co-opted into the study as observers where required. Participants must meet the following requirements for engagement and participation.

FSC International reserves the right to determine the number of applicants that would be selected for participation in this pilot. The selection of applicants will be based on the information provided in their application and on their strategic fit to the project requirements.

### **i. All participants**

- a) Maintain confidentiality of information collected during the project.
- b) Ensure their time commitment to undertake the responsibilities for the project.
- c) Participate in pilot project meetings and regular email correspondence.
- d) Respect pilot project deadlines.
- e) Share non-proprietary and non-business sensitive information relevant to this project with FSC PSU staff as required.
- f) Assist in any other manner required for the successful implementation of the project and work in coordination with the FSC PSU staff involved in the pilot project.

### **ii. Organizations applying for procurement claims**

All organizations applying for procurement claims:

- a) May participate in the pilot project by applying for participation by submitting their interest through the application form published on the FSC website.
- b) Shall sign a pilot project agreement according to Section 7, FSC-POL-01-001 'FSC Policy for Pilot tests of draft FSC standards' prior to commencement of the pilot.

- c) Shall follow all the requirements developed as part of the operating procedures for this pilot project.
- d) Shall participate in the pilot evaluation process and share all necessary and relevant information with FSC International staff and their certification bodies.

### **iii. Certification bodies**

All FSC-accredited certification bodies:

- a) May apply to participate in the FSC pilot test.
- b) May initially put forward the names of eligible clients for inclusion in a pilot test. If additional participants are needed to meet the objectives of pilot testing, FSC may invite participating certification bodies to propose additional clients to take part.
- c) Shall sign a pilot project agreement according to Section 7, FSC-POL-01-001 'FSC Policy for Pilot tests of draft FSC standards', before the commencement of the pilot.
- d) Undertake regular assessments of the participating certificate holders of the pilot as per the procedure for the pilot that shall be published by FSC International.
- e) Collaborate with FSC International team for evaluating options to expand the scope of the pilot.

## **5. Responsibilities**

### **i. Certification bodies**

FSC shall co-coordinate with certificate bodies to gather data from the pilot project. Information to be collected including but not restricted to, the following components:

- a) Measures already implemented or proposed to be implemented by certificate holders to facilitate procurement claims and their tracking
- b) Challenges and risks related to implementing procurement claims.
- c) Specifying by product group, volumes and quantities linked to procurement claims.

All participating certification bodies shall complete an evaluation report together with any recommendations for changes to the Chain of Custody standard and submit it to FSC International. FSC shall develop the evaluation report format in consultation with participating certification bodies.

### **ii. Organizations**

Organizations who apply to the pilot shall:

- a) Maintain information on the development of or upgrading of procurement policy targets aligned with the FSC procurement pilot project
- b) Maintain information on the percentage of products carrying FSC labels or claims (i.e., 100%, Recycled, Mix).
- c) Maintain information on the percentage of suppliers that are FSC certified among total suppliers.
- d) Share information on changes in their procurement practices, marketable volumes, economic, social, and environmental costs, and benefits, etc. (if any) because of this pilot.

### **iii. FSC International staff, FSC Regional offices and FSC Network partners**

- a) A sample of the pilot tests shall be monitored by FSC in the field. This may be carried out by the staff of the FSC, or FSC Regional/National Initiative representatives.

- b) Undertake stakeholder engagement with affected and interested stakeholders at the regional, national, and local levels, including gathering information on impacts of cross border trade in FSC material without physical movement.
- c) Undertake a desk study of social and environmental indicators to be measured.

## **6. Expenses and Remuneration**

FSC is an international not-for-profit membership organization with limited funding. Participation takes place on a voluntary non-paid basis.

## **7. Confidentiality and conflict of interest**

Participants shall sign a confidentiality and non-disclosure agreement with FSC at the beginning of their participation. Per default, non-attributable content of discussions and papers prepared by or presented to the FSC is not considered confidential, unless otherwise specified.

Participants are expected to declare any conflicts of interest, where they arise. This will cause the person(s) to be excused from the discussion.

## **8. Language**

The working language of the pilot project is English. Language support to Spanish may be provided on request.

All draft reports as well as other documents, as requested and as possible, shall be translated into Spanish. Documents may also be translated into other languages if requested by the participants and depending on resource availability.

For the purpose of this document, the terms and definitions given in *FSC-STD-01-002 FSC Glossary of Terms* apply

## Annex 1: Estimated timelines

Phase	Activity	Anticipated timeline
Development	Pilot concept paper and approval by PSG/PSC	13 July 2021
		13 August 2021
BoD approval	Terms of Reference approval by PSG/PSC BoD meeting (BM89)	30 August 2021 (3 days)
Formal BoD decision	BoD meeting minutes	September
Open call for participants	Call for participants to participate in the pilot (certification bodies and certificate holders)	14 December 2021- 28 February 2022
Introductory Webinar for companies and organizations	Introductory webinars for potential pilot project stakeholders (internal and external) x 2	December 2021 and Quarter 1, 2022
Selection of pilot participants	Selection and notification of participants and certification bodies plus Network Partners.	Early March 2022
Pilot agreement with CBs and organizations	Issuing, signing and review by the legal team	Mid-March 2022
Pilot phase	Pilot testing	April 2022
Collection of data	Data collection	Baseline data collection at start of project, then quarterly
Pilot Evaluation and normative solutions	Final report with results of monitoring recommendations	March 2024
	Development of normative solutions and requirements (proposals to the Normative Framework; changes to relevant standards, etc) to be included in the revision for FSC-STD-40-004 and FSC-STD20-011.	2022-2024/Ongoing

## **Annex 2: Evaluation by FSC**

### **1. Pilot project monitoring and verification**

The pilot project participants will be subject on periodic monitoring related to performance and impacts. The monitoring will be based a baseline evaluation, quarterly reporting and a final end of pilot reporting. The data collection as part of monitoring will focus on the following components at the minimum:

- Purchases of FSC materials and FSC products (changes in volume/number)
- Data handling and reporting of FSC volumes through procurement claims
- Verification of procurement claims by CBs and the challenges
- Testing the methodology of verification and on-site v/s desk evaluations.
- Potential introduction of new product categories (i.e., energy, smoke, textiles etc.)
- Testing the use of FSC trademarks with procurement claims
- Challenges and risks of implementing procurement claims within operations

All participating certification bodies shall complete an evaluation report to collect quantitative and qualitative information on positive and/or negative social, environmental, and economic impacts and detailing the client's compliance with the requirements, together with any recommendations for changes to the CoC standard.

FSC will also evaluate other aspects like the development by the organization of a viable FSC procurement policy as a result of enabling procurement claims, as well as the effect of procurement claims on the market – in terms of higher uptake of FSC material, more demand for certified material etc.

As part of the evaluation of the pilot project, FSC shall also evaluate a possible role for a procurement claim to be used as contributing to the EU Green Deal requirements and possible overlaps with the EU Public Green Procurement Criteria.