



RESPONSES TO STAKEHOLDER QUESTIONS: POLICY FOR ASSOCIATION V3 WEBINARS

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INTRODUCTION

This document captures the answers provided by FSC to the questions raised by stakeholders during the webinars hosted by FSC on the 9 and 10 November 2022 on the topic of “FSC’s Policy for Association V3: informational session”.

CONTENTS

VALIDITY OF POLICY FOR ASSOCIATION VERSIONS	4
WHO PFA V3 APPLIES TO	4
SCREENING PROCESS	5
OTHER QUESTIONS	7

VALIDITY OF POLICY FOR ASSOCIATION VERSIONS

1. For the period 1994 – 2022, FSC will still use PfA Version 2, while PfA V3 is effective from 1 Jan 2023. Does this mean that the PfA Version 2 will be replaced by PfA V3 or will it still be valid along with PfA V3?

Starting 2023, both versions of PfA will be valid. PfA V2 will be used to assess any activities that have taken place before 1 January 2023, regardless of when they were reported.

For example, if in March 2023 FSC receives a complaint about unacceptable activities that took place in 2021, they will be assessed based on version 2 of the policy that was effective at the time of the activities.

2. Motion 37 talks about conversion between 1994 and 2020. But PfA will be effective from 2023. How would it be if a company converted in 2022 for example?

Motion 37 refers to a possibility to certify land converted between 1994 and 2020 after required remedy. Land converted after 2020 will not be eligible for FSC certification. If a company converted in 2022, the converted land is not eligible for certification, as per cut-off date of 31 December 2020 in the Policy to Address Conversion. The extent of the conversion would determine if the company is eligible for association with FSC after carrying out conversion activities in 2022. This would be assessed based on PfA V2-0 that is effective for unacceptable activities taking place in 2022.

3. How does the approval of Motions 37 and 45 impact the Policy for Association V3?

The approval of Motion 37 does not have a direct effect on PfA V3. The approved Motion 45 includes a requirement for operational procedures to confirm the extent of corporate groups. This was already a part of the workplan for the Secretariat.

WHO PFA V3 APPLIES TO

4. Is it anticipated that the PfA will in the future also cover Promotional Licence Holders (PLH)? As it currently doesn't, is this perceived as a substantial reputational risk for FSC?

At the moment, there are no plans to include FSC Promotional Licence Holders within the Policy for Association (PfA).

A promotional license lets businesses use the FSC trademarks to promote sales or use of labelled products. The use of FSC trademarks is more limited for PLHs than for certificate holders, and they are not involved in manufacturing of the products promoted.

Where the use of such licensing covers new areas in the future, the reputational risks will be assessed, and the appropriate tools assigned to mitigate the identified risks.

5. Did FSC consider applying the PfA to members?

The Policy for Association already applies to all FSC members because they become associated with FSC through a contractual relationship when they sign the FSC membership agreement.

6. If a certified company is acquired by a corporate group that has been dissociated from FSC, will this company lose its certificate?

Yes. If a certified company becomes a part of the corporate group that has been dissociated from FSC, its certificate will be revoked.

FSC not only terminates all existing contractual relationships with a dissociated corporate group, but also does not enter into any new contractual relationships with such a group. These clauses apply to all the companies that belong to the dissociated corporate group, old and newly acquired. Hence, if a certified company is acquired by a dissociated corporate group, FSC will terminate any contracts with this company since it now belongs to the dissociated corporate group.

7. If a corporate group acquires an organization that violated PfA in the past, how is its association with FSC affected?

FSC does not want to be associated with organizations that have engaged in unacceptable activities. If a corporate group acquires such company before the harm caused has been remedied, the group and therefore FSC will become associated with the unacceptable activities. In these cases, the procedure for confirming the unacceptable activities applies for determining if maintaining association is possible or not (FSC-PRO-01-009).

8. Can the palm oil development by an affiliated company within an association be subject to PfA V3?

Yes, if there is an established control over the palm oil development by an FSC associated affiliated company. For example, there could be unacceptable forest conversion related to palm oil development operations taking place which could be subject to PfA.

SCREENING PROCESS

9. How will FSC screen applicants? What is the obligation of

In the future, anyone who wishes to apply for an FSC certificate or membership with FSC will have to disclose

Certification bodies for the screening process?

information regarding their corporate group, areas of operations, etc. for an automated screening process to identify any risk of violation of the PfA. Since the process will be automated, FSC does not expect the timelines of association to be impacted unless a severe risk is identified and considered for further evaluation.

The screening process is overseen by FSC and the exact process steps with contact points to the Certification bodies will not be required to fulfill any requirements for the screening process; FSC will conduct the screening process. FSC will share the outcome of the screening process will be available for certification bodies to allow them to proceed with the certification process. More details will be shared with the parties as the project proceeds in Q1 2023.

10. Will there be an exact list of data that needs to be provided to FSC as part of the screening process?

The disclosure procedure provides categories of information required for the screening process. The level of detail needed is expected to vary based on responses provided, so it will not be the same for all organizations. It is anticipated that all companies will have to provide a basic set of information, which will be fed into the screening tool. For example, organizations will be required to provide information about corporate structure, areas of operation, status and history of association with FSC. The screening platform will provide information of the data required.

11. Can there be a situation when the screening was done incorrectly (similar name etc), and the company got reputational losses because of it?

There is a phase in the screening process for double checking information categorized as high risk. This is planned to mitigate such situations. The results of the screening will not be publicly available so reputational losses are not likely.

12. Will FSC include the history of changes in certificate holder's statuses, contact information, geographical coordinates, VAT, and TAX ID to info.fsc.org as part of screening?

The interaction with the info.fsc.org will be analyzed and defined during the development process. At the moment, we cannot give a definite answer to this question.

13. Will organizations that have already signed the PfA before 2023 need to update its commitment and provide information of the corporate group? What is the timeline for all certificate holders to be screened in line with V3 of the policy?

The screening will apply only to new organizations applying for association with FSC from July 2023 on. This first phase does not include extending the screening to the currently associated organizations. The introduction of the procedure mentions that it may also become a requirement for already associated organizations in the future but it does not provide a prediction on a timeline for such a change in scope.

14. Will existing certificate holders continue to use the self-declaration from FSC-PRO-20-001 until there is a screening process for them?

All new signatures of the trademark license agreement (TLA) are being made digitally and the digital TLA provides the required commitment to the PfA to sign. The transition to the digital TLA will introduce a renewed commitment for PfA V3 for current certificate holders as well. The FSC-PRO-20-001 will be updated to be in line with the revised PfA and TLA procedure.

15. If there is no need for existing certificate holders to sign up to new PfA as they will, in effect, be signed up through TLA, how does FSC ensure they are aware of new rules?

Certificate holders are informed about changes through several channels, including communication through their certification bodies, national and regional offices and general FSC communication. FSC has also used other channels of communication like webinars, press release and social media posts to inform existing and prospective certificate holders about the upcoming changes.

16. Will the new screening procedure affect group and multisite certification?

The procedure applies to all new organizations joining FSC. New organizations in this context should be understood as license holders during this first phase. So, for example, any new groups would be required to go through the screening. Groups that are certified at the effective date of the procedure will not be required to participate in the screening for now.

OTHER QUESTIONS

17. Is the secretariat aware of the Paper Excellence report? What are the plans for piloting the

The FSC Secretariat is aware of the Paper Excellence Report.

In PfA V3, FSC has adapted the Accountability Framework Initiative's concept of corporate group – definition and all high-level parameters – to define the

Corporate Group definition process and methodology?

general principles of using the concept of control to define the nature of relationships shared between companies in a corporate group.

The methodology to determine corporate group and control will be developed in the coming months. This includes assessment of the methodology used in the report mentioned.

18. Why are you not using the UN Guiding Principle on Business & Human Rights as a reference?

In this policy document, there are high level references to institutions such as UN provided in the definitions section related to the relevant unacceptable activities. FSC's Remedy Framework refers to UN Guiding Principles on Business and Human Rights in the context of setting the requirements to remedy harm done and introducing operational improvements to ensure prevention of future incidents of unacceptable activities.

19. What are the impacts for audits?

At the moment, no additional audit requirements are foreseen based on the change of PfA versions.

20. What is the difference between blocked and disassociated organizations?

Blockage: FSC decides to block a certificate holder if evidence of false claims within FSC supply chain is found, for example in the course of a transaction verification investigation. Once FSC blocks an organization, their certificate is terminated and they are assigned a fine to compensate for financial gains from false claims. They will not be able to seek recertification until the core conditions are fulfilled and a compensation fee is paid, or the predetermined blockage period expires.

Disassociation: FSC expels the entire corporate group that has engaged in destructive activities that FSC considers to be unacceptable and pose a reputational threat to the FSC system. These six unacceptable activities are listed and described in the PfA and they may take place also in uncertified operations of the corporate group. The implications of disassociation apply to all organizations belonging to the same corporate group. Thus, the entire corporate group's trademark license agreements are immediately terminated, all certificates and memberships are terminated and they are no longer eligible to (re)join FSC. Disassociated corporate groups are required to

complete the remedy process to provide sufficient remedy for environmental and social harm they have caused and to establish system level operational improvements in line with FSC's Remedy Framework, before they may apply to associate with FSC again.

21. What about due diligence, communications and marketing side of this – what can a certificate holder or FSC promise to customers, as a result of the new PfA?

PfA promotes and enhances the very core values that make responsible forest management possible around the world and protect people who are inextricably connected to forests. A wider scope of organizations and operations included in the revised PfA serves to better protect FSC's reputation and credibility, thus supporting the work of the FSC system towards its vision.

The revised PfA extends the requirement of no deforestation and protection of customary and human rights beyond certification safeguarding areas and operations that are not yet certified, expanding the commitment and FSC's impact extensively.

22. Will there be further consultation by FSC on practical implementation details (e.g., procedure docs)?

There are several procedural documents that are related to implementation of the PfA. These include Processing PfA Complaints (FSC-PRO-01-009), Disclosure procedure (FSC-PRO-10-004) and the FSC Remedy Framework (FSC-PRO-01-004), which is still being developed. Further public procedures and consultations concerning the implementation and enforcement of the PfA are not foreseen. However, FSC will develop and share various explanatory materials on the changes.

23. Will the definition of "Substantial information" be used not only for the implementation of PfA, but also for other FSC normative documents? In other words, does the concept and further practice extend to FSC-STD-40-007 and other standards?

The definition of 'substantial information' is used only in the context of PfA. FSC standards are typically developed by working groups and the process involves consultations open for all, so there will be opportunities for working groups to test and consultation respondents to propose where such use of the term could be considered useful in other documents as well.



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