

ADVICE-20-011-16 V2-0 **Evaluation of contractors against the FSC core labour**
D1-0 **requirements**

Normative reference FSC-STD-20-011 V4-2:
 - Section 9
 - Clause 11.3

Approval date DD.MM.YYYY

Effective date 1 July 2024

Transition end date 31 December 2024

Scope This advice note applies to all certification bodies auditing Chain of Custody (CoC) certificate holders and CoC applicants that outsource activities within the scope of their certificate to non-FSC-CoC-certified contractors.

Terms and Definitions

Audit: systematic, independent, and documented process for obtaining objective evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled
 (Source: ISO 19011:2018)

Documentation review: Refers to an assessment of certain documentation by an auditor, conducted either on-site or off-site.

First-party audit: an assessment that is performed within the organization by their own auditing resource (i.e., internal audit).

NOTE: In the context of this advice note, the audit would be carried out by an employee of the contractor or a consultant contracted by the contractor.

Second-party audit: an assessment that is performed by a person or organization that has an interest in the object of the assessment.

NOTE: In the context of this advice note, the audit of the contractor would be carried out by the organization or a person contracted by the organization which is independent of the contractor.

Third-party audit: an assessment that is performed by a person or organization independent to the object of the assessment.

NOTE: In the context of this advice note, the audit would be carried out by a person acting on behalf of a certification body contracted by the contractor.

Background

FSC introduced [<FSC-ADVICE-20-011-16 V1-0 Evaluation of Contractors against FSC Core Labour Requirements>](#) to provide clear instructions to certification bodies on how contractors operating under

outsourcing agreements with CoC certificate holders have to be assessed against the FSC core labour requirements.

Since its effective date, various stakeholder concerns on the practical implications were raised with FSC, with multiple queries for FSC to provide further clarity and request for more time to implement requirements. This request resulted in the introduction of the 'transition end date' from 1st September 2023, which provided the transition end date until 31st December 2024. Despite some positive feedback appreciative of the provision of more time, ongoing concerns on the impact of the advice note on certificate holders and certification bodies were raised, especially concerning the risk classification requirements and use of the International Trade Union Confederation's (ITUC) Global Rights Index. Various stakeholders requested FSC to withdraw, suspend, or revise the requirements in a timely manner.

The objective of this revised advice note is to respond to stakeholder concerns in an expedite manner and ensure the original intention of the advice note – providing clear instructions on how the FSC core labour requirements have to be applied to contractors operating under outsourcing agreements - is retained. To achieve this, the advice note provides further amendments and clarifications based on received stakeholder queries.

These amendments and added clarifications are relevant to certification bodies.

Advice

1. Risk assessments of contractors' conformity to the FSC core labour requirements

1.1 In addition to the risk assessment of the organization's chain of custody control system used during outsourcing activities with respect to the risks of mixing, substitution, or false claims, the certification body shall conduct a risk assessment of the organization's control over their contractors' conformity to the FSC core labour requirements.

NOTE: Contractors who are certified by a verification scheme¹ identified by FSC as equivalent to the FSC core labour requirements are exempt from certification bodies' risk assessments, similar to FSC-certified contractors. Any observations or complaints about potential non-conformities should be shared with responsible certification bodies and verification scheme owners.

1.2 An outsourcing arrangement with a non-FSC-certified contractor can be classified as 'low risk' if the following applies:

¹ Verification schemes consist of voluntary sustainability standards (VSS), national and regional regulatory mechanisms, corporate practices, internal procurement policies, and sustainability initiatives.

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- a) there are no substantiated complaints regarding the contractor's conformity to the FSC core labour requirements since the last surveillance audit; **AND**
 - b) the previous evaluation has not resulted in any non-conformities in regard to the contractor's conformity with the FSC core labour requirements; **AND**
 - c) the previous evaluation was conducted as an on-site audit at the contractor; **OR**
 - d) the contractor's conformity to the FSC core labour requirements described within the organization's self-assessment is confirmed with evidence of documentation and records from an on-site first-party, second-party, or third-party audit conducted at least annually.

NOTE: "Annually" is to be interpreted as follows: at least once per calendar year, but no later than 15 months after the last first- or second-party audit (determined by the date of the on-site visit).

- 1.3 For outsourcing arrangements which do not meet the criteria in clause 1.2 above, the certification body shall determine whether there are other verifiable aspects that would justify their classification as 'low risk', otherwise they shall be classified as 'high risk'.

NOTE: Examples of other aspects are provided in the Examples section of this advice note.

2. Evaluations of 'low risk' outsourcing agreements

- 2.1 For outsourcing agreements classified as 'low risk' related to violations of FSC core labour requirements, the certification body shall conduct at least a documentation review of the contractor's conformity.
 - 2.2 A documentation review shall cover at minimum verification of the organization's conformity to clauses 1.1 and 1.2 above to identify any changes regarding the contractor's commitment towards the FSC core labour requirements (e.g., the existence of complaints).
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3. Evaluations of 'high risk' outsourcing agreements

3.1 For outsourcing agreements classified as 'high risk' related to violations of FSC core labour requirements, the certification body shall conduct an on-site audit of the contractor.

NOTE: When 'high risk contractors' are located in different countries, the certification body may contract the following third parties to complete the audit:

- i. an FSC-accredited certification body; or
- ii. a certification body accredited to a verification scheme that is identified as equivalent to the FSC core labour requirements.

3.2 On-site audits shall include, in addition to the organization's conformity to clauses 1.1 and 1.2 in <FSC-ADVICE-40-004-23 Evaluation of contractors against the FSC core labour requirements>, interviews with personnel and site observations.

4. Sampling of contractors

4.1 If more than one outsourcing agreement is identified as high risk, a sampling of relevant contractors according to Clause 9.6 of <FSC-STD-20-011 V4-2 Chain of Custody Evaluations>, can be applied.

NOTE: If the organization wants to include new high-risk outsourcing agreements in its certificate scope in the period between the certification body evaluations, Clause 9.5 of <FSC-STD-20-011 V4-2 Chain of Custody Evaluations>, applies accordingly.

4.2 The certification body may add relevant contractors to the pool of contractors identified as having high-risk situations with respect to mixing different input materials and take a sample from the overall resulting pool. In this case, the sample shall be structured in such a way that it results in a balanced coverage of the two risk scenarios.

NOTE: For group and multisite certificates, the calculation of the contractor sample shall be conducted at the participating-site level.

Examples

As provided in clause 1.3, other aspects that may be considered to justify a 'low risk' classification may include, but are not limited to reference to:

1. Corruption Perceptions Index (CPI)²
2. ITUC Global Rights Index³
3. Labour Rights Index⁴
4. FSC Controlled Wood National Risk Assessments⁵

Any use of reference to country indices should reference the most up-to-date reference available at the time of use.

Any use of reference to country indices should refer to the country a contractor is operating in to provide activities in scope of <FSC-STD-40-004 V3-1 Chain of Custody Certification>.

² CPI: <https://www.transparency.org/en/cpi/>

³ ITUC Global Rights Index: <https://www.globalrightsindex.org/>

⁴ Labour Rights Index: <https://labourrightsindex.org/>

⁵ FSC Controlled Wood National Risk Assessments: <https://connect.fsc.org/chain-custody-certification/fsc-risk-assessment-platform>

