Supply Chain Integrity Program

Delivering a stronger and more simple CoC system

Introducing the FSC Supply Chain Integrity Program

FSC celebrated its 20th anniversary in 2014. Over two decades our system has grown, evolved and delivered benefits to organizations worldwide. Many businesses now rely on the FSC system as a core part of their business.

Many things in the world has changed in the world over the last twenty years. The speed of business transaction, the global scale of them and the utilization of technology has all changed at a breath taking pace.

At the same time, luckily, a much larger variety of companies now see it as part of their responsibility to help take care of forests worldwide through the products they procure and produce.

Where our system might have fit the profile of certified companies 15 years ago, because their setup and needs were similar, this is often is no longer the case.

After 20 years it is time to revise the FSC system and ensure that it is still relevant for the users it is intended for, and that it still fits its purpose: to provide organizations and consumers worldwide an assurance of the responsible sources of forest products they buy and sell.

We must evolve and improve our ability to adapt our system to fit the needs and profiles of a much larger multitude of companies. We must make our system more flexible and ensure that being FSC certified does not interfere with being effective and utilizing the technologic solutions at hand today.

And we must strengthen our system to protect it and our stakeholders against companies and individuals with malevolent intentions.

In short we need to improve in two critical areas:

A. CoC certification must be more versatile to match the diversity of industry participating in the FSC system

CoC certification must deliver credibility in a more flexible manner by using risk based approaches to meet certification requirements in a more effective way.

Often we find ourselves asking organizations to meet requirements that do not really fit their systems instead of focusing on the areas where there might or might not be a risk of non-conformities. As a result the system is overly bureaucratic, especially for small and medium size organizations.

B. The current FSC CoC system must deliver a high level of assurance and credibility

Overall, our current CoC system is built on trust. It was built for responsible businesses with long-term business relationships with their suppliers and a high level of knowledge of the supply chain.

With more than 50,000 organizations certified worldwide and the rapidly growing and changing nature of business transactions today, one needs to ask whether the system in use today is still adequate.

We want to ensure that the FSC system is fit for the business world of today of 2015 and adaptable to the future changes beyond. As a result, the FSC Supply Chain Integrity Program has been launched with the aim of creating a stronger and more effective certification system for companies of all sizes.

Focus on user orientation and outcoume

At the FSC International General Assembly in Seville 2014 there was a strong call from members and stakeholders for FSC to become more user oriented and to focus much more on outcomes. There was also a call to collaborate with strong alliances with other organizations with missions similar to ours to a stronger extent then we have done to date. We have heard this call and has transformed them into three core commitments of our work for the next five years.

As a result we commit to putting the needs of our users at the centre of all changes we introduce. We must limit the changes suggested to changes that either improve the FSC system for the majority of users or which ensures measurable impact on the ground. And we must change the FSC system from being a system with a strong emphasis on rules into a system that focus on user orientation and outcome, including risk-based approaches to the maximum extent possible.

Two focus areas comprised of 8 projects

The FSC Supply Chain Integrity Program will focus on two areas, each comprised of a number of different projects and will run from beginning of 2015 onwards. It is a joint program carried out across various units of FSC International and the FSC Network. Each project has its own implementationplan, project lead and timelines.

The program is closely aligned with the draft strategic plan and the implementation hereof. The pace of implementation of each project will be dependent on resources and timelines allocated based on the strategic plan, which is expected to get approved in Autumn 2015. Some subprojects under the program has however already been off-set and is under development in order to ensure faster implementation.

A. Transform Trademark Service Program & CoC certification to be user oriented

Streamline CoC certification with a focus on user orientation and outcome — **A1**

Redesigning CoC systems by using more intelligent approaches resulting in significant costs savings for certificate holders

Certificate holders have called for a more flexible CoC system, that incorporates new advances in technology and science as well as the lessons we have learned from 20 years of experience. The draft strategic plan calls for FSC to adopt risk-based approaches instead of applying all requirements to everyone without considering risk.

Develop tools and align trademark policy to increase promotion of FSC products — **A2**

Easing the promotion of finished labeled goods

FSC certificate holders and FSC trademark service license holders (retailers) have asked FSC for improved solutions for promoting FSC certified products. The Supply Chain Integrity Program will test the use of the Online Claims Platform as an efficient mechanism to deliver improved oversight of finished labeled FSC goods, delivering benefits to all businesses along the Chain of Custody.

Ease administration requirements for CoC through the use of technology. — **A3**

Using the OCP as a tool to facilitate the administrative requirements of the CoC standard and thus simplify the certification process and ease administration

The OCP can be a tool to simplify FSC certification for both new and current certificate holders. It can reduce the administrative burden of CoC "informational requirements" such as support to meet legality requirements, produce volume summaries and perform verification of supplier certificate status.

B. Address inaccurate claims in FSC System

B1 — Address the risk of inaccurate claims in the CoC

Introducing a risk based approach to verify FSC claims and introduction of transaction verification criteria

CoC standards do not provide mechanisms for Certification Bodies to cross-check FSC certified transactions between different trading partners in the supply chain. This allows for volume recording inaccuracies and fraud to occur. The Supply Chain Integrity Program aims to address this issue and requires the revised CoC standard to include specific criteria addressing volume fraud. This would address the current gap in the CoC system and ensure that the risk of inaccurrate claims is managed in the CoC system.

B2 — Certificate data improvement project

Improving data quality and access while respecting data privacy and security

Accuracy of the data found in the FSC certificate database is critical for a functioning FSC system. The data is used for certificate verification between certificate holders, for updating certificate holders, etc. Currently the quality of data in the public search database (info.fsc.org) is less than ideal and the process for alterations of data does not meet the needs of members, certificate holders and the FSC network. FSC must better systematize the input and control processes for the FSC certificate database.

B3 — Finalize the Online Claims Platform (OCP) as a viable tool

Ensure OCP is a viable, user friendly tool for all

For the OCP to be widely adopted through voluntary use, a well functioning, intuitive, secure OCP must deliver business solutions to certificate holders and non-certificate holders and is key to addressing inaccurate claims and improving system integrity.

B4 — Fiber testing as a quality control meassure

Utilizing fiber testing

Fiber testing can provide near immediate answers on possible cases of fraud and is also an effective quality control measure for paper products, composite materials and solid wood. Substitution fraud, where wood is sold as another species than it actually is, is a threat to the FSC system and is often difficult to catch or prove without the support of fiber testing.

B5 — Transparency, Integrity: FSC China Integrity Plan

Examining perceived high risk areas and determination of tools and procedures to ensure integrity

The accuracy of FSC claims is one of the aspects of FSC's credibility. Evidence has shown China to have a high risk of potential inaccurate FSC claims. FSC proactively decided to address this through a China integrity Plan bringing together FSC, ASI, certification bodies and other stakeholders. This project is expected to inform FSC on how to address other high risk regions as well.

FSC is...

Environmentally appropriate

forest management ensures that the harvest of timber and non-timber products maintains the forest's biodiversity, productivity, and ecological processes.

Socially beneficial

forest management helps both local people and society at large to enjoy long term benefits and also provides strong incentives to local people to sustain the forest resources and adhere to long-term management plans.

Economically viable

forest management means that forest operations are structured and managed so as to be sufficiently profitable, without generating financial profit at the expense of the forest resource, the ecosystem, or affected communities.