






Forest Stewardship Council®



Procedure for Disclosure Requirements for Association with FSC

FSC-PRO-10-004 V2-0 EN

Draft 3-0

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PROCEDURE FOR DISCLOSURE REQUIREMENTS FOR ASSOCIATION WITH FSC

FSC-PRO-10-004 V2-0 EN

DRAFT 3-0

The Forest Stewardship Council® (FSC) is an independent, not-for-profit, non-government organization established to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC's vision is that the world's forests meet the social, ecological, and economic rights and needs of the present generation without compromising those of future generations.

Introduction

FSC-POL-01-004 *FSC Policy for Association* is an expression of the values shared by organizations associated* with FSC. It defines six unacceptable activities that associated organizations* and their corporate groups* commit to avoid in both certified and non-certified operations.

This document, FSC-PRO-10-004, describes the process used by FSC to screen applicants for conformance with the *FSC Policy for Association*, thereby minimizing the risk of establishing or maintaining an association* with an organization in violation of the *FSC Policy for Association*. The risk management approach taken in this procedure aims to balance the need for proactive implementation of the FSC Policy for Association while recognizing that it cannot place undue burden on, or create a disincentive for individuals and organizations committed to the values of FSC. It therefore places a strong emphasis on these disclosure requirements. The screening process will be rapid and highly automated. A detailed extended assessment will be made only if clear indication of high risk for engagement in unacceptable activities defined in *FSC Policy for Association* is identified

Conformance with the FSC Policy for Association is overseen directly by FSC, unlike forest management, chain of custody, and controlled wood certification based on contractual agreements between the organization and the certification body. Therefore, FSC also implements this Disclosure Procedure. If however, the certification body finds evidence or observes actions that point to a possible violation of the *FSC Policy for Association*, then the certification body is responsible for informing both the organization and FSC of such information.

Note to support consultation:

For purposes of supporting the consultation of *Policy for Association*, this procedure is presented for consultation as high-level disclosure requirements. The details of the screening process and technologies to use, will be defined in a follow up process and details added to the procedure accordingly.

Version history

- V1-0** Initial version, and an internal operating procedure, based on an associated organization's self-declaration.
- V2-0** Draft 3-0 is presented for consultation introducing the first public version of the procedure. It includes requirement to declare commitment to the *FSC Policy for Association* and to disclose background information for further screening by FSC and outlines a high-level process for screening of the information.

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A Objective

The objective of this procedure is to reduce the risk to FSC of establishing or maintaining an association* with an organization or individual in violation of the *FSC Policy for Association* by providing a screening mechanism for conformance with the *FSC Policy for Association*.

B Scope

This procedure is implemented by FSC and is applied to both applicant FSC members (for FSC International membership) and applicant certificate holders.

This procedure focuses on screening the risk that an individual, organization or its corporate group has been engaged in any of the six unacceptable FSC Policy for Association activities through their noncertified operations. The procedure supplements the assessment process for forest management, chain of custody, and controlled wood certification.

The procedure will be implemented in a multi-step approach: In the first phase, as of the effective date, it shall apply to organizations applying for FSC certification or FSC membership. In a subsequent stage, and after a formal review of its effectiveness it is envisaged that the scope will be extended to organizations when applying for re-certification (for certificate holders) and membership renewal (for members). When such a decision is taken, the scope section will be revised accordingly.

C Effective and validity dates

Approval date	tbc
Publication date	tbc
Effective date	tbc
Transition period	tbc
Period of validity	Until replaced or withdrawn.

D References

The following references are relevant for the application of this document. For undated references, the latest edition of the referenced document (including any amendments) applies.

<i>FSC-POL-01-004</i>	<i>FSC Policy for Association</i>
<i>FSC-PRO-01-009</i>	<i>Processing FSC Policy for Association Complaints</i>

1. Applicant background disclosure

- 1.1. The applicant shall complete a background questionnaire and a declaration of commitment to the *FSC Policy for Association* as part of their application process.
- 1.2. As part of the background questionnaire, the applicant shall disclose information related to their organization and their corporate group*. Required information is listed in Annex 1.
- 1.3. Upon completion of the background questionnaire, the applicant may pursue FSC certification and/or membership, unless immediate risk to violation of the *FSC Policy for Association* has been identified.

2. Notification and review

- 2.1. FSC shall make the names of all applicants publicly available on the FSC webpage on a monthly basis.
- 2.2. If a stakeholder provides substantial information* that an applicant or associated individual or organization is in violation of the *FSC Policy for Association*, then FSC-PRO-01-009 *Processing FSC Policy for Association Complaints* shall be followed.
- 2.3. FSC may review the background information provided, using a combination of risk profiling services tools such as Controlled Wood National Risk Assessments and others.
- 2.4. Operating in a precautionary manner, if the review in Clause 2.3 provides an indication that the risk of violation of the *FSC Policy for Association* is elevated, FSC will conduct a more detailed extended review, which may include direct communication with the applicant and relevant stakeholders, if necessary, to gather additional information. See Annex 2: Outline for screening process.
- 2.5. The criteria to trigger an extended review could include but is not limited to following:
 - a) Connection to disassociated organization as part of the corporate group.
 - b) Previous legal proceedings confirming engagement with any of the unacceptable activities defined in *FSC Policy for Association*.
 - c) Operating in high-risk areas or high-risk sectors (based on existing risk identification tools) when risk mitigation measures are not clear.
 - d) Track record of previously unsuccessful applications for FSC association.
 - e) Unclear, incomplete, or inaccurate information provided.

Note to support consultation: The specific risk criteria will be developed in another process developing the detailed process and tools to support disclosure and screening.

3. Action and consequences based on disclosure process

- 3.1. Failure to disclose all required information may be grounds for the initiation of an investigation in accordance with FSC-PRO-01-009.
- 3.2. If the screening produces substantial information* that the individual or organization may be in violation of the *FSC Policy for Association*, then the procedure FSC-PRO-01-009 *Processing FSC Policy for Association Complaints* shall be initiated, and the association* decision delayed until the process has been completed.
- 3.3. The individual or organization shall be given the opportunity to withdraw the application if they do not want to move forward with the evaluation. However, the FSC has the discretion to initiate or continue evaluation.

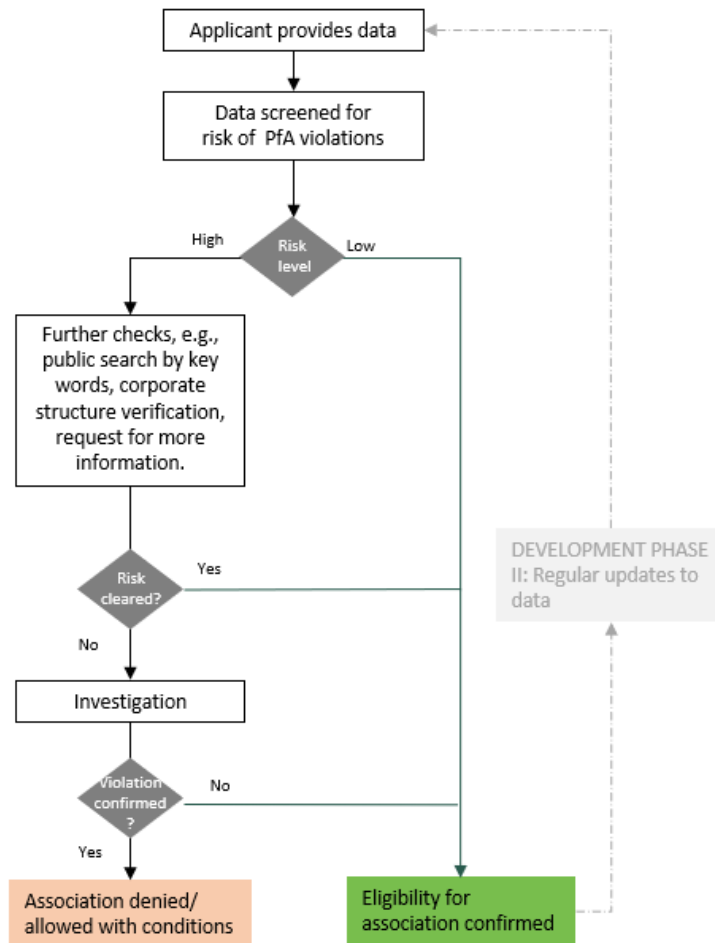
Annex 1: Disclosure questions for association with FSC

Below are examples of information FSC would ask organizations to provide. The questions are used for screening by FSC based on risk management systems. Not all questions may be relevant for or asked from all applicants.

- 1) Current status and type of association* (in case this background information has been provided for the group within past 12 months, it is not required to respond the remaining background information)
- 2) Type of association* applied for
- 3) Size of the corporate group*
- 4) Corporate structure of the corporate group*
- 5) Countries of forest and forest product sector operations of the corporate group*
- 6) Sectors of operations of the corporate group*
- 7) Affiliation or other corporate relationship with any currently disassociated organization
- 8) Previous decisions on disassociation or blocks from the FSC system and their status
- 9) Previous applications for association* or membership that was granted
- 10) Current legal actions or past legal findings against individual, organization or the corporate group related to unacceptable activities defined in FSC Policy for Association from last 5 years
- 11) Types of due diligence systems used (if any)
- 12) Other

Some questions might trigger additional questions for further clarification or move directly to end if further questions are not required.

Annex 2: Outline of screening process



Annex 3: Terms and definitions

For the purposes of this procedure, the terms and definitions given in *FSC-POL-01-004 Policy for the Association of Organizations with FSC*, *FSC-STD-01-002 FSC Glossary of Terms* and the following apply:

Association (associated, associate, associated organization): An association with FSC is formally established through any of the following contractual relationships: FSC membership agreement; FSC certificate holder license agreement; FSC certification body license agreement; FSC partnership agreement.

Corporate group: The totality of legal entities to which an associated organization is affiliated in a corporate relationship in which either party controls the performance of the other (e.g. parent or sister company, subsidiary, holding company, joint venture) as described in *FSC-POL-01-004 FSC Policy for Association*.

Substantial information: Credible information provided by third parties and/ or gathered through independent research obtained from reliable/reowned sources which constitutes a solid piece of evidence to be considered in an investigation. Substantial information may include any of the following forms so long as the evidence meets the criteria required in this definition: scientific reports, technical analysis, certification reports, corroborated news articles, official reports and/ or announcements by governmental authorities, legal analysis, Geographic Information System information (boundary coordinates, satellite change mapping), videos or footage, images, independent interviews, affidavits and declarations, meeting minutes, and corporate/organizational information.

Table 1. Verbal forms for the expression of provisions

[Adapted from ISO/IEC Directives Part 2: Rules for the structure and drafting of International Standards]

“shall”: indicates requirements strictly to be followed in order to conform to the document.

“should”: indicates that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required.

“may”: indicates a course of action permissible within the limits of the document.

“can”: is used for statements of possibility and capability, whether material, physical or causal.



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