



Frequently Asked Questions (FAQ)

FSC Policy for Association and Board decisions on the disassociation from and re-association with the Danzer Group

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NEW: The following questions and answers have been added following the March 2014 Board meeting

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1. What is the FSC Policy for Association?

The "FSC Policy for Association of Organizations with FSC" ([FSC-POL-01-004](#)) defines FSC's position on unacceptable activities of organizations (members, certificate holders or others) associated with FSC. Unacceptable activities range from violations of traditional and human rights in forestry operations to illegal logging. The Policy also defines the mechanism for disassociation where a company is found to be directly or indirectly involved in relevant unacceptable activities.



2. Why was it created, and when?

The policy originated in FSC's earlier approach towards partial certification, an issue virtually as old as FSC certification itself. "Partial certification" is the scenario where a company has some of its forest areas and/or supply chain operations certified for compliance with FSC requirements, while at the same time is engaging in unacceptable forest practices in uncertified areas and operations. The key question debated by FSC's many constituents was whether a certified company should be able to enjoy the benefits of using the FSC good name and trademarks for promotion of their activities and products while some part of their operations continued to violate the very fundamentals FSC stands for.

In 2007, FSC decided to follow a new and broader approach out of the recognition that it was necessary to define a set of criteria for the association of any third party with FSC's good name and trademarks that would allow a considered and informed review of companies and organizations who appear to be greenwashing their overall business practices or who would simply have insufficient internal policies and safeguards to avoid their involvement in controversial activities, leading towards considerable harm to people or the environment, and thereby constituting a risk to FSC's reputation and ultimately to its ability to deliver on its mission.

The first part of the Policy laying down the unacceptable activities was approved in July 2009. The second part stipulating the implementation of the policy was finalized as a draft in October 2010 and approved by the Board, together with "terms and definitions", in September 2011.

3. What specific behavior would lead to a disassociation decision?

Specific behaviors could be a failure in respecting traditional and human rights; the destruction of high conservation values; involvement in illegal logging; a failure in respecting core workers' rights; the significant conversion of forests to plantations or the introduction of genetically modified organisms in forestry operations. The Policy includes definitions of the terms referred to in the unacceptable activities such as illegal logging or conversion of forest lands to plantations or non-forest uses.

4. Isn't auditing by a certification body sufficient to determine whether an operation meets the Policy for Association?

The main scenario targeted by the Policy for Association is an organization's involvement in unacceptable activities in areas or operations which are not covered by the scope of an FSC certificate. Auditing by a certification body may or may not come across such violations, depending on whether they are occurring across the board of the organization's activities, but often only those parts of an organization are put forward for certification which are known to have few issues.

In certain situations, though, such a violation may even occur within the scope of a certified operation and still not be raised through the auditing process. This is because the unacceptable activities stipulated by the Policy for Association are related to fundamental values and thereby necessarily have to be kept general in their formulation – as such they cannot be audited in a standardized manner by ticking off a checklist, at least not in those settings where relevant violations regularly occur by a variety of actors and it is the level of involvement that decides over an organization's responsibility for a specific incident. To make such a decision requires a root cause analysis considering the broader socio-economic context and the role the organization plays in what is often a mesh of dependencies and interlinkages between relevant actors.

Attempting to address all relevant situations in forest management and production through certification requirements would likely result in complexities that would unduly burden the vast majority of credible and serious businesses. Therefore, the Policy for Association has been developed as an ultimate, high-level resort for those cases which cannot be evaluated through standardized auditing processes.

5. What are the procedures that FSC uses before making a decision on disassociation?

FSC has a dedicated and publicly available procedure for the processing of formal complaints, including those invoking the Policy for Association: "Processing Formal Complaints in the FSC Certification Scheme" (FSC-PRO-01-009). According to this procedure, complaints are evaluated by an independent panel, which is impartial, free of any conflict of interest in relation to the complaint, and whose members have been endorsed by the parties to the complaint. Appointed within thirty days of accepting the complaint, the Panel is supposed to evaluate the complaint and provide recommendations to FSC for final decision-making.

For an overview of the FSC dispute resolution system and to download the above procedure, please go to www.fsc.org/dispute-resolution

6. How were these procedures applied in the Danzer case?

The procedure was duly applied in the Danzer case:

- The complaint was filed by Greenpeace International to FSC on the 7th of November 2011.
- FSC accepted the complaint on the 16th of November 2011.
- FSC proposed a complaints panel on the 30th of November 2011. Both parties rejected some proposed members for the complaints panel; and a panel was finally approved by the parties on the 17th of February 2012.
- The Danzer Group sold Siforco to the Groupe Blattner Elwyn and SIFORCO's FSC certificate was withdrawn on the 6th of March 2012, which caused the evaluation of the complaint to be suspended.
- The evaluation of the complaint resumed on the 21st of June 2012 with the first conference call in which the Chair of the Panel was elected.
- The Panel held 23 teleconferences and interviewed a large number of stakeholders. From 12th to 21st October 2012 the panel member closest to the SIFORCO concessions carried out a field visit to the area where the events had occurred. Another panel member from a neighbouring country made three trips to Kinshasa (DRC) including to the SIFORCO headquarters between 30th October and 6th November 2012.
- The Panel concluded the evaluation with a unanimous recommendation to the FSC BoD on 21st January 2013.
- The FSC Board of Directors discussed the Panel's recommendations at their 62nd Board meeting between the 11th and the 13th of March 2013.
- The parties to the complaint, Danzer AG and Greenpeace International were informed in person on 14th and 15th of May 2013, respectively.
- The final decision to disassociate from the Danzer Group was publicly announced on the 21st of May 2013.

7. Why is only a summary of the Complaints Panel report made public?

Complaints panels must have an ability to communicate the full reasons behind their decisions to the FSC, including the names and affiliations of key contacts, while maintaining the confidentiality of their sources. The publication of the full report would create a constraint on the panel, lessen the likelihood that they would obtain honest responses from witnesses and contacts, and limit their freedom to write openly. Moreover, confidential sources and stakeholders interviewed are listed in panel reports. The fact that full reports are not made public protects these sources and is conducive to more open interviews. Currently, FSC is developing guidelines to standardize the format of full panel reports and public summaries.

8. What are the consequences for an organization from which FSC disassociates?

Disassociation means to cut all formal relationships existing between FSC and the relevant organization, including its parent and sister companies, and subsidiaries with a minimum ownership of 51%. These relationships include the organization's membership at international or national level,

license agreements with the organization as either a certificate holder or a non-certified retailer or service provider, accreditation agreements or any other cooperation and partnership agreement. It implies the suspension of any FSC certificate held by the organization, because a valid license agreement is the prerequisite for FSC certification.

9. What are the specific consequences in the Danzer case?

FSC will terminate its license agreements entered into with the Danzer Group and cancel the international membership of Industrie Forestière de Ouessou (IFO), being a Danzer subsidiary. The termination of the license agreements will cause the suspension of all certificates held by the Danzer Group which are the following:

| Organization Name | Country | Type | Certificate Code | License No. |
|---|-------------------|--|------------------------------------|-------------|
| Danzer AG | Switzerland | COC - Multisite certificate (incl. 13 companies across Europe, Canada and USA) | SGSCH-COC-002521 / SGSCH-CW-002521 | FSC-C017329 |
| Danzer Forestland Inc. | United States | FM/CoC – Member of Group certification | SCS-FM/COC-00123N | FSC-C071226 |
| Danzer UK Ltd. | United Kingdom | COC - Single certificate | TT-COC-001511 / TT-CW-001511 | FSC-C022523 |
| Dongguan Dan Ze Trading Co., Ltd. (Danzer Sino) | China | COC - Single certificate | SGSHK-COC-005774 | FSC-C019129 |
| IFO – Industrie Forestière de Ouessou | Republic of Congo | FM/CoC - Single certificate | SGS-FM/COC-005921 | FSC-C017252 |
| Interholco AG | Switzerland | COC - Single certificate | SGSCH-COC-004595 / SGSCH-CW-004595 | FSC-C022952 |

10. How has the disassociation impacted stocks of certified material held by Danzer as well as existing sales contracts and deliveries?

Danzer had been formally notified about the termination of its license agreements on 21st May 2013 giving a three months’ notice to the termination becoming effective on 21st of August 2013. The terms of this otherwise ordinary termination included some specific requirements for Danzer to follow over this period and beyond:

| Effective from... | Danzer could still... | Danzer had to stop ... |
|-------------------|---|---|
| 22 May 2013 | Sell and ship FSC materials that have been ordered before this date | Taking new orders / entering into new sales contracts for FSC materials |
| 22 Aug. 2013 | Ship FSC materials that have been ordered before 21 May and invoiced before 22 Aug. | Selling / invoicing FSC materials |
| 22 Nov. 2013 | | Shipping FSC materials |

Danzer further was not allowed to use, sell or ship any material from the SIFORCO concessions with FSC claims from 22 May onwards. Compliance with all of these conditions and timelines has been by an independent auditing organization.

11. Can companies of the Danzer Group still provide outsourced services to FSC certificate holders?

Disassociation from a company results in termination of all contractual relationships entered into by FSC with that company but, for technical and legal reasons, does not mean that associated companies (such as certificate holders) have to terminate all of their contractual relationships as well.



12. Is it possible to become re-associated with FSC?

It is indeed possible for an organization to become re-associated with FSC. Conditions and timelines for re-association, taking into account the seriousness of the violation, are proposed by the Complaints Panel to the FSC Board of Directors. The FSC BoD takes the final decision on these.

13. What conditions must Danzer meet in order to apply for re-association?

The Danzer Group must meet the following three conditions:

- The Danzer Group has performed fully on the obligations the company promised to the people at Yalisika, which may include the construction of a school and health center, and construction of a road.
- The Danzer Group has created and implemented new, robust conflict avoidance and conflict resolution procedures to prevent conflicts of the sort that occurred in and around Yalisika, taking into account FSC Guidance on Free, Prior and Informed Consent.
- The Danzer Group has had its progress towards these goals verified by a third-party organization.

Please see the FSC public statement for further details.

THE FOLLOWING QUESTIONS AND ANSWERS HAVE BEEN ADDED FOLLOWING THE MARCH 2014 BOARD MEETING:

14. What did the Board decide upon Danzer's application to become re-associated?

The Board has decided that Danzer has to complete further steps, in accordance with the conditions recommended by the Forest Peoples Programme, before considering the original conditions for re-association to be met by Danzer. These steps will be laid down in form of a roadmap which will detail the actions that need to be implemented and how relevant outcomes are supposed to be verified.

15. Why did the Board not accept the recommendation by the Forest Peoples Programme (FPP) to immediately re-associate with Danzer?

The Board did not follow the approach proposed by FPP to re-associate with further conditions because it concluded that re-association has to be unconditional in nature. The FPP report further identified that certain intended outcomes on the ground had not completely materialized, hence the original conditions for re-association as stipulated in a Memorandum of Understanding between FSC and Danzer could not be considered to be fulfilled.

16. How will it be decided whether Danzer will have met the roadmap conditions?

The Board will approve the roadmap that will determine the specific steps and the exact state of implementation by when the original conditions for re-association are considered to be fulfilled. It will then be left to an independent organization approved by FSC to verify completion of the roadmap. The FSC Secretariat will review this verification and, if positive and having followed due process, will formally notify Danzer, FSC accredited Certification Bodies and the FSC Network that Danzer is eligible for associating with FSC.

17. When is it envisaged that Danzer could have met the roadmap conditions?

There is no fixed timeline for how quickly the additional steps can be taken by Danzer. However, the Forest Peoples Programme indicated periods between one and six months to implement the various recommendations. Ultimately it depends on a number of factors, not all of which are under control by Danzer.



18. To whom can people turn for more information?

Enquiries and interview requests should be directed to the contact given in the FSC statement: Karen Bennett Van der Westhuizen, Communications Director, k.bennett@fsc.org.