



FSC Advice Note

<b>Title:</b>	<b>Labeling Products from Small and Community Producers</b>
<b>Document Code :</b>	FSC-ADV-50-003 V1-0 EN
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<b>Status:</b>	Approved
<b>Normative references:</b>	SLIMF Eligibility Criteria FSC-STD-1-003a and Addenda, FSC Standard for Chain of Custody Certification FSC-STD-40-004, Requirements for the use of the FSC trademarks by Certificate Holders FSC-STD-50-001 (V1-2)

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## A. Introduction

Currently, the market for FSC certified products does not differentiate between products from industrial operations and products from small or community producers. The development of the Advice Note for Labeling Products from Small and Community Producers is driven by Policy motion 19, which was passed at the 2008 FSC General Assembly, and states:

*FSC shall develop a strategy to differentiate community forest products\* from other products, that allows a phrase like "COMMUNITY ORIGIN PRODUCT", in the claim on the FSC product. The strategy shall include all relevant aspects of Chain of custody and labeling to guarantee product traceability. \* See definition of community forest management approved by FSC.*

\* There is no FSC-approved definition of community forest management in the FSC Principles and Criteria Glossary.<sup>1</sup>

The FSC has developed new label text (Figure 1) for use in the FSC 100% and MIX labels to indicate when product content is from small or community producers. For both labels 100% of the content must be from small or community producers (as defined below).

As small and community producers frequently face similar disadvantages in the market, especially small volumes which make it difficult to attract buyers and negotiate good prices, the FSC made both community and small producers eligible to use the new label text. The goal is that consumers who value the opportunity to support small or community producers

<sup>1</sup> There is a statement providing guidance on what a "community managed forest management unit" is in FSC-STD-007a-V1-0\_EN, but this is only to provide guidance to certification bodies on certification procedures, specifically for preparing certification reports.

will choose products made of raw material from these producers and/or pay more for them. This could provide new and/or improved marketing opportunities to small or community producers, as well as large companies who purchase forest products from these producers.

The new Advice Note provides definitions of small producers and community producers, and explains how to use the new label text. The new label text will also be used in the pilot project for FSC-Fairtrade Dual Labeling of timber products from small and community producers in developing countries (see [www.fsc.org](http://www.fsc.org) for more information on this project).

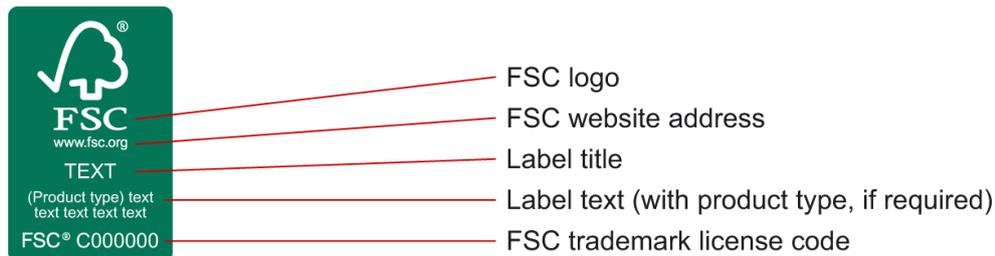


Figure 1. The required elements for the standard FSC label (source: FSC-STD-50-001 V1-2)

There are three general categories of small and community producers whose products could be labeled with the new text:

1. Producers of final products (e.g., furniture, Brazil nuts, kitchen utensils)
2. Producers of primary and secondary products (e.g., logs, boards, resins)
3. Producers that sell standing timber.

There are two types of companies who could utilize the new label text:

1. Companies who purchase standing trees and raw materials from small and community producers, and pass this material through the supply chain
2. Companies who sell final products with 100% content from eligible producers.

## **B. Process to be followed**

Initially, a policy for the use of a new label for small and community producers (FSC-POL-01-005 V1-0 D1-0 EN) was developed and distributed for comment from November 15 to December 15, 2010 to: the FSC Board of Directors, all FSC National Initiatives and Regional Offices, FSC-accredited certification bodies, FSC IC Heads of Units, FSC Global Development Director, Accreditation Services International Director, FSC Policy and Standards Committee, and all members of the Consultative Forum, which is comprised of individuals and/or organizations reflecting the full range of stakeholders affected by the new document.

The feedback was compiled and considered in revising the document. In addition, a parallel consultation of FSC members, businesses, and producers was made by a creative agency hired to develop a marketing strategy for this new labeling option. These results were also considered in developing the new label text (but are not publicly available). Then, during the revision of the policy, it was decided by the Head of the Policy and Standards Unit that an Advice Note was a more appropriate normative document than a new policy. The first draft of the Advice Note was sent out for targeted consultation in June 2011 to a small group of stakeholders comprised mostly of individuals who commented on the initial policy document.

Several content changes were made regarding the use of the new labeling option based on the public comments on the policy and the change from a policy document format to an Advice Note format. The main content change based on public comment on the initial policy was to the definition of “community producer”. The definition was revised to more clearly lay

out eligibility criteria for a community producer. The revisions related to changing the document from a policy to an advice note included:

- Complete restructuring to focus only on relevant definitions and chain of custody requirements
- Addition of definition of “small producer”. The definition is essentially an FMU that meets SLIMF eligibility requirements. This definition was developed because the new label text refers to “small or community producers”.

The Advice Note was submitted to the Policy and Standards Committee in June 2011. The Committee decided, based on the amount of public comments received regarding part of the “community producer” definition, that the proposed label text in the Advice Note was fine for use in a concurrent pilot project (for FSC and Fairtrade Dual Labeling of products from qualifying small and community producers), but that the Advice Note should undergo further consultation on the “community producer” definition before being submitted for final approval. Therefore, the Advice Note was submitted to another round of public comment from 18 July to 14 August 2011.

Final revisions were made to the Advice Note based on public comments. The main content change based on the consultation on the first and second drafts of the Advice Note was the addition of criteria for when a community authorizes another entity to manage its forest. There was some concern about ensuring some level of community involvement in decision making regarding forest management in these cases. Criteria to ensure community involvement in forest management were proposed and, after strong support for these criteria was registered by several people who sent in comments, these criteria have been added to the Advice Note. Another concern regarded potential competition between company-managed community forests and community-managed community forests. It is hoped this concern has been addressed through the aforementioned criteria.

The Advice Note was then approved by the Policy and Standards Committee in September 2011, and accepted by the Board of Directors in December 2011. The Board of Directors meeting minutes were approved on 19 January 2012. The Policy Coordinator will monitor experiences with the use of the new label text with producers and retailers over the following year, and decide if revisions to the policy are necessary. If revisions are deemed necessary, a revised version of the Advice Note will be distributed for public comment, and further revision and public comment will be implemented until a final draft is submitted with an action plan to the Policy and Standards Committee for final approval.

### **C. Timeline for completion**

The Advice Note has been approved for a one-year pilot period beginning 19 January 2012. A revised version will be submitted (if further revision is necessary after the 1 year pilot implementation phase) by 18 January 2013.

### **D. Advice**

#### **1. Definitions**

##### **1.1 Definition of Small Producer:**

A forest management unit (FMU) or group of FMUs that meet(s) the SLIMF eligibility criteria (FSC-STD-1-003a) and Addenda. For Group certificate holders that include non-SLIMF FMUs, only the FMUs categorized as SLIMFs are eligible.

## 1.2 Definition of Community Producer:

A forest management unit complying with the following tenure AND management criteria:

Tenure: The legal right to manage a forest management unit (e.g., title, long-term lease, concession) is held at the communal level, AND

- i) the community members must be either indigenous peoples<sup>2</sup> or traditional peoples<sup>3</sup>,
- OR
- ii) the forest management unit meets the SLIMF eligibility criteria<sup>4</sup>

Management: The community actively manages the forest management unit through a concerted effort (e.g., under a communal forest management plan) OR the community authorizes management of the forest by others (e.g., resource manager, contractors, forest products company).

If the community authorizes management of the forest by others, criterion 1 **and** either criterion 2 or 3 must be met:

- i. The community's own representative institution<sup>5</sup> has legal responsibility for the harvesting operations, AND
- ii. The community performs the harvesting operations OR
- iii. The community's own representative institution is responsible for the forest management decisions, and follows and monitors the operations.

NOTE: The forest can be either located in a communal forest and/or on individually-assigned plots, as long as the right to use the forest is communally held (e.g., this is the case for Mexican *ejidos*, Brazilian sustainable development reserves).

## 2. Chain of Custody Requirements for Labeling Products from Small and Community Producers

All chain of custody requirements in FSC-STD-40-004 must be followed. The advice provided below comprises additional requirements for the labeling of products from FSC certified small and community producers. References are provided to the relevant clauses in FSC-STD-40-004.

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<sup>2</sup> Definition of Indigenous Peoples in FSC Principles and Criteria for Forest Management (version 5, draft 5): "People and groups of people that can be identified or characterized as follows: The key characteristic or criterion is self identification as indigenous peoples at the individual level and acceptance by the community as their member; historical continuity with pre-colonial and/or pre-settler societies; strong link to territories and surrounding natural resources; Distinct social, economic or political systems; distinct language, culture and beliefs; form non-dominant groups of society; resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities. (Source: Adapted from United Nations Permanent Forum on Indigenous, Factsheet 'Who are indigenous peoples' October 2007; United Nations Development Group, 'Guidelines on Indigenous Peoples' Issues' United Nations 2009, United Nations Declaration on the Rights of Indigenous Peoples, 13 September 2007)

<sup>3</sup> Definition of Traditional Peoples proposed in FSC Principles and Criteria for Forest Management (version 5, draft 5): Traditional peoples are social groups or peoples who do not self-identify as indigenous and who affirm rights to their lands, forests and other resources based on long established custom or traditional occupation and use. [Source: Forest Peoples Programme (Marcus Colchester, 07 October 2009)]

<sup>4</sup> See SLIMF Eligibility Criteria (FSC-STD-01-003)

<sup>5</sup> United Nations Declaration on the Rights of Indigenous Peoples Article 19: States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free, prior and informed consent before adopting and implementing legislative or administrative measures that may affect them.

## 2.1 Product groups: FSC-STD-40-004 Clause 2.1.1

The organization shall establish exclusive product groups for products from small and community producers. A product group may contain products from both small and community producers.

## 2.2 Claim on sales documentation: FSC-STD-40-004 Clause 6.1.1

Sales and delivery documents for products from small and community producers shall additionally contain the statement: "From small or community producers". The statement shall be clearly linked in the invoice to these products.

## 2.3 System for controlling the claim: FSC-STD-40-004 Section 9

The credit system cannot be applied for products from small or community producers; only the transfer and percentage systems shall be used.

## 2.4 Eligibility for using the FSC Small or Community Producer Label Text

FSC-STD-40-004 Clause 11.1 (FSC 100% label)

All products from FSC Pure product groups from small or community producers can be labeled with the FSC 100% Small or Community Producer label text (Figure 2a).

FSC-STD-40-004 Clause 11.2 (FSC Mix label)

All products from product groups produced under the transfer or percentage system can be labeled with the FSC Mix Small or Community Producer label text (Figure 2b), if the products contain at least 70% of FSC Pure inputs from small or community producers and the remaining portion is FSC Controlled Wood from small or community producers.

## 2.5 Use of the label

The use of the FSC label must comply with FSC International Standard Requirements for the use of the FSC trademarks by Certificate Holders FSC-STD-50-001 (V1-2).



Figure 2. FSC labels with proposed new label text for: a. FSC 100%, and b. FSC Mix.