



Facts and Case Summary – Building and Wood Workers’ International (BWI) v. BILT Graphic Paper Products Limited (BILT)

In March 2015, Building and Wood Workers’ International (BWI) filed a complaint under the FSC-POL-01-004 *Policy for Association of Organizations with FSC (FSC Policy for Association)*, alleging that Sabah Forest Industries (SFI), a Malaysian subsidiary of BILT Graphic Paper Products Limited (BILT), refused to recognize the union appointed by SFI workers. BWI cited a violation of the principles of two of the International Labour Organization’s (ILO) Core Conventions: Freedom of Association (Convention No. 87) and Collective Bargaining (Convention No. 98).

In accordance with the *FSC Policy for Association*, FSC International appointed a complaints panel with balanced representation from the three membership chambers of FSC (economic, environmental, and social), to conduct an evaluation of the complaint, and make a recommendation to the FSC Board of Directors of its decision.

After conducting a thorough and detailed investigation, the complaints panel concluded that there was clear and convincing evidence that SFI failed to uphold the principles of the ILO Core Conventions, as SFI refused to recognize and engage in collective bargaining with a workers union appointed by SFI workers. Furthermore, the complaints panel found that BILT exercised a significant level of authority and control on all matters relating to unions and workers at its subsidiary. This significant level of authority by BILT contravenes the *FSC Policy for Association* whereas certificate holders are required to abide by ILO’s Core Conventions.

In order to offer the defendants the opportunity to redress the situation, on 10 March 2016, the FSC International Board of Directors agreed to maintain the association with BILT and SFI but subject to a number of conditions. FSC expected BILT to show clear and significant commitment to uphold the principles of the ILO Core Conventions: Freedom of Association (Convention No. 87), and Collective Bargaining (Convention No. 98), by the time of the next FSC International board meeting (BM 72) in July 2016. FSC Board of Directors required BILT and SFI to submit an action plan and a progress report on recommended corrective measures no later than 24 June 2016, a deadline that was further extended to 30 June at BILT’s request.

FSC provided BILT with a set of conditions that included, amongst others, compensating workers for paying membership dues while not receiving the full benefits of union recognition. FSC also provided SFI with a set of conditions: the primary aim being that SFI recognized a union and had a clear completion date for a collective bargaining agreement with a union of the employees’ choice.

Failure to submit both the action plan and progress report, as well as show a clear and significant commitment to fulfill the recommended corrective measures, have prompted the decision



to disassociate, despite FSC allowing ample time for both companies to implement these actions.