

FSC PROCEDURE

Development of national Chain of Custody group eligibility criteria

FSC-PRO-40-002 (V1-0) EN



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DEVELOPMENT OF NATIONAL CHAIN OF CUSTODY GROUP ELIGIBILITY CRITERIA
FSC-PRO-40-002 (V1-0) EN
FINAL VERSION

The Forest Stewardship Council (FSC) is an independent, not for profit, non-government organisation based in Bonn, Germany.

The mission of the Forest Stewardship Council is to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC develops, supports and promotes international, national and regional standards in line with its mission; evaluates, accredits and monitors certification bodies which verify the use of FSC standards; provides training and information; and promotes the use of products that carry the FSC logo.

Foreword

In the years succeeding the initial adoption of the COC group policy, the growth of this type of certification has been slow. This is due in part to the difficulty of adopting the eligibility criteria at an international scale.

FSC recognizes that there are large variations in economic development between countries and in the different productive sectors within each country. As a result there are not internationally agreed definitions of small enterprises and the FSC Group standard was developed considering the need of improvement in the definition of small organizations in order to ensure the equitable access to the benefits of FSC certification worldwide.

Taking these aspects into account, FSC decided to maintain generic global eligibility criteria that are applicable worldwide and develop, with the support of National Offices, more specific and adequate criteria at national levels.

This document aims to provide guidance to FSC National Offices in relation to the process of development of national Chain of Custody group eligibility criteria.

Note on use of this procedure

All aspects of this document are considered to be normative for National Offices that have decided to develop alternative eligibility criteria for COC group certification within their country, including the scope, effective date, references, terms and definitions, tables and annexes, unless otherwise stated.

Introduction

The Group Chain of Custody Policy *FSC-POL-40-002* was created to allow small enterprises to access the FSC certification, having the following types of producers in mind: Artisans wood workers, portable sawmill operators, small sawmills, carpenters, joiners and small hauling companies. The policy is expected to achieve the groups of small enterprises that already have a legal organization or the support of an external organization, such as an association or cooperative.

The current FSC policy defines that to be eligible to participate in a group certification, the group members shall comply with the following eligibility criteria:

- Have no more than 15 employees (including full time, part time, and seasonal staff),
OR
- Have no more than 25 employees and an annual turnover of US\$ 1,000,000.
(Turnover here is defined as total annual revenue from goods and services).

These eligibility criteria were established for a trial period of one year from the date of policy approval (July 2002) and also defined that whether more appropriate definition for small enterprises is found, this would be introduced to the policy. However, this generic global criterion has been used until nowadays.

In the 2008 General Assembly, Policy Motion 12 was approved requiring FSC to consider revising eligibility criteria for Group COC based on the realities within each region to address regional obstacles to small enterprises. Following this Motion, National Offices (NOs) have now been given the capacity to propose national eligibility requirements for group Chain of Custody (CoC) certificates.

Please send any comments or suggestions regarding this document to:

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A Scope

This procedure shall be used by all FSC National Offices for the purpose of defining small enterprises eligible for participation in chain of custody groups.

B Effective date

16 August 2010

C References

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

- FSC-STD-01-002 FSC glossary of terms*
- FSC-STD-01-005 FSC Dispute Resolution System*
- FSC-POL-40-002 Group Chain of Custody (COC) Certification*
- FSC-PRO-40-002a List of approved national Chain of Custody group eligibility criteria*

D FSC normative documents replaced by this procedure

none

E Terms and definitions

For the purposes of this procedure, the terms and definitions given in *FSC-STD-01-002 FSC Glossary of Terms* and the following apply:

FSC National Office: legally independent FSC partner organization, endorsed by FSC; formally known as “FSC National Working Group”.

1 General Issues

- 1.1 FSC National Offices working to adjust or redefine national eligibility requirements should consider appropriate mechanisms to define “small” businesses that are eligible for group COC certification. This will generally include at a minimum limitations of numbers of employees and/or total revenue.

2 Research

- 2.1 The FSC National Office (NO) shall research available socio-economic data (governmental statistics, economic indices, etc) to determine what is considered a ‘small business’ in the country in question.
- 2.2 The NO shall also engage with current and potential FSC COC Group coordinators and other experts in their country who have the capacity to help design eligibility requirements in a credible and equitable manner.
- 2.3 NO shall seek guidance from FSC IC in case of complex technical issues or conflicts with stakeholder groups.
- 2.4 The research shall be publicly announced in manner sufficient to ensure that stakeholders are notified about its commencement and scope.

3 Stakeholder Consultation

- 3.1 Before engaging stakeholders, the NO shall carry out a stakeholder mapping exercise (or update any existing map) to identify major interest sectors and key interested parties. The results of this exercise shall be publicly available and included in the consultation notification to stakeholders.
- 3.2 The proposed eligibility requirements shall be written and submitted by the NO for public consultation for a minimum of thirty (30) days.
- 3.3 The NO shall take the comments received by stakeholder in reviewing the research results, and document how they are addressed while respecting the integrity of the FSC system.

NOTE: A second consultation round should be carried out when substantive, unresolved issues persist after the first round.

- 3.4 The NO shall take public comments into consideration, revise the proposed eligibility requirements if needed, and send it to the NO Board of Directors for review and approval.
- 3.5 The NO shall prepare a report on the consultation which includes:
 - a) The result of the stakeholder mapping;
 - b) a summary of the issues raised;
 - c) an analysis of the range of stakeholder groups who have submitted comments;
 - d) a justification of any discrepancies between the stakeholder mapping and the groups who have indeed participated in the commenting round(s);

- e) a general response to the comments and an indication of how they have been taken into account.

3.6 Copies of all formal comments may be requested by PSU on a case by case basis.

4 FSC Approval

4.1 Following support by the NO Board of Directors, the proposed group COC eligibility requirements shall be sent to the Head of the Policy and Standards Unit at FSC-IC for review and approval.

4.2 The application shall include:

- a) a formal application letter, signed by the NO Board of Directors (or the Chair);
- b) the proposed group COC eligibility requirements with a short justification;
- c) the stakeholder report (see Clause 3.3).

4.3 FSC can reject proposals which in the sole opinion of FSC:

- a) do not meet the formal application requirements (see Clause 4.2);
- b) have not been adequately consulted;
- c) do not adequately reflect the economic reality in the applicant's country.

NOTE: NOs have the right to appeal any decision taken by FSC (see *FSC-STD-01-005 FSC Dispute Resolution System*).

4.4 FSC reserves the right to periodically require revision of approved national group COC eligibility criteria in order to ensure its adequacy in case of major changes in regional socio-economic conditions.

4.5 A list of approved group COC eligibility requirements will be published at: www.fsc.org.