Minutes of the 55th Meeting of the FSC Board of Directors held on 9 – 11 November 2010 in Nagoya/Japan

Present:

Board of Directors (BoD):
- Roberto Waack (RW) Chairperson
- Chris van der Goot (CvdG)
- Jaime Levy (JL)
- Eric Palola (EP)
- Margareta Renström (MR)
- Mario Abreu (MA) Treasurer
- Luis Astorga (LA)
- Ana Young (AY)

Observers:
- Michael Conroy (MC) Newly elected BoD member – observer
- Xiaoping Wang (XW) Newly elected BoD member – observer
- Masami Shiba (MS) BoD member FSC Japan – observer
- Corey Brinkema (GB) NI Representative

Staff:
- Andre de Freitas (AF) Director General
- Angela Rott (AR) Executive Assistant
- Achim Droste (AD) Policy and Standards Director
- Alison Kriscenski (AK) Communications Director
- Gemma Boetekees (GB) FSC Network Director
- Sam Ponder (SP) Managing Director of ASI
- Zoltan Paksy (ZP) Managing Director of FSC Global Development

Apologies:
- Kouami Kokou (KK)
## List of Attendance

The Chairperson, welcomed members of the BoD and the NI representative, Corey Brinkema, from FSC US, and the following observers:

- Michael Conroy – new elected BoD member from the Northern Social Chamber
- Xiaoping Wang – new elected BoD member from the Southern Environmental Chamber
- Masami Shiba – BoD member of FSC Japan

Quorum was noted with eight out of nine members of the BoD present in person.

**Nomination of Chairperson and Secretary of the meeting**

**Chairperson:** Roberto Waack  
**Minutes:** Angela Rott

## 55.01 Approval of the Agenda

The agenda was approved, with a few changes in scheduling and the following additions:

- Update on Policy of Association
- Policy and Standards Committee recommendation on potential pilot on cross credits
- Follow up on complaint against FSC member Endesa Botrosa

**Roberto Waack**

## 55.02 Strategic Review

Based on discussions with the BoD on the FSC Global Strategy, earlier in 2010 FSC engaged PricewaterhouseCoopers to support the implementation of a strategic review process.

The main objective of the review is to transform the contents of the FSC Global Strategy into concrete actions and measurable performance indicators. However, since the Global Strategy has been in place for almost three years, the review is also expected to enable FSC to conduct minor updates to it, to reflect new issues and changes related the forest sector. FSC expects that once completed this work will ensure a better implementation of the FSC Global Strategy and a more efficient way to monitor performance indicators.

The method being used for this review is the Balanced Score Card and the first step has been the translation of the contents of the FSC Global Strategy into an overall strategic map. This was done originally by the FSC senior management team and the NI representative to the BoD. The results of this work were presented to the BoD, which endorsed the strategic map with some recommendations.

**Andre de Freitas**
Based on the approved strategic map, the FSC senior management team proceeded to develop operational and implementation goals and related outcomes, activities and indicators. The initial results of this work were discussed with the FSC BoD.

**Decisions and follow up:**
The BoD discussed the initial outcomes of the review and decided on the following 7 strategic priorities. These shall be used as a reference to further guide the review and FSC’s work plan for 2011:

1. Development of an effective FSC organizational model (corporate structure and network, incl. integrated membership, solution for contact persons and priorities for strategic locations)
2. Efficient service delivery (certification, key account management, brand management, communication, ASI taking in other certification schemes)
3. Increasing the supply of FSC certified material to match demand.
4. Maintaining key stakeholder engagement (including successful P&C review process, tracking systems, impacts and others)
5. Government engagement in key countries
6. Adequate level of financial resources for the FSC System, incl. Network
7. Maintenance and recruitment of high quality Human Resources, both at the international and national levels.

The strategic review will now be further developed considering the above mentioned strategic priorities.

**Update on the Review of FSC Structures**
The BoD discussed the issue of complexity of the current corporate structures and added transactions costs and potential implications. The issues are being explored with the support of FSC’s tax advisors FGS and Deloitte. The BoD requested to have a conference call with the FSC tax advisors to get more feedback on the FSC corporate structure.

Due to strategic and operational considerations, the BoD approved that FSC GD be closed and its work areas transferred to FSC IC as appropriate. The BoD recommended that AF give a higher priority to the hiring of a COO for the organization.

**2011 FSC Group Work Plan**
The BoD approved the 2011 FSC Work plan and budget, with a few specific additions:
a) Social Program to identify strategic local and international organizations and establish outreach process to ensure effectiveness of planned meetings in increasing membership in the Social Chamber.

b) ASI to add the elements of Compliance assessment, the project on statistically valid representation and KPIs on quality.

The BoD recommended that the work plan be more focused on outcomes and requested FSC to further evaluate and organize the planned activities against the identified strategic priorities and establish KPIs as appropriate. It also recommended that FSC enhances its participation in advocacy and government related forest issues in strategic areas of the world, including the engagement with multilateral organizations.

The BoD also recommended that FSC explore further the use of outsourcing and service providers for some of its activities.

The BoD also authorized the Secretariat to use up to 20% of its capital reserve to ensure the fulfilment of the strategic priorities.

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**BoD Motions to the 2011 FSC General Assembly**

The BoD requested that AF prepare a document on possible BoD motions based on previous BoD discussions on the subject. This shall be discussed and decided by the BoD through email until the deadline for submission of motions.

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**Phase-in Process for Revised FSC Principles and Criteria**

The BoD approved the timeline for the phase-in of the revised FSC P&C, as presented and based upon the recommendation of the FSC Policy and Standards Committee. The phase-in timeline is summarized in the following table:

<table>
<thead>
<tr>
<th>Action</th>
<th>Relative Timelines</th>
<th>Scheduled dates*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cut off date for old format standards</td>
<td>Approval date of the revised P&amp;C</td>
<td>February 2011</td>
</tr>
<tr>
<td>Development of generic indicators and gap analysis by NIs</td>
<td>Approval date + 1 year</td>
<td>February 2012</td>
</tr>
<tr>
<td>Transfer of standards to new structure</td>
<td>Approval date + 2 years</td>
<td>February 2013</td>
</tr>
<tr>
<td>Application of new standards for certificate holders</td>
<td>Transfer date + at least 6 months</td>
<td>January 2014</td>
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</tbody>
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* Dates may change depending on final approval date

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**Future of FSC Certification in the Congo Basin**

Due to the limited feedback from local stakeholders in the Congo Basin

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regarding the desirability of a moratorium on FSC forest certification in the region, the BoD concluded that it did not have enough information to take a decision at this point.

The BoD also decided that FSC give this issue a high priority. As follow up, FSC will:

a) Identify key stakeholders and interview them on how they see the future of FSC certification in the region

b) Identify specific points in FSC certification that Greenpeace is concerned about (social issues, governance and HCVFs) and assess the current adapted CB standards and the draft regional standard in regard to these

c) Engage with ASI so that the region receives enhanced attention in terms of surveillance of certification bodies

### Potential Pilot on Swap of CoC credits

The objective of this pilot would be to test the feasibility and overall environmental, social and economic benefits of allowing that wood from one area that is certified but where there is no demand be “transferred” (the credit of certification) to other areas with high demand but no supply of certified wood, with all the wood involved being at least at the level of Controlled Wood.

The assumption behind is that such an approach could result in:

- Reduced carbon emissions, by enabling closer to field use of resources
- Social and environmental benefits, with a larger volume of wood and fiber reaching the level of Controlled Wood
- Positive impact in terms of fiber availability and supply
- Increased FSC certification in the long term, as the overall move to Controlled Wood would be a stepping stone towards FSC

However, there is strong opposition to such a concept from part of FSC stakeholders, largely due to concerns about maintaining a link between certified products and certified forests and challenges related to the implementation of Controlled Wood.

The proposal for a pilot, requested by some industry players, was sent to the FSC Policy and Standards Committee for its consideration. The PSC recommended that the FSC BoD do not approve the realization of the pilot.

Due to limited information available the BoD decided not to take a decision on the pilot and requested further information on the issue.
### Decision and follow up:

- FSC to provide the BoD with more information on the rationale behind the recommendation of the FSC PSC in December
- BoD to take a decision on the pilot via email in January 2011

### Functioning of the FSC BoD

During the months of September and October 2010, the BoD has undergone a self evaluation process, with the support of an external consultancy. The BoD expressed its satisfaction with the results of the assessment and will use them to improve its functioning over the next period. It also committed to improve the assessment mechanism, considering a more open evaluation process, involving FSC staff, NIS, and other constituencies.

The BoD decided that:

a) The FSC Executive Committee should be re-established to provide support to the Director General. The EC should be constituted by the Chairperson, Vice-chairs and Treasurer. AF shall develop ToR for the EC and submit them to the BoD for decision. The EC and DG shall have monthly telephone conferences.

b) The participation of staff in BoD meetings should be more limited. Given the direct and opportunity costs involved, FSC staff should attend only discussions in which their participation is essential.

c) FSC BoD meetings should be more focused on specific themes (i.e. such as BM55, which was mainly on strategy and the 2011 work plan).

d) It would further explore how to add key expertise to the FSC BoD, for example, in the form of an Advisory Council or through technical advisors.

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### Other issues

In addition to the above discussed issues, the FSC BoD also made some recommendations and requests during the meeting. Below is a summary of these.

The FSC BoD:

a) Requested that FSC give priority to the assessment of the complaint from Ecuador. The FSC Secretariat is expected to provide a recommendation for decision by the BoD in Decem-
b) Requested that FSC give priority to the assessment of the implementation of Controlled Wood.

c) Requested that FSC prioritize the revision of the FSC By-laws, including clearer of chamber membership criteria and other issues discussed in BM 53 (53.06). This shall be submitted for decision by the Board at its next meeting (BM56)

d) Recommended that FSC hire an external Brand and Marketing company to provide support in relation to branding and PR.

e) Recommended that FSC develop more structured rules for employees working abroad.

f) Recommended that FSC enhance its use of remote meeting advanced IT solutions to allow better integration with the BOD, staff and network.

g) Communicate more clearly the FSC Policy on Association to the FSC membership.

Closing of BoD meeting 55

The FSC BoD expressed its appreciation for the support provided by FSC Japan for the organization of the BoD meeting and for the work being done in the country. The meetings of the BoD with stakeholders from the economic, social and environmental sectors were considered particularly valuable to further understand the reality of FSC’s development in Japan. FSC looks forward to continue working with FSC Japan to strengthen the relationship with the multiple users of FSC certification in the country.

Roberto Waack expressed the gratitude of the BoD to the support and commitment of Luis Astorga and Kouami Kokou, whose terms as BoD members ended at BM55, and welcomed Michael Conroy and Xiaoping Wang, newly elected to the FSC BoD. The BoD also thanked Corey Brinkema, the NI representative to the FSC Board for his participation and contribution to the BoD discussions over the past 2 years. The BoD considered that this representation has been highly valuable and looks forward to continue working with the next NI representative.

Roberto Waack proceeded to welcome Chris van der Goot, elected by the BoD to be its new Chairperson, and also Margareta Renström and Ana Young, who have been appointed as Vice-chairs. Mario Abreu remains the Treasurer of the FSC BoD.

Finally, the BoD expressed its appreciation to Roberto Waack for his dedication and support to FSC over the past years as the Chairperson of the FSC BoD.