Purpose of this document:

1. Discuss the development of an Advice Note to implement the phase-out of company risk assessments in the absence of the revised Controlled Wood (CW) standard, and

2. Request PSC decisions on the following:
   - Shall company risk assessments be phased out by 31 December 2015, and if yes:
   - What sources of risk designations shall be used by certificate holders;
   - Shall transition rules be modified, and if so, how;
   - Shall requirements for field verification sampling be modified, and if so, how;
   - Shall field verification be allowed to be outsourced to the certification body responsible for evaluating the company’s conformance with the standard;
   - How shall any agreed requirements be implemented in the normative framework.

1. Background

At the 2011 FSC General Assembly, Motion 51: Strengthening the Controlled Wood system decided that company-developed Risk Assessments shall be phased out and replaced by National Risk Assessments after 31 December 2012, later postponed to 31 December 2015, due to delays in the CW revision, and the development of National Risk Assessments.

Currently, company risk assessments are developed according to the standard FSC-STD-40-005 V2-1 (Annex 2 of the standard). The phase-out was intended to occur through the revision of the standard, however the revised standard will not be able to be made effective by the phase out date due to additional field tests organized in 2015. Furthermore, the revised standard may not be agreed upon by the working group, which may further delay its introduction. Different means for phasing out company risk assessments are therefore needed from 1 January 2016, until the revised version of the standard enters into force. For this purpose, and to facilitate the transition between the requirements, the Advice Note FSC-ADV-40-005-21 Draft 1-0 was drafted (Annex 1) and publicly consulted. The development process is summarized in Annex 2.

2. Normative requirements for PSC discussion

The draft Advice Note was revised based on feedback obtained (Annex 3). The FSC Secretariat’s recommendations for its contents are as follows (see also Annex 2, Section 6):

   a) The phase out date of 31 December 2015 should be adhered to;
b) Different risk designation sources shall replace company risk assessment, according to the following hierarchy:

   i. National Risk Assessment or, if an NRA is not available;
   ii. Centralized National Risk Assessment, or, if the CNRA is not available;
   iii. A risk assessment provided by the company’s certification body, based upon the Global Forest Registry; or
   iv. An Interim Risk Assessment conducted by the company according to FSC-PRO-60-002a FSC National Risk Assessment Framework (revised risk assessment requirements approved in November 2014); or
   v. Global Forest Registry (http://www.globalforestregistry.org/)

c) Modification of transition rules:

   i. To allow companies to choose the version of the standard they are audited against during the one-year transition period, and
   ii. Extension of the transition period to two years.

d) Outsourcing field verification (FSC-STD-40-005 V2-1 Annex 3):

   i. To allow outsourcing to the certification body that evaluates company’s conformance to the standard
   ii. To allow modification of the sampling rate for verification to be based on particular criteria applied by the company and approved by the certification body. Discussion item: what criteria and reduction shall be applied?

3. The format of approved requirements

The proposed Advice Note (Annex 3) is only one option for implementing the proposed requirements. The PSC is requested to provide a decision on whether the requirements that are eventually approved shall be contained within a draft Advice Note.

4. Impacts of the recommended decisions

The impacts of the decisions recommended by the FSC Secretariat have been assessed based on the divided stakeholder feedback received through the public consultation, and the recommendations have been made in an attempt to balance the positions of the different stakeholder groups.

Annexes:

- PSC.2015.15.DEC.Annex 1 FSC-ADV-40-005-21 DRAFT 1-0 Public Consultation
- PSC.2015.15.DEC.Annex 2 Synopsis of the drafting and consultation of FSC-ADV-40-005-21 - updated for PSC
- PSC.2015.15.DEC.Annex 3 FSC-ADV-40-005-21 DRAFT 2-0