

## FSC® DIRECTIVE

### FSC Directive on FSC Controlled Wood

FSC-DIR-40-005 EN



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FSC's vision is where the world's forests meet the social, ecological, and economic rights and needs of the present generation without compromising those of future generations.

## **Foreword**

FSC received various comments from Certification Bodies and stakeholders requesting a reduction in the number of normative documents to make the documented certification system more comprehensible. FSC therefore combined all previous Advice Notes into single documents which are called “directive”. A directive includes all advices issued in relation to a single standard. The relation to a standard is reflected in the document code. Where new interpretation is approved, these will be added to the directive and the revised document will be reissued.

The intention of this document is to standardize understanding and implementation of requirements by FSC accredited certification bodies and certificate holders.

This document will be revised as required. The content of the directive will be incorporated into the related standards in each major review as feasible.

Changes and amendments to the directive will be announced to the FSC Network immediately.

## **Note on use of this directive**

All aspects of this document are considered to be normative, including the scope, effective date, references, terms and definitions, tables and annexes, unless otherwise stated.

## CONTENTS

A	Scope
B	Effective date
C	References
D	FSC normative documents replaced by this Directive
E	Terms and definitions
Part 1 General Issues	
Part 2 FSC Advices	
<b>ADVICE 40-005-01</b>	The concept of “district” in risk assessments
<b>ADVICE 40-005-02</b>	Complaints about controversial activities within suppliers’ FMUs
<b>ADVICE 40-005-03</b>	Can a manufacturing or trading site be defined as "district" for the purpose of conducting a risk assessment?
<b>ADVICE 40-005-04</b>	What kind of documentation and control is required to verify the geographical district of origin?
<b>ADVICE 40-005-05</b>	Inclusion of manufacturing/ trading sites in the company’s Controlled Wood verification program
<b>ADVICE 40-005-06</b>	Public availability of risk assessments
<b>ADVICE 40-005-07</b>	Minimum content and revision of publicly available risk assessment results
<b>ADVICE 40-005-08</b>	What to do in cases where two companies reach contradicting results in their risk assessments of a district?
<b>ADVICE 40-005-09</b>	Use of guidance and risk designations developed by FSC accredited National Initiatives
<b>ADVICE 40-005-10</b>	When shall an FSC Controlled Wood code be issued by the certification body?
<b>ADVICE 40-005-11</b>	Do other parts of the standard need to be implemented or evaluated for sales activities of ‘FSC Controlled Wood’?
<b>ADVICE 40-005-12</b>	Use of the Transparency International Corruption Perception Index (CPI) in risk assessments
<b>ADVICE 40-005-13</b>	Is there any difference in the interpretation of High Conservation Value Forests (HCVF) between the FSC Controlled Wood standard and the FSC Principles and Criteria?
<b>ADVICE 40-005-14</b>	How can low risk be confirmed for Category ‘C’ of FSC-STD-40-005 V2-1 Clause 1.1?
<b>ADVICE 40-005-15</b>	Field verification audits, results, decision making and required actions
<b>ADVICE 40-005-16</b>	What is the sampling rate and pool that certification bodies shall use for field evaluations of supplies from sources with unspecified risk?
<b>ADVICE-40-005-17</b>	Documentation and procedural requirements to demonstrate the geographical district of origin for co-products
<b>ADVICE-40-005-18</b>	Independence of the company verification program
<b>ADVICE-40-005-19</b>	Applicable National and Local Laws and Regulations for Controlled Wood Company Risk Assessment
<b>ADVICE-40-005-20</b>	Sourcing of co-products under the EU Timber Regulation

## **A Scope**

This document provides FSC's formal interpretation, errata and addenda of the requirements included in FSC-STD-40-005.

## **B Effective date**

The effective date is specified for each advice separately.

## **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-40-005 Standard for Company Evaluation of FSC Controlled Wood*

## **D FSC normative documents replaced by this Directive**

*FSC-ADV-40-016 V 2-0 EN Implementation of FSC Controlled Wood requirements in FSC STD-40-005 V2-1 and FSC-STD-20-011 V1-1*

## **E Terms and definitions**

Terms and definitions are provided in *FSC-STD-01-002 FSC glossary of terms* and in *FSC-STD-40-005 V2-1 Standard for Company Evaluation of FSC Controlled Wood*. Further advice-related definitions may be provided in the context of each advice.

## Part 1 General Issues

- 1 The FSC Directive is providing certification bodies and other stakeholders with clear advices on the implementation of FSC's international policies and standards. A directive is designed to provide formal advice in relation to a single specific issue or question raised with the FSC International Center. All advices on a series of issues related to a specific FSC international policy or standard are collected in one document to improve accessibility of interpretations for certification bodies, certificate holders and interested parties.
- 2 If a certification body is in doubt about the correct implementation of an FSC policy or standard, the certification body must request clarification from the FSC Policy and Standards Unit. If required, such clarification will be provided in the form of a new directive.
- 3 Prior to the finalisation of an advice, a certification body may make its own decision in relation to a question for which clarification has been sought. In such a case, responsibility for the consequences of the decision shall rest exclusively with the certification body concerned. Formal advice subsequently provided by the FSC International Center will be applicable retrospectively.
- 4 The advices provided in this document represent the formal position of the FSC International Center unless and until it is superseded by the approval of a more recent policy, standard, or advice. In such cases the requirements specified in the more recent document shall take precedence.
- 5 Certification bodies are required to comply with the most recent formal advices, and the FSC Accreditation Business Unit will base its evaluations and issue of corrective actions on these.
- 6 Finalised advices are approved by the Head of the Unit of the Policy and Standards Unit or the FSC Director General. If a certification body wishes to contest the advice provided it may do so by requesting a formal review and decision by the FSC Policy and Standard Committee. Until and unless such a review and decision has been finalised, the certification body shall continue to comply with the position of the FSC International Center.
- 7 Directives are under continual review and may be revised or withdrawn in response to new information, experience or changing circumstances, for example by the development of new policies or standards approved by the FSC Board of Directors.

## Part 2 FSC Advices

<b>ADVICE-40-005-01</b>	<b>The concept of “<i>district</i>” in risk assessments</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 8.1 and Annex 2
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	<p>In the context of risk assessments, the term “<i>district</i>” refers to the generic name to call the geographical scale at which a risk assessment is conducted. A district can therefore be defined by country, state, ecoregion, region, county, FMU, etc.</p> <p>The risk assessment for any given category may be conducted at any geographical scale at which reliable and independent information is available to the company and at which conditions in relation to the FSC Controlled Wood categories are sufficiently homogenous to evaluate the risk</p>
Advice	<ol style="list-style-type: none"> <li>1 For FSC Controlled Wood categories A, B, D, and E (see Clause 1.1 of FSC-STD-40-005 V2-1) the risk assessment may start at the national level as the broadest level. In this case, district equates to country.</li> <li>2 FSC-STD-40-005 V2-1 defines the ecoregion as the unit for assessment of FSC Controlled Wood category C (threats to HC VF). This is mainly because the information that is required to be verified according to the indicators of Annex 2 is primarily available at the ecoregion level.</li> <li>3 For the purpose of risk assessment of HC VF, the evaluation may first be carried out at a country level to assess if the district where the timber originates is located in any of the listed ecoregions of high conservation value (e.g. <i>Biodiversity Hotspots</i>, <i>Global 200 Ecoregion</i>, <i>Frontier Forest</i>, <i>Intact forest landscapes</i>). If the timber is not originating from a district within one of the designated ecoregions, then the company can classify the district as ‘low risk’ and the timber as Controlled Wood for the given category . If the timber however is originating from a district within one of the designated ecoregions, then the company shall classify the district as ‘unspecified risk’. In this case, the company may decide to conduct the risk assessment at a lower scale (province, county, FMU) to arrive to a low risk designation, providing that there is independent verifiable information available to support that conclusion.</li> </ol> <p>NOTE: Risk assessments may be confined to a certain clearly defined scope within a district, such as forest type (e.g. plantations) or scale (e.g. SLIMFs). In this case, the confined scope must be clearly reflected in the published risk assessment results.</p>

<b>ADVICE-40-005-02</b>	<b>Complaints about controversial activities within suppliers’ FMUs</b>
Normative reference	FSC-STD-40-005 V2-1 Section 14 Clauses 14.1, 14.2 and 14.3
Effective date	08 April 2009; revised 25 July 2011
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	There have been some cases where in low risk districts, controversial activities by suppliers were occurring at the FMU level. It is not the intent of the Controlled Wood Standard to allow timber coming from controversial activities such as conversion or violation of human rights, even if these activities are happening in districts considered as ‘low risk’ at a broader scale.

Advice	In cases of complaints regarding controversial activities within the supplier's FMUs relevant to any of the five FSC Controlled Wood categories, the company shall conduct consultation with stakeholders relevant to the controversial Controlled Wood category for the district where the supplier is located in order to collect additional information. If the information does not allow a clear 'low risk' designation, the company shall conduct a field verification audit according to Annex 3 of FSC-STD-40-005 V2-1 to determine if the supplier's FMUs can be confirmed as low risk.
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<b>ADVICE-40-005-03</b>	<b>Can a manufacturing or trading site be defined as "<i>district</i>" for the purpose of conducting a risk assessment?</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 8.1
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	Some companies have used the location of their trader or supplying manufacturer to conduct the risk assessment in cases where the geographical origin of the raw material was not known.
Advice	<ol style="list-style-type: none"> <li>1 The definition of "<i>district</i>" of origin of the material supplied is defined geographically for the country, region, ecoregion, or forest where the trees were originally harvested. The concept of district <u>cannot</u> be applied to companies or organizations manufacturing and/ or trading forest-based products anywhere in the chain of custody supply chain.</li> <li>2 If the geographical district of origin of the purchased forest-based material cannot be determined, a risk assessment cannot be carried out and subsequently the material cannot be used as FSC controlled material input.</li> </ol>

<b>ADVICE-40-005-04</b>	<b>What kind of documentation and control is required to verify the geographical district of origin?</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 8.1
Effective date	08 April 2009 revised 01 July 2010 revised 08 December 2010
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	Companies are required to maintain documentation that demonstrates the district of origin.
Advice	<ol style="list-style-type: none"> <li>1 In order to demonstrate compliance with Clause 8.1, companies shall keep records to demonstrate the district of origin at the forest level. These records should include, but not be restricted to, legally required transport documents and proof of purchase from the forest management unit of origin. Documents to demonstrate origin shall be available to the certification body during audits and upon request. A declaration from the supplier may only be used as a part of the body of documentation for demonstrating district of origin. A supplier declaration alone, even if covered by a contractual agreement, is not considered sufficient proof of the origin of the timber.</li> <li>2 In addition to 1.1 (above), for suppliers located in countries with a CPI below 5, companies shall conduct a plausibility test of the information collected as per Clause 8.1. This test should include plausibility criteria defined by the company, such as distance and means of transport, timber species, supplier relationship, etc.</li> </ol> <p>NOTE 1: It is the responsibility of the company to evaluate the plausibility criteria and come to a fair and objective judgment regarding the plausibility and reliability of the information provided. The</p>



	<p>precautionary principle should be applied.</p> <p>NOTE 2: If the result from the plausibility test is negative, the material should not be used as controlled material input.</p> <p>3 Certification Bodies shall confirm that adequate documentation is maintained and verified at each surveillance audit.</p>
Implementation notes	<p>1 The term 'district of origin at the forest level' is included to permit that documentation from an administrative level other than the FMU level may be acceptable to demonstrate the district of origin. Such entities would need to be invoicing for wood from within a homogenous risk district. It is essential, that such invoicing systems can be demonstrably linked to the specific homogenous risk district.</p> <p>2 Legally required transport documents and proof of purchase from the responsible Forest Management Enterprise from whom the timber originates are considered to be sufficient to demonstrate district of origin at the forest level. However, where such documentation is not currently the norm, other forms of evidence, which hold at least the same degree of integrity, may prove sufficient. Such evidence could include unique identifiers, such as non removable tags, which are directly linked to the FME of origin.</p> <p>3 A declaration from the supplier alone is not considered sufficient evidence under the current regulations. If such a declaration is provided, it needs to be backed up by documentation which formally demonstrates the district of origin to the forest level (see implementation note 2).</p> <p>4 Where such documentation is not available, the supply cannot be accepted as Controlled Wood. In such cases a Controlled Wood Chain of Custody will be required to link the supply to the district of origin at forest level, either to FSC-STD-40-005 or FSC-STD-30-010.</p>

<b>ADVICE-40-005-05</b>	<b>Inclusion of manufacturing/ trading sites in the company's Controlled Wood verification program</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 8.1, 9.1
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	A company may decide to include the complete supply chain of a certain supply into their controlled wood verification program in order to trace the material back to the district of origin. This could be applied in situations where the raw material is not purchased from the forest directly.
Advice	<p>1 In order to include a chain of custody into the company's controlled wood verification program <u>all</u> suppliers (traders and manufacturers) within this specific supply chain have to be included.</p> <p>2 The company shall demonstrate to the satisfaction of their certification body that a certain supply is identifiable and traceable down to the district of origin by verifiable documentation or records (invoices, delivery notes, etc.).</p> <p>3 The company shall implement a process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood.</p> <p>4 The company shall be able to demonstrate that the wood has not been mixed with wood from uncontrolled sources through the supply chain. This may be demonstrated by on-site supply chain audits conducted by the company.</p>

<b>ADVICE-40-005-06</b>	<b>Public availability of risk assessments</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 11.2
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	-
Advice	<ol style="list-style-type: none"> <li>1 The company shall provide the risk assessments as required by FSC-STD-40-005 V2-1 Annex 2 to their certification body for reviewing the technical sufficiency and adequacy of the risk assessments.</li> <li>2 The certification body shall publish the results of the risk assessments within 7 days of the review to the company's COC record in the FSC database under <i>www.fsc-info.org</i>.</li> <li>3 In order for a company to include a new district in its controlled wood verification program, it shall first submit the respective risk assessment to its certification body and obtain the results from their review prior to using materials from these districts in FSC product groups.</li> <li>4 The results of the risk assessments shall include the minimum information as specified in Advice-40-005-07.</li> </ol>

<b>ADVICE-40-005-07</b>	<b>Minimum content and revision of publicly available risk assessment results</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 11.2
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	The content requirements for the publicly available results of risk assessments are not specified in FSC-STD-40-005 V2-1. This advice note defines FSC's interpretation of the public availability requirement, based on the need for transparency of the implementation of the FSC Controlled Wood Standard but at the same time considering the need for business confidentiality. The following advice is related to a membership decision from the General Assembly 2008 through Motion # 24.
Advice	<ol style="list-style-type: none"> <li>1 The publicly available results of risk assessments shall include at a minimum the following information: <ol style="list-style-type: none"> <li>a) Name and address of the approving FSC accredited certification body</li> <li>b) Date of the risk assessment</li> <li>c) Date of review by the FSC accredited certification body</li> <li>d) Names of district(s) for which the risk assessment has been conducted</li> <li>e) Risk conclusion for each of the five FSC Controlled Wood categories (refers to FSC-STD-40-005 V2-1 Annex 2) for each of the districts</li> <li>f) Brief justification for each of the controlled wood categories considered low risk</li> <li>g) Listing of sources of information used to assess the indicators</li> </ol> </li> <li>2 Companies are expected to review their risk assessments at least once per year to verify the continued correctness of their risk designations for each indicator of the five FSC Controlled Wood categories. This should be conducted before the annual surveillance by the certification body in which the certification body is expected to verify the revision process. When significant changes to the risk profile become evident (i.e. changes in the law, breakdown in rule of law through civil unrest, etc) the company shall review its risk assessment.</li> </ol>

<b>ADVICE-40-005-08</b>	<b>What to do in cases where two companies reach contradicting results in their risk assessments of a district?</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 11.2
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	The following advice is related to a membership decision from the General Assembly 2008 through Motion # 24.
Advice	<p>1 In cases where a certification body establishes that the results of a risk assessment by one of their clients contradict the result of a risk assessment of another company for the same district of origin, that certification body shall obtain clarification from the FSC Accreditation Program.</p> <p>NOTE: FSC strongly recommends accredited certification bodies to consult previously published risk assessments (FSC database) in order to identify potential conflicts related to different risk conclusions.</p> <p>2 In cases where a company receives contradicting information in the evaluation of risk of any of the given Controlled Wood categories, the precautionary principle shall apply.</p>

<b>ADVICE-40-005-09</b>	<b>Use of guidance and risk designations developed by FSC accredited National Initiatives</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 8.1, 13.3, Annex 2 Section A.2
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	Since the concept of risk assessment was introduced questions have been raised about which information would be conclusive evidence to substantiate risk assessment conclusions and how to ensure the credibility of risk assessments conducted by companies.
Advice	<p>1 Risk designations for a specific country/ region conducted by FSC accredited National Initiatives and approved by FSC IC shall be considered conclusive and shall be used by any company sourcing non-certified forest-based material under a controlled wood verification program from that specific country/ region.</p> <p>2 Companies will have a period of up to 12 months after the approval date to align their controlled wood verification programs to the approved risk designation by a National Initiative. Certification bodies shall be responsible for informing their certificate holders of newly approved risk designations.</p> <p>3 FSC-STD-40-005 V2-1 Clause 13.3 also requires that any formal guidance (different from risk designations) produced by an FSC accredited National Initiative and approved by FSC IC shall be used by the company. Guidance may include details on relevant stakeholders, areas of high conservation values or consultation procedures. Ignorance of approved guidance is considered as a noncompliance.</p> <p>NOTE 1: FSC Procedures for developing risk designations by FSC accredited National Initiatives are included in "FSC-PRO-60-002 V1-0 FSC Controlled Wood Risk Designation developed by FSC National Initiatives".</p> <p>NOTE 2: Guidance which has not been approved by FSC IC is not mandatory.</p> <p>NOTE 3: FSC is planning to lead the development of risk assessments in areas of the world where there are no FSC accredited National Initiatives.</p>

<b>ADVICE-40-005-10</b>	<b>When shall an FSC Controlled Wood code be issued by the certification body?</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 15.1, 15.2 f; FSC-STD-40-004 V2-0, Clause 6.1.1 f.
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	The FSC Controlled Wood code generally represents that the company has included the sale of 'FSC Controlled Wood' for at least one FSC product group in the scope of their FSC Chain of Custody certificate.
Advice	<p>1 An FSC Controlled Wood code shall be issued to all companies wishing to make FSC claims related to 'FSC Controlled Wood' in sales and transport documentation. For other activities under FSC-STD-40-005 V2-1 related to the sourcing of non-FSC certified materials (e.g. identification of origin, risk assessments, field verification) no such code needs to be issued.</p> <p>NOTE: FSC Controlled Wood codes that already have been issued may be retained. New FSC Controlled Wood codes may also be issued for activities under FSC-STD-40-005 V2-1 related to the sourcing of non-FSC certified materials.</p> <p>2 The certification body shall not issue the FSC Controlled Wood code if there are outstanding major non-compliances with requirements of FSC-STD-40-005 V2-1.</p>

<b>ADVICE-40-005-11</b>	<b>Do other parts of the standard need to be implemented or evaluated for sales activities of 'FSC Controlled Wood'?</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 10.1, 15.1 and Annex 4
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	There are situations where FSC-STD-40-005 V2-1 is applied solely for the purpose of purchasing and/or selling of 'FSC Controlled Wood'. This applies in cases where companies purchase 'FSC Controlled Wood' from FSC-certified suppliers and either would like to pass on the material with 'FSC Controlled Wood' claims or use it together with FSC-certified material in 'FSC Mixed' product groups, resulting in a proportion of 'FSC Mixed' and 'FSC Controlled Wood' output material. Considering that 'FSC Controlled Wood' claims can only be made by companies holding a valid FSC Chain of Custody certificate and that purchasing and recording requirements are largely covered by "FSC-STD-40-004 V2-0: FSC Standard for Chain of Custody Certification", the following advice is provided:
Advice	<p>1 For the purchase of 'FSC Controlled Wood' (i.e. material that has already been controlled by an FSC-certified supplier and since then passed on with FSC claims through an FSC-certified chain of custody) only the following section of FSC-STD-40-005 V2-1 needs to be implemented by companies and evaluated by certification bodies:</p> <p>a) Part 2, Clause 10.1 (as applicable).</p> <p>2 For the sale of 'FSC Controlled Wood' only the following sections of FSC-STD-40-005 V2-1 need to be implemented by companies and evaluated by certification bodies:</p> <p>a) Part 2, Clause 10.1 (as applicable);</p> <p>NOTE: Both, imports and exports of 'FSC Controlled Wood' from species listed in Appendices I, II or III of the Convention on International Trade in Endangered Species of Wild Fauna and</p>

	<p>Flora (CITES), shall be accompanied by the applicable licenses and/or permits from the country of origin.</p> <p>b) Part 4: Sale of FSC Controlled Wood; <i>and</i></p> <p>c) Annex 4: Provisions for claims related to FSC Controlled Wood.</p>
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<b>ADVICE-40-005-12</b>	<b>Use of the Transparency International <i>Corruption Perception Index (CPI)</i> in risk assessments</b>
Normative reference	FSC-STD-40-005 V2-1 Annex 2 Section B.1, Indicator 1.4
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	<p>The annually published Transparency International <i>Corruption Perception Index (CPI)</i> has been identified by PSU as a source that shall be used by the companies when assessing Controlled Wood category 1 'Illegally harvested' in a certain country. The index ranks countries according to the perception of how widespread corruption is among public servants and politicians. Although this index is not focused on the granting of harvesting permits and other activities related to the implementation of legal provisions related to logging it is expected that widespread corruption in the public sector will include the forestry sector in countries where harvesting and wood trade activities are regulated and controlled by government authorities.</p> <p>FSC-STD-40-005 V2-1 requires a precautionary approach by companies when assessing risk. This means that if there is lack of information on corruption for the forestry sector, a country/ district shall be defined as 'unspecified' risk for the referenced indicator and therefore for the whole Controlled Wood category.</p> <p>The CPI presents a system that rates corruption with a numerical range from 1 to 10, considering 1 as indicating the highest, and 10 the lowest level of corruption.</p>
Advice	<p>Taking into account the CPI numerical range, companies shall consider a threshold of '5' to determine unspecified/ low risk. Countries with an index of less than 5 shall be considered as 'unspecified' risk for indicator 1.4 in Annex 2 Section B of FSC-STD-40-005 V2-1 unless there is specific independent and credible information at a lower scale (e.g. implemented independent timber tracking systems) that demonstrates the contrary.</p> <p>NOTE: As the CPI is updated every year, companies are required to revise their risk assessments at least annually (also see 6.2).</p>

<b>ADVICE-40-005-13</b>	<b>Is there any difference in the interpretation of High Conservation Value Forests (HCVF) between the FSC Controlled Wood standard and the FSC Principles and Criteria?</b>
Normative reference	FSC-STD-40-005 V2-1 Annex 2 Section B
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	The concept of high conservation value forests was first introduced by the FSC Principles and Criteria. The following advice is related to a membership decision from the General Assembly 2008 through Motion # 24.
Advice	<ol style="list-style-type: none"> <li>1 There is no difference in the definition of HCVF and their different categories between the FSC Principles and Criteria and the FSC Controlled Wood Standards.</li> <li>2 The main difference relates to the objectives of both standards. While the FSC Principles and Criteria require the maintenance and enhancement of high conservation value attributes at the forest management unit level, the Controlled Wood Standard requires the</li> </ol>

	<p>company to avoid timber coming from forests where high conservation values are being threatened at the ecoregional level.</p> <p>3 Risk assessment (Annex 2 of FSC-STD-40-005 V2-1)</p> <p>The main aspects in relation to the HCVF concept are:</p> <p>a) FSC-STD-40-005 V2-1 standard requires the identification of <u>ecoregionally significant</u> high conservation values, which in practical terms implies that locally relevant values are not in the focus in this step of the risk assessment.</p> <p>b) FSC-STD-40-005 V2-1 standard requires the identification of threats to HCVs <u>caused by forest management</u> activities.</p> <p>4 Company verification program (Annex 3 of FSC-STD-40-005 V2-1)</p> <p>If a district has been identified as ‘unspecified risk’ for HCVF in the risk assessment according to Annex 2, the company may decide to conduct a field verification audit according to Annex 3 of FSC-STD-40-005 V2-1 to arrive to a ‘low risk’ designation.</p> <p>This audit shall include:</p> <p>a) Assessment to identify the presence of high conservation values, appropriate to the size of the FMU and intensity of management;</p> <p>b) Evidence of consultation with relevant stakeholders on the presence and threats of high conservation values within the evaluated FMU;</p> <p>c) A list of identified high conservation values together with the evidence that these are not threatened within the evaluated FMU.</p>
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<b>ADVICE-40-005-14</b>	<b>How can low risk be confirmed for Category ‘C’ of FSC-STD-40-005 V2-1 Clause 1.1?</b>
Normative reference	FSC-STD-40-005 V2-1 Annex 2 Section B.3
Effective date	08 April 2009
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	-
Advice	<p>1 Compliance with Indicator 3.1 may be demonstrated as follows:</p> <p>a) The district of origin of the timber is not located in any of the mapped areas of high conservation values (as listed in 3.1) in a certain country, <i>or</i></p> <p>b) There are no ecoregionally significant high conservation values in the district of origin according to independent verifiable information at the district/ FMU level (NGO reports, environmental impact assessments, etc).</p> <p>2 Compliance with Indicator 3.2 shall be demonstrated as follows:</p> <p>a) A strong system of protection of high conservation values is in place. The definition of strong shall be based on the effectiveness of law enforcement in the country. This can be demonstrated through a high rating (<math>\geq 75\%</math>) in the World Bank “rule of law” index (<a href="http://www.govindicators.org">www.govindicators.org</a>), <i>and</i></p> <p>b) Significant support by relevant national / regional stakeholders from the assessed district, <i>or</i></p> <p>c) The company has agreed to an approach of HCVF protection at the forest management unit level with national / regional environmental stakeholders from the assessed district.</p>

	3	Compliance with Indicator 3.2 cannot be demonstrated if there is substantial objection from relevant national / regional stakeholders against a 'low risk' designation for the HCVF category.
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<b>ADVICE-40-005-15</b>	<b>Field verification audits, results, decision making and required actions</b>	
Normative reference	FSC-STD-40-005 V2-1 Annex 3	
Effective date	08 April 2009	
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.	
Background	-	
Advice	1	Companies who are not able to identify and provide documents or other evidence needed to demonstrate that a wood supply complies with the requirements for FSC Controlled Wood for each of the five FSC Controlled Wood categories shall consider them as 'unspecified risk' and implement a field verification audit at the forest management unit (FMU) level <u>prior to</u> accepting material from these forest management units as controlled. Field verification only has to be done for those CW categories previously identified as 'unspecified risk'.
	2	Certification body's field audits to suppliers of wood from unspecified risk sources may be conducted in coincidence with the field verification audit by the company.
	3	If any FMU within the field verification program does not fulfill the requirements as specified in Annex 3 of FSC-STD-40-005 V2-1, the timber from that FMU shall not be accepted as controlled. In addition to this, the company shall randomly choose another FMU within the set of similar FMUs for each one removed and conduct an additional audit in the same year that will allow it to make a final decision on the quality of its Controlled Wood verification program. The latter only applies to FMUs which can be evaluated based on sampling.

<b>ADVICE-40-005-16</b>	<b>What is the sampling rate and pool that certification bodies shall use for field evaluations of supplies from sources with unspecified risk?</b>	
Normative reference	FSC-STD-40-005 V2-1 Annex 3	
Effective date	08 April 2009	
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.	
Background	-	
Advice	1	The basis for the sampling formula to be conducted by certification bodies shall be the sample utilized by the company (i.e. $x = 0.8 \cdot \sqrt{y}$ , where 'y' represents the sample used by the company).
	2	The annual sampling pool for certification bodies shall be the FMUs that the company has visited as part of their company verification program.
	3	If <u>another</u> FSC accredited certification body conducted a field visit to an FMU as part of the company verification program, that site can be excluded from the sample.

<b>ADVICE-40-005-17</b>	<b>Documentation and procedural requirements to demonstrate the geographical district of origin for co-products</b>
Normative reference	FSC-STD-40-005 V2-1 Clause 8.1; ADVICE 40-004-04
Effective date	01 April 2011
Terms & definitions	<i>Company</i> : the legal entity that must comply with FSC-STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.
Background	<p>Companies are required to maintain documentation that demonstrates the district of origin of the material supplied and shall implement a process to verify the authenticity of the documentation. This is a specific challenge for companies using co-products as such reclaimed materials are commonly mixed at early stages within the supply chain and are nearly impossible to be linked to transaction-based invoices.</p> <p>Hence, for co-products the controlled wood requirements had been waived by a specified exemption under FSC-STD-40-004 (Version 1) and subsequently FSC-ADV-40-004 (Version 1 and 2). This exemption will remain until 31 December 2012 for product groups registered as being commercially produced before 01 April 2011. Product groups that are not registered will have to comply with this advice as of the effective date.</p>
Advice	<ol style="list-style-type: none"> <li>1 For co-product inputs, the company shall document the geographical district of origin by proof of purchase from the forest management unit of origin <u>or</u> by a legally effective and enforceable agreement with the supplier of the co-products that includes a statement on the sources of origin.</li> <li>2 A supplier agreement shall be in writing and shall include: <ol style="list-style-type: none"> <li>a) The information on the geographical origin (e.g. countries, regions, forest management units) of the supplied co-products which is necessary information for the company's risk assessment. The type of information provided shall match with the geographical scale of the district defined for the company's risk assessment.</li> <li>b) A commitment that, in a case where the material is considered as originating from areas with unspecified risk, the supplier will support the company in collecting the information to identify the forest of origin and the whole supply chain relating to that supply.</li> </ol> </li> <li>3 In the case of a supplier agreement, the company shall conduct a plausibility check to verify the information on the source of origin provided. These checks shall include at least the following evidential criteria: <ul style="list-style-type: none"> <li>– Is the supplied timber species commercially harvested in the declared district (and carries a CITES certificate if required)?</li> <li>– Is the type and quality of the supplied material commercially available from the declared district?</li> <li>– Are the distance and means of transportation to the company (or to the supplier site in case the supplier is purchasing co-product inputs) consistent with the declared district and economically viable?</li> </ul> </li> </ol> <p>NOTE: It is the responsibility of the company to evaluate the above criteria and come to a fair and objective judgment regarding the plausibility and reliability of the information provided by the supplier. The precautionary principle should be applied. If the result of the plausibility test is negative, the material cannot be</p>



	accepted as controlled material input through a supplier agreement.
<b>ADVICE-40-005-18</b>	<b>Independence of the company verification program</b>
Normative reference	FSC-STD-40-005 V2-1 Part 3
Approval	Approved by the FSC Executive Director on 14 June 2012. This Advice is based on the recommendations developed by the Controlled Wood Technical Committee (CWTC), established to revise the FSC Controlled Wood system (see GA Motion 2011:51).
Effective date	15 June 2012
Terms & definitions	<p><i>Company</i>: the legal entity that must comply with FSC-STD-40-005 V2-1 which is either the certificate holder or an applicant for certification.</p> <p><i>Affiliated company</i>: any of the following:</p> <p style="padding-left: 40px;"><u>Parent company</u>: A company that owns more than half of the voting stock of the certificate holder (or applicant).</p> <p style="padding-left: 40px;"><u>Subsidiary</u>: A company in which the certificate holder (or applicant) owns enough shares to control its activities.</p> <p style="padding-left: 40px;"><u>Sister company</u>: One or more companies that are subsidiaries of the same parent company of the certificate holder (or applicant).</p>
Background	<p>FSC-STD-40-005 allows FSC COC certified companies to evaluate their suppliers as part of their own FSC Controlled Wood verification program through a second or third party evaluation.</p> <p>This Advice provides formal clarification on the question whether a chain of custody company can apply a FSC Controlled Wood verification program on the forests that they manage or own, including the forests of their affiliated companies.</p> <p>This Advice is based on the widely recognized principle that impartiality and objectivity are key elements in credible conformity assessment.</p>
Advice	<ol style="list-style-type: none"> <li>1 FSC interprets the implementation of a FSC Controlled Wood verification program on the forests a company (or an affiliated company) owns or manages as a first party audit and therefore not free from conflict of interest.</li> <li>2 After the effective date of this advice, companies applying for chain of custody certification shall not be eligible to apply a FSC Controlled Wood verification program on the forest resources that they (or an affiliated company) own or manage.</li> <li>3 If these companies wish to source FSC controlled wood from forests that they (or an affiliated company) own or manage, these forests shall be independently certified according to FSC-STD-30-010. This requirement applies in both districts designated as low risk and unspecified risk by NRAs and FSC's Global Risk Registry.</li> <li>4 Existing chain of custody certificate holders that are sourcing controlled wood from forests they (or an affiliated company) own or manage can continue to apply a FSC Controlled Wood verification program until the revised Controlled Wood Standard (FSC-STD-40-005) will come into effect and will replace this advice.</li> </ol> <p>NOTE: These companies should however consider transferring to an independent certification of their forests, as the possibility of implementing a verification program for their own sources is expected to be removed in the next version of the Controlled Wood</p>

	<p>Standard.</p> <p>5 This advice does not apply in cases where the company is managing the forest resources but has no decision authority regarding obtaining certification. Companies in this situation must provide objective evidence to their certification body demonstrating that the decision authority prohibits the company to obtain certification to allow for the exemption regarding the FSC-STD-30-010 requirement.</p>
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<b>ADVICE-40-005-19</b>	<b>Applicable National and Local Laws and Regulations for Controlled Wood Company Risk Assessment</b>
Normative reference	FSC-STD-40-005 V2-1 (2007)
Effective date	01 March 2013  No Controlled Wood Company Risk Assessment to Annex 3 of FSC-STD-40-005 shall take place after this date without the application of this Advice Note.
Terms & definitions	
Background	<p>FSC-STD-40-005 Annex 3 Section 1. Illegally harvested wood states:</p> <p><i>1.1. The Company shall demonstrate that the wood it sources was harvested in compliance with all laws applicable to harvesting in the jurisdiction in accordance with the requirements outlined in Table 1...</i></p> <p>Given recent development with government legality initiatives, such as the US Lacey Act and EU Timber Regulation, it is important that the scope of the list of laws required by FSC is clear and consistent with the definition of “applicable legislation”.</p>
Advice	<ol style="list-style-type: none"> <li>1. Prior to evaluating an operation to Annex 3 of FSC-STD-40-005 after 01 March 2013, Companies shall use a list of applicable legislation and any legally required verifiers, such as licences or permits, supplied by their Certification Body.</li> <li>2. Companies shall apply this list in relation to the evaluation of Forest Management Operations to Annex 3 of FSC-STD-40-005.</li> <li>3. This list refines Table 1 of Annex 3 in FSC-STD-40-005 V2-1, and is based on the minimum list below.</li> </ol>
<b>Minimum list of applicable laws, regulations and nationally-ratified international treaties, conventions and agreements</b>	
<b>1. Legal rights to harvest</b>	
1.1 Land tenure and management rights	Legislation covering land tenure rights, including customary rights as well as management rights that includes the use of legal methods to obtain tenure rights and management rights. It also covers legal business registration and tax registration, including relevant legal required licenses.
1.2 Concession licenses	Legislation regulating procedures for the issuing of forest concession licenses, including use of legal methods to obtain concession license. Especially bribery, corruption and nepotism are well-known issues in connection with concession licenses.
1.3 Management and harvesting planning	Any legal requirements for management planning, including conducting forest inventories, having a forest management plan and related planning and monitoring, as well as approval of these by competent authorities.
1.4 Harvesting permits	Legislation regulating the issuing of harvesting permits, licenses or other legal document required for specific harvesting operations. It includes the use of legal methods to obtain the permit. Corruption is a well-known issue in connection with the issuing of harvesting permits.
<b>2. Taxes and fees</b>	
2.1 Payment of	Legislation covering payment of all legally required forest harvesting

royalties and harvesting fees	specific fees such as royalties, stumpage fees and other volume based fees. It also includes payments of the fees based on correct classification of quantities, qualities and species. Incorrect classification of forest products is a well-known issue often combined with bribery of officials in charge of controlling the classification.
2.2 Value added taxes and other sales taxes	Legislation covering different types of sales taxes which apply to the material being sold, including selling material as growing forest (standing stock sales).
2.3 Income and profit taxes	Legislation covering income and profit taxes related to the profit derived from sale of forest products and harvesting activities. This category is also related to income from the sale of timber and does not include other taxes generally applicable for companies or related to salary payments.
<b>3. Timber harvesting activities</b>	
3.1 Timber harvesting regulations	Any legal requirements for harvesting techniques and technology including selective cutting, shelter wood regenerations, clear felling, transport of timber from felling site and seasonal limitations etc. Typically this includes regulations on the size of felling areas, minimum age and/or diameter for felling activities and elements that shall be preserved during felling etc. Establishment of skidding or hauling trails, road construction, drainage systems and bridges etc. shall also be considered as well as planning and monitoring of harvesting activities. Any legally binding codes for harvesting practices shall be considered.
3.2 Protected sites and species	Covers legislation related to protected areas as well as protected, rare or endangered species, including their habitats and potential habitats.
3.3 Environmental requirements	Covers legislation related to environmental impact assessment in connection with harvesting, acceptable level for soil damage, establishment of buffer zones (e.g. along water courses, open areas, breeding sites), maintenance of retention trees on felling site, seasonal limitation of harvesting time, and environmental requirements for forest machineries.
3.4 Health and safety	Legally required personal protection equipment for persons involved in harvesting activities, use of safe felling and transport practice, establishment of protection zones around harvesting sites, and safety requirements to machinery used. Legally required safety requirements in relation to chemical usage. The health and safety requirements that shall be considered relate to operations in the forest (not office work, or other activities less related to actual forest operations).
3.5 Legal employment	Legal requirements for employment of personnel involved in harvesting activities including requirement for contracts and working permits, requirements for obligatory insurances, requirements for competence certificates and other training requirements, and payment of social and income taxes withhold by employer. Furthermore, the points cover observance of minimum working age and minimum age for personal involved in hazardous work, legislation against forced and compulsory labour, and discrimination and freedom of association.
<b>4. Third parties' rights</b>	
4.1 Customary rights	Legislation covering customary rights relevant to forest harvesting activities including requirements covering sharing of benefits and indigenous rights.
4.2 Free prior and informed consent	Legislation covering "free prior and informed consent" in connection with transfer of forest management rights and customary rights to the organisation in charge of the harvesting operation.
4.3 Indigenous peoples rights	Legislation that regulates the rights of indigenous people as far as it's related to forestry activities. Possible aspects to consider are land tenure, right to use certain forest related resources or practice traditional activities, which may involve forest lands.
<b>5. Trade and transport</b> NOTE: This section covers requirements for forest management operations as well as processing and trade.	
5.1 Classification of species, quantities,	Legislation regulating how harvested material is classified in terms of species, volumes and qualities in connection with trade and transport.

qualities	Incorrect classification of harvested material is a well-known method to reduce/avoid payment of legality prescribed taxes and fees.
5.2 Trade and transport	All required trading permits shall exist as well as legally required transport document which accompany transport of wood from forest operation.
5.2 Offshore trading and transfer pricing	Legislation regulating offshore trading. Offshore trading with related companies placed in tax havens combined with artificial transfer prices is a well-known way to avoid payment of legally prescribed taxes and fees to the country of harvest and considered as an important generator of funds that can be used for payment of bribery and black money to the forest operation and personal involved in the harvesting operation. Many countries have established legislation covering transfer pricing and offshore trading. It should be noted that only transfer pricing and offshore trading as far as it is legally prohibited in the country, can be included here.
5.4 Custom regulations	Custom legislation covering areas such as export/import licenses, product classification (codes, quantities, qualities and species).
5.5 CITES	CITES permits (the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention).

<b>ADVICE-40-005-20</b>	<b>Sourcing of co-products under the EU Timber Regulation</b>
Normative reference	FSC-STD-40-005 V2-1 Annex 2.B.1
Approval	Approved by the FSC Board of Directors at their 62 <sup>nd</sup> meeting in India on 13 March 2013.
Effective date	13 March 2013
Expiry date	This advice will expire on 31 December 2014 (cut-off date for company risk assessments).
Terms & definitions	<p><b>Co-product:</b> Material produced during the process of primary manufacturing of another (principal) product, from the same input (Source: FSC-STD-40-004 V2-1).</p> <p><b>EUTR:</b> Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market (commonly referred to as “<i>European Timber Regulation</i>”).</p> <p><b>EU-27:</b> European Union composed of the 27 member states: Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.</p>
Background	FSC recognizes the difficulties in controlling co-products due to the nature of their production processes. In order to facilitate company risk assessments (until phased-out) of purchases of co-products, companies can apply the following Advice.
Advice	<ol style="list-style-type: none"> <li>1 Scope: This advice is only valid for supplies of co-products*.</li> <li>2 FSC-COC-certified companies that are located in the EU-27 are allowed to classify another EU-27 country as ‘low risk’ for CW Category 1 (<i>Illegally harvested wood</i>) if all conditions of this advice are met.</li> <li>3 The round wood from which the co-products originate has been harvested in an EU-27 country.</li> <li>4 The co-products are produced and supplied by a company located in an EU-27 country.</li> <li>5 The supplier of the co-products shall be required to provide all</li> </ol>

	<p>necessary information as required by the EUTR and ADVICE-40-005-17.</p> <p>6 A company sourcing co-products <u>and</u> applying this advice must agree in writing to participate in the FSC fiber testing program (agreements shall be send to the FSC Quality Assurance Unit).</p> <p>* for co-products this advice supercedes ADVICE- 40-005-09.</p>
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