



**Review and Revision of the FSC Policy for Association:  
Terms of Reference for the Working Group**

<b><u>PROJECT INFORMATION</u></b>	
<b>Project Title</b>	Review and Revision of the FSC Policy for Association (PfA)
<b>Coordinator</b>	Karen Steer, External Consultant
<b>Steering Committee</b>	Kim Carstensen, Managing Director FSC Global Development Hans-Joachim Droste, Director Policy & Standards Stefan Salvador, Director Quality Assurance Policy and Standards Committee liaison (to be designated)
<b>Working Group</b>	Sub-chamber balanced Working Group (FSC members) with Technical Advisors (members and non-members)
<b>Timelines</b>	Working Group established – April 2014 First public consultation – July 2014 Second public consultation – November 2014 Final drafts submitted for Board approval – February 2015

## **1 Background**

The Policy for the Association of Organizations with FSC (FSC-POL-01-004) defines FSC's position on unacceptable activities of organizations associated with FSC and aims to identify organizations not committed to the fundamentals of responsible forest management and prevent them from misusing their association with FSC. As a market-based approach to responsible forestry, FSC's brand integrity is fundamental to achieving its mission and the Policy for Association (PfA) has quickly become a core document in the FSC system and an important tool for safeguarding FSC's reputation.

Since the last approval of the PfA in 2011, the FSC community has witnessed what works well, and not so well, with its implementation, including inconsistencies in its application and a continuous need for interpretations. In light of these experiences, and based on strong stakeholder request, the FSC Board of Directors in December 2013 mandated FSC to undergo a review and, if necessary, a revision of this important policy.

Further, FSC proposes to revise its related Due Diligence System (DDS) so that the process prior to associating with an organization is strengthened significantly. The existing procedures for Due Diligence (FSC-PRO-10-004) are not sufficiently robust given the growth in the number of FSC certificates and the global reach of FSC certification which has stretched the limits of what the existing PfA is set up to deliver. As such, an operational and effective due diligence process prior to associating with an organization is critical for maintaining FSC's credibility and reputation.

The process for revising the PfA and related DDS will follow FSC-PRO-01-001 (V3-0), *The Development and Revision of FSC Normative Documents*. A sub-chamber balanced Working Group (6 FSC members in total) will guide the review and revision process. Technical Experts will serve as a resource to the Working Group, particularly important for the revision of the DDS.

## 2 Objectives of the Working Group

The Working Group (WG) will carry out a review of the PfA and the DDS and provide technical, scientific and strategic advice and recommendations focused on clarifying, proposing revisions and recommendations for revisions to the board in regards of the language and concepts of the Policy for Association (FSC-POL-01-004) while maintaining the core policy elements. The scope of work is

- The review of all and revision of those that are needed of the terms and definitions, the scope of application, and the implementation of the PfA, including but not limited to:
  - The terms ‘involvement’, ‘direct involvement’ and ‘indirect involvement’, and the extent to which a company is responsible for a violation;
  - Situations of involvement, direct involvement and indirect involvement that do not involve ownership, but are based on contractual agreements related to wood supply, or provision of management services, or any other activities that can be considered as ‘involvement’ in unacceptable activities.
  - The threshold of ownership considered under ‘indirect involvement’;
  - The time dimension associated with how far back a violation is relevant for the PfA;
  - The definitions of ‘introduction of GMOs’, ‘significant conversion’ and what constitutes illegal trade;
  - The scope of application and whether unacceptable activities are limited to those associated with forests/forest products/forest operations or are broader to include other types of products and operations;
  - The term ‘unacceptable activities’ and the definitions and interpretations of those activities.
- The revision of the procedures for Due Diligence Evaluations (FSC-PRO-10-004) towards a clear risk-based approach prior to association.
- Alignment of the PfA with other FSC policies, standards and strategic directions, including but not limited to the International Generic Indicators, the Controlled Wood standards (FSC-STD-40-005 and FSC-STD-30-010), the Policy of Excision (FSC-POL-20-003), and the Policy of Partial Certification of Large Ownerships (FSC-POL-20-002).
- Guidance on the implementation of the revised procedures for addressing PfA complaints, FSC-PRO-01-009.
- The development of any additional instruments to improve the implementation and effectiveness of the PfA.

*NOTE: FSC will provide WG members with a discussion draft and background documents on key issues, lessons learned and other information to help guide the revision process.*

## 3 Selection of Working Group members

WG members shall be FSC members selected based on the following criteria:

- Experience with, and understanding of, the application of the PfA
- Ability and interest to serve as a representative of their Chamber/sub-chamber
- Knowledge of FSC’s systems and procedures
- Understanding of the impacts of a normative document on affected stakeholders
- Commitment to FSC’s mission and vision
- Desire to seek and reach consensus on controversial issues
- Ability to review and comment on documents in English
- Ability to actively participate in the whole process of reviewing and proposing recommendations, until final approval of the PfA and the DDS in the PfA
- Gender balance, as possible

The WG shall be sub-chamber balanced (one from each chamber and from Global North/South, for a total of six members).

The group shall collectively have sufficient understanding of language and phrases used in the FSC system

FSC accredited Certification Bodies, FSC staff and Network Partners, and ASI are not eligible to participate on the WG but may serve as Technical Experts to the WG, thereby participating in WG meetings and all other aspects of this revision process with the exception of decision-making.

WG members and Technical Experts must not have conflicts of interest with the outcome of the revision process.

The WG composition is approved by the FSC Board of Directors. Technical Experts are approved by the Steering Committee.

#### 4 Tasks and responsibilities of the Working Group

WG members shall:

- Serve as a liaison to their respective chambers/sub-chambers
- Provide detailed input on the issues (needs, challenges, opportunities) that need to be incorporated into the revision process/development of the PfA and the DDS in the PfA;
- Review and propose revisions to the PfA and DDS in the PfA considering input from the Technical Experts and the Consultative Forum, and according to these Terms of Reference, the procedures of PRO-01-001 and the approved work plan for the revision process.
- Review and consider stakeholder comments received during and outside the formal public consultations.
- Decide when a draft is ready for public consultation;
- Decide when the final draft is ready for review and approval by the FSC Board of Directors.

#### 5 Tasks and responsibilities of other entities in the process

In addition to the WG, the following bodies, established as required by FSC-PRO-01-001, are involved in the PfA and the DDS in the PfA revision process:

A **Coordinator** appointed by the FSC Quality & Assurance Unit (QAU) to administer the process and to manage the WG and the Consultative Forum. The Coordinator ensures that the WG operates responsibly and in accordance with its Terms of Reference, the work plan, and all other applicable procedures. The Coordinator is also responsible for drafting documents based on input from the WG, coordinating with QAU staff, and seeking other expertise as necessary.

A **Steering Committee** (composed of the FSC Quality Assurance Unit Director, the FSC Managing Director, the FSC Policy and Standards Unit Director) which provides oversight on all phases of the process until the final decision by the FSC Board of Directors. A member of the FSC Policy and Standards Committee also serves as a liaison and without a decision-making role.

**Technical Experts**, who are experienced specialists on subject matters of relevance to this revision process, and are invited to participate in WG discussions as resource persons.

A **Consultative Forum** which is a self-selecting group of interested/affected members, certificate holders, certification bodies and other stakeholders interested in providing ongoing, direct and meaningful input into the process. The Coordinator is responsible for ensuring that all interests are represented in the Consultative Forum. The role of the Consultative Forum is to ensure that all stakeholders who may be affected by the implementation of the PfA and the DDS in the PfA have the opportunity to comment, formally, during the process of their development.

## 6 Deliberations and Decision making

All WG members must participate in each point of decision-making. If member(s) are not present for a decision, then a provisional decision may be made subject to subsequent approval by the absent member(s).

The WG shall strive and make every effort possible to take decisions by consensus, defined as *“general agreement, characterized by the absence of sustained opposition to substantial issues by any important part of the concerned interests.”*

If a decision cannot be reached by consensus, then the arguments for and against the issue shall be documented and the issue shall be forwarded to the Steering Committee for further deliberations.

In all cases, outstanding concerns of individual WG members shall be documented and presented to the FSC Board of Directors in the final report that accompanies the document presented for decision.

Technical experts shall be free to contribute on technical implementation aspects but do not have a full participating voice

The WG shall make the decision to recommend the final draft of the normative document(s) to the FSC Board of Directors for final approval. Formal decision-making authority on the approval of FSC normative documents rests with the FSC Board of Directors.

## 7 Workplan and time commitment

The Working Group will conduct most of its work via e-mail or similar means of electronic communication (e.g. GoToMeeting conference), and through one-on-one calls with the Coordinator or FSC staff when required.

WG members are expected to participate in at least three in-person meetings of three days each throughout the years 2014-2015.

The expected start-date for the Working Group is April 2014, with a targeted completion date of February 2015.

An approximate timetable is provided in the introduction, above. A detailed workplan will be presented during the first WG meeting.

## 8 Expenses and Remuneration of the Working Group

Participation in the WG takes place on a voluntary non-paid basis.

FSC covers all reasonable travel and accommodation expenses related to the workplan upon submission of the respective invoices and receipts, and if expenses are agreed upon in advance.

## 9 Confidentiality

WG members shall sign a confidentiality and non-disclosure agreement with FSC at the beginning of their work.

All documents prepared by or presented to the WG are assumed to be public unless identified otherwise by FSC and agreed by the WG.

The WG operates according to Chatham House Rules: "*When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed*". The Chatham House Rule has the aim to encourage openness and the sharing of information at meetings.

## 10 Language

The working language of the WG is English.

All formal drafts for consultation as well as other documents, as requested and as possible, shall be translated into Spanish. Documents may also be translated into other languages if requested by the Working Group and depending on resource availability.

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