

Holding the Line with FSC

Recommendations and progress to date on Certification Body and FSC performance following a critical analysis of a range of 'controversial' certificates.

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List of Acronyms

ASI	Accreditation Services International
CAR	Corrective Action Request
CB	Certification Body
CoC	Chain of Custody
CPD	Continuous Professional Development
FERN	the Forests and the European Union Resource Network
FLEGT	Forest Law Enforcement, Governance and Trade
FM	Forest Management
FMU	Forest Management Unit
FSC	Forest Stewardship Council
GA	FSC General Assembly
GHG	Green House Gas
HCVF	High Conservation Value Forest
IAF	International Accreditation Forum
IFIA	Interafrican Forest Industries Association
NI	National Initiative
P&C	FSC Principles & Criteria
PSU	Policy and Standards Programme
SH	Stakeholder
SLIMF	Small and Low Intensity Managed Forest
TFT	Tropical Forest Trust
WWF	WWF (formerly the World Wide Fund for Nature/ World Wildlife Fund)

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Overview

Over the past 12 years, FSC has created the leading model for credible certification of responsible forest stewardship worldwide. It is founded on the collaboration and shared commitment among its diverse environmental, social and economic stakeholders to create, maintain and further evolve a transparent and credible certification system for identifying well-managed forests and recognising their products in the market. The recognition of FSC as a leader in forest certification is reflected in its rapid growth.

The reality of rapid growth, combined with the immense complexities linked to responsible forest management and labelling of products from them, has led to FSC facing an increased number of challenges. Problems have been suspected and observed by stakeholders and FSC members including in the rigour of the audit processes of certification bodies (CBs) and of FSC's key delivery and control body Accreditation Services International's (ASI) ability to monitor and correct any such failures.

Key strengths of the FSC network and organisation have been its transparency and its ability to pioneer approaches and adaptations to certification. From its inception FSC has been innovative and dynamic in meeting the challenges to transform and promote forest stewardship with the support of a wide range of stakeholders from the global North and South. This has been to make it both a workable global system for all forest regions and social settings, as well as meet a broad range of stakeholder needs and expectations. It is in effect an elaborate conflict resolution mechanism for reconciling many differing views and values in relation to forests and some plantations. Compared to other certification systems FSC is therefore leading the way in terms of standards and credibility.

However, openness and transparency means FSC is faced with queries and complaints on a regular basis. The complaints and disputes process within FSC are in effect standards and performance improvement and strengthening processes. Greenpeace for example has always filed enquiries, complaints and disputes as part of its normal constructive engagement with FSC. FSC welcomes criticism of its system so it can find ways to improve and adapt.

With a 'constructive engagement' frame of mind, a range of alleged 'controversial certifications' were investigated, consistent thematic problems and issues identified, and recommendations for improvements drafted. What followed was a long period of collaborative review involving the ASI and FSC's Policy and Standards Unit (PSU), a group of peer reviewers who understand the FSC system well, and eventually certification bodies. The process with all involved parties has been constructive and with an openness and willingness to find solutions to strengthen the system. The recommendations that evolved to address thematic issues have evolved considerably through this process, as has FSC's response.

Executive Summary

Volume I of this report presented the key groups of recommendations that Greenpeace believes are needed to move FSC through to a new level of performance and credibility that include:

1. Controlling, monitoring and ensuring performance of Certification Bodies including: ensuring ASI is sufficiently resourced to carry out its tasks, continuing strict auditing of CBs by ASI, greater use of spot audits by ASI/CBs, greater emphasis on on-the-ground performance, increasing the use of incentives and penalties against poorly performing CBs, address weaknesses with the CAR system, implement training to improve auditor performance and review peer review requirements.
2. Giving clear guidance and interpretation and, where necessary, strengthening FSC Standards including: clarifying and revising FSC requirements on legality, prioritising the revision of the FSC Principles and Criteria and the completion of the Generic International Indicators, producing guidance on HCVF, SLIMFs and assessment of environmental impacts, simplifying FSC standards, policy and guidance documents, clarifying the status of expired FSC national standards and proactively supporting FSC national/regional standard setting.
3. Addressing controversial companies or operations and partial certification including: identifying controversial or 'high-risk' companies or operations and special requirements for their certification compliance, clarifying criterion 1.6 and its relation to partial certification.
4. The need for FSC to control the FSC trademark and generate revenue from it.
5. Providing guidance on SH consultation and improving SH relations including: implementing the recommendations of the Plantations Policy Review: clarifying consultation requirements, developing improved and integrated information and providing customer/stakeholder support, improving expertise and training of auditors and developing guidance on the participation of observers in audits.
6. Improving the FSC complaints resolution process.
7. Investigating CB-Client conflict of interest including strengthening accreditation standards on conflict of interest.
8. Clarifying FSC's role in and preconditions for operating in countries with large remaining intact forest landscapes, very poor levels of governance and high levels of corruption including developing guidance for CBs (and ASI) for 'high-risk' contexts.
9. Improved Communication including: expanding and clarifying communications, reinforcing and respecting timelines and communication requirements and increasing resources to improve communications, efficiency and outreach.

Acknowledgements

The full set of themes, discussion and recommendations is presented in this Volume II report.

As the purpose of this investigation and analysis is to strengthen FSC, FSC's response and progress, and in some instances CB responses and progress, are presented alongside. Of the thematic issues, addressing 'high-risk' companies/operations and partial certification were key challenges along with poor and inconsistent implementation of FSC certification standards, weak stakeholder consultation and a complaints process that needs an overhaul. A significant tangible knock-on effect of these issues was the ensuing weakening of stakeholder (SH) trust in the process. Given SH engagement is a key component of FSC's adaptive approach and success, it is crucial this trust is restored.

Of the more than 80 recommendations presented to FSC in mid-2007, FSC fully agrees with over half, with a few fully implemented already and most partially completed. The FSC partially agrees with a further 25% of the recommendations, and is in all but two instances working on implementing parts of these recommendations. We believe this shows considerable responsiveness and progress by FSC over the last two years and we expect progress to continue. Many of the recommendations are work in progress for FSC, and many will also be motions to FSC's highest decision-making body, the General Assembly, in 2008 and 2009 (postal ballot).

For the remaining one-fifth of the recommendations, the FSC either has no plan to act on them or it is not known how it intends to address them. These issues are still of concern to Greenpeace and we will continue to urge FSC to address them accordingly.

The successful implementation of many of the report's recommendations is tied to the need for increased resources; an issue inextricably linked to FSC's financial viability. Further, FSC needs to have the management, operational and governance structures to fulfil its mission and implement its strategy. While these are priority issues that need urgent attention, this report does not attempt to tackle these broad issues but rather to focus on performance at an operational level. In addition, FSC needs to build on its strength as a so-called 'global action network' in all key forest regions. FSC needs to continue to learn from its successes and mistakes and take a leadership role in global forest certification and the stewardship and future of all forests given their pivotal role in planet Earth being able to survive climate change. We hope the publication of this analysis, recommendations and progress will urge both FSC and its global network to continue to move forward with maintaining and strengthening FSC's integrity and credibility, and inspire FSC members and supporters worldwide to get behind FSC in this complex and challenging task.

Greenpeace would like to thank many individuals who have assisted with this report, especially the contributors to and researchers of the certification case study information whose input shaped the key outcomes of this report.

In particular, Anna Jenkins, consultant from Ethical Change, for her excellent coordination, compilation and analysis that lead to the production of this report and volume II, Hannah Scrase, Alistair Monument, John Palmer and Matthew Wenban Smith for contributing valuable comments during the peer review process.

FSC IC and ASI staff – in particular Andre de Freitas and Hubert de Bonafos - and the FSC Board of Directors. Several FSC Certification Bodies responded with additional information, helpful additions and queries for both the investigation of the controversial certificates as well as the analysis and recommendations (Vol II). Smartwood and Soil Association in particular provided detailed comments and some valuable additional recommendations.

There have been many stakeholders, other NGOs and some consultants involved in gathering the information about the case studies that make up this study, Greenpeace would particularly like to thank: John Palmer and Janette Bulkan, Pavlo Kravets and Pavlo Popvich, Transparent World (Russia), Bill Mankin, Krystyna Stachura at the Polish Society for the Protection of Birds (OTOP), Danielle van Oijen at Milieudefensie, Flavio Levin Cremonesi, and Jan Henriksson.

Methodology

This report's outcomes are based on an analysis of case studies (see below) of 14 FSC forest management (FM) certificates. The certificates were chosen on the basis that they were viewed as controversial by stakeholders (SHs) in late 2006 and early 2007.

The chosen case studies did not constitute all the FSC certificates viewed by SHs to be controversial at that time; as wide a range as possible, geographically, were chosen. It was not possible to include every certificate over which SHs were expressing concerns.

In general, with one exception, case studies on 'controversial' plantations were excluded from the analysis owing to the work of other NGOs (e.g. World Rainforest Movement (WRM)) and the FSC Plantations Review process. Greenpeace did not wish to repeat this work.

The case studies looked at were:

1. Barama Company Ltd – Guyana
2. Bilokorovyschi State Forest – Ukraine
3. PT Erna Djuliawati - Indonesia (Kalimantan)
4. Ernslaw One Ltd -New Zealand
5. JSC "Leskom" – Russia (Komi Republic)
6. Michigan Department of Natural Resources State Forest Lands - USA
7. Norte Forestal S.A. (Norfor) - Spain
8. RDCP Bialystok – Poland
9. PT Sumalindo Lestari Jaya Tbk – Indonesia (East Kalimantan)
10. Wijma Douala – Cameroon
11. Exportadora de Madeiras do Para LTDA (EMAPA) – Brazil
12. Izabel Madeiras do Brasil (IBL) – Brazil
13. Madok – Russia (Novgorod Region)
14. Statens Fastighetsverk (SFV) (the Swedish National Property Board) – Sweden

(See Appendix 1 for further certificate details and current certification status)

The report research started with several detailed case studies that were produced by Greenpeace or for it by others from around the world. To allow a comparison, amalgamation and analysis of the concerns and observations within the detailed case studies, case study summaries for each of the certificates were produced. These summaries revealed a series of 15 'Common Themes' and it is these themes that are discussed here in detail along with a series of recommendations.

The main documentation used to construct the report has been the full case studies, the subsequent case study summaries and relevant ASI reports on individual certificates where they have been available.¹

A full audit of each case and its associated documentation has not been attempted and this report in no way seeks to replicate the work of CBs, ASI or the members of the ISEAL Alliance² that peer-review ASI's auditing work. Positive actions taken routinely by CBs to address compliance problems have often therefore not been noted here. The purpose of this report has been to highlight areas where there is ongoing SH concern rather than noting how CBs routinely address non-compliances. Where there was evidence that CBs have acted on such SH concerns, or shared the concerns, this is noted. Concerns set out in this report may not always be shared by all SHs, the authors of this report or CBs. Concerns have simply been recorded where they existed; unlike in an audit (CB or ASI) where a judgement would be made about each concern, this report is not intended to be a final judgement.

The main drafting of this report was completed in September 2007. Thereafter, a period of editing and consultation with FSC, CBs and the Peer Reviewers began. Further developments that occurred since September 2007 have been noted in places however these are not comprehensive. Many concerns about these certificates have been resolved since this report was embarked upon: either through ASI's audits and subsequent corrective action requests (CARs) or suspension of CBs; through CB actions; or through FSC's formal disputes resolution process. The report takes an opportunity to look at the detail of the cases within the structure of the 15 identified common themes and identify the opportunities for improvement within the system.

Analysis of common themes

This report analyses the 15 common themes individually. The relevant case study findings for each common theme were brought together and summarised, and recommendations have been made accordingly. A note is made of where FSC's progress in undertaking the recommendation. Further observations and recommendations are given at the end of the report. A summary of the most pressing concerns and recommendations are given in Volume I to this report.

This report and its analysis of problems are therefore drawn from a case study approach rather than a more holistic evaluation of the FSC system as a whole. While the problems highlighted in this report come from the specific case studies, it is certainly the case that some of the problems will apply to other certificates not included here and indeed to the system as a whole. Equally, it cannot be assumed that problems highlighted in some specific cases will be repeated throughout the system. Where at all possible it has been noted whether a problem appears to be systems based issue (e.g. a weakly worded FSC standard) or a more simple case of poor implementation of the FSC system. While some sense of the extent of such problems has been gained from working with FSC, ASI and CB staff, the authors of this report cannot categorically conclude the degree to which implementation problems might be widespread, or systemic, without undertaking further work.

Peer review process

Four peer reviewers³ reviewed a draft of case study summaries, the common themes and discussion in June 2007. Two reviewers concentrated on verifying the case summaries against the original full case studies. Two further reviewers commented on the analysis of common themes and discussion sections. All were asked to review a later draft of the report in December 2007. Modifications to the report were made in light of the peer reviewers' comments.

Consultation with FSC, ASI and CBs

ASI (ASI) and FSC's Policy and Standards Unit (PSU) were consulted regularly throughout the production of this report both on its recommendations and to answer questions about the specific case studies. Modifications to the report were made in light of all these discussions. This process was open and constructive. The staff proactively noted problems in the system that were relevant to the case studies and immediately noted where criticism was especially valid.

CBs directly involved in the case studies were given the opportunity to review the draft analysis of common themes, discussion and case study summaries in November and December 2007. This consultation sought the views on the factual correctness of the case study summaries, reactions to the recommended solutions and additional recommendations. The CBs added many constructive comments, new insights and recommendations that are included in this version of the report. CBs were given further chance to comment in August 2008.

Analysis of common themes and recommendations

Case Study Footnote Codes

Name of Certified Operation Investigated:	
Barama Company Ltd	Barama
Bilokorovychi State Forest	BSF
PT Erna Djulawati	Djulawati
Ernslaw One Ltd	Ernslaw
JSC "Leskom"	Leskom
Michigan Department of Natural Resources State Forest Lands	Michigan
Norte Forestal S.A. (NORFOR)	Norfor
RDCP Bialystok	Bialystok
PT Sumalindo Lestari Jaya Tbk	Sumalindo
Wijma Douala	Wijma
EMAPA - Exportadora de Madeiras do Para LTDA	EMAPA
IBL - Izabel Madeiras do Brasil	IBL
Madok	Madok
Statens Fastighetsverk (SFV)	SFV
Type of evidence:	
ASI Report	ASI rpt
ASI Staff personal comment	ASI pers com
ASI Historical correspondence	ASI cor
CB Report	CB rpt
CB Staff personal comment	CB pers com
CB Historical correspondence	CB cor
SH Information provided for this study	SH inf
SH Historical report (i.e. not specifically produced for this study)	SH rpt
SH Personal comment	SH pers com
SH Historical correspondence	SH cor
FSC Staff Personal comment	FSC pers com
FSC Historical correspondence	FSC cor
Authors' own observations	ATH pers obs
Media report	MED rpt
Peer Review observation	PR obs

1. 'High Risk' company

Common Theme	Issues Identified from Case Studies	General Observations
<p>'High-risk' company (see also the closely linked partial certification section below).</p>	<p>Owned by what is considered to be a 'controversial' parent group/owner.⁴ Clause in 20-001 about risk to the CB's reputation was not used when the CB may have considered using it.⁵</p>	<ul style="list-style-type: none"> • The issue with high-risk companies is that there is a perceived risk that the certification is more likely to go wrong because the company may use the FSC certification of its forest holdings, (or some of them – see partial certification below), for 'greenwashing' purposes. There is also the ethical issue of whether the FSC should be associated with such companies. This predicated on the FSC network coming to a consensus on what it considered high-risk or controversial. • How can the FSC and CBs protect their reputations and credibility when dealing with controversial operations? Is a tight certification system sufficient, or should other measures be employed? There is, potentially, a tension between the need to engage and change the behaviour of the most poorly performing companies, which perpetrate the most damaging practices, and the need to maintain the FSC's reputation and integrity. It is finding the right balance that is the challenge. This issue does not appear to be one that is going to go away, so the membership, secretariat and other stakeholders need to reach some kind of conclusion on this matter. • Currently, poor implementation of the current system has meant that the issue of 'high-risk' companies/situations has appeared to be problematic. Whilst there is an argument that proper implementation of the current system should bring about great improvement in this area, there is an opportunity to improve the system with regard to specific high-risks. The recommendations below reflect this.
Recommended Solutions (March 2007)	Comments on the proposed solution	Where is the FSC with this now? (August 2008)
<p>1. The FSC should finalise a policy paper with recommendations on Controversial Certifications (or 'high-risk') as soon as possible and complete the SH consultation promised it on this issue in late 2006.</p>		<p>The PSU no longer intends to produce such a paper. It has decided to take a different approach to the issue, following the June 2007 board decisions to:</p> <ul style="list-style-type: none"> • Ultimately apply C1.6 only to FMUs that are being certified and not to a company/manager's entire holdings; • Develop licensing agreements directly between the FSC and certificate holders to control trademark use. This will include the establishment of social and environmental requirements for the association of a company with the FSC's name. <p>The FSC is in the process of finalising the 'Policy of Association with FSC' that will be a 'coarse screen' to exclude those who are involved with: illegal wood products; wood from forest conversion or HCVF; sourcing from social conflict areas; and sourcing from genetically engineered trees. One CB has proposed pre-screening of controversial applicants by the decision-making body of Policy of Association.</p>

Recommended Solutions (March 2007)	Comments on the proposed solution	Where is the FSC with this now? (August 2008)
<p>2. The FSC should press ahead with its work to draw up and implement direct trademark licensing agreements with certificate holders, and include clauses to prevent 'greenwash', or other risks of association to the FSC, and penalties should they occur.</p>		<p>This was agreed at the FSC Board meetings of March and June 2007. The PSU considers this work to be one of three top policy and standards priorities.</p> <p>The FSC Global Development was established as a separate company in October 2007. One of the purposes of the company is to implement and manage a licensing program that will directly control the process of application and use of the FSC's labels, logos and trademarks. Global Development has requested that the PSU develops language that will require a CB to ensure a license agreement is in place before issuing a certificate. In addition, should a license be withdrawn, that the CB will be notified and will require the certificate holder to address the root cause of the loss of the license via a CAR process, or face losing their certificate.</p>
<p>3. The FSC should both define a 'high-risk'/ controversial operation or company and consider developing a list of 'safety procedures' or 'special requirements' that would be required to be met by this category of operation.</p>	<p>This may either be related only to the complexity of a company/holding or, in addition, to historical issues with regard to how the company has conducted itself.</p> <p>This would need very careful definition e.g. a high-risk company or operation might be a large-scale, landscape level industrial plantation, or part of a multinational company found to be operating illegally or not respecting indigenous peoples' rights, or that is operating in a setting with very poor levels of governance and high levels of corruption.</p> <p>To undertake this work would be beneficial to the FSC, as it would reassure many stakeholders.</p> <p>Developing 'safety procedures' would be acting in a precautionary manner, and be similar to the guidance and particular requirements for SLIMFs. The P&C infer it via the statements of 'appropriate to scale and intensity'. Similar, adapted indicators and modified procedures could be developed for high-risk operations.</p>	<p>At the June 2007 FSC International Board meeting "it was agreed that the PSU should define criteria to identify controversial operations and develop special requirements for compliance of such operations." A concept paper was to be drafted and submitted to the 46th board meeting.</p> <p>This has not been completed. However, to address a key category of high risk operations, there has been a discussion by the FSC Board on 'large-scale operations' and a Board committee has been formed to frame the issues. There will also be a side-event on this issue at the FSC General Assembly 2008 in Cape Town.</p> <p>The proposed FSC Policy of Association implementation may be of assistance here. Cases which, result in the loss of a license could also result in loss of certificate if the cause of the disassociation were not addressed. While this will not address a situation in advance of a certificate being issued, except in cases of the highest profile, it will provide a clear way forward should issues arise with existing certificates. This would eventually act as a deterrent for new certificates as well.</p>
<p>4. The FSC should give serious consideration to developing criteria for the minimum requirements for use of the FSC name/ trademarks.</p>	<p>Ideally, this should be done before the roll out of the new trademark licensing.</p>	<p>A process for the review of trademark use requirements is planned that may or may not address fully minimum requirements.</p>

Recommended Solutions (March 2007)	Comments on the proposed solution	Where is the FSC with this now? (August 2008)
<p>5. Consideration should be given to requiring a 'high-risk' company/ companies in high-risk contexts to achieve controlled wood certification and, indeed, to work through the steps of the forthcoming modular verification system before full FSC certification is attempted.</p>	<p>Ideally, this should be done before the roll out of the new trademark licensing.</p> <p>This would allow a more natural and realistic, stepwise progression in an operation or in companies/groups which have a lot of changes to make before reaching FSC certification standards.</p> <p>It is noted that this may start to happen naturally, Once modular verification is brought in, after an inspection a company may not meet the full FSC standard but may meet several modules. This would be preferable to making a 'requirement'. The company would then have the choice whether to publicly declare its modules or privately acknowledge its modules and remain uncertified with respect to full FSC certification.</p> <p>There is a view by some stakeholders that any modular verification inspections and progress (or lack of) should be made public and that there should be no choice as to whether to declare progress or not. Such full declaration may be needed, or a declaration that companies are still meeting the criteria needed to remain in a modular system may be sufficient. This will, of course, depend upon the level of trust by stakeholders in the system. The findings of this study indicate that trust is not high in places and that, in general, more transparency is needed.</p>	<p>A process for the review of trademark use requirements is planned that may or may not address fully minimum requirements. There are no known plans to develop such a requirement, although accreditation procedures for modular approaches are being developed and are expected to be completed by mid 2009.</p>
<p>6. The FSC and ASI should examine how a more proactive approach could be taken to forestall potential problems in applicant certified areas before certification occurs. This may include observing FM pre-assessments.</p>	<p>This recommendation may also be extended to areas/cases not considered 'controversial' or 'high-risk' and become part of the system in general. However, the key point is for FSC/ ASI to interact with potentially controversial certificates as soon as possible in order to spot potential problems.</p>	

2. Partial Certification

Common Theme	Issues Identified from Case Studies	General Observations
Partial Certification	<p>Inadequate implementation of the FSC partial certification policy⁶ (or inadequate guidance and clarity provided by the FSC Partial Certification policy).</p> <p>Insufficient information supplied about uncertified FMUs.⁷</p> <p>Stakeholder considers that the partial certification policy should cover 'daughter' companies.⁸</p> <p>Community issues regarding payment and agreements made without free and informed consent outside certified area.⁹</p> <p>Community members allegedly asked to harvest timber in non-certified areas before government permission received.¹⁰</p> <p>Non-certified timber traded said to have been informally between certificate holder and local community, without a binding contract.¹¹</p> <p>Community members complained that the price they receive is below the real value.¹²</p> <p>Alleged illegal logging outside concession areas. (C1.6).¹³</p> <p>Allegations, accepted by the CB, that an uncertified concession will be converted to plantation.¹⁴</p>	<ul style="list-style-type: none"> • C1.6 is the only part of the P&C that has requirements relating to the forest manager personally, or the forest management entity or company as a whole rather than the FMU. • It is not clear whether activities relating to communities and issues outside of the scope of the certification are evaluated sufficiently to address the FSC's requirements on partial certification and, therefore, whether the examples here actually constitute non-compliances or not. This is the nub of the issue with regard to partial certification. • Partial certification is considered by some stakeholders to lead to a risk of 'greenwashing' and, therefore, a risk to the FSC's and CB's integrity and credibility. This, in turn, could be a risk to the FSC's members' credibility and, potentially, jeopardise their support. Others, however, argue that the FSC's credibility rests on the quality of management within certified FMUs. • The system, as it stands today, appears to be very inadequate with respect to partial certification and the verification of C1.6 as it has currently been interpreted. It is the view of the authors that it would be practically impossible to make the system adequate, in terms of C1.6 covering the entire forest holdings of a company, without insisting on full certification of a company/group's entire forest holdings. Support is, therefore, given to the board decision detailed below. • Recent FSC Board decisions BM44 and 45 (June 2007) have decided that, in the long term, C1.6 should be interpreted as only referring to the FMU, that the Partial Certification policy should be phased out and that other tools to address the issue should be implemented. The authors of this report welcome this decision as a positive step forward for the following reasons: • Given the interpretation of C1.6, until now, the certification body has been required to come to a certification decision about factors that lie outside the area of certification/inspection, factors that it has not inspected. • Therefore, the CB has often only been able to act in a reactive manner to information it happens to find rather than pro-actively to information that it seeks through active inspection; only the FMU under inspection is actively inspected. • The current situation, in which a single criterion has a scope of all the areas a forest manager manages and the rest of the P&C apply only to the scope of the certificate, is an awkward solution to the risk of 'greenwashing' or the FSC's association with 'high-risk' companies. It would seem simpler and more logical to have the P&C simply apply to the certified area and find other tools to control 'greenwashing'. • Not allowing partial certification poses a risk of excluding many operations around the world because of the financial risk and logistical problems of taking all forestry holdings of a company through FSC certification at the same time. • There is a risk to holders of partial certification. The first question that is asked is 'what is the management standard of the uncertified areas and why are they not certified?' It is, therefore, key that if partial certification is allowed, it is immediately apparent that the company has only partial certification/the certification only applies to particular FMUs.

Common Theme	Issues Identified from Case Studies	General Observations
		<ul style="list-style-type: none"> • It could also be argued that there is a similar risk to all parties' reputations from partial chain of custody certification and product certification. There may, therefore, be also be a case to make this clear. The ISO advises that only an area that is certified can actually be truly verified. • As it is currently interpreted, C1.6 is something of a grey area. It is outside the scope of the certificate yet there is a requirement for it to be viewed in the same way under the certification process. Any criteria in relation to 'high-risk' companies may run into similar issues.¹⁵

Recommended Solutions (March 07)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>7. The FSC must proceed to develop the Trademark Licensing Agreements and create the necessary criteria needed to evaluate what constitutes 'greenwashing'/risks to the FSC and the action it will take should it occur.</p>	<p>The FSC needs to ensure that it has the resources to manage and police this system. A properly policed system is critical and poor policing to date is one of the reasons that there has been a perceived 'greenwash' problem.</p> <p>'Greenwashing' will need to be clearly defined. There is some urgency in developing the criteria because the new Trademark Licensing Agreements is being implemented.</p>	<p>The FSC agrees and will be developing such criteria as part of the licensing agreements.</p> <p>By exerting tighter management of the use of the FSC Trademarks and Labels via the licensing program and the new service delivery platform of Trademark Service Providers, FSC Providers (TSP) and FSC Global Development (GD) believe that they will have better oversight of its use and, in particular, any claims. For example, it could easily identify claims that have been authorised by a TSP and, in cases where they have not, the FSC GD would be able to react more rapidly to misuse via the Trademark Protection functions that are dedicated to prosecution of trademark misuse, and proper registration and challenges to trademark registrations that are seen to challenge FSC registered marks.</p>
<p>8. It should be noted that any perceived problem with 'greenwashing' would appear to be far more prevalent in the Chain of Custody. This situation is not covered by this report and the authors recommend it is suggested that this is addressed as a priority by the FSC.</p> <p>The FSC must swiftly and pro-actively deal with misuses of its trademark, including taking legal action that is publicised after the event. It must have the capacity and systems in place to undertake this task.</p>	<p>Part of the problem with companies that seem to 'get away' with 'greenwash' regarding FSC certification is that there is simply not the capacity or the system in place to address trademark infringements. Without such a system in place, there is a risk that the FSC's reputation, in the eyes of many stakeholders from all chambers, will continue to be undermined.</p>	<p>The ASI is well aware of the situation and took steps to rectify it during mid 2007. More work to address issues related to CoC certification in China was planned for 2008, but had to be postponed due to the lack of financial resources. However, the ASI will perform new surveillance audits in China in October 2008 and is planning additional audits in 2009. It should be noted that both the ASI and the CBs have been issuing a lot of major CARs in relation to this issue, some of them resulting in suspensions.</p> <p>Since this study commenced, the FSC has engaged an in-house lawyer to work on trademark infringement cases. However, capacity is still low.</p>

Recommended Solutions (March 07)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>9. The FSC must make it clearer that Forest Management certification applies to FMUs and CoC to product lines. In the interests of maintaining the integrity and credibility of its good name, the FSC should develop criteria for an entity's 'association' with it.</p>	<p>A simple statement which makes it clear that only the FMUs listed on FSC certificates are certified, and that this does not necessarily cover an organisation's entire holdings, would be helpful. On CoC certificates, there should be a statement which confirms that, even if a company has a CoC, that does not mean all its products are certified. Users should refer to invoices to check if product lines are certified.</p> <p>'SmartWood' has noted that it previously listed certificate holders that exclusively carried FSC products separately from those that held a mix of certified products. It has stated that it would welcome discussions about returning to such a system. There would appear to be merit in the FSC considering such a system for its certificate database.</p>	<p>The FSC will develop criteria covering association with it as part of the trademark licensing agreements. There are no known plans to develop procedures/ tools that clarify the scope of certification.</p> <p>The inception of Trademark Service Providers (TSP's) should assist this process by providing a centrally monitored place to review claims. This would enable the FSC to better control the tone and content of outgoing claims as well as to address any that are deemed to be incorrect or overstated.</p>
<p>10. The FSC should develop a system whereby a transparent public statement is issued that shows how much of each certificate bearer's holdings are certified.</p>	<p>The statement could be a simple percentage and should be displayed on the FSC database against every certificate held by a particular company or group. Off-product statements relating to FSC certification in e.g. company Annual Reports or on websites, should clearly state the certification percentage too. If the public statement were found to be untrue, it should incur the risk of certificate suspension or CARs. It is critical that very specific guidance is produced by the FSC on the details that would be required by the company. Ideally, these details should be clearly and easily available in full and should include location maps, areas, etc, to ensure transparency. It is noted that an analysis of the feasibility of this recommendation would need to be undertaken and include how it might be enforced.</p> <p>An honesty statement which simply states how much of a company or group's holdings is certified would be much easier to achieve than an attempt to verify the detail of the management of uncertified areas. If the statement were displayed publicly enough, it may have the desired effect of making further certification an incentive. Such a system would only work if considered in tandem with safeguards for 'high-risk' companies.</p> <p>Statements should apply to FM, CoC and potentially to the retail level. (Volume of product: this links to an idea developed by the FSC Marketing department in 2004/05 that proposed a star rating system for retailers and retail level certification).</p>	<p>There are no known plans to develop such procedures. FSC staff are not certain if such a move would be feasible, comprehensible or bring added value to the system. However, existing requirements under the FSC's current Partial Certification policy (2002) require disclosure by the company of all holdings under its management, and some FSC Accredited National Forest Stewardship standards have requirements for public declarations and statements to comply with C1.6.</p> <p>Retailer level certification and the star rating system have not been further developed since 2005.</p>

Recommended Solutions (March 07)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>11. The FSC should revise the wording of Criterion 1.6 following the recent Board clarification that it only applies to certification of FMUs.</p>	<p>For clear and consistent implementation, the sooner this is carried out the better, together with the Policy of Association.</p>	<p>It is expected that this will be clarified during the development of international generic indicators under the FSC P&C. Alternatively it could be clarified via the P&C review.</p>
<p>12. Criterion 1.6 should be revisited as part of a full P&C review. Full consideration should be given as to whether the FSC insists that all FMUs managed by a given entity should meet the Controlled Wood standard before any FSC forest and product claims are made.</p>	<p>(See also recommendations under 'Poor implementation of P&C/CB/other FSC certification standards' and 'Illegal practices' sections below to revise the P&C).</p> <p>There is a strong feeling amongst some stakeholders that Criterion 1.6 was intended to apply to all holdings of a given entity. When the P&C are revised, this issue should be revisited and the potential to use the forthcoming FSC modular verification system as a basis for moving companies through the steps towards full FSC certification in a systematic way should be explored. Requiring that Controlled Wood certification is achieved across all forest holdings as a compulsory first step is something that should be considered. Alternatively, such a measure may only be required of entities considered to be, or working within areas deemed to be, 'High Risk' (see also 'High risk' section).</p> <p>How other certification systems approach this might also usefully be explored e.g. organic agriculture.</p> <p>It is the view of the principle author of this report that it is important to balance the need for commitment to the FSC P&C across the board of a forest holding and the prevention of 'greenwash', with the need for systems that allow even the worst current offenders to change, improve forest management and to be encouraged and recognised for doing so.</p> <p>It is suggested that the FSC needs to provide a very well facilitated arena to discuss this issue in detail. There are many people with tremendous levels of experience around this issue in all parts of the FSC network. These people need to be brought together so that a full dialogue can take place, which results in creative and realistic solutions.</p>	

3. Stakeholder (SH) consultation

Common Theme	Issues Identified from Case Studies	General Observations
<p>Stakeholder (SH) consultation</p>	<p>Poor/alleged poor SH consultation by the CB.¹⁶</p> <p>Key/relevant SHs not consulted/allegedly not consulted.¹⁷</p> <p>Poor communication/alleged poor communication with SHs, including provision of further information and feedback.¹⁸</p> <p>SHs feel their opinions ignored.¹⁹ SHs consulted by telephone apparently did not realise that they were being formally consulted.²⁰</p> <p>SH observers said to have not been accepted on the audit (NB: this is not a requirement).²¹</p> <p>SH consultation allegedly carried out by external party instead of the CB, leading to SH confusion.²²</p> <p>Poor SH consultation/allegedly poor SH consultation by certificate holder regarding HCVF.²³</p> <p>Apparent confusion between the CB's adapted standard and its certification consultations.²⁴ Poor SH process regarding the CB's generic standards adaptation.²⁵</p> <p>Certificate holder alleged to have threatened a SH.²⁶</p> <p>Alleged public abuse/defamation of stakeholder by the former certificate holder.²⁷</p> <p>Confidential SH information/concerns apparently passed on by the CB when SH had been specifically asked it not to do so.²⁸</p> <p>Process not felt to be transparent.²⁹ Poor SH engagement in the process (or parts thereof).³⁰</p>	<ul style="list-style-type: none"> • Good SH consultation, with fair consideration of the issues raised and feedback to the SHs, will lead to high levels of SH trust. Poor SH consultation erodes trust and leads to doubt in the FSC system as a whole. When this process is not carried out properly, the issue of time spent by the CB and FSC on dealing with complaints and concerns will rise. As a consequence, lack of trust can occur at several levels: between SHs and forest managers; SHs and CBs; and SHs and the FSC (NIs, Regional Offices and/or the FSC IC/ASI). • Consultation is a two way process and SHs should also be willing to engage constructively in a dialogue with the certificate holder, the CB, the ASI and other parties, so that their concerns can be addressed. CB's feedback is that stakeholders are often not properly informed of the purpose of the FSC process and they have expectations that cannot be met. For some, the CB's feedback indicated that, for most certificates, stakeholders are totally apathetic and disinterested and it is a battle to get a response and information from them. • Stakeholders must also recognise that FSC certification is based on compliance with the FSC standard. Concerns which go beyond FSC certification requirements, as indicated in the FSC standard, cannot be fully addressed through the certification process. • In many cases, it is possible that CBs, and the FSC in turn, are dealing with issues that result from an inherent lack of trust between SHs and the certificate holder. If relationships can be strengthened at the certificate holder and SH level, it will reduce the degree to which the CB (and the FSC) has to act as an arbitrator between parties and will ultimately improve forest management on the ground in terms of its appropriateness locally. • Problems found here are validated by ASI reports which cover several case studies that have found non-compliance with FSC-STD-20-006 (see Compliance with FSC accreditation standards or guidance section below). In general, there would appear to be an implementation problem, including insufficient expertise to implement, rather than a systematic problem within the FSC, with regard to stakeholder consultation. • Particularly vocal stakeholders can, potentially, dominate how a certification process is viewed. For example, a minority of dissatisfied SHs present a case as 'controversial', yet other SHs may be satisfied. It can be that the core reasons for stakeholder dissatisfaction are not directly related to the audit process at all. In these situations, auditors need to take great care when making a judgement, whether it be the ASI or the CB.

		<ul style="list-style-type: none"> • SHs may engage more fully if there were greater trust in the system. This problem is eased when it is made easier to engage and when certificate holders are pro-active in SH consultation. ASI staff have reported that stakeholders often do not respond or remember having responded to correspondence or calls for input about a certification. There is often a poor level of understanding about certification amongst SHs, there are often political agendas behind concerns raised and frequently, no evidence of a perceived problem is provided by SHs. • Some cultures are not geared to answering questionnaires, reading background documents or preparing in advance of meetings. Face-to-face and round-table meetings may be essential. CBs (and the ASI) need to be aware of how different cultures operate and consider how best to get useful feedback from SHs of all cultures.
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Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (Aug 08)
<p>13. The FSC/ASI and CBs need to include facilitation/consultation methodology expertise in training programmes for key staff on an on-going basis so they are able to provide and apply excellent guidance on stakeholder consultation. This would result in stronger FSC policy, ASI and CB audits.</p>	<p>The FSC needs to consider facilitation expertise from a human perspective, not just a technical one, as is currently the case. Such staff should develop training and support materials and offer courses, as recommended in this section. They should also be on hand to facilitate in difficult standard setting situations/ stakeholder discussions with an aim of bringing about agreement. This is particularly important because the FSC's ability to bring together forest stakeholders is stated as one of its unique features.</p>	<p>There are no known plans to develop such procedures although facilitation training has been carried out by the FSC Europe (2004 - 2005).</p>
<p>14. CBs and the ASI should ensure they have SH consultation expertise in their audit teams, using experienced specialists when dealing with 'high-risk' companies or in high-risk situations. FSC standards should be modified to explicitly require this and be reviewed accordingly. The review should also look at the rules which protect a SH's identity.</p>	<p>The review should also look at the rules which protect a SH's identity. SHs have requested that these rules be reviewed to ensure that they protect identity effectively. Some CBs, such as 'Woodmark', include social experts and community facilitation experts in contentious evaluations and specifically ask stakeholders if they want their comments to remain confidential.</p> <p>Specialists in communications with stakeholders in cultures where there is a history of corruption and, consequently, a mistrust of 'officials', should be employed where appropriate. Specialists are needed when there is a risk that communities or parts of communities may be coerced into poorly informed decisions, or when some parts of a community are willing to break with a formal community decision, for the advantage of a logging company and/or the short term gain of individual community members.</p>	<p>There are no known plans to develop such a requirement, or to undertake such a review.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (Aug 08)
<p>15. The authors endorse the findings of the Plantations Policy Review Report with regard to stakeholder consultation. The recommendations should be implemented in full.</p>		<p>The Technical Expert Teams were formed in the 3rd quarter of 2007 and have had several meetings since then. They have made several proposals on stakeholder consultation requirements.</p>
<p>16. When there is evidence that the certificate holder is making public, defamatory comments about a stakeholder, or is consistently making misleading comments about a certification, the CB should ensure that the certificate holder clears all public statements with the CB prior to publication. The FSC should consider the need to adapt its accreditation standards.</p>	<p>The ASI and CBs have dealt with this situation by requesting modification of statements or vetting of public statements. However, it is claimed that these statements often lie outside the certification framework. Also, the issue of a converse situation, in which a stakeholder continues to make misleading or false public statements about the certificate holder, has not been addressed. Nor has it been agreed who is responsible for addressing these situations. The ASI has invested in dialogue between the SHs and the certificate holder in some circumstances, to help resolve their differences.</p>	<p>There are no known plans to develop such procedures.</p>
<p>17. The FSC should develop guidance and training on SH consultation or revise the FSC standard on consultation that includes:</p> <p>a. Acceptable levels of time spent on SH consultation and the methodologies used.</p> <p>b. Training/skills requirements relating to stakeholder consultation for auditors.</p>	<p>Greenpeace has a submitted a motion on measures needed to improve CBs performance for the FSC General Assembly 2008, which includes the requirements to develop such training.</p> <p>Methodologies should be added when experience and contact with specialist organisations shows new ways to successfully engage. It will be difficult to determine the appropriate time levels for all situations or who should bear the cost of extended certification processes. It is suggested that clear rules are needed to define which specific situations require a more intensive consultation process, and at which levels – local, national or international.</p> <p>As per the requirements in FSC-STD-20-004 (Qualifications For FSC Certification Body Auditors) and FSC-STD-20-006 (Stakeholder Consultation For Forest Evaluation). It is possible that the best way forward is to make this a mandatory requirement. Some CBs provide specific training for their auditors.</p>	<p>There are no known plans to develop such training and guidance, or revision of the FSC standard on consultation. However, the plantation review has produced many recommendations on consultation that are now in the technical phase.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (Aug 08)
<p>c. Materials to guide and support the certificate holder in SH consultation.</p> <p>d. SH guidance on what they can and cannot expect from SH consultation, both with regard to certification at its different stages, and to standards setting (CB generic and NI processes).</p> <p>e. There should be an aim for the FSC and CBs to learn from collective experience, particularly innovative methods in SH consultation.</p>	<p>These could be further tailored for particular national/ regional standards. It would appear that, especially where there are no national/regional standards, it may not always be clear to the certificate holders when and who they need to consult. Some CBs already provide guidance.</p> <p>This should be made easily available by the FSC on the internet and as printed handbooks in cases where there is poor internet access. It would be helpful if this included check lists and information on what a CB typically needs from SHs. Information about how to respond to CBs or forest managers and how to complain should also be included.</p> <p>Such experience and subsequence guidance should be published as appropriate.</p>	<p>There are no known plans to develop such materials.</p> <p>FSC Germany's guidance materials for SHs, produced for its Baltic II project, include guidance similar to that recommended here. There are no known plans for these materials or similar to be adopted internationally, but it is being considered that these guidance materials could be used as a starting point for the FSC to develop some international guidance.</p> <p>The ASI plans to address these issues directly with CBs through the annual CB meeting.</p>
<p>18. CBs should actively flag up issues to the FSC and NIs that appear to be hindering certifications e.g., absence of NI standard or inconsistencies in standards.</p>	<p>The FSC could improve communication between the NI and CBs by making it a requirement to consult with the NI before each audit, main assessments and surveillance audits, at least for forest management. Some CBs do this but there is a lack of FSC ability/capacity to respond. Also there is no formal/ systematic way of doing this.</p>	<p>It is assumed that some CBs already do this but it is not known whether it happens in a systematic way, nor whether it is facilitated by the FSC/ASI, especially with regard to NI standards.</p>
<p>19. The FSC should implement GA 2005 Motion 14 on developing guidance on the participation of observers in FM assessments.</p>	<p>The purpose of observer participation is to allow SHs to better understand the process of certification, to build trust between stakeholders and certification bodies and forest managers, and to contribute to the SH consultation process.</p>	<p>This is in the FSC's work plan for 2008 but is not a priority.</p> <p>The ASI has already started to invite observers during its field surveillance audits, e.g. Veracel, Norfor, Wijma, SEFAC. The ASI will be proposing a code of ethics for observers during its audits, in order to build trust and facilitate their participation. Some CBs, such as Smartwood and Woodmark, regularly invite observers already.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (Aug 08)
<p>20. The FSC should analyse and address why SHs are either disengaging or are not engaged to a sufficient degree.</p>	<p>With many more FSC certificates, the future of an FSC that has SH consultation as a key tenet of its credibility needs to be discussed. With the expanding number of evaluations, key social and environmental SHs are complaining that they do not have the capacity to respond to all the individual certificates. (This perceived issue may relate to relatively low levels of trust in the system. Once trust improves, it may cease to be a problem because NGOs may not feel they have to watch so many certificates so closely). This also relates to a wider, strategic issue: to what extent can the FSC address the needs of all stakeholders? CBs claim they go to substantial efforts to identify, locate and engage with stakeholders.</p>	<p>There are no known plans to research this issue specifically. There are elements of this in the FSC Global Strategy but this is focused on a few stakeholder groups, such as indigenous peoples, and workers organisations. The role of multi-stakeholder organisations to solve complex problems is a theme at the FSC General Assembly forest conference in 2008.</p>
<p>21. The FSC needs to clarify the difference between the respective SH consultation roles of the forest manager and the CB.</p>	<p>In particular, clarification may be needed about exactly where consultation is expected by the respective parties during the certification process, especially in the absence of an accredited national/regional standard. The P&C explicitly mention that consultation is to be undertaken by the forest manager in just two places: 4.4 and 9.2, giving the impression that the consultation is quite limited. Once a clarification has been made, it should be added to the stakeholder consultation guidance.</p> <p>Options should be explored regarding whether the CB or forest manager could use a professional, third party to undertake the SH consultation, should they feel it advantageous to do so. This could result in a higher quality of consultation and subsequent outcomes. It is also important to reconcile SHs expectations with the FSC's standards and requirements.</p> <p>Some larger certificate holders are now using third parties to review/facilitate stakeholder consultation (partly in response to CARs issued by CBs). However, this has not, and should not, reduce their efforts in stakeholder consultation because the objectives of the two consultations are different. The forest manager should be asking: "what do you think we should be doing in our forest?" The CB should be asking: "do forest managers listen to you and take your views into account for management decisions?".</p>	<p>The FSC has a standard to address the CB stakeholder consultation process. This issue is being considered under the plantation review.</p>
<p>22. It should be explored whether it is feasible for the new FSC database of certificates to be further developed by the FSC/ ASI, so that SHs can easily engage and add comments and feedback that can be viewed by certificate holder, the CB and the FSC.</p>	<p>Consideration needs to be given as to whether this is feasible or practical. It should be considered whether there is a risk in situation in which stakeholder concerns are high, that orchestrated campaigns could lead to the system being overwhelmed. There is a risk that such an approach, if not managed very carefully, may damage the credibility of the FSC with the forest industry and all FSC certificate holders.</p>	<p>The FSC is heading in this direction with improvements to the website as a Central Point of Information. This is also a proposal for Controlled Wood and for the Complaints Process.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (Aug 08)
<p>23. The FSC and its members should explore developing a 'stakeholder code of conduct' that covers how SHs can complain, be transparent about their own interests and how to conduct themselves when engaging in the certification system.</p>	<p>The latter concern (above) might be solved by the development of such a 'stakeholder code of conduct'. An SH would need to sign up to this code before using such an on-line feedback system. The feasibility of this should also be explored. A method to make the contract binding may need to be found. There have been situations of extremely abusive correspondence and verbal comments from a very small minority of SHs engaged in the FSC system.</p> <p>Greenpeace has submitted a motion on the measures needed to improve CB performance for the FSC General Assembly 2008, which includes the requirement to develop such a SH code of conduct.</p>	<p>There are no known plans to develop such a code. Some CBs are considering developing their own code.</p>
<p>24. CBs should inform stakeholders when there is a monitoring visit for a certificate and undertake some proactive consultation during monitoring. The FSC should change the accreditation standards to require this.</p>	<p>This would lead to managing stakeholder input on a more regular basis by the CB and not just at full, five year audits. The FSC should change its standards to make this a requirement.</p> <p>The SGS says this is already a requirement. However, there is currently no clear requirement in the FSC standard for stakeholder consultation process during surveillance audits.</p>	<p>The ASI proposes that the FSC standard should be changed to make this a requirement for FM surveillance audits. The FSC systems review planned for 2009 will include this.</p>
<p>25. Once SH consultation systems have been improved and tested, the FSC should establish whether or not specific key areas or situations require extra efforts to engage SHs, over and above a standard approach.</p>	<p>This links to requirements for, and the definition of, 'complex'/'high risk' certifications.</p>	<p>This will be addressed under 'high-risk' operations/companies.</p>

4. Complaints & conflict resolution

Common Theme	Issues Identified from Case Studies	General Observations
<p>Complaints and conflict resolution</p>	<p>Stakeholders writing to the CB with a complaint/concerns not replied/allegedly not replied to/acknowledged.³¹</p> <p>SHs unaware of CB's dispute resolution processes/complaints procedures or procedures not made available/allegedly not made available when SH concerns apparent.³²</p> <p>Poor 'customer service' or 'stakeholder service' or SH feels that this is the case (e.g. slow responses, dismissive tones from CB &/or FSC/ASI).³³</p> <p>CB's attempts to resolve issue face to face apparently refused by stakeholder.³⁴</p> <p>CB's 'independent evaluator' does not seem to be independent of the CB as just working in a different department.³⁵</p> <p>SHs feel field investigation by CB should have taken place before complaint closed out.³⁶</p> <p>FSC Interim Disputes Resolution Protocol is felt to be overly complex, difficult to understand³⁷ and follow, also for FSC staff that apparently did not follow it to the letter.³⁸</p> <p>CB's dispute resolution systems do not appear to be harmonised with FSC's.³⁹</p> <p>CB's communiqué appears to pre-empt full consideration of a complaint, in effect dismissing it as a communications issue.⁴⁰</p> <p>CB has a short 'appeals' period that seems inappropriately short as it allows it to effectively reject any SH concerns raised 30 days after a certificate has been issued.⁴¹</p>	<ul style="list-style-type: none"> • It is likely that improved stakeholder consultation, the taking on board of stakeholder comments and subsequent feedback will lead to fewer complaints. • It is usually unclear whether a SH is asking questions, complaining, commenting, raising a dispute or appealing against a decision about a complaint or a certification. • Some SH complaints are poorly presented (even by professionals with an excellent knowledge of English). • It is sometimes harder for those whose first language is not English or Spanish, or those not accustomed to formal 'western' approaches, to participate in the FSC complaints system. • Apathy, fatigue, resignation that nothing will happen or fears of conspiracy amongst some SHs means that often complaints are not made. When customer service is poor, this is likely to happen more regularly. Such actions, or inaction, represents an erosion of trust and a breakdown of the FSC SH model. • NGO analyses of certification situations may be no more reliable than poor inspections by CBs. • There is a lack of effective, comprehensive stakeholder consultation systems at the certificate holder level (see above) and of conflict resolution systems. This means that the CB, and later the FSC, are often used prematurely as arbiters. Instead, the certificate holder should be more actively encouraged to develop its own systems, turning to the assistance of an independent mediator only when discussions are challenging. • Conflict is often seen as a failure. When it is fully accepted and planned for, it can be better dealt with, learnt from and managed. • Cost is a big issue at all levels: certificate holder; CB; FSC; ASI; and SH costs, relating to the time and process of resolving complaints. When the system effectively addresses issues, costs should be reduced. However, managing expectations will also be a key to keeping complaints and costs down. • For many, the FSC certification system is viewed as having unresponsive CBs and a slow-moving ASI. This view is not without basis and leaves the door open for critical ENGOs and competitors of the FSC to make adverse, public comments. Changes are, therefore, needed to urgently address this perception and the experiences it is based upon. • The ASI has improved its responsiveness and transparency over the last year.

Recommended Solutions (2007) (Also see SH consultation section)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>26. The full, planned, review of the FSC complaints process, including the completion of the revision of the FSC Interim Disputes Resolution Protocol, must take place as a priority and with due consideration of the recommendations advocated here.</p> <p>a. Develop and implement a 'customer/stakeholder service' that includes dedicated, trained staff to answer queries and resolve complaints at the first opportunity and within set response times.</p>	<p>The review should make provision for alternative resolution processes that may be more appropriate in certain cultural situations. Resolution of disputes at the earliest opportunity needs to be the cornerstone of the Protocol. The use of locally appropriate mediators/facilitators should be encouraged so that stakeholders from all backgrounds have equal participation in the system.</p> <p>This should be developed in collaboration with CBs and FSC regional/national representatives, who should lead the process at key stages.</p> <p>SH complaints seen in relation to this study often related to SH unease as to whether something had been checked or not, rather than to actual evidence of a problem.</p> <p>If concerns and complaints were to come through a complaints department in the FSC, a more holistic approach could be taken to the issues. For example, currently a SH may go to the ASI with concerns, in hope that an accreditation visit to the certification will resolve matters. Whilst this may be necessary, the root of the problem may, in fact, lie elsewhere, with the regional standard, for example. A detached complaints staff member could direct different aspects of a complaint to different parts of the system e.g. initially to a CB, later to the ASI and the appropriate NI, should the issue relate to standards and/or to the FSC, as necessary. The FSC, however, has concerns about the cost of developing and staffing such an infrastructure.</p> <p>Such an approach should not preclude a SH going straight to a CB or an NI with concerns. However, when this is the case, the CB/NI should be encouraged to raise the matter with the FSC. CBs and NIs should be actively encouraged to feed back the finding of their investigations into concerns and complaints, particularly when it appears there is a problem with another part of the FSC system e.g. a weakly worded standard that is unclear or a missing piece of policy guidance.</p> <p>Dealing with a concerned SH or complainant respectfully, acknowledging their views (even if the CB/NI/FSC disagree with them), and maintaining good communication are probably the most important factors in determining whether or not early resolution to concerns and complaints can be reached and a formal complaints process averted.</p> <p>One CB proposed that the first point of contact with a CB should be through the client manager or auditor concerned, as they are most familiar with the case.</p>	<p>The review of the complaints system has been ongoing for several years. A revised complaints system will be circulated for consultation in October 2008.</p> <p>The ASI has started to involve NIs in an attempt to resolve some of the concerns raised. In some cases, such national process worked quite well (USA in 2006). However, the FSC NI is not always in the best situation to solve difficult political issues e.g. the Veracel and Norfor cases.</p> <p>There are no known plans for the FSC to develop such capacity, with the exception of expanding the capacity of the database so that it becomes the central point for information and responses.</p> <p>Woodmark is developing a registration system for queries and complaints.</p>

Recommended Solutions (2007) (Also see SH consultation section)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>b. Give consideration to FSC coordinating all queries and complaints.</p> <p>c. A clear hierarchy of comments, queries, complaints and appeals needs to be developed by the FSC, in collaboration with the CBs. Stakeholders need to be directed to progress through the hierarchy.</p> <p>d. Ensure that those working to resolve complaints/queries within the FSC system communicate together and actively learn from joint experience.</p>	<p>At the very least, the FSC needs to be made aware of all complaints within the system and keep a central register of them.</p> <p>This should be similar to, and preferably harmonised with, the work which has been developed by the ASI. Such a move should not mean that SHs cannot talk to a real person until a certain stage, but that there are distinct stages to pass through if an issue is not resolved immediately.</p> <p>This role could be combined with the above recommendations and allocated to someone with specialist SH consultation/facilitation skills. The role might also lead the revision of the Dispute Resolution procedure.</p> <p>The FSC needs a specialist in dispute resolution who also has excellent facilitation skills. The FSC also needs to ensure that there is time to deal with these issues i.e. allocate sufficient resources to ensure the work can be done with appropriate responsiveness.</p>	<p>The FSC considered that the suggestion that it coordinates all complaints was a too far reaching, but agreed that making FSC aware of such issues would be helpful.</p> <p>The draft, revised complaints procedure is expected to have a clearer hierarchy.</p> <p>There is a proposal to co-ordinate the FSC, ASI, NI and CB staff in this manner..</p>
<p>27. The FSC must ensure that, throughout the entire system, an emphasis is put on reaching resolution as quickly and efficiently as possible.</p>	<p>All concerns should be actively acknowledged and listened to respectfully with an open mind, even when the complainant views represent the minority . The FSC, NIs and CBs must be constantly mindful that genuine concerns and complaints may not always be presented in the clearest ways, and that those with such concerns are often angry and upset. It should also be noted that angry and upset SHs do not always have a case to be answered. Hence the need for specialist staff and a range of methodologies to allow stakeholders everywhere to raise concerns when they feel the need to. However, it should be recognised that most complaints are very complex and take considerable time and expertise, both to understand and to fully investigate.</p>	<p>This is one of the intents of the review of the complaints processes.</p>

Recommended Solutions (2007) (Also see SH consultation section)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>28. The FSC, ASI and CB complaints and dispute resolution procedures need to be completely harmonised and integrated into a single, simple, unified system in line with ISO 17011.⁴¹ Concerns about certificates should be permitted at any point after a certificate has been issued. The FSC's rules (in FSC-STD-20-001) regarding this should, if necessary, be changed accordingly to make it clear that this is the case.</p>	<p>Some CB's experience is that the ASI's management of complaints is inadequate and that its appeals procedure, which has only recently been tested, needs review/clarification.</p> <p>CBs, the ASI and the FSC should be required to keep a complaint register. The FSC should keep a register of all complaints in the system, and the ASI and CBs should be required to inform the FSC when complaints arise.</p>	<p>There is agreement in principle to this, but there are no known plans to review the FSC's standards in this way. The revision of the FSC's dispute mechanism which is underway, will be in compliance with ISO 17.011 requirements.</p> <p>The ASI has developed and implemented complaint and appeal procedures which are being used.</p>
<p>29. As part of the Complaints Process review, the FSC should consider removing the step by which a formal CB complaint is referred to a CB, or to their Disputes Committee.</p>	<p>Cases in which this step has found a resolution to complaints are rare and its removal would save time and resources. This was proposed at the CB/NGO meeting in March 2007 and gained some support. In effect, it would mean that formal FM complaints would be referred straight to a CB; formal CB complaints referred straight to the ASI or the FSC. In other words, each formal complaint would be referred straight to the level above. Initial, informal, complaints should still be referred to the body associated with the complaint.</p>	<p>The revised complaints procedure may propose to remove this step. The revision of the FSC Complaints Process presents an opportunity to do so.</p>
<p>30. If the FSC decides to maintain the formal complaints process at CB level, it should change FSC-STD-20-001, so that an independent evaluator is required to be entirely independent of the CB as a whole organisation when resolving a dispute, and not just independent of the CB as a department within a larger organisation.</p>		<p>There are no known plans for the FSC to undertake this change. Several CBs have already moved to have the members of their independent committee made entirely independent of the CB.</p> <p>Smartwood, the CB in the Ernslaw case, has stated that it will use truly 'independent' assessors in the case of complaints from now on but its written procedures have not yet changed. The FSC standards allows a CB to use an 'independent' person from a different department within the same organisation to legitimately assess complaints.</p>
<p>31. The FSC should put in place guidance for certificate holders on devising and implementing a conflict resolution system at FMU/company level.</p>	<p>This might include an on-line or printed handbook and training courses.</p>	<p>There are no known plans to provide such guidance.</p>

5. Conflict of Interest

Common Theme	Issues Identified from Case Studies	General Observations
<p>Conflict of Interest</p>	<p>Auditor had allegedly worked for the company within two years.⁴³</p> <p>Auditor had allegedly worked for the company parent group but more than two years before (this is in line with FSC requirements).⁴⁴</p> <p>SH consultation letter sent out by CB's separate consultancy branch on behalf of its client. This was perceived by SHs to be a conflict of interest.⁴⁵</p> <p>Peer reviewer not felt to be independent.⁴⁶</p>	<ul style="list-style-type: none"> • See also commitment to FSC section below. • The ASI is already addressing and investigating all potential cases of conflict of interests. These issues are addressed as non-conformity if it is found that there is a clear conflict of interest. • The ASI has been working with CBs, such as Smartwood, to inform them about potential conflict of interests and try to minimise the risk. However, this is often a difficult area to address for many CBs and the boundary of what constitutes an actual conflict of interest, rather than a potential conflict of interest, is not always clear.
Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (August 2008)
<p>32. The ASI needs to consider if there are systemic or implementation problems in relation to conflict of interest. It also needs to review its own policies and potentially extend the existing Conflict of Interest policy, which is for Board and Staff members, to CBs and their contractors.</p>	<p>Problems were found in three case studies. The FSC/ASI needs to consider whether there is a need to change the existing accreditation standards relating to conflict of interest, or at least provide further guidance. A further report researching this issue in more detail, with proposed options for resolution, is being coordinated by FERN. It is due for completion in the 4th quarter, 2008.</p> <p>A CB has noted that it would be beneficial for the FSC to clarify more precisely what does and does not constitute conflict of interest at the CB and auditor level.</p>	<p>There are no known plans to undertake this work. It is not in any FSC work plans at this time. The ASI is addressing these issues, based on ISO standards and IAF guidance. The ASI is considering strengthening its requirements or providing further guidance.</p>
<p>33. The FSC should consider how potential conflict of interest amongst stakeholders and complainants might become more transparent, and how it might be addressed.</p>	<p>All stakeholders have interests and some non-CB stakeholders may also have conflicting interests. This might be included in the stakeholder code of conduct suggested in the stakeholder consultation section above. Such a code of conduct containing rules of engagement would need to be consistently backed up by the ASI.</p> <p>This is an important issue that should be addressed by FSC.</p>	<p>There are no known plans to undertake this work.</p>

6. Illegal Practices

Common Theme	Issues Identified from Case Studies	General Observations
Illegal Practices	<p>Areas certified in particular countries where concessions are allegedly not, technically, fully legal.⁴⁷</p> <p>Not clear whether the whole of the concession is gazetted. Therefore, may not be strictly legal.⁴⁸</p> <p>Apparent law breaking in the context of alleged corruption within a country.⁴⁹</p> <p>Verification of P1 by CB not thorough enough.⁵⁰</p> <p>Illegal logging/alleged illegal logging within the concession.⁵¹</p> <p>Alleged illegal logging outside concession areas (Criterion 1.6).⁵²</p> <p>Alleged illegal logging on customary land.⁵³</p> <p>Alleged illegal logging of protected species.⁵⁴</p> <p>Subcontracting when it is illegal to do so.⁵⁵</p> <p>Tax free fuel allegedly being used illegally outside concession area.⁵⁶</p> <p>Allegations of abuse of tax concessions and failures to pay taxes fully and on time.⁵⁷</p> <p>Alleged illegal hunting.⁵⁸</p> <p>National legislation allegedly not complied with: virgin forests⁵⁹ chemical use⁶⁰ conservation⁶¹ coupe sizes too large⁶²</p>	<p>The FSC system cannot directly overcome poor governance issues where it is common for logging of concessions to take place by established logging companies, or even governments, when it is not strictly legal to do so. No FSC certification should turn a blind eye to legal problems, even if the concession does represent the best in a country or region. To do so would undermine the entire system. However, in most cases, the concessions have been approved and granted by the forestry authority or government in the country. So, it could be argued that the question is why is the government not properly implementing the law? This is not always the case, but it is difficult for a CB to refuse the legal status of a concession which has been granted by the national forestry authority.</p> <p>The FSC should develop guidance on this issue because CBs cannot make decisions on this issue in the field on a case by case basis. Often this problem is very difficult to verify or demonstrate. The FSC could decide not to issue FSC certificates in countries well known for high levels of corruption.</p> <p>Within this study, the largest number of concerns about certifications' compliance with the P&C was with regard to Principle 1, and with legal compliance in particular. Full legal compliance should be assessed under Principle 1. However, legality issues are sometimes very difficult to investigate and it is hard to assess full compliance, including the possibility of a forensic audit. This may not be possible in an FSC audit.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (August 2008)
<p>34. In order to improve how legal compliance is assured in FSC (and Controlled Wood) certified areas, the FSC should:</p> <p>a. Investigate the issue of concessions, licences, permits or rights to harvest which may not have been gained or issued through proper legal processes. Investigate whether they should be certified under the FSC system.</p> <p>b. FSC must consider the current, international developments in verification of legal compliance and merge and harmonise, as appropriate, to update FSC Principle 1.</p>	<p>The investigation should focus on the context of cases in which illegality is considered an apparent 'technicality' and the FMU represents the best forestry in a given country. (This does not mean that the FSC should be a making a judgement as to whether the forest laws of a particular country are sufficient or not). Guidance on what, if any, situation might be acceptable for certification need to be drawn up (i.e. Explanation of what constitutes major and minor CARs, and which CARs are almost certainly out of the control of the certificate holder). It is important that the FSC process distinguishes between lawful and unlawful cases of governments intervening to allow cutting of given areas (i.e. those that are by due process and those that are not). For the FSC to carry out this investigation in a credible manner, it would need to outsource this to parties with the knowledge, insights, and access to relevant information. Particular attention would need to be placed on situations in which there are multiple laws or conflicting regulations and on situations in which there is no legal precedent yet set in the country, in terms of which law has the ascendancy e.g. indigenous peoples rights in Indonesia.</p> <p>Many CBs, such as SmartWood and Eurocertifor, as well as FSC associate organisations such as TFT, have separate legality verification schemes and standards. There is a view that these schemes/standards have stronger and clearer requirements for legality than FSC P1 and that the FSC should be actively learning from their experience. The FSC should not position itself as promoting a legality standard (controlled wood) as being a high enough standard of forest management. However, it is a useful step that can be taken whilst progressing towards the high FSC standards in the context of the controlled wood standard and modular verification.</p>	<p>The FSC Principles and Criteria review has recently been broadened to cover all P&C so will include Principle 1, and the subsequent development of International Generic Indicators for FSC P&C will also address the interpretation of P1.</p> <p>The FSC Principles and Criteria review has recently been broadened to cover all P&C so will include Principle 1, and the subsequent development of International Generic Indicators for FSC P&C will also address the interpretation of P1.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (August 2008)
<p>c. Convene a meeting with CBs and other experts⁶³ about legal verification within full FSC certifications, discuss the experience of CBs and feedback from the ASI relating to CB performance in this area and the new controlled wood standards, with the aim of improving FSC guidance and producing check lists for use during the audit of Principle 1.</p> <p>d. Revise guidance on Principle 1.</p>	<p>The FSC needs to be realistic about what can be pro-actively checked by CBs during the audit process and what other issues it should act upon, when flagged by an SH. The FSC must revise P1 in light of the experience of other parties working on legal compliance. This should be undertaken in the context of a full P&C revision.</p>	<p>The FSC Principles and Criteria review has recently been broadened to cover all P&C so will include Principle 1, and the subsequent development of International Generic Indicators for FSC P&C will also address the interpretation of P1.</p> <p>See above.</p>
<p>35. CBs should pay special attention to legal compliance during certifications and review procedures and check lists relating to this.</p>	<p>Assessing full legal compliance would probably need to include a forensic audit and this may not possible in the FSC certification context. Guidance is needed from the FSC that is clearly formulated so that it addresses, very specifically, just how far to go with legal compliance.</p>	<p>Whether CBs have plans to do this is not known and CBs require further guidance from FSC. Some CBs claim that they already place special attention on legal compliance and often issue CARs on it.</p>
<p>36. The FSC should develop guidance for CBs (and the ASI) for assessing operations in countries with high levels of corruption, where there may be a poor level of forest law compliance, corrupt practices and/or transfer pricing etc.</p>	<p>Need to develop very clear definitions and thresholds for unacceptable corruption, poor governance, transfer pricing etc.</p> <p>The FSC needs to consider that, at times, there may be collusion between corrupt or ineffective national forest services and certification applicants. Safeguards need to be developed to guard against such situations.</p> <p>Such guidance should be developed with stakeholders.</p>	<p>While guidance has been given to CBs by the FSC in the past, such as in Indonesia in 2001 and for Democratic Republic of Congo in 2007, there are no known plans to develop or generalise such guidance, or to develop specific guidance for different regions.</p>

7. Poor Audit Procedures

Common Theme	Issues Identified from Case Studies	General Observations
<p>Poor Audit Procedures</p>	<p>CB's own procedures to comply with standards not implemented by CB.⁶⁴ Inadequate audit techniques.⁶⁵</p> <p>Auditors based their conclusions on what FMU staff said, rather than objective documented evidence.⁶⁶</p> <p>Insufficient number or variety of sites within each FMU.⁶⁷</p> <p>Sampling strategy not explained in CB audit report.⁶⁸</p> <p>Audit team's expertise allegedly unbalanced (only production foresters),⁶⁹ fears of unbalanced team.⁷⁰</p> <p>Chain of custody report not produced.⁷¹ CB report not in line with FSC requirements.⁷² Tired auditors.⁷³</p> <p>Translation problems.⁷⁴</p> <p>CB auditors allegedly behaved differently when ASI inspectors were present.⁷⁵</p> <p>On the ground performance audit allegedly lacking, systems based audit approach taken.⁷⁶</p> <p>Poor audit team co-ordination.⁷⁷ Areas allegedly inappropriately assessed as a 'low intensity' group.⁷⁸</p> <p>Auditors alleged to have not spent enough time, given complexity of on the ground situation (however, evidence does not appear to back this up).⁷⁹</p> <p>CB apparently has no procedures to check if company has paid environmental fines.⁸⁰</p>	<ul style="list-style-type: none"> • Many of the issues detailed here have been identified by ASI audits and relate to a small number of the case studies. Continued, strict auditing of CBs and action taken in the case of continued non-compliance should bring about a reduction in poor auditing practice. • It is noted here, for one case study, that CB auditors may have behaved differently when the ASI inspectors were present. ASI staff have also raised whether this was the case in at least two other case studies. • The ASI claims it always address these issues during audit. One section of the ASI report refers to the CB auditor's qualification and performance. The ASI is planning to develop a system to register CB auditors and to make a formal evaluation of the lead auditor during the ASI audits.
Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (August 08)
<p>37. Continued strict auditing by the ASI and action taking in the face of continued non-compliance by CBs regarding auditing procedures, including the use of spot audits.</p>	<p>The ASI needs to ensure that it maintains objectivity and is not influenced by the 'noise' from stakeholders. The ASI needs more resources and to strengthen its governance and management systems. CBs caution that care also needs to be exercised so as not to 'over-interpret' FSC requirements, as this would, ultimately, undermine FSC credibility.</p>	<p>There is evidence that this is taking place and auditing is stricter than in the past. However, the ASI continues to have capacity problems and is further hampered by particular system problems mentioned elsewhere in this report (see in particular the section on CARs and the accreditation standard covering CARs). Two new ASI auditors have been hired and one more is planned. There have been several suspensions and two terminations of CBs.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (August 08)
<p>38. CBs should review their own procedures to ensure that they are adhering to their own audit standards and to the FSC's.</p>		<p>CBs claim to be continuously doing this in order to improve and meet new requirements coming from the FSC.</p> <p>At the end of June, the SGS placed a moratorium on all new contracts for FM certification until it has reviewed its system. The SGS will still honour all contracts signed before 29 May 2008 so, to date, this appears to have had little impact on SGS's forest management certification activity and performance.</p>
<p>39. The FSC/ASI should consider using unannounced, spot checks and short notice surveillance audits more frequently and making it a requirement for CBs to do the same. The FSC should change the relevant accreditation standards accordingly.</p>	<p>There are allegations in the case studies that the CB team behaved differently in the presence of the ASI team. It is common in the case of various certification systems that behaviour can change radically when it is known the auditors are coming.⁸¹ It appears there is wide support from CBs to make the use of spot checks mandatory, in order to ensure that there is a 'level playing field' with regard to cost. The FSC should consider building in a ratio of spot audits to routine audits (e.g., 5%), and not only do it for surveillance visits but also include spot audits for main assessments.</p> <p>There may also be a case for a more differentiated audit system, combining witness audits (CB present) and independent audits (CB not present or in shadowing role only). This should be actively explored and be considered for both main and surveillance CB assessments.</p>	<p>The ASI and CBs can already undertake spot checks but they are not used routinely. The ASI is now using 'short notice audits' more regularly, particularly with CoC. There are no known plans to change accreditation standards to require CBs to undertake spot checks routinely.</p>
<p>40. The FSC should produce guidance on the difference between on-the-ground performance and the drawing up of policies designed to bring about that change.</p>	<p>General Assembly 2005, Motion 18, requires an emphasis on on-the-ground performance. A reminder is needed with regards to what an acceptable balance of policy is, compared to actual verifiable change.</p> <p>A CB proposed that training should be provided to both CB and ASI staff, and to auditors in order to emphasise the need to evaluate implementation of policies and provide objective evidence.</p>	<p>The FSC proposes that the main way of implementing the recommendations of Motion 18 is via the P&C review and the International Generic Indicators development.</p> <p>The ASI strategy aims to increase the audit intensity of CBs for both FMs and CoC. However, this proposal is being reviewed by CBs and comments received will need to be taken into account.</p>
<p>41. The FSC should consider whether it has strong enough penalties and whether it has further incentives for compliance with FSC accreditation standards by CBs. To this end, it should consider imposing other (non-financial) penalties beyond the current, increased number of audits.</p>	<p>The increased number of audits in relation to the number of CARs issues was never fully implemented due to lack of audit capacity by the ASI. Therefore, it is not fully known whether the ASI audit frequency incentive is an effective tool for improving the compliance performance of CBs.</p>	<p>The recent ASI business strategy has consideration of incentives and penalties. The FSC will also consider this as part of the overall review of its standards.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (August 08)
<p>42. The FSC/ASI should consider what to do in the case in which a CB is suspended from operating in more than one country.</p>	<p>In other words, how many separate, single country CB accreditation suspension decisions would it take for the CB to become globally suspended? There is currently no procedure on this so the ASI or FSC would need to develop a new procedure to ensure clear and consistent implementation.</p>	<p>There are no known plans to undertake this. However, this situation was coming to the attention of the ASI and FSC Board in relation to SGS. This issue will have to be dealt with on a case by case basis. There is no need to produce rigid standard to deal with such cases. The ASI independent accreditation committee should have the flexibility to deal with these issues.</p>
<p>43. The FSC and NGOs should investigate and evaluate whether there is currently a conflict of interest at the CB level, between best practice and CB cost/profit.⁸²</p>	<p>Such an investigation should consider whether the following need to be incorporated into the FSC system:</p> <ul style="list-style-type: none"> • a five yearly rotation of CBs that certify particular certificate holders; • greater defining and clarification of the requirements for CBs making bids for clients; • making CB bids more transparent; • or as several FSC members and others have suggested, that the FSC plays a role in vetting the bids or even being the broker, effectively making the certificate holders direct clients of the FSC. If the FSC were to take on certificate holders as its direct clients, it would have the further advantage that the FSC would become the ASI's client rather than the ASI having CBs as clients. The FSC would, therefore, be employing the ASI to ensure its standards were being upheld, rather than CBs employing the ASI to accredit them; • whether a CB time input requirement would resolve some of the perceived problems in this area relating to profit, i.e. that CBs can undercut competition by reducing the amount of time spent auditing the client. <p>This investigation should also consider what should happen to a certified company (e.g. Wijma) if a CB is suspended.</p>	<p>There was an agreement that NGOs should undertake such a study during the CB and Environment Chamber members meeting at the FSC in Bonn, March 2007. This investigation and report has now progressed with partners of FERN, WWF, Greenpeace, IFIA, and TFT. The report is in a second draft and due for finalisation over the next two months. The ASI is in consultation with the report partners over the options and recommendations. A side meeting on this issue has been organised for the General Assembly.</p>

8. Poor implementation of P&C/CB/other FSC certification standards

Common Theme	Issues Identified from Case Studies	General Observations
<p>Poor implementation of P&C/CB/other FSC certification standards</p>	<p>Overview: Inappropriate/alleged inappropriate evaluation of FSC Principles and/or Criteria, CoC or Controlled Wood standards: Principle 1;⁸³ Principle 2;⁸⁴ Principle 3;⁸⁵ Principle 4;⁸⁶ Principle 5;⁸⁷ Principle 6;⁸⁸ Principle 7;⁸⁹ Principle 8;⁹⁰ Principle 9;⁹¹ Principle 10;⁹²</p> <p>Chain of custody;⁹³</p> <p>Controlled wood;⁹⁴</p> <p>'Fatal flaws' allegedly failed (as per NI standard);⁹⁵</p> <p>Extra time given to comply with new NI standard;⁹⁶</p> <p>Lack of agreed NI standard;⁹⁷</p> <p>No evidence NTFP indicators evaluated;⁹⁸</p> <p>Detail – where available⁹⁹ (also see other sections, details not repeated below): Alleged poor identification of legislation and regulations;¹⁰⁰</p> <p>Poor evaluation of certificate holder compliance with national and local laws;¹⁰¹</p> <p>Poor evaluation/alleged poor evaluation of illegal activities;¹⁰² (see also illegal practices section above for several other examples).</p> <p>Partial certification: community issues regarding payment; agreements made without free & informed consent;¹⁰³</p> <p>Partial certification: Non-certified timber apparently traded informally between certificate holder & local community without a binding contract. Community complaints that the price they received was below the real value;¹⁰⁴</p> <p>Problems pertaining to partial certification and insufficient community control of forest resources;¹⁰⁵ Questions as to whether other areas managed by company, but not certified, are managed in the spirit of the P&C regarding labour legislation;¹⁰⁶</p> <p>Invasion of concession land allegedly inappropriately dealt with by CB; apparent insufficient guidance on how to deal with the Brazilian Landless movement;¹⁰⁷</p> <p>Allegedly no assurance of long-term forest management;¹⁰⁸</p>	<p>Areas which appear, from this study, to raise most concerns are:</p> <ul style="list-style-type: none"> • P1 Compliance with laws and FSC Principles • P6 Environmental impact • P7 Management plan • P9 Maintenance of high conservation value forests <p>Note on P10 and Plantations: this study deliberately did not choose many controversial plantation certificates, because concerns over them have been raised by others, such as WRM. An FSC plantations review is in process which addresses P10/plantations issues.</p> <p>From this study, a repeated area of concern. (See sections on illegal practices and partial certification above for recommendations) Generally these weaknesses are addressed by ASI and in ASI reports when witnessed in the field.</p>

Common Theme	Issues Identified from Case Studies	General Observations
	<p>Alleged conflict over land ownership;¹⁰⁹ Company apparently did not tell CB about outstanding fines;¹¹⁰</p> <p>Local community allegedly prohibited from collecting NTFPs;¹¹¹</p> <p>Inconsistent/problematic/incomplete demarcation and allegedly problems with demarcation;¹¹²</p> <p>Alleged problems with indigenous peoples' rights;¹¹³</p> <p>Alleged bad faith agreements for unsustainable logging in titled Indigenous peoples' lands;¹¹⁴ Concerns over the difficult process of establishing customary land rights, respecting them and ensuring prior informed consent is given;¹¹⁵</p> <p>Customary rights apparently not respected;¹¹⁶</p> <p>No mechanism, allegedly, for resolving conflicts between company and local communities;¹¹⁷</p> <p>Unclear whether company has capacity to implement management plan;¹¹⁸</p> <p>Health and safety obligations not met;¹¹⁹</p> <p>Training obligations not met;¹²⁰</p> <p>Issues with/alleged issues with workers rights/working conditions;¹²¹</p> <p>Sustainable harvesting levels¹²² concerns about sustainable harvesting levels;¹²³</p> <p>Questionable as to whether the company is 'economically viable' as allegedly no profit made in 15 years;¹²⁴</p> <p>Logs allegedly abandoned in forest.¹²⁵</p> <p>Procedures for the assessment of environmental impacts not/allegedly not undertaken/insufficient¹²⁶, fears that this had not happened;¹²⁷</p> <p>Ecological attributes not sufficiently considered;¹²⁸</p> <p>The content of what should be checked in an Environmental Impact Assessment (EIA) is apparently not clear;¹²⁹</p> <p>Issues regarding chemicals and toxic waste allegedly not addressed;¹³⁰</p> <p>Guidance on implementing Principle 6 felt to be insufficient;¹³¹</p> <p>Alleged absence of data on monitoring fauna;¹³²</p> <p>Alleged inadequate control of poaching;¹³³</p>	<p>From this study, a repeated area of concern.</p> <p>The FSC needs to develop guidance on what is expected as assessment of environmental impacts under 6.1, including on whether this is the same as an EIA.</p>

Common Theme	Issues Identified from Case Studies	General Observations
	<p>Conservation zones & protection areas not/allegedly not established or are actively logged/planted – including riparian zones,¹³⁴ fears that this has not happened;¹³⁵</p> <p>ASI asserted that whether or not an HCVF area is logged or not is a ‘political decision’ and therefore made no comment on it;¹³⁶</p> <p>Concern over gradual degradation/poor maintenance of conservation values;¹³⁷</p> <p>Rare, threatened or endangered species allegedly poorly protected;¹³⁸</p> <p>Ecosystem reserves alleged to not be representative;¹³⁹</p> <p>Alleged over-browsing by deer;¹⁴⁰</p> <p>New research/technical information allegedly not being used systematically by certificate holders;¹⁴¹</p> <p>Roads & skid trails in a poor condition;¹⁴²</p> <p>Clear-fell methods allegedly inappropriate;¹⁴³</p> <p>No management plan (or allegedly none) for all or part of certified area;¹⁴⁴ No ‘coherent’ plan;¹⁴⁵</p> <p>Inadequate landscape level planning and management¹⁴⁶;</p> <p>Absence of monitoring system of ecological attributes;¹⁴⁷</p> <p>Inadequate monitoring programme for permanent sample plots;¹⁴⁸</p> <p>Queries over sampling rates and alleged incomplete inventory.¹⁴⁹</p> <p>Insufficient survey of biodiversity and HCVF and/or maintenance of HCVF;¹⁵⁰</p> <p>Plans to maintain and enhance HCVF not drawn up;¹⁵¹</p> <p>Poor/allegedly poor SH consultation by certificate holder regarding HCVF;¹⁵²</p> <p>Alleged non-designation of HCVF;¹⁵³ Fears that HCVF areas not taken into account by CB or certificate holder;¹⁵⁴</p> <p>Alleged conversion to plantation.¹⁵⁵</p>	<p>From this study, a repeated area of concern.</p> <p>Definition of HCVF and implementation of P9 needs to be clarified by the FSC e.g. as identified in the Woodmark appeal report by Tim Synnott, on HCVF interpretation issues in Ireland.</p> <p>From this study, a repeated area of concern. Appears to be challenging for large, tropical concessions of 100,000 or 1,000,000 ha.</p> <p>Landscape level planning is almost non-existent. Needs guidance from the FSC as to what is expected from certificate holders.</p> <p>Several areas relating to HCVF. From this study, a repeated area of concern. There appears to be a fundamental issue with the understanding of HCVF and HCVs/conservation attributes throughout the entire FSC system. This issue was strongly raised at the March 2007 CB/ environment chamber meeting in Bonn. Addressing the situation, and ensuring that Principle 9 is implemented as it is written, would address many NGO concerns.</p>

Recommended solutions (2007)	Comments on proposed solution	Where the FSC is with this now (August 2008)
<p>Short term 44. The FSC should plan for the production of guidance materials and training in relation to auditing, managing and planning for:</p> <ul style="list-style-type: none"> a. HCVF. b. The assessment of environmental impacts (criterion 6.1) 	<p>Other guidance material is recommended in the sections below. The areas highlighted as priorities here are address on the basis of the findings of this report. A CB has noted that it has received conflicting advice on both these issues in the past.</p> <p>The Woodmark appeal, in relation to HCVF interpretation in Ireland, also strongly supports the need for this recommendation.</p> <p>The FSC should consider whether the Proforest 'HCVF Toolkit' is adequate guidance for use whilst it is developing its own further guidance.</p>	<p>The FSC has an active work programme on HCVFs and SLIMFs to give more practical guidance, and the broadened P&C review is now open to include P9 in its review. Otherwise, there are no other known plans for the FSC to undertake these specific tasks.</p>
<p>45. CBs should investigate why several certifications have either no management plans in place or plans that are considered substandard by stakeholders and actively tighten up on the auditing of Principle 7.</p>		<p>It is not known whether CBs are planning to look at this issue. Some CBs, such as Woodmark, claim they already systematically evaluate the management plan and their generic standards deal with these concerns.</p>
<p>46. The ASI should continue strict enforcement of FSC rules with CBs, taking immediate action where there is continued non-compliance.</p>		<p>There is evidence that this is taking place and auditing is stricter than in the past. However, as the ASI is suffering from serious capacity problems, as is the FSC system itself, then there are delays with closing out CARs.</p>
<p>47. In lieu of a full and completed revision of the P&C, the FSC should prioritise the completion of the FSC Generic International Indicators and specify their use by CBs where there are no national or sub-national standards.</p>	<p>There is frustration that the Generic Indicators have not progressed, particularly as there is a strong need by both CB and stakeholders to clarify interpretation of the P&C. This was a strongly supported motion at the 2005 GA.</p> <p>A CB has noted that the problems arise in the P&C and that a complete P&C revision is needed to resolve problems in this area (see further recommendation below).</p>	<p>The International Generic Indicators development process has been halted awaiting completing of the P&C review.</p>
<p>48. The ASI should comment on all forest management that it has inspected in terms of whether it meets the P&C regardless of whether or not a decision to log is a 'political decision'.</p>	<p>If it is legal to log an area, the ASI should state that fact rather than simply say that a decision was 'political'. The ASI should be prepared to highlight contradictions between P1 and the other Principles. This recommendation relates specifically to an observation made concerning the Polish case in this report.</p>	<p>There are no known plans to discuss this issue. However, it is the responsibility of CBs (under Criterion 1.4) to outline such contradictions between the laws and FSC P&Cs.</p>

Recommended solutions (2007)	Comments on proposed solution	Where the FSC is with this now (August 2008)
<p>49. The FSC Principles and Criteria need revision and this needs to be planned as a priority.</p>	<p>The P&C need to be immediately understandable and have no areas of ambiguity; they should be understandable alone with little or no need for guidance materials.</p> <p>Whilst not a direct observation from the case studies, a CB has noted that, they stand, the P&C predominantly focus on environmental and social criteria. The economic viability aspect of the P&C is largely undeveloped.</p>	<p>Revision of the P&C is underway and is building on the proposals arising from the Plantations Review and other P&C motions from the GA 2005. A full, cross-chamber working group will be formed to consider the full revision of the P&C and finalise proposals that will be presented to the General Assembly (by postal ballot).</p>
<p>50. The FSC should produce clear guidance on how to audit 'economic viability' and what constitutes an economically viable operation.</p>	<p>A difficult concept that is clearly not currently addressed by the FSC.</p>	<p>There are no known plans for the FSC to specifically undertake this task. However, the review of the P&C may address this issue.</p>
<p>51. The FSC, with the FSC Brazil NI, should consider what should be done in areas where there is an issue with the Brazilian landless movement and produce appropriate guidance for CBs, certificate holders and stakeholders.</p>		<p>There are no known plans for the FSC to undertake this task although there has been discussion of this issue by the FSC International Board.</p>

9. Communication

Common Theme	Issues Identified from Case Studies	General Observations
<p>Communication</p>	<p>CB Public Summary Issues: Delay/alleged delay in availability of CB public summary/updated public summary.¹⁵⁶</p> <p>No public summary available of certificate holder's forest management plan.¹⁵⁷</p> <p>Public summary not sent to relevant SHs.¹⁵⁸</p> <p>Accessing the summary on CB website reportedly necessitated knowledge of English.¹⁵⁹</p> <p>CB public summary felt to provide insufficient evidence of certificate holder compliance.¹⁶⁰</p> <p>Mistakes/alleged mistakes in CB public summary: minor¹⁶¹, major.¹⁶²</p> <p>Company allegedly made several claims about its progress prior to the availability of the certification public summary.¹⁶³</p> <p>Other CB Issues: Poor communication between CB and client.¹⁶⁴</p> <p>Applicant NI unhappy about level of communication with ASI (ABU at the time) regarding an inspection in 2004.¹⁶⁵</p> <p>Apparent premature publication by CB that FSC/ASI is 'happy' with its performance.¹⁶⁶</p> <p>CB practice of keeping auditor names confidential raises SH suspicions.¹⁶⁷</p> <p>CB staff allegedly contradicting each other¹⁶⁸</p> <p>Slightly wrong or unclear use of terminology by CB/FSC/ASI appears to exacerbate complaint with stakeholder¹⁶⁹</p> <p>ASI Public Summary Issues: Apparent delay in availability of ASI Report.¹⁷⁰</p> <p>ASI report felt to be difficult to understand as a stand-alone document,¹⁷¹ in places.¹⁷²</p> <p>Other ASI Issues: ASI felt to have used vague language to express compliance.¹⁷³</p> <p>ASI Information note interpreted by some to pre-empt a future ASI audit.¹⁷⁴</p> <p>Other Issues: FSC member apparently declares that their own 'audits' have found a company to be compliant with FSC standards.¹⁷⁵</p>	<ul style="list-style-type: none"> • A lack of transparency, poor adherence to deadlines and inconsistent messages from CB, NI, FSC or ASI staff can lead to and exacerbate the sense of a lack of trust/not being heard amongst stakeholders. • Most poor communication does not appear to be deliberate, instead it is more likely to be the consequence of a lack of resources (including time). • Delays in both CB and ASI reports, because of disputes or general work overload, effectively give certificate holders and CBs extra time to close out CARs. Sticking to timescales, as outlined in the FSC standards is, therefore, critical to maintain credibility in the system (see also CARs section below). • Different CBs report in different ways, with varying degrees of success in terms of clarity of information presentation. The best methodology seems to be to produce a different report for each surveillance visit. Sometimes, the same CB uses different methodologies in different places, which is confusing. Several reports seen as part of these case studies have 'last updated' dates on them that are clearly wrong, adding to confusion. • Currently, only the ASI's forest visit reports are available as public summaries and not office visit reports. Making these reports available too would fill many missing gaps, such as whether CARs have been closed out or not and whether systems that do not directly relate to forest management (e.g. complaints systems) have been required to be adapted. • The ASI is currently working on developing new report templates which could be published for office, FM and COC audits. These report templates should be ready and used for publication of all ASI reports in 2009. • The FSC is working on the new website to provide information on the front page that will direct people to the locations in which public reports are available. A link will be provided to both the ASI website, to view public reports on CB monitoring by ASI, as well as to the Certificate Holder database, where there will public reports on FM certificates.

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (August 2008)
<p>52. The FSC and CBs need to be more forthcoming about key 'bad' news, such as newly suspended certificates.</p>	<p>Bad news for one set of FSC customers or stakeholders may be good news for another. The FSC and CB communication should be neutral in tone, truthful, and transparent. The best balance between revealing bad news in an 'up front' way, and communicating it in a more low key way, should be investigated by the FSC's and ASI's (future) communications staff (see below). It is claimed by some CBs that there were no clear and timely reporting of suspensions by the ASI.</p>	<p>The ASI is being more pro-active about making announcements on key de-accreditations. The ASI website has more information and aims to review it during 2009.</p>
<p>53. Statements that anticipate the success of an audit from the FSC or CBs should be avoided, especially in controversial situations, because it creates suspicion amongst often sensitive SHs.</p>	<p>Statements have been made in the past by the ASI and CBs, but the ASI claims this is unlikely to be repeated in the future.</p> <p>One CB, Woodmark, claims to be very cautious about this.</p>	<p>The ASI/FSC does not have a communication policy/strategy in relation to de-accreditation. This would be a first step to avoid such statements. It is not known whether such a strategy is planned or whether, on reflection, the FSC/ASI agrees that it, or CBs, have made such statements in the past.</p> <p>The ASI has improved its communication regarding suspension of CBs. The last CB to be suspended was VIBO in Mexico. This was announced on all FSC fora.</p>
<p>54. CBs should properly implement, and the ASI should properly enforce, the requirement within the FSC STD 20-001, which states that an electronic copy of the CB's certification report should be sent to the FSC prior to a certificate being issued.</p>	<p>This study has found that this is unlikely to have been the case with all viewed certificates, as some public summaries have not been available for months after a certificate was issued. The requirement should be further clarified to stipulate that the public summary must be available on the same day, or prior to, a certificate being issued.</p> <p>There is a need to clarify whether this requirement should cover CoC as well as FM and all surveillance reports.</p>	<p>ASI is requesting CBs to upload all their certification reports on the FSC certificate database; however, this is not yet being done systematically by CBs.</p> <p>Recent changes by the FSC Global Development in the management of the Certificate Holder database now allow any public report that the CB has provided to the FSC for a FM certification, to be made available immediately on the certificate holder's record.</p>
<p>55. The ASI and CB reports need to clearly and accurately show when they have been updated, e.g. on the front cover and on the website links.</p>	<p>It is further proposed that, if a different report were to be produced for each surveillance report, it would improve access to the information.</p> <p>However, the SGS is concerned that this would be counter-productive, in terms of the functionality of the report within the evaluation process, i.e. having one report that provides a full history of the certificate is far more useful for the auditor and ensures that issues are not overlooked or forgotten more effectively. Reports can be formatted to ensure the information is clear.</p>	<p>CBs claim that this is already a requirement, so the FSC/ASI needs to confirm this and ensure enforcement with all CBs.</p> <p>The ASI reports show date of last update on the front page of the report.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (August 2008)
<p>56. If FSC members declare that their own 'audits' have found a company to be compliant with FSC standards, the FSC should take action to have such statements withdrawn and revoked, as a misuse of the FSC trademarks/an unsubstantiated claim.</p>	<p>Similarly, if FSC members are misquoted by certificate holders/the press as having conducted their own audits and found themselves to be FSC compliant, then the members and the ASI should take steps to correct the facts as a matter of urgency.</p>	<p>The ASI has been following up on any misleading statements and this is also considered when the ASI has performed audits..</p>
<p>57. The ASI should use clear, assertive language when expressing compliance, rather than vague terms such as 'seems' or 'generally consistent'.</p>	<p>It should be clear from the wording of CARs precisely what is required to modify the situation.</p>	<p>The ASI accepts this criticism and is reviewing its report templates to simplify them and ensure consistent language is used. There are no known plans for the FSC/ASI to make more specific recommendations about language use.</p> <p>Woodmark has reviewed the way in which it formulates CARs to make them simpler, clearer and more directly linked to criteria and indicators to the standard in question.</p>
<p>58. The ASI should make its office visit reports publicly available (or at least public summaries of the reports).</p>		<p>The ASI has stated that it has plans to do this in 2008 and has confirmed that it will be implemented in the first half of 2009.</p>
<p>59. The ASI should establish a corrective action register for CBs, so that the status of current CARs can be tracked.</p>	<p>This recommendation has been made by a CB.</p>	
<p>60. The FSC should consider making it a requirement that a report is produced when a certificate is not issued because of major CARs.</p>	<p>If the degree to which companies had not reached the criteria for certification were made transparent, a greater level of trust would develop amongst stakeholders. There is a risk, however, that this might discourage companies from coming forward to undergo a certification audit, due to concerns that their failure would be made public.</p> <p>This suggestion has been made by a CB.</p>	
<p>61. The ASI should choose a single format for its reports.</p>	<p>The ASI has changed report formats several times in the last 18 months, making it difficult to compare and contrast reports. Some formats are more helpful than others. It is good, however, that the ASI has been trialling different formats.</p>	<p>The ASI accepts this criticism and is finalising a consistent report format.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is FSC with this now (August 2008)
<p>62. The ASI & FSC should consider whether the information contained in public summaries should be expanded to include more of the information in the full certification report and more detail about the basis for certification decision-making.</p>	<p>In a similar vein, the ASI should implement its proposed publication of public summaries from CB office visits, in the interest of transparency and continuity of information.</p> <p>The SGS comments that its public summaries already include most of the information required for an evaluation report, i.e. there is very little information in the 'full report' that is not already in the public summary. It is also important to bear in mind that very few public summaries are actually read by stakeholders, so the FSC should weigh up the effort involved with the benefit it provides.</p> <p>Woodmark already publishes its full evaluation reports.</p>	<p>The ASI aims to publish reports with all the information required, without making these reports too long and detailed. However, this is limited by the resources needed to write the reports and to make sure they are 100 percent accurate.</p>
<p>63. The ASI needs its own, dedicated communications staff with appropriate expertise. These staff should prioritise timely, professional responses and develop communications and marketing materials.</p>		<p>This proposal has the support of the FSC and ASI. However, the FSC (which has had the budget sign-off from the ASI), has not prioritised this, due to competing financial needs. With the expected increase in revenue from the new licensing programme, there is an opportunity to change this.</p>
<p>64. CARs should be published prior to public summary reports.</p>	<p>The rate of feedback to stakeholders appears to be critical. If CARs could be publicly reported ahead of a full report, within 30 days for example, it would be helpful to stakeholders. Consideration might also be given to allowing more time to complete the full report and public summary, 90 days for example, because it appears that the current, 60 day deadline is difficult to meet in many circumstances.</p> <p>This suggestion has been made by a CB.</p>	
<p>65. To improve dialogue and build trust, regular meetings, e.g. annually, need to take place between key groups of FSC constituents at national, regional and international levels.</p>	<p>A lack of trust, poor dialogue and understanding of different perspectives has emerged from this study as core issues. In addition to routine stakeholder consultation at a certificate level regular communication is also needed between different constituencies within the FSC system including FSC and ASI staff themselves. This will result in improving the system as observations are made and lessons are learnt, it will build understanding and trust, allowing issues to be dealt with more immediately.</p> <p>In March 2007 several key FSC Environmental Chamber members met with many of the FSC accredited CBs, as well as FSC and ASI staff, and discussed early findings of this report. It was the first time that such a meeting had taken place. Such a process needs to be repeated regularly, it should include opportunities for all FSC chambers, as well as providing space for FSC staff to meet specific chamber groups without other such as CBs present.</p>	<p>This recommendation was added after the FSC review and submitted updates on their progress against the recommendations. It is known that ASI plans to invite Environmental Chambers members to a CB meeting in early 2009.</p>

10. Peer Review

Common Theme	Issues Identified from Case Studies	General Observations
Peer Review	<p>Peer reviewer's comments not adequately taken into account.¹⁷⁶</p> <p>Unclear whether peer review comments taken into account.¹⁷⁷</p> <p>Peer reviewer not felt to be independent.¹⁷⁸</p> <p>Peer review process not in line with FSC requirements.¹⁷⁹</p> <p>Unclear to SHs who peer reviewers were – leads to concerns of imbalance in expertise.¹⁸⁰</p>	

Recommended Solutions (2007)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>66. The ASI and CBs should review their checklists on peer reviewer requirements and compliance to ensure that there are no problems with implementing FSC standards on peer reviewing including disclosure in public summaries. Any evidence of systemic problems with FSC's standards on peer review should be referred to PSU for review of FSC-STD-20-001.</p>		<p>The ASI is reviewing compliance of the CB with FSC requirements on these aspects during field audits. Nonconformities identified regarding peer reviews are addressed in ASI's reports and subsequent CARs.</p> <p>Woodmark claims to systematically deal with peer review comments and to give detailed responses to peer reviewers showing how their comments have been dealt with. Peer reviewer names and qualifications are given in evaluation reports in the interest of transparency.</p>
<p>67. The FSC should review accreditation standard 20-001, to consider whether there are sufficient requirements on peer reviewer qualifications, experience, balance, cultural appropriateness, process for incorporation of comments, conflict of interest and publishing of identities are sufficient.</p>		<p>The FSC plans to incorporate this into its full system review in 2009.</p>
<p>68. The FSC should review whether provision should be made to keep peer reviewers names anonymous if necessary, only publicly revealing details of the reviewer's relevant experience.</p>		<p>The FSC plans to incorporate this into its full system review in 2009.</p>
<p>69. The FSC should consider requiring that CBs use peer reviewers from a pool of ASI accredited reviewers.</p>	<p>The introduction of such a pool of accredited peer reviewers would improve consistency between the outputs of the different CBs.</p> <p>This recommendation was suggested by a CB.</p>	

11. Compliance with FSC accreditation standards or guidance

Common Theme	Issues Identified from Case Studies	General Observations
<p>Compliance with FSC accreditation standards or guidance</p>	<p>No evidence that the CB complied with/ insufficient compliance with FSC Accreditation standards 20-001 to 20-0012 (almost entirely observed by ASI rather than SHs; NB: only some of the cases included in this report have been inspected by the ASI): 20-001¹⁸¹ 20-002¹⁸² 20-003¹⁸³ 20-004¹⁸⁴ 20-005¹⁸⁵ 20-006¹⁸⁶ 20-007¹⁸⁷ 20-008¹⁸⁸ 20-009¹⁸⁹ No evidence of compliance with FSC NTFP requirements (FSC-GUI-20-200 subject 2.8)¹⁹⁰</p>	<p>See section on Stakeholder consultation above for more detail on non-compliance with FSC-STD-20-006.</p> <p>These issues are addressed by the ASI during surveillance audits.</p>
Recommended Solutions (2007)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>70. The FSC/ASI needs to restart work on a comprehensive training programme in FSC standards for CB and ASI auditors, FSC staff, NGOs, NIs and consultants that includes continuous, professional development (CPD).</p>	<p>Need to consider examples in which CBs have developed and implemented detailed training programs, but with little improvement in terms of field performance.</p> <p>More fundamentally FSC standards, guidance and policies need clearer interpretation.</p>	<p>Plans to do this have been stopped and started over several years. Currently, the ASI has no plan to implement such a training program, due mainly to lack of resources and lack of internal expertise in developing training programs.</p>
<p>71. The ASI needs to consider the reasons behind its perceived recent improvement in performance¹⁹¹ (from the perspective of SHs) and determine whether further changes are needed in order to sustain this improvement.</p>	<p>Reasons may include: new accreditation standards; greater focus on 'controversial' certificates; and making ASI reports public, whether the CB agrees with the findings or not.</p> <p>This will ensure that CBs are compliant with FSC standards and will maintain and enhance stakeholder trust. This should be part of the ASI's communications strategy. It may be that further changes are required, which are not highlighted in this report.</p>	<p>The ASI claims to be consistently working to improve its performance in an open and transparent way. Examples cited of the measures implemented by the ASI over the last two years include:</p> <ul style="list-style-type: none"> • Publication of ASI FM reports. • Auditing of many controversial certificates, some of them twice: Barama, Coillte, Wijma x 2, SEFAC x 2, Veracel, Norfor x 2, etc. • Focus on high risk regions. Many audits performed in Russia, China, Central Africa, Brazil, etc. • Short notice audits performed for example in China and Vietnam. • An ASI business strategy has been prepared and will be finalised before publication. • All ASI auditors have been formally trained as professional auditors. • The ASI is currently reviewing its QMS and developing new report templates. • The ASI website was developed. • The ASI has invited observers from NIs, NGOs and the FSC Board of directors to audits of CBs which involved controversial certifications. • Suspension, and termination of, accreditation recommended in many cases when the CB did not perform.

Recommended Solutions (2007)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>72. As far as is possible, the FSC needs to strive to produce a clearer more user friendly set of requirements for CBs.</p>	<p>The FSC should investigate whether, as a balanced SH chamber system, it can reduce the amount of guidance and policy advice it produces (it is acknowledged that this report, however, clearly makes many recommendations for further guidance and advice). There may be opportunities to improve and simplify the way that requirements and guidance are presented. Policy and interpretation guidance should focus on difficult issues.</p> <p>CB feedback is that it is becoming increasingly difficult to keep track of FSC policies, given the multitude of documents. Also, every time an advisory note is issued, it invariably includes, in effect, a standards change, and this has to be conveyed to auditors through training. The FSC needs to consider the impact of this on the CB training programmes and the confusion that comes with the continual changing of standards and interpretations.</p>	<p>The FSC is planning to undertake a full systems review as a priority in 2009. This has been postponed in 2007 and 2008 due to the lack of resources.</p>

12. Weak/Unclear Standards

Common Theme	Issues Identified from Case Studies	General Observations
Weak/unclear standards	<p>NI Standard apparently does not comply with current FSC requirements because it is so old.¹⁹²</p> <p>NI standard apparently does not include requirements for P9 and the surveying of high biodiversity value is only mentioned in an appendix that is not referred to in the main body of the standard.¹⁹³</p> <p>CB adapted generic FM Standard did not comply with FSC requirements.¹⁹⁴</p> <p>Poor structure of the adapted generic CB standard.¹⁹⁵</p> <p>Problem of getting inclusive standards setting processes to work in transitional countries/where democracy is underdeveloped.¹⁹⁶</p> <p>SHs feel CB adapted standard is weak.¹⁹⁷</p> <p>SH feels that NI standard is weak with regard to plantations definition.¹⁹⁸</p> <p>No agreed NI standard (or CB process apparently not good enough).¹⁹⁹</p> <p>No agreed revised NI standard.²⁰⁰</p> <p>NI standard was labelled with an incorrect, earlier, date leading to SH confusion that the wrong standard was used during the CB audit when this was not the case.²⁰¹</p>	<ul style="list-style-type: none"> It is possible that weak national (NI) standards can now remain in place longer than five years, after 2005 GA motion 49, but the FSC needs to issue clear guidance on this. Clarification was requested to the FSC on this topic and it needs to be formally given as soon as possible, to all CBs, NIs, stakeholders and certificate holders. The FSC system is often reticent to criticise NIs, or to insist that time lines with regard to standards are rigidly adhered to for fear that it will discourage NIs. This, almost certainly, stems from the fact that several NIs are run by volunteers, on small budgets that are not provided by the FSC. One CB commented that the FSC needs a regionally functional system and staff within regions, to assist NIs (or countries with no NIs) to do this.
Recommended Solutions (2007)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>73. The ASI should review its checklist and strengthen its monitoring of FSC accreditation standards on the adaptation of CB generic standards (20-003). The FSC needs to check that FSCSTD- 20-003 is good enough and review it if necessary.</p>	<p>It is acknowledged that getting SH input at this level is very difficult and solutions to this problem should be explored. If the Generic Indicators for CBs are introduced in the very near future then this recommendation may no longer be necessary.</p> <p>Woodmark has reviewed its generic standard and strengthened it taking into account FSC policy changes. There is also frustration by many that the international generic indicators have not yet been produced. However, further feedback is that the FSC needs to take care with continually changing standards and should lay out intervals for standards modifications, to give more stability to the system and reduce both the cost and uncertainty of constantly changing policies and standards.</p>	<p>Unclear when the International Generic Indicators will be presented for comments and then introduced.</p> <p>Meanwhile, the ASI checks the CB's, locally adapted, standard during ASI field surveillance audits.</p>
<p>74. The ASI should systematically feed back information to the NI where there appears to be SH disagreement with the approved standard.</p>	<p>The matter should then be resolved at the next NI standard revision. The ASI should also systematically feed back to NIs when it observes inconsistencies in standards, or other useful observations.</p> <p>There is a criticism from a CB that it is a strategic mistake to move the national indicators accreditation process away from the ASI to the FSC, as there is the potential for a rift between CB generic indicators, (approved by the ASI) and national indicators.</p>	<p>The ASI has done this very recently, following the NORFOR audit. The ASI was in contact with the NI and raised a number of issues regarding the implementation of the accredited standard.</p> <p>The FSC has taken over the role of reviewing and accrediting national indicators from the ASI, along with the implementation of a new standard.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>75. A standardised way of dating and making accredited FSC NI standards available should be put in place so that it is clear which standard is valid, and when.</p>		<p>There are no known plans for the FSC to devise such a system, although there is agreement from the FSC about this suggestion.</p>
<p>76. NIs (regional standards setting bodies) should have CARs applied to them by the ASI, in the same way that CBs and certificate holders do.</p>	<p>The standard setting process must be rigorously assessed, and current FSC standards uniformly applied to both the process and resultant output, so that the FSC system works consistently and credibly.</p> <p>In theory, this should be happening already. However, the capacity problems the ASI is experiencing almost certainly have an effect on this part of its work. Of key importance is the fact that the ASI is not actually paid to undertake this work. It is the view of the ASI that the FSC should be undertaking this work itself. There are advantages to the ASI undertaking the work as professional auditors. However, it may be a more acceptable arrangement if the FSC actually commissioned and paid the ASI to undertake this work.</p> <p>It should be further noted that a formal contract of service between the FSC and NIs is required for CARs to be applied; the contracts are missing or not fit for purpose between the FSC and many NIs.</p>	<p>The revised standard 60.006 is in the process of being finalised and will clarify many of these matters. The new FSC strategy does, however, contain an objective which states that NIs must meet minimum standards to deliver FSC services. (see also 74 above)</p>
<p>77. In order to recognise the key role that local standard setting plays in the FSC system, and to make the system more sustainable, there needs to be a financial link established between the users of a standard and the costs of setting that standard.</p>	<p>The FSC must explore this further and make changes as necessary.</p>	<p>There are no known plans to undertake such a study. However, it is planned that increased levels of financing from a new fee structure will allow standards setting to be financed (including NIs or the body developing the national indicators), as a core function of the network.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>78. The FSC should develop clearer guidance or policy on situations in which there are expired NI standards that are no longer in compliance with FSC P&C (further to GA 2005 motion 49). The FSC Board is urged to decide not to implement policy motion 49 from the 2005 GA, and instead recommend that the situation be reviewed.</p>	<p>It is not helpful that such expired standards are allowed to remain in place. Allowing them to stay in place does not provide an incentive to SHs to agree revised standards in a timely manner. If the board does not act the membership is urged to revoke the motion at the next FSC GA.</p> <p>Clarity is required as soon as possible as there is a lot of uncertainty with CBs and NIs on which standards should be used for main assessments and surveillance audits in countries where an outdated standard exist. The Swedish national standard is a good example.</p>	<p>There are no plans to implement motion 49. Clarification was requested to the FSC on this topic and will be formally given as soon as possible with all CBs, NIs, stakeholders and certificate holders. There needs to be a communication with the network on this matter to clarify the status of expired standards.</p>
<p>79. The FSC should investigate whether it can be more proactive in establishing standards setting processes in key geographical areas, especially where high levels of stakeholder discontent with the certification process have occurred.</p>		<p>As part of the implementation of GA 2005 Motion 48, consideration is being given to how to support the standards setting process. This is linked to the new FSC strategy, Motion 51, and the fees review that will generate more resources for the network.</p> <p>The FSC Africa regional office is coordinating the development of the regional standard for the Congo Basin.</p>

13. Certificate holders' commitment to the FSC process

Common Theme	Issues Identified from Case Studies	General Observations
<p>Certificate holders' commitment to the FSC process</p>	<p>Certificate holder did not pay for the certification itself; SH felt it was therefore not truly committed to the FSC process.²⁰²</p> <p>Certificate holder allegedly resistant to balance forest conservation and protection requirements with commercial needs.²⁰³</p>	<ul style="list-style-type: none"> • Issues of commitment are reflected in performance and will be picked up if performance is monitored correctly. • Should be addressed via proper compliance with P6 and P9. • One CB disagreed with observation that by the certificate holder not paying for an assessment an FM manager demonstrates lack of commitment. There is a good counter argument that those in the chain of custody should commit to bearing cost of FM evaluation as the market benefits are mostly within the chain of custody. Few forest managers are able to command a premium for FSC product. Forest managers also have to put in an order of magnitude more effort in order to achieve FM certification, which is many times more complex and demanding than in CoC. The CB suggested it can, therefore, be argued that it is only fair for the CoC certificate holders to contribute to evaluation costs – this could also serve to build trust and stability in the supply chain (both sides are making a commitment to each other and both sides bearing cost).
Recommended Solutions	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>Addressed in the sections above</p>		

14. CARs

Common Theme	Issues Identified from Case Studies	General Observations
<p>CARs</p>	<p>CARs were apparently almost identical from one year to the next, so it is unclear to SH why the certificate was not suspended until the ASI inspection.²⁰⁴</p> <p>The totality of CARs not apparently considered as a whole (many minor CARs) and appropriate action not taken by the CB.²⁰⁵</p> <p>Inadequate evaluation of CARs by the CB.²⁰⁶</p> <p>Poor phrasing of CB CARs.²⁰⁷</p> <p>Minor CARs allegedly issued instead of majors.²⁰⁸ (believed majors should be issued where there is Criterion level failure)²⁰⁹</p> <p>CARs seem weak to SH considering required performance levels in the standard.²¹⁰</p> <p>CAR deadlines extended/apparently extended.²¹¹</p> <p>Major CAR allegedly given a six month deadline instead of the FSC's required three months (NB: FSC 20-002 (8.6) allows six months in 'exceptional circumstances').²¹²</p> <p>Major CARs appear to have been given a seven month deadline because of lateness of monitoring visit report.²¹³</p> <p>SH feels CARs closed out prematurely.²¹⁴</p> <p>Failure of 'critical indicators' in NI standard felt to have resulted in only minor CARs instead of majors.²¹⁵</p> <p>Major CARs inappropriately replaced with minor.²¹⁶</p> <p>SH asserts that CARs are inadequate given the situation.²¹⁷</p> <p>CB did not incorporate the ASI findings (CARs) into its own conclusions/report however the system does not call for suspension on this basis.²¹⁸</p> <p>Several minor CARs upgraded to major CARs but given one year to close out (3 months is usual, 6 months is allowed) – apparently giving two years in total to close an originally minor CAR.²¹⁹</p> <p>The ASI report stated that major CARs needed to be closed within three months of the report finalisation yet it apparently took six months for a revisit to be arranged to check the CARs.²²⁰</p> <p>The ASI raised recommendations when minor CARs might have been more appropriate.²²¹</p>	<ul style="list-style-type: none"> • SHs fear that weak CARs are being issued/deadlines extended but there is evidence to support these fears. This issue is systematically addressed by the ASI but is often difficult to resolve in practice. • One CB remarked the formulation and management of CARs is unclear. It claims that there are inconsistencies between the way in which the ASI audits CARs to clients and the way in which it issues CARs to the CB.

Recommended Solutions (2007)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>80. The ASI's strict compliance monitoring on the use of CARs by CBs and by its own auditors is a priority area.</p>	<p>In particular: the thresholds on whether non-compliance constitutes a recommendation, minor or major CAR; the holistic consideration of all CARs issued for a FMU with appropriate action being taken in line with FSCSTD-20-002;²²² the upgrading and down grading of CARs; and the informal extension of CAR deadlines because an audit cannot be organised at the right time.</p> <p>Upgrading and downgrading of CARs, which can greatly increase the time available to close out a CAR, has been seen in several of the case studies. Whilst the ASI has, recently, been identifying and stopping such practices, it must continue to take strong action on the other issues listed above, including the informal extension of CAR deadlines. In the Polish case, it appeared that the ASI issued recommendations in which CARs might have been more appropriate. The ASI should look carefully at how it defines recommendations and CARs.</p> <p>One CB stated that a CAR can be worded in such a way that it is difficult to understand what ASI expects in response.</p>	<p>There is evidence that the ASI has become stricter in the way in which it audits and monitors CARs. ASI staff are acutely aware of the situation because there is a problem with the accreditation standard that covers CARs (see below). The new CoC accreditation standard, which does not allow the downgrading of CARs, is improving compliance. This may also be extended to FM.</p> <p>There was a Woodmark appeal against an ASI CAR. The ASI appeal panel considered that the ASI was right to issue a corrective action request but, due to the lack of clarity over the FSC certification requirements under Principle 9, the ASI issued a major CAR instead of a minor one. The ASI appeal panel also indicated that there are clearly different and more-or-less valid, interpretations of Principle 9, which causes confusion within and between FMIs, NIs, CBs and the ASI. Until there is greater clarity, the ASI and the FSC will need to moderate their positions and tolerate more flexibility in interpretations and applications, while giving a high priority to clarifying the FSC's requirements and, if necessary, revising the P&C.</p> <p>Some CBs have reviewed procedures and guidance on the writing of CARs and on their evaluation. In addition, CB auditors have received training on this, with emphasis on the need for clear, objective evidence of implementation.</p> <p>Woodmark has reviewed the way in which it formulates CARs to make them simpler, clearer and more directly linked to criteria and indicators in the standard in question. It has also improved tracking and monitoring and has introduced CAR registers for all clients.</p>
<p>81. The FSC must thoroughly revise FSC-STD-20-002 as a priority.</p>	<p>Problems over the way in which CARs have been dealt with by both CBs and the ASI can be explained by the ambiguity of parts of 20-002, cover CARs. The detail of requirements is often only given in examples that do not need to be taken as normative parts of the standard. The standard is making the work of the ASI's auditors very difficult and requires priority action.</p>	<p>FSC staff are aware that this is a problem and that the standard needs revision as a priority. Time frames for its revision have not yet been set.</p>

Recommended Solutions (2007)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>82. The ASI should ensure that it imposes the increased audit frequency penalty when CARs have not been properly complied with. The FSC and ASI must ensure that the ASI has the resources to implement this requirement.</p>		<p>The ASI proposes to fully implement this but it is currently limited by available resources. The FSC system, and in particular the number of certificates, has grown very quickly, and the ASI has not been able to develop as rapidly in order to maintain or expand audit frequency, as required.</p>
<p>83. The FSC and CBs need to consider whether guidance and training is needed on the issuing of CARs in the FSC system as a priority, relative to other areas of the recommended training.</p>		<p>During its 2009 annual meeting with CBs in March, the ASI will have a training and feedback session on corrective action requests.</p>
<p>84. The FSC needs to change its accreditation standards to ensure that suspension is called for if a CB does not incorporate requirements in relation to ASI issued CARs in its own audit conclusions.</p>		<p>Dealt with partially in the above, but there is no specific plan to implement this recommendation.</p>

15. Knowledge levels of those working in the system

Common Theme	Issues Identified from Case Studies	• General Observations
<p>Knowledge levels of those working in the system</p>	<p>The certificate holder's staff allegedly did not have the necessary skills on HCVF/P9 issues.²²³</p> <p>Auditor considered to not have sufficient enough experience regarding HCVF/P9,²²⁴ threatened species.²²⁵</p> <p>Auditors viewed to have insufficient experience.²²⁶</p> <p>Apparently no evidence that auditor received CB formal training.²²⁷</p>	<ul style="list-style-type: none"> • Knowledge levels of the relevant actors and stakeholders involved mean that the certificate can be poor, especially on complicated principles such as P9/HVCFs. • The HCVF concept needs to be clarified for the FSC, especially if the Proforest tool kit is not formally recognised as guidance by the FSC.
Recommended Solutions (2007)	Comments on proposed solution	Where is the FSC with this now? (August 2008)
<p>85. The FSC and ASI must prioritise the development of the auditor training and qualification standards, training modules and the Auditor Register (links to FSC training and CPD recommendation above).</p>		<p>The ASI agrees that this is an important activity to undertake and it was in its 2007 work plan. However, this is now delayed due in part to lack of resources but also, and most importantly, to the need for additional internal expertise on developing training courses.</p>
<p>86. The recommended simplification of the FSC standards, policy and guidance documents should be prioritised.</p>	<p>It should be accepted that, given the complexities of forests, a certification system will necessarily be complex and technical but this should not be an excuse to avoid simple, clear language.</p>	<p>A full systems review is to be undertaken by the FSC in 2009. This was previously postponed due to lack of resources.</p>
<p>87. The FSC needs to develop improved and integrated information materials for SHs that clearly explain how the system works.</p>		<p>A new website has been developed which has clearer information on how the FSC works. It plans to improve and further develop this.</p>
<p>88. The FSC needs to develop an on-line 'help' index of Frequently Asked Questions (FAQs) so that, when a keyword is typed, a list of options is given, similar to those in computer programmes.</p>	<p>Even with the proposed simplification of the FSC standards, SHs cannot be expected to fully understand how the system works. At the very least, a reference list of key words should be developed that directs users to the appropriate policies, standards, guidance notes and information.</p> <p>A similar, more technical, index for FSC documents should be developed for those needing to know the system in greater detail (auditors, FSC and NI staff, NGOs, certificate holders). Subscriptions to such an index could be sold.</p>	<p>A new website has been developed which includes this.</p>

Further recommendations, observations and discussion beyond the Case Study common themes

The study in context

This study has raised and grouped together issues that are of concern to individual SHs, NGOs and other players within the FSC system. ASI often, correctly, acts an arbiter in situations where there are considerable levels of concern and sometimes a lack of clarity. It is this role that all those involved in the FSC system wish to trust in completely. The case studies considered within this study were considerably easier to understand where there was an ASI audit. Even if an ASI report overlooked an issue it was usually clear that it had been overlooked (in most formats seen of ASI reports – however see recommendation above in the communication section). In many cases, the full case studies drawn upon in this study are written by SHs who have campaigned to have their concerns about a particular certification recognised, often over extended periods of time with few resources. The authors of the case studies have often fallen foul of CB SH consultation processes and complaints procedures that have been very poor (see the core issue section below) and as such, deep frustrations were reflected at times in the full case studies.

The core priority issues that this study raises

A lack of SH trust is at the heart of this study. It would appear that it is a symptom of several factors:

SH disagreements and concerns are very often not dealt with at the FMU level by forest managers (FMs) and occasionally, as seen here, not by their CBs either. This gives the issues and associated concern and anger time to grow. Encouraging a system of earliest opportunity conflict resolution would help reduce greater conflict later on in the system. Poor SH consultation at both forest manager and certification body levels is undoubtedly seen within the system and is shown by number of references to it in the case studies, along with the volume of recommendations. This level of concern about stakeholder consultation also reflects the size of the gap between expectation and performance. Clarification regarding what can be expected of the FSC system and tools that help stakeholders better understand the system's requirements should help this.

Stakeholders do not always remember that the FSC system is a voluntary process that can be used to promote responsible management. Neither is it always recognised that it is inevitable that non-compliance will occur and is to be expected. This could be made more explicit by FSC. The important factor is that there should be a functioning and trustworthy system that corrects non-compliances swiftly. In fact it is extremely healthy that non-compliance is discussed so much in FSC. The recommendations in this report are focused on improving performance. It could be that clarifying and possibly lowering expectations would also be an appropriate FSC response in some cases.

Poor levels of SH knowledge about how the FSC system works also contributes to frustrations. Whilst it is unrealistic to imagine that every concerned SH might be trained in the precise detail of how FSC works there is enormous opportunity to improve upon the provision of user friendly, searchable, online help.

If SHs get as far to wish to make a formal complaint about a certificate they have often found the FSC disputes resolution process to be both overly complex and arduous. There are great opportunities for FSC to improve on this.

The above four issues have all lead to various levels of dissatisfaction and complaint about certifications and indeed the FSC system as a whole. There is certainly an opportunity for FSC to implement systematic customer or stakeholder service; whilst there is usually the will to help stakeholders and customers amongst many of those working within the system, a more systematic approach would be very valuable. This needs urgent attention as it compounds concerns which are usually running quite high by the time a SH has contacted a CB or the FSC itself.

It is important to acknowledge that the FSC relies on SH engagement with the system including complaints. This is a key component of its adaptive approach and success. FSC and its accredited CBs work in the difficult forest areas of the world taking on challenging work, it is often at the cutting edge of the forest management debate, so it is inevitable that it will be viewed as controversial at times and that changes will be needed to be made to the system as a result of experience. When the complaint/conflict resolution system does not work effectively, quickly and automatically however it contributes further to a lack of trust that in turn leads to further concerns and complaints.

This negative cycle urgently needs to be broken in order to restore trust in a system that prides itself on SH support. All the players involved in the FSC system should address this (including the SHs – indeed this report is such an attempt by Greenpeace). Many steps have already been taken in this regard such as innovative SH consultation methods developed by some CBs and the making of ASI reports public. These steps should be keenly welcomed and impetus given to the next steps that are needed, many of which are suggested within this report.

FSC capacity and related issues

The capacity of FSC IC, ASI and national/regional FSC representation (including NIs) is very low given the impact of the FSC system. This fact is linked to several other key issues: FSC and ASI's service provision and the payment received for those services and therefore financial viability; a lack of conformity in some parts of the system – particularly amongst NIs; the structure of FSC and ASI as a whole; a lack of clarity with regard to the roles and responsibilities within the current FSC structure; future structure

options for FSC and its governance. There have been several reports on these issues in recent years²²⁸ and related motions at the 2005 General Assembly²²⁹. This report makes no attempt to look at these issues in particular. They are however no lesser priority than many of the issues detailed in this report and many need urgent attention. Indeed, some of these issues may need to be resolved before the issues raised in this report can be fully addressed.

It is clear that ASI is under resourced given the task it has to carry out. In 2002 there were 1500 FSC certificates and 12 CBs, as well as the NI network. At that time ASI had three Accreditation Program Managers and a general Manager. In 2008 there are over 10,000 certificates, 18 accredited CBs, 6 applicant CBs. ASI must have sufficient resources to be able to adequately monitor all CBs, increase its audit intensity to sufficient levels and be able implement the audit frequency increase penalty. It is noted that indeed all areas of FSC are under resourced and additional capacity is required in almost every aspect of FSC's current work.

Vision of what FSC is and does

In December 2007, FSC launched a new global strategy. It provides a framework of what FSC is, does and where it needs to head, it provides key strategic directions needed to strengthen the FSC system and its global supporters. There is still, however, a need to identify a common vision of FSC from amongst those of FSC's members, staff, the Board, NIs and its customers and to clearly communicate that shared vision.

The successful implementation of the December 2007 and future strategies must translate into more of the world's forests being responsibly managed and the recognition amongst its diverse stakeholders that FSC continues to be a global model for forest stewardship.

In addition, FSC needs to build on its strength as a 'global action network.'²³⁰ It was one of the first such networks created and has been very progressive in achieving all that it has over the last decade and a half. One of the key distinguishing factors of FSC from its competitors is its ability to draw together commitment to responsible forest management and conservation from across environmental, social and economic interests. This has required FSC and its supporters (including members and customers) to be innovative and dynamic in meeting the challenges to transform and promote forest stewardship worldwide. FSC needs to continue to learn from both its successes and mistakes and take a leadership role to inspire and engage old and new supporters. At this stage in its development, FSC needs to reinvigorate itself, becoming more inspirational as an organisation and seeking to host more inspired discussion. At the same time, trust must be proactively strengthened and dialogue improved within the FSC network and not simply assumed. There is therefore a great opportunity for FSC to consider the principles of a 'learning organisation'²³¹ in order to

both learn from its experience more quickly, improve dialogue within the FSC network (including members, partners and customers of FSC) and to become an organisation that works in a more inspired and effective way. This approach means looking at the system itself more holistically to understand how aspects of it may need to change.

The implications to FSC in implementing this report's recommendations

The overall impact of implementing the recommendations set out in this report implies both short and long-term increases in the cost of operating the FSC system. Excluding additional general capacity needed within ASI a brief estimate is that perhaps four staff positions are required. If the recommendations here are to be implemented, increased costs will therefore need to be carried by the users of the system. Thus, the realisation of the financial goals in its global strategy is crucial and must be balanced with the needs to maintain credibility, consistency and cost effectiveness.

There is a risk that, without addressing many of the issues identified here, FSC's credibility and integrity will decline and that it will lose key stakeholder support, which will severely undermine the value of the system for those that wish to pay to use it. ASI and FSC have indeed taken many steps to address this risk already and this report's recommendations build upon that foundation.

Lastly, in many respects this report exists because of a need for more transparent accountability of FSC/ASI. It can be argued that this report is a surrogate for such transparent accountability. FSC should be aiming to achieve a level of accountability so that there is no perceived need for a report of this nature. There is an argument that if ISEAL peer reviews or other inspection of FSC/ASI performance were transparent and included an element of stakeholder consultation then a report of this nature, commissioned by a single FSC member, would be far less likely to be produced or perceived to be needed.

Appendix 1: Certificates covered and their current status

Company Certified	Country	Certifier	Certificate #	Certificate Issued	Suspensions	1ASI Inspection	Status (27th October 2008) ²³²	Current Known Formal Appeals or Complaints ²³³
Barama Company Ltd - Guyana	Guyana	SGS Qualifor	SGS-FM/CoC-2493	17 Feb 06	Certificate suspended by SGS 10 Jan 07	20-25 Nov 06	Terminated	N/A
Bilokorovychi State Forest - Ukraine	Ukraine	ICILA	ICILA-FM/CoC-1004	03 Feb 04	Certificate suspended by ICILA 27 May 05	28 June – 3 July 04; 5-9 June 06	Suspended by ICILA 27.5.05 Now terminated (by client)	N/A
PT Erna Djuliawati - Indonesia (Kalimantan)	Indonesia	Smartwood	SW-FM/CoC-1623	06 Sep 05	None	None	Valid	None
Ernslaw One Ltd -New Zealand	New Zealand	Smartwood	SW-FM/CoC-1036	01 Oct 03	None	None	Valid	None
JSC "Leskom" – Russia (Komi Republic)	Russia	Control Union	CU-FM/CoC-803673	03 Nov 05	Certificate suspended by CU 16.7.07	25-29 Sept 06	Valid	None
Michigan Dpt of NR State Forest Lands - USA	USA	SCS	SCS-FM/CoC-090N	31 Dec 05	None	23-27 Oct 06	Valid	None
Norte Forestal S.A. (Norfor) - Spain	Spain	SGS	SGS-FM/CoC-1880	18 Oct 04	Suspended by SGS 19 June 2008	31 May – 1 June 07	Suspended	SGS appeal against one ASI major CAR
RDCP Bialystok - Poland	Poland	SGS	SGS-FM/CoC-0428	10 March 00 (1st issue); 26 Aug 05 (2nd issue)	Suspended by SGS 13 August 2007	9-12 May 06	Suspended	Bialystok complaint about SGS performance at SGS level. Unclear if this is resolved.
PT Sumalindo Lestari Jaya Tbk – Indonesia (East Kalimantan)	Indonesia	Smartwood	SM-FM/CoC-1735	4 Jan 06	None	None	Valid	None
Wijma Douala - Cameroon	Cameroon	BVQI (Eurocertifor)	BV-FM/CoC-051201	8 Dec 05	- BVQI's FSC accreditation suspended 12 Feb 07 and reinstated 02 July 07 - Certificate suspended by BVQI 15 June 07	19-23 June 06	Valid	None
EMAPA - Brazil	Brazil	SCS	SCS-FM/CoC-00061N	Aug 03	None	None	Terminated (by client).	N/A
IBL – Izabel Madeiras do Brasil - Brazil	Brazil	SCS	SCS-FM-CoC-00068N	29 Mar 04	None	None	Valid	None
Madok – Russia (Novgorod Region)	Russia	SGS	SGS-FM/CoC-0849 (NB: info in this report is also based on the CB Control Union's attempt to recertify Madok)	4 Dec 01	None	None	SGS certificate expired Dec 06 CU did not issue a certificate.	N/A
Statens Fastighetsverk (SFV) (the Swedish National Property Board) - Sweden	Sweden	Soil Association	SA-FM/CoC-1156	26 Sept 2000 (1st issue); 26 Sept 2005 (2nd issue)	None	None	Valid	None

Footnotes

- 1 This report does not include the publication of the full case studies rather the type of evidence from each case study was summarised and linked to the relevant thematic issues.
- 2 The International Social and Environmental Accreditation and Labelling (ISEAL) Alliance is an association of leading voluntary international standard-setting and conformity assessment organisations that focus on social and environmental issues. See <http://www.isealliance.org/>
- 3 Hannah Scrase, Alistair Monument, John Palmer and Matthew Wenban Smith
- 4 Barama/SH inf; Ernslaw/SH his rpt; IBL/SH inf; Sumalindo/SH his rpt
- 5 Ernslaw/SH inf
- 6 Barama/ASI rpt & SH inf
- 7 Wijma/ASI rpt
- 8 Ernslaw/FSC cor
- 9 Barama/ASI rpt & SH inf
- 10 EMAPA/SH inf
- 11 EMAPA/SH inf
- 12 EMAPA/SH inf
- 13 Barama/SH pers com, EMAPA/SH inf
- 14 Sumalindo/MED rpt
- 15 Giacini de Freitas, A. 2007. Pers. Comm. To Anna Jenkins. 1.6.07
- 16 Barama/ASI rpt & SH inf, BSF/ASI rpt & SH inf, Leskom/ASI rpt & SH inf, Madok/SH inf; Bialystok/ASI rpt & SH inf, Michigan/(concerns) SH inf
- 17 Bialystok/ASI rpt & SH inf, Leskom/SH inf, SFV/SH inf, Wijma/ASI rpt, Norfor/(consultation not broad enough) SH inf
- 18 EMAPA/SH inf, Leskom/SH inf, Norfor/SH inf, Bialystok/ASI rpt & SH inf, Wijma/ASI rpt & SH inf
- 19 Leskom/SH inf, Bialystok/SH inf, Wijma/SH inf, Ernslaw/SH inf
- 20 SFV/SH inf
- 21 Norfor/SH inf
- 22 BSF/SH pers com
- 23 Norfor/SH inf, Bialystok/ASI rpt & SH inf
- 24 BSF/ATH pers obs
- 25 BSF/ASI rpt & SH inf
- 26 Leskom/SH inf
- 27 Barama/MED rpt
- 28 Barama/SH inf
- 29 Leskom/SH inf
- 30 Barama/ASI rpt & SH inf, Leskom/ASI rpt & SH inf, Norfor/ASI pers com
- 31 Barama/ATH pers obs, Madok/SH inf, Michigan/SH inf, Poland/ASI rpt & SH inf, Wijma/SH cor, Djuliawati/CB cor
- 32 BSF/ASI rpt, Michigan/SH inf
- 33 Barama/SH inf, Ernslaw/ATH pers obs, Leskom/ASI rpt and SH inf, Michigan/SH inf, Norfor/SH inf
- 34 Ernslaw/CB pers com
- 35 Ernslaw/ATH pers obs
- 36 SFV/SH inf
- 37 Michigan/SH inf
- 38 Ernslaw/ATH pers obs
- 39 Michigan/SH inf
- 40 Wijma/ATH pers obs
- 41 Michigan/ATH pers obs
- 42 ISO. 2004. ISO/IEC FDIS 17011 General requirements for accreditation bodies accrediting conformity assessment bodies (CBs).
- 43 Wijma/SH inf (alleged but not clear)
- 44 Norfor/SH cor
- 45 Barama/ASI rpt
- 46 Norfor/SH cor
- 47 Madok/SH inf
- 48 Sumalindo/CB rpt, Djuliawati/SH inf
- 49 Barama/SH inf, IBL/SH inf
- 50 Barama/ASI rpt and SH inf, Wijma/ASI rpt
- 51 Wijma/ASI rpt, IBL/SH inf
- 52 Barama/SH inf and MED rpt, EMAPA/SH inf
- 53 Djuliawati/CB rpt
- 54 Djuliawati/CB rpt
- 55 Barama/ASI rpt and SH inf
- 56 Barama/SH inf
- 57 Barama/SH pers comm
- 58 Barama/ASI rpt
- 59 Leskom/SH inf
- 60 Norfor/SH cor
- 61 Bialystok/SH inf
- 62 Leskom/SH inf, Madok/SH inf
- 63 Those involved in the definitions of legality in the context of the EU Action Plan on control of illegal logging and international trade in illegally harvested timber and other processes. E.g. Proforest Oxford, Tropical Forest Trust, WWF, and specialists in independent forest monitoring such as Global Witness and REM.
- 64 Barama/ASI rpt and SH inf
- 65 Bialystok/ASI rpt
- 66 BSF/ASI rpt and SH inf
- 67 BSF/ASI rpt and SH inf, Bialystok/ASI rpt
- 68 Bialystok/ASI rpt
- 69 Norfor/SH cor
- 70 Djuliawati/SH inf
- 71 BSF/ASI rpt
- 72 BSF/ASI rpt
- 73 BSF/ASI rpt
- 74 BSF/ASI rpt, Leskom/ASI rpt
- 75 BSF/SH inf
- 76 BSF/SH inf, Leskom/SH inf
- 77 Leskom/ASI rpt
- 78 Norfor/SH cor
- 79 IBL/SH inf
- 80 IBL/SH inf
- 81 Author pers obs working under ISO 9000 system in UK industry.
- 82 Such a study was committed to be undertaken by NGO FSC members at the March 2007 Environment Chamber and CB meeting Bonn.
- 83 Barama/ASI rpt and SH inf, BSF/ASI rpt and SH inf, EMAPA/SH inf, Michigan/SH inf (ASI found this was adequately addressed), Wijma/ASI rpt and SH inf, Sumalindo/CB rpt, Djuliawati/SH inf, Madok/SH inf, Leskom/SH inf, Norfor/SH inf, Bialystok/SH inf
- 84 Barama/ASI rpt and SH inf, Wijma/SH inf, Djuliawati/SH inf
- 85 Barama/ASI rpt and SH inf, Djuliawati/SH inf, Michigan/SH inf (ASI found CB addressed this)
- 86 Barama/ASI rpt, Wijma/ASI rpt and SH inf, BSF/SH inf, Michigan/SH inf (ASI found CB addressed this), Leskom/ASI rpt
- 87 Barama/ASI rpt and SH inf, Bialystok/SH inf, Wijma/SH inf, SFV/SH inf
- 88 Barama/ASI rpt and SH inf, Wijma/Djuliawati/SH inf, BSF/ASI rpt and SH inf, Michigan/SH inf (ASI found CB addressed this), Leskom/ASI rpt, Madok/SH inf, Norfor/SH inf, Bialystok/ASI rpt, SFV/SH inf, Ernslaw/SH inf
- 89 Barama/ASI rpt, Bialystok/ASI rpt, Wijma/ASI rpt and SH inf, BSF/SH inf, Michigan/SH inf (ASI found CB addressed this), Leskom/ASI rpt, SFV/SH inf, Norfor/SH inf
- 90 Barama/ASI rpt, BSF/ASI rpt and SH inf, Leskom/ASI rpt
- 91 Barama/ASI rpt, Bialystok/ASI rpt and SH inf, Wijma/ASI rpt and SH inf, Djuliawati/SH inf, BSF/ASI rpt and SH inf, Michigan/SH inf (ASI found CB addressed this), Leskom/ASI rpt, Norfor/SH inf
- 92 Michigan/SH inf (ASI found CB addressed this), Norfor/SH inf
- 93 Wijma/SH inf, Leskom/ASI rpt
- 94 Wijma/ASI rpt
- 95 Michigan/SH inf (ASI found CB not at fault)
- 96 SFV/ATH pers obs
- 97 Ernslaw/ATH pers obs
- 98 Wijma/ASI rpt
- 99 NB: Full details beyond criteria numbers were not available from the ASI report on Wijma and to some extent its report on BSF, references to these reports therefore can generally only be found in the 'overview' sub-section of this section.
- 100 Wijma/SH inf
- 101 BSF/ASI rpt and SH inf
- 102 Barama/ASI rpt and SH inf, Wijma/ASI rpt, IBL/SH inf
- 103 Barama/ASI rpt and SH inf
- 104 EMAPA/SH inf
- 105 Barama/ASI rpt and SH inf
- 106 IBL/SH inf
- 107 IBL/SH inf
- 108 IBL/SH inf
- 109 IBL/SH inf
- 110 IBL/SH inf
- 111 Barama/ASI rpt and SH inf
- 112 Bialystok/ASI rpt, Wijma/SH inf (ASI rpt disagrees), Sumalindo/CB rpt
- 113 Djuliawati/SH inf
- 114 Barama/SH pers comm.
- 115 Djuliawati/SH inf, Sumalindo/SH inf
- 116 Wijma/SH inf
- 117 Wijma/SH inf
- 118 Wijma/SH inf
- 119 Barama/ASI rpt
- 120 Barama/ASI rpt
- 121 Barama/ASI rpt, Wijma/SH inf
- 122 Barama/ASI rpt
- 123 Bialystok/SH inf
- 124 Barama/SH inf
- 125 Wijma/SH inf
- 126 Barama/ASI rpt, Bialystok/ASI rpt, Michigan/SH inf (ASI found CB addressed this)
- 127 Madok/SH inf
- 128 BSF/ASI rpt and SH inf
- 129 BSF/SH inf
- 130 SFV/SH inf
- 131 Ernslaw/SH inf
- 132 Wijma/SH inf
- 133 Wijma/SH inf
- 134 Barama/ASI rpt, Bialystok/SH inf, SFV/SH inf, Norfor/SH inf, Ernslaw/SH inf
- 135 Madok/SH inf
- 136 Bialystok/ASI rpt
- 137 Bialystok/SH inf, Djuliawati/SH inf
- 138 Djuliawati/SH inf
- 139 Djuliawati/SH inf
- 140 Michigan/SH inf (ASI found CB addressed this)
- 141 SFV/SH inf
- 142 Bialystok/ASI rpt
- 143 Bialystok/SH inf
- 144 Barama/ASI rpt, Madok/SH inf, Norfor/SH inf
- 145 Michigan/SH inf (ASI found CB addressed this)
- 146 Michigan/SH inf (ASI found CB addressed this)
- 147 BSF/ASI rpt and SH inf
- 148 Barama/ASI rpt
- 149 jma/SH inf
- 150 Djuliawati/SH inf, Michigan/SH inf (ASI found CB addressed this)
- 151 Barama/ASI rpt
- 152 Bialystok/ASI rpt and SH inf, Norfor/SH inf
- 153 Wijma/SH inf, Michigan/SH inf (ASI found CB addressed this)
- 154 Norfor/SH inf
- 155 Michigan/SH inf (ASI found CB addressed this)
- 156 Barama/SH inf, Bialystok/ASI rpt, Wijma/ASI rpt and SH inf, IBL/SH inf, SFV/ATH pers obs
- 157 Barama/ASI rpt
- 158 Barama/ASI rpt and SH inf
- 159 IBL/SH inf, EMAPA/SH inf
- 160 Michigan/SH inf (ASI did not concur)
- 161 Leskom/ASI rpt, Norfor/SH inf
- 162 Norfor/SH inf
- 163 Barama/SH pers comm and MED rpt
- 164 BSF/ASI rpt and SH inf
- 165 BSF/SH inf
- 166 Michigan/SH inf
- 167 Wijma/SH inf
- 168 Norfor/SH inf
- 169 Ernslaw/ATH pers obs
- 170 Bialystok/ATH pers obs, Michigan/ATH pers obs
- 171 Wijma/PR obs, in places BSF/ATH pers obs
- 172 BSF/ATH pers obs
- 173 Michigan/ATH pers obs
- 174 Wijma/ATH pers obs
- 175 Barama/SH inf, SH cor and MED rpt
- 176 Barama/ASI rpt
- 177 BSF/ASI rpt
- 178 Norfor/SH inf
- 179 Wijma/ASI rpt
- 180 Djuliawati/SH inf
- 181 Barama/ASI rpt and SH inf, BSF/ASI rpt, Wijma/ASI rpt), Potentially: (Ernslaw/SH inf)
- 182 Barama/ASI rpt and SH inf, BSF/ASI rpt, Wijma/ASI rpt
- 183 BSF/ASI rpt, Leskom/ASI rpt
- 184 BSF/ASI rpt, Bialystok/ASI rpt
- 185 Leskom/ASI rpt
- 186 Barama/ASI rpt and SH inf, BSF/ASI rpt, Wijma/ASI rpt, Leskom/ASI rpt
- 187 BSF/ASI rpt, Bialystok/ASI rpt
- 188 BSF/ASI rpt
- 189 Wijma/ASI rpt
- 190 Bialystok/ASI rpt
- 191 Whilst still not considered perfect, there was a general perception that there had been some recent improvement in the performance of the ASI. This was observed during 2007 amongst members of the Board, FSC members, other stakeholders, the authors of this report and its reviewers
- 192 SFV/ATH pers obs
- 193 SFV/ATH pers obs
- 194 BSF/ASI rpt and SH inf, Leskom/ASI rpt, BSF/ASI rpt, Bialystok/ASI rpt
- 195 Leskom/ASI rpt
- 196 BSF/ASI rpt
- 197 Wijma/ASI rpt and SH inf, Ernslaw/SH inf
- 198 Michigan/SH inf
- 199 Ernslaw/ATH pers obs
- 200 SFV/ATH pers obs
- 201 Michigan/ASI pers comm
- 202 BSF/SH inf
- 203 Djuliawati/CB rpt
- 204 BSF/SH inf
- 205 Barama/SH inf
- 206 Leskom/ASI rpt, Bialystok/ASI rpt and SH inf
- 207 Leskom/ASI rpt
- 208 Leskom/SH inf, Djuliawati/SH inf
- 209 Norfor/SH inf
- 210 Michigan/SH inf
- 211 Bialystok/ASI rpt, IBL/SH inf, Michigan/SH inf
- 212 Djuliawati/SH inf
- 213 SFV/CB rpt
- 214 Michigan/SH inf
- 215 Norfor/SH inf (However the ASI counters this view as the NI standard was not accredited using the version of the appropriate accreditation standard that allows for the use of 'critical indicators').
- 216 Bialystok/ASI rpt, Wijma/ASI rpt
- 217 IBL/SH inf
- 218 Barama/ASI pers comm
- 219 Leskom/CB rpt
- 220 Bialystok/ATH pers obs
- 221 Bialystok/ATH pers obs
- 222 FSC. 2005. Structure And Content Of Forest Stewardship Standards. FSC-STD-2002 (Version 2-1) EN. FSC. October 2005. Footnote no. 3. pp 11.
- 223 BSF/SH inf
- 224 Leskom/SH inf
- 225 Bialystok/SH inf
- 226 BSF/SH inf
- 227 Bialystok/SH inf
- 228 For example: Jenkins, A. et al. 2005. National Initiatives Task Force Recommendations Report. August 2005. And more recently in 2008 FSC Board discussion papers on the governance of FSC.
- 229 For example; 2005 Motion 51.
- 230 A Global Action Network is 'formed by diverse stakeholders who are interested in a common issue, and who agree to work together to achieve extraordinary results. The critical contribution that they can provide global issues is their ability to create consensual knowledge and action among diverse stakeholders.' See <http://www.gan-net.net/about/index.html> for further information on the definition of Global Action Networks.
- 231 In his book *The Fifth Discipline: The Art and Practice of the Learning Organization*, Peter Senge defined a learning organization as 'the capacity of organizations to create the results they truly desire. Where new and expansive patterns of thinking are nurtured, where collective aspiration is set free. As it is only the results that matter that allow organizations to be sustainable.' Senge sets out five disciplines or principles of learning organisations. See http://en.wikipedia.org/wiki/Learning_organization for a quick overview. There are other related theories around trust building and facilitating dialogue that would greatly benefit the FSC process – for example see <http://www.infed.org/biblio/learning-organization.htm>
- 232 Information from <http://www.fsc-info.org> with confirmation from ASI on 27th October 2008.
- 233 Information from ASI 27th October 2008.

GREENPEACE

Greenpeace is an independent global campaigning organisation that acts to change attitudes and behaviour, to protect and conserve the environment and to promote peace.