



Forest Stewardship Council®



**CONCEPT NOTE: DEVELOPMENT OF JOINT
CONTROL MEASURES FOR THE
IMPLEMENTATION OF THE STANDARD FSC-
STD-40-005 V3-1**

FSC-JCM- 1-1 - EN

BACKGROUND

The Controlled Wood (CW) concept was first introduced in 1997 with the 'Policy for percentage based claims' to address the limited possibility to secure supplies and decrease segregation costs reported by certificate holders. One of the main goals of the policy was to increase the visibility of FSC on the market while avoiding unacceptable sources.

Over the years, during which the CW requirements were developed, the CW system has become more complex. On the one hand, it has become one of the primary growth vehicles for FSC, facilitating an increase in the production of FSC certified products by helping in the mixing with FSC 100% sources, while ensuring that material from unacceptable sources is not used in FSC Mix products. On the other hand, the increasing complexity of the standard is making it a challenge for organizations to implement in their supply chains. This challenge has magnified with the latest version of the standard FSC-STD-40-005 V3-1, which came into force from 01st July 2016 onwards.

The major challenge that implementing organizations are now facing is in the context of risk management, which is one of the fundamental components of the latest version. The standard introduces the concept of a Due Diligence System (DDS) - which involves gathering information regarding supply chains, assessment of risk (with regards to sourcing material or mixing in a supply chain) and, where an element of risk is identified, risk mitigation, in terms of development and implementation of control measures. While the standard specifies the requirements for gathering information and risk assessments, it has left the development of control measures to the organization. The standard requires the control measures to be adequate for addressing and mitigating the identified risks, but there is an element of ambiguity among both standard implementing organizations as well as certification bodies on the extent and scope of what constitutes adequate and effective control measures. This ambiguity has led to a lack of clarity regarding the requirements among organizations, with each interpreting the requirements as would best suit their purpose and operational scope.

The ambiguity and confusion among stakeholders led to this particular project for the development and implementation of country or region specific control measures to achieve compliance with the requirements of the FSC-STD-40-005 V3-1 standard.

This document provides the draft outline for the project development and implementation. FSC IC proposes to take a facilitating role in this project, by leveraging its in-house technical expertise and facilitating collaboration among various group of stakeholders, helping in understanding the shared risks and challenges in implementation and development of country specific risk mitigation. The present scope of the project is restricted to Central Europe. However, based on the outcomes of this project, as well as the uptake of the project results, FSC would consider a rollout of similar projects in other geographies as well.

OBJECTIVES

This project aims to achieve the following objectives:

- i. Development of a Controlled Wood collaborative platform between industry, certification bodies, social and environmental stakeholders to develop joint control measures
- ii. Mapping major supply chains sourcing from areas of specified risk.
- iii. Development of country level control measures for target countries in Central Europe
- iv. Publication of FSC recommended control measures for implementation in Europe

PROJECT PARTNERS

Although it is premature at this stage to speculate on the possible list of project partners in such an endeavor, FSC visualizes the participation of the following groups as vital to the success of the project.

- i. Organizations involved in the production, processing or sales of FSC material

- ii. Social and Environmental stakeholders
- iii. FSC Network Partners
- iv. Certification Bodies
- v. Accreditation Services International
- vi. Where possible, state or federal authorities dealing with forest related activities
- vii. FSC International

ACTIVITIES

Major activities proposed under each objective include:

i. Development of a Controlled Wood Collaboration

The initial step of the project would be the establishment of a collaboration between partners willing to devote time and resources to develop and oversee the project. The partner organizations would need to collaborate on sharing of data regarding their supply areas, risks and mitigation strategies (data confidentiality will be respected and scope of sharing within the project will be agreed with partners).

The major activities include:

- Identify priority countries for the project – countries with approved/due for approval CNRAs (Centralized National Risk Assessments – details regarding the same can be found at <https://ic.fsc.org/en/what-is-fsc-certification/controlled-wood/risk-assessments>), countries with specified risk identified and countries which constitute major wood supply areas
- Develop and approve action plan with key deliverables and timelines
- Fundraising for project

ii. Mapping of major supply chains

The next step involves mapping of selected supply chains within shortlisted countries. At the initial stage, we shall be restricting the project scope to Central Europe. Within shortlisted countries and priority partners, the project shall attempt to map supply chains, especially those overlapping among different organizations. The mapping activity would include identification of risk (for sourcing and mixing) as well as documentation of existing best mitigation practices adopted by organizations in the region, including procurement, compliance and sustainability strategies.

iii. Development of country/region level control measures

After identification of supply chains and risk categorization, the next objective is development of country/region specific control measures based on an analysis of supply chains of different organizations. Such development of mitigation actions would reduce the risk of misinterpretation, as well as reduce the compliance costs of individual organizations, as data previously identified through this project can be shared by all partners (subject to confidentiality).

Key activities include:

- Identification and engagement of country level experts as per Annex C of the standard.
- Development of database of publically available reference material.
- Developing uniform reporting format for certification summary by CBs
- Preparing uniform protocols for evaluating the effectiveness of joint control measures.
- Developing of control measures for various risk categories as designated by FSC risk assessments for each country.

- Undertaking stakeholder engagement for verification of control measures.
- Field testing of control measures in sample areas with selected organizations for efficiency and adequacy.
- Initiating use of data sharing tools and collaboration software among project participants, along with ongoing data collection from various supply areas (subject to confidentiality and also the extent of co-operation between participants). This could act as a means for ongoing review of the control measures, as well as assist in reducing data collection and compliance costs for individual companies through use of a shared collaboration platform.

iv. Publication of FSC recommended control measures for implementation in Europe

The final objective is to publish an approved list of control measures for each country on the FSC website, for access and use by all stakeholders, including organizations, network partners and CBs. At an initial stage, the control measures will be listed as part of a dashboard of options for mitigating risks in the identified countries. These control measures and their implementation in the field, as well as their effectiveness and adequacy will be monitored, and if found suitable to meet the requirements of the standard, may, at a later date, be approved as 'mandatory' control measures.

PROJECT MILESTONES AND EXPECTED TIMELINES

The table below provides tentative timelines for the project and is subject to revisions according to funding and to the input and level of engagement by partner organizations.

S. No.	Milestone	Target timeframe
1.	Applications for project participants and partners	Mid – December 2017
2.	Formation of CW Collaboration Group	1 st week of January 2018
3.	Kick-off meeting <ul style="list-style-type: none"> • Selection of countries • Selection of supply chains • Agreement on work plan • Determination of roles and responsibilities • Formulation of project budget and fundraising requirements 	3 rd week of January 2018
4.	Initialize country specific consultations with project partner representatives to determine and finalize country level activities	End January – February 2018
5.	Selection and engagement of experts for development of control measures	February-March 2018
6.	Mapping of supply chains and data collection	January-March 2018
7.	Mid – cycle review of project progress (in Bonn)	end March 2018
8.	Development of control measures in selected countries (to run in parallel with steps 6 and 7)	By February-May 2018
9.	Submission of first draft Control Measures for target country	End March 2018
10.	Stakeholder consultation in individual countries – to be led by Network partners	April - June 2018
11.	Agreement on finalized control measures by engaged partners (through meeting in Bonn)	July – August 2018
12.	Further steps – <ul style="list-style-type: none"> Translation of approved control measures Publication Feedback mechanism for ongoing evaluation and refinement of control measures 	Post August 2018 onwards

DESIRED OUTCOMES

In addition to the above stated objectives, other desired outcomes include:

- Familiarization of forest related actors in Europe with the controlled wood system.
- Capacity building and training in the region for risk assessments and risk mitigation control measures.
- Development of a network of organizations - possibility for collaboration across functions and national borders
- Development of tools for gathering data at supply area level and providing support for interpretation of this data across Europe.

- Replication of the project in other regions, including Latin America, North America and Asia Pacific
- Support Controlled Wood strategy with collected data

FINAL NOTE

FSC views this project as an opportunity to facilitate an open dialogue between diverse sets of stakeholders to lead to an effective collaboration between the standard implementers, FSC Network Partners, Certification Bodies, ASI and social and environmental stakeholders. Additionally, the development of a shared understanding of identified risks and exploring possibilities to develop shared and locally relevant solutions is expected to lead to an increase in 'low risk'/mitigated risk' supply chains in the future, and develop greater confidence among stakeholders about the controlled wood process. This is expected to ultimately contribute to the strengthening of the FSC system and increase the availability of FSC certified produce in the market.

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By 20th December 2017**