

FSC A NEW FRONTIER: ONLINE CLAIMS

There has been a certain amount of internet chatter and criticism over FSC's new Online Claims Platform, so GreenPrint's intrepid reporter dug deep to find out how it will impact your business!

The NAPM recently held a seminar on FSC's new Online Claims Platform (OCP), which will be introduced to all of its chain of custody holders on a rolling programme over the next 18 months, to help make clear exactly what is happening. So, what is all the fuss about?

Charles Thwaites of FSC UK clarified early on that the OCP is the largest single monetary investment ever made by the organisation. It is aimed at improving transparency and the credibility of chain of custody by creating a cloud database that will store every transaction made by chain of custody FSC holders – shouldn't this be good for your business's green transparency? It does mean that details of

quantity and goods on every chain of custody invoice need to be entered by the invoiced customer so that the new system can balance and reconcile flows and exchanges thereby verifying that FSC chain of custody has been correctly applied and that 'rogue' suppliers are not inflating eligible quantities and distorting the truth. Under the current system quantities can only be matched and verified as a consequence of the annual audit procedure, and then if the auditors have sufficient knowledge and contacts to trace specific consignments right through the supply system. By having all buyers enter every transaction the new FSC OCP should be able to quickly flag up any

problems and quickly start the process of investigating and interrogating problems areas and suppliers.

This sounds wonderful, but both the print and paper industries have expressed concern that, as customers, they will now have to enter details onto the FSC system of every itemised purchase they make. This requires manpower and is an additional cost. Also there is no guarantee that the annual auditing charges made for audits will be lowered to reflect the amount of entry work undertaken. In fact there is genuine concern that, as there is more live information to check, annual audit fees may actually increase.

It was not just the cost that caused



concern among gathered paper merchants and printers at the seminar, but the aspect of credibility – why the change, why now, and has this got anything to do with the EU Timber Regulation (EUTR)?

Well although FSC stated that the entries to be made are only the same as existing collated information, they are adding in both tree species and country of origin to the information required. This is information required under the EUTR but only by the initial importer into the EU. FSC lists 'Due Diligence system for EUTR' as an advantage on its OCP presentation.

WATCH OUT: YOU ONLY HAVE 14 DAYS

As a supplier of chain of custody goods it will be your responsibility to check and confirm each entry that your customers' make, within 14 days. This is necessary to confirm that the cloud based FSC system can check shipped, received and presumably processed quantities all tally up. When the organisation states that one of the reasons for this new system is to stop 'over quantity' claims of FSC material being input, it makes you wonder what

abuses have been going on in the past! Were such abuses common in actual wood flows and timber processing and why the Draconian measures also have to now be applied to the paper industry where plantations, tree farms and responsible large scale manufactures are commonplace?

As one eager participant at the seminar asked, 'Is the updating of FSC procedures part of the process of the organisation trying to secure unquestionable gold plated status under EUTR and the USA Lacey Act, and if so why do we as customers have to pay for this with a huge amount of extra data entry and work?'

TIME AND COST IMPLICATIONS

There were other questions besides the manpower and cost implications: what happens with consignment stock or returned goods; who else can see all of the data entry; can FSC itself access the data or does it remain with the IT company in the cloud?

FSC seem keen to add OCP as, in its words, chain of custody is becoming a risk management system. But there are many parts of the supply chain where the level of detail being demanded by the organisation

is currently not required. There is no question that forest management certification is a great benefit. However, if FSC wants to change chain of custody to risk management, especially when we now have EUTR conforming legality and even ISO possibly entering the chain of custody process, you have to wonder if by spending all of this money 'FSC for the paper and print industry' will become similar to the Betamax or VHS choice for video; a pointless debate and completely irrelevant once DVD and digital streaming became available.

FSC will need to get its large investment back. Auditors will presumably welcome the opportunity to charge larger fees. The paper industry now has the 'no cash fee' (just administration costs) of EUTR, and both printers and paper merchants are rapidly adjusting their cost base to the current demanding economic model.

If this event had been an edition of Dragon's Den it seems probable that Charles Thwaites and his latest FSC model would have been shown the door.

For those readers interested to see first hand what FSC's Online Claims Platform will do, here is the weblink: <https://ocpdemo.fsc.org> 

