

TERESA PRESAS
Director General

Mr Kim Carstensen
FSC International Center
Charles de Gaulle Straße 5
DE-53113 Bonn

Brussels, 8 October 2013

Dear Mr. Carstensen,

Re : Concerns with the Online Claims Platform (OCP)

First of all, we would like to thank you for having organised a webinar for our members following the discussion with a delegation from CEPI on 10 July in Bonn. There was an overwhelming interest by the European Pulp and Paper Industry in this webinar and we would like to extend our thanks to Mrs Crumley for her technical explanations during that session.

Since then we have compiled and further discussed with our members the issues raised at the webinar. We are writing to share with you our position on the introduction of the Online Claims Platform in its current planning.

We appreciate and share FSC's strive for further improved traceability and credibility of the "FSC certified" claims supply chain. However, we do not see that the OCP in its present stage of development could be a solution to this challenge.

Therefore, we believe that FSC should freeze the preparations for the OCP as long as the certificate holders' concerns are not properly addressed. FSC should reconsider the objective and rethink whether the OCP is the appropriate tool to reach it. Additionally, FSC should investigate alternative proportionate ways to meet the objective, e.g. by examining the IT solutions developed by the most progressive paper companies to meet FSC's requirements. This way, FSC would ensure better value, cause less confidentiality concerns and administrative burden and at the same time seek for stronger buy-in by the certificate holders in the process.

This position is based on various aspects. The most pressing one is the approach to introduce a new resource-intensive system rather than continuously improving transparency, clarity and implementation. Additionally, we have strong concerns on proportionality and confidentiality. These aspects are further explained in annex.

We are looking forward to a continued constructive dialogue with you on the methods related to improved credibility and transparency of "FSC certified" claims.

Yours sincerely,



Teresa Presas

Annex: CEPI's main areas of concern with the introduction of the Online Claims Platform



CEPI's main areas of concern with the introduction of the Online Claims Platform

Approach

FSC has not presented any evidence of false claims, their frequency or especially their intentional or unintentional use being a major issue for the credibility of the system. In this context we would recommend FSC to explore the inter-linkage between inaccurate product claims with the continuous revision of a high number of normative documents and difficulties with their interpretation.

Finally, FSC has not sufficiently assessed the costs and the benefits for the certificate holders and the FSC system but is already announcing the mandatory nature of a system that has not yet finalised its own pilot phase. This will not encourage companies to test a system they will then be bound with.

Proportionality

The European Pulp & Paper Industry sees that potential benefits could be identified in terms of possible cost savings during audits and compliance with the EU Timber Regulation. However, the system neither reduces nor makes redundant current practices of data transfer between supplier and customer but rather duplicates the workload. From our perspective following discussions with our members, companies will have to face considerable cost increases. These are caused by the administrative burden related to the set-up and running of the current untested system as well as the adaptation of administration fees partially caused by this system. For some these cost increases might be prohibitive and especially smallholders may be further turned away from the FSC.

Additionally, the system does not fully counter the risks of confidential information being disclosed as stated below. We believe FSC should investigate other ways of controlling claims between suppliers and customers and avoiding false claims, for example by simplifying FSC claims.

Confidentiality

We see a considerable risk of confidential information being shared unintentionally (fraud, hacking) or even intentionally (aggregated information being made available outside the platform). The OCP would contain a considerable part of the global forest industry's volume transfers and customer relationships, which can be extremely sensitive from a competition legislation perspective. We are not aware of any other sector, in which such amounts of confidential data are centralised in one database. As for security we have seen in the last few months reports of theft from Barclays bank and Santander bank by hackers using a remotely-controlled KVM (keyboard-video-mouse) device and 3G router.

We appreciate that the system is designed in a way that no more information will have to be made available than what is already shared with the certification body today. FSC also clarified that Historic Futures is seeking ISO 27001 certification to run the OCP. However, ISO 27001 is not a security standard but a management standard allowing companies to decide on the level of security on a risk based approach. There is no information about the chosen risk policy by Historic Futures, hosting company and other parties involved in the data security chain.