

Q&A for Pilot on Enabling Procurement Claims

1. What is the pilot project?

This pilot project will initiate a 2-year process to test the feasibility of procurement claims and their verification under the FSC Chain of Custody standard. FSC Intends to explore the possibility of allowing certificate holders make procurement claims for purchases of FSC products and materials in addition to the existing use of claims on sales and delivery documents.

2. What will FSC International do?

There will be baseline data collection and quarterly monitoring of progress, along with the final report generation at the end of the project. There will be significant overlap with the planned revision process for the FSC-STD-40-004 *Chain of Custody Certification* and FSC-STD-20-011 *Chain of Custody Evaluation* standards, and the quarterly monitoring is expected to contribute to the revision process deliberations. Potentially, it could also contribute to new product categories (i.e., energy, smoke etc.) as part of the revision of FSC-STD-40-004a FSC Product Classification.

The monitoring would look specifically at the impact on the FSC system, in particular:

- i. The impact of increased procurement of FSC materials and FSC products
- ii. How procurement claims are made and verified
- iii. Test the use of FSC trademarks with procurement claims

3. What will certification bodies do?

FSC International has established the normative requirements for verifying and tracking these claims and ensuring integrity within the FSC system.

Participants would include certificate holders, organizations not yet certified but who want to join this project and get certified, certification bodies would verify those organization based on the Procurement procedures

4. What will FSC network partner do?

FSC network partners will be involved with FSC international in ground-level monitoring and will also liaison with local project participants.

5. Is this pilot only for FSC chain of custody certificate holders?

Non-certified organizations wishing to become part of the pilot will have to sign-up for the FSC CoC Procurement claim procedure and they will be assessed against the said procedures through their chosen certification body.

FSC CoC Certificate holders looking to become part of the pilot can take part under their full CoC certificate.

6. Can both finished and unfinished items be eligible for procurement claims?

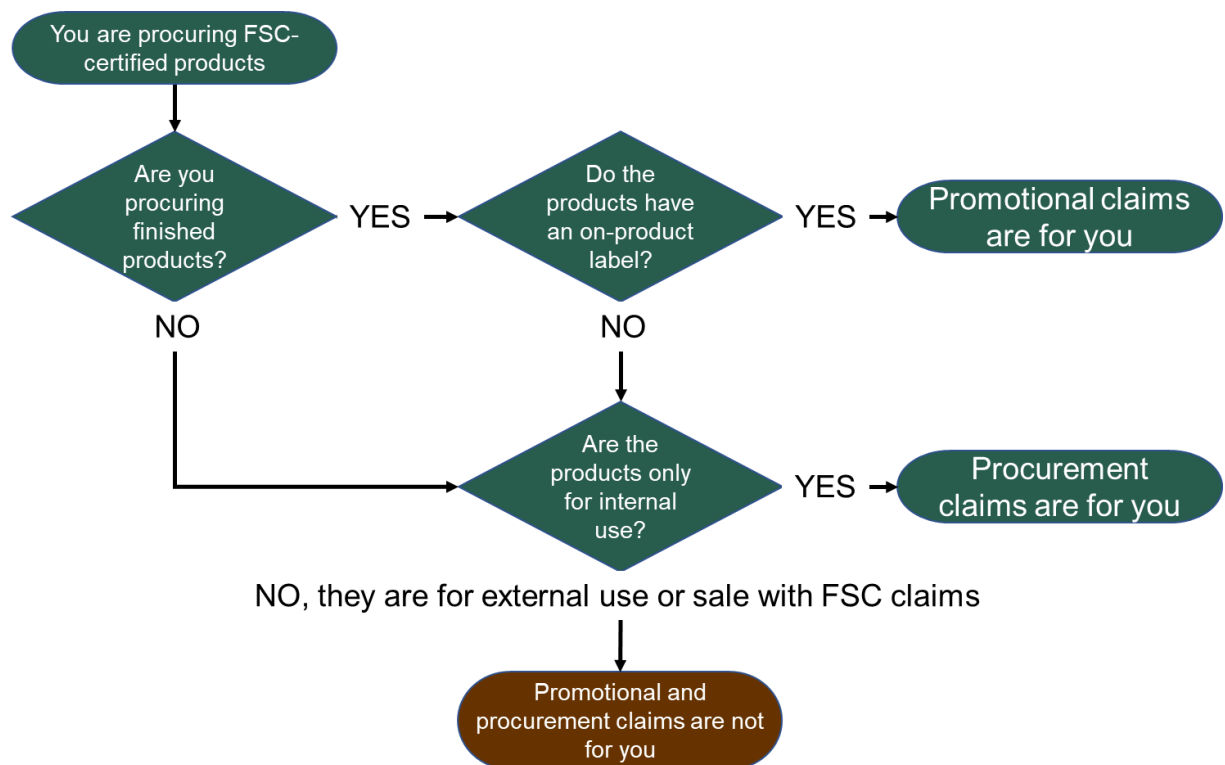
Procurement claims are intended for products without an on-product label, whether finished or unfinished, that are used internally by the certificate holder.

The pilot would allow procurement claims on certain categories of finished products which are not typically covered by the FSC promotional license such as rubber products, NTFP's, energy biomass, and textiles.

Businesses producing FSC certified paper, packing, hygiene products and furniture products are encouraged to use FSC promotional claims.

Procurement claims, in other words, are applicable to **unlabeled** products. Products which can be labeled are encouraged use a promotional license to make promotional claims.

The flowchart below indicates how each application will be treated case-by-case based on their product and end use scenario:



7. What is the definition of internal use or internal consumption?

Products that are intended to stay and be used within an organization without being sold to another organization.

8. Which license number will be used for the pilot, how and where will it be stored in the FSC database? Does a procurement claim come with its own license number and chain of custody (CoC) code? If so, how do we differentiate these from regular CoC? How do companies look for suppliers?

The pilot participants will be issued a regular CoC certificate, but with different information clearly indicating that they are certified against **only** this pilot for a period of two years. Their certificate will clearly indicate that they cannot pass procurement claims on invoices and sales documents.

9. How will the pilot prevent the misunderstanding that all the products of a procurement claim-bearing organization are FSC certified?

The requirement for a procurement claim statement would clearly indicate the percentage of input FSC material used in the business. For example, a potential procurement claim statement would look like this:

- 'XX'% of our total wood consumption is from FSC certified sources.
- Our 'Y' site used 'XX'% of FSC material in our production in 2022
- We use X% of FSC material (FSC Mix 70%) in our wooden furniture.
- 'XX'% of the furniture used in our organization is FSC certified.
- Our furniture line contains 'XX'% FSC material.

10. Is this pilot potentially adding new product categories (i.e., energy, smoke etc.)?

The pilot is not adding any new product category into the FSC system. Neither is the pilot looking to certify energy or smoke.

The procurement pilot is only going to test the feasibility of the verification of procurement claim of some products resulting in some services such as smoke or energy (i.e., smoked salmon using FSC certified wood chips or energy generated using FSC materials).

11. How does the pilot ensure honest, transparent claims? For example, a company may only source a very small amount of FSC certified products (e.g., 2% of the total).

Claim contributing FSC supply would be mentioned in the procurement claim. Technically a company can make a claim mentioning the 2% FSC certified wood in their procurement claim if they wish to do so.

12. Would the companies participating in the pilot sign the Policy of Association for procurement claim certificates?

Yes, the companies participating in the pilot will sign a Policy of Association with FSC.

13. Are the FSC core labour requirements included in the pilot procedure?

The pilot procedures do not include the FSC core labour requirements due to its status as a pilot. If the pilot is successful, it will be incorporated into the FSC CoC Framework, which already includes the core labor requirements as an integral part of the system.

14. Are we allowing FSC claims on procured materials to still be used from terminated and/or suspended companies if the CoC was broken and the purchase was completed before their termination?

Yes, only if the following conditions are met:

- a) The company can establish that the material was purchased before the CoC certificate was terminated,
- b) The company can establish a previous certified owner,
- c) The company confirms that material was harvested from FSC certified sources, or previously controlled sources (where the material was previously sold with the FSC Controlled Wood claim) but supplied to the organization without an FSC claim,
- d) No mixing happened during the broken chain.

If the company can satisfy the above conditions and prove that the material was procured from a supplier which was FSC certified, a broken CoC is allowed.

15. Does the organization need to maintain an up-to-date record (e.g., spreadsheets) of materials in the scope of the FSC procurement claim, including purchase document number, date, volume, and material category including the percentage or credit claim on the material procured at the time of the audit and claim verification?

Yes, procurement pilot member organizations need to maintain an up-to-date record (e.g., spreadsheets) of materials in the scope of the FSC procurement claim, including purchase document number, date, quantities, and material category including the percentage or credit claim on the material procured at the time of the audit and claim verification.

16. Why do organizations have to prepare reports of annual volume summaries (in the measurement unit commonly used by the organization), covering the period since the previous reporting period, demonstrating the quantities of the material claimed under FSC procurement claims are compatible with the quantities of inputs? Where would you have conversion factors on internal product use?

The procurement pilot member organizations must accurately reflect the conversion factor to accurately use the percentage of FSC certified material procured in their procurement claims.

17. Why does the pilot procedure include a section on compliance with timber legality if the FSC material procurement is for internal use only and not being placed as a product on the market?

The organization should comply with all FSC requirements even if it's for internal consumption, and it should comply with imports requirements as well.

18. Can organizations make procurement claims prior to them being verified as part of annual audits? e.g., they get certified - can they then create claims between the first and second audit or do they need verification of those claims before making them public?

Companies can create and make procurement claims, but **only** after being verified.

19. Can the company only make one global united claim covering all sites or can they make site-specific claims?

A company make global, site-specific, and product group-specific claims but **cannot** make a product-specific claim.

20. Why do certification bodies have to describe the procurement management system and the group or multisite certificate to be evaluated? Shouldn't this be part of the company procedure? Why will the CB have to write the procurement management system?

Certification bodies involved in the pilot are only going to analyze the written procurement management system and would not be responsible for developing and documenting the system for the organization(s).