

Regaining Credibility and Rebuilding Support

Changes the FSC needs to make to ensure it regains and maintain its credibility

A joint statement by FERN, Greenpeace, Inter-African Forest Industry Association (IFIA), Precious Woods, Swedish Society for Nature Conservation (SSNC) and Tropical Forest Trust (TFT)

30 October 2008

Background

In January 2008 a group of NGOs and companies from the FSC environmental and economic chamber met to discuss their concerns regarding the performance of FSC. They agreed that the problems with FSC are so severe that supporting FSC threatens their own organisations' credibility. They identified key areas of concern where they felt the FSC system needed to be changed to regain or maintain credibility. These included:

- the lack of performance of the certification bodies;
- the controlled wood policy;
- the complaints mechanism.

Continued support for FSC from these organisations will depend on decisive action being taken to improve the performance of FSC in these three areas.

The group recognises that improvements to the FSC system are largely driven by constructive criticism from its members and thus have identified pivotal recommendations to address these three areas. Continued active support of the FSC will depend on it advancing these recommendations swiftly and demonstrating improved performance.

1. Performance of Certification Bodies

The quality of the certificates issued in FSC's name by certification bodies is highly variable and, in too many cases, simply not good enough. This is the most visible and dangerous threat to the credibility of FSC. Too many forest management certificates do not meet FSC standards; there is confusion about which standards certification bodies use and there is a lot of evidence that both the process of certification of forest management units and of chain of custody frequently fall short of FSC standards. These problems relate mainly to the performance of the certification bodies, but also to a lack of strength, competence and sufficiently stringent procedures within FSC Accreditation Services International (ASI).

Both of these problems are very difficult to overcome when the certification bodies are in a position of considerable influence in the system and are able to resist efforts to drive up minimum performance levels.

A number of critics and supporters over the years have suggested that the direct financial relationship between the certification bodies and their clients was at the root of the problem and that if this could be changed a lot of the problems would be solved. The group commissioned a study to look at alternative models used by other certification schemes across different sectors to oversee the process of certification. The study did not find another model on any significant scale in any other sector that could be easily implemented by the FSC. The study also indicated that moving the responsibility for selecting and paying certification bodies to the FSC would be difficult, but more importantly, would not necessarily solve the problem.

Taking into account the outcome of the study, the group concluded that a range of other actions would be more effective than focusing on the contractual relationship between clients and certification bodies. This approach aims to reverse the current situation where cutting corners is more profitable than delivering a consistently high quality service. The group concluded that:

1.1 FSC (ASI) must be in control of FSC certificates. Certificates issued are FSC certificates and are directly linked to FSC's reputation. FSC-ASI must be able to suspend certificates if it believes the certificate is not warranted. We therefore recommend the following actions:

- ASI must have the right to audit (review) certificate holders, forest management and chain of custody, if and when it deems this necessary and must have the right to suspend the certificate immediately if it finds it to be non-compliant with FSC rules.
- Public summary reports should be published one month prior to a forest management certificate being issued. This would allow for stakeholders to raise concerns. In cases of significant documented evidence of non-compliance with FSC certification requirements and procedures, ASI could then audit and if needed halt or delay a certificate before it is issued, thereby significantly reducing the damage to FSC's reputation.

1.2 The race to the bottom among certification bodies must be halted and reversed. At the moment there are no real consequences for certification bodies for poor performance, and few incentives to do better. This leads to corners being cut to compete for contracts and to increase the number of clients a certification body can take on. It is cheaper to do a poor quality audit and consultation than a high quality one, and the system fails to address this. Improvements in the system need to focus on rewarding high performance and driving out poor performance by making poor performers uncompetitive. We therefore recommend the following actions:

- ASI should establish a publicly available rating of certification bodies, so companies and NGOs can easily see how different certification bodies are performing globally or in different regions and companies can select for quality as well as price.
- The agreed but never implemented system whereby ASI audits certification bodies more or less intensively, depending on how many Corrective Action Requests they received in the previous year must be implemented. The cost of any additional audits is paid by the certification body thus providing a very real incentive to maintain high standards. As a first step ASI must increase the baseline

level of 'sample' audits to at least 3 per cent of all forest management unit certifications and to 1 per cent of all chain of custody certificates.

- To avoid FSC always being on the "back foot" when poor quality or controversial certificates are issued, ASI must have an overview of all assessments and pre-assessments in the pipeline, and must develop a screening mechanism to identify high-risk cases. Provision of this information must be written into the contracts with the certification bodies.
- ASI must have the right to participate in main assessments if and when it deems necessary.
- All full accreditation reports by ASI should be published on the internet so that poor performance cannot be hidden.
- Certification reports produced by the certification bodies should be consistent and based on a clear template to be developed by FSC, which makes it very clear how an operation meets the FSC Principles and Criteria.
- ASI should establish a register of FSC lead auditors and a mandatory training programme for them, which includes specific training on stakeholder consultations to be carried out jointly with NGOs.
- FSC shall develop requirements to ensure that companies conduct proper stakeholder consultations and that certification bodies audit this properly.

1.3 Certification bodies should not be members of FSC. Certification bodies are and should be 'service providers' to the FSC, providing technical expertise, but should not be part of the governance of FSC system and should therefore not be voting FSC members. Additionally they should not put themselves in the position of representing the interests of their commercial clients as this undermines confidence in their independence as auditors. The group recommends:

- Certification bodies and staff working for certification bodies should not be voting members of FSC and should not carry proxy votes for their clients.

2. Complaints Mechanism

The previous FSC complaints mechanism clearly did not function. The new, not yet adopted system, may be a great improvement but is not yet operational and it is unclear what its status is. We therefore recommend that:

- FSC must as a matter of urgency implement a simple and effective complaints mechanism to be operational without further delay.

3. Controlled Wood

The controlled wood policy is not working for companies or for environmental or social NGOs. It puts FSC in a difficult position because the policy allows too much scope for company self auditing (notably in their risk assessments) and because of the sheer scale of the problem; out of the 10,000+ FSC chain of custody certificates more than half include controlled wood. We therefore recommend that;

- FSC phases-out the controlled wood policy as soon as possible.

The above organisations urge FSC to immediately begin implementing these recommendations to strengthen its credibility and retain or regain the active support of these organisations.