Holding the Line with FSC

Recommendations and progress to date on Certification Body and FSC performance following a critical analysis of a range of 'controversial' certificates.

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Protecting the world's ancient forests

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Acknowledgements

List of Acronyms

ASI	Accreditation Services International
CAR	Corrective Action Request
CB	Certification Body
CoC	Chain of Custody
CPD	Continuous Professional Development
FERN	the Forests and the European Union Resource Network
FLEGT	Forest Law Enforcement, Governance and Trade
FM	Forest Management
FMU	Forest Management Unit
FSC	Forest Stewardship Council
GA	FSC General Assembly
GHG	Green House Gas
HCVF	High Conservation Value Forest
IAF	International Accreditation Forum
IFIA	Interafrican Forest Industries Association
NI	National Initiative
P&C	FSC Principles & Criteria
PSU	Policy and Standards Programme
SH	Stakeholder
SLIMF	Small and Low Intensity Managed Forest
TFT	Tropical Forest Trust
WWF	WWF (formerly the World Wide Fund for Nature/ World Wildlife Fund)

Overview

Over the past 12 years, FSC has created the leading model for credible certification of responsible forest stewardship worldwide. It is founded on the collaboration and shared commitment amongst its diverse environmental, social and economic stakeholders to create, maintain and further evolve a transparent and credible certification system for identifying well-managed forests and recognising their products in the market. The recognition of FSC as a leader in forest certification is reflected in its rapid growth.

The reality of rapid growth, combined with the immense complexities linked to responsible forest management and labelling of products from them, has lead to FSC facing an increased number of challenges. Problems have been suspected and observed by stakeholders and FSC members including in the rigour of the audit processes of certification bodies (CBs) and of FSC's key delivery and control body Accreditation Services International's (ASI) ability to monitor and correct any such failures.

Key strengths of the FSC network and organisation have been its transparency and its ability to pioneer approaches and adaptations to certification. From its inception FSC has been innovative and dynamic in meeting the challenges to transform and promote forest stewardship with the support of a wide range of stakeholders from the global North and South. This has been to make it both a workable global system for all forest regions and social settings, as well as meet a broad range of stakeholder needs and expectations. It is in effect an elaborate conflict resolution mechanism for reconciling many differing views and values in relation to forests and some plantations. Compared to other certification systems FSC is therefore leading the way in terms of standards and credibility.

However, openness and transparency means FSC is faced with queries and complaints on a regular basis. The complaints and disputes process within FSC are in effect standards and performance improvement and strengthening processes. Greenpeace for example has always filed enquiries, complaints and disputes as part of its normal constructive engagement with FSC. FSC welcomes criticism of its system so it can find ways to improve and adapt.

With a 'constructive engagement' frame of mind, a range of alleged 'controversial certifications' were investigated, consistent thematic problems and issues identified, and recommendations for improvements drafted. What followed was a long period of collaborative review involving the ASI and FSC's Policy and Standards Unit (PSU), a group of peer reviewers who understand the FSC system well, and eventually certification bodies. The process with all involved parties has been constructive and with an openness and willingness to find solutions to strengthen the system. The recommendations that evolved to address thematic issues have evolved considerably through this process, as has FSC's response. The full set of themes, discussion and recommendations is presented in Volume II of this report.

Outcomes and Conclusions

A summary table is presented in the following pages of the key groups of recommendations that Greenpeace believes are needed to move FSC through to a new level of performance and credibility. As the purpose of this investigation and analysis is to strengthen FSC, FSC's response and progress, and in some instances CB responses and progress, is presented alongside. Of the thematic issues, addressing 'high-risk' companies/operations and partial certification were key challenges along with poor and inconsistent implementation of FSC certification standards, weak stakeholder consultation and a complaints process that needs an overhaul. A significant tangible knock-on effect of these issues was the ensuing weakening of stakeholder (SH) trust in the process. Given SH engagement is a key component of FSC's adaptive approach and success, it is crucial this trust is restored.

Of the more than 80 recommendations presented to FSC in mid-2007, FSC fully agrees with over half, with a few fully implemented already and most partially completed. The FSC partially agrees with a further 25% of the recommendations, and is in all but two instances working on implementing parts of these recommendations. We believe this shows considerable responsiveness and progress by FSC over the last two years and we expect progress to continue. Many of the recommendations are work in progress for FSC, and many will also be motions to FSC's highest decision-making body, the General Assembly, in 2008 and 2009 (postal ballot).

For the remaining one fifth of the recommendations, the FSC either has no plan to act on them or it is not known how it intends to address them. These issues are still of concern to Greenpeace and we will continue to urge FSC to address them accordingly.

The successful implementation of many of the report's recommendations is tied to the need for increased resources; an issue inextricably linked to FSC's financial viability. Further, FSC needs to have the management, operational and governance structures to fulfil its mission and implement its strategy. While these are priority issues that need urgent attention this report does not attempt to tackle these broad issues, but rather to focus on performance at an operational level. In addition, FSC needs to build on its strength as a so-called 'global action network'[1] in all key forest regions. FSC needs to continue to learn from its successes and mistakes and take a leadership role in not only global forest certification but in the stewardship and future of all forests given their pivotal role in planet Earth being able to survive climate change. We hope the publication of this analysis, recommendations and progress will urge both FSC and its global network to continue to move forward with maintaining and strengthening FSC's integrity and credibility, and inspire FSC members and supporters worldwide to get behind FSC in this complex and challenging task.

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1   A Global Action Network is 'formed by diverse stakeholders who are interested in a common issue, and who agree to work together to achieve extraordinary results. The critical contribution that they can provide global issues is their ability to create consensual knowledge and action among diverse stakeholders.' See http://www.gan-net.net/about/index.html for further information on the definition of Global Action Networks.

Summary of Key Groups of Recommendations and FSC Progress with them

Recommendation (made to FSC mid-2007)	FSC Progress (as of August 2008)
1. Controlling, Monitoring and Ensuring performance of Certification Bodies	
1.1 Ensure ASI is sufficiently resourced:	
It is clear that ASI is under resourced given the task it has to carry out. In 2002 there were 1500 FSC certificates and 12 CBs, as well as the NI network. At that time, ASI had three Accreditation Program Managers and a manager. In 2007, there were over 8,000 certificates, 17 accredited CBs, five applicant CBs and still the same staffing levels. ASI must have sufficient resources to be able to adequately monitor all CBs, increase its audit intensity to sufficient levels and be able to implement the audit frequency increase penalty in relation to CAR numbers. It is noted that all areas of FSC are indeed under-resourced and additional capacity is required in almost every aspect of FSC's current work.	ASI's budget has risen in recent years, with two new Accreditation Program Managers hired, one more in process as well as a database manager being recruited. Additionally, ASI has three regional lead auditors. Even with normal staff turnover, this increases ASI's capacity considerably. However, FSC grew 38% (by certificate numbers) in 2007, and with its additional capacity, ASI's 2008 strategy aims to increase audits to achieve an average sampling rate of 1% for CoC and 4-5% for FM – an increase of nearly 50% over 2007 levels. This strategy proposal has met resistance from CBs. It is not clear if there are sufficient resources to achieve this. Also, this does not take account of additional resources needed for strengthening ASI regional capacity or for implementing the increased audit intensity penalty.
1.2 Strict auditing of CBs by ASI:	
Continued strict auditing by ASI and taking action in the face of continued non-compliance by CBs regarding auditing procedures should be maintained and improved.	There is evidence that this is taking place and auditing is stricter than in the past. However, ASI continues to have under-capacity problems. Evidence of ASI's improved performance and taking a firm stance with CBs include: - Several suspensions of CBs and two terminated CBs. - Auditing of many controversial certificates, some of them twice: Wijma x 2, SEFAC x 2, Veracel, Norfor x 2, Barama and Coillte, as well as CoC audits in China and Vietnam. - Focus on high-risk regions. Many audits performed in Russia, China, Central Africa, Brazil and Vietnam.
1.3 Greater use spot audits by ASI/CBs	
ASI/CB should be required to use unannounced spot checks and short notice surveillance audits. FSC and CB standards should require a ratio of spot and short notice audit to routine audits.	ASI and CBs can already undertake spot checks but they are not generally used routinely. ASI is now using 'short notice audits' more regularly, particularly with CoC, for example in China. There are no known plans to change accreditation standards to require CBs to undertake spot checks routinely. However, there is some CB support for this change. A CB has also suggested that ASI should carry out audits of CBs during main FM audits as well as surveillance audits. ASI has performed audits during main assessments in the case of Control Union in Peru (Mapesac) and ICILA in Cameroon (SEFAC).
1.4 Focus on 'on the ground performance'	
FSC should produce guidance on the difference between on-the-ground performance and the drawing up of policies designed to bring about that change. General Assembly 2005 Motion 18 requires an emphasis on on-the-ground performance.	The main way of implementing the recommendations of Motion 18 being proposed by FSC is to be via the P&C review and the International Generic Indicators development. A CB proposed that training should be provided to both CB and ASI staff and auditors to emphasise the need to evaluate implementation of policies through the provision of objective evidence.

Recommendation (made to FSC mid-2007)	FSC Progress (as of August 2008)
1.5 Use of incentives and penalties against poor performing CBs:	
FSC should consider whether it has strong enough incentives and penalties for compliance with FSC accreditation standards by CBs. To this end it should consider imposing other penalties beyond the not yet implemented current increased number of audits.	The recent ASI business strategy includes consideration of incentives and penalties. FSC will also consider this as part of the overall review of its standards.
1.6 Addressing weaknesses with the CAR system:	
FSC should thoroughly revise FSC-STD-20-002 as a priority. Problems with the way that CARs have been dealt with by both CBs and ASI can be explained by the ambiguity of aspects of 20-002 that cover CARs. The detail of requirements is often only given in examples that do not need to be taken as normative parts of the standard. The standard is making the work of ASI auditors very difficult and requires priority action. ASI must apply strict and consistent compliance monitoring on the use of CARs by CBs and by its own auditors. In particular: the thresholds on whether non-compliance constitutes a recommendation, minor or major CAR; the holistic consideration of all CARs issued for a FMU with appropriate action being taken in line with FSC-STD-20-002; and the upgrading and down grading of CARs and the informal extension of CAR deadlines because an audit cannot be organised at the right time.	There is evidence that ASI has become stricter in the way it audits and monitors CARs (see 1.1 for examples). The new CoC Accreditation Standard that does not allow downgrading of CARs is improving compliance. ASI is considering extending this to FM also. However, there was a Woodmark appeal against an ASI CAR. ASI appeal panel considered that ASI was right to issue a corrective action request but due to the lack of clarity with FSC certification requirements under Principle 9, ASI should have only issued a minor CAR instead of a major CAR. ASI appeal panel also indicated that there are clearly different and more-or-less valid interpretations of Principle 9, causing confusion within and between forest managers, national initiatives, certification bodies and ASI. Until there is greater clarity, ASI and FSC will need to moderate their positions and tolerate more flexibility in interpretations and applications, while giving a high priority to clarifying FSC's requirements, and if necessary revising the P&C.
1.7 Training to improve auditor performance:	
FSC/ASI needs to restart work on a comprehensive training programme in FSC standards for CB and ASI auditors, FSC staff, NI staff, NGOs and consultants that include continuous professional development (CPD). This should include prioritising the development of the auditor training standards, training modules and the Auditor Register.	All ASI auditors have been formally trained as professional auditors. ASI agrees that this is an important activity to undertake and it was in its 2007 workplan. Currently ASI has no plan to implement such a training program, due mainly to a lack of resources and lack of internal expertise in developing training programs.
1.8 Peer review requirements:	
FSC should assess whether current peer review requirements in the Accreditation Standards are sufficient.	ASI is reviewing CB compliance with FSC requirements on these aspects during audits. Non-conformities identified regarding peer reviews are addressed in ASI reports and subsequent CARs. Woodmark and Smartwood claim to systematically deal with peer review comments and give detailed responses to peer reviewers showing how their comments have been dealt with. Peer reviewer names and qualifications are given in evaluation reports in the interest of transparency.

Recommendation (made to FSC mid-2007)	FSC Progress (as of August 2008)
2. Give clear guidance and interpretation, and where necessary strengthen FSC Standards:	
2.1 Clarify and revise FSC requirements on legality:	
Many CBs such as SmartWood (SW), SGS and Eurocertifor have separate legality verification schemes and standards. It is viewed by many that some of these standards have evolved to be more encompassing and stronger than FSC Principle 1. Therefore, FSC needs to consider the current international developments in verification of legal compliance and merge and harmonise, as appropriate, to update FSC P1. FSC needs to investigate controversial and complex legal contexts to give clear guidance to CBs and NIs. This should occur particularly where concessions, licences, permits or rights to harvest may not have been gained or issued through proper legal processes or where there are multiple laws or regulations that conflict with each other and there is no legal precedent yet set in the country as to which law has the ascendancy e.g. indigenous peoples' rights in Indonesia.	The FSC Principles and Criteria review has recently been broadened to all P&C so will include Principle 1, and the subsequent development of International Generic Indicators for FSC P&C will also address the interpretation of P1. However, other than sporadic involvement in the FLEGT and EU timber legislative process there has not yet been engagement by FSC in the legality verification debate or substantive discussions with CBs and other parties to harmonise legality verification standard requirements.
2.2 Prioritisation of the revision of the FSC Principles and Criteria	
The P&C need to be strengthened, clarified and immediately understandable with minimal ambiguity and need for additional guidance. Any interpretation issues should be resolved through the Generic International Indicators.	Revision of the P&C is underway, building on the proposals arising from the Plantations Review and other P&C motions from the 2005 General Assembly. A full cross-chamber working group will be formed in October 2008 to consider the full revision of the P&C and finalise proposals that will be presented to the General Assembly (by postal ballot).
2.3 Prioritisation of completion of Generic International Indicators:	
FSC should prioritise the completion of the Generic International Indicators and specify their use by CBs where there are no FSC national or sub-national standards as soon as possible.	The International Generic Indicators development process has been halted awaiting completion of the P&C review. There is frustration that the Generic Indicators development has not progressed, particularly as there is a strong need for clarification of interpretation by CBs, NIs and stakeholders to clarify the interpretation of the P&C and because it was a strongly supported motion at the 2005 General Assembly.

Recommendation (made to FSC mid-2007)	FSC Progress (as of August 2008)
2.4 Guidance on HCVF, SLIMFs and assessment of environmental impacts:	
FSC should produce guidance materials and training in relation to auditing, managing and planning for: a. HCVF. b. The assessment of environmental impacts (criterion 6.1) c. SLIMFs	FSC has an active work programme on HCVFs and SLIMFs to give more practical guidance, and the broadened P&C review is now open to include Principle 9 in its review. Otherwise, there are no other known plans for FSC to undertake these specific tasks. There have been plans to do this that have stopped and started over several years.
2.5 Simplification of FSC requirements:	
The simplification of the FSC standards, policy and guidance documents should be prioritised. It is accepted that given the complexities of forests a forest certification system will necessarily be complex and technical. However this should not be an excuse to avoid simple clear language or to produce layer upon layer of standards, policies and guidance.	A full systems review is to be undertaken by the FSC in 2009. Postponed previously due to lack of resources.
2.6 Clarification of status of expired FSC national standards:	
FSC should develop clearer guidance or policy on the situation where there are expired national standards and they are now not in compliance with FSC P&C (further to GA 2005 motion 49). The FSC Board is urged to decide to not implement policy motion 49 from the 2005 GA (that recommended that old national standards is guidance until a new standard could be agreed – but has been interpreted as the old standard is still valid) and instead recommend that the situation be reviewed.	There are no plans to implement GA 2005 motion 49. Clarification has been requested to FSC on this topic and will be clarified formally as soon as possible with all CBs, NIs, stakeholders and certificate holders. FSC's delay on this has compromised FSC's integrity in at least one country (Sweden).
2.7 Implementing GA 2005 Motion 48 on supporting FSC national/regional standards setting:	
FSC should investigate whether it can be more proactive in establishing standards setting processes in key geographical areas, especially where high levels of stakeholder discontent with the certification process have been seen.	As part of GA 2005 Motion 48 implementation consideration is being given on how to support standards setting process. This is linked to the new FSC strategy, Motion 51 and the fees review that will generate more resources for the network. FSC Africa regional office is coordinating the development of the regional standard for the Congo Basin, however, FSC has no standards setting plans for Indonesia.

Recommendation (made to FSC mid-2007)	**FSC Progress** (as of August 2008)
3. Addressing Controversial Companies or Operations and Partial Certification:	
3.1 Identifying controversial or 'high-risk' companies or operations and special requirements for their certification compliance:	
FSC should both define a 'high-risk'/controversial operation or company (e.g. size, complexity, historical bad practices, governance context) and consider developing a list of 'safety procedures' or 'special requirements' (similar to the guidance and particular requirements for SLIMFs).	At the June 2007 FSC International Board meeting "it was agreed that the FSC should define criteria to identify controversial operations and develop special requirements for compliance of such operations." This has not been completed. However to address a key category of high risk operations there is an emerging discussion on 'large-scale operations' and an FSC board committee has been formed to frame the issues. There will also be a side-event on this issue at the FSC General Assembly 2008 in Cape Town.

The proposed FSC Policy of Association implementation may be of assistance here, where there is a loss of a license then it will result in loss of certificate if the cause of the disassociation is not addressed. While this will not address a situation in advance of a certificate being issued, except in cases of the highest profile, it will provide a clear way forward should issues arise with existing certificates and so act as an eventual deterrent for new certificates as well.

ASI has invited observers from NIs, NGOs and the FSC board of directors to audits of CBs involving a controversial certification.

Smartwood has developed special procedures for 'high visibility operations' to ensure precautionary measures are taken, however, they have generally not prevented them from initiating certification processes with controversial companies. |
| **3.2 Clarification of Criterion 1.6 and partial certification** | |
| FSC should revisit Criterion 1.6 further to the 2007 board clarification that it should only apply to the FMUs being certified. | The FSC Policy of Association, that is currently being finalised, addresses some of the issues relating to partial certification but until the P&C and Generic International Indicators are developed the 2000 interpretation of C1.6 applies. |

Recommendation (made to FSC mid-2007)	FSC Progress (as of August 2008)
4. FSC should control the FSC trademark and generate revenue from it:	
4.1 FSC trademark control and revenue:	
FSC should press ahead in its work to draw up and implement direct trademark licensing agreements with certificate holders including clauses to prevent greenwash/other risks of association to FSC and penalties in the event of it occurring. It should be noted that greenwashing would appear to be far more prevalent in Chain of Custody certificates – a situation not investigated in this study. It is suggested that this is addressed as a priority by FSC.	It was agreed at the FSC Board meetings of March and June 2007 to develop the new licensing system and is currently one of three top organisational priorities for FSC. To this end, FSC Global Development was established as a separate company in October 2007. One of the purposes of the company is to implement and manage a licensing program that will directly control the process of application and use of the FSC labels, logos and trademarks. FSC Global Development has requested that FSC develop a standard that will require a CB to ensure a licence agreement is in place before issuing a certificate. In addition, if a licence is withdrawn, the CB will be notified and will require the certificate holder via a CAR process to address the root cause of the loss of the licence or lose their certificate. The roll out of the new licensing program has been delayed to mid 2009 due to financial constraints and is expected to dovetail with the Policy on Association.

Recommendation (made to FSC mid-2007)	**FSC Progress** (as of August 2008)
5. Provide guidance on SH consultation and improve SH relations:	
5.1 Recommendations of the Plantation Review:	
FSC should implement the recommendations of the Plantations Policy Review including clarifying the consultation responsibilities/ requirements for the certification applicant/holder and CBs in both the main audit and annual surveillance audits.	The Technical Expert Teams were formed in the third quarter of 2007 and have had several meetings since then. They have made several proposals on stakeholder consultation requirements. Many of these are now incorporated into the P&C review.
5.2 Information and customer/stakeholder support:	
FSC needs to develop improved and integrated information materials for both SHs and certification applicants/holders that explain how the system works in simple terms. This would ideally be complimented by a 'customer/stakeholder service' and interactive database and website. This service should include an online 'help' index of FAQs (directing users to the appropriate policies, standards, guidance notes and information materials) and dedicated trained staff to answer queries and resolve complaints at the first opportunity within set response times. Such a service will need to be culturally adapted for different regions and is particularly important for regions where there is no FSC NI or national/regional standards. FSC should also develop a 'stakeholder code of conduct' that covers how SHs should provide feedback and file complaints, be transparent about their interests and conduct themselves when engaging in certification processes.	FSC is heading in this direction with it's improvements of the website as a Central Point of Information. This is also a proposal for Controlled Wood and for the Complaints Process. FSC Germany's guidance materials for SHs as part of its Baltic II project include guidance similar to that recommended here. There are no known plans for these materials or similar to be adopted internationally but it is being considered that these guidance materials could be used as a starting point for FSC to develop some international guidance. Some CBs already provide guidance. Also several CBs proposed a SH 'code of conduct' to guide SH in their responsibilities.

Recommendation (made to FSC mid-2007)	FSC Progress (as of August 2008)
5.3 Expertise and training of auditors:	
FSC guidance and training should be developed on SH consultation or the FSC standard on consultation should be revised so that it includes: - Acceptable levels of time spent on SH consultation including defining which situations require more intensive processes; - Methodologies used; - An emphasis of the importance that consultations methods should be culturally appropriate; - Expertise required for different risk and social situations including when third parties should be involved to facilitate; - Who bears what component costs of the process; and - Confidentiality of SH identify and input.	There are no plans known by FSC/ASI to implement this recommendation. CBs claim they go to substantial efforts to identify, locate and engage with stakeholders.
5.4 Participation of observers in audits:	
FSC should implement GA 2005 Motion 14 on developing guidance on the participation of observers in FM assessments. The purpose of observer participation is to allow SHs to better understand the process of certification to build trust between stakeholders and certification bodies and forest managers, and to contribute to the SH consultation process.	It is in the FSC workplan for 2008 but not a priority. ASI has already started to invite observers during its field surveillance audits; e.g. Veracel, Norfor, Wijma, SEFAC. ASI will be proposing a code of ethics for observers during ASI audits, in order to build trust and facilitate participation. Commendably, some CBs such as Smartwood and Woodmark already regularly invite observers on audits.

Recommendation (made to FSC mid-2007)	FSC Progress (as of August 2008)

6. Improve the FSC complaints resolution process:

6.1 New complaints resolution process:

The full review of the FSC complaints resolution process, including completing the revision of the FSC Interim Disputes Resolution Protocol, must take place as a priority and with due consideration of the other recommendations set out in this report. It should address in particular:

- A clear hierarchy of comments, queries, complaints and appeals;
- Ensure both FSC and CBs have a dedicated point person for complaints and concerns;
- Provisions for alternative resolution processes that may be more appropriate in given cultural situations;
- Resolution of disputes at the earliest opportunity;
- Allow for concerns about certificates being able to be raised at any point after a certificate has been issued;
- Encourage the use of locally appropriate mediators/facilitators so that stakeholders from all backgrounds have equal participation in the system;
- A 'customer/stakeholder service' that includes a central web-based 'complaints register' and dedicated trained staff to give timely responses to queries and informal complaints, and where possible resolve them;
- Clarify the role of CBs and FSC Regional/National representatives in complaints and disputes;
- Harmonisation of FSC, ASI and CB 'complaints' and dispute resolution procedures;
- Compliance with ISO 17011; and
- Consider removing the step of a formal complaint being referred to a CB or to their 'independent' Disputes Committee altogether, or if FSC decides to maintain the formal complaints process at CB level it should change FSC-STD-20-001 to the effect that 'independent' committee (or mediator at an earlier stage) must be completely independent of the CB.

The review of the complaints system has been ongoing for several years. A revised complaints system is due for circulation for consultation in October 2008 and it is expected that it will have a clear hierarchy, be in compliance with ISO 17011 requirements, and address most of the issues in this recommendation.

ASI has developed and implemented its own complaints and appeal procedures and they are being used. However, they are not harmonised yet with the FSC procedures.

There are no known plans to for FSC to develop a 'SH/customer' service, or complaints register, with the exception of expanding the capacity of the database to be the central point for information and responses.

Woodmark is developing a registration system for queries and complaints.

The revised complaints procedure may propose to remove either of the CB resolution steps. However, it would appear that only removing the CB 'independent committee' stage is likely. Several CBs have already moved to have the members of their 'independent committee' entirely independent of the CB.

Recommendation (made to FSC mid-2007)	FSC Progress (as of August 2008)
7. Investigate and Address CB-Client conflict of interest:	
7.1 Investigate CB-Client conflict of interest:	
FSC should investigate and evaluate whether and to what degree there is a conflict of interest at the CB level between the full compliance with FSC standards and CB cost/profit. The investigation and options for precautionary measures to address should include an exploration of: - Greater defining and clarification of the requirements for CBs making bids for clients and making CB bids more transparent; - Whether FSC should play a role in vetting the CB bids to clients or even becoming the broker for certification work, and making the certificate holders FSC's direct clients; - A 5 yearly rotation of CBs that certify particular certificate holders; - What should happen to a certified company if a CB is suspended (e.g. Eurocertifor and Wijma) and whether a CB should be able to sidestep serious problems in properly auditing a client found by ASI by suspending the client (e.g. SGS and Barama and Norfor).	There was an agreement that NGOs should undertake such a study during the CB and Environment Chamber members meeting at FSC in Bonn during March 2007. This investigation and report has now progressed with partners of FERN, WWF, Greenpeace, IFIA, and TFT. The report is due for finalisation by November 2008. ASI is in consultation with the report partners over the options and recommendations. There is also a side meeting on this issue organised for the FSC 2008 General Assembly.
7.2 Strengthen accreditation standards on conflict of interest:	
ASI needs to consider if there are systemic or implementation problems in relation to conflict of interest and review its own policies and potentially extend the existing Conflict of Interest policy that is for Board and Staff members to CBs and their contractors.	ASI claims to be addressing these issues, based on ISO standards and IAF guidance and is considering strengthening its requirements or providing further guidance.

Recommendation (made to FSC mid-2007)	FSC Progress (as of August 2008)
8. Clarify FSC's role in and preconditions for operating in countries with large remaining intact forest landscapes, very poor levels of governance, and high levels of corruption.	
8.1 FSC develop guidance for CBs (and ASI) for 'high-risk' contexts:	
FSC should develop guidance for certification in countries with high levels of corruption where there may be a poor governance and levels of forest law compliance, corrupt practices and/or transfer pricing, or large remaining areas of intact forest. This would include developing definitions and thresholds for unacceptable corruption, poor governance, transfer pricing, large intact forests etc.	While guidance has been given to CBs by FSC in the past, such in Indonesia in 2001 and for Democratic Republic of the Congo in 2007, there are no known plans to develop or generalise such guidance or develop specific guidance for different regions or 'high-risk' contexts. With the importance of tropical forests for climate regulation being more widely recognised, FSC has yet to make any position on expansion of industrial logging (and therefore subsequent GHG emissions) into large intact forest landscapes.

Recommendation (made to FSC mid-2007)	FSC Progress (as of August 2008)
9. Improved Communication	
9.1 Expand and clarify communication:	
- FSC and CBs need to be more forthcoming about key 'bad' news such as newly suspended certificates; - ASI should make its office visit reports publicly available (or at least public summaries of the reports); - ASI should choose a single format for its reports and use more definitive language when describing compliance.	ASI website has been developed and has improved information flow including making announcements about key de-accreditations. ASI aims to review its website during 2009. ASI plans to publish its office visit reports in the first half of 2009. It is currently reviewing its quality management systems and developing new report templates.
9.2 Timelines and communication requirements must be respected and reinforced:	
ASI and CBs should agree on a requirement that an electronic copy of the CB's certification report should be sent to FSC prior to a certificate being issued. In addition, ASI and CB reports need to clearly and accurately show when they have been updated – e.g., on the front cover and on the website links. Statements that anticipate the success of an audit from FSC or CBs, should be avoided, especially in controversial situations. Also, if FSC companies declare compliance with FSC standards prior to a certificate being issued, FSC should take action to have such statements withdrawn and revoked as a misuse of the FSC trademarks/and unsubstantiated claim.	ASI is requesting CBs to upload all their certification reports on the FSC certificate database; however, this is not yet being done systematically by CBs. Some CBs claim that this is already a requirement, so need FSC/ASI to confirm this and ensure enforcement with all CBs. ASI reports have the date of last update on the front page of the report. ASI has been following up on any misleading statements and this is also considered when ASI has performed audits.
9.3 Increase resources to improve communications, efficiency and outreach:	
ASI needs its own dedicated communications staff and expertise who have received technical training, in order to prioritise timely, professional responses and develop communications and marketing materials. Additional resources are also needed to establish ASI regional divisions which will facilitate enhanced stakeholder interactions, more efficient auditing of CBs, better support to NIs, improved quality control on standards and lead to a greater emphasis on performance. Additional capacity could also improve its communication efficiency. An urgent review of ASI's resource and staff levels is needed at both the FSC IC and regional level.	ASI has stated that it has plans to do this in 2008 and has confirmed that it will be implemented in the first half of 2009. This proposal has support from FSC and ASI. However, FSC (who have had budget signoff of ASI) have not prioritised this due to competing financial needs. With the expected increase in revenue from the new licensing programme there is the opportunity to change this. FSC recently hired a new communications manager.

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