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# FSC POLICY

## PARTIAL CERTIFICATION OF LARGE OWNERSHIPS FSC-POL-20-002 (2000) EN

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Approved June, 2000

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The Forest Stewardship Council (FSC) is an independent, not for profit, non-government organisation based in Bonn, Germany.

The mission of the Forest Stewardship Council is to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC develops, supports and promotes international, national and regional standards in line with its mission; evaluates, accredits and monitors certification bodies which verify the use of FSC standards; provides training and information; and promotes the use of products that carry the FSC logo.

## Introduction

Partial certification of large ownerships has been a controversial issue since the earliest discussions of 1993-4. These notes explain FSC's position regarding partial certification and compliance with Criterion 1.6 including the various rules currently applied, and proposes a more detailed interpretation, for inclusion in the FSC Guidelines for Certification Bodies (Section 2.13)

The following revised interpretation is now open for comment...

**Motion: Approve the revision of Guidelines Section 2.13, following the interpretation in this document, subject to changes or consultations agreed.**

- 1 Rules for FSC Members
- 2 Rules for non-Members.
- 3 Guidelines for Certification Bodies
- 4 Interpretation
- 5 Conclusion

### 1 Rules for FSC Members:

### FSC By-Laws

Paragraph 29 All prospective members with economic interests must have demonstrated active commitment to implementing the FSC Principles and Criteria in their operations. It is expected that ..... producers have a significant part of their production forests certified by an FSC accredited certification body or be certified within a reasonable time frame (normally this will not exceed two years).

Paragraph 30 To avoid the risk of admitting forest producers or forest product traders which have a small model operation meeting FSC requirements, while the rest of their operations are not acceptable, FSC must be satisfied that the entire operation will conform with FSC requirements within a reasonable time frame.

Interpretation: Since 1994, this has been interpreted to mean that partial certification is permitted for FSC members and applicants for FSC membership, on condition that the organization has formally applied for certification assessments for its entire operation from an FSC CB, and has also formally committed itself to doing everything possible to achieve certification for its entire operation within a reasonable time frame.

The time frame will not normally exceed two years. It was not fixed in absolute terms, because FSC recognised that two years may not be enough time for some very large and complex organizations, or for some small but poorly funded organizations (such as community forests).

The commitment applies to the entire forestry or forest management operation owned or fully controlled by the entity applying for FSC membership.

### 2 Rules for non-Members.

Non-members who apply for certification of forests are not bound by the provisions of Para 29 of the by-laws. Therefore partial certification is permitted, without requiring a formal application or commitment by the owner or manager for certification for its entire operation.

This requirement is less demanding than the requirement for FSC members. This less demanding requirement was believed to be justified because FSC members have substantial rights in the FSC system, including standing for the FSC board of directors, and therefore a greater commitment should be required from them than for other certificate holders.

However, Criterion 1.6 applies "Forest managers shall demonstrate a long-term commitment to adhere to the FSC Principles and Criteria." This commitment is required of the forest manager of any forest management unit (FMU) applying for certification, or holding an FSC-endorsed certificate. The P&C do not demand this commitment of the owner, but there is clearly a risk of confusion if the certificate is held (or applied for) in the name of the owner rather than the manager.

The commitment should be demonstrated on any other FMU which is managed by the same forest manager, or where that forest manager has the main operational responsibility for management decisions and operations, even if the other FMUs have different ownerships.

This guideline explains how assessors should also evaluate evidence of commitment in other FMUs, under the same ownership, but operated by different managers.

### **3 Guidelines for Certification Bodies**

The following Guidelines were finalised in June 1998, and form part of the contract between FSC and accredited Certification Bodies

Subject 2.13 Partial certification of large ownerships. Updated: June 1998. (attached)

### **4 Interpretation**

FSC maintains its position on partial certification. Non-members of FSC may apply for certification for individual Forest Management Units. They are not obliged to apply for certification, or to commit themselves to certification, for their entire set of management units, so long as each candidate for certification is a separate forest management unit.. The board and membership of FSC endorsed this position when the current wording in the by-laws were endorsed in 1994, for reasons which are still valid.

This ruling applies equally to:

- \* Governments (state, provincial, national) which may apply, or may permit concession holders to apply, for certification of individual management units or concessions, but are not obliged to seek certification for all forests in their charge;
- \* Commercial enterprises of any size;
- \* Communities or individual owners.

There is a risk of whitewashing, which is recognised by Section 2.13 of the Guidelines to Certification Bodies. This risk is covered especially by para. 2.3 of Section 2.13, which requires the applicant for certification to inform the certification body about all forest areas over which the applicant has some responsibility, and describes the responsibilities of the certification body. This section confirms that applications and evaluations for certification do NOT have to include all the forests over which the applicant has some degree of involvement. The integrity of FSC certification is also protected by controls over the use of FSC's trademarks, on and off product.

Section 2.3.a states that applicants must make a full disclosure of forest areas. This means that each applicant must inform the certification body about every other forest area over

which the same applicant has some degree of management responsibility. This information should include at least the names and locations of such forests, and any other information which the certification body may request. This disclosure of information does not imply any commitment to certification.

More guidelines are available in Subject 2.14, Certification of Concessions.

Criterion 1.6. This criterion is designed to ensure that the forest management under assessment represents a genuine long-term commitment on the part of the manager, rather than merely a plan on paper. Criterion 1.6 is evaluated in the activities, plans and commitments of the forest manager, or the person or team responsible for the management of the specific forest area proposed for certification. The manager may be, for example, a forestry official, a concession holder, a private individual, or a committee representing a community or co-operative. The forest manager is not necessarily the government or government department which has responsibility for public forests, and not necessarily the private corporation or publicly owned company which owns the title to the forest, nor the individual shareholders in a company.

This issue is covered by Guidelines 2.13 section 2.3.c, which describes the responsibility of the certification body in evaluating this commitment in forest lands not covered by certification. FSC does not yet have sufficient case history experience to be able to offer more detailed guidance about marginal cases. This issue should be considered on a case-by-case basis by certification bodies during their consultations.

In practice, large enterprises are encouraged to commit themselves to certification of their entire holdings. Many of them now do so, but they may set their own timetable.

Model operations FSC remains concerned about so-called whitewashing, when some properties owned by a large non-member companies are certified, while other properties include manage operations which would certainly preclude certification. This risk applies particularly where the certificate is held in the name of the large company, even though different forest managers may be in charge of the different forests.

The following steps apply in these cases.

- What is to be certified: the management unit or the company?

Certification of a Forest Management Unit (FMU) is based on practices undertaken within the unit to be assessed. Therefore, it is clear that under present FSC regulations, “partial certification” (that is, certification of one – or several- management unit(s) controlled by a company that owns several other forest units) is permitted. According to current requirements, certification assessment must consider, among others, Criterion 1.6 which rules that those responsible for management must show a long-term commitment to FSC Principles and Criteria. According to the indications contained in “FSC Guidelines for Certification Bodies” (part 2, Theme 2.13, evaluation of this Criterion may require a consideration of activities taking place in units other than the one submitted for certification and which may fall under the direct responsibility of the applicant.

- What is the meaning of the word ‘disclosure’ as used in Part 2, Theme 2.13 of “FSC Guidelines for Certification Bodies”?

In this context, ‘disclosure’ will be understood as the obligation of the applicant for certification to provide the certifier with a complete list of all forest areas over which the applicant is responsible.

The FSC requires that certifiers, through public sources or through their own knowledge and experience concerning the region where the assessment is to take place, be aware of general information existing with regard such forest areas. The FSC also requires the certifier to consider the information obtained regarding such areas through the process of public consultation that takes place as part of every certification assessment. The FSC does not establish that certifiers must take into account only “controversial cases”, since, by definition, these cases become public, while certifiers may obtain information through means not limited to public sources (i.e. by consulting ‘stakeholders’) in order to determine whether elements existing in the management of these areas may throw doubts upon the commitment to FSC Principles and Criteria on the part of those applying for certification.

- How does one assess if management activities developed in a certain management area different to that being assessed for certification affects or not the commitment of the applicant to the FSC Principles and Criteria?

The FSC considers that non-compliance with Principles and Criteria in forest areas other than the one submitted for certification assessment is not sufficient reason to determine a lack of commitment to the FSC Principles and Criteria on the part of the applicant, since it is not reasonable to expect that units not being assessed for certification satisfy all aspects of FSC Principles and Criteria. As indicated in Part 2, Theme 2.13 of ‘FSC Guidelines for Certification Bodies’ the certifier must assess if such lack of compliance –should it exist– represents a major failure at the level of Principle 1. Therefore, FSC interprets the “lack of commitment” as resulting from a non-compliance of such magnitude or frequency that they clearly show a lack of will on the part of the applicant to comply with FSC Principles and Criteria.

For example, a company decides to submit its Unit A for certification assessment. The certifier obtains information indicating that the same company does research regarding genetically modified organisms in another area, Unit B, and that this research covers a limited area of Unit B. In this case, the certifier may determine that, although management of Unit B does not comply with FSC requirements, this lack of compliance does not necessarily demonstrate a lack of commitment on the part of the applicant with the FSC Principles and Criteria, or does not represent a major failure at the level of Principle 1. Nonetheless, if the information obtained were to indicate that the other forestry units of the same company (B, C, etc.) exclusively use genetically modified organisms, the certifier faces a situation which –due to its magnitude and frequency– indicates a clear lack of will on the part of the applicant to comply with FSC Criteria 6.8

In this case the certifier must establish whether such lack of commitment represents a major failure at the level of Principle 1, which may have an effect over certification of Unit A.

- Does that analysis of the commitment to the Principles and Criteria include the assessment of other phases, such as production and sales?

Current FSC requirements for Chain of Custody certification are focused at verifying that products originating in certified forests which consequently comply with FSC Principles and Criteria, are not “polluted” with products originating in non-polluted forests. FSC has not established certification requirements for the Chain of Custody if they consider that the assessed operation does not maintain practices consistent with FSC requirements, over and beyond the Chain of Custody proceedings.

- What is the role of organizations from the civil societies in the certification process?

Consultation with interested parties is a fundamental part of the certification process; the certification decision remains with the accredited certification body.

**Conclusion:**

When a certification body, as a result of consultations, concludes that a management practice in another forest, owned by the same legal entity as the applicant for certification, constitutes, because of its magnitude and frequency, a clear indication of a lack of willingness or commitment to adhere to the FSC P&C, the certification body will establish whether that lack of commitment represents a major failure of Principle 1 which could affect the certification of the FMU under assessment.

## **Annex 1: FSC Guidelines for Certification Bodies, Part 2: Forest Certification**

### **Subject 2.13: Partial certification of large ownerships**

**Updated: June 1998**

#### **1 Background**

In order to become an FSC member, forest management enterprises must have demonstrated an active commitment to implementing the FSC P&C in their operations. It is expected that they shall already have a significant part of their production forests certified by an FSC-accredited certification body or be certified within a reasonable time frame (normally this will not exceed two years).

No such commitment has been required of forest management enterprises that wish to have part of their production forest certified but do not wish to become FSC members, although some FSC members have sometimes assumed that this is the case.

- 1.3 The issue was discussed in a preliminary session at the FSC General Assembly in June 1996. FSC members expressed concern at the risk of 'greenwashing' by large companies who have small model operations whilst the large majority of their holdings fail to practice forest stewardship.
- 1.4 A related consideration is the requirement that 'forest managers demonstrate a long term commitment to adhere to the FSC Principles and Criteria' (FSC Principle 1, Criterion 1.6). It is not clear that a manager could demonstrate such commitment by complying with the FSC P&C in one forest area, whilst clearly failing to comply in another.
- 1.5 Finally, guidelines are required as to whether management divisions or subdivisions, or separate concession areas can be certified separately.

#### **2 FSC Position**

- 2.1 FSC does not require a forest management enterprise to apply to have all of its forest operations certified, nor to agree to a timetable for such evaluation, in order to have part of its operations certified.
- 2.2 There are a number of reasons for this:
  - 2.2.1 Targets for increasing the area certified would have to be specified taking into account a number of extraneous factors such as total size of ownership, commitment of different managers, available resources for forest management and certification, demand for FSC labelled produce. At any one time managers could have very different commitments with no obvious means for determining whether one commitment is fair whereas another is not.
  - 2.2.2 If certification is conditional on meeting such targets, the certification body will be in the invidious position of having to withdraw certification from a manager with, for example, 100 000 ha of certified forest because the enterprise has missed its target of certifying 150 000 ha for that year, whereas the company's neighbour, with only 50 000 ha of certified forest can maintain their certificate.
  - 2.2.3 Timber labelling is designed as a market incentive to improve forest stewardship. It would be counterproductive to insist that forest managers accept additional costs if these costs are not likely to be supported by market



benefits. Conversely, if a forest manager finds that the costs of certification are covered by market or non market benefits then the manager will increase the certified area in any case.

2.3 Nevertheless, in order to control against greenwashing and to evaluate the managers' compliance with Criterion 1.6, the certification body should follow these guidelines:

- a The applicant for certification must make a full disclosure of all forest areas over which the applicant has some responsibility, whether as owner (including share or partial ownership), manager, consultant or other responsibility. The disclosure shall be documented in the certification report.
- b When the evaluation does not include all the forest areas in which the applicant is involved, the applicant must explain the reasons for this, and the reasons must be documented in the certification report.
- c The certification body shall be responsible for determining whether the stewardship of the forest lands not covered by the certificate compromises *the applicant or certificate holder's* demonstration of a long-term commitment to adhere to the *FSC P&C* (Criterion 1.6), and for evaluating whether this results in a serious failure *by the applicant or certificate holder* of FSC Principle 1. If the certification body concludes that this does result in a serious failure of Principle 1, then a certificate shall not be issued, or a condition or corrective action request shall be specified. If a condition or corrective action request is not complied with, an issued certificate shall be withdrawn.
- d When the evaluation does not include all the forest areas in which the applicant is involved, the certification body must make an explicit statement in the certification report explaining the special controls that are in place that ensure that there is no risk of confusion being generated as to which activities or products are certified, and which are not.
- e As for all certificates, the certification body must ensure that all use by the certificate holder of the certification body name and logo, and the FSC name and Trademarks, are pre-approved by the certification body.

2.4 Paragraph 2.2.c above also relates to the decision as to whether management divisions, sub-divisions, or individual concession areas can be certified separately. In general they can be certified separately only if they are clearly separated independent units in terms of their geography, ownership and/or management structure. There are no hard and fast rules, but the following examples may be used as precedents:

- 2.4.1 A single company owns properties in different countries. The properties are managed independently, and can apply to be certified independently.
- 2.4.2 A single company owns properties in different regions of the same country. The properties are managed independently, and can apply to be certified independently.
- 2.4.3 A large plantation area is owned and managed by a single state enterprise, divided into several divisions and subdivisions. Whilst all subdivisions are required to manage according to the same general guidelines, each

subdivision has its own managers who are responsible for management planning, and implementing the guidelines in their subdivision and not in other subdivisions. The subdivisions can be certified independently.

- 2.4.4 A single forest estate has both coniferous and broadleaved stands. The stands are contiguous and managed by the same management team. The management is integrated and products are marketed as coming from a single forest management enterprise. The stands cannot be certified separately.
- 2.4.5 A single company harvests state forests under short concessions. The concession areas are contiguous and managed by the same management team. The management is closely integrated and concession areas are managed essentially as parts of a single forest management enterprise. The concession areas cannot be certified separately.
- 2.5 A single company may arrange for a number of independently managed properties or subdivisions to be evaluated at the same time, in order to reduce administrative and travel costs. Certification bodies should note that this is NOT group certification, since each entity will hold its own certificate in its own name, and maintenance of each certificate does not depend on compliance of other managers or owners with the FSC P&C.

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