THE FSC® ONLINE CLAIMS PLATFORM

During the last 20 years the FSC label has become a globally recognized symbol of trust and integrity. With more than 50,000 FSC-certified companies worldwide, the FSC network has grown into a complex set of supply chain connections, which continues to expand. The backbone of this system is the FSC chain of custody (CoC), which allows FSC product claims to be passed through the production chain from forest to end user.

What is the problem?

No system is foolproof and the FSC system is no different. There have been cases where products carrying an FSC claim have subsequently been found not to be FSC certified. These false claims on certified products may cause financial and reputational problems, for companies and for the FSC system as a whole.

There is no legitimate, tolerable threshold for inaccurate claims of any type, as each and every one reduces the credibility of the FSC system. As the number of FSC-certified companies grows, so does the risk of fraudulent claims.

The problem is that the current FSC CoC standard does not include a mechanism for certification bodies to verify transactions between certificate holders. The transactions between certificate holders need to be verified in order to address the risk of companies making false claims on certified products.

Transaction verification – a potential solution

To address this problem, FSC is proposing a new requirement in its latest draft of the CoC standard (FSC-STD-40-004 V3-0 D3). Also known as transaction verification, this would require FSC invoice claims made by companies which are considered to have a high risk of false claims to be verified by auditors via a new digital tool: the FSC Online Claims Platform (OCP). Organizations with a high risk of false claims would need to have all of their FSC-certified purchases and sales entered into this platform, which auditors would then verify.

The draft requirement proposes that the OCP would be mandatory for companies that have a high risk of false claims, and voluntary for companies with a low risk of false claims. Risk is determined through scoring the organization or specific organization product groups in a risk matrix, which is part of the third CoC draft standard.

Why not do more thorough and more frequent audits?

Audits are clearly an important aspect of the integrity of the FSC system, but as the number of FSC certificate holders and FSC transactions increases, a more scalable method needs to be developed alongside the existing audit structure. Even if auditing were required to reconcile transactions between trading partners, it is too time-consuming for auditors to review even a small percentage of the transactions between trading parties, and therefore costly for companies. A scalable and cost-efficient solution is therefore needed.

The draft standard is out for public consultation until 31 August 2016 and the potential introduction of transaction verification in the CoC will be ultimately decided upon by the FSC Board of Directors in November 2016.

How would the OCP work?

If your organization is scored as having a high risk of false claims, you will be required to ensure that each FSC transaction is entered into the OCP.

- If you hold an FSC certificate, an account is automatically created for you to activate and you can immediately start connecting with your certified suppliers. This is a simple, one-time process, similar to making connections in Facebook or LinkedIn.

- From the minute your account is active, you can start entering your FSC-certified purchase transactions. You can do this directly via the website, or by using a preformatted spreadsheet. In the future, there will be a way to connect your current information technology (IT) system to the OCP. You will only be required to enter the information you are already collecting as part of your FSC certification.

- If your supplier is active on the platform, it will automatically send the transaction information that you enter from that specific supplier. The transaction is then viewable for both trading partners, so it can be verified by your certification body and your trading partner's certification body.

- In the meantime, you can continue to manufacture or trade your FSC products. When you are ready to sell your products, you invoice your customers as usual. Depending on whether they are active in the OCP or not, either you or they can enter these FSC transactions.

- If there are any errors, you will be notified electronically with an explanation of what needs to be corrected.

What is the status of development?

The OCP is live and has been released for voluntary use, and a growing number of certificate holders are signing up. It is still new, however, and additional features and upgrades are therefore being added as requests come in from users.

What are the other benefits?

Besides strengthening the integrity of the FSC CoC system, the OCP can produce an automatic overview of your FSC transactions, provides volume summary tools, and automatically updates you when the status and/or scope of your suppliers change. This automatically meets some of the administrative requirements of CoC certification.

Is it mandatory?

No, the OCP is not mandatory for anyone!

If the draft CoC standard, which is out for consultation until 31 August 2016, is approved in its current form, it will include requirements for organizations with a high risk of false claims to use the OCP. It is due for approval in November 2016. All organizations can introduce mitigation measures internally, and this can reduce their risk status from high to low – thereby removing the requirement to use the platform.

More information

If you have any questions about the OCP, please email the team at: support@ocphelp.zendesk.com

Online Claims Platform - Connections Worth Protecting