



## Full Stakeholder OCP Training Webinar Question & Answer February 4, 2014 (Late Session)

Q: Have FSC managed to get some statistical data on the scale of the problem with inaccurate claims? Or still we are talking about few cases in the World? The statistical evidence for the origination errors is still insufficient. Please, can you demonstrate publicly the evidence you have presented to the FSC Board of Directors?

A: FSC is expanding its research on the extent of the problem (including the US) in a number of ways and has engaged an independent consultant to [carry out a study](#) of the extent of inaccurate claims. As part of this study, we will be sending out a survey with questions about the scale of incorrect claims, and the sectors where they are located. The survey is expected to be released in February, 2015.

Q: The proposed alternative solution for transaction verification is disappointingly difficult and even more burdensome than OCP - could you propose any alternative option please?

A: Alternatives were covered in the presentation; see slides 16-21 for more details. However, we are seeking other alternatives and we encourage you to send us any suggestions and/or additional alternatives.

Q: How do you know your supplier's CARs? They are confidential information.

A: We are looking at many suggestions for the risk matrix and believe supplier's CARs should be removed as part of the risk matrix. Thank you for your support of this.

Q: In the OCP, is there a way that you can request the supplier to fill in the country of harvest or species? As the purchaser, I may not be aware of this, but it would be good information for us to have.

A: Yes, you can ask your suppliers to enter their FSC sales into the OCP (your purchases) or ask them for the species so you can enter them into the OCP.

Q: Doesn't the subscription account open the door for competitors to see our suppliers?

A: No, confidentiality, security and data protection is critical to the OCP. Your suppliers will only have visibility of the trades they made with you and they will have no visibility beyond this. Certificate holders will control who has access to their OCP account. Certification bodies can only gain access to their clients' accounts through permission of the certificate holder. The certificate holder will be able to view who has access to their account, and choose to add others and remove users. If the certification body is not granted access to the certificate holder's account off-site, then the certification body will need arrange with the certificate holder's how they will be provided access to the OCP account, such as on-site during the annual audit.

All the data certificate holders enter in the OCP belongs exclusively to them, and they control how it is shared. The OCP will not share data unless explicitly agreed to by the certificate holder unless required by law or order of a court of competent jurisdiction or government department.

FSC does not have access to certificate holder's accounts or the data in the account, including any information about the certificate holder's supply chain. A certificate holder can grant the OCP Support Team access to their account to resolve problems. This will mean that the OCP Support Team will have access to data under strict guidance and knowledge of the certificate holder. Go [here](#) for more information.

Q: Is there a risk factor already determined for my company? If yes, where do I find this?

A: FSC is still determining the risk matrix. The risk matrix will be available for comment during the FSC-STD-20-011 public consultation period. In the meantime, please contact us if you have questions or suggestions about defining risk.



Q: To confirm, if my company is selling to non-certified customers (my customers do not hold CoC), then there is no transaction verification needed for our sales, but we would still need to verify our purchases, correct?

A: Yes, you are correct.

Q: So, will the OCP only work for transaction verification if both supplier and buyer use?

A: Yes, both trading parties (you and your supplier) will need to use the OCP for the OCP to meet the transaction verification criteria. However, the supplier can be a passive user by allowing for auto acceptance of claims. This would allow the CB's of both organizations to verify the claims.

Q: Where do Brokers fit into the process, esp if the broker has a COC (LMC) ?

A: All FSC certificate holders will need to meet transaction verification criterion, even brokers.

Q: As a customer we may have to support multiple verification systems dependent upon our suppliers. This would be rather confusing to audit.

A: Transaction verification can be met via several methods. The buyer & seller need to determine which method works best for both parties and agree on that method.

Q: If a CH is using a different verification method with every supplier will the auditor be required to check each verification method to see if it is meeting the 6 requirements, and then check transactions in each? Or will it be on a sampling basis? i.e. it will take a lot of extra time on site if a CH is using multiple methods, driving up costs.

A: Yes, if the certificate holder chooses to use several methods to meet the transaction verification criteria, then all methods are to be verified by the CB during the certificate holders audit but sampling methods will likely be acceptable.

Q: We purchase non-certified post-consumer wastepaper and then sell our pulp as certified. Would it be our responsibility to verify the transactions or would our customers be responsible to verify the transactions?

A: Only FSC claims need to be verified, so once you purchase FSC-Recycled, it must be verified. Post/Pre-consumer that you classify as FSC-Recycled does not need to be verified.

Q: Does this apply to FSC Controlled Wood claims

A: Only FSC claims need to be verified, so virgin wood purchases with no FSC claim that you verify as Controlled via your own Controlled Wood Risk Assessment does not need to be verified. However, wood purchased as "FSC Controlled Wood" needs to be verified since it's an FSC claim.

Q: If companies are self-determining their own risk factor, doesn't that undermine the entire system? Is there a list of risk factors that would allow a CB to override the company's own determination?

A: The idea is that the certificate holder will determine their own risk based off of a yet to be published risk assessment. During the audit, the CB will verify that the certificate holder determined their risk properly.

Q: Will there be an option to print out a supplier list that meets 40-004 requirements?

A: Yes, this is in the "Reports" tab of the OCP.

Q: What will happen when a supplier doesn't use OCP, but has developed an alternative system? I can imagine this being an issue for printers buying paper from large paper merchants.

A: Transaction verification can be met via several methods. The buyer & seller need to determine which method works best for both parties and agree on that method.



Q: Has there been any movement on concerns surrounding data protection? With all the hacking going on in the world, this is significant concern that information input into the OCP is being properly protected.

A: Yes, we view the security of the OCP of highest importance. Historic Futures, the service provider, has been certified to ISO 27001, the leading data security standard. Further, the OCP application is hosted on Amazon's Web Services which provides world-class security and performance. Thousands of large international businesses use Amazon's hosting services, including Amazon itself. Many case studies can be found [here](#). Please visit our [security tab](#) on our OCP Informational website.

Q: Why is transaction verification is applied to certified company instead of certification bodies?

A: The transaction verification criterion in the COC standard is to be applied by certificate holders while the methodologies of how to meet this criterion will be addressed in the accreditation standard FSC-STD-20-011, and applied by the certification body.

Q: Is any technical possibilities foreseen to make OCP and other (certified company) management /accounting systems data automatically synchronize?

A: Yes, we plan to launch an Application Programming Interface (API) where you can connect your IT system to the OCP so all transactions are automatically verified.

Q: Has there been any discussion regarding the risk matrix about the scale of suppliers? i.e. small operations in remote areas selling low volumes on FSC material?

A: Yes, we are still reviewing potential risk factors and will consider the size of the operation again. After reviewing this more, we came to the conclusion that we should not penalize larger or small FSC certificate holders just based on their size, scale, industry.

Q: 14 BUSINESS Days, or Calendar Days?

A: We will clarify that we meant calendar days.

Q: Feedback: 14 calendar days may be a bit short. That usually means 10 working days, but around holiday times (in the US Christmas-New Year/Thanksgiving) that could make it hard for some orgs to respond in time.

A: Good point, we'll take this into consideration

Q: Example of a Claim Change? E.g. supplier sends 10 but 1 is damaged on the truck so only claiming 9?

A: Material returns, reversals and corrections will be dealt with the same as you deal with them now. If you return a product, then that must be taken out of your credit account, or amount of product available to sell as FSC certified. You will have a way to adjust the purchase/receipt if there are returns, reversals, corrections, etc. This will need to be visible to both parties (seller and buyer).

Q: With splitting CARs into "material accounting records" and others, while there be a process to dispute the categorization of the CAR? E.g. "I don't think that's a material accounting issue?"

A: Good point, we will take this into consideration as we refine the risk matrix.

Q: The Risk Matrix is for checking individual Supplier transactions? E.g. Buy from Supplier A, Risk = 9 so check 50% of transactions. Buy from Supplier B, Risk = 2 so check 10% of transactions? So it's not for my company as a whole, but for determining how often I have to check my suppliers' transactions?

A: You, as a company, would score a number (say 5), then you would need to check X amount of transactions in X amount of time. At this time it would not be a separate risk number for each supplier; however, we will consider this further.



Q: Is there a bulk method for confirming the transactions? E.g. I upload purchases via spreadsheet and the claims are entered in OCP. Can my supplier pull down a list, mark them as confirmed, and then upload that?

A: The OCP has a mechanism to automatically accept claims after 14 days. There is no spreadsheet application to accept claims, but we will add this to our future features/function list.

Q: How is this verification possible at printer -end user level if merchant shows a FSC claim that is passed on to printer and shown on their invoice to end user?

A: Only FSC certified purchases need to be verified. If the printer is selling to a non-certified company, then the printer is considered being at the end of the chain (unless the customer has a subscription to the OCP).

Q: Does antitrust issues not abound with all this?

A: FSC has had international law firms review transaction verification and the OCP and have determined that there are no anti-trust issues. Go [here](#) for more information.

Q: Is there a hardwood spp? Too many to list!

A: A future feature/function of the OCP will be a way to create a group of species, eg, "mixed hardwood", then populate which species are in that group for you. So, you don't have to type each species individually every time.

Q: We have multisite with different suppliers at each location. Would each site need to input claims into the OCP or the main site only?

A: This will be up to the central office manager to decide. In some cases, the central office manager may want to update the OCP for all members of the group or multi-site certificate. However, in other cases, each member may want their own user name/password to the OCP & manage their own account. Multiple-site members are required to have a subset number (eg: XX-COC-000000A) & that subset number will allow each individual member to have their own secure access to the OCP. Some members in group certificates may be within the same supply chain and/or competitors so only the individual group member and/or group manager will have access to the individual members' information.

Q: How does stock inventory handled that is not specific to an order?

A: Certificate Holders will need to conduct transaction verification on the FSC certified claims that they purchase once the certificate holder is certified to the new FSC COC standard. Any items in stock will not need to undergo transaction verification.

Q: Why doesn't FSC have a notification process in place when certificate holders certificates are suspended?

A: FSC has a "status watch" inside the certificate holder trademark portal, and the Online Claims Platform (Certificate holders may choose only use the OCP for this feature and use other methods to match transactions)

Q: How will landowners (States or Counties) verify claims in the OCP when volumes are not exactly known.

A: The landowner will only need to accept or reject the claims that their customers enter into the OCP. If the customer scales the wood and reports back to the landowner of the exact volume, the customer would enter that volume into the OCP.

Q: Is the 14 day requirement part of the standard revisions?

A: The 14 day requirement is not part of the COC (40-004) revision process. We are looking for feedback now on the 14 days, and it will out for official public comment when the accreditation standard (20-011) is available for public consultation.



Q: Will FM certificate holders have to verify transactions, or will it start with the purchase of raw materials by the first CoC certificate holder?

A: The landowner will need to work with their customers to allow their customers to perform transaction verification. I believe this question was asked during the OCP section. If that's the case, per the OCP, the forest management unit only needs to accept or reject the claims that the customers enter into the OCP. The landowner can choose to enter in their FSC sales as a benefit to their customers but this optional.

Q: If the system was set up allowing companies to list all of their suppliers, if a supplier was suspended an automated email could flag this up?

A: Yes, the FSC Online Claims Platform is set up to do exactly this. Some certificate holders may have other internal systems that they use to do this too.

Q: That would require for companies to produce fictitious invoices. I have to believe that this would be the minority of all FSC coc holders. It appears to be the wrong process to catch the few.

A: The FSC Board of Directors recognizes that there is a gap in the current FSC certification scheme – a gap which is present in all similar Chain of Custody certification systems but which we wish to close. The gap consists in the fact that the precise volumes of FSC certified forest products traded are not being compared between trading parties within the chain of custody system. Our current standards and processes, along with the significant volume of FSC products traded, do not enable either certification bodies or ASI to detect discrepancies in the volumes reported by buyers and then used for "volume credits," whether caused intentionally or through negligence. This makes it nearly impossible to detect this type of fraud. Go [here](#) for more information.

Q: Would requesting hard copies of suppliers internal documents count?

A: Hard copies of internal documents could be adequate if there is a credible means for the CB to verify that the documents match the supplier's internal records.

Q: If you have multiple items on the invoice, for example different sizes, does each line have to be entered with quantity or is it the total only?

A: FSC invoice claims are to be recorded. They can be consolidated into one entry if the FSC claim type, product type, description and units are the same, and species and country of harvest if that is applicable. Go [here](#) for more information on consolidation of claims.

Q: What if in the entire order from the supplier is sold to us as FSC however we are only recording a portion as an FSC input and only requested a portion as FSC?

A: FSC certificate holders are only required to match FSC certified purchases that they intend to use, label or claim as FSC certified.

Q: Why doesn't FSC's CoC STD determine for problem B on info.fsc.com, a period for consultation/verification according to the claim period of the certified entity?

A: FSC has a "status watch" inside the certificate holder trademark portal, and the Online Claims Platform. (Certificate holders may choose to use the OCP to connect to suppliers and receive notifications and then use other methods for transaction verification).

Q: What are the risk factors considered in the risk matrix

A: Possible risk factors are the Corruption Percentage Index (CPI) of the CH and their suppliers, and if they have had Corrective Action Requests (CARs) dealing with the certificate holders' material accounting records (MARs) or invoices/delivery notes. We are open for suggestions & ideas.



Q: What exactly do printers need to do to verify the paper purchase claims...and what documents do we need to show or have on hand for auditing?

A: The FSC certified printer needs to conduct transaction verification on their purchases, meaning they need to ensure that their FSC purchases are claimed by their suppliers. FSC certificate holders can use the FSC Online Claims Platform or other methods that meet the 6 criteria mentioned in the webinar (note: the 6 criteria are in draft state & we are looking for feedback on them).

Q: How could a small FSC producer with no computer in Amazon implement OCP esp if mismatch with their many different international customers who have different OCP compliance systems?

A: We understand that not all certificate holders have reliable or any internet access. Therefore there are 3 ways to enter claims into the OCP. The first option is the User Interface (UI) where each transaction is manually entered. This may be the best option for CHs who have a low volume of FSC certified sales. The second option is to send a formatted excel sheet to a specific email address where the FSC claims will automatically be updated into your specific account. You will be able to download this excel sheet template from your OCP account after you sign up. The third option is a direct integration of your current IT system to the OCP system. This will entail your company to use your in-house IT staff or employ consultants who can integrate your current system with the OCP. After this is complete, all FSC claims will automatically be entered into the OCP. This may be the best option for CHs who already have an integrated IT system for their FSC claims. In most cases the CH or their customer will be able to enter in the claims. FSC & Historic Futures are developing guidance documents, training materials & a demo of the OCP system for all stakeholders to see/use.

Q: Can you repeat error 1? What is responsibility of the CB/ audits and how is this connected with non-conforming products and the check by CB's on this?

A: There is a gap in the current FSC COC standard, which is present in all similar Chain of Custody certification systems but which we wish to close. The gap consists in the fact that the precise volumes of FSC certified forest products traded are not being compared between trading parties within the chain of custody system. Our current standards and processes, along with the significant volume of FSC products traded, do not enable either certification bodies or ASI to detect discrepancies in the volumes reported by buyers and then used for "volume credits," whether caused intentionally or through negligence. This makes it nearly impossible to detect this type of fraud. Go [here](#) for more information.

Q: What are the estimated costs for implementing this for large saw mills, and 2. is how do contractors at the end of chain fit into this system?

A: Since FSC is allowing FSC certificate holders to choose the methods used to meet transaction verification, the cost of implementing this will vary by certificate holder and system employed. The OCP is being offered free of charge but we do understand that some effort will be needed to input records but there are [methods](#) for automation.

FSC certificate holders need to ensure that their FSC purchases are claimed by their suppliers. If the contractor sells to non-certified customers, the certificate holder is considered the end of the chain. FSC certificate holders can use the FSC Online Claims Platform or other methods that meet the 6 criteria mentioned in the webinar (note: the 6 criteria are in draft state & we are looking for feedback on them).

Q: About the contractor at the end of the chain. What if their customer wants to have the confirmation that FSC materials are used in a specific project. (the current product list as attachment to the invoice)?

A: The non-certified customer can purchase a subscription to the OCP so the FSC certified materials used in a specific project can be tracked to that specific project. There are also additional optional fields inside the OCP where the certificate holder can enter their FSC sales to this OCP subscriber. If the customer is not a subscriber to the OCP, there will be a future feature/function for FSC certificate holders to enter FSC sales into a "non-certified bucket" account.