



## Full Stakeholder Transaction Verification Webinar Question & Answer

### Feb 17 2015 (Early Session)

Q: Will the supplier also see the voluntary information I entered?

A: Your suppliers will only have visibility of the FSC certified products sold to you. Your suppliers will not be able to see who your other suppliers are, or volumes you traded with other suppliers or customers. Go [here](#) for more information.

Q: What about when seller and purchaser are in deal, that they will enter claim regarding sawn wood/round wood etc. but instead there is some more expensive type of product and they just put in pocket what is left, when you count price for one and the other?

A: Collusion requires active coordination and effort across organizational boundaries and is therefore inherently less likely than organizations operating individually to deliberately introduce inaccurate product claims. When transaction verification is fully implemented by all certificate holders and certification bodies, the supplier will need to obtain the relevant materials from their own suppliers – meaning that the collusion would need to extend beyond the first two businesses – all the way back to the forest. This dramatically limits the scope of likely collusion (i.e. only between FMU's and their immediate customers) and confines it to the area of the supply-chain where auditing can likely identify the issue.

Q: Transaction Verification as formulated in the draft COC standard puts all COC certified company under general suspicion, and brings additional burden, while only single enterprises (industries, regions) act in a non-conform way. Why do ALL certificate holders have to deal with it? Is it really a gap in the COC standard, not in the audit system? Would it not be possible to give the certifiers and ASI a legal basis to ensure the functioning of the COC without Transaction Verification for everybody? What about "cross-site auditing"? What about an internal platform to upload suspicious documents?

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.

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: My question regards transaction verifications in percentage and credit system. It's quite easy to check inputs but what about outputs? Especially when FSC Mix 70% is input and FSC MIX Credit is the output? How it will be possible to verify the claim?

A: Transaction verification is based on information on invoices. It requires that your recorded FSC input claims match the recorded FSC certified output claims of your suppliers. Skilled auditors are still needed to verify that your FSC certified outputs come from appropriate FSC certified inputs.

Q: Are there already any results on the evaluation of the real amount of the originating errors occurred in the past?

A: FSC has engaged an independent consultant to help FSC [carry out a study](#) of the extent of inaccurate claims and mismatching volumes. Ed Pepke, an internationally recognized forest products and market analyst, will help FSC obtain more data on the extent of the problem of incorrect or false claims – also called origination errors – and mismatching volumes within the FSC system. This study is ongoing and will likely be completed by the end of March.

Q: How do I protect my OCP input against my competitor?

A: 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.

Q: Will he also be able to see the "extra 1" etc. information or only the mandatory information per invoice?

A: Yes, it is possible for suppliers to see data in the "extra" fields at the moment. There will be a check box or some vehicle for the CHs to choose if the extra fields will be seen by their trading partners or not.

Q: "Have a mechanism in place" does not mean, that Transaction Verification necessarily has to be done by the Certificate Holders. So who will do it and when?

A: The mechanism in place is to be verified by the certification body during the audit. CHs may be required to upload/enter/check claims on a monthly or quarterly basis. The buyer and seller need to determine which method works best for both parties and agree on that method.



Q: We receive 100s of invoices per day with multiple claims on it. Will there be a mass upload tool?

A: The [OCP spreadsheet processor \(SSP\)](#) allows one upload of 1000's claims as demonstrated. You can also "consolidate" claims into a monthly/quarterly purchase from each supplier. Go [here](#) for more information.

Q: There has to be a risk-based random sampling approach. This should be done in suspected cases (eg. FSC claim on invoice by stamp) and not according to weak criteria such as the Corruption Perception Index (CPI), which divides the world into good and evil. Has FSC sufficiently proved that Transaction Verification brings no additional burden for companies that are not affected by the problem?

A: FSC is still determining the risk matrix and is open for suggestions. The 20-011 standard will be released for official public consultation in 2015.

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. Go [here](#) for more information.

Certificate holders can choose to consolidate all claims and may match them on a monthly, quarterly, or possibly even an annually basis, depending on the risk matrix.

Q: So in the end there is NO manual process possible only IT based?

A: Transaction verification can be achieved in various ways, such as through the FSC Online Claims Platform ([ocp.fsc.org](http://ocp.fsc.org)) or other methods. Other methods can include [manual verification](#) (e.g. material account records specific to each FSC certified trading partner are made available upon request by the respective trading partner or CB) or other [automated systems](#) (e.g. systems with a common record of input and output shared between customer and supplier).

Q: The German packaging union is advising against the OCP, how will we be able to work with the OCP if our German vendors are not attending?

A: Transaction verification can be met via several methods. The buyer and seller need to determine which method works best for both parties and agree on that method. If you wish to use the OCP but some of your suppliers do not, you will be able to enter your FSC purchases into the OCP from unconnected suppliers, and provide that list of purchases to your auditor, and your supplier's auditor for your supplier's auditor to verify as well.

Q: Registration includes acceptance of Terms and conditions, still there is a lot of critics on them concerning legal requirements, when will the final Terms and conditions including all critics by now will be available?

A: The "OCP Terms and Conditions" is under revision and will be finalized by the second quarter of 2015.



Q: What if when using SPP there is then a false claim, is there still 10 days time from the point of processing my data to clarify?

A: Yes, if any incorrect claims have been uploaded, a notification will be returned to you with a link to download another spreadsheet containing only the incorrect lines from your original upload. You need to correct the error and resubmit the claim. Go [here](#) for more details.

If the quantity or other information on the invoice is different than what was actually shipped or documented by the supplier, the claim inside the OCP should be updated within 10 business days of the invoice correction.

Q: How to include recovered paper amounts in the OCP to calculate FSC mix credits?

A: Only FSC claims need to be verified, so once you purchase FSC-Recycled, it must be verified via transaction verification. Post/Pre-consumer that you classify as FSC-Recycled does not need to be verified through transaction verification. Transaction verification is based on information on invoices. It requires that your recorded FSC input claims match the recorded FSC certified output claims of your suppliers. Skilled auditors are still needed to verify that your FSC certified outputs come from appropriate FSC certified inputs.