## Motions for the 2011 FSC General Assembly

Improving access for small enterprises to Chain of Custody No. / Title: Category: Policy certification through standards and support services Original 🔀 Amended New  $\square$ Submitted language(s): English Spanish [ Vote by: show of cards Result: **PASSED** Proposed by: Name: Chad Davis Organization: Sustainable Northwest Chamber: Social North E-mail: cdavis@sustainablenorthwest.org 1) Seconded by: 2) Seconded by: Name: Jeff Howe Name: Mauricio Voivodic Organization: **Dovetail Partners** Organization: Imaflora Chamber: **Environmental North** Chamber: **Economic South** E-mail: ihowe@dovetailinc.org E-mail: Mauricio@imaflora.org

## MOTION:

That FSC shall develop a working group to review and, if necessary revise, its Chain of Custody standards (FSC-STD-40-004) as they pertain to small and/or custom businesses. The review shall consider the congruence of standards with small, custom enterprises and whether a specific standard should be developed for the unique conditions of custom businesses (similar to SLIMF).

The working group shall also consider the need to develop general support services – including tools and templates – that promote and facilitate the uptake of Chain-of-Custody certification among microenterprises worldwide.

## Purpose and/or additional information:

Similar to the condition of managers of small, low-intensity forests (SLIMFs), small Chain of Custody businesses that produce custom wood products experience difficulty in remaining economically viable while also producing FSC-certified products for the marketplace. While group certification provides invaluable technical assistance for conforming to the FSC standards and is a tremendous asset for spreading auditing costs among small enterprises, most of the Chain of Custody standard was developed for operators with high volumes and a consistent product mix. As a result, several specific aspects of the standard inequitably impact small and custom sawmill operations. Yet, the additional effort needed to conform to the standard does not provide additional assurance within production of certified products but dramatically increases administrative burden and costs. There may be a need for the standard to be modified for small enterprises in a way that takes into account the size and scale of their operations while still maintaining a high level of integrity and credibility in the standard.

For example, custom businesses produce products as prompted by the orders they receive and do not operate with high production volumes. Typically, these types of enterprises do not pre-process any products or maintain product inventories. FSC products are also typically a small proportion of total sales for custom enterprises. Therefore, the ratio of product volume by Product Group varies tremendously due to the compounding impacts of low volume production, high variability in product demand, and the relative percentage of their business that is FSC-certified. These businesses also do not exclusively purchase logs specific to Product Group and often in-process inventory is much higher than finished product inventory.

Group Chain of Custody has the potential to rapidly increase access for small, community-scaled wood products businesses across the world and further develop critical supply chains for high-value products. There is a strong correlation between these types of small and micro-enterprises and SLIMFs and there is strong potential that the expansion of group Chain of Custody certification could return increased value to SLIMFs and to the FSC system as a whole. Yet in order to achieve this, the CoC standard might need to be revised in order to take into account the unique attributes of their operations.

Similarly, to round out the 'package' for increasing uptake of the standard with smaller operations, the development of tools and other support services may be necessary and should be considered. Collectively, the standard and associated procedures and tools will ensure the integrity of the system while minimizing the impact on small, custom enterprises.

## Motions for the 2011 FSC General Assembly

| No. / Title: 44   | l) Improving a certification | Improving access for small enterprises to Chain of Custody certification through standards and support services |                                  |             | Category: Policy |  |
|---|------------------------------|---|----------------------------------|-------------|------------------|--|
| Original 🖂  | Amended                      | New 🗌   | Submitted language(s): English [ | $\boxtimes$ | Spanish          |  |
| Vote by: show of cards  |                              |   | Result: PAS                      |             | PASSED           |  |
| Document(s) to be revised / developed: FSC-STD-40-004: FSC Standard for Chain of Custody        |                              |   |                                  |             |                  |  |
| Timeline: Review completed by Fall 2012; any resulting revisions to be completed by Summer 2013 |                              |   |                                  |             |                  |  |
| Cost to FSC   | :                            |   |                                  |             |                  |  |