



FOREST STEWARDSHIP COUNCIL

International Center

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Guidance on 'major failure' 22nd August 2003

1. Introduction

The FSC Principles and Criteria of Forest Stewardship (*FSC Principles and Criteria*) require the development of national or subnational indicators and their associated means of verification ('verifiers') before they can be evaluated in the forest. These indicators and means of verification differ in different regions, countries or provinces to account for differences in social, ecological and economic conditions, and are specified in FSC national (or regional or subnational) standards.

The introduction to the *FSC Principles and Criteria* states that FSC and FSC-accredited certification bodies will not insist on perfection when they evaluate forests for compliance, but that "major failures in any individual Principles will normally disqualify a candidate from certification, or will lead to decertification". It is therefore essential that there is clarity as to what is meant by 'major failure in any individual Principle'. The FSC Board agreed in 1998 that from 1st January 1999 FSC would only endorse national standards that "specify operationally what they mean by 'major failures' of the P&C, at the level of each individual Principle".

This guidance document aims to provide guidance to National Initiatives and developers of FSC national or sub-national standards as to what is meant by 'major failure'.

Work is currently ongoing to agree a single, internationally applicable approach to 'major failure', which would then be identical for all national standards as well as certification body generic standards. This approach is specified in the draft standard "FSC-STD-20-002 Structure and content of Forest Stewardship Standards". The box in section 6 of this guidance document is based on the draft standard. *Whilst FSC-STD-20-002 has not yet been finalised, adoption of the specification in the box would meet all existing requirements for defining 'major failure', and would ensure automatic compliance with this aspect of an FSC national standard.*

2. FSC Forest Stewardship Standards

Since January 1st 1999 all national FSC Standards have been required to include, without changes, the complete set of FSC Principles and Criteria. Thus, the job of the national working group has been to define, at the national (or regional or subnational) level, the way in which the FSC Criteria should be evaluated in the forest. The result of this process is a set of national (or regional or sub-national) 'Indicators' (see table).

| Hierarchical level | Guidance |
|-------------------------------|---|
| FSC Principle (international) | Definition An essential rule or element; in FSC's case, of forest stewardship (glossary to FSC Principles and Criteria of Forest Stewardship) |

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| | <p>(February 2000).</p> <p>Guidance There are 10 FSC Principles. They are defined at the international level, and are the same worldwide. They are not evaluated directly in the forest, but rather by considering whether an operation complies with the associated Criteria (see below).</p> |
| FSC Criterion (international) | <p>Definition A means of judging whether or not a Principle (of Forest Management) has been fulfilled (glossary to FSC Principles and Criteria of Forest Stewardship (February 2000).</p> <p>Guidance There are 3 to 10 Criteria for each FSC Principle, 56 in total. Criteria are defined at the international level and, like the FSC Principles, are the same worldwide. They are not evaluated directly in the forest, but rather by considering whether an operation complies with the associated Indicators (see below).</p> |
| Indicator (regional, national or sub-national) | <p>Definition An element of a Forest Stewardship Standard evaluated by an inspector as a means of judging whether or not a Criterion has been complied with at the forest management unit level.</p> <p>Guidance Indicators are defined at the regional, national, or sub-national level by national working groups. Indicators are evaluated in the forest by certification body inspectors. Certification bodies need to decide whether any non-compliances that are identified at the level of indicators are sufficiently important to prevent the issue of an FSC certificate.</p> |

In addition to national indicators, the national initiative is encouraged to define ‘means of verification’ (‘verifiers’), which give the certification body guidance as to how compliance with the specified indicators can be verified – for example through the inspection of a document, or through interviews with neighbouring communities.

3. Defining ‘failure’

The certification body using a national standard will always evaluate a forest management unit in terms of compliance (or non-compliance) with the set of national Indicators. The question that needs to be answered is how this evaluation of performance at the level of Indicators translates into a decision as to whether management as a whole ‘passes’ or ‘fails’ the standard.

Potentially there are many, many ways in which non-compliances at the level of indicators could be translated into a decision about failure of the standard as a whole.

For example, if a particular national standard has a total of 100 Indicators, the national working group could say that a forest management unit must comply with 75 of the

Indicators in order to receive a certificate. Or, the national working group could say that the forest management unit must comply with at least 5 Indicators under each FSC Principle in order to receive a certificate. Or, the national working group could say that that the forest management unit must comply with all 100 Indicators.

Clearly, the working group's decision about what constitutes 'failure' is extremely important in determining how 'strong' or 'weak' the standard is. This is why it is essential that it is clearly defined, and that all certification bodies using the national standard are using the same definition of 'failure'.

4. 'Major failure at the level of a principle'

Since 1999 FSC has specified that 'failure' must be defined at the level of each FSC Principle. What this means is that a forest management unit must pass each FSC Principle in order to pass the the standard as a whole. It would be unacceptable to pass 9 of the Principles, but 'fail', for example, on Principle 6.

Nevertheless, there are still many different ways that failure could be defined at the level of the Principle.

For example, suppose that a particular Principle has 6 Criteria, and that each of these Criteria has 5 associated Indicators, making a total of 30 Indicators for the Principle as a whole. The working group could say that the forest management unit must comply with at least 25 out of the 30 Indicators in order to receive a certificate. Or, the working group could say that the forest management unit must comply with at least 3 out of the 5 Indicators for every Criterion.

Again, this specification of failure has major implications for how 'easy' or 'difficult' it is to pass the standard, so it is essential that the working group gives clear instructions as to what they consider to be 'failure'.

5. 'Critical Indicators'

One source of confusion over the last few years has been the idea of 'fatal flaws'. This is the idea that some Indicators are so important that *any* failure to comply with these Indicators should automatically result in failure of the whole standard. Non-compliance with these 'critical indicators' would be a 'fatal flaw' in the forest management unit's management.

Unfortunately, the term 'fatal flaw' has been the cause of much confusion. We strongly recommend that this word is avoided. If a working group wishes to identify particular Indicators as being critical, we recommend that they be called 'Critical Indicators', and identified as such.

Identifying some Indicators as critical may be useful, and some national working groups have done this. However, it is important to understand that identifying some Indicators as 'critical' is not sufficient to define 'major failure at the level of the Principle'. For example, suppose that a particular Principle has 6 Criteria, with a total of 30 Indicators, and suppose that two of these indicators are identified as 'critical', but there is no further advice given to the certification body. This could mean that so long as those two critical indicators are passed the forest management unit does not have to comply with any of the 28 'non-critical' indicators, and still receive a certificate. This would be a very weak standard indeed.

It is strongly recommended that if National Initiatives use the concept of 'critical indicators', then those 'critical indicators' must be clearly identifiable in the standard – for example by highlighting in red, or bold text.

6. A more consistent approach

As explained in section 4, above, there are potentially many different ways that a working group could choose to define 'major failure at the level of a Principle'. Up until now FSC has given working groups the freedom to choose the particular definition they want. The only obligation has been that whatever definition they use, it must be clearly defined.

Whilst this approach allows some flexibility, it has also caused confusion. Furthermore, it has meant that standards from one part of the world may look the same as those from another part of the world, but might lead to very different certification decisions.

This is the same concern that led to calls at the 2002 General Assembly to introduce a single, consistent approach to decision making by certification bodies (Motion 16: to develop a single consistent scoring system for use by all certification bodies).

In response to these calls the FSC International Center is developing a single, consistent, approach to the definition of 'major failure'. Until this approach has been approved by the FSC Board it is not obligatory for national working groups to use it. However, if a working group chooses to adopt the new approach immediately it may do so, and can be certain that any national standard submitted to FSC for approval which uses this approach will meet all FSC requirements related to the need to define 'major failure'.

The box below specifies the latest draft (2-0) of the standard FSC-STD-20-002 Structure and content of Forest Stewardship Standards. Whilst these specifications may change prior to finalisation, adoption of the specification does meet all existing requirements for defining 'major failure', and would ensure automatic compliance with this aspect of an FSC national standard.

A: Definitions

The National Standard should include the following definitions:

Principle

An essential rule or element; in FSC's case, of forest stewardship (glossary to FSC Principles and Criteria of Forest Stewardship (February 2000).

Criterion (pl. criteria)

a means of judging whether or not a Principle (of Forest Management) has been fulfilled (glossary to FSC Principles and Criteria of Forest Stewardship (February 2000).

Indicator

An element of a Forest Stewardship Standard evaluated by an inspector as a means of judging whether or not a Criterion has been complied with at the forest management unit level.

Critical Indicator

An Indicator which must be fully complied with in order for a certificate to be issued.

By definition, there cannot be a 'minor non-compliance' with a Critical Indicator. Any non-compliance with a critical indicator constitutes a major failure of an FSC Principle (qv).

Means of Verification

A source of information/evidence that allows an inspector to evaluate compliance with an Indicator.

Non-compliance with an Indicator

Any failure to comply with the requirements of an Indicator

Minor non-compliance with an Indicator

Non compliance which is temporary, unusual or non-systematic, limited in the scale of its impact, corrected as soon as it is identified and which does not fundamentally prejudice the achievement of the objective of the relevant FSC Criterion

Major non-compliance with an Indicator

Non compliance which takes place over a long period of time, is repeated or systematic, impacts over a wide area, is not corrected when it is known to managers or results in, or is likely to result in failure to achieve the objective of the relevant FSC Criterion.

Major failure of an FSC Principle

The level of performance with respect to the requirements of an FSC Principle which results in failure to meet the requirements for certification. Defined operationally as a major non-compliance (q.v.) with any FSC Indicator for that Principle. Whether a non-compliance with the Indicator is minor or major is determined by consideration of the scale, duration and impacts of the non-compliance.

B: Major failure of an FSC Principle

The national standard should include the following introduction explaining how the standard shall be used in the field, for the purpose of decision making:

- a) The FSC Principles and Criteria shall not be evaluated directly by the inspectors. Decisions as to compliance with the Principles and Criteria shall be based only on the assessment of each Indicator specified in the applicable Forest Stewardship Standard.
- b) Certification decisions shall be based on the identification and evaluation of non-compliances at the level of each FSC Indicator.
 - o All non-compliances of all Indicators that are identified by the certification body during an assessment shall be recorded in the assessment report or associated checklists;
 - o Each non-compliance at the level of an Indicator shall be evaluated to determine whether it constitutes a minor or major non-compliance;
 - o If there is a major non-compliance at the level of an FSC Indicator then a certificate shall not be issued.

- c) A non-compliance may be considered minor if:
- it is a temporary lapse;
 - it is unusual/ non-systematic;
 - the impacts of the non-compliance are limited in their temporal and spatial scale;
 - corrective action is taken as soon as the non-compliance is identified to ensure that it will not be repeated;
 - it does not fundamentally prejudice the achievement of the objective of the relevant FSC Criterion
- d) A non-compliance shall be considered major if:
- it takes place over a long period of time;
 - it is repeated or systematic¹;
 - the impacts of the non-compliance effect a wide area;
 - corrective action has not been taken, or is inadequate, despite the non-compliance being known to the managers;
 - it results in, or is likely to result in failure to achieve the objective of the relevant FSC Criterion.
- e) If *any* non-compliance with a specific Indicator would *necessarily* result in failure to achieve the objective of the relevant FSC Criterion, then such an Indicator shall be identified as a Critical Indicator. Critical Indicators should be clearly identified in the text of the standard, for example by printing them in red, or bold text. Any non-compliance with a Critical Indicator shall be considered a major non-compliance.
- f) The certification body shall take explicit account of the fragility and uniqueness of the forest resource wherever this is relevant (for example, in relation to the assessment of the environmental or social impact of any non-compliance).
- g) The certification body shall justify in writing its decision as to why each identified non-compliance constitutes a minor or a major non-compliance.
- h) Any instance of major non-compliance shall prevent a certificate being issued until such time as the major non-compliance has been corrected.

¹ The certification body shall determine whether the number and impact of a series of minor non-compliances identified during sampling is sufficient to show that the management system in operation is incapable of guaranteeing compliance with the respective FSC Criterion. In such a case the repeated examples of minor non-compliances shall constitute a major non-compliance and corrective action shall be required at the level of the management system.

- i) Any instance of a major non-compliance that is identified after a certificate has been issued shall be corrected within 3 months of the time the certification body informs the certificate holder that the non-compliance is considered a major non-compliance, or the certificate shall be suspended.