

**Integrity risk assessment requirements for certification bodies
for FSC application review**

**Version 2-0 for field test in Ukraine in 2021
(with FSC Ukraine comments)**

This document is to be used and tested within field tests in Ukraine in 2021 and does not represent normative requirements for certification bodies. It is an updated version of the requirements used in field tests in China and Ukraine in 2020 mentioned in Advice-20-011-13.

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A Objective

The additional requirements were developed to evaluate integrity risks associated with organizations seeking FSC certification and prevent untrustworthy organizations from entering the FSC system.

The requirements are developed to clarify to certification bodies, which information shall be reviewed to identify integrity risks.

The implementation of these requirements aims at strengthening the integrity of FSC supply chains by requiring certification bodies to perform a risk assessment of applicants for FSC certification and certificate holders that would like to lift their suspension, transfer from one certification body to another one, or re-enter the FSC system after their termination.

It is an updated version of the requirements used in field tests in China and Ukraine in 2020. The new version V2-0 includes updates based on feedback and recommendations received during field tests in 2020.

Comment for field test in Ukraine 1: within the field test in Ukraine in 2021, we ask the participant CBs to apply the requirements to 1) all CoC applicants and suspended or terminated CHs that wish to lift their suspension or re-enter FSC after termination, 2) all FM/CoC applicants and suspended and terminated CHs that wish to lift their suspension or re-enter FSC after termination, 3) CHs that wish to transfer from one CB to another.

B Scope

Certification bodies apply this document to organizations seeking FSC certification (applicants for initial certification, organizations certification of which has been suspended or terminated, and for transfer of certification) of forest management¹, chain of custody, and projects. Implementation of these requirements helps certification bodies to understand the environment and context in which the organization operates, including main economic actors, organization ownership, and structure. By collecting and reviewing connections between key organization personnel and known business relationships, the certification body will have a clearer picture of the applicant's/CHs history and any associated integrity risks that may lead to fraudulent activity in the FSC supply chain and breach of the Policy for the Association with FSC.

C Effective and validity dates

For field tests in Ukraine in 2021

D References

[FSC-STD-20-001 V4-0 General Requirements for FSC Accredited Certification Bodies \(clauses 4.1 and 4.2\)](#)

[FSC-STD-20-011 V4-2 Chain of Custody Evaluations](#)

[FSC-POL-01-004 V2-0 Policy for the Association of Organizations with FSC](#)

¹ also including initial application the exception from INT-STD-20-007_19 when FM/CoC certificate will include primary or secondary processing facilities.

[FSC-PRO-10-003 V1-0 Calculating financial penalty/compensation fee and processing evidence for blocked organizations](#)

[FSC-DIR-40-004 FSC Directive on Chain of Custody Certification](#)

[FSC-DIR-20-011 FSC Directive on Chain of Custody Evaluations in particular Advice-20-011-13 Restrictions for certification related to Wood Charcoal in Ukraine for traders, for multi-site and group certification and outsourcing activities](#)

[FSC-STD-40-004 V3-1 Chain of Custody Certification](#)

[FSC-STD-20-007 Forest Management Evaluations](#)

[FSC-STD-60-002 Structure and Content of National Forest Stewardship Standards](#)

[FSC-DIR-20-007 FSC Directive on Forest Management Evaluations](#)

E Terms and definitions

Draft definitions for understanding the text of the document are marked with *

Blocked organization: A certificate holder or a former certificate holder that is blocked from the FSC Certification Scheme in response to false claims by: (1) the suspension of the Granted Rights, alternatively the termination of the License Agreement for the FSC Certification Scheme, and (2) the restriction from carrying out processes or activities that are included within the scope of their FSC certification.

Business relationship*: The connections that exist between all entities that engage in commerce. That includes the relationships between various stakeholders in any business network, such as those between employers and employees, employers and business partners, and all of the organizations a business associates with.

Certification decision: granting, maintaining, renewing, expanding the scope of, reducing the scope of, suspending, reinstating, or withdrawing certification.

FSC Network Partners: The collective of all FSC Partners on a National level (formally called: National Initiatives) with a cooperation agreement with FSC. This includes FSC National Offices, FSC National Representatives and FSC National Focal Points.

Integrity risk*: A situation where the FSC Certification Scheme is exposed to a nonconformity and corruption that threatens the reliability and credibility of the scheme due to insufficient compliance with the rules that are in force under or pursuant to the law. Fraud is an example of an integrity risk.

Official and reliable source*: A source whose authorship can be verified, and whose author is considered an expert on the topic at hand, including official sources approved by the government or someone in authority or databases thereof.

FSC core labour requirements: International Labour Organization (ILO) generic FSC-STD-40-004 V3-1 Chain of Custody Certification criteria and indicators that are underlined in the FSC report² and cover fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

² [FSC report on generic criteria and indicators based on ILO Core Conventions principles](#)

1. General requirements

- 1.1. The certification body shall conduct an integrity risk assessment of all applicants for FSC certification once it has received the application for FSC certification, request to transfer from another CB and lift suspension and prior to any other action or decision related to certification.
- 1.2. The certification body shall develop and apply an internal procedure on conducting integrity risk assessments and certification decisions based on the assessments' results.

Comment for field test in Ukraine 2: FSC Ukraine provides national guidance on integrity risk assessment in Annex 2.

- 1.3. The certification body shall store the collected information for at least 7 years and share it with FSC and ASI upon request.

2. Information collection and review

- 2.1. As a part of the integrity risk assessment, the certification body shall collect and review, at minimum, the following information about the applicant to identify any integrity risks for the FSC system related to the application:

- 2.1.1. Information about an applicant and its organizational structure, including business registration information, owners, major shareholders, etc.;

- 2.1.2. Organizations with which the applicant has a business relationship;

Comment for field test in Ukraine 3: examples of information sources are included in Annex 2, Table 1, data category "Relationships".

- 2.1.3. 5-year history of applicant's FSC certification or applications for certification and where applicable reasons why the organization is still applying for FSC certification;

- 2.1.4. Dates of the establishment and re-establishment of the applicant organization;

Comment for field test in Ukraine 4: examples of information sources for identification of registration numbers, date of registration, owners, etc., are included in Annex 2, Table 1, data category "Registration Data".

- 2.1.5. 5-year history of the applicant's changing of names and commercial registration numbers;

Comment for field test in Ukraine 5: examples of information sources for identification of applicant's name and commercial registration number changes are included in Annex 2, Table 1, data category "Registration Data History".

2.1.6. 2-year history of any lawsuits associated with the applicant, including the ones related to economic activity, workers' rights and/or environment law violations;

Comment for field test in Ukraine 6: examples of information sources for all lawsuits related to physical persons or organizations are included in Annex 2, Table 1, data category "Lawsuits Data History".

2.1.7. Information provided by FSC network partners including national guidance on integrity risk assessment of FSC applications if available;

Comment for field test in Ukraine 7: within the field test in Ukraine in 2021 included an additional integrity risk to the «Guidance on information» - compliance with ILO rights (please see Annex 1, item 16), information can be collected in various sources specified in Table 1, column «Social and environmental impact».

Comment for field test in Ukraine 8: FSC Ukraine provides national guidance on integrity risk assessment in Annex 2.

2.1.8. Information communicated by FSC International;

2.1.9. Any other available information that the certification body comes across that may represent an integrity risk (e.g. compliance and ethics statements on organization website, news articles relating to organization or key persons, sanctions lists, list of organizations blocked from FSC certification, list of organizations disassociated from FSC).

2.2. The certification body shall decide how to collect the information: e.g. through a questionnaire to be filled-in by an applicant, from official and reliable sources (public databases, public registers, etc.) or a combination of both.

2.3. The certification body shall corroborate the information provided by the applicant with information from official and reliable sources.

2.4. It is the decision of the certification body in which format to analyse the collected information (e.g. in a table, graphic, automated comparison of information, creating organization profiles/"organization cards" and comparing them) and how to take the decision on proceeding with certification (see clause 1.2).

2.5. The certification body shall stop the application process if any false statements or fraudulent information are discovered during the application process, and if applicant is blocked from certification according to information on info.fsc.org.

Annex 1. Guidance on information gathering (informative)

Examples of information for the integrity risk assessment	Guidance on the information collection and analysis
1. Official name	<p>The official name in the local language and English/transliterated.</p> <p>Comment for field test in Ukraine 9: For transliteration, if not officially provided by organization, please use requirements on: https://zakon.rada.gov.ua/laws/show/55-2010-n</p>
2. Name changes: No/Yes (include a name)	Important to know for finding out the history of the organization. The organization with a previous name might have been FSC certified by another CB, might have had court trials, etc.
3. Commercial registration number, and or taxpayer number, import/export enterprise codes, etc. (depending on the national context)	There might have been organizations earlier registered under the same commercial registration number. These organizations might have been FSC certified and blocked by FSC due to fraudulent behavior.
4. Were there other organizations under this registration number?	Same as above
5. Were they FSC certified? Why did they stop being FSC certified?	Same as above
6. Date organization was established	<p>Sometimes organizations are established (re-established) immediately after the termination or blockage of another (quite often) associated with them organization. It might be done in order to continue FSC trade and hide fraudulent activity.</p> <p>The CB may also compare the address of blocked organizations (as indicated in info.fsc.org) with the address of the applicant, especially if the date of establishment of the applicant is close to the date of application for FSC certification (as per item 8).</p>
7. Date FSC certification requested	<p>Same as above. If the dates of establishing an organization and applying for FSC certification are too close it should trigger auditor's attention and actions on investigating the history of the organization and its key personnel.</p> <p>The CB may also compare the address of blocked organizations (as indicated in info.fsc.org) with the address of the applicant, especially if the date of establishment of the applicant is close to the date of application for FSC certification (as per item 8).</p>

Examples of information for the integrity risk assessment	Guidance on the information collection and analysis
<p>8. Previous FSC certificates: No/Yes (include certificate number)</p>	<p>If information is available in info.fsc.org, or CB databases, open sources or if provided by the client, it will help to construct the history.</p> <p>The CB may also compare the address of blocked organizations (as indicated in info.fsc.org) with the address of the applicant, especially if the date of establishment of the applicant is close to the date of application for FSC certification (as per items 6 and 7).</p> <p>In case of previous certifications consider to identify the reason why the certification was dropped/terminated/blocked (please also see clause 10.2 b) of FSC-STD-20-001) and contact the previous CB for more information.</p>
<p>9. If there was a previous FSC certification, what was the previous CB?</p>	<p>It might be that affiliated organizations use different CBs in order to hide they are affiliated and make the verification process more complicated. If this pattern is identified, it shall trigger auditor's attention.</p>
<p>10. Scope of current FSC Certificate (for trading partners of the applicant)</p> <ul style="list-style-type: none"> • Products • FSC claims 	<p>Indicating this for all FSC certified actors trading with the applicant will help to ensure that FSC certified organizations operate within the scope of their certificates and do not trade products outside their certification scope as FSC certified.</p>
<p>11. Geographical location (address) and e-mails</p> <ul style="list-style-type: none"> • for Office • for Factory • sites (for FSC certified trading partners of the applicant) 	<p>This will help to identify if independent on paper organizations in reality share the same offices or facilities or e-mails and therefore are affiliated somehow.</p>
<p>12. Names of owners, senior personnel and FSC manager and their e-mails</p>	<p>Personnel may migrate from one organization to another within the same supply chain or affiliated organizations. If some of the organizations were previously FSC certified and then terminated, this may be a sign of hiding fraudulent activity.</p>
<p>13. Does the CH/applicant have any shares in other organizations? (names)</p>	<p>Important for understanding the relations and identifying potential beneficiaries who may own several organizations within the same supply chain.</p> <p>The auditor may compare the list of this organizations with a list of organizations disassociated from FSC in order to address the requirement of the Policy for Association with FSC and a with list of suspended/terminated/blocked FSC certificate holders on info.fsc.org.</p>

Examples of information for the integrity risk assessment	Guidance on the information collection and analysis
14. Does the CH/applicant belong to any other organization?	<p>Important for understanding the relations and identifying potential beneficiaries who may own several organizations within the same supply chain.</p> <p>The auditor may compare the list of this organizations with a list of organizations disassociated from FSC in order to address the requirement of the Policy for Association with FSC and a with the list of suspended/terminated/blocked FSC certificate holders on info.fsc.org.</p>
15. Have the organization, its owners, senior personnel, or FSC manager been involved in any legal cases or formal allegations related to commercial or criminal issues, economic activity and/or environment law violations?	<p>This will help to identify the general integrity risks, including compliance with the Policy for Association with FSC.</p> <p>This information may be obtained from relevant national databases and as a self-declaration of an applicant.</p>
16. Have the organization, its owners, senior personnel, or FSC manager been involved in any violations of fundamental principles and rights at work?	<p>The organization must follow the requirements of current ILO conventions that have been ratified in the country where it is registered and operates and confirm compliance with FSC core labour requirements.</p> <p>The eight ILO Fundamental Conventions are:</p> <ul style="list-style-type: none"> • Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) • Right to Organise and Collective Bargaining Convention, 1949 (No. 98) • Forced Labour Convention, 1930 (No. 29) • Abolition of Forced Labour Convention, 1957 (No. 105) • Minimum Age Convention, 1973 (No. 138) • Worst Forms of Child Labour Convention, 1999 (No. 182) • Equal Remuneration Convention, 1951 (No. 100) • Discrimination (Employment and Occupation) Convention, 1958 (No. 111) <p>This information may be obtained from relevant national databases, self-declarations of an applicant, records of labour inspectorate, policies, procedures, reports and information about employers on websites/social media accounts, interviews with NGOs, job application records (advertising), discriminatory reports/social responsibility reports or other sources (examples are in Table 1, column «Social and environmental impact»).</p>

Annex 2. National Guidance on Integrity Risk Assessment (informative)

Information for integrity risk assessment in Ukraine can be found in public data sources and with a help of some commercial tools that may include free options.

Examples of registers and tools for data collection are included in Table 1.

Collection of information constitutes one of the steps of the integrity risk assessment. Certification bodies have to develop and apply internal procedures (or adapt and apply this document) on how exactly they will conduct integrity risk assessments and then take certification decisions (please see clause 1.2 of the procedure). For this purpose, FSC Ukraine updated a Risk Matrix and encourages certification bodies to apply it (please see Table 2).

The Risk Matrix includes a broader range of indicators for assessment than mentioned in the overall international requirements. The indicators are formed into impact groups. For each indicator, there are descriptions of thresholds for identification of a relevant risk level considering the likelihood of the risk.

According to the Matrix, the certification body may proceed with positive certification decisions for an applicant or certificate holder (in cases when existing certificate holders are assessed) when low risks are identified for each indicator. The presence of any specified risk requires risk mitigation process by CBs. Risks that exceed borderline thresholds indicate an unacceptable integrity risk and require appropriate action from a certification body (e.g. rejection of the application, suspension/termination of a certificate holder, informing FSC national office in certain cases).

Table 1. Examples of data sources for information collection in Ukraine

Register (database) or service name	URL	Type	Data categories							
			Registration data	Registration data history	Lawsuits	Relationships	Public Procurements	Fiscal data	Foreign economic activity	Social and environmental impact
United State Register of Legal Entities, Individuals Entrepreneurs and Public Organizations of Ukraine	usr.minjust.gov.ua	Public data service	+	+/-		+				
State Fiscal Service of Ukraine Registers	cabinet.tax.gov.ua/registers	Public data service	+			+		+		
VAT Refund	mof.gov.ua/uk/vat-refund	Public data service							+	
Unified State Register of Court Decisions	reyestr.court.gov.ua	Public data service			+	+				+
List of court cases to be considered	court.gov.ua/assignments	Public data service			+	+				+
The Court's State of Proceedings	court.gov.ua/fair	Public data service			+	+				+
Prozorro	prozorro.gov.ua	Public data service				+	+			+
Stock market infrastructure development agency of Ukraine (SMIDA)	smida.gov.ua	Public data service	+	+/-		+				
State Enterprise "FIAC" services*	ukrforest.com	Public data and paid services				+	+		+	+

Register (database) or service name	URL	Type	Data categories							
			Registration data	Registration data history	Lawsuits	Relationships	Public Procurements	Fiscal data	Foreign economic activity	Social and environmental impact
Map of wood processing facilities in Ukraine	map.ukrforest.com/map	Public data service				+				+
Map of FMEs activities in Ukraine	lk.ukrforest.com/map/general	Public data service				+				+
Unified State Register of Declarations	public.nazk.gov.ua	Public data service				+				
Bihus Declarations	declarations.com.ua	Commercial free and paid services				+				
Database of importers and exporters of the State Enterprise "Goszovnishinform"	eximbase.com	Commercial paid service				+			+	
ImportGenius	importgenius.com	Commercial free and paid services				+			+	
Fordaq	fordaq.com	Commercial free and paid services				+			+	
Flagma	flagma.com	Commercial free and paid services				+			+	
YouControl	youcontrol.com.ua	Commercial free and paid services	+	+	+	+	+	+	+	+
Ring	ring.org.ua	Commercial free and paid services	+	+		+	+	+	+	
Clarity Project	clarity-project.info	Volunteer project	+	+	+	+	+	+	+	+
Contr Agent	ca.ligazakon.net	Commercial paid service	+	+	+	+	+	+	+	

Register (database) or service name	URL	Type	Data categories							
			Registration data	Registration data history	Lawsuits	Relationships	Public Procurements	Fiscal data	Foreign economic activity	Social and environmental impact
Single web portal for the public funds spending	spending.gov.ua	Public data service				+				
Opendatabot	opendatabot.ua	Commercial free and paid services	+	+	+	+		+		+
Open data portal	data.gov.ua	Public data service	+							+
Imena.ua WHOIS service	https://www.imena.ua/ua/domains/whois?	Commercial free and paid services				+				+
Inspection portal*	inspections.gov.ua	Public data service				+				+
Environmental impact assessment portal	eia.menr.gov.ua/uk/cases	Public data service								+
EcoSystem	eco.gov.ua	Public data service				+				+
GIS portal: Forests of Ukraine	forestry.org.ua	Public data service								+
Public cadastral map of Ukraine	map.land.gov.ua	Public data service				+				+
EOS forestry map	forest-monitoring.eos.com/interactive/map	Commercial free and paid services								+
Virgin, Quazi-virgin and Natural Forests of Ukraine	gis-wwf.com.ua	Public data service								+
FSC GIS Portal	gisportal.fsc.org	FSC GIS service								+

* Additional data can be obtained via public information requests (for example, request to the State Labor Department).

Table 2. The integrity risk matrix for assessments in Ukraine

Indicator	Low risk	Specified risk	Borderline Threshold/ Unacceptable risk
Group 1 "Structure of Business"			
Date of the organization establishment	More than 1 year before submission of application	Newly established organization (less than one year)	
Reorganization	The reorganization was carried out more than one year ago	The reorganization was carried out less than one year	
Authorised capital	More than 0,1 thn. USD	Not or less than 0,1 thn. USD	
Address of registration	Unique or same as address of owner's registration	Same address as the address of unreliable ³ organizations	
Manager/Owner	No any other business or business is not related to the forest sector.	Manager/owner of a terminated unreliable organization. Affiliated persons have the same business	Manager/owner of unreliable organizations
Founder		Affiliated persons have relationships with unreliable organizations	Manager/owner and founder of unreliable organizations have direct relationships
Counterpart		Counterpart is trader without physical possession	Counterpart is an unreliable organization

³ Unreliable organization – legal entity blocked in FSC or other ISEAL schemes.

Indicator	Low risk	Specified risk	Borderline Threshold/ Unacceptable risk
Group 2 "Production"			
The complexity of supply chains	Direct supply from the primary processor (FSC certified FMUs)	Two and more intermediate organizations between the primary processor and applicant	
Facility and products	Own facility	Outsourcing facility only No physical possession	
Conversion factor	Third-party-developed method of identification	Not available or own method of identification	
Distance from supply point		Distance between the biggest primary processor and facility more than 100 km	
Conflict of interest	Services or purchases are provided through public tenders		Services or purchases are provided through legal entities or/and individuals associated (affiliated persons) with managers of public enterprises
Workers		Some production activities are based on outsourcing and services through contracts under civil law	All production activities are based on outsourcing and services through contracts under civil law. Discrimination by age, gender, etc. (for example, in job advertisements).

Indicator	Low risk	Specified risk	Borderline Threshold/ Unacceptable risk
Group 3 "Responsibility"			
Transparency of business	Public reports available	No public reports	
Ethical norms	Ethical norms (code of conduct) are publicly declared	No information	
Reputation (related to commercial or criminal issues, economic activity, workers' rights and/or environment law violations)	Low level of score in the voluntary list of obligation practices of organizations/enterprises	Court decisions about non-compliance with obligations	Actual criminal court decisions and sanctions
Accounting	Professional accounting software is in use (MS Excel does not true professional accounting software)	Professional accounting software is not in use	
Unified State System of Electronic Wood Accounting	The organization operates through the Unified State System of Electronic Wood Accounting	The organization does not operate through the Unified State System of Electronic Wood Accounting	
Transactions	Bank only	Bank and cash transactions	

Indicator	Low risk	Specified risk	Borderline Threshold/ Unacceptable risk
Group 4 "FSC claims" (for the field applicable for assessment of existing certificate holders; not applicable for applicants)			
FSC certified products		Products descriptions include foreign species or/and more than 5 product types (Level 1). Some FSC certified products do not include tree species information.	
FSC TM using		Incorrect use in social media and websites Client packaging with labeling	
FSC products share		Sales without FSC claims	The facts purchasing sales documents
Raw material flows		FME uses raw material from other FME or/and private organizations	