Reducing the labelling threshold for FSC Mix Percentage products in the timber, furniture and construction industry

PSU Derogation

<table>
<tr><td>Code</td><td>FSC-DER-2020-006</td></tr>
<tr><td>Requirements</td><td>FSC-STD-40-004 V3-0 Clause 11.1</td></tr>
<tr><td>Requested by</td><td>FSC accredited certification bodies (CBs)</td></tr>
<tr><td>Rationale</td><td>The timber, furniture, and construction industry are currently facing disruptions in supply lines due to both supply constraints and travel restrictions in many areas of the world due to the COVID-19 pandemic situation.

Many of the products sold by the industry carry the FSC Mix Percentage claim and FSC Mix label, which requires a minimum of 70% of FSC material in the product by weight/volume. However, supply restrictions are making it challenging for organizations to meet this 70% threshold in this situation.

Due to the logistical, contractual and practical difficulties that do not permit changing of packaging material and labels at short notice, there are requests from organizations to allow a temporary relaxation in the labelling threshold for FSC Mix percentage claims for products carrying the FSC Mix label. This is expected to be a short-term measure until the COVID-19 situation improves, and relevant supply chains and volumes can be re-established.</td></tr>
<tr><td>PSU conclusion</td><td>Organizations in the timber, furniture, and construction industry that use the FSC Mix label on their products may reduce the percentage of FSC material in products with the FSC Mix percentage down to 51% under the following conditions:

1. The organization demonstrates that it has been achieving a consistent share of FSC percentage (minimum 70%) in their products over a significant period (at least 1 certification cycle) and regularly sold products with the FSC Mix label.
2. The organization demonstrates that there is a scarcity of eligible input in their supply chains due to the COVID-19 pandemic.
3. The organization demonstrates that it is logistically, practically or contractually not viable or potentially business critical to:
a. remove the FSC Mix label from the product packaging for the period of the derogation.
or
b. switch to a credit system and use the FSC Mix label only for the corresponding part of their products.
4. The organization demonstrates that it has secure FSC supply lines in place (long-term purchase agreements etc.) which can be verified by the CB.</td></tr>
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	5. The organization ensures that the proportion of FSC material in the product group does not fall below the 51% threshold in labelled products during the validity period of this derogation. 6. The organization shall: a. Have a clear and documented plan for recovery of the volumes of FSC material that was not used in FSC labelled products on account of going below the 70% threshold ('negative balance'). b. Pay back the "overdraft" or "negative balance" in the mix % as calculated in 6 a) no later than December 31, 2021. c. Report to the CB monthly with the average 12-month rolling average and provides up to date records regarding volumes, material sourcing, and 'negative balance' recovery. 7. CBs shall inform the FSC Chain of Custody program when they have information on their certificate holders making use of this derogation. This information shall include, at a minimum the following aspects and would need to be updated at the end of the derogation period: a. Product groups for which this derogation is to be applied; b. Duration for which the derogation is going to be applied; c. The total volume of 'negative balance' created over the period; d. The plan to recover the 'negative balance' and when the recovery is expected to be completed.
Scope of derogation	☒ Generic (applicable by all certification bodies) ☐ Specific (applicable only upon individual request and PSU confirmation)
Approval date	30 April 2020
Period of validity	Effective upon publication until 31 October 2020. This derogation will be regularly reviewed prior to the end of the validity date and updated and possibly extended as necessary.