



FREQUENTLY ASKED QUESTIONS

AAF Policy V3-1

29/07/2022



Title: FREQUENTLY ASKED QUESTIONS

Contact for comments: FSC International
Adenauerallee 134
53113 Bonn
Germany

Email : aafsupport@fsc.org
for questions related to the AAF Policy

database@fsc.org
for questions related to the FSC Certification Database

connect@fsc.org
for questions related to access to the AAF Portal

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The answers in this document are mandatory interpretations of the AAF Policy.

NOTE: Questions and Answers are presented by chapter of the AAF Policy, with the exception of the first section named '0. General questions', which focuses on questions that do not link to a particular chapter in the Policy.

0. General questions

Reference	Rationale for Forest Products Turnover(FPT) data
Publication date	10 November 2021
Question # 0.5	Why is the FPT required in the revised AAF Policy?
Answer	<p>FSC has assessed how organizations benefit from FSC certification and the use of FSC trademarks. The FPT is used to determine the AAF because this represents the potential value upon which an organization could benefit from FSC certification.</p> <p>This is not new: for a long time AAF has been calculated based on the Certificate Holder's FPT. Up to now this figure has been used to assign a Certificate Holder (CH) to an AAF class defined by different turnover ranges; implicit in this was disclosure by the CH of the actual FPT figure to Certification Bodies (CBs), it was just not a requirement for entry into the FSC Certification Database.</p> <p>Currently, the AAF for CoC certification is calculated according to a series of wide bands of FPT, with a fixed fee charged depending on the AAF Class that a CH falls into. This is set to change from July 2022, to make the AAF more equitable.</p> <p>The current AAF calculation can lead to inequalities because companies at the lower end of a turnover band pay the same fee as those at the top of the band. For example, a company with FPT of US\$101 million will pay the same fee as a company with a FPT of US\$499 million, using the turnover band method. To address this, a new structure will be introduced that calculates AAF based on the actual FPT, rather than using broad ranges.</p> <p>The new AAF will be calculated based on a CH's actual FPT using a sliding scale. This results in a more equitable AAF structure.</p>

Reference	Rationale for Revenue data
Publication date	10 November 2021
Question # 0.6	Why is the Revenue required in the revised AAF Policy?

Answer	As explained in question # 0.5, moving to an AAF scheme based on the exact FPT, or best estimate, is more equitable. The Revenue figure, which is required from 1 January 2022 as part of the annual audit, or when requested by the CB, allows the FPT figure to be evaluated in the context of the Revenue for reasonableness and plausibility (see clause 2.11 of the AAF Policy). Section b 'Scope' of the AAF Policy states: "FSC and/or a contracted third party will monitor the correct implementation of this Policy by CBs". Consequently, CHs are required to disclose the overall Revenue to provide the necessary context for the FPT figure; it is an important piece of information to assess whether the correct AAF is charged.
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Reference	Rationale for FPT amount including products with a small amount of wood
Publication date	10 November 2021
Question # 0.7	Products containing only a small amount of wood are included in the FPT amount. Why is this?
Answer	FSC certification is a market-based tool that is intended to support the sale of certified products, with the certificate being applied to the entire product not just one component of a product. The benefit to a CH is equal to the value of the additional sales realized. Thus, the FPT is calculated on the entire value of all products sold by a CH that contain any forest products and is not weighted according to the proportion of forest products within these products sold. <i>(This is the same approach as in previous versions of the AAF Policy.)</i>

Reference	Rationale for FPT including non FSC-certified turnover
Publication date	10 November 2021
Question # 0.8	Why is the AAF not calculated solely on the FSC-certified turnover?
Answer	The total FPT is used as a basis for calculating AAF because this reflects the total potential benefit that an organization could derive from FSC certification. Furthermore, FSC sees increased uptake of FSC certification as a primary driver towards achieving its mission of 'Forests for All Forever'. Charging AAF based on the entire FPT thus provides an incentive for CHs to maximize the use of their certificate; for example, by sourcing more FSC-certified material from their suppliers and promoting FSC-certified products to their customers. FSC CHs may also advertise themselves as FSC-certified, and hence businesses can derive value simply from having an

	FSC certificate, even if the proportion of sales of FSC-certified products is low. <i>(This is the same approach as in previous versions of the AAF Policy.)</i>
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Reference	Forest Products Turnover (FPT) guidance
Publication date	10 November 2021
Question # 0.9	What is the level of rigor required for the FPT?
Answer	<p>Context</p> <p>The new FSC AAF Policy V3-1 requires that CBs collect CHs' exact FPT or the best estimate possible, if there is no exact number available, for the purpose of calculating AAF according to the updated calculation method. The need for CHs to provide their FPT has always been required in FSC's AAF Policy; however, the AAF was calculated according to FPT ranges and hence an exact figure was not required to be inputted by CBs into the FSC Certification Database.</p> <p>As such, the need for CHs to estimate their FPT is not a new requirement. However, FSC recognizes that in practice the process underlying this requirement was not always formalized. Therefore, FSC would like to provide further guidance on acceptable levels of rigor expected for the best estimate of FPT according to the new Policy. FSC would also like to reassure CBs and CHs that a reasonable approach will be taken in terms of FPT verification, especially during the transition of 2021 and 2022.</p> <p>Note also that the term 'Revenue' is a financial reporting term that already implies the use of best estimates for accounting purposes.</p> <p>100% forest-based businesses</p> <p>For CHs that are 100% forest-based businesses the calculation is very simple: the FPT equals the organization's total Revenue. Supporting documents to be viewed by the CB could be financial statements and/or tax filings, for example.</p> <p>Businesses with forest-based and non-forest-based products</p> <p>A logical start point for the best estimation of the FPT is that the FPT value falls somewhere in a range between 100% of Revenue (all Revenue is associated with forest products) and 0% of Revenue (no Revenue is associated with forest products). Taking the total Revenue as a start point, an organization can make a reasonable FPT estimate based on progressively excluding non-FPT from their total Revenue.</p> <p>For example, a \$100m Revenue company with five business units of \$20m each, two of which are forest products related and three of which are not, would be able to quickly estimate that the FPT is somewhere up to a</p>

maximum of \$40m. Being conservative, \$40m should be a credible estimate of FPT or alternatively the company could analyse the two business units in more detail to fine-tune the estimate to a lower FPT value. This analysis could include further segmentation of the two business units to exclude further non forest products. The company may further iterate through this process to reach an FPT estimate that is fair and plausible.

CBs are required to ask CHs to provide some basic evidence to support any assertions. For instance, using the aforementioned example, the CH might state that a further 10% of the Revenue from the 2 divisions that trade in forest products are not actually forest-related, and thus the FPT should be further reduced. But if the CH cannot back up that claim, then the original calculation of FPT being 40% of Revenue should be used.

Some CHs will have precise records of the amount of turnover derived from forest products, and for these organizations the FPT can be determined from the relevant accounting data.

For all other CHs, some degree of estimation and professional judgement will be required to derive a reasonable estimation of FPT. Here, the overall approach should be to work from records and documentation that are available rather than creating complex analyses based on data that are not readily available.

A good place to start is with the CH's management accounts and other relevant company documents. Alternatively, the CH may have sales recorded by geographic region: any region where there are no sales of Forest Products can be excluded when determining the FPT.

A conservative approach is to be used by CBs when assessing best estimates of Revenue that is, or is not, forest related e.g. if a CH claims that 20-40% of their Revenue does not come from forest products, then the lower figure (20%) should be used, leaving the FPT as 80% of total Revenue.

Plausibility checks will help to ensure any estimate of FPT is of the right order of magnitude. For instance, if the majority of a CH's employees work in their forest products division, but the CH claims that FPT only accounts for 30% of Revenue, then auditors should probe deeper. The calculations made to derive the FPT from the total Revenue should be clearly recorded and retained, as these may be required for inspection by FSC or its sub-contractors at a later date.

In assessing CB implementation of the AAF Policy, FSC will be looking first and foremost for reasonableness. FSC's expectation is not that CBs will have exact figures for FPT for every CH, but that best estimates are made consistently, reasonably and conservatively with respect to Revenues that are excluded. FSC expects that most CHs should be able to show management accounts that are sufficiently detailed to provide for a reasonable estimate of FPT without making extensive calculations. FSC will not seek to penalize CBs or CHs that have followed these guidelines with reasonable diligence and in good faith.

Reference	Data protection
Publication date	10 November 2021, updated 29 July 2022
Question # 0.10	What data protection considerations have been taken into account? For instance, will the information provided related to the AAF be confidential?
	<p>Yes, information provided related to AAF will be held confidential. FSC adheres to General Data Protection Regulation (GDPR) regulations, which means that any data stored by FSC (including the FPT and Revenue figures) are handled in a compliant manner. Turnover and Revenue data is stored on the FSC Certification Database; access to Turnover and Revenue data is restricted to the CB who obtains the data from the CH and manages it within the database, plus a tightly defined set of FSC staff who need to use that data to perform their job functions and those teams' contractors who operate under strict non-disclosure agreements.</p> <p>Processing of business sensitive and confidential data is lawful as processing is necessary in order to ensure compliance with the FSC Certification scheme to which the data subject is party. As with all certification activities, and according to FSC-STD-20-001, clause 1.8, the CB "shall be responsible, through legally enforceable commitments, for the management of all information obtained or created during the performance of certification activities". According to FSC-STD-20-001, clause 2.4.2, the CB must have established procedures to "define the controls needed for the identification, transport, transmission, storage, protection, retrieval and disposition of its records related to the implementation of FSC requirements, including controls to safeguard confidentiality". Therefore, if a CH has concerns on matters regarding certification activities, the CH should raise these concerns with its CB.</p> <p>FSC will contract Assurance Services International (ASI) or another enforcement body to monitor the implementation of the new AAF Policy from 1 JulyAugust 2022, and they will therefore have access on a need-to-know basis. This check-and-balance system is essential for a third-party certification system like FSC, which cannot be waived.</p>

Reference	Data protection
Publication date	10 December 2021
Question # 0.14	What are FSC's protocols for handling confidential information?

Answer	<p>Certification data, including personal and other confidential information, are managed in FSC's IT platforms. Certification Bodies are contributors and managers of certification data in FSC's IT platforms, and FSC's confidentiality agreements and FSC Information Security protocols reflect the security requirements specific to FSC's operating environment and the laws and regulations that are relevant to FSC, as well as best practices in information security. Our protocols and practices include Access Control to grant access to those with a legitimate role for access, Acceptable Use via our agreements with employees, Certification Bodies and third-party contractors enforce confidentiality and non-disclosure, Physical Security via our IT infrastructure providers who are certified for and provide physical security to ensure availability, integrity, and confidentiality of data, and Network Security that ensures that all data and authentication moves across encrypted channels.</p>
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Reference	Scope
Publication date	10 December 2021, updated 01 July 2022
Question # 0.15	Will a Corrective Action Request be issued from ASI to CBs if the AAF policy isn't followed adequately?
Answer	FSC will instruct ASI to issue CARs on detected non-conformity with the AAF Policy in a similar way as in the context of accreditation from August 2022 onwards once the Terms of References with ASI is finalized.

Reference	Scope
Publication date	10 December 2021, updated 01 July 2022
Question # 0.16	What are the consequences for the CH if an auditor finds an inconsistency related to the AAF?
Answer	The auditor and/or the CB should clarify the inconsistencies with their CH, but shall not issue CARs to CHs related to the AAF in 2022, as the Revenue Pathway, Default Pathway and Exception Pathway can apply for Q3 and Q4 2022 AAF invoicing (see Question # 0.13).

Reference	Terms and definitions
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Publication date	22 September 2021
Question # 0.1	Is forest-based reclaimed material included within the FPT definition?
Answer	Yes, forest-based reclaimed material is included in the FPT definition (FSC-STD-40-004, section B Scope Box 2, section 2 Clause 2.4 Table B and section 2.5). <i>(This has not been changed compared to V2-9 of the AAF Policy.)</i>

Reference	Terms and definitions
Publication date	22 September 2021
Question # 0.2	How should the FPT be calculated for a product that consists of wood and/or fiber, as well as other materials?
Answer	FPT includes the Revenue of all products containing wood or fibre components, regardless of the percentage of wood and/or fibre. <i>(This approach has not been changed compared to V2-9 of the AAF Policy.)</i>

Reference	Terms and definitions
Publication date	22 September 2021
Question # 0.3	Should the Revenue from non-certified products be included in the Revenue figure?
Answer	Yes. <i>(This has not been changed compared to V2-9 of the AAF Policy.)</i>

Reference	Terms and definitions
Publication date	10 November 2021
Question # 0.11	Are non-timber forest products (NTFPs) included in the FPT?
Answer	Yes, the FPT includes the Revenue of all certified and uncertified forest products, including non-timber forest products (NTFPs). <i>(This has not been changed compared to V2-9 of the AAF Policy.)</i>

Reference	Terms and definitions
Publication date	10 November 2021, updated 28 January 2022
Question # 0.12	According to the definition, FPT does not refer to related services. What type of services does this refer to?
Answer	Services that contribute to adding value of the product are already inherently included in the FPT figure, which is why it does not need to be added again.

Reference	Terms and definitions
Publication date	28 January 2022
Question # 0.17	The Revenue definition states: 'this is also less intracompany sales (i.e. after any consolidation where a financial group is existing).' In what specific context does this apply?
Answer	This relates to sales within one specific certification only. Sales from one CH to another one, even if within the same corporate group, have to be accounted for as if they were to an external client (<i>This has not been changed compared to V2-9 of the AAF policy</i>).

Reference	Terms and definitions
Publication date	28 January 2022
Question # 0.18	The Terms and Definitions state that: 'Revenue refers to the most recently completed fiscal year'. Is it acceptable for Revenue and FPT data to be up to 2 (two) years old?
Answer	At the point of data collection, the fiscal year-end date must be that of the most recently completed fiscal year end, which will be within the last 12 months (unless exceptional circumstances apply, e.g., if the organization has officially changed its fiscal year end date for its local regulatory filings such as from December to March and at the point of AAF data collection, the organization is currently within a one-off transitional fiscal period that is longer than 12 months). However, after inputting the data into the FSC Certification Database, the CB is required to update this data each calendar year. As a result, in-

	<p>between the CB's annual updates, the date of the fiscal period-end as shown in the FSC Certification Database may be more than one year ago.</p> <p>In summary, the most recent available data is used until newer data becomes available at the point of data collection.</p>
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Reference	Effective date
Publication date	22 September 2021
Question # 0.4	Why does the policy have an 'effective date' of "1st January 2022" while in the Policy text the new AAF pricing model commences "1st July 2022" only?
Answer	The policy date is 1 January 2022 as it clarifies terminology and obligations. In addition, it outlines new data collection requirements related to FPT, Revenue and fiscal year. In particular, the FPT is required in advance of 1st July 2022, so that this can be used in the new AAF pricing model from 1 July 2022 onwards.

Reference	Data requirements: Forest Products Turnover (FPT) and Revenue
Publication date	25 November 2021, updated 21 June 2022
Question # 0.13	How will the AAF be calculated, if the exact or best estimate of FPT and/or Revenue is not available?
Answer	<p style="text-align: center;">Overview of AAF calculation</p> <p>The flowchart outlines the process for calculating the AAF. In the vast majority of cases FSC expects the Forest Products Turnover¹ to be provided by CHs, including sufficiently meeting supporting documentation requirements. See Q # 2.20 for additional clarification on what supporting documentation is required for the different Pathways. However, FSC has also outlined the process should the Forest Products Turnover and/or Revenue not be available. The below process only applies to current CHs. All newly certified companies are expected to comply immediately with providing the exact Forest Products Turnover data, unless the 'Exception pathway' is granted and/or unless the new CH is a newly founded company as outlined in clause 5.1.2. This process applies to Q3 and Q4 2022 AAF invoicing. The process will be reevaluated by 1st October 2022 as it may be extended for AAF invoicing beyond 2022.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 70%;"> <pre> graph TD Q1{Is the Forest Products Turnover figure (exact or best estimate) available?} Q2{Is the Revenue figure available?} Q3{Are there valid criteria for not providing the data? (see info box at top right-hand corner)} Q1 -- YES --> P1(Standard Pathway Use table 3 of AAF Policy V3-1) Q1 -- NO --> Q2 Q2 -- YES --> P2(Revenue Pathway The Revenue is deemed the Forest Products Turnover (cap of 10 billion USD)) Q2 -- NO --> Q3 Q3 -- YES --> P3(Exception Pathway The upper value of current class as per table 2 of AAF Policy V3-1 is used (see table 2 of AAF FAQ)) Q3 -- NO --> P4(Default Pathway The mid-point of one AAF class higher than the revised classes as per table 3 of AAF Policy V3-1 is used (cap of 10 billion USD) (see table 1 of AAF FAQ)) </pre> </div> <div style="width: 25%; background-color: #f0f0f0; padding: 10px; border: 1px solid #ccc;"> <p style="text-align: center;">Info Box</p> <p>Valid criteria may include but are not limited to:</p> <ul style="list-style-type: none"> Regulations <p>Invalid criteria:</p> <ul style="list-style-type: none"> Company policy prohibits the sharing of the data Effort required to obtain the data </div> </div> <p style="font-size: small; margin-top: 20px;">¹ The cost applies in case of Project Certification</p>

Table 1 – Default Pathway

A. AAF class ⁽¹⁾	B. FPT ⁽¹⁾ (Million USD)	C. AAF class ⁽²⁾	D. FPT equivalent ⁽²⁾ (Million USD)	E. 'One class higher than the revised classes' ⁽²⁾ (Million USD)	F. Mid-point of Class as per E (Million USD)	G. AAF (USD) for processors⁵	H. AAF (USD) for traders⁵
1	≤0.2	1	≤1	>1 – 5	3	910	273
2	>0.2 – 1	1	≤1	>1 – 5	3	910	273
3	>1 – 5	2	>1 – 5	>5 – 25	15	2,020	606
4	>5 – 25	3	>5 – 25	>25 – 100	62.5	3,895	1,169
5	>25 – 100	4	>25 – 100	>100 – 500	300	8,620	2,586
6	>100 – 500	5	>100 – 500	>500 – 2,000	1,250	23,470	7,041
7	>500 – 1,000	6	>500 – 2,000	>2,000 – 10,000	6,000 ⁽³⁾	84,720	25,416
8	>1,000 – 2,000	6	>500 – 2,000	>2,000 – 10,000	6,000 ⁽³⁾	84,720	25,416
9	>2,000 – 3,000	7	>2,000	n/a ⁽⁴⁾	10,000 ⁽³⁾	134,720	40,416
10	>3,000 – 5,000	7	>2,000	n/a ⁽⁴⁾	10,000 ⁽³⁾	134,720	40,416
10+	>5,000	7	>2,000	n/a ⁽⁴⁾	10,000 ⁽³⁾	134,720	40,416

⁽¹⁾ Table 2 of the AAF Policy V3-1

⁽²⁾ Table 3 of the AAF Policy V3-1

⁽³⁾ The upper limit for the 'new' class 7 is 10,000 Million USD for the purposes of calculating the AAF for the Default Pathway

⁽⁴⁾ As no higher class

⁽⁵⁾ All values represent Annual Administration Fee (AAF), see Question # 6.1 for details on invoicing

Table 2 – Exception Pathway

A. <u>AAF class</u> ⁽¹⁾	B. <u>FPT (Million USD)</u>	C. <u>'Upper value of current class'</u> (Million USD)	D. <u>AAF (USD) for processors</u>³	E. <u>AAF (USD) for traders</u>³
1	≤0.2	0.2	110	80
2	>0.2 – 1	1	550	165
3	>1 – 5	5	1,270	381
4	>5 – 25	25	2,770	831
5	>25 – 100	100	5,020	1,506
6	>100 – 500	500	12,220	3,666
7	>500 – 1,000	1,000	19,720	5,916
8	>1,000 – 2,000	2,000	34,720	10,416
9	>2,000 – 3,000	3,000	47,220	14,166
10	>3,000 – 5,000	5,000	72,220	21,666
10+	>5,000	10,000 ⁽²⁾	134,720	40,416

⁽¹⁾ Table 2 of the AAF Policy V3-1

⁽²⁾ The upper limit for class 10 is 10,000 Million USD for the purposes of calculating the AAF for the Exception Pathway

⁽³⁾ All values represent Annual Administration Fee (AAF), see Question # 6.1 for details on invoicing

1. General principles

No questions so far.

2. Obligations

Reference	Obligations
Publication date	17 February 2022
Question # 2.18	What process should Certification Bodies follow if CHs have queries about their invoicing?
Answer	<p>As Certification Bodies invoice CHs directly, the CBs shall address the CHs queries directly. The CBs may contact FSC if they have any AAF technical-related queries via aafsupport@fsc.org.</p> <p>If a CH feels a CB has not addressed their queries to a satisfactory level, the CH shall follow the CB's dispute resolution procedure.</p> <p>A CH may contact FSC directly if the CH believes all options with the CB have been exhausted and to request support related to the interpretation of a technical requirement of the AAF policy via aafsupport@fsc.org.</p>

Reference	Clause 2.2, and clause 2.4
Publication date	10 November 2021, updated 29 July 2022
Question # 2.8	When does the following information need to be provided from the CH to the CB: 'FPT'?
Answer	<p>As stated in clause 2.5, for Q3 2022 AAF invoicing, "CBs shall enter and review the FPT field (with the exact amount) by 15 June 2022" [emphasis added]. Therefore, the CH needed to provide this information before this date to follow the Standard Pathway.</p> <p>CBs shall continue to strive to obtain the FPT figures for CHs who have not provided the FPT or Revenue data for Q4 2022 AAF invoicing and beyond. This requirement remains even though the Default Pathway may apply for Q4 2022 AAF invoicing (and potentially longer), as per Question # 0.13.</p> <p>The information in the FSC Certification Database, as per the values on the determination date, is used to calculate the respective AAF for quarterly invoices.</p>

Reference	Clause 2.3
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Publication date	21 June 2022
Question # 2.22	When new Participating Sites have been added to or removed from the scope of a Multi-site or Group COC certificate in between the audits, does the CB need to verify FPT figures for the new sites at the time when the Central Office updates the list of Participating Sites?
Answer	No, CBs only need to verify the FPT for new Participating Sites at the time of the next audit, unless the CB is in doubt about the accuracy and plausibility of any reported changes of the FPT in-between audits.

Reference	Clause 2.3
Publication date	21 June 2022
Question # 2.23	How should the verification of annual FPT take place for a multi-site or group certification given that not all Participating Sites are audited during the annual evaluation?
Answer	The CB shall assess the reported aggregated FPT for the whole group or multi-site certification for its overall plausibility. This shall include a plausibility assessment of the individual FPT figures of the sample of Participating Sites audited in the annual evaluation.

<u>Reference</u>	<u>Clause 2.4</u>
<u>Publication date</u>	<u>29 July 2022</u>
<u>Question # 2.28</u>	<u>If a CH sells almost 100% forest products and therefore the difference between FPT and Revenue is small, is Revenue acceptable as the FPT? How should this be entered in the database?</u>
<u>Answer</u>	<u>AAF FAQ 0.9 outlines the level of rigour required for the FPT and states 'a conservative approach is to be used for CBs when assessing best estimates of Revenue that is, or is not, forest related.' In summary, if the difference is small the same figure may be entered in the FSC Certification Database for both the FPT and Revenue field. However, a smaller FPT may be entered if this can be reliably determined.</u>

Reference	Clause 2.4 c)
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Publication date	10 November 2021
Question # 2.9	When does the following information need to be provided from the CH to the CB: (d) ' <i>start and end date of fiscal year</i> ' and (e) ' <i>the Revenue for new data entries</i> '?
Answer	The data for the two fields must be provided by the CH from 1 January 2022 as part of the annual audit, or when requested by the CB. Prior to 1 January 2022 it is optional for the CH to provide the information to the CB.

Reference	Clause 2.4 c)
Publication date	01 July 2022
Question # 2.26	When a CH has officially changed its fiscal year end date, and the fiscal period is shorter or longer than 12 months, how shall a CB verify and enter the FPT in the FSC Certification Database?
Answer	The data shall be verified in the annual audit and the FPT shall be based on the most recently completed fiscal year (regardless of whether the fiscal year is shorter or longer than 12 months) and entered into the FSC Certification Database.

Reference	Clause 2.4 d)
Publication date	22 September 2021
Question # 2.1	Do the FPT and Revenue for Chain of Custody CHs in Class 1 have to be entered?
Answer	Yes. This requirement applies to CHs of <u>all</u> Classes.

Reference	Clause 2.4 d)
Publication date	22 September 2021, updated 10 December 2021
Question # 2.2	What is the process if a CH refuses to share the FPT?
Answer	Please refer to Q # 0.13 on 'Data requirements: FPT and Revenue' and Q # 0.16 on CARs.

Reference	Clause 2.4 d)
Publication date	07 April 2022
Question # 2.19	Are sales made within a group (between group members) considered intracompany sales and therefore not included in the FPT figure?
Answer	A CoC group consists of two or more small independent enterprises. Therefore, sales within a group (i.e., between Participating Sites) cannot be considered intracompany. <i>(This has not been changed compared to V2-9 of the AAF Policy.)</i>

Reference	Clause 2.4 d)
Publication date	22 September 2021
Question # 2.3	If a company has multiple certifications, should the FPT and Revenue tie to the individual certificate?
Answer	Yes, FPT and Revenue have to be provided per individual certificate. <i>(This has not been changed compared to V2-9 of the AAF Policy.)</i>

Reference	Clause 2.4 d)
Publication date	22 September 2021
Question # 2.4	Should products manufactured by an external contractor be included within the FPT of a CH? Does it matter if the contractor is FSC certified or not?
Answer	Yes, products manufactured by an external contractor under an outsourcing agreement shall be included. It is irrelevant whether the contractor is FSC certified or not. <i>(This has not been changed compared to V2-9 of the AAF Policy.)</i>

Reference	Clause 2.4 d)
Publication date	10 November 2021

Question # 2.10	What is the FPT for a CH that is based in country X, which is assembling furniture (sofas, chairs, etc.) from the parts supplied by the mother company in country Y? The company based in country X is acting as subcontractor and does not make any purchases or sales at all and is invoicing the mother country Y just for the assembling services provided.
Answer	Zero '0' USD FPT shall be declared for the CH based in country X as the FPT definition states "Forest Products Turnover does not refer to related services". This would also apply if both companies were in the same country. <i>(This has not been changed compared to V2-9 of the AAF Policy.)</i>

Reference	Clause 2.4 d)
Publication date	28 January 2022
Question # 2.15	How should the FPT be calculated for a multi-site CH whose organizational structure consists of subsidiaries and include internal sales?
Answer	The FPT should not account the internal sales within a multi-site certification but only those actual Revenues from invoicing the customers of a CH. In summary, what ultimately matters is whether sales are made within or outside the multi-site certification.

Reference	Clause 2.4 d) and h)
Publication date	01 July 2022, updated 29 July 2022
Question # 2.25	What are the database entry requirements should the FPT figure in fact be zero '0' as opposed to not having been provided by the CH?
Answer	The CB shall enter zero '0' if the FPT figure is in fact '0', as per the FPT definition. This is to differentiate it from when the field is left blank as leaving the field blank signals that the data is still to be evaluated and potentially inputted later. (See Question # 2.16 for further clarification on data entry requirements for the other pathways). If the CH does not provide data on either FPT or Revenue because the Standard Pathway or Revenue Pathway do not apply, CBs shall leave the fields for both FPT or Revenue blank (i.e. zero '0' shall not be entered). The FSC internal system will automatically apply the Default Pathway to calculate the AAF for the AAF invoices to CBs.

[\(See Question # 2.16 for further clarification on data entry requirements for the other pathways\).](#)

Reference	Clause 2.4.e)
Publication date	10 December 2021, updated 21 June 2022
Question # 2.12	Are there any exceptions for when a CH does not have to provide the Revenue figure?
Answer	<p>Yes, there are.</p> <p>If the FPT figure does not involve an element of estimation, meaning there is clear and convincing evidence that it is accurate and has been obtained through a proven reliable process, the CB may waive the requirement to collect and enter the exact Revenue figure into the FSC Certification database. Clear and convincing evidence shall be understood in the same way as in ADVICE-40-004-18 (V2-0) (Document Forest Stewardship Council (fsc.org))</p> <p>Furthermore, if the Revenue Pathway (Q # 0.13) applies and the cap of 10 billion is used, the exact Revenue figure is not required, and no supporting documentation is needed.</p>

Reference	Clause 2.4.e)
Publication date	21 June 2022
Question # 2.24	What are the database entry requirements should the Revenue figure not be required due to meeting the exceptions outlined in Q2.12?
Answer	<p>The CB shall enter zero '0' if the requirement is waived due to there being clear and convincing evidence that the FPT does not involve an element of estimation. This is to differentiate it from when the field is left blank as leaving the field blank signals that the data is still to be evaluated and potentially inputted later.</p> <p>If the cap of 10 billion USD applies, CBs may enter '10 billion' into the field. However, CBs are encouraged to enter the actual Revenue figure if possible. For the invoicing of CBs by FSC International, the cap will automatically be applied in the background for as long as the flowchart in Q0.13 applies.</p>

Reference	Clause 2.4 f)
Publication date	22 September 2021, updated 01 July 2022
Question # 2.5	<p>The AAF Policy states that for Project Certification the CBs shall enter in the FSC Certification Database “the overall cost of each project.” Is it necessary to enter each project separately in the FSC Certification Database?</p> <p>Which currency shall be used when entering the costs for projects? Which date shall be used for conversion (if required)?</p>
Answer	<p>The CB shall obtain the individual cost for each Project.</p> <p>Aggregated project costs <i>per quarter</i> shall be entered in the FSC Certification Database in the field labelled Total Project(s) Cost (USD).</p> <p>An excel document showing the following shall be uploaded as an attachment:</p> <ol style="list-style-type: none"> a. whether the project is certified individually or under continuous project certification (i.e. multiple projects); b. the total cost for each project for the respective Quarter; c. the total AAF (based on the total aggregated project costs) for the respective Quarter; d. for multi-sites, a list of the participating sites who are certified against FSC-STD-40-006, specifying the aggregated costs for project certification per legal entity for the respective Quarter; e. for groups, a list of the members who are certified against FSC-STD-40-006, specifying the aggregated costs for project certification per legal entity for the respective Quarter. <p>A predefined template is not provided to CBs for this.</p> <p>As is the case for FPT and Revenue, the Project Cost shall be provided in USD. The conversion date is the date at the end of the quarter.</p> <p>These requirements may be updated when the FSC Certification Database is upgraded to fully reflect the provisions of FSC-STD-40-006 V2-0.</p>

Reference	Clause 2.4.h)
Publication date	10 December 2021
Question # 2.13	Do CBs need to enter the fiscal year for groups where individual companies have differing financial years?

Answer	The FSC Certification Database does not allow CBs to enter all the fiscal years of the individual members; the CB shall enter the fiscal year dates applicable to the Group Manager only.
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Reference	Clause 2.5
Publication date	22 September 2021, updated 29 July 2022
Question # 2.6	Which AAF Classes should be selected when entering data into the FSC Certification Database: the appropriate Class from the old AAF Classes 1-10+ as set out in the AAF Policy V2-9 or the new AAF Classes 1-7 as set out in the AAF Policy V3-1?
Answer	<p>The AAF Policy V3-1 states that the AAF Classes 1-10+ are still applicable prior to 1 July 2022, so up to that date CBs shall select a Class in the ranges that are also specified in the AAF Policy V2-9.</p> <p>From 1 July 2022 CBs will not be asked to select from amongst the new Classes (range 1-7) that are applicable from 1 July 2022, since these will be looked-up automatically by the AAF invoicing system based on the FPT fields. From 1 JulyAugust 2022 the AAF Class fields will be removed as editable fields from the FSC Certification Database for the general case (i.e. for CHs following the Standard Pathway), and a specific solution will be provided for CHs following the Default Pathway for AAF invoicing. (Note that the Default Pathway is only followed when the FPT and Revenue fields are both left blank; zero '0' values should only be input when the FPT and/or Revenue was indeed zero '0'.)</p>

Reference	Clause 2.5
Publication date	29 July 2022
Question # 2.27	Shall the information on CH Class value still be relevant from Q3 2022 onwards?
Answer	The data in the old AAF Class (i.e. the previous 1-10) fields are relevant only for CHs following the Default Pathway for AAF invoicing. We will revise the fields available on Salesforce in August 2022 to simplify data entry going forward.

Reference	Clause 2.6
Publication date	17 February 2022, updated 07 April <u>29 July</u> 2022
Question # 2.16	How shall CBs communicate to FSC when the FPT and/or the Revenue is not available in order to allow FSC to calculate the AAF according to Q # 0.13 of the AAF FAQ?
Answer	<p>In case the Revenue Pathway is used:</p> <ol style="list-style-type: none"> 1. The Revenue figure is entered in the FSC Certification Database and the FPT field is left blank. 2. No further communication with FSC is needed. <p>In case the Default Pathway is used:</p> <ol style="list-style-type: none"> 1. Both the Revenue and FPT fields are left blank in the FSC Certification Database. 2. No further communication with FSC is needed. <p>In case the Exception Pathway is used:</p> <ol style="list-style-type: none"> 1. The Revenue and FPT fields are left blank in the FSC Certification Database. 2. Complete the Exception Template (see Annex 1) and email it to aafsupport@fsc.org. 3. Await FSC's formal response to the exception request. 4. Deadline to submit exception request for AAF invoicing in Q4<u>3</u> 2022 is 31 August<u>15 April</u> 2022. <p>NOTE: the Exception Pathway also applies to organizations applying for certification after 31 August<u>15 April</u> 2022. In such a case, the request should be submitted as soon as possible.</p>

Reference	Clauses 2.16 and 2.19
Publication date	17 February 2022
Question # 2.17	Is a document signed by a Chartered Accountant stating just the FPT amount (with no context) sufficient as supporting documentation for the FPT amount?
Answer	<p>A signed statement from a reputable professional services firm is acceptable. In such a case the CB is not required to investigate further the validity of the numbers stated. The statement shall include the name of the Chartered Accountant or auditor, as well as the organization.</p> <p>A self-declaration signed by an internal Chartered Accountant can be used as supporting documentation alongside other checks. In this case, Clause 2.16 of the AAF Policy and Q # 0.9 on 'FPT Guidance' continue to apply. For reference, Clause 2.16 of the AAF Policy states:</p> <p><i>CBs shall not rely on oral or written self-declarations alone. A self-declaration shall be assessed by the CB for reasonableness, plausibility and, as far as possible, accuracy.</i></p>

Reference	Clause 2.17
Publication date	07 April 2022, updated 29 July 2022
Question # 2.21	Can data published by a reputable risk management and scoring company be used as supporting documentation to assess the Revenue and/or FPT data?
Answer	<p>Yes, The data can be used for the FPT and Revenue in the case of CHs with a 100% forest-based business where the Revenue reported by a reputable risk management and scoring company represents the FPT.</p> <p>Otherwise, the data can be used as the company Revenue only.</p> <p>In the case of CHs with a business that is not 100% forest-based, the Revenue reported by a reputable risk management and scoring company shall be used for the Revenue.</p> <p>If a range for the FPT can be determined from a reputable risk management and scoring company, the upper value is to be used, in line with Question # 0.9.</p>

Reference	Clause 2.17
Publication date	10 November 2021
Question # 2.11	Does the Central Office of CoC Multi-Site and Groups have to collect written self-declarations of their sites/group members?
Answer	No, the Central Office is not required to collect written self-declarations of their sites/group members.

Reference	Clause 2.18
Publication date	22 September 2021
Question # 2.7	Do records have to be kept for at least seven (7) years starting with the next calendar year after which the records have been created?
Answer	Yes, the AAF Policy V3-1 states this. When the policy is revised again the time period will be increased to ten (10) years, which is in line with the revised retention period for all documents.

Reference	Clause 2.18 and 2.19
Publication date	10 December 2021
Question # 2.14	Which records of the supporting documentation for the AAF calculation should be collected and stored by CBs related to FPT and Revenue?
Answer	<p>In general, CBs are required to store the following information and supporting documentation, so that the AAF could be independently verified by a third party, if required:</p> <ol style="list-style-type: none"> 1. The approach used 2. The rationale for the approach 3. Details of supporting documentation assessed, including key figures <p>It is not compulsory for CBs to store a copy of the supporting documentation itself. However, FSC recommends CBs store the supporting documentation if possible.</p>

Reference	Clause 2.18 and 2.19																	
Publication date	06 April 2022																	
Question # 2.20	<p>For each pathway, as per Q # 0.13, when is the following required:</p> <p>a) the FPT and Revenue figures?</p> <p>b) verification?</p>																	
Answer	<table border="1"> <thead> <tr> <th>Pathway</th> <th>FPT figure required?</th> <th>Level of Rigor of FPT as per Q # 0.9 met?</th> <th>Revenue figure required?</th> <th>Verification of Revenue required?</th> <th>Additional comments on exceptions</th> </tr> </thead> <tbody> <tr> <td>Standard Pathway</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/> or <input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/> or <input type="checkbox"/></td> <td>As per Q # 2.12, if the FPT figure does not involve an element of estimation, the CB may waive the requirement to collect and verify the Revenue figure.</td> </tr> </tbody> </table>						Pathway	FPT figure required?	Level of Rigor of FPT as per Q # 0.9 met?	Revenue figure required?	Verification of Revenue required?	Additional comments on exceptions	Standard Pathway	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> or <input type="checkbox"/>	<input checked="" type="checkbox"/> or <input type="checkbox"/>	As per Q # 2.12, if the FPT figure does not involve an element of estimation, the CB may waive the requirement to collect and verify the Revenue figure.
Pathway	FPT figure required?	Level of Rigor of FPT as per Q # 0.9 met?	Revenue figure required?	Verification of Revenue required?	Additional comments on exceptions													
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	Revenue Pathway	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> or <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> or <input checked="" type="checkbox"/>	As per Q # 2.12, if the cap of 10 billion is used, the CB may waive the requirement to collect and verify the Revenue figure.
	Exception Pathway	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> or <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> or <input checked="" type="checkbox"/>	Template for Exception Request (see Annex 1) to be completed initially. Revenue requirements in such a circumstance are determined on a case-by-case basis.
	Default Pathway	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

3. Consequences for non-conformity

No questions so far.

4. Calculating the AAF for Forest Management (FM), Forest Management/ Chain of Custody (FM/COC) and Controlled Wood/Forest Management (CW/FM) certification

No questions so far.

5. Calculating the AAF for Chain of Custody (COC)

Reference	Clause 5.1.2
Publication date	21 June 2022, updated 29 July 2022
Question # 5.1	When shall CBs update the FPT field in the FSC Certification Database in the case of a newly founded company?
Answer	CBs shall enter USD '100000' in the FPT field in the FSC Certification Database and leave the Revenue field blank . This must be done prior to the applicable determination date (including for Q3 AAF invoicing). The FPT shall then be updated at the following annual evaluation once the first fiscal year has been completed.

Reference	Clause 5.1.2
Publication date	21 June 2022
Question # 5.2	<p>What value shall be entered for the FPT in the FSC Certification Database in the following cases:</p> <p>a) A newly acquired company (i.e. a change in ownership)?</p> <p>b) A newly certified company?</p>
Answer	<p>a) Newly acquired company: this refers to an existing company that has been purchased by another legal entity and has not yet completed the first fiscal year.</p> <p>CBs shall apply the same rule as for a newly founded company and enter USD '100000' in the FPT field in the FSC Certification Database. This must be done prior to the applicable determination date. In such cases the FPT shall be updated at the following annual evaluation once the first fiscal year has been completed.</p> <p>b) Newly certified company:</p> <p>All newly certified companies are expected to comply immediately with providing the exact FPT data, unless the Exception Pathway is granted and/or unless the new CH is a newly founded company as outlined in clause 5.1.2.</p> <p>CB should use the most recent data that is available until the newer data becomes available at the point of data collection.</p>

Reference	Annex 2
Publication date	21 June 2022
Question # 5.3	<p>What is the AAF Class Minimum Turnover in case of Class 1 processor/trader?</p>
Answer	<p>It is not possible to have a negative FPT, therefore the minimum FPT to qualify for AAF Class 1 is zero. However, there is a minimum AAF (USD 80 as per Annex 2 Clause 3) that applies if the result of the calculation is lower than the specified minimum.</p> <p>Note: The value of \$1,000,000 given in the formula (Annex 3 Clause 2 f) is a fixed number and does not represent the AAF Class Minimum Turnover.</p>

	$AAF = Base\ Fee + \left(\frac{Excess\ Turnover}{\$1,000,000} \times Variable\ Fee \right)$
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6. Invoicing and payment

Reference	Clause 6.2
Publication date	22 September 2021
Question # 6.1	How does the invoicing work during the first year of the effective date of the Policy (i.e. 2022)?
Answer	<p>CBs pay FSC the AAF per quarter. This means that the FSC invoicing to CBs for Q1 and Q2 uses the Classes pricing method (as was also the case in V2-9) and the FSC invoicing to CBs for Q3 and Q4 uses the exact figures of the FPT. As stated in the policy in clause 6.2: “The quarterly invoices will be calculated based on the AAF information available in the FSC Certification Database on the determination dates specified in Table 4, Annex 3 (or the next working day) and dividing the final result by four”.</p> <p>CBs charge the CHs the AAF. As stated in clause 6.5 “CBs are responsible for their own invoicing arrangements and collections independent of FSC and the AAF”, however, as per clause 6.10 “CBs shall identify the AAF on their invoices to CHs as calculated for that CH according to this policy”. This means that CBs shall carry out a reconciliation with their CHs at a later date if necessary (due to for example, advance billing of CHs meaning that the overall amount differs to the AAF Policy).</p>
Reference	Clause 6.6
Publication date	10 November 2021, updated 17 February 2022
Question # 6.2	Does Oanda have to be used as a fee seems to be necessary for its use?
Answer	<p>CBs should select the currency and dates from the following page: https://www1.oanda.com/currency/converter/. There is no need for CBs to try to access other areas of the Oanda website regarding historical rates where premium rated data is provided and therefore a payment to access this is required. For the purposes of the AAF, just using the regular currency converter page suffices.</p> <p>If it is not possible to access Oanda in a specific country due to internet restrictions, the figure from the National Bank shall instead be used. For example, for Chinese CHs, this website shall be used: http://www.safe.gov.cn/safe/rmbhlzjj/index.html</p>

Reference	Clause 6.6
Publication date	21 June 2022
Question # 6.3	What exchange rate should be used if there is a small difference depending on the day the conversion is carried out, even though the fiscal year-end date is correctly selected?
Answer	Enter the figure that is first encountered on Oanda. Exchange rate variations of <0.1% are considered immaterial. Immaterial exchange rate variations may occur depending on the day of review and are acceptable for verification purposes.

7. Prevailing clause

No questions so far

Annex 1

Template for Exception Requests (ER)

This template is to be filled in by CBs to submit an approval request to FSC via aafsupport@fsc.org for applying the Exception Pathway. The following subject shall be used “AAF Exception Approval Request: CB NAME _ CH CODE”.

This exception is only granted upon individual request and subsequent FSC approval in writing. All exception requests for AAF invoicing in Q43 2022 need to be submitted to FSC by ~~15 April~~ 31 August 2022.

ER-Code (assigned by FSC)	FSC-EXC-AAF-2022-000
Request	<i>The CH to follow the Exception Pathway as the CH meets valid criteria.</i>
Name of Certificate Holder (CH)	
Certification Code	
Rationale (valid criteria that prevents CH from providing Forest Products Turnover and Revenue data)	
Supporting document attached	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Further information (optional)	
FSC EVALUATION RESULT	
FSC conclusion	
Approval date (if applicable)	
Period of validity (if applicable)	

List of abbreviations

AAF	Annual Administration Fee
ASI	Assurance Services International
CAR	Corrective Action Request
CB	Certification Body
CH	Certificate Holder
CoC	Chain of Custody
FPT	Forest Products Turnover



FSC International

Adenauerallee 134

53113 Bonn

Germany

Email : aafsupport@fsc.org

for questions related to the AAF Policy

database@fsc.org

for questions related to the FSC Certification Database

connect@fsc.org

for questions related to access to the AAF Portal