



Forest Stewardship Council®



Annual Administration Fee (AAF)

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The Forest Stewardship Council® (FSC) is an independent, not for profit, non-government organization established to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC's vision is that the true value of forests is recognized and fully incorporated into society worldwide. FSC is the leading catalyst and defining force for improved forest management and market transformation, shifting the global forest trend toward sustainable use, conservation, restoration, and respect for all.

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A. Objective

The objective of this Policy is to outline the principles for calculating and administering the Annual Administration Fee (AAF) for FSC-accredited certification bodies (CBs).

B. Scope

This Policy is applicable to CBs. This Policy is an evolving and adaptive document clarifying the contractual obligation by CBs to pay the AAF. It therefore does not fall within the FSC Normative Framework and the scope of *FSC-PRO-01-001 The Development and Revision of FSC Normative Documents*.

FSC and/or a contracted third party will monitor the correct implementation of this Policy by CBs.

C. Effective and validity dates

Approval date	23 August 2021
Publication date	23 August 2021
Effective date	1 January 2022
Period of validity	until replaced or withdrawn
Transition period	n/a – the new Version replaces the old Version on the effective date with no transition

D. References

The following referenced documents are relevant for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

FSC-STD-01-001 V5-2 FSC Principles and Criteria for Forest Stewardship Standard
FSC-STD-01-002 FSC Glossary of Terms
FSC-STD-20-001 General requirements for FSC accredited certification bodies
FSC-STD-20-007 Forest Management Evaluations
FSC-STD-40-004 V3-1 Chain of Custody Certification
FSC-STD-40-004a FSC Product Classification

E. Terms and definitions

For the purpose of this Policy, the terms and definitions given in *FSC-STD-01-002 FSC Glossary of Terms* prevail, as long as not specified in the following:

Annual Administration Fee (AAF): The AAF is the fee charged by FSC Global Development (FSC GD) to accredited certification bodies (CBs) calculated on the basis of the respective certificate holder (CH) portfolio. The purpose of the fee is to support the service provided by FSC GD to uphold the FSC certification scheme.

Annual Administration Fee Class (AAF Class): The AAF Class is a class used to compute the AAF due for COC (Processor and/or Trader) certification. It is determined according to the CH's Forest Products Turnover. The AAF Class can be found by looking up the CH's Forest Products Turnover in the tables given in Annex 2 of this Policy.

AAF Class Minimum Turnover: The AAF Class Minimum Turnover is the minimum Forest Products Turnover for a CH to qualify for their AAF Class. This applies to the new calculations applicable from 1 July 2022 onward; refer to the calculation steps and Table 3 in Annex 2 for more information.

Base Fee: The Base Fee is the minimum AAF charged for a certification in each AAF Class. This applies to the new calculations applicable from 1 July 2022 onward; refer to the calculation steps and Table 3 in Annex 2 for more information.

Excess Turnover: Excess Turnover is the amount by which the CH's Forest Products Turnover exceeds the AAF Class Minimum Turnover. This applies to the new calculations applicable from 1 July 2022 onward; refer to the calculation steps and Table 3 in Annex 2 for more information.

FSC Certification Database: The FSC Certification Database is the online database provided and administered by FSC to track FSC certification. Data on individual certification are entered and maintained by the CBs.

Forest Products Turnover: Forest Products Turnover means the Revenue of all certified and uncertified forest products and products containing wood or fibre components. (i.e., all wood products, pulp and paper products, and non-timber forest products according to FSC-STD-40-004a). It does not refer to 100% non-forest products companies might produce. For clarification, Forest Products Turnover does not refer to related services.

Minimum AAF: The Minimum AAF is the minimum amount of AAF that will be charged on Processor or Trader certification.

Natural Forest – Community Forestry: A Management Unit complying with the following tenure AND management criteria:

Tenure: The legal right to manage the Management Unit (e.g., title, long-term lease, concession) is held at the communal level, AND the community members must be either Indigenous Peoples or traditional peoples¹.

Management: The community actively manages the Management Unit through a concerted effort (e.g., under a communal forest management plan) OR the community authorizes management of the forest by others (e.g., resource manager, contractors, forest products company).

If the community authorizes management of the forest by others, criterion 1 AND either criterion 2 or 3 must be met:

- Criterion 1: The community's own representative institution has legal responsibility for the harvesting operations, AND
- Criterion 2: The community performs the harvesting operations, OR
- Criterion 3: The community's own representative institution is responsible for the forest management decisions, and follows and monitors the operations.

NOTE: The forest can be either located in a communal forest and/or on individually-assigned plots, as long as the right to use the forest is communally held (e.g., this is the case for Mexican ejidos, Brazilian sustainable development reserves) (Source: adapted from FSC-STD-01-002).

Natural Forest – Conservation Purposes: Forest areas [Management Units] with many of the principal characteristics and key elements of native ecosystems, such as complexity, structure and biological diversity, including soil characteristics, flora and fauna, in which all or almost all the trees are native species, not classified as Plantations, and that have as

¹ See FSC-STD-01-001 V5-2 for the definition of "Indigenous Peoples" and "traditional peoples".

management objective the conservation of natural forests, with clear conservation, and no commercial, objectives (Source: adapted from FSC-STD-01-001 V5-2).

Applicability note: This category can also be used for the calculation of the AAF in the case of forest areas within Management Units that include both productive and also conservation areas, provided that these areas are excluded from commercial harvesting activities in the current forest management plan and also in the long term planning of the certified operation.

Natural Forest – Tropical, boreal and temperate: The definition of these forest types follows the categories defined by the Holdridge Life Zones data set².

Plantation: A forest area established by planting or sowing with using either alien or native species, often with one or few species, regular spacing and even ages, and which lacks most of the principal characteristics and key elements of natural forests (Source: adapted from FSC-STD-01-001 V5-2).

Processing Enterprise/ Processor: A Processing Entity or Processor is a person or legal entity that that buys, takes legal possession of and sells wood and/or non-timber forest products after conducting some transformation of these products, either directly or through outsourcing. The transformation of products could include manufacture and/or changing the composition (e.g. mixing or adding forest-based materials to the product) and/or changing the physical integrity (e.g. re-packaging, re-labelling). For the purposes of this Policy, an individual enterprise that is conducting processing activities or processing and trading activities is treated as Processing Enterprise/Processor. Multi-site CHs conducting both processing and trading activities are treated as Processors.

Revenue: Revenue means the total revenue of an organization derived from the provision of goods and services, less trade discounts, VAT, and any other Taxes based on this Revenue. This is also less intracompany sales (i.e. after any consolidation where a financial group is existing). Revenue refers to the most recently completed fiscal year and means the total Revenue, which is the exact number to the nearest whole USD. The conversion rate upon entering the data into the FSC Certification Database is the respective rate on the date of the CH's fiscal year-end as per the mid-market rate on OANDA.

Small or Low Intensity Managed Forest (SLIMF): A SLIMF is a forest management unit which meets specific FSC requirements related to size and/or intensity as defined in FSC-STD-01-003 SLIMF Eligibility Criteria (Source: adapted from FSC-STD-20-012 V1-1).

Suspension: Temporary invalidation of the FSC certification for all or part of the specified scope of attestation (Source: FSC-STD-20-001 V4-0).

Taxes: Taxes means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, imposed by the country of the registered office of the CB or any political subdivision or taxing authority thereof or therein or by any taxing authority in any jurisdiction from or through which the CB effects any payment under this Policy.

Termination: Revocation or cancellation of the certification agreement by the CB or the client according to contractual arrangements (Source: FSC-STD-20-001 V4-0).

Trader: A Trader is a person or legal entity that buys and sells wood and/or non-timber forest products and who takes legal possession of the goods. Traders do not conduct any transformation of these products, either directly or through outsourcing. (Source: FSC-STD-40-004 V3-1). For clarification, Trader can be a single or multi-site CH. For the purposes of

² The Holdridge Life Zones data set is from the International Institute for Applied Systems Analyses (IIASA) in Laxenburg, Austria. The data set shows the Holdridge Life Zones of the World, a combination of climate and vegetation (ecological) types, under current, so-called "normal" climate conditions. It has a spatial resolution of one-half degree latitude/longitude, and a total of 38 life-zone classes.

this Policy, an individual enterprise that is conducting both processing and trading activities is treated as Processing Enterprise/Processor. Multi-site CHs conducting both processing and trading activities are treated as Processors.

NOTE: Installation of finished products, kiln drying of wood, the filling of packaging and cutting into size are not considered product transformation.

Transfer: Transfer means moving the responsibility for maintaining an active FSC certification from one CB to another (Source: adapted from FSC-PRO-20-003).

Variable Fee: A Variable Fee is the amount of additional AAF charged, over and above the Base Fee, based on the Excess Turnover for that CH in that AAF Class, expressed as the AAF due in USD per million USD of Excess Turnover. This applies to the new calculations applicable from 1 July 2022 onward. Refer to the calculation steps Table 3 in Annex 2 for more information.

Withdrawal: Revocation or cancellation of the FSC certification (Source: FSC-STD-20-001 V4-0).

F. Version history

Version 2-2 of this Policy is the result of a minor revision, implementing the following changes:

- Adjustment of the AAF for COC CHs by the 2014 global inflation rate of 3.45% (World Bank) as per Clause 1.4. New AAF figures are rounded up to the next whole number.
NOTE: The new Classes 10 and 10+ have been exempted from the adjustment in this revision.
- Incorporation of clarifications from the AAF FAQ (as feasible).
- Changes to the AAF charging process to reflect FSC's current practice.
- Elimination of the refunding process as quarterly calculations in the actual year now account for changes in the certificate portfolio.

Version 2-3 and 2-4 replace V2-2 which has been withdrawn before the effective date due to a mistake in the project certification clause and typos in the AAF figures. The penalty clause (1.6) for wrongly reported AAF Class has also been revised to incorporate latest legal advice.

Version 2-5 is the result of a minor revision, implementing the following changes:

- Adjustment of the AAF for COC CHs by the 2015 global inflation rate of 2.778% (International Monetary Fund) as per Clause 1.4. New AAF figures are rounded up to the next whole number.
- Incorporation of clarifications from the AAF FAQ and AAF interpretations.
- Definition of *Trader* added to the 'Terms and Definitions', including the clarification that loggers can be charged like Traders (as long as they do not transform the product).

Version 2-6 is the result of a minor revision, implementing the following changes:

- Adjustment of the AAF for COC CHs by the 2016 global inflation rate of 2.8% (International Monetary Fund) as per Clause 1.4. New AAF figures are rounded up to the next whole number.

Version 2-7 is the result of a minor revision, implementing the following changes:

- Adjustment of the AAF for COC CHs by the 2017 global inflation rate of 3.0% (International Monetary Fund) as per Clause 1.4. New AAF figures are rounded up to the next whole number.

- Minor revision of Clause 3.1.1 to eliminate redundancies and to provide clarity regarding the 'turnover' concept in the context of this Policy.

Version 2-8 is the result of a minor revision, implementing the following changes:

- Adjustment of the AAF for COC CHs by the 2018 global inflation rate of 3.6% (International Monetary Fund) as per Clause 1.4. New AAF figures are rounded up to the next whole number.

Version 2-9 is the result of a minor revision, implementing the following changes:

- Revision of Clause 3.4 to incorporate the AAF calculation for multiple projects.
- Advice Note (29 July 2021 – 31 December 2021): clarification of data collection requirements related to the annual turnover of forest products.

Version 3-0

- Revision of pricing model
 - o In the new AAF pricing model (effective from 1 July 2022) there is no longer a distinction between the AAF chargeable for single site and multi-site certification, and the number of AAF Classes is reduced from 11 to 7.
 - o The new AAF pricing model consists of a Base Fee plus a Variable Fee which is charged only upon the Excess Turnover which exceeds the AAF Class Minimum Turnover. This Variable Fee is expressed as the AAF due in USD per million USD of Excess Turnover. The index for the calculation continues to be the Forest Products Turnover.
- Clarification of data collection requirements.
- Clarification of terminology, for example COC enterprises which do not qualify as Traders shall now be referred to as Processors.
- Clarification of obligations.
- Numerical parameters for calculating AAF moved to separate Annexes.

Version 3-1

Version 3-1 replaces Version 3-0 which has been withdrawn before the effective date to make a correction in the Forest Management Group Certification clause (4.4b).

1. General principles

- 1.1 The purpose of the AAF is to support the services provided by FSC GD to uphold the core operations of the FSC certification system, both at national and international level, including among others:
- a) FSC's multi-stakeholder governance mechanisms;
 - b) Development of policies and standards;
 - c) Marketing and market development activities;
 - d) Trademark protection;
 - e) Communication and dissemination of information; and
 - f) Decentralized support structures in key countries or regions.
- 1.2 This Policy is reviewed annually (every calendar year) and, if necessary, revised to remain consistent with any new FSC strategy and/or policy and/or adjustments according to the global inflation rate of the previous year.

2. Obligations

- 2.1 CBs shall pay the AAF as calculated and invoiced by FSC (see Sections 4, 5 and 6). All fees shall be paid free and clear of and without deduction for any and all Taxes. If any Taxes shall be required by law to be deducted from or in respect of any sum payable hereunder to FSC GD:
- a) The sum payable by the CB shall be increased as may be necessary so that after making all required deductions FSC GD shall receive an amount equal to the sum it would have received had no such deductions been made, and
 - b) The CB shall pay the full amount deducted from the AAF to the relevant taxing authority in accordance with applicable law.
- NOTE: Payment of the AAF to FSC GD is independent of collections by CBs from CHs. Failure of a CB to collect fees from CHs does not affect the obligation of payment of the AAF to FSC GD or for any deviation to the standard payment terms as per clause 6.3.
- 2.2 For all types of FSC certification, CBs shall provide and review the necessary information for calculating the AAF at the following times:
- a) When registering a certification for the first time; and
 - b) When updating the FSC Certification Database – as a minimum the data shall be verified each calendar year after the Audit. See clause 2.4 for a list of the critical fields required for AAF calculation and verification.
- 2.3 For all types of multi-site and Group certification, in addition to the requirements as in clause 2.2, CBs shall provide and review the necessary information for calculating the AAF when the group entity/ Central Office reports that a group member or participating site has been added or removed.
- 2.4 Necessary information in the aforementioned context to be provided in the FSC Certification Database is, but not limited to:
- a) For all types of FSC certification, the type of FSC certification;
 - b) For FM, FM/COC, and CW/FM certification, the area data and the category of Forest Management according to Annex 1;
 - c) For single and multi-site COC CHs, start and end date of fiscal year;

- d) For single and multi-site COC CHs, the Forest Products Turnover;
- e) For single and multi-site COC CHs, the Revenue for new data entries;
- f) For one-time and multiple projects, the overall cost of each project;
- g) For FM, FM/COC, and CW/FM Group certification, the number of group members, the area data and the category of Annex 1;
- h) For COC group certification, the number of group members, the applicable Forest Products Turnover (i.e., for the group as a whole; or for groups with Processors and Traders the aggregate Forest Products Turnover for the respective Processors, as well as Traders) and the Revenue.

NOTE: In cases where processing facilities have exceptionally been included in the scope of a joint FM/COC certification according to INT-STD-20-007_19, necessary information for these processing facilities is defined as outlined in c) - e) (above).

- 2.5 Prior to 15 June 2022, the AAF Class shall continue to be updated and reviewed in the FSC Certification Database if the AAF Class has changed. CBs shall enter and review the Forest Products Turnover field (with the exact amount) by 15 June 2022. To allow the data collection of the exact amount by this date (for Q3 2022 invoicing), the data collection of the Forest Products Turnover can take place outside of the annual Audit prior to 15 June 2022. In this case, the Forest Products Turnover shall be subsequently reviewed and updated at the following annual Audit.
- 2.6 If a CB is unable to collect any data according to clause 2.4 a) to h), the CB shall inform FSC without undue delay.
- 2.7 If FSC detects the entry of wrong Forest Products Turnover to FSC's disadvantage, FSC reserves the right to charge the additional AAF or to claim further damages that FSC may have suffered because of the CB's wrong data input. CBs shall report such errors to FSC when detected.
- 2.8 If the Forest Products Turnover and/or Revenue entered in the FSC Certification Database for a fiscal year turns out to be misstated, in addition to updating the FSC Certification Database, the CB shall inform FSC via email and attach supporting documents without undue delay.
- 2.9 To verify the necessary information according to clause 2.4, the CB should determine their Audit procedure for data verification given the specific circumstances of their CHs.
- 2.10 To verify especially the Forest Products Turnover and to reduce the risk of misunderstanding by the CH, CBs may ask CHs the following questions:
 - a) Who is the right person to talk to about the Revenue of your company (usually senior management or accounting personnel)?
 - b) What is the organization's actual Revenue?
 - c) Which currency is that in?
 - d) Which financial period was that for? Was that for a full year? What was the period end date?
 - e) Is that Revenue entirely wood fibre products? Do you sell anything that is not wood fibre?
 - f) What is your Forest Products Turnover?
 - g) Does that exclude sales taxes, VAT and any levies?

- 2.11 For CHs where the Revenue is mainly consisting of Forest Product Turnover, the amount declared by the CH should be analysed by referring to the overall Revenue to assess for reasonableness.
- 2.12 For CHs where the Revenue consists of a mix of products (i.e., forest and non-forest products), the amount declared by the CH should be analysed by referring to the management accounts showing financial general ledger coding.
- 2.13 For CHs where the Forest Products Turnover generates no revenue, the amount declared by the CH (in this case the purchasing cost, as per clause 5.7), should be analysed by referring to the management accounts and/or inventory records and/or external invoices.
- 2.14 The Forest Products Turnover shall be assessed for overall plausibility. For instance, by considering the number of employees, the company size and the volume of wood products sold/ purchased.
- 2.15 The CB shall check the converted amount of the Forest Products Turnover if the original currency is not USD.
- 2.16 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.
- 2.17 Any formal self-declaration shall:
- a) State that the information is correct to the best of the CH's knowledge;
 - b) Be in writing (and not oral);
 - c) Be personally, or electronically (the threshold of advanced electronic signature according to Article 3 no. 11 and Article 26 [eIDAS regulation](#) applies here) signed by an authorized individual (such as a legal representative or a designated accountant).
- 2.18 CBs shall have records of the supporting documentation for the AAF calculation, including an explanation of the validity of the Forest Products Turnover provided (e.g. rationale), readily accessible for a period of at least seven (7) years starting with the next calendar year after which the records have been created. FSC and/or a contracted third party may request to view such information from 1 July 2022.
- 2.19 Examples of supporting documentation for the Forest Products Turnover include tax records and filings, accounting records, financial statements, a declaration from an accountancy firm and management accounts showing financial general ledger coding.
- 2.20 In case of a Transfer, the previous CB audit report should be used to aid the validation of any changes in the necessary information according to clause 2.4.
- 2.21 CBs shall inform their CHs about any changes to this Policy within thirty (30) calendar days after the effective date of such changes.

3. Consequences for non-conformity

- 3.1 In the case that a CB does not update the FSC Certification Database according to Section 2, from 15 June 2022 onwards, FSC will calculate the AAF for the respective CH in the CBs portfolio for the Q3 2022 invoice by using the mid-point of one AAF Class higher than the revised classes, as per Table 3 of Annex 2.
- 3.2 In cases where the reported Forest Products Turnover is later changed to a higher figure (e.g. as a result of a validation during an Audit), FSC may choose to charge

the additional AAF if the new Forest Products Turnover is at least USD 10,000 higher than the previous one. FSC will clearly present the additional charge in the invoice provided to CBs, as well as the supporting document showing the breakdown. This will be communicated and invoiced in the following quarterly invoice; the determination dates are presented in Annex 3. CBs shall present the additional fee for the AAF separately in the invoice to CHs.

- 3.3 FSC reserves the right to charge interest at a rate of 1% per month for additional charges levied as specified in clause 3.2.
- 3.4 In cases where the reported Forest Products Turnover is later changed to a lower figure, FSC will not issue credit notes.

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

NOTE: The AAF calculation for FM and FM group certification has not changed from the Policy Versions 2-9 to 3-1.

- 4.1 Calculation of the AAF for FM, FM/COC and CW/FM certification utilizes 7 different categories reflecting forest type³, management objectives, productivity and scale. A fixed rate of USD 10 is generated by each certification and an additional per hectare fee is calculated on top of this rate (see Table 1 in Annex 1) per quarter. Different per hectare rates are used for the different categories of Forest Management. Certification where all Management Units within the scope qualify as SLIMF and/or Community Forestry are completely free of charge, i.e., their area shall not be included in the per ha calculation and no fixed fee per certification rate will be applied.
- 4.2 In cases where processing facilities have exceptionally been included in the scope of a joint FM/COC certification according to INT-STD-20-007_19, a separate AAF for the processing facility will be calculated according to the COC fee structure in Section 5 below, referring to Table 2 (prior to 1 July 2022) or Table 3 (from 1 July 2022) for the respective fees for Processors.
- 4.3 For the calculation of the AAF, CBs can consider Conservation zones and protection areas that are part of larger Management Units in the category of Natural Forests - Conservation Purposes. The productive areas of such Management Units under economic and/or commercial use will be included in the relevant forest type AAF category.
- 4.4 For group FM, FM/COC and CW/FM certification, the AAF will be based on two components:
 - a) A per hectare fee based on the sum of individual AAF calculated for each group member according to its corresponding category of Forest Management. Management Units qualifying as SLIMF or Community Forestry are free of charge, i.e. the area will not be included in the per ha calculation.
 - b) A USD 10 fixed fee per certification. Group certification where all Management Units within the scope qualify as SLIMF and/or Community Forestry is completely free of charge.

³ The relevant forest management category for each certified Management Unit needs to be determined and each certification needs to be classified into one of these categories, by the CBs. See Section E, above, for more information on definitions.

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

5.1 General principles

- 5.1.1 Calculation of the AAF for COC certification has been developed using a number of different AAF Classes, and it is based on the Forest Products Turnover.
- 5.1.2 Prior to 1 July 2022, a newly founded company that has not yet completed a full fiscal year and therefore cannot provide the required Forest Products Turnover figure to determine the AAF Class shall be assigned by the CB to Class 1 of the respective category. The Forest Products Turnover shall be updated at the following annual Audit. From 1 July 2022, the CB shall enter a Forest Products Turnover of USD 100,000 for newly founded companies.

5.2 Changes to the AAF Calculation

- 5.2.1 Prior to 1 July 2022 the same pricing model will be applied as has been used in Version 2-9 of this Policy. In this model the AAF is set according to the AAF Class in which the CH falls.
- 5.2.2 From 1 July 2022 the new pricing model will calculate the AAF appropriate to each COC CH based on the Forest Products Turnover. In contrast to the previously applicable model, the AAF payable will now vary consistently within each AAF Class with no sharp jumps at the boundaries of AAF Classes.

5.3 AAF calculation for Processing Enterprises/Processors (single and multi-site certification)

- 5.3.1 Prior to 1 July 2022, for single and multi-site Processors, a fee will be calculated according to the steps set out in Annex 2.
- 5.3.2 From 1 July 2022, for single and multi-site Processors, a fee will be calculated based on the aggregate Forest Products Turnover of the site(s) included in the scope of certification (see Table 3 in Annex 2) according to the steps set out in Annex 2.

5.4 AAF calculation for Traders (single and multi-site certification)

- 5.4.1 Prior to 1 July 2022, for single and multi-site Traders, a fee will be calculated according to the steps set out in Annex 2.
- 5.4.2 From 1 July 2022, for single and multi-site Traders, a fee will be calculated based on the aggregate Forest Products Turnover of the site(s) included in the scope of certification (see Table 3 in Annex 2) according to the steps set out in Annex 2.

5.5 Group COC certification

- 5.5.1 Group COC certification including only Processors will be charged an AAF based on two components:
 - a) An AAF corresponding to the aggregate Forest Products Turnover of all members, as calculated for single site COC CHs according to 5.3.1 (prior to 1 July 2022) or 5.3.2 (from 1 July 2022 onwards). This AAF shall be subject to the Minimum AAF for COC certification specified in Annex 2.
 - b) A fixed fee of USD 20 per year will be charged for each group member.
- 5.5.2 Group COC certification including only Traders will be charged an AAF based on two components:
 - a) An AAF corresponding to the aggregate Forest Products Turnover of all members, as calculated for single Trader certification according to 5.4.1 (prior to

1 July 2022) or 5.4.2 (from 1 July 2022 onwards). This AAF shall be subject to the Minimum AAF for COC certification specified in Annex 2.

b) A fixed fee of USD 20 per year will be charged for each group member.

5.5.3 For Group COC certification including both Traders and Processors in the scope an AAF based on two components will be charged:

a) An AAF corresponding to the aggregate Forest Products Turnover of all Processing Enterprises in the group (calculated as described in clause 5.3 above) plus a fee corresponding to the aggregate Forest Products Turnover of all Traders in the group (calculated as described in clause 5.4 above). The corresponding steps and table in Annex 2 shall be used (Table 2 prior to 1 July 2022 and Table 3 from July 2022). This AAF shall be subject to the Minimum AAF for COC certification specified in Annex 2, with the Minimum AAF applied only if the AAF due on the aggregate Processors' Forest Products Turnover plus the AAF due on the aggregate Traders' Forest Products Turnover is less than the stated Minimum AAF.

b) A fixed fee of USD 20 per year will be charged for each group member.

5.6 AAF calculation for one-time and multiple projects

5.6.1 The AAF for one-time and multiple projects is charged on a per-project-basis and follows the same fee schedule as the AAF for single site Traders, with the overall cost of each project being considered instead of the Forest Products Turnover. The AAF for one-time and multiple projects is due only once for each project, in the quarter following the registration of the project in the FSC Certification Database.

5.7 AAF calculation for COC CH that do not have a Forest Products Turnover

5.7.1 COC CHs that trade or produce certified material or products but do not sell these, e.g. free give away of certified catalogues, certified packaging for products they sell, etc. do not have a Forest Products Turnover to base the AAF calculation on according to clause 5.1. The AAF related to such CHs shall follow the same fee structure as for multi-site Traders. The AAF is calculated based on the annual overall purchasing cost of certified material and products instead of Forest Products Turnover.

NOTE: The cost of certified material and products include the cost of FSC Controlled Wood material and products.

6. Invoicing and payment

6.1 FSC will calculate the AAF from the information provided by CBs in the FSC Certification Database.

6.2 The AAF invoices will be calculated on a quarterly basis, taking into account 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. The quarterly calculation will allow for the AAF for each quarter to be adjusted based on Terminations, Withdrawals, Transfers, new certification and changes in the certified area, Forest Products Turnover or other necessary information according to clause 2.4.

6.3 FSC will invoice the AAF on a quarterly basis as specified by the determination dates in Table 4, Annex 3. AAF invoices are payable within two (2) months of the invoice date. Overdue accounts on AAF invoices will be subject to interest as of the due date of the invoice at a rate of 1% per month. The assertion of further damage is not

excluded. Invoices paid within their timelines will receive a 2% discount and invoices paid within the same month of the invoice will receive a 5% discount for early payment, as specified in Table 5, Annex 3.

NOTE: If an invoice has to be revised due to a mistake made by FSC, the new date of the revised invoice will define the eligibility for a discount.

- 6.4 CBs are strongly encouraged to embed the AAF into their own systems in order to minimize administrative costs.
- 6.5 CBs are responsible for their own invoicing arrangements and collections independent of FSC and the AAF.
- 6.6 If CBs are sending out invoices to their CHs in a currency other than USD, they shall apply the conversion mid-market rate at the respective issue date of the invoice. CBs shall use the currency converter provided by OANDA (www.oanda.com) for this calculation.
- 6.7 In case of Suspension, the certification is subject to payment of the AAF.
- 6.8 In case of Transfer, the preceding CB shall be responsible to pay the AAF within the quarter where the Transfer is happening. From the following quarter onwards the succeeding CB will be invoiced.
- 6.9 In case of Termination, FSC does not charge AAF from the quarter following the Termination. The same applies for Withdrawal.
- 6.10 CBs shall identify the AAF on their invoices to CHs as calculated for that CH according to this Policy. Any additional fees, rates, conversions or charges shall be presented separately.

7. Prevailing clause

- 7.1 In case there is any conflict between the FSC Certification Database requirements in this Policy and in the FSC normative requirements or what fields the FSC Certification Database requires to be entered, the provisions in this Policy prevail.

Annex 1 AAF Table of Forest Management Categories

Table 1. AAF for FM, FM/COC and CW/FM certification (in USD)

Categories of Forest Management	Rate Per Hectare (\$)
SLIMF	0
Natural Forest - Community Forestry	0
Natural Forest - Conservation purposes	0.0001
Natural Forest - Tropical	0.0020
Natural Forest - Boreal	0.0035
Natural Forest - Temperate	0.0045
Plantations	0.0200

Annex 2 AAF Calculation Tables for COC certification

1. Prior to 1 July 2022 the following steps and table shall be applicable to the determination of AAF chargeable on COC certification (for single site certification omit steps a and b):
 - a) Determine the Forest Products Turnover of each individual site;
 - b) Calculate the aggregate Forest Products Turnover for the certification by adding together each of the values in step a;
 - c) Use the Forest Products Turnover (column 2) to determine the corresponding 'Class' (column 1);
 - d) Ascertain the AAF for the specific 'Class' by referring to the corresponding column according to whether the certification is for Processor or Trader, single or multi-site.

Table 2. AAF for single and multi-site Processor and Trader certification (in USD)

<i>Column 1</i> Class	<i>Column 2</i> Forest Products Turnover (USD)	<i>Column 3</i> Processor single (USD)	<i>Column 4</i> Processor multi-site (USD)	<i>Column 5</i> Trader single (USD)	<i>Column 6</i> Trader multi-site (USD)
Class 1	≤ 200,000	77	77	31	31
Class 2	> 200,000 – 1 Million	316	316	119	119
Class 3	> 1 – 5 Million	620	620	235	352
Class 4	> 5 – 25 Million	1,249	1,249	468	468
Class 5	> 25 – 100 Million	2,194	2,194	784	784
Class 6	> 100 – 500 Million	4,667	5,428	1,168	1,284
Class 7	> 500 – 1,000 Million	7,816	11,664	2,334	2,451
Class 8	> 1,000 – 2,000 Million	10,966	23,327	4,667	4,959
Class 9	> 2,000 – 3,000 Million	17,496	34,990	5,833	6,999
Class 10	> 3,000 – 5,000 Million	22,550	45,099	7,893	9,021
Class 10+	> 5,000 Million	33,834	56,372	11,275	13,531

2. From 1 July 2022 onwards the following steps and table shall be applicable to the determination of AAF chargeable on COC certification (for single site certification omit steps a and b):
 - a) Determine the exact Forest Products Turnover of each individual site.
 - b) Calculate the aggregate Forest Products Turnover for all sites by adding together the values in step a.
 - c) Look up the AAF Class and AAF Class Minimum Turnover in Table 3 below, according to the Forest Products Turnover (Column 2).

- d) Derive the Excess Turnover as follows:

$$\text{Excess Turnover} = \text{Forest Products Turnover} - \text{AAF Class Minimum Turnover}$$

- e) Look up the Base Fee and Variable Fee in Table 3 below according to whether the certification is for a Processor or Trader.
- f) Use the Base Fee, Variable Fee and Excess Turnover values to calculate the final AAF using the following formula:

$$\text{AAF} = \text{Base Fee} + \left(\frac{\text{Excess Turnover}}{\$1,000,000} \times \text{Variable Fee} \right)$$

- g) Round up the final AAF amount to the nearest USD. If this final amount is below the Minimum AAF specified below in clause 3 then the Minimum AAF figure will be charged.

Table 3. AAF for Processor and Trader certification (in USD). Variable fees charged per USD 1 million in Forest Products Turnover above the minimum within that Class.

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Class	Forest Products Turnover	Processor Base (USD)	Processor Variable (USD)	Trader Base (USD)	Trader Variable (USD)
Class 1	≤ 1 Million	0.00	550.00	0.00	165.00
Class 2	> 1 – 5 Million	550.00	180.00	165.00	54.00
Class 3	> 5 – 25 Million	1,270.00	75.00	381.00	22.50
Class 4	> 25 – 100 Million	2,770.00	30.00	831.00	9.00
Class 5	> 100 – 500 Million	5,020.00	18.00	1,506.00	5.40
Class 6	> 500 – 2,000 Million	12,220.00	15.00	3,666.00	4.50
Class 7	> 2,000 Million	34,720.00	12.50	10,416.00	3.75

Example: From 1 July 2022, a Processor with a Forest Products Turnover of USD 1,234,567 would fall into AAF Class 2 (USD 1-5 Million) for which the base AAF is USD 550 and the Variable Fee is USD 180 per USD million. The final AAF would thus be calculated in two steps as follows:

$$\text{Excess Turnover} = \$1,234,567 - \$1,000,000 = \$234,567$$

$$\text{AAF} = \$550 + \left(\frac{\$234,567}{\$1,000,000} \times \$180 \right) = \$550 + \$42 = \$593$$

3. From 1 July 2022, the minimum AAF is USD 80 per year for Processor and Trader certification.

Annex 3 AAF Invoicing Cycle

Table 4. AAF determination dates

Quarter	Determination date
1	1 January
2	1 April
3	1 July
4	1 October

Table 5. AAF payment schedule and discounts

Quarter	Invoice date (or first working day after)	5% discount in case of payment by	2% discount in case of payment by
1	1 February	End of February	End of March
2	1 May	End of May	End of June
3	1 August	End of August	End of September
4	1 November	End of November	End of December



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