

Dear Client,

Last December we communicated with you about the new FSC Policy on Annual Administration Fee (AAF) introduced by FSC. SAI Global has the obligation to collect the information about your Forest Products Turnover for your last complete fiscal year and provide this information to FSC.

SAI Global **shall** collect this information from all its clients and have the information documented in the FSC system.

This communication is intended to:

- 1- Provide you with instructions on how to send the information to SAI Global (will be validated at the time of your audit).
- 2- Demonstrate the importance of providing the information required.

#### Point 1

Below is the information needed:

- a- Start of you fiscal year.
- b- End of you fiscal year.
- c- Total Forest Products Turnover (exact figure of all products that contain wood fiber, certified and non-certified). As applicable, the information is the combined turnover for all sites in a multisite.
- d- Total revenue (total revenue will only be required if you are not providing your Total Forest Products Turnover).
- e- Currency.

#### Point 2

What is extremely important to understand is that the process set by FSC to determine the AAF, requires the organization to provide information and for the auditors to be able to validate it. In a case where an organization refuses to provide the Total Forest Products Turnover or Revenue the AAF to be collected will be based on a higher class. The process is fully described in the FAQ document on page 11 of 19 <https://fsc.org/en/document-centre/documents/resource/221>

As an example, if an organization (processing facility) has a Total Forest Product Turnover of \$7 500 450.00 USD the calculated AAF for 2022 will be **\$1353.27 USD**. Based on the Table 3 of the FSC-POL-20-005 Annual Administration Fee (AAF) Policy V3-1 this organization would fall in the Class 3 category (5 to 25 million USD).

Now, let say that the same organization does not want to share the information about their Total Forest Products Turnover and the information we have from the previous year shows that the company was in the same bracket of revenue (5 -25 Million USD). The process described in the FAQ document requires SAI Global to use the mid-point of one AAF class higher as per Table 3 of the AAF Policy.

This means that the value to be used in the calculation would be the mid-point of Class 4 (25 -100 million) which is  $(100 - 25) / 2 + 25 = \$62.5$  million USD. Using that figure as the AAF for 2022 to be paid to FSC would be **\$3044.50 USD**.

This is a difference of  $(3044.50 - 1353.27) = \mathbf{\$1691.23 USD}$

The Policy and an FAQ document are available to you following the links below:

FSC-POL-20-005 Annual Administration Fee (AAF) Policy V3-1 and Frequently Asked Questions: <https://fsc.org/en/document-centre/documents/resource/221>

Annual Administration Fee Update for Chain of Custody Certification: <https://fsc.org/en/for-businesses/annual-administration-fee>