

# PUBLIC CONSULTATION ON REGULATORY MODULE, SYSTEM- WIDE CHANGES AND RISK ASSESSMENTS

February 13, 2024

Presented by: Jannicka Murphy, Policy Outreach Manager



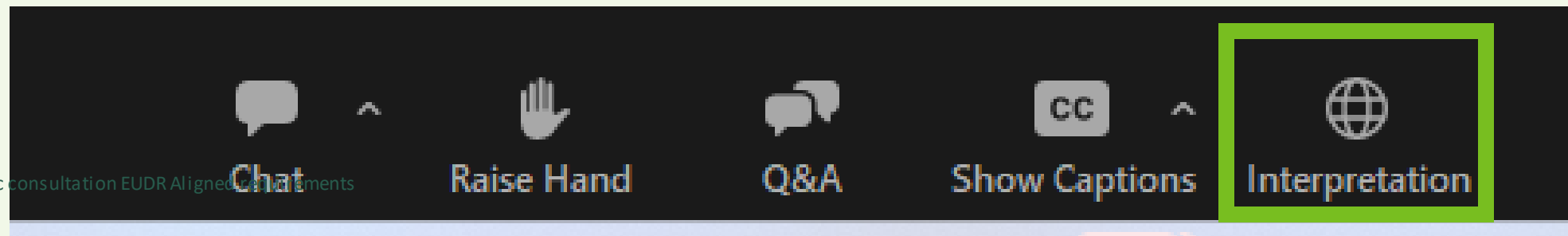
# Simultaneous Interpretation



In your Zoom controls, click on **“Interpretation”**.

Select (click) the language that you would like to hear.

Optional: To hear the interpreted language only, click on  
“Mute Original Audio”



# What we will discuss today:



## Topic

- 1 Getting aligned with EUDR
- 2 System-wide changes
- 3 FSC Regulatory Module
- 4 FSC Risk Assessments
- 5 Development Process
- 6 Consultation & Publication
- 7 Q&A



# Questions!

- Presentation for 45 minutes and Q&A afterwards
- Please ask questions on the content of the consultation and presentation, we cannot address individual and business-specific questions
- Standard developers are attending this call to reply to your questions
- Recording of the presentation will be made available on process page





# What is the EUDR?

EU Regulation on Deforestation-free Products (EUDR) is the landmark EU law to **minimize** the EU's **contribution to deforestation** and **degradation**.



# Main EUDR requirements

Products are to be:



DEFORESTATION  
FREE



PRODUCED IN  
ACCORDANCE WITH  
RELEVANT LEGISLATION

... strongly aligned with FSC!

# EUDR compared to FSC certification



MORE  
INFORMATION  
GATHERING  
(TRACEABILITY,  
GEOLOCATION)



MORE  
REQUIREMENTS FOR  
DUE DILIGENCE

## COLLECTING DATA

Gathering information on supply chains including:

- Country of production
- Geolocation of the plot of land
- Date or time of production
- Species information
- Suppliers and buyers information

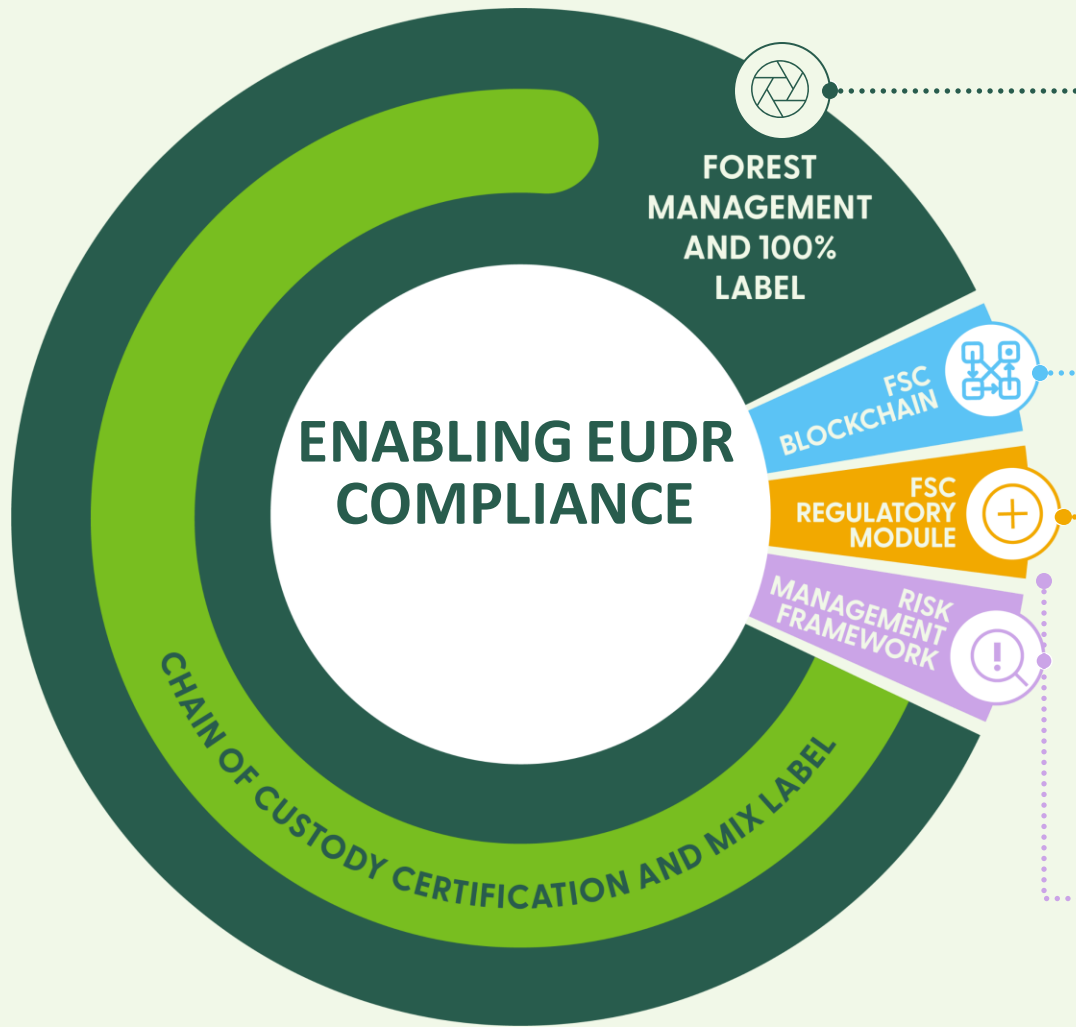
## ASSESSING RISK

- In 'low risk' countries can do a simplified due diligence
- For 'standard' and 'high-risk' countries a risk assessment is needed

## MITIGATING RISK

- Mitigation of risk where 'non-negligible' risk is found

# Designed solution builds on top of strengthened Normative Framework and could be turned on and off.



As the most credible global sustainable forestry solution, FSC certifications already deliver on numerous EUDR requirements. **SYSTEM-WIDE changes** strengthen FSC based on Policy to Address Conversion and safeguard integrity.

**FSC BLOCKCHAIN\*** will enable companies to track the material's journey through the entire supply chain, meeting EUDR traceability requirements and providing the ability to generate due diligence statements for submission to the EU.

**FSC REGULATORY MODULE\*\*** will provide additional requirements enabling companies to meet EUDR deforestation, degradation, and legality requirements.

**FSC's RISK MANAGEMENT FRAMEWORK\*\*\*** will provide revised risk assessments aligned with the EUDR, relieving certified and non-certified operators from significant effort. **FSC's NEXT GENERATION RISK ASSESSMENTS** will become available, significantly relieving risk management efforts for companies.



# SYSTEM-WIDE CHANGES



# HALTING DEFORESTATION





# Is FSC deforestation-free?

NEARLY...

But will be with the addition  
of new - Advice Notes



# System-wide changes

- This consultation includes four Advice Notes that introducing requirements across the FSC system and not just users of the FSC Regulatory Module.
- Applicable even without EUDR as they relate to aligning with the intention of FSC's Policy to Address Conversion



# 4 Advice Notes for Consultation



ADVICE-20-007-XX

Deforestation-free products from FSC-certified management units

ADVICE-20-007-02

Certification of primary forests

ADVICE-40-005-27

Addressing systemic changes into requirements for sourcing FSC Controlled Wood

ADVICE-40-004-XX

Inclusion of the FSC Regulatory Claim

## Deforestation-free products from FSC-certified management units



FSC is aligning its system further with the intention of Policy to Address Conversion



Closes potential gaps between FSC Forest Management requirements and EUDR on deforestation



Ensures that all forest products sourced from FSC-certified management units are deforestation-free

## Certification of primary forests



Revising existing Advice Note to Align the definition of primary forest with the FAO definition



Clarifies that degradation of primary forests constitutes a conversion activity and is therefore prohibited by Criterion 6.9 of FSC's Principles & Criteria

## Addressing systemic changes into requirements for sourcing FSC Controlled Wood



Amends the risk terminologies and determines risk designations at indicator level applicable to sourcing controlled material



Aligns the requirements for the extended company risk assessments with the revised requirements for conducting FSC Risk Assessments

## Inclusion of the FSC Regulatory Claim



The FSC Regulatory Module introduces the new FSC Regulatory claim



Applicable for non-users of the Regulatory Module by providing instructions on how to establish product groups with the Regulatory claim for the purpose of controlling the Regulatory output claim



## QUESTIONS FOR CONSULTATION

1. How significant is the impact of a prohibition of selling products originated from minimal conversion as FSC certified for your operations?
2. Are the Advice Notes clear?
3. What is the impact on the supply of FSC Controlled Wood?



A photograph of a logging yard. In the center, a yellow forklift is being operated by a worker wearing a white hard hat and a blue face mask. To the left, another worker in a blue shirt and face mask is walking. To the right, a worker in an orange safety vest and orange hard hat is standing. The yard is filled with large logs, some stacked in neat piles, and others scattered on the ground. In the foreground, there are stacks of processed lumber. The background shows a dirt mound, green trees, and a blue sky with white clouds.

# FSC REGULATORY MODULE



# Building on our established best practices



Introducing an optional add-on:

## FSC REGULATORY MODULE

# FSC Regulatory Module – FSC-STD-01-004



A comprehensive and adaptive extension to existing certification standards

Incorporates EUDR-specific requirements with definitions, documentation, and verification processes

A module to support compliance with EUDR – but note: *our system only verifies conformity with our standard; not EUDR itself*

# FSC REGULATORY MODULE

ONE VOLUNTARY  
STANDARD ON TOP OF  
EXISTING  
REQUIREMENTS



CAN BE USED BY  
FOREST  
MANAGEMENT USERS



AS WELL AS  
CONTROLLED WOOD &  
CHAIN OF CUSTODY  
USERS



WITH ACCREDITATION  
REQUIREMENTS

# Available for all types of FSC certification



## PART 1:

Forest Management Certification (including Forest Management Groups and Controlled Forest Management)



## PART 2:

Chain of Custody Certification, Project Certification and Controlled Wood Certification



## PART 3:

Trademark requirements



## PART 4:

Accreditation requirements

# Aligns FSC definitions with EUDR

## FSC

## EUDR



The standard includes a comprehensive overview of comparisons between FSC terms and EUDR terms

Where a term isn't fully comparable, interpretations exist to show how we align with EUDR

# User types in FSC vs EUDR

## FSC TYPES OF CERTIFICATION

1

FM

3

FM/CoC

2

CoC

4

CW/FM

5

Project

FSC Regulatory Module includes icons for which requirements apply to users per EUDR classification for easy identification

## EUDR CLASSIFIES USERS AS:

1

SME

3

Traders

2

Non-SME

4

Operators



Non-SME operators



Non-SME Traders



SME operators



SME Traders

# Part 1: Forest Management



## DUE DILIGENCE SYSTEM

- Information collection
- Risk assessment
- Risk mitigation



# Risk Assessments and Forest Management Certification

FSC Risk  
Assessments  
must be used

FSC producing a  
simplified **risk  
assessment template**  
for forest managers for  
when FSC Risk  
Assessments aren't  
available yet



# Other Forest Management Certification types

- Same requirements for Controlled Forest Management
- Only usable with newly published V3-0 Controlled Forest Management Standard



## QUESTIONS FOR CONSULTATION

1. Do you agree that Forest Management Certification can be considered an effective mitigation measure?
2. How useful for you would a Risk Assessment template provided by FSC be?
3. Anything we are missing?

# Part 2: Chain of Custody



Different requirements based on whether an SME or non-SME



Users can be operators, traders or both based on EUDR classification



**Reminder:** Guidance included in the standard to indicate what requirement applies to who



# Chain of Custody: Due diligence system



## DUE DILIGENCE SYSTEM

- Information collection
- Risk assessment
- Risk mitigation

# DUE DILIGENCE FOR CHAIN OF CUSTODY CERTIFICATION

The objective of due diligence for the relevant products in the FSC Regulatory Module is to demonstrate that the following conditions are met:

- a) they are deforestation-free;
- b) they have been produced in accordance with the relevant legislation of the country of production;
- c) They are covered by a due diligence statement.



# Simplified due diligence



Available when management unit is located in countries or areas classified as low risk according to EUDR's three-tier system



When applicable, there is no additional requirements to conduct a risk assessment or risk mitigation measures



# Chain of Custody: Regulatory claim

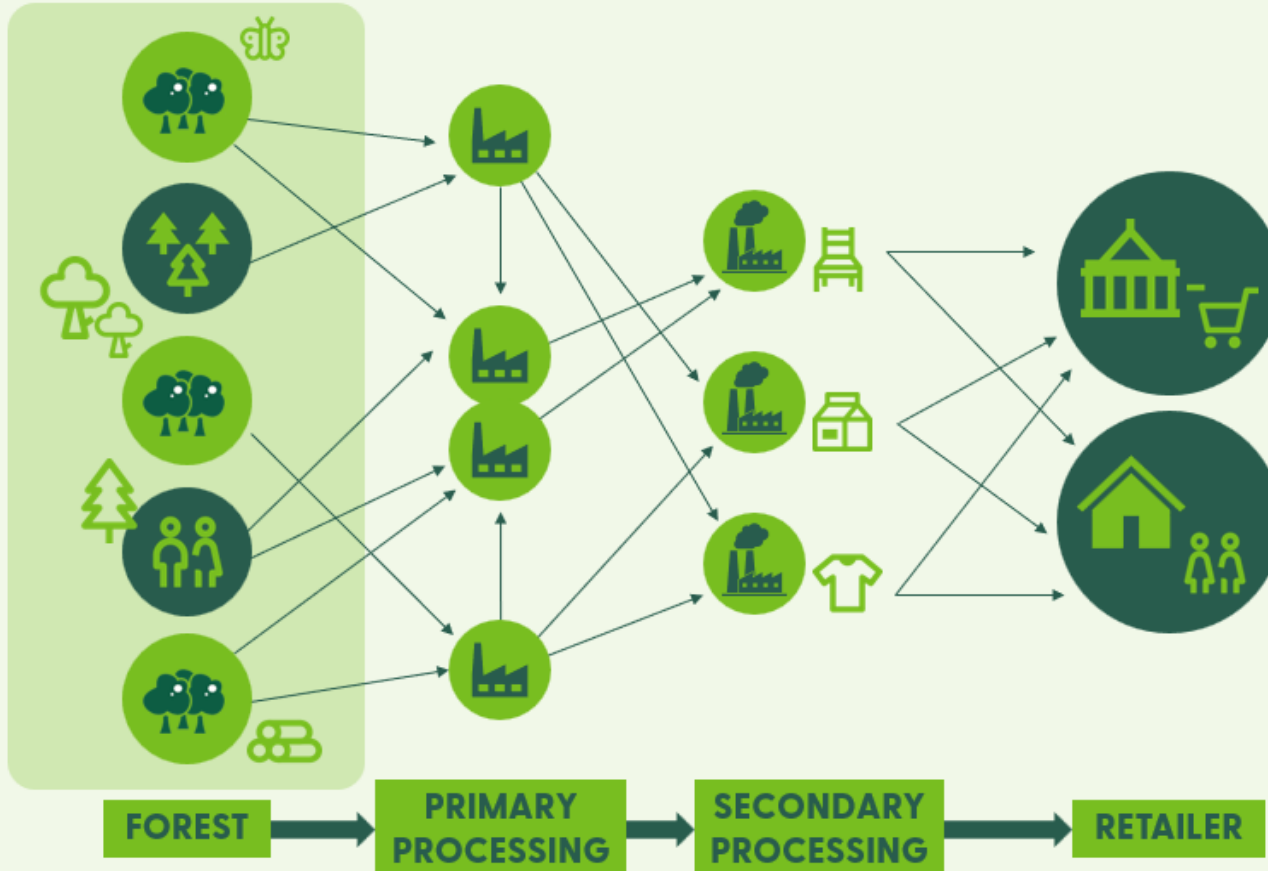


A claim made on sales and delivery documents used in combination with the FSC claim (excluding FSC Recycled), for products based on inputs exclusively of material which has been assessed to be in conformity with the requirements of FSC Regulatory Module.

Products exclusively made of input materials from a fully verified supply chain can add a plus symbol to the Regulatory claim, i.e., Regulatory+ or REG+



# Chain of Custody: Fully verified supply chain



Supply chain where every certificate holder has applied the FSC Regulatory Module and establishes a product group for the purpose of controlling the Regulatory+ output claim.

This claim can be passed on along the supply chain by certificate holders according to the requirements of this standard.

# Chain of Custody: Management system



On top of addressing any complaints, address any additional information or substantiated concerns



If non-conforming products are detected you must inform the competent authorities.



Ensure a system and relevant documentation that shows how regulatory module is being conformed with

# Controlled Wood additional requirements



Controlled Wood already based on EUTR and risk-based system



No additional requirements beyond those outlined in the module for chain of custody





# Project Certification



Many similar requirements as the Chain of Custody additional requirements Including:



**ADDRESS  
SUBSTANTIATED  
INFORMATION**



**INFORM  
AUTHORITIES IF  
NON-  
CONFORMING  
PRODUCT**



**CONDUCTING DUE  
DILIGENCE**



# Project Certification



Include the following in the project statement:



**THE REGULATORY CLAIM**



**DUE DILIGENCE  
STATEMENT REFERENCE  
NUMBER**



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MAIN CHANGE:

**You cannot use non-certified and non-controlled components for projects that are under the FSC Regulatory Module.**

## QUESTIONS FOR CONSULTATION

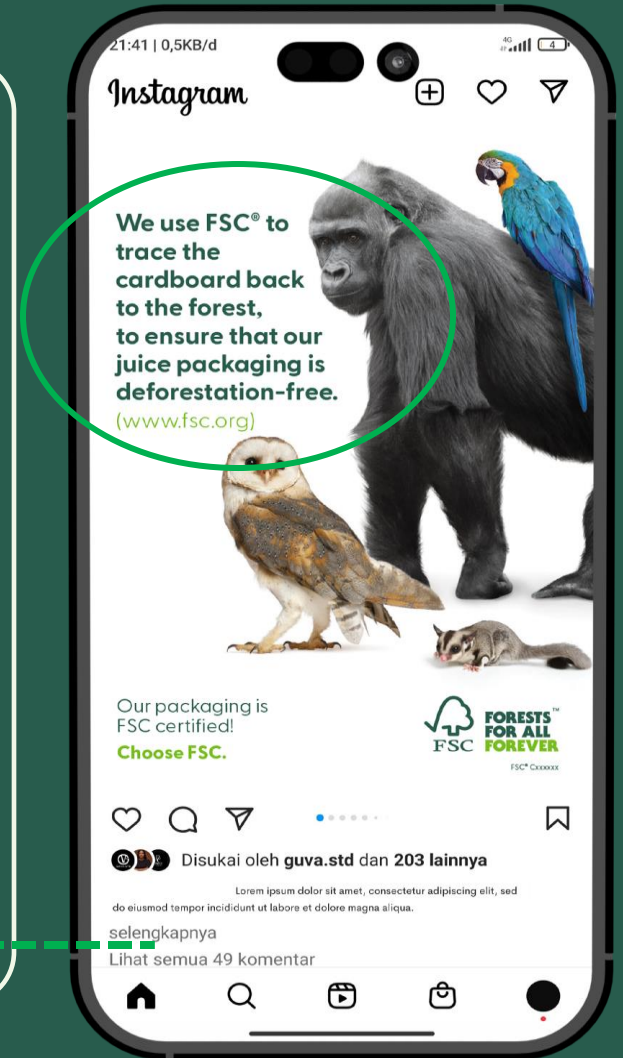
1. To what extent do you agree with introducing a “fully verified supply chain”?
2. Do you think there is additional effort to conform with this standard beyond what was already foreseen with EUDR?
3. With the additional reporting requirements with EUDR, FSC is considering having a public summary of Corrective Action Requests for CoC certificate holders – what do you think?

# Part 3: Use of the FSC trademarks

- Organizations may promote FSC-certified products in the scope of the FSC Regulatory Module with the FSC trademarks.

Example :

- Social media promotion
- FSC-certified juice packaging
- Product in the scope of the FSC Regulatory Module
- Organization with a fully verified supply chain.





# Part 4: Accreditation

## Requirements for certification bodies

- Accreditation requirements of the Regulatory Module are mandatory for accredited certification bodies
- These are additional requirements to those existing in the current accreditation standards (FSC-STD-20-001, FSC-STD-20-007 and FSC-STD-20-011))



# Accreditation Requirements



Focus of the additional requirements is on evaluating the design and functioning of the DDS system, in particular for CoC CHs (where this is a new component)



Additional requirements for FM and CoC also cover reporting requirements



General accreditation requirements include that CHs need to extend their scope of certification to include the Regulatory Module. CBs will need to conduct a desk-based audit of certificate holders before the scope is extended



As a general principle non-conformities (NCs) are considered separate from other certification requirements



Examples of major NCs are provided in the CoC evaluation section



# FSC RISK ASSESSMENTS



# Overview: FSC Risk Assessments, process, and EUDR



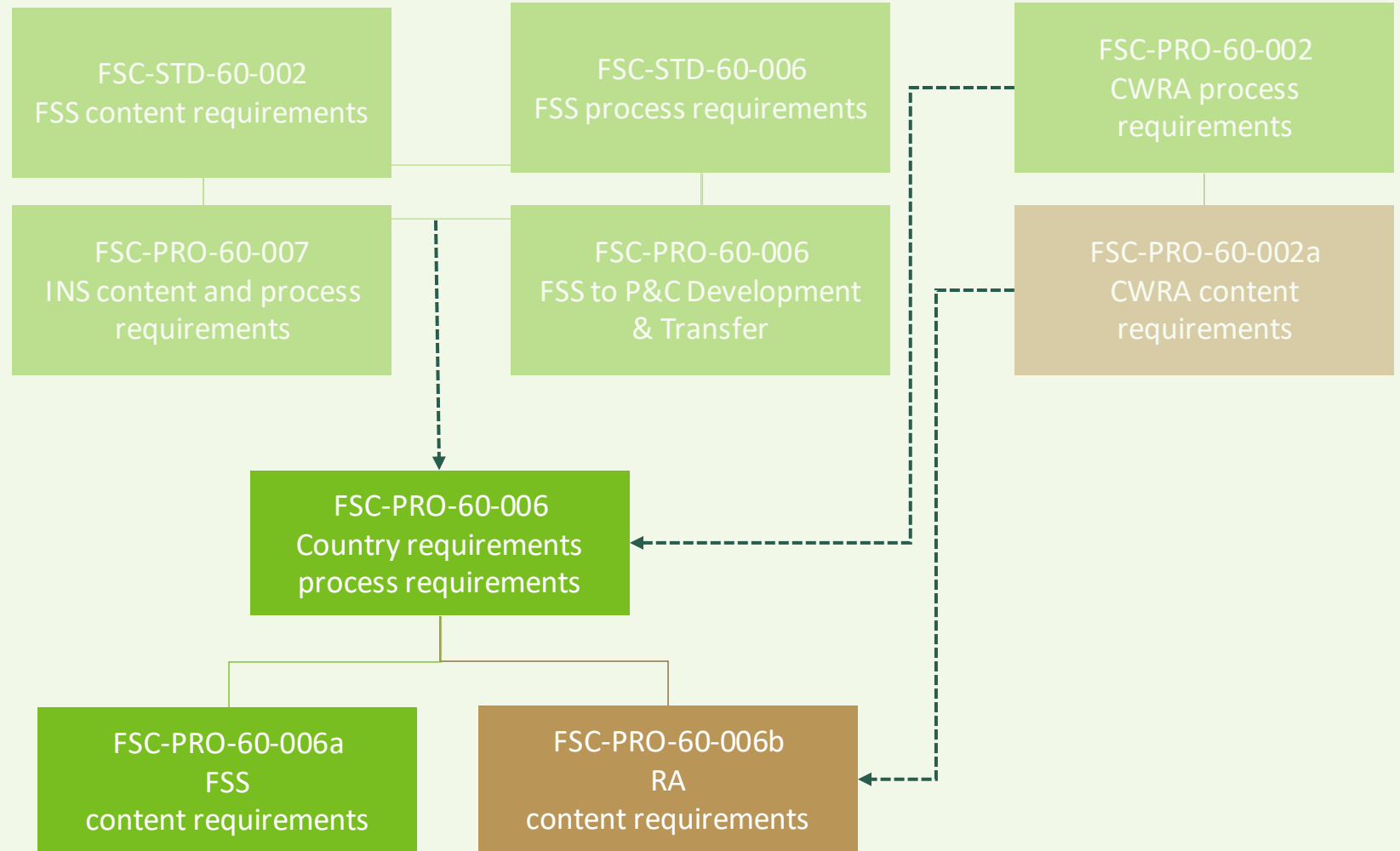
Controlled Wood  
Risk Assessment  
Framework  
revision (FSC-PRO-  
60-002a) now Risk  
Assessment  
Framework (FSC-  
PRO-60-006b)

Key tool for  
applying EUDR and  
FSC Regulatory  
Module  
requirements

Outlines risk  
assessment and  
mitigation  
practices that can  
be used with FSC  
Regulatory Module

# Scope of revision

- Revision process requirements FSS and RAs and content requirements FSS
- Revision content requirements RAs



\* Country requirements are:  
Forest Stewardship Standards (FSS) and FSC Risk Assessments (RA).



## KEY CHANGES



# FSC Risk Assessments

OLD

Only applicable for  
Controlled Wood



APPLICABILITY

NEW

One type of **FSC risk assessments**, aligned with **EUDR requirements**, applicable to **Forest Management and Chain of Custody (including Controlled Wood users)**

# FSC Risk Assessments

OLD

PDF with 150-300 pages



STRUCTURE

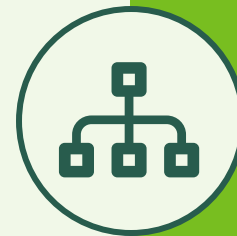
NEW

Data set that can be transferred to other formats, with geopolitical scale of the assessment mappable in GIS tools

# FSC Risk Assessments

OLD

Unclarity for assessing  
source's relevance/  
reliability



SOURCES

NEW

Assessment of relevance  
and reliability of each  
source using (more)  
**objective and more  
standardized sources**



# FSC Risk Assessments

## OLD

- Indicators divided by 5 **controlled wood categories**
- **Long description** of evidence found on each source used per indicator
  - **Inconsistent** use of scales for assessment of indicators
- Assessment of **degradation of HCVs**, and conversion based on numerical threshold focused on average net forest annual loss



ASSESSMENT

## NEW

- **Indicators aligned** across various sustainability schemes (e.g. PbN)
- Standardized template, **clear structure for assessing** each type of risk per indicator
- Assessment of indicators at **same geopolitical spatial scale**
- Assessment of deforestation of natural forests **aligned with Policy to Address Conversion and EUDR**: ‘non-negligible risk’ designation
- Assessment of **forest degradation** (++ working on using GIS solutions!)

## OLD

- **Specified** and **low risk** designation
- **Unclear** criteria for risk designation



RISK DESIGNATION

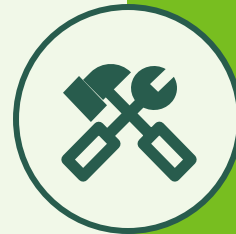
## NEW

- Change to **negligible** and **non-negligible** risk designation
- **Objective** criteria for risk designation

# FSC Risk Assessments

## OLD

Review/revision every  
**5 years**



MAINTENANCE

## NEW

- **Annual review:** Digital platform + targeted consultation, focused on risk designation, legislation and update of mitigation measures
- **Complete review/revision** every 5 years



# FSC Risk Assessments

OLD

**Irregular** establishment of control measures



MITIGATION

NEW

Establishment of mitigation measures **when 'non-negligible risk' is identified**, and per each type of risk

Strong requirements to uphold social and environmental values

**76** INDICATORS  
INCLUDING:



Human and  
labour rights



Land use  
and  
manageme  
n



Land tenure  
rights



High  
conservation  
values



Conversion and  
forest  
degradation



Water  
sources  
protection



Environmental  
protection

# FSC Risk Assessments: How to use

## RISK ASSESSMENT TEMPLATE

The template provided in Annex 4 of the Risk Assessment Framework provides information on how to conduct a risk assessments through the following key steps:



### **Collect information**

based on each indicator, considering scale of assessment, type of risk, applicable legislation, relevant to the area under assessment...



**Assessment of** information to assess and then designate risk as either negligible or non-negligible



Where non-negligible risk is identified, provide **mitigation measures** with verifiers per indicator



# RISK INFORMATION ALLIANCE



## ONE SET OF REQUIREMENTS

For different supply and production streams



## HABITAT AND SPECIES PROTECTION

Risk assessment requirements further strengthened based on shared best practices.

Promoting FSC values to other schemes such as HCV protection and excluding GMOs



## STREAMLINED REQUIREMENTS

For process and content development, including streamlined decision making.

Address time constraints and capacity challenges by having processes not dependent solely on FSC.



## LEADERSHIP

Maintaining leadership in multi-stakeholder discussions and in the field of risk assessments and mitigation beyond just FSC.



# RISK ASSESSMENT DEVELOPMENT PROCESS CHANGES



NEW AVENUE FOR RISK  
ASSESSMENT  
DEVELOPMENT....CHAMBER  
BALANCED WORKING GROUP  
STILL POSSIBLE



# FSC Risk Assessments: How are they being updated now?



**20 Priority countries** identified and an RfP is sent to request consultants to fast-track these Risk Assessments to be available by March 2025



**Remaining Risk Assessments** will be developed afterwards

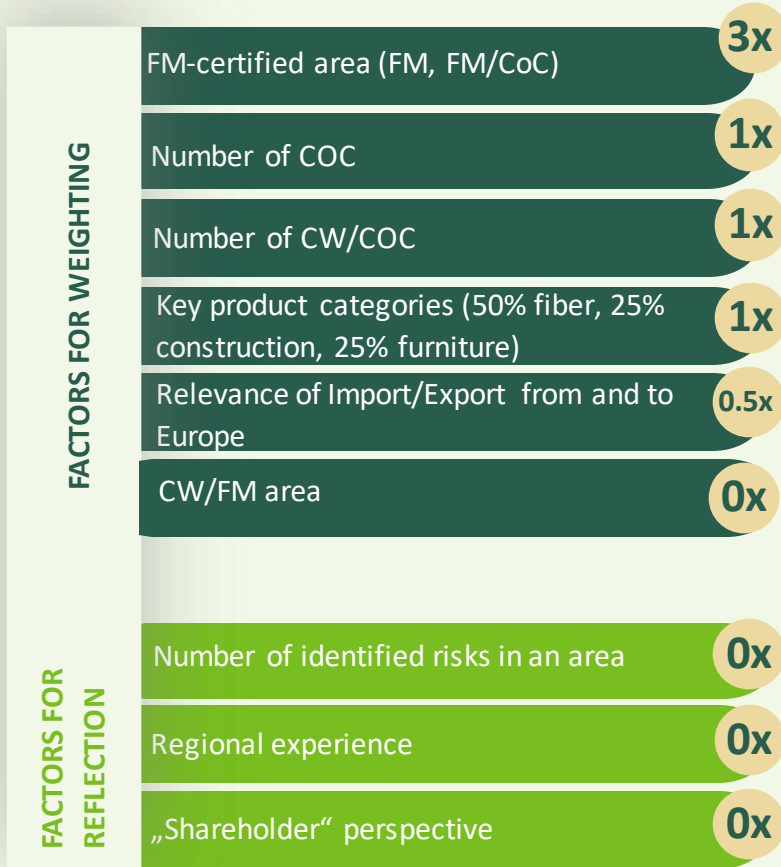




# Prioritized countries for centralized risk assessment in 2024



**Prioritization criteria:** This approach provides equal weightage to FM, FM/CoC vis a vis CoC and CW/CoC



|    | Country   |
|----|-----------|
| 1  | Austria   |
| 2  | Brazil    |
| 3  | Canada    |
| 4  | Chile     |
| 5  | China     |
| 6  | Estonia   |
| 7  | Finland   |
| 8  | France    |
| 9  | Germany   |
| 10 | Indonesia |

|    | Country        |
|----|----------------|
| 11 | Latvia         |
| 12 | Poland         |
| 13 | Portugal       |
| 14 | Romania        |
| 15 | Spain          |
| 16 | Sweden         |
| 17 | Türkiye        |
| 18 | United Kingdom |
| 19 | Ukraine        |
| 20 | USA            |



## QUESTIONS FOR CONSULTATION

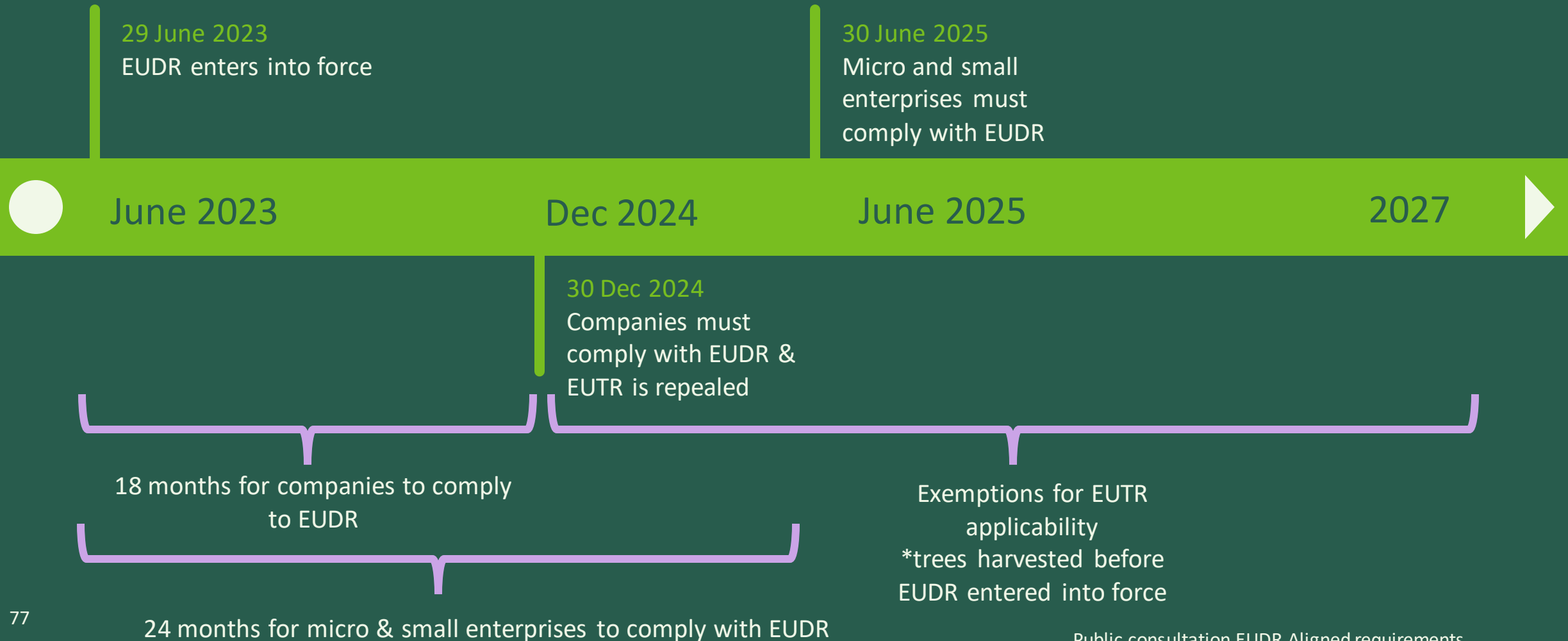
1. Do you agree with the revised indicators?
2. What do you think about the risk assessment template?
3. Do you agree that the Risk Assessment Framework is now aligned with FSC's Policy to Address Conversion?
4. Should forest degradation be assessed in line with EUDR?



# DEVELOPMENT PROCESS



# The process: EU Requirements EUDR & EUTR Timeline



# The process: FSC Requirements



So far:

AUG  
2023 — OCT  
2023

Gap analysis and identification of requirements for FSC system alignment with EUDR



NOV  
2023

FSC International Board of Directors approval to move forward with proposed process and requirement development



DEC  
2023 — JAN  
2024

Development of draft requirements



# A “hybrid” process type is applied

01

Urgent process due to legislative changes in accordance with PRO-01-001 Development of FSC Requirements – qualified as an Accelerated process

02

Technical working group comprising FSC staff and ASI representative

03

A 30-day public consultation and final approval by Board of Directors





# CONSULTATION & PUBLICATION



# Three consultations



REGULATORY  
MODULE



RISK ASSESSMENT  
FRAMEWORK



ADVICE  
NOTES



# All consultations are simultaneous



CROSS CUTTING TOPICS AND  
OBJECTIVES



AVAILABLE ON CONSULTATION  
PLATFORM FROM  
1 FEBRUARY – 1 MARCH 2024



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# 30 Day Public Consultation

FEB 1  
2023



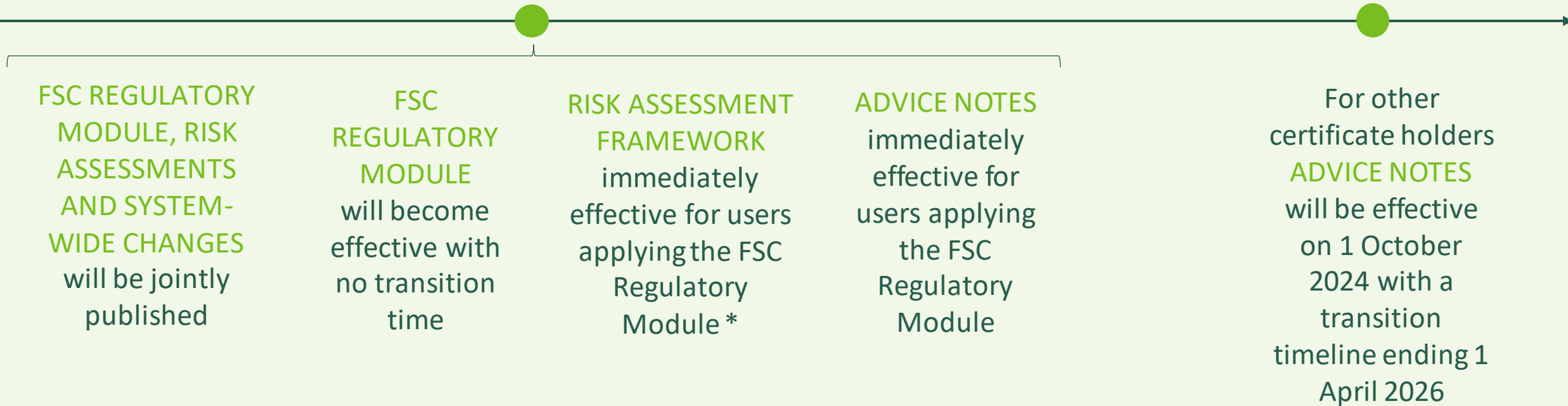
MAR 1  
2023



# Looking ahead: Publication and implementation timeline

1 JUL 2024

1 OCT 2024

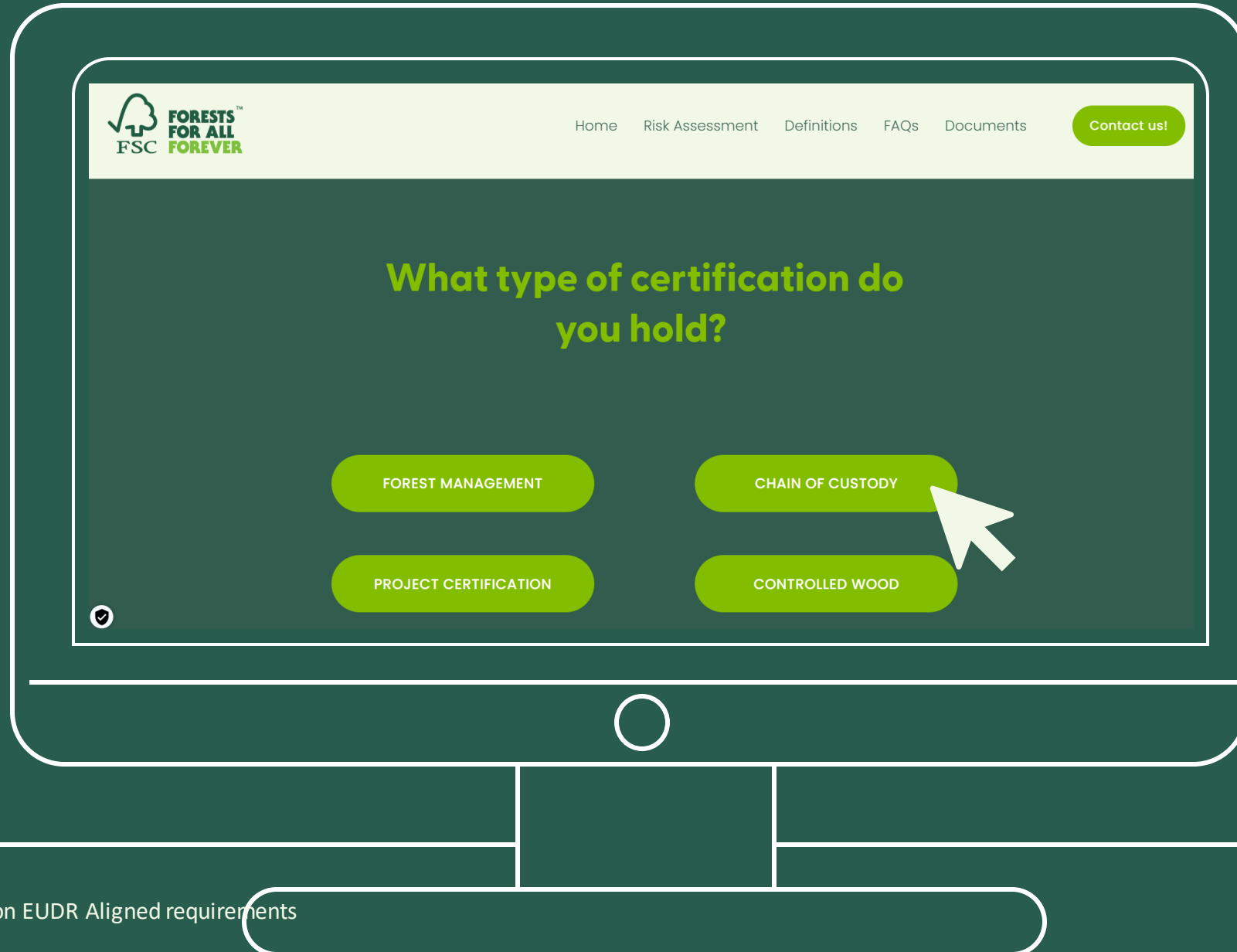


\*Note: For other users **not** applying the FSC Regulatory Module , existing FSC Risk Assessments will remain valid till replaced by the revised version.



# Navigating the consultation

1. **3 SIMULTANEOUS CONSULTATIONS ON CONSULTATION PLATFORM** (FSC Regulatory Module, FSC Risk Assessments, system-wide changes)
2. CONSULTATION OVERVIEW HANDOUT (consultation questions)
3. FAQ FOR NORMATIVE CHANGES
4. NORMATIVE DOCUMENTS BEING CONSULTED
5. INTRODUCTORY VIDEO TO EXPLAIN THE CONSULTATION
6. INFOKIT ON FSC REGULATORY MODULE
7. RECORDING OF THIS WEBINAR (available soon)



# So, how does the FSC Regulatory Module help you?



We have done the ground work for our certificate holders to show compliance with EUDR through their certification



Use of existing third party verification mechanisms for additional assurance



Complementary technology tools being developed



Existing supporting materials and systems to support certification and Regulatory Module



Best practice and leader in Risk Assessment development to use for exercising due diligence



25+ years experience supporting smallholders certification that will enable the additional steps for EUDR compliance



# What about technology tools?



FSC is working on developing and releasing tools to support the Regulatory Module as well as traceability. Includes geolocation GIS tools, Blockchain and Risk Assessment Library, Due Diligence Statements and more.



This presentation is about the normative requirements so we will focus on that for the Q&A.



Stay tuned on the development of blockchain at [www.fsc.org/blockchain](http://www.fsc.org/blockchain)



Sign up for the FSC newsletter to be informed on the development of other tools.

# Q & A

## QUESTIONS & ANSWERS

- We will address those ranked the highest
- FAQ will continue to be added to throughout the consultation



ONE MOMENT PLEASE



# Thank you



Forest Stewardship Council®

FSC® International Center



Adenauerallee 134, 53113 Bonn, Germany

T +49 (0) 228 367 66-0

F +49 (0) 228 367 66-65

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[www.fsc.org](http://www.fsc.org)