

PUBLIC CONSULTATION ON FSC-PRO-60-006B RISK ASSESSMENT FRAMEWORK

Presented by:

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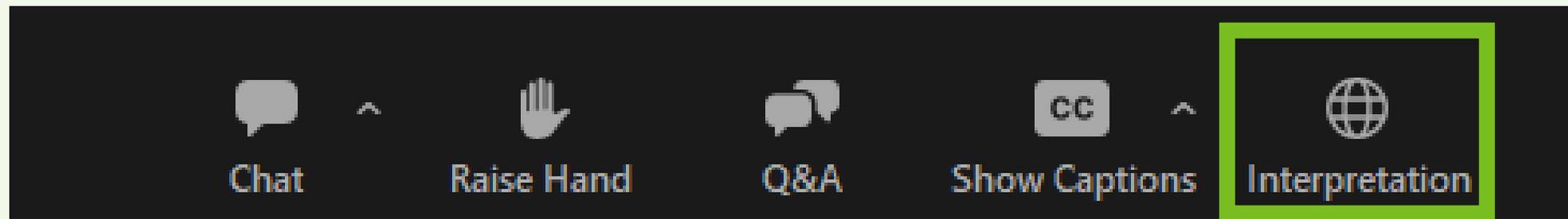
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Select (click) the language that you would like to hear.

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“Mute Original Audio”



How to Participate

This meeting is organized as a Zoom Webinar.

Submit your Questions using the Q&A button- anonymously please!



You can like (👍) a question submitted by other participants- the more likes a question receives, the greater the priority it will become to answer.

The chat function is disabled for this Webinar.

What we will discuss today:



Topic

- 1 Updating Risk Assessment Framework**
- 2 Key changes in FSC risk assessments**
- 3 Revision process of requirements for FSC risk assessments**
- 4 Consultation & Publication**
- 5 Q&A**

Questions!

- Presentation for 45 minutes and Q&A afterwards
- Please ask questions on the content of the consultation and presentation (unfortunately 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



1. UPDATING RISK ASSESSMENT FRAMEWORK

STRONG FOUNDATION



Our Controlled Wood Risk Assessment Framework already incorporates a due diligence system



FSC Risk Assessments in 60 countries set a strong base and experience for risk assessment development

Risk Assessments today



FSC Risk Assessment

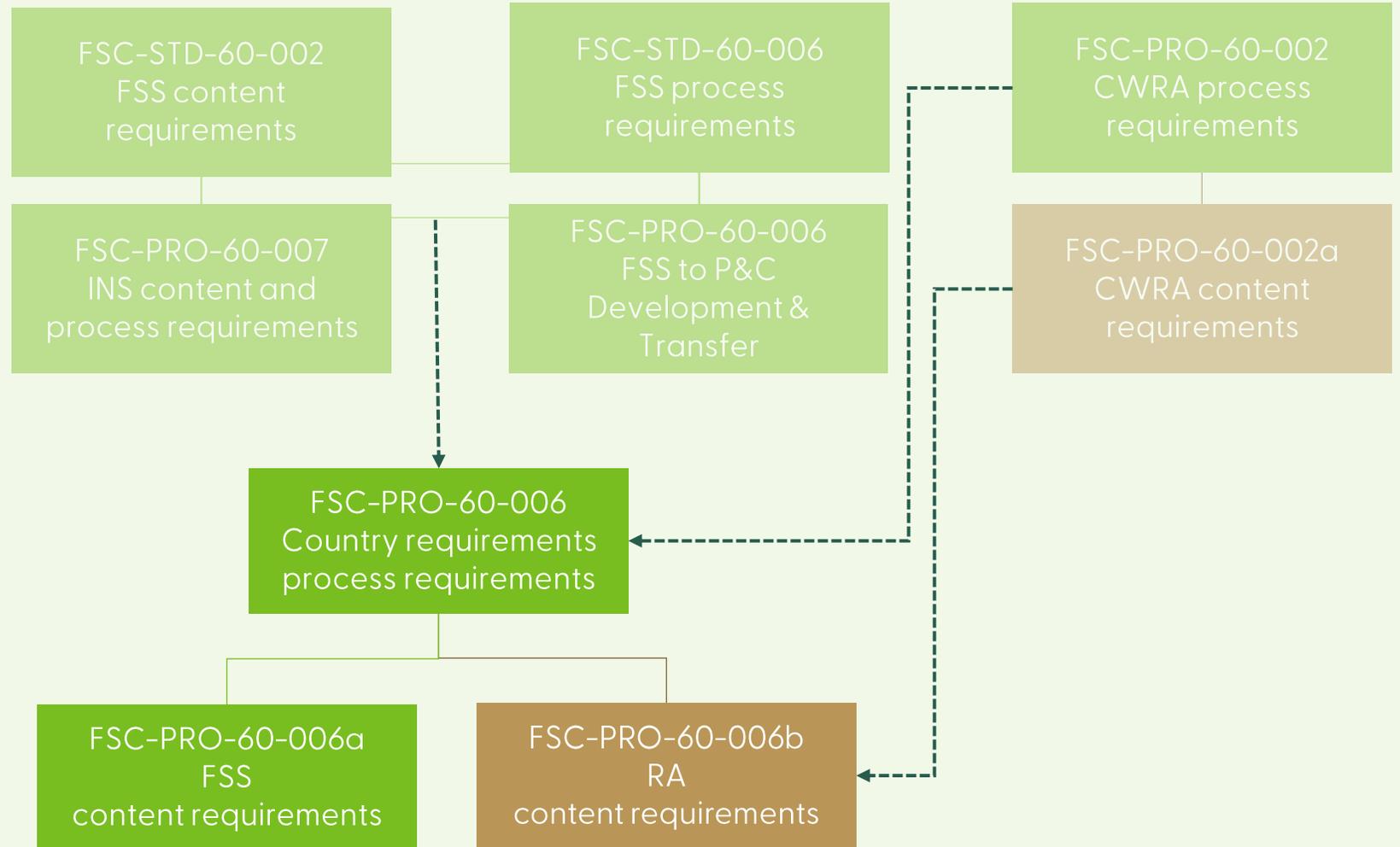
Assesses the risk of sourcing material from supply areas and establishes mitigation measures to address those identified risks.

The Risk Assessment Framework

Ensures uniform and robust requirements for assessing risks of sourcing material from supply areas.

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).

Risk Assessment Framework development

FSC-PRO-60-006b



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

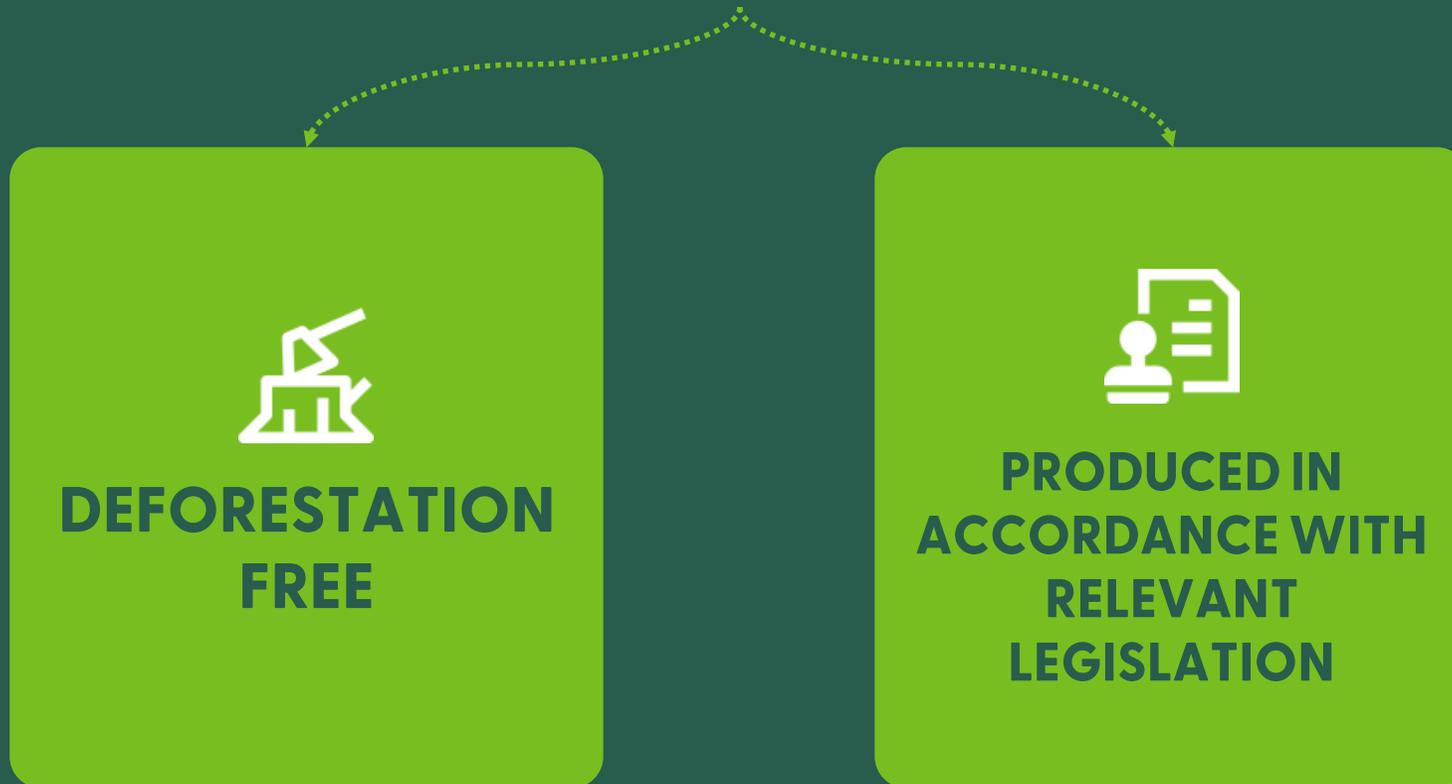
What is the EUDR?



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:



... strongly aligned with FSC!

EUDR compared to FSC



**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

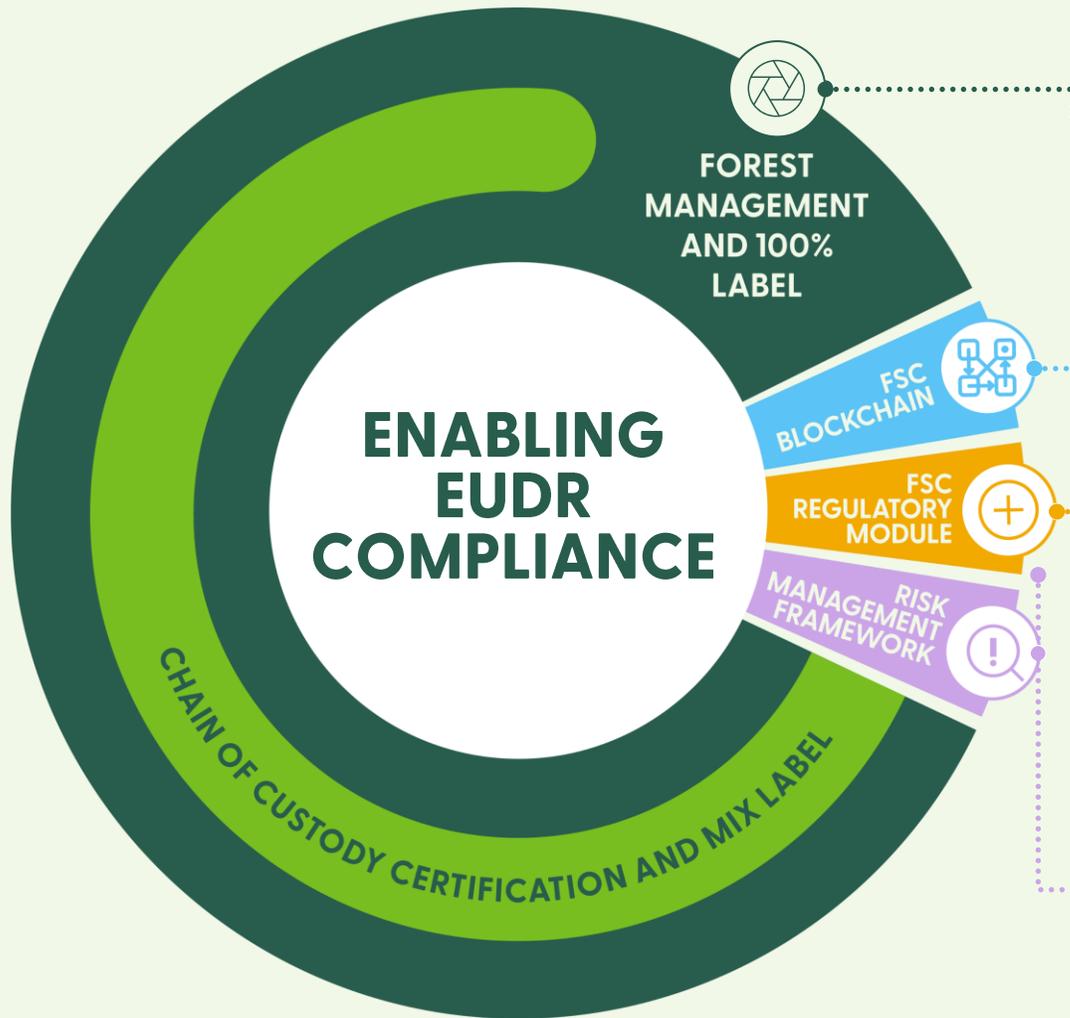
ASSESSING RISK

- 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.



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.



2. KEY CHANGES FOR FSC RISK ASSESSMENTS

FSC Risk Assessments

OLD

Only applicable for
Controlled Wood



APPLICABILITY

NEW

One **FSC risk assessment**, aligned with Policy to Address Conversion. Will also serve **EUDR requirements** applicable to **Forest Management and Chain of Custody (including Controlled Wood users)**

FSC Risk Assessments

OLD

PDF with 150–300 pages



STRUCTURE

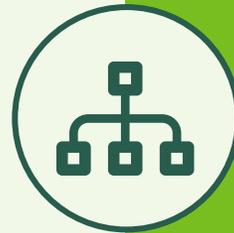
NEW

Data set that can be **transferred** to other formats, with risk areas mappable in GIS tools

FSC Risk Assessments

OLD

Unclear 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

- **Specified** and **low risk** designation
- **Not always clear** criteria for risk designation



RISK DESIGNATION

NEW

- **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

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
- 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!

Assessment of forest degradation

INDICATOR

Indicator 69. There is no forest degradation since 31 December 2020.

NON-NEGLIGIBLE RISK THRESHOLDS

1. The degradation of forests since 31 December 2020 is more than 0.02% on average per year;
2. The applicable legislation for the area under assessment covers laws that prevent forest degradation, but the risk assessment for relevant indicators on legal compliance confirms a designation of ‘non-negligible risk’;
3. Evidence indicates that forest degradation is occurring on a widespread or systematic basis.

INDICATOR

Indicator 68. There is no conversion from forest to agriculture since 31 December 2020.

NON-NEGLIGIBLE RISK THRESHOLDS

1. The applicable legislation for the area under assessment covers laws that prevent conversion, but the risk assessment for relevant indicators on legal compliance confirms a designation of ‘non-negligible risk’;
2. Evidence indicates that conversion from forest to agriculture is occurring.

Alignment with FSC Policy to Address Conversion: non-negligible risk designation

Exception: In chamber balanced processes, a working group may designate an area as negligible risk provided they are able to demonstrate that conversion has not taken place.

FSC Risk Assessments: Set of indicators

Strong requirements to uphold social and environmental values

76 INDICATORS
INCLUDING:



Human and
labour rights



Land use
and
managem
ent



Land
tenure
rights



High
conservation
values



Conversion
and forest
degradation



Water
sources
protection



Environmental
protection

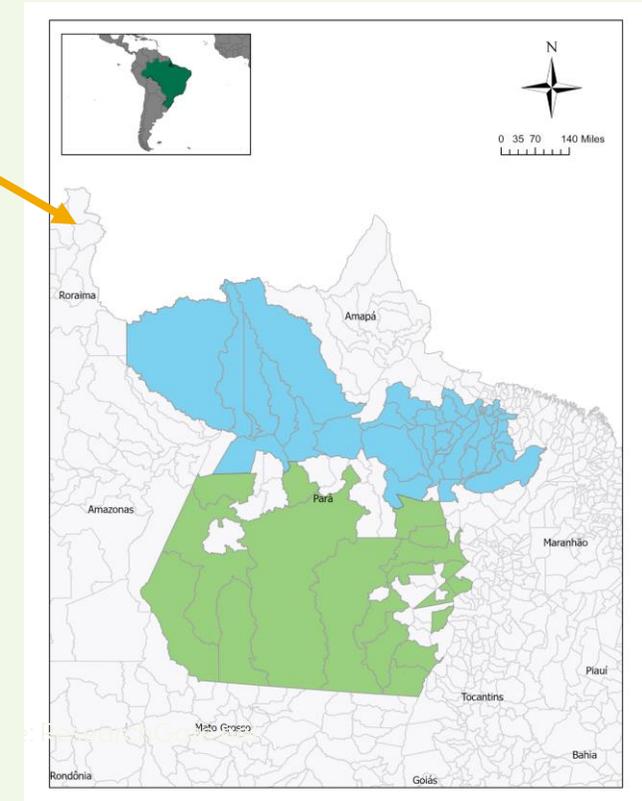


Genetically
Modified
Organisms

Arriving at homogeneous risk designation

| Indicator | Geopolitical assessment scale* | Geopolitical risk designation | Source types and risk designation | Required mitigation measures |
|----------------------------------------------|--------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Legal requirement on land tenure rights | Departments | Non-negligible risk | <ul style="list-style-type: none"> • Timber concession – non-negligible • Other forests – negligible | Recommended: <ul style="list-style-type: none"> • Land registry should confirm ownership and validity of property deed... |
| 38 Association with armed conflict | Departments | Negligible risk | <ul style="list-style-type: none"> • Public, private and communal forests – negligible | • N/A |
| 39 Legal requirements on child labour rights | Departments | Non-negligible risk | <ul style="list-style-type: none"> • Private forests – non-negligible • Other forests – negligible | Mandatory: <ul style="list-style-type: none"> • Persons involved in harvesting activities shall be covered by obligatory insurance... |
| 68 Conversion of forests to agriculture | Departments | Non-negligible risk | <ul style="list-style-type: none"> • Public forests – non-negligible • Other forests – negligible | Recommended: <ul style="list-style-type: none"> • Verification of permits for harvest from relevant authority that indicates conversion does not take place... |

Mapping of risk scales at most granular level possible



- Non-negligible risk – Timber concessions
- Negligible risk – Other forests

*The RA developer shall provide shapefiles for geopolitical assessment scale, or references to publicly available source of such data

Approach towards clarifying indicators (1/2)

Example

Controlled Wood Risk Assessment indicator:

1.12 Legal employment

Legal requirements for employment of personnel involved in harvesting activities including requirements for contracts and working permits, requirements for obligatory insurance, requirements for competence certificates and other training requirements, and payment of social and income taxes withheld by the employer. Also covered are the observance of minimum working age and minimum age for personnel involved in hazardous work, legislation against forced and compulsory labour, and discrimination and freedom of association.

Proposed adaptations:

- 39** Legal requirements related to child labour and employment of young workers are complied with.
- 41** Legal requirements related to modern slavery, including forced and compulsory labour, are complied with.
- 43** Legal requirements related to Freedom of Association, the Right to Organise and the Right to Collective Bargaining are respected.
- 45** Legal requirements related to the recruitment and employment of workers are complied with.
- 46** Legal requirements related to the contracts and working permits, and requirements for competence certifications and other training requirements are complied with.

Approach towards clarifying indicators (2/2)

Example

Controlled Wood Risk Assessment indicator:

1.12 Legal employment.

Legal requirements for employment of personnel involved in harvesting activities including requirements for contracts and working permits, requirements for obligatory insurance, requirements for competence certificates and other training requirements, and payment of social and income taxes withheld by the employer. Also covered are the observance of minimum working age and minimum age for personnel involved in hazardous work, legislation against forced and compulsory labour, and discrimination and freedom of association.

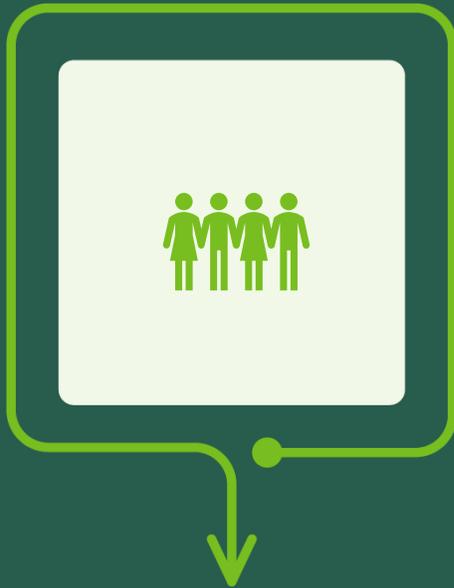
Proposed adaptations:

- 47** Legal requirements related to workers' wages and other payments, such as social insurance contributions and the payment of social and income taxes withheld by the employer on behalf of the worker, are complied with.
- 48** Legal requirements related to working hours, overtime, rest time and time off are complied with.
- 50** Legal requirements related to discrimination of workers are complied with.
- 52** Legal requirements related to gender equality in the workplace are complied with.

Approach towards risk mitigation measures

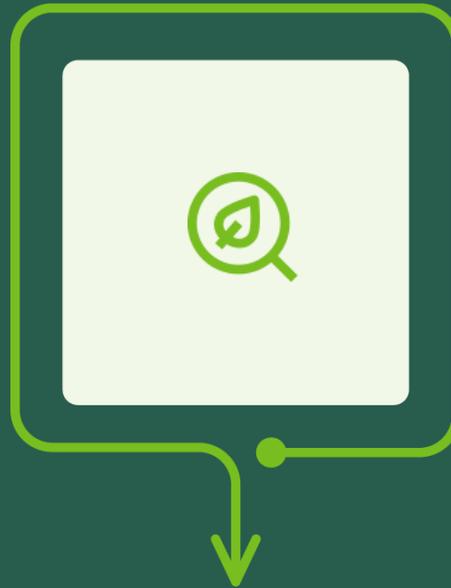
| Indicator | Risk | Source type | Risk mitigation measures | | |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | Type of verifier | Information/ Resources - verifier | How to mitigate / What to do ? |
| 1 Land tenure rights are secured and registered according to legal requirements. | Risk that required land-use right certificate or proof of legal right to use the land is lacking | Plantations in public land in A, B regions | Document verification | Land-use right certificate or similar relevant documents | <ul style="list-style-type: none"> Verify the details of the land user and the details of the land (area/position). The land-use right certificate or other equivalent documents should cover the correct area and is signed off by the Local Authority. The name of the forest owner on the land-use right document should correspond with other documents such as business license, invoice, packing list of forest products. |

Annexes of Risk Assessment Framework



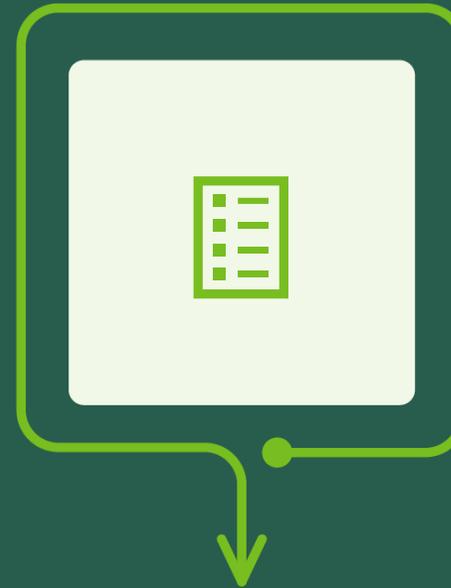
ANNEX 1

Stakeholder groups to be consulted in the risk assessment process



ANNEX 2

Examples of risk assessments considering geopolitical and functional scales



ANNEX 3

Risk assessment template



ANNEX 4

List of recommended sources of information for risk assessments

Annex 3: Risk Assessment template

TEMPLATE FOR RISK ASSESSMENT DEVELOPMENT

The template provided in Annex 3 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

Annex 4: List of sources of information

RECOMMENDED SOURCES OF INFORMATION

The Annex 4 provides a list of recommended sources of information to be used when developing or revision risk assessments. Includes the following:



List of sources

compiling several sources that were used before and are still relevant, as well as new sources of information.



Type of sources

covering different types of sources such as: reports, databases, datasets, indexes, ranks, maps, among others.



Key topics

Relevant to the requirements covered by the indicators. For example: deforestation and forest degradation, HCVs, land tenure and management rights, etc.



Geographical scope

Sources classified by the scope at global, regional or country level.

FSC Risk Assessments: How to use

When there is an available FSC Risk Assessment, use the results including the risk designation per indicator considering scale and type of risk. Where there is a non-negligible risk designation, check the proposed mitigation measures within the risk assessment.



Coming soon: Risk Assessment Library for FSC users for easy access for available regions and countries to see and understand the assessment of risk within that area and proposed mitigation measures.



Coming soon: For forest management users can instead use a simplified risk assessment template currently being developed.

Where an FSC Risk Assessment doesn't exist organizations can develop an **extended company risk assessment** using existing template provided by FSC available as established in FSC-PRO-60-006b.

RISK INFORMATION ALLIANCE

Driving idea: Develop and maintain trustworthy risk assessments cross partners and commodities. Doing so in a partnership by sharing responsibility and expertise within the partnership.



PILOT WORK

Running a pilot on technical aspects with Preferred by Nature since mid-2023



ISEAL FUNDING

Signing support for a project through ISEAL investment fund.



WORK IN PROGRESS

Further work on strategic structure of Risk Information Alliance, technical aspects and generating capacity through fundraising.



RISK ASSESSMENT DEVELOPMENT PROCESS CHANGES



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



FSC Risk Assessments: How are they going to be developed or revised now?

Two options....



Chamber balanced process

Equal representation of environmental, economic, and social chamber members during the development or revision process.



Centralized process

FSC leading the process with the support of experts.

FSC Risk Assessments: How are they being updated?



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

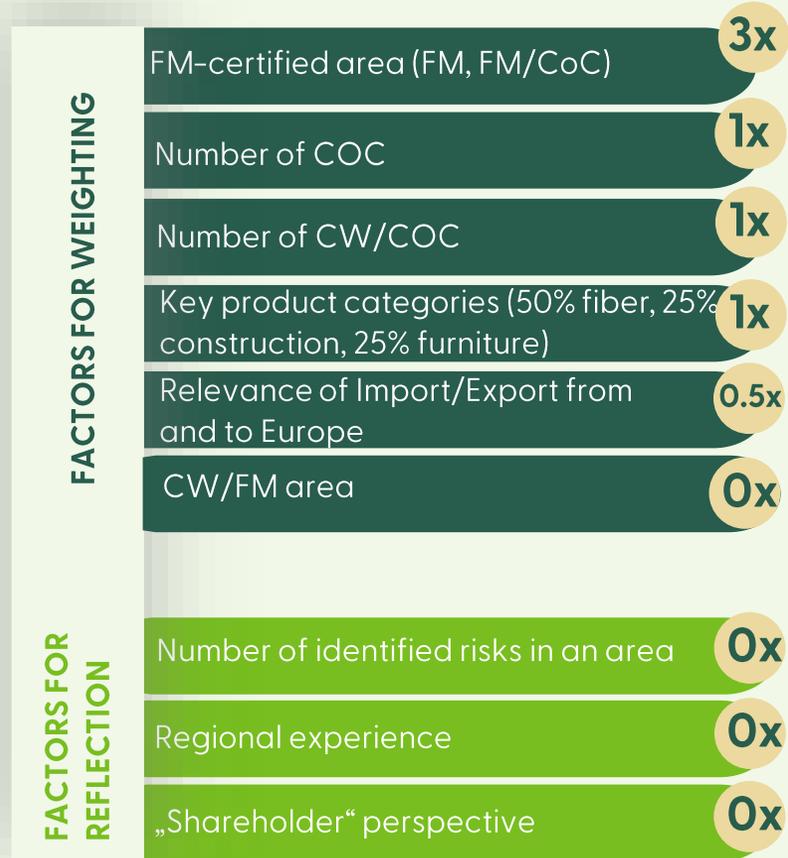
Further information on the **Request for Proposal** can be found under the following link: <https://fsc.org/en/newscentre/eudr/request-for-proposal-to-revise-fsc-risk-assessments>



Prioritized countries for centralised 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 |

While waiting for updated FSC Risk Assessments...



For FSC Regulatory Module users:

Where an FSC Risk Assessment doesn't exist organizations shall develop an extended company risk assessment using existing template provided by FSC available as established in FSC-PRO-60-006b.



For users not applying FSC Regulatory Module:

ADVICE-40-005-26 approved on 30 August 2023

Existing FSC Controlled Wood Risk Assessments remain in effect beyond their stated period of validity until replaced by the next versions of corresponding FSC Risk Assessments.

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

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?

3. FSC RISK ASSESSMENTS: PROCESS OF REVISION OF REQUIREMENTS

Scope of revision

Objectives

- **Update and streamline content** requirements for FSC risk assessments.
- **Alignment with Strategy** for FSC Mix products, and key FSC normative documents/topics, including the Policy to Address Conversion.
- **Alignment of requirements** with EUDR.

Setup

- **Working Group:** 6 chamber balanced FSC members and 3 Technical Experts.
- **Approval body:** Policy and Standards Committee (PSC).

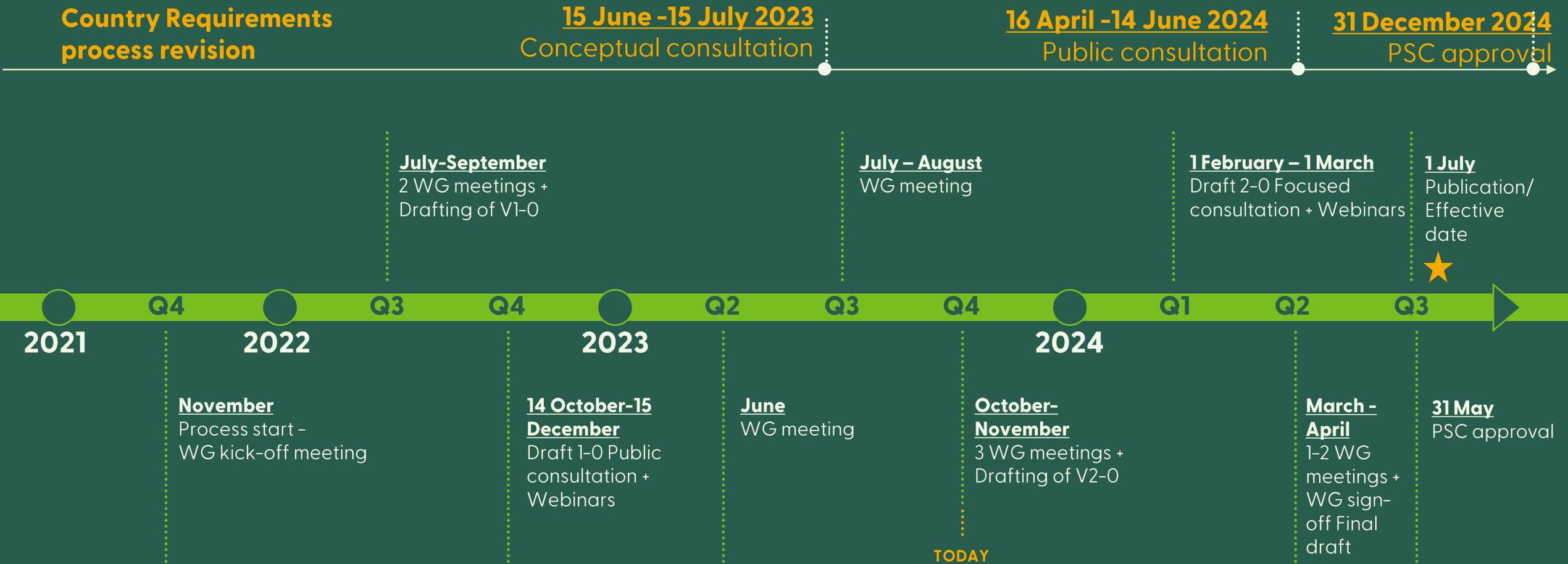
Process summary



Revision process timeline



Revision FSC–PRO-60-006 Country Requirements process revision



4. 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**



© FSC / Julián Manrique

30 Day Public Consultation

**FEB 1
2024**



**MAR 1
2024**



Looking ahead: Publication and implementation timeline

1 JUL 2024

1 OCT 2024

**FSC
REGULATORY
MODULE, RISK
ASSESSMENTS
AND SYSTEM-
WIDE
CHANGES**
will be jointly
published

**FSC
REGULATORY
MODULE**
will become
effective with
no transition
time

**RISK
ASSESSMENT
FRAMEWORK**
immediately
effective for
users applying
the FSC
Regulatory
Module *

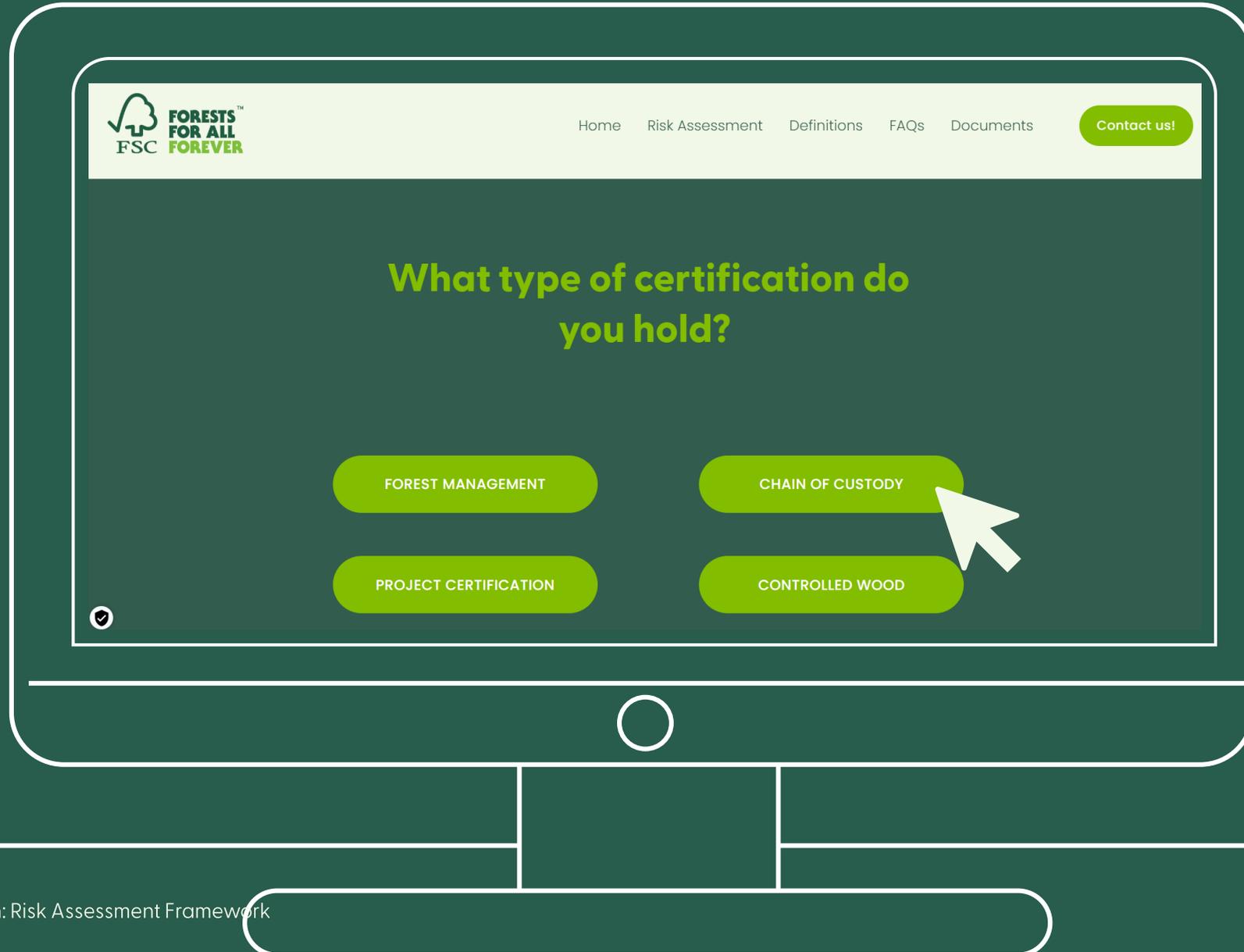
**ADVICE
NOTES**
immediately
effective for
users
applying the
FSC
Regulatory
Module

For other
certificate
holders **ADVICE
NOTES** will be
effective on 1
October 2024
with a transition
timeline ending 1
April 2026

*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 do FSC Risk Assessments 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.



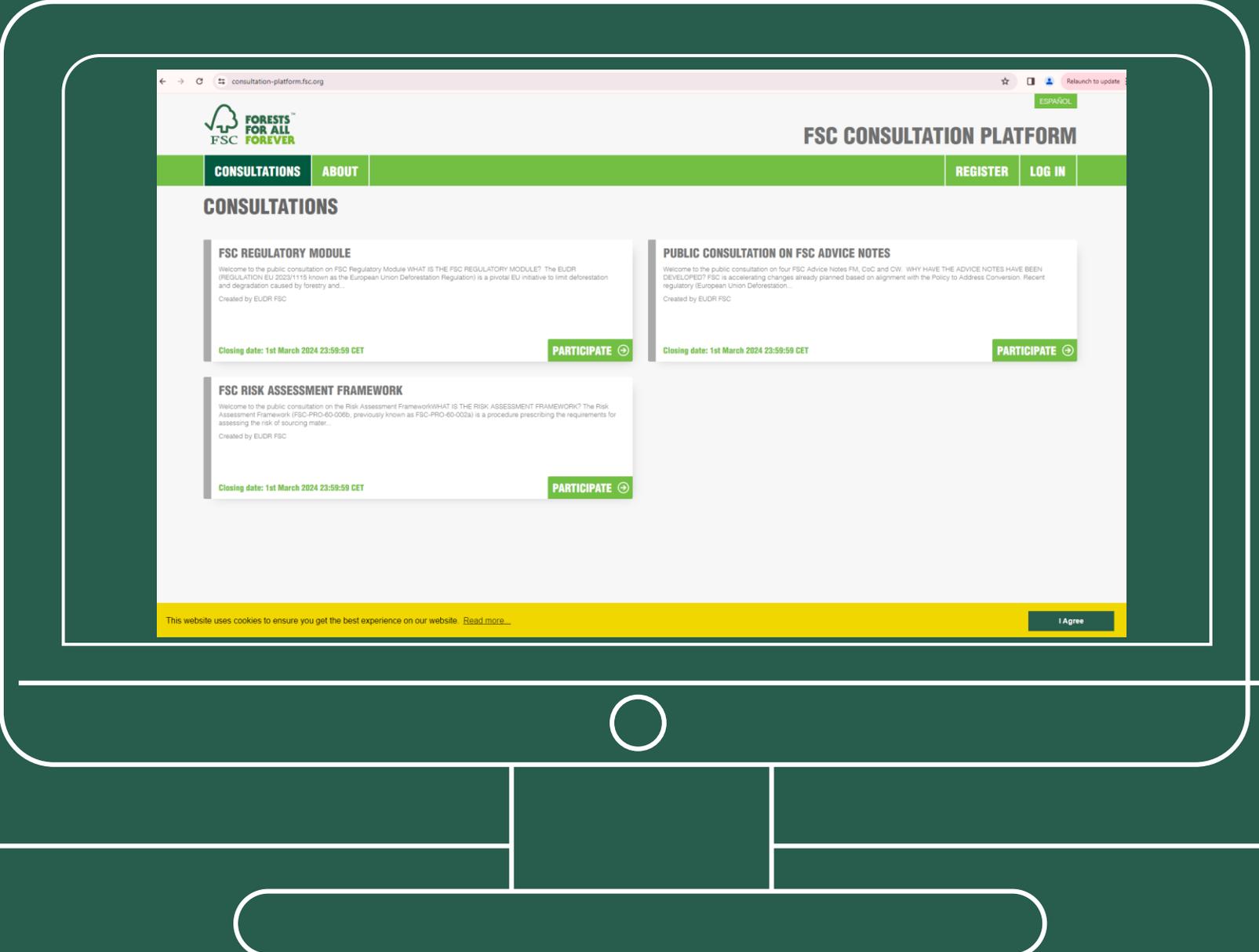
This presentation is about the normative requirements so we will focus on that for the Q&A.



Stay tuned on the development of blockchain at www.fsc.org/blockchain



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

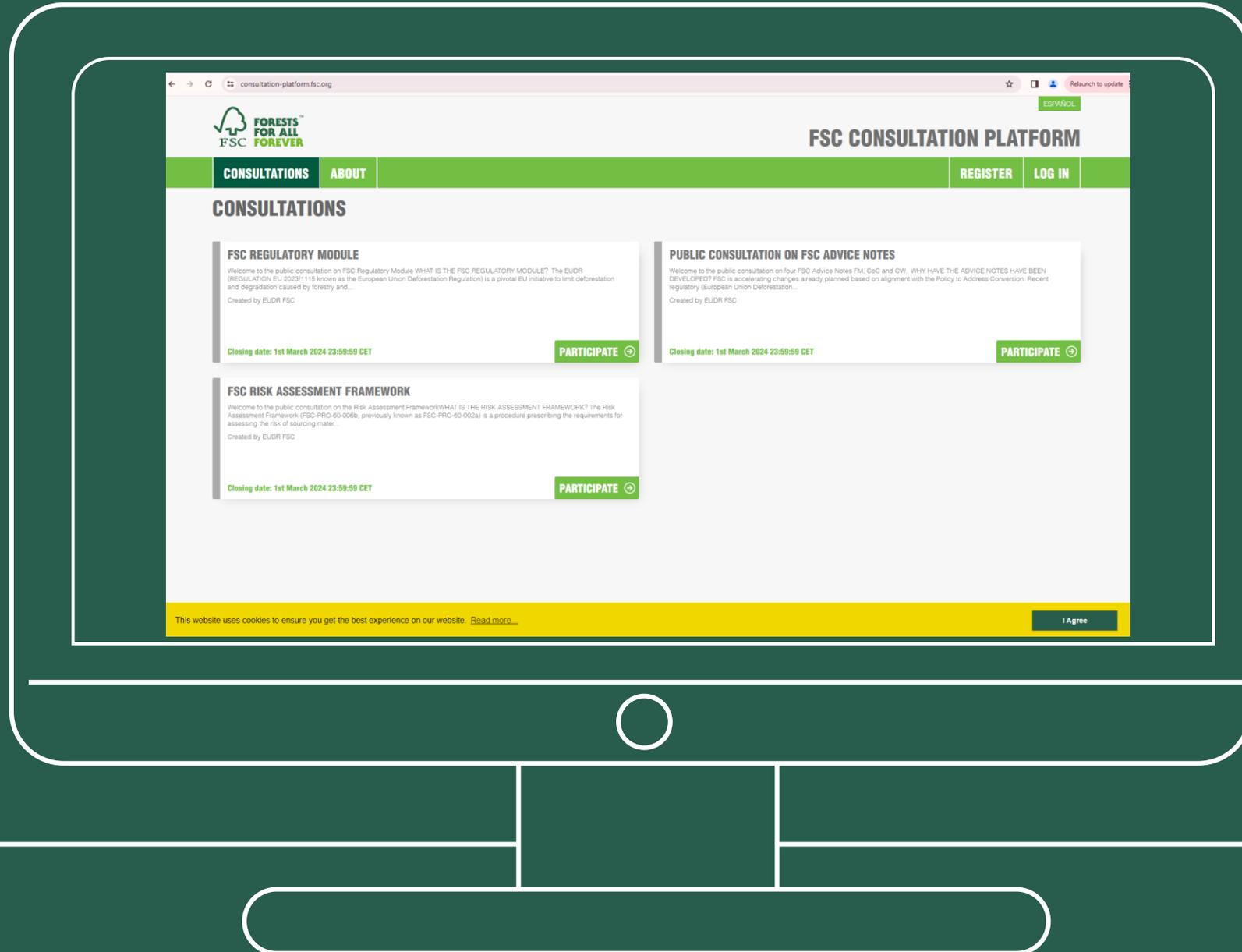




ONE MOMENT PLEASE

Q & A QUESTIONS & ANSWERS

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



Thank you



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