

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

**Presented by:**

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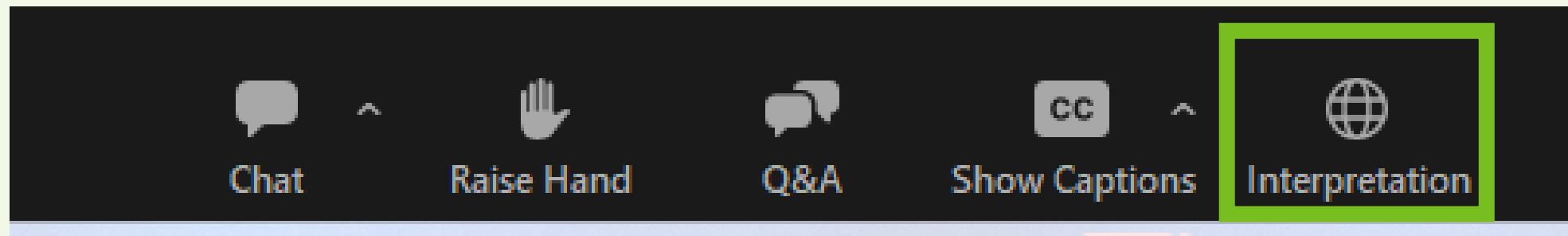
# Simultaneous Interpretation



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# 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



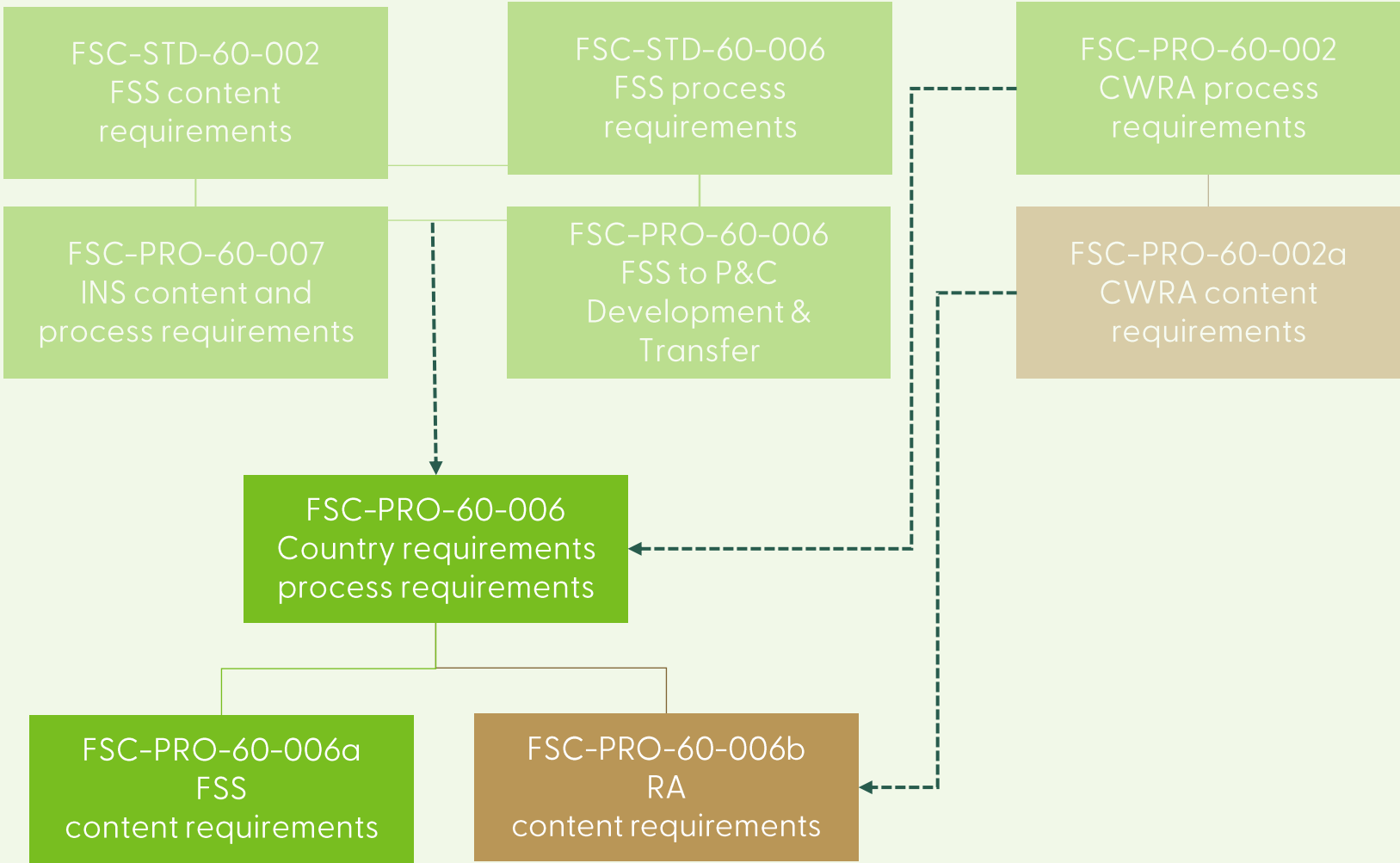
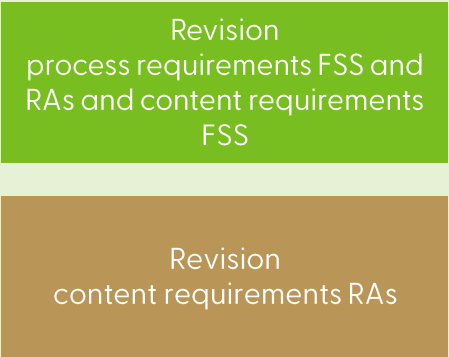
## **FSC Risk Assessment**

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



\* 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:



**DEFORESTATION  
FREE**



**PRODUCED IN  
ACCORDANCE WITH  
RELEVANT  
LEGISLATION**

... strongly aligned with FSC!

# EUDR compared to FSC



**MORE  
INFORMATION  
GATHERING  
(TRACEABILITY,  
GEOLOCATION)**



**MORE  
REQUIREMENTS  
FOR DUE  
DILIGENCE**

# Due diligence in EUDR

## 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

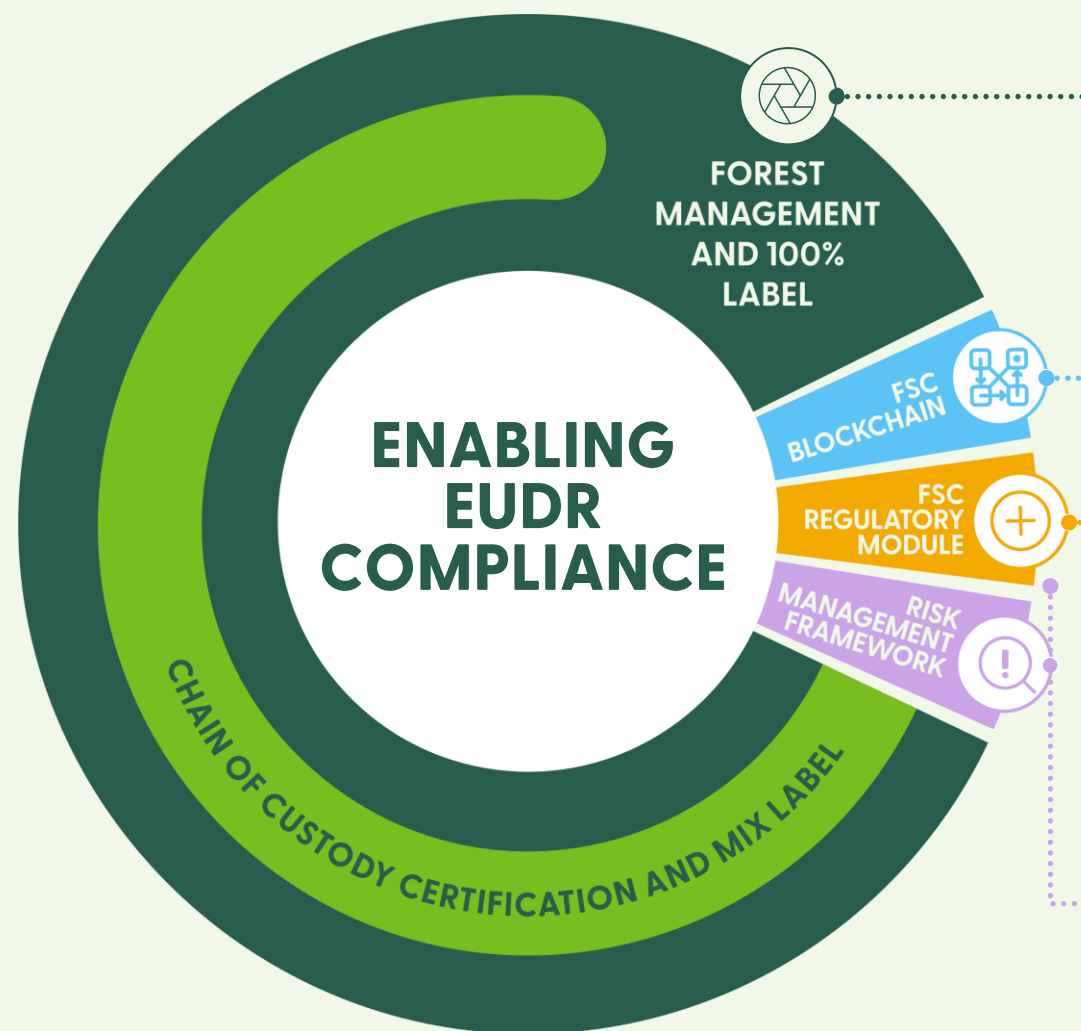
## ASSESSING RISK

- 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

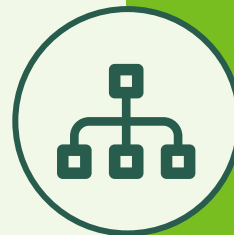
NEW

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

# FSC Risk Assessments

**OLD**

Uncertainty 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

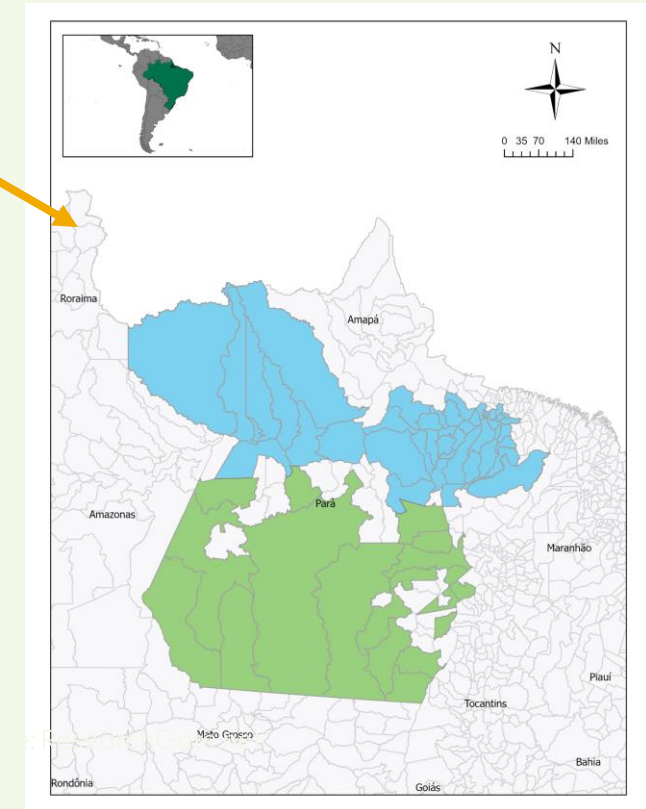


Genetically  
Modified  
Organisms

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

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.

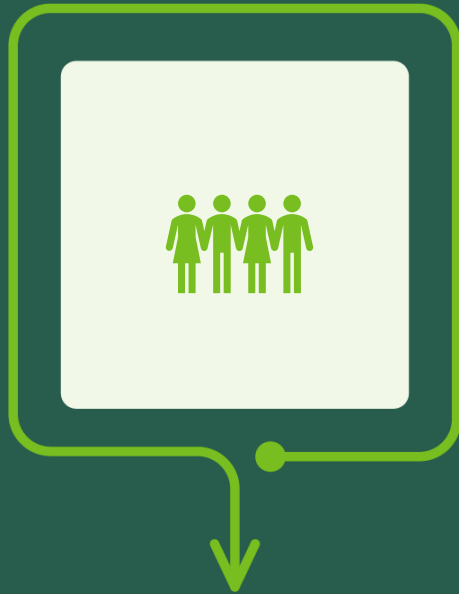
## Proposed adaptations:

- 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

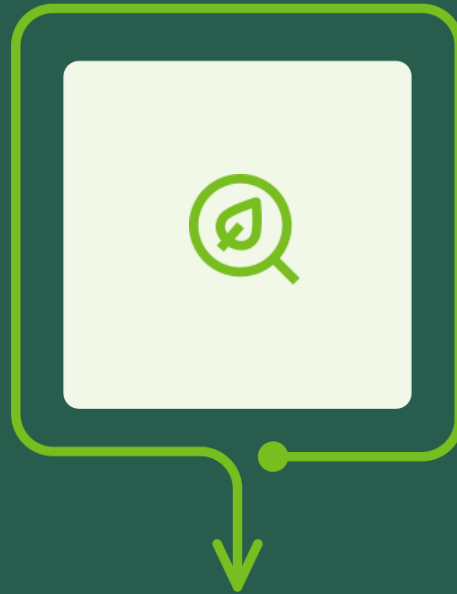
Indicator	Risk	Source type	Risk mitigation measures		
			Type of verifier	Information/ Resources - verifier	How to mitigate / What to do ?
1 Land tenure rights are secured and registered according to legal requirements.	Risk that required land-use right certificate or proof of legal right to use the 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"> <li>Verify the details of the land user and the details of the land (area/position).</li> <li>The land-use right certificate or other equivalent documents should cover the correct area and is signed off by the Local Authority.</li> <li>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.</li> </ul>

# 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>

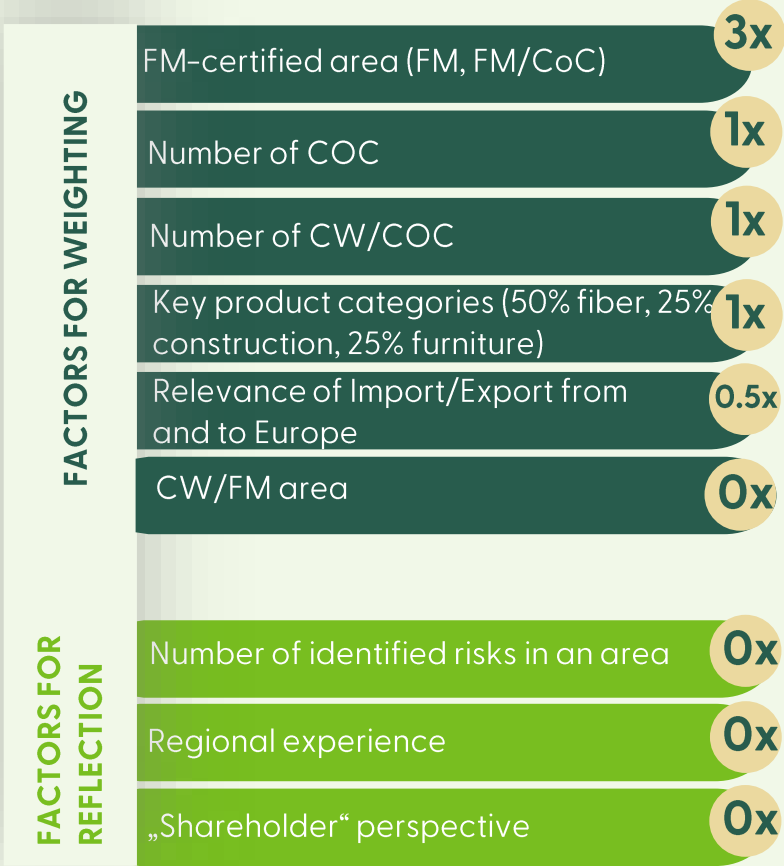


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# Prioritized countries for centralised risk assessment in 2024



**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**



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# 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 \*

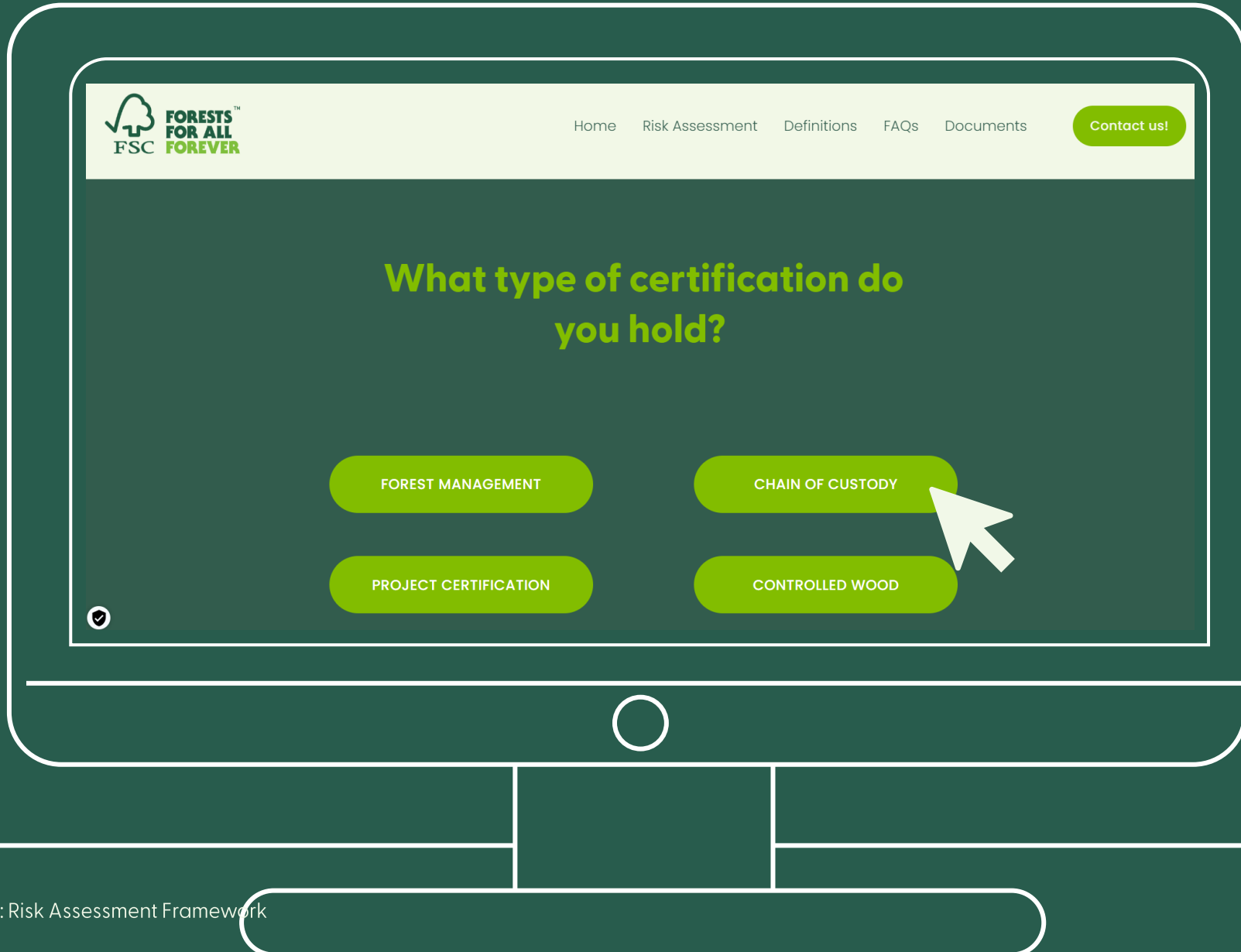
**ADVICE  
NOTES**  
immediately  
effective for  
users  
applying the  
FSC  
Regulatory  
Module

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.



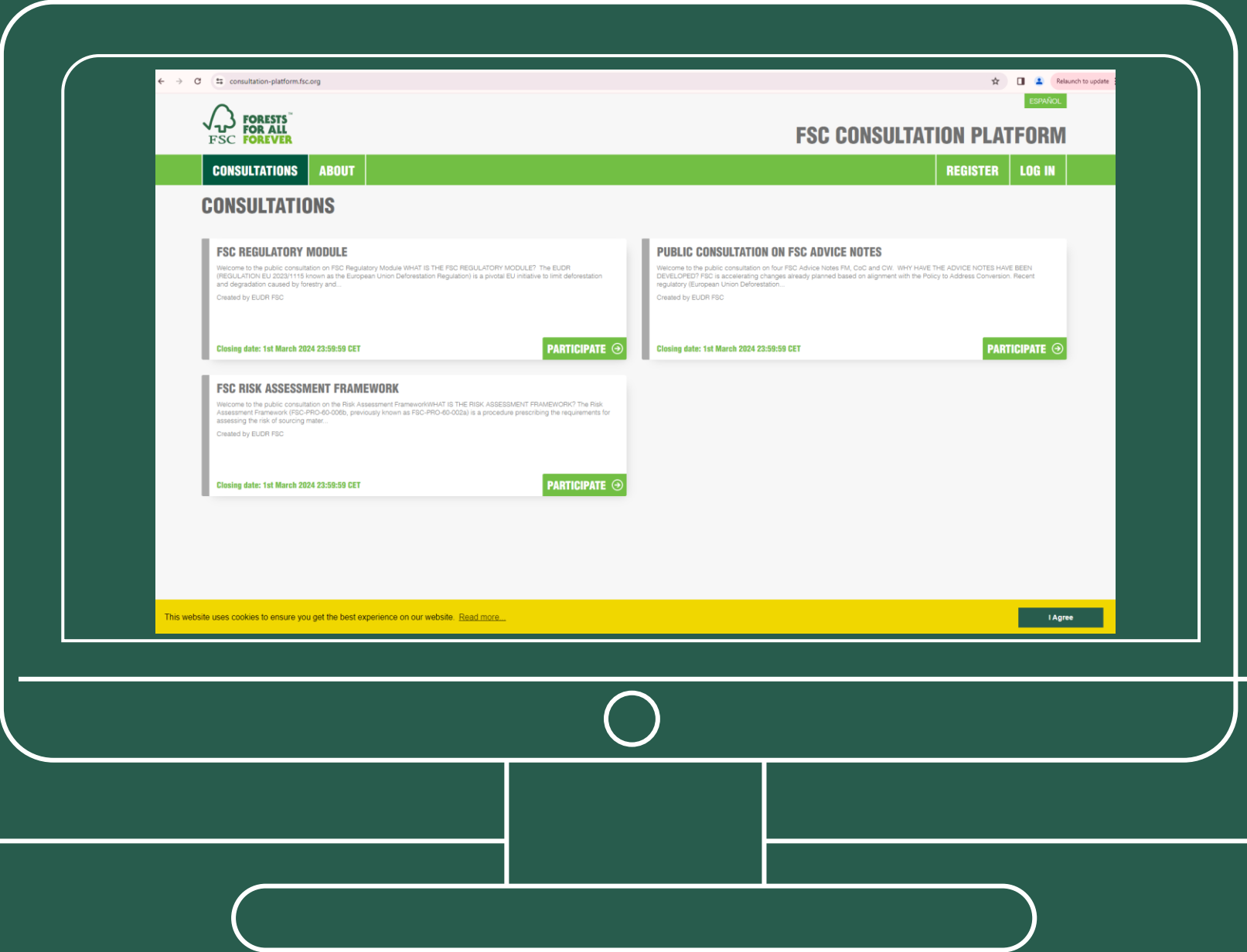
This presentation is about the normative requirements so we will focus on that for the Q&A.



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



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

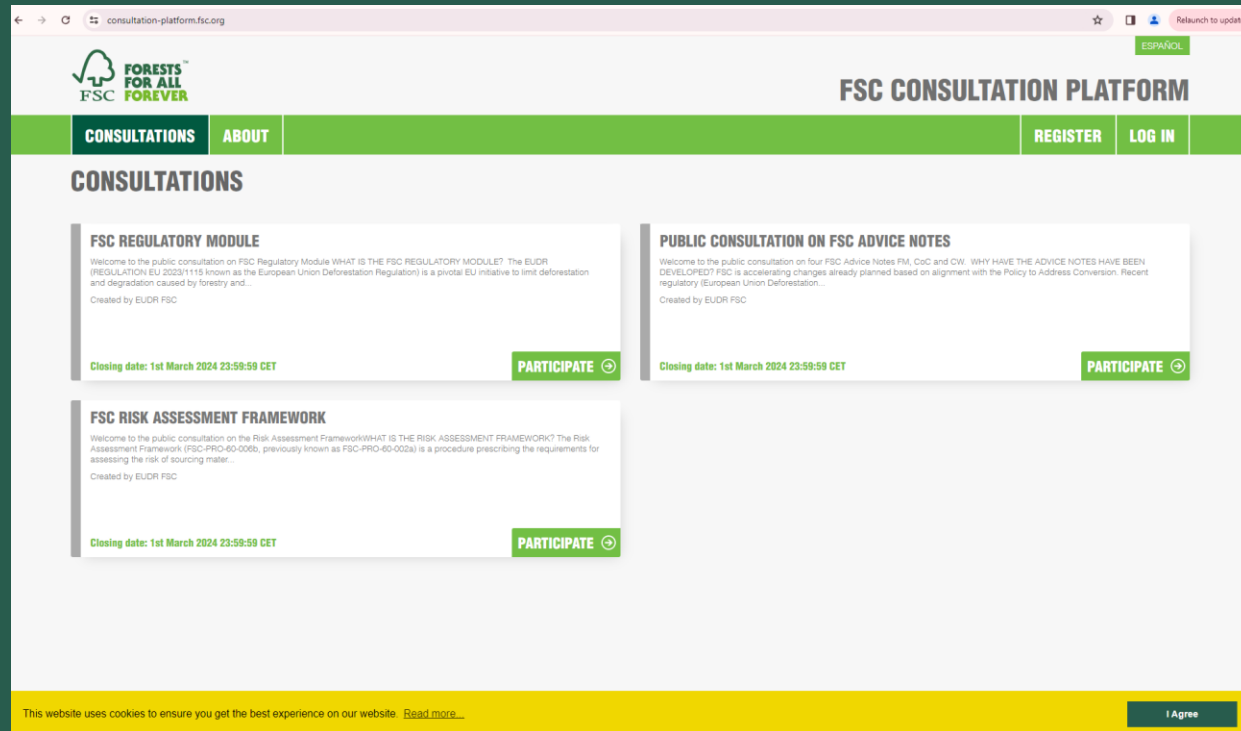




**ONE MOMENT PLEASE**

# 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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