

WHAT ARE THE KEY TOPICS IN DRAFT 2-0 OF THE ECOSYSTEM SERVICES PROCEDURE?

Draft 2-0 (sent for second public consultation) keeps important aspects of Draft 1-0 and the current procedure.

Based on feedback received in the first public consultation (16 January – 17 March 2023), Draft 2-0 includes new and improved clauses, with more clarity and robustness. Find below key concepts in Draft 2-0.

Nr	Concept	Why it matters
1	Preconditions and additional safeguards for forest managers and sponsors	Forest Management Certification is a prerequisite for the use of the procedure , as it provides safeguards needed for the credible demonstration of positive ecosystem services impacts. This is maintained from Draft 1-0 (sent for first public consultation).
2	Parts and sections in Draft 2-0 clearly specify the relevant actor(s)	Parts and sections in Draft 2-0 clearly specify the requirements for relevant actor(s) : The Organization, certification bodies, sponsors, CoC organizations, promotional licence holders. Content has been reorganized and adapted per user with the name of the actor presented in guidance boxes at the beginning of a Part and relevant sections. Further, the structure in Draft 2-0 follows a chronological flow as much as possible.
3	Improved terms and definitions	Terms and definitions are improved, updated, and simplified. See for example: 'additionality test', 'baseline value' and 'present value', 'compensation and neutralisation beyond value chain', 'contribution', 'enhancement' and 'maintenance', 'footprint', 'primary data', 'revenue', 'verified ecosystem services impact'.
4	Revised impacts and new ecosystem services category and impacts in Annex B	<p>Ecosystem services impacts have been revised, and safeguard requirements have been removed when they were addressed in <FSC-STD-01-001 FSC Principles and Criteria for Forest Stewardship>, and/or in <FSC-STD-60-004 International Generic Indicators>.</p> <p>For D1-0, ES6 'Cultural practices and values' was added aiming to add value to good forest management practices of Indigenous Peoples and traditional peoples.</p> <p>For D2-0, another ecosystem services category has been introduced: ES7 'Air quality', which is expected to be used especially in forests in periurban or urban areas.</p> <p>Also, new impacts have been included under ES1 Biodiversity Conservation.</p>
5	Clear distinction between verified ES impacts and ES claims.	<p>Draft 2-0 clearly defines what ES impacts and ES claims are, assisting actors in the correct use of the procedure.</p> <p>Part II presents requirements The Organization shall conform with in order to get an ES impact verified by its certification body.</p> <p>Verified ES impacts may be promoted through ES claims. The components of an ES claim and how an ES claim can be used are clearly stated in Part IV.</p>

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6	Clear distinction between storytelling and performance approaches	<p>Draft 2-0 keeps only two approaches to demonstrate impact: storytelling and performance. <u>There are seven clauses that only apply to the performance approach.</u> These clauses are added to the default clauses that apply to both approaches.</p> <p>The choice of the approach depends on the intended use of the ES claim. This is presented in clearer terms in Part IV (see guidance box and clauses 14.5-14.6). In summary:</p> <ul style="list-style-type: none"> • the storytelling approach includes the minimum requirements for a credible impact demonstration. It allows to: <ul style="list-style-type: none"> ○ promote data-driven storytelling, ○ payments for ecosystem services by a sponsor, ○ promoting forest products with an ES category, ○ beyond value chain contributions by a sponsor, when these are not used to compensate or neutralise residual negative impacts. • the performance approach includes additional requirements needed for certain market uses: <ul style="list-style-type: none"> ○ to demonstrate progress towards net-zero or other quantifiable science-based or mitigation hierarchy aligned sustainability targets within its value chain, ○ to report on ecosystem services footprint, ○ to report on progress towards its sustainability targets within its value chain, ○ as evidence to benefit from a nature-related fund. <p>D2-0 does not include the ‘footprint approach’ presented in D1-0. The footprint approach in D1-0 collected only one data point and aimed to allow a sponsor to report on its footprint in reporting standards. In D2-0, ES impacts verified following the performance approach allow a sponsor to report on its company footprint in reporting or disclosure standards or frameworks.</p>
7	Improved impact demonstration requirements	<p>Part II ‘Impact demonstration’ has been strengthened by removing complex requirements, adding new ones and improving the readability.</p> <p>For example, Step 2 is expanded in order to better describe the ecosystem service. Step 3 and 6 clearly present specific requirements for the performance approach. Connections to Annex B are clearly presented in Steps 4 to 7.</p>
8	Expanded revenue sharing mechanism	<p>The revised revenue sharing agreement provides clearer steps to share revenue from the sponsoring of a verified or validated ES impact with identified parties. New clauses, for example, better identify the parties to participate in the agreement, and improve transparency in the distribution of revenue to other potentially marginalised groups.</p> <p>Draft 2-0 also propose three options to operationalize the revenue sharing agreement. Find them in Section 11.</p> <ul style="list-style-type: none"> - Option 1: the procedure regulates how The Organization fairly distributes revenue received. - Option 2: The procedure does not regulate distribution of revenue. It will be up to The Organization to decide how to fairly distribute the received revenue. - Option 3: In addition to Option 2, a cap is included on the maximum percentage of revenue received by brokers of ES impacts.

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9	Promotion of forest products with verified ES impacts in its supply chain	Improved clauses regulate the promotion of FSC 100% products made from materials that come from forests in which ES impact(s) were verified . Requirements to pass key information (Section 13) are separated from those that deal with promotion (Section 16).
10	Improved requirements for promotion of verified ES impacts	<p>Draft 2-0 presents requirements related to the promotion of verified ES impacts more clearly.</p> <p>Part III includes integrity requirements that are needed prior to the promotion of verified ES impacts. Key concepts in Part III are revenue sharing agreement, formalization of sponsorships, and requirements to pass information along a supply chain.</p> <p>Part IV includes requirements dealing only with the promotion of verified ES impacts. Key concepts in Part IV are: elements of an ES claim, uses of ES claims, specific requirements for The Organization, sponsor, CoC organizations, promotional licence holders.</p> <p>Part IV also regulates the promotion of validated ES impacts.</p>
11	Clearer requirements for FM groups	Part I brings more clarity into how FM groups can use the procedure , either for the verification or validation of an ES impact. Key concepts are: topics to be documented for each management unit, how to expand the application of the procedure to new members, and how FM groups can use the Ecosystem Services Report.
12	Improved requirements for certification bodies (CB)	<p>Part V presents requirements for the certification body when evaluating conformity with the procedure. Most of the requirements are targeted to FM accredited CBs, but there are also a few for CoC accredited CBs.</p> <p>Section 19 presents more clearly requirements be audited in which specific audits.</p> <p>Part V also includes clear connections with other FSC normative documents (e.g., FSC-STD-20-001, FSC-STD-20-007, FSC-STD-20-011), avoiding duplication.</p>
13	Revised reporting requirements in Annex A	Annex A has been expanded and includes specific content that The Organization and the certification body will have to report in a tool to be provided by FSC.
14	Adaptations for SLIMF and community forests	Draft 2-0 keeps adaptations for SLIMF and community forests present in D1-0. Moreover, FSC will add to the revised <FSC-GUI-30-006 Guidance for Demonstrating Ecosystem Services Impacts> specific guidance for SLIMF users and community forests to conform with Part II 'Impact Demonstration'.