

# 2<sup>ND</sup> PUBLIC CONSULTATION: ECOSYSTEM SERVICES PROCEDURE (DRAFT 2-0)

Forest Management and Climate & ES  
Programmes

7 May 2024

# AGENDA



	Topic	Time	Presenter
1	Welcome & agenda	<5 min.	Francesco
2	Overview Draft 2-0, process & timeline	<10 min.	Francesco
3	Novelties & key changes	15-20 min.	Petra & Jorge
4	Q&A	20-25 min.	Petra & Jorge
5	Summary & Thank you	5 min.	Francesco





# **OVERVIEW DRAFT 2-0, PROCESS & TIMELINE**

# Presenters in today's webinar



**Francesco Patiño**  
FM Policy Manager



**Jorge Matallana**  
C&ES Manager



**Petra Westerlaan**  
C&ES Expert Consultant



# A virtuous cycle



# We have seven ecosystem services categories in Draft 2-0 of the procedure

Our approach to monitoring, conservation and improvement of ecosystem services in FSC-certified forests is focused on these categories:



**Carbon**



**Biodiversity**



**Soil**



**Water**



**Recreation**

Two categories are introduced in Draft 2-0:

- **Cultural practices**
- **Air quality**

# Members of the TWG and FSC's revision team



## TWG

ECON

**Wesley Snell**

Consultancy (ETIFOR)

ENV

**Jens Holm Kanstrup**

NGO (Forest of the World)

SOC

**Alan Smith**

Individual

TECH

**Ana Sofia Vaz**

Research  
(University of Porto)

TECH

**Rachele Perazzolo**

FSC Italy

TECH

**Carlos Paixao**

Independent consultant

## FSC

### Coordinators

Francesco Patiño

*(Process coordinator)*

Petra Westerlaan

*(Technical coordinator)*

Jorge A. Matallana

*(Technical coordinator)*

### Supervisors

Maria Wowro

*(CES and markets)*

Maria Melero

*(FM certification)*

### Two Steering Groups

a) Policy Steering Group (PSG),

b) Climate and Ecosystem Services (CES)  
Steering Group

# The revision of the procedure has two phases



## Phase 1 ([link](#))

- Fully addresses Motion 48/2021
- Partially addresses Motion 49/2021
- Partially addresses Motion 53/2021

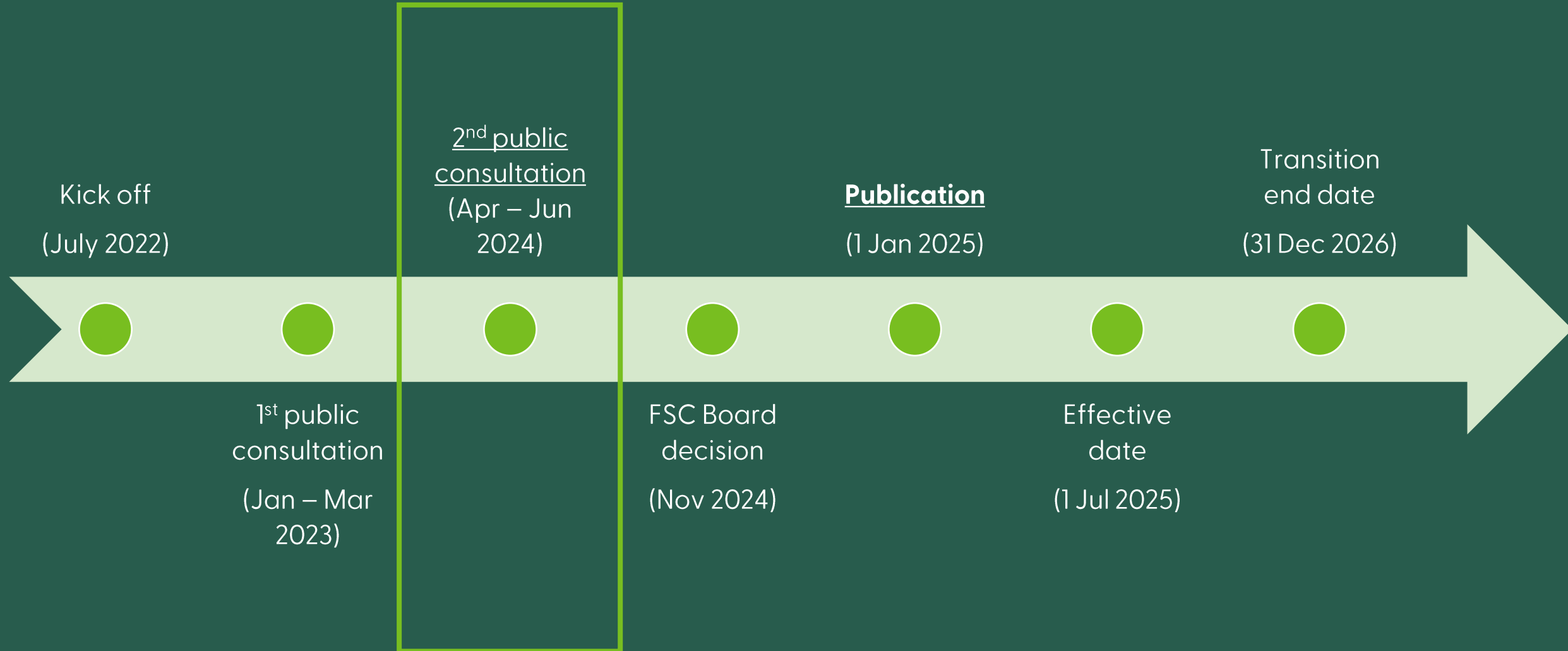
## Phase 2

- Motion 49/2021 ([link](#)): use of ES PRO for compensation or neutralization of residual impacts beyond value chains.
- Motion 53/2021 ([link](#)): engagement with Indigenous Peoples' representatives.

Phase 2 has already started and is in the “conceptual phase” of a revision process. FSC plans to launch the consultation of the conceptual phase in Q4 2024.



# Timeline towards the publication of the revised procedure



# How to participate in the consultation of Draft 2-0 of the procedure?



The consultation is **open 10 April – 9 June 2024** via the [FSC Consultation Platform](#).

- Access the [consultation in English here](#)
- Access the [consultation in Spanish / French here](#)

We invite you to **first read Draft 2-0 of the procedure**. You will find it in the uploaded documents (at the end of the page). **Then, responding the questions in the consultation** platform will be easier.

You can **save your progress** and **modify your responses** up until the end of the consultation period on 9 June.

It's not mandatory to respond to all questions. You may **choose to respond to questions** that are most important to you.

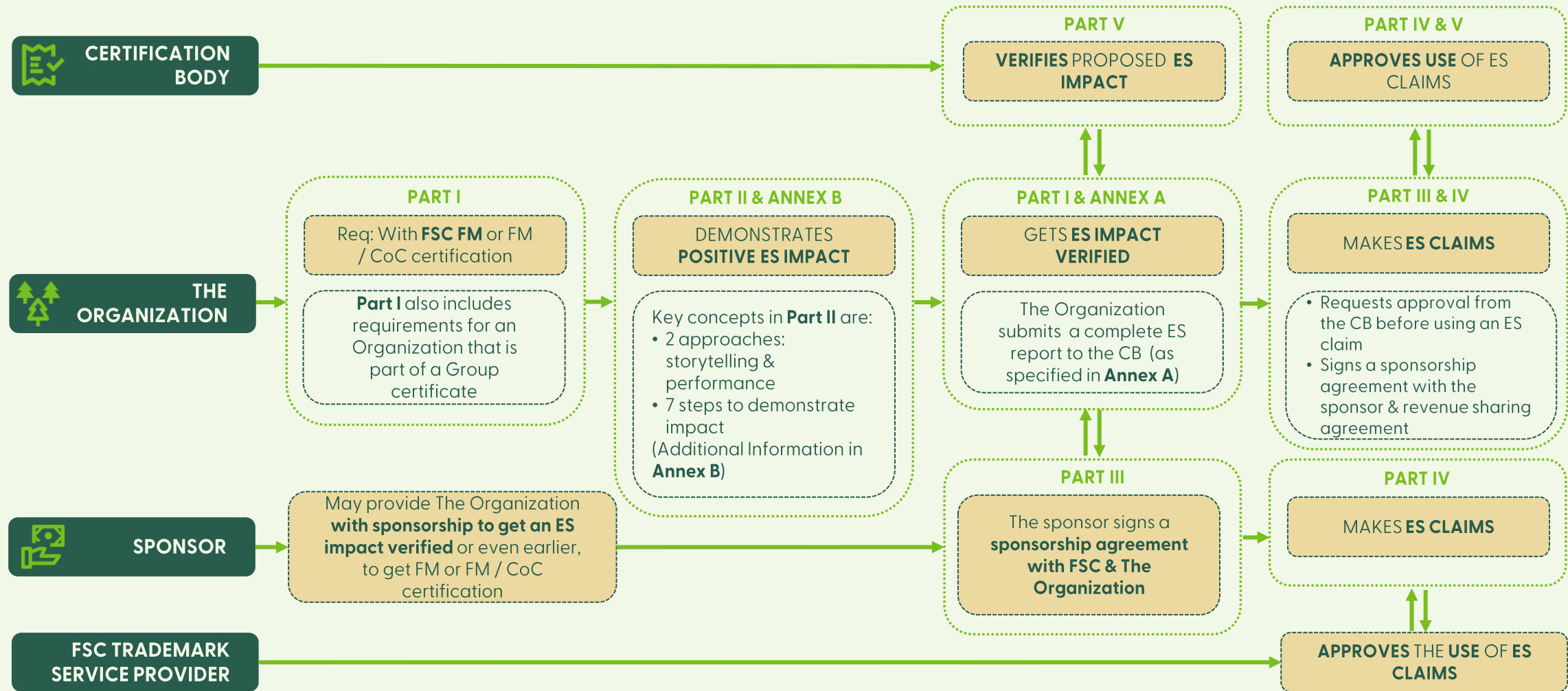
# This is the structure of Draft 2-0 of the procedure



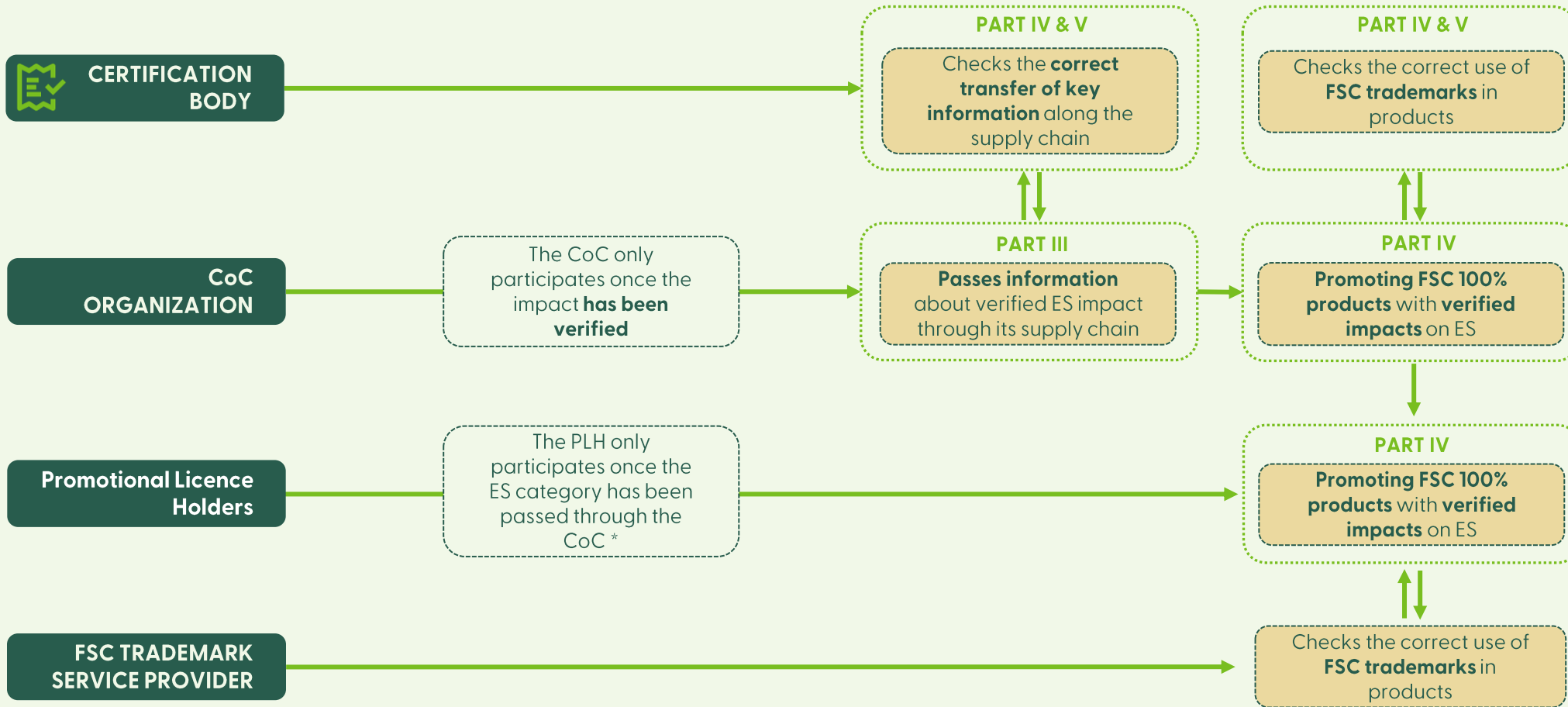
←  
Targeted  
actors



# ES PRO Draft 2-0: actors and relevant parts



# ES PRO Draft 2-0: Promotion of forest products with ES impacts



\* CoC = Chain of custody





# NOVELTIES & KEY CHANGES



# Distinction: Verified ES impact vs ES claim

## Ecosystem services impact (ES impact)

The long-term maintenance or enhancement of ecosystem services, or benefits derived from them resulting from the implementation of responsible forest management activities.

NOTE: In the context of this procedure, **Annex B** contains all the impacts that can be demonstrated.

## Verified ES impact

Demonstrated positive impact on an ecosystem service which:

1. has been verified by the certification body according to Part V of this procedure;
2. is unique, non-transferable and non-tradable;
3. has a validity of five (5) years from the date of verification;
4. is registered in the designated FSC system;
5. serves as a basis to make ecosystem services claims.

## Ecosystem services claim (ES claim)

A statement or communication by The Organization, or a sponsor, based on a positive, verified ES impact generated through the use of this procedure.

NOTE: Clause 14.2 specifies the elements of an ES claim.

# Ecosystem Services

The seven Ecosystem Services and their 35 Impacts



# Storytelling vs. Performance Approach

## The storytelling approach:

This approach includes the **minimum requirements** for credible impact demonstration.

## The performance approach:

Additional requirements based on an assessment of current best practices in CES market frameworks (e.g., GHG Protocol, SBTi) to ensure that the **necessary robustness and integrity** pieces are in place to use verified ES impacts for **certain purposes and uses of ES claims**.





# Uses of verified ES impacts and associated ES claims



#	Use	User	Approach
1	<b>Data-driven storytelling</b>	The Organization	<b>Storytelling</b> or <b>Performance</b>
2	<b>Third-party verified evidence</b> of a positive impact as a criterion to benefit from a <b>nature-related fund</b>	The Organization Manager of nature-related fund	<b>Performance</b>
3	Third-party verified evidence of positive impacts in mandatory or voluntary non-financial <b>sustainability disclosures</b> (CSRD, GRI, CDP, TNFD, and other frameworks incl. <b>reporting</b> on a company's ES footprint) and track progress towards science-based nature targets	The Organization Sponsor	<b>Performance</b>
4	<b>Within value chain mitigation</b> to incentivize and reward positive action/ impact in its value chain to advance key sustainability targets	Sponsor	<b>Performance</b>
5	<b>Beyond value chain contributions</b> , when these are not used to compensate or neutralize residual negative impacts	Sponsor	<b>Storytelling</b> or <b>Performance</b>
6	<b>Evidence</b> that an ES impact has happened, triggering or justifying <b>payments for ecosystem services (PES)</b>	Sponsor	<b>Storytelling</b> or <b>Performance</b>
7	<b>Promoting FSC-certified forest products</b> made with materials sourced from the same MU as the verified ES impact	FSC-CoC Organization Promotional licence holders	<b>Storytelling</b> or <b>Performance</b>

# Terms & Definitions



Source: <https://wordart.com/create>,  
April 9 2024

# Part I: General Requirements



- **FSC FM AS A BASIS**
  - Incl. users of the continuous improvement procedure
  - Controlled forest management certification eligible for validation option
  - Group certification clarified
- **5-YEAR VALIDITY OF VERIFIED/VALIDATED ES IMPACTS**
  - then reverification/revalidation
  - **Question 9:** revalidation once/twice/indefinitely
- **ESCD → ESR**
  - ESR shall be sent to CB 15 days prior to ES evaluation



# Annex A: Content of the ecosystem services report (ESR)

- **ESR Summary page** – To be filled in by the certification body
- **ESR part I: Ecosystem services impact demonstration** – To be filled in by The Organization (info 7 steps)
- **ESR part II: Additional information on The Organization and the ES project** – To be filled in by The Organization
- **ESR part III: Sponsorship information** – To be filled in by The Organization
- **ESR part IV: Audit information** – To be filled in by the certification body
- FSC is looking into digitising the ESR, and aims to avoid duplication of information requests
- All content in Annex A will be made **publicly available** in the specific FSC database (i.e. CES Registry), except:
  - Boundaries ES project (The Organization chooses to disclose or not)
  - Certain sponsorship information (contact details, share of ES impact sponsored, year and duration of sponsorship)

# Part II: Impact Demonstration

1	Declaration of the ecosystem service(s)
2	Description of the ecosystem service(s)
3	Development of a theory of change and risk management
4	Selection of outcome indicators
5	Choosing methodologies
6	Measurement of the value of outcome indicator(s)
7	Statement of results

1. No double claiming

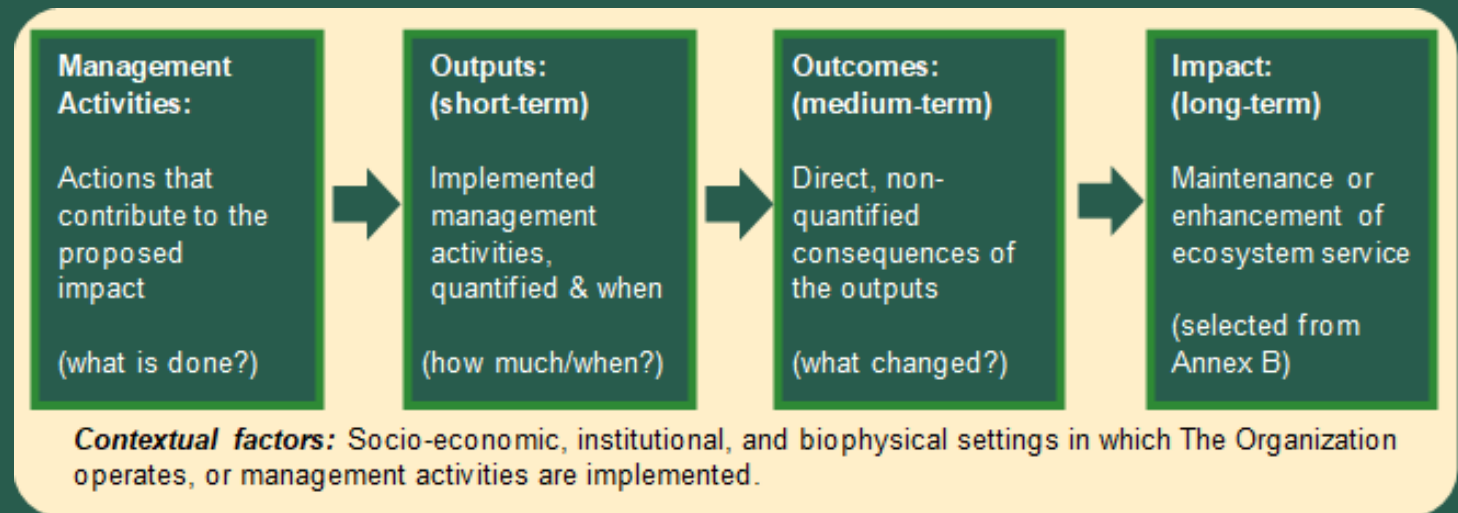
3. Additionality test

3. Risk management plan

6. Primary data, managing uncertainty, conservativeness

Validation option

- For maintenance as well as enhancement impacts



# Annex B: Impacts, indicators and measurements



- **New ES categories:** Cultural Practices and Values (Draft 1-0) and Air Quality (Draft 2-0), based on M53 and inputs users ES PRO
- **New ES impacts** have been added, esp. under biodiversity conservation and carbon sequestration & storage, based on Motion 48/2021 and assessment of fit with key CES frameworks
- Need for **ES and impact-specific safeguards** has been critically evaluated and reduced based on coverage by the latest FSC's International Generic Indicators version and the general need for it.
- List of **examples of outcome indicators** has been revised with inputs from ES experts.
- Overall, **deep revision** of Annex B

# Annex B: Impacts, indicators and measurements

## Impact ES1.7: Maintenance of native species diversity

23.7 The Organization shall select:

- a) one outcome indicator to measure the native species diversity (1); or
- b) at least one outcome indicator to measure the abundance or viability of focal species or rare or endemic or threatened species (2); and
- c) at least one outcome indicator to measure habitat availability within the management unit for focal species or rare and threatened species (3).

1. Type of outcome indicator required	2. Examples of outcome indicators (select at least one or select an alternative based on evidence)	3. Measurement required	4. Baseline requirement(s) (compare column 3 to this)	5. Required result
1. Native species diversity	<ul style="list-style-type: none"> <li>• Indices of species assemblage or composition (e.g. birds, mammals, trees, fish, beetles)</li> <li>• Proportion of species classified as at risk</li> </ul>	Present value of outcome indicator	One previous measurement	Condition is stable
			<b>AND</b>	A value from a natural reference area OR, based on best available information, from a description of a natural condition
<b>OR</b>				
2. Abundance or viability of focal, endemic or rare, threatened and/or endangered species	<ul style="list-style-type: none"> <li>• Abundance of selected species</li> <li>• Availability of selected species for sustainable traditional use (e.g. medicinal plants)</li> </ul>	Present value of outcome indicator	At least one previous measurement OR minimum viable population for the species	Condition is stable OR abundance equals the minimum viable population
<b>AND</b>				
3. Habitat availability within the management unit for focal, endemic, or rare, threatened and/or endangered species	<ul style="list-style-type: none"> <li>• Area of available habitat</li> <li>• Suitability of habitat</li> <li>• Habitat connectivity</li> <li>• Area protected from illegal hunting</li> </ul>	Present value of outcome indicator	At least one previous measurement	Condition is stable



# Annex B: Impacts, indicators and measurements

## Impact ES7.1: Maintenance of air quality

29.1 The Organization shall:

- a) select at least one outcome indicator to measure air quality (1); and
- b) at least one outcome indicator to measure the forest structure (2).

1. Type of outcome indicator required	2. Examples of outcome indicators (select at least one or select an alternative based on evidence)	3. Measurement required	4. Baseline requirement(s) (compare column 3 to this)	5. Required result
1. Air quality	<ul style="list-style-type: none"> <li>• Air temperature</li> <li>• Concentration of NO<sub>2</sub> and/or O<sub>3</sub></li> <li>• PM2.5 or PM10</li> <li>• Bio-indicators of air quality such as lichens, mosses</li> </ul>	Present value of outcome indicator	At least one previous measurement	Condition is stable
<b>AND</b>				
2. Forest structure	<ul style="list-style-type: none"> <li>• Leaf area index (LAI)</li> <li>• Tree density</li> <li>• Forest vertical and/or horizontal structure</li> </ul>	Present value of outcome indicator	At least one previous measurement	Condition is stable

## Impact ES7.2: Enhancement of air quality

29.2 The same as per impact ES7.1, but the required result is 'condition is improving.'

# Part III: Preparing for the use of verified ES impacts



## REVENUE SHARING AGREEMENT

- **Terminology:** Benefit sharing mechanism → revenue sharing agreement
- **Why?** Important integrity element in carbon & biodiversity markets.  
Through the revenue sharing agreement, FSC aims to ensure a fair distribution of revenue between relevant entities from the sales of verified or validated ES impacts.
- **3 options we are seeking your inputs on**, differing in level of directions/flexibility on fair revenue sharing:
  1. The procedure regulates how The Organization fairly distributes the revenue received.
  2. It is up to The Organization to decide how to fairly distribute the received revenue. The CB will verify if there is an agreement, and it is being respected.
  3. Option 1 + cap on max. % of revenue for brokers of ES impacts

→ See Section 11 in draft 2 ES PRO, Question 21 in PC2

**Your feedback will help us!**

# Part III: Preparing for the use of verified ES impacts



## FORMALISING SPONSORSHIPS

1. FSC will require sponsors to have a formal agreement signed with The Organization and with FSC (separately).
  - FSC reserves the right to not sign such an agreement with organizations not aligned with our mission. Questions 23 and 24 of public consultation ask for feedback on criteria to consider.
  
2. FSC is assessing (questions 25-26 of public consultation) how to treat sponsors with **clear material dependence on forest materials**. Options are:
  - a) Require or ask them to adopt a Procurement Policy
  - b) Require or ask them to obtain (when applicable) FSC Chain of Custody certification within 12 months of signing the sponsorship.

# Part IV: Promotion of verified ES impacts

Verified Ecosystem Services impacts can be used by sponsors or The Organization to promote their commitment and investment in a credible manner. These communications are called **ES Claims**.

General principles for making ES Claims:

- Actors making ES Claims may add other elements that are part of the approved Ecosystem Services Report.
- ES Claims will change depending of the actor.
- ES Claims must be separate from other promotional statements that are exaggerated or unverified by FSC.
- All ES Claims must be verified and approved before their usage.
  - By CBs, when The Organization is making the claim
  - By FSC Trademark Service Providers, when sponsors are making the claim

Example of a promotion of the ES claim



## Minimum Components:

1. FSC Registered Trademark (in this case, the Logo)
2. License Code of sponsor 'AB'
3. Link to FSC Website
4. Impact Statement:
  - a. **ES category or impact**
  - b. **Year of verification**
  - c. **Specific forest**



# Part IV: Promotion of validated ES impacts

If The Organization decides to use the Validation Option (section 9 of the ES PRO), it can promote the plan it is implementing and its intended results.

Similarly, if The Organization obtained sponsorship for their validated ES impacts, its sponsors may also promote such support as a commitment to a future ES impact to be achieved by The Organization.

These promotional statements must also be verified and approved before their usage.

- By CBs, when The Organization is promotes them
- By FSC Trademark Service Providers, when sponsors promote them.

## Example of promotional statement based on the validation option



Since 2023, Sponsor XYZ is collaborating with Organization ABC in West Kalimantan (Indonesia) with the objective of maintaining native species diversity in their forests.

### Components:

1. FSC Registered Trademark (in this case, the Logo)
2. License Code of sponsor 'XYZ'
3. Link to FSC Website
4. Impact Statement:
  - a. ES category or impact
  - b. Year of validation
  - c. Specific forest

# Part IV: Passing Verified Impact data through the CoC



## GENERAL REQUIREMENTS

- Only possible for FSC 100%, with the same ES category (e.g., ES1 Biodiversity)
- CoC Certificate Holders must create product categories associated to the products with specific ES Categories.
- CoC organizations must verify the suppliers' sales and delivery documentation to confirm that the ES category is specified (e.g., FSC 100% / ES1).
- In practice, this can be done only if the Transfer system of CoC is used along the processing of the forest products.

## HOW TO PROMOTE SUCH PRODUCTS?

- CoC organizations and/or an FSC promotional licence holder can promote FSC 100% certified forest products sourced from an MU with a verified ES impact

Promotional statements must also be verified and approved before their usage.

- By CBs, when a CoC Organization wishes to promote
- By FSC Trademark Service Providers, when PLHs wishes to promote.

# Part V: Evaluation requirements



## • ES EVALUATION

- at least once every 5 years using field audit method
- Should be combined with FM evaluation
- Built on the existing standards for certification bodies:
  - <FSC-20-001 General Requirements for FSC Accredited Certification Bodies>,
  - <FSC-STD-20-007 Forest Management Evaluations> and
  - <FSC-STD-20-011 Chain of Custody Evaluations>

## • ADDITIONAL ES EVALUATIONS

- No double claiming, Clause 2.2 (annually)
- Whether risk management plan “kicks in”, Clauses 4.6 and 4.7 (annually)
- New sponsorships, section 11 and 12 (annually)
- To verify conformity with revenue sharing agreement (at least twice per certification cycle)
- To close non-conformities of previous ES evaluations
- In case of significant changes in ESR Part I
- Change of scope ES project
- Complaints on ES project
- Implementation risk management plan (after it has “kicked in”)



# Your feedback is fundamental

- Validation option
- Revenue sharing agreement
- Elements risk assessment sponsors
- Integrity for sponsors with dependence on forest material
- Annex B: ES impacts that can be demonstrated





**Q&A**





# Several webinars will be conducted during the second public consultation



Target group	Language	Date (2024)	Time – CEST *	Link
<b>1</b>	English	7 May	9:00 – 10:00	<a href="#">Link here</a>
<b>2</b> General audience	English with <u>French</u> and <u>Spanish</u> translation	7 May	16:00 – 17:00	<a href="#">Link here</a>
<b>3</b>	English	17 May	9:00 – 10:00	<a href="#">Link here</a>
<b>4</b> FM certif. holders and CBs	English with <u>French</u> and <u>Spanish</u> translation	17 May	16:00 – 17:00	<a href="#">Link here</a>
<b>5</b>	English	27 May	9:00 – 10:00	<a href="#">Link here</a>
<b>6</b> Sponsors and Trademark service providers	English with <u>French</u> and <u>Spanish</u> translation	27 May	16:00 – 17:00	<a href="#">Link here</a>

\* CEST = Central European Summer Time

# Let us know what you think, participate in the second public consultation



## How to participate?

Via FSC Consultation Platform ([link here](#))

## When?

10 April – 9 June 2024

## Questions?

Contact Francesco Patiño at [forestmanagement@fsc.org](mailto:forestmanagement@fsc.org)

## Interested in taking part in the desk test?

Contact Mohammad Qasim at [forestmanagement@fsc.org](mailto:forestmanagement@fsc.org)

## Interested in learning more about the revision process?

See our [process page here](#)

Register for receive [news about the process here](#)



Petra Westerlaan

# Thank you



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