



**CONCEPTUAL REPORT FOR PHASE II OF THE
REVISION OF THE ECOSYSTEM SERVICES
PROCEDURE (FSC-PRO-30-006):
IMPLEMENTATION OF MOTION 49/2021**

**Forest Management and
Climate and Ecosystem
Services teams**

29 January 2025

Simultaneous Interpretation



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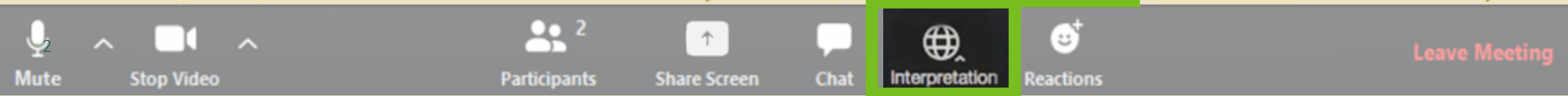
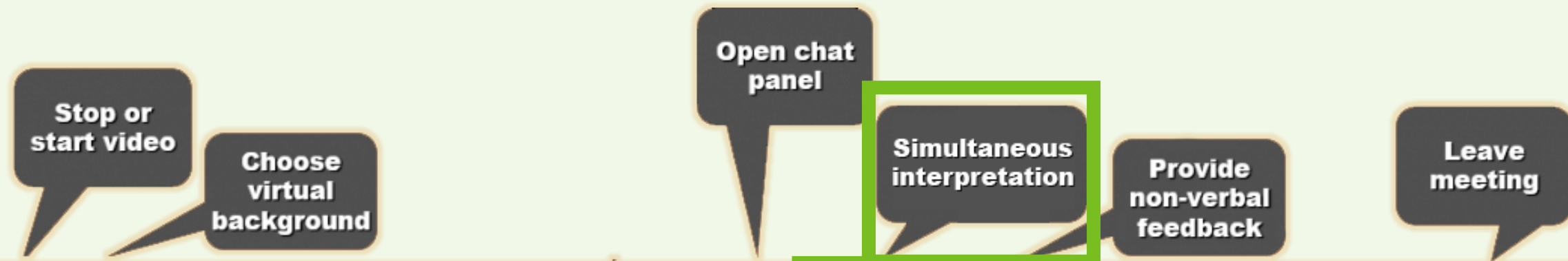
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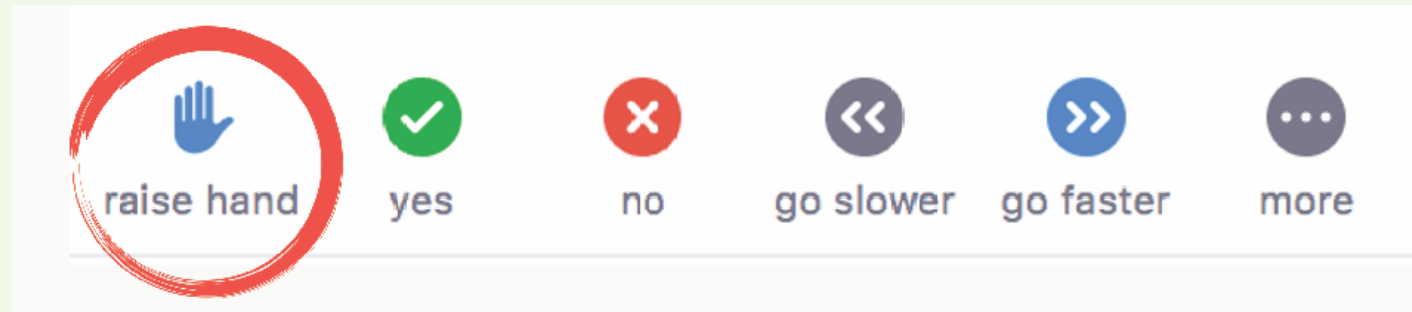
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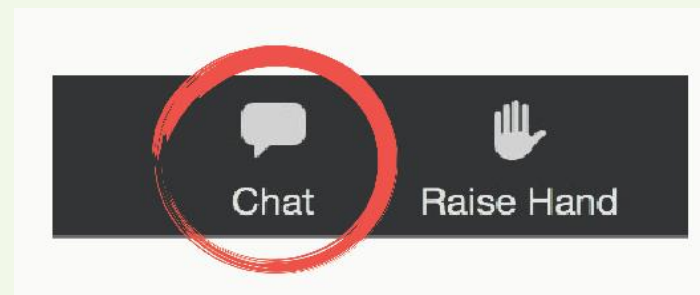


How to participate

Raise your hand using the control panel



Submit your comments and questions using the chat panel.



1. WELCOME AND AGENDA



AGENDA



	Topic	Time	Presenter
1	Welcome & agenda	5 min.	Maria
2	Process overview	9 mins.	Maria
3	Overview consultation report	45 mins.	Qasim & Ondrej
4	Q&A	30 min.	All
5	Summary & Thank you	1 min.	Maria

Presenters in today's webinar



Maria Wowro
Program Manager,
Climate and Ecosystem
Services, **FSC**



Mohammad Qasim
Products Manager –
Carbon and biodiversity,
Climate & Ecosystem
Services, **FSC**



Ondrej Tarabus
Senior Advisor, Climate &
Ecosystem Services, **FSC**

2. PROCESS OVERVIEW



Ecosystem Services Procedure



- Based on Forest Management certification, the Ecosystem Services Procedure gives the framework for measuring and verifying the benefits that forests provide.
- The revision of the Ecosystem Services Procedure in two phases is a joint effort between PSU and MCU units at FSC.

How did the revision of the Ecosystem Services Procedure start?

1. Motion 48/2021 was approved at the FSC GA 2021
(October 2021)

When Motion 48 (which requested streamlining the FSC ES PRO) was approved, the revision of ES PRO was, consequently, also approved.

2. Review report recommended the full revision of the ES PRO
(consulted in Dec 2021 – Jan 2022)

FSC's Performance and Standards Unit recommended the full revision of the procedure following the regular review cycle.

Revision (Phase 1) - Finished

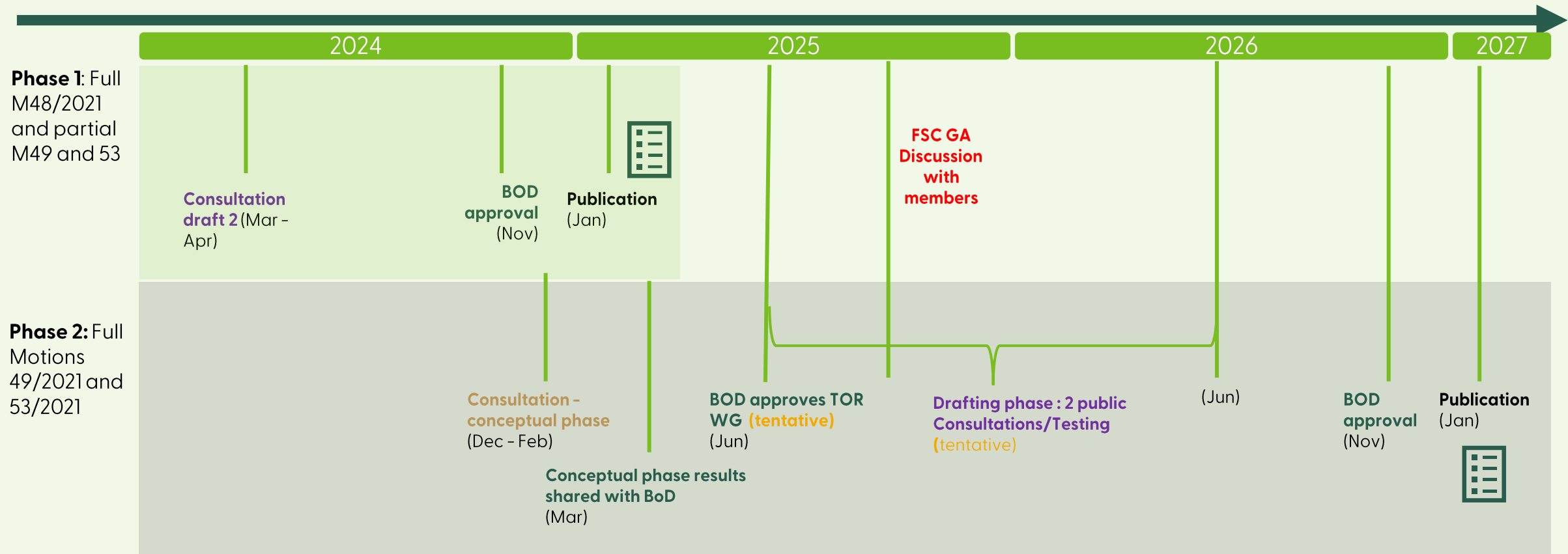
In 2022 two key motions were approved at the FSC GA

3. Motion 49 was approved at the FSC GA Oct 2022
(ES PRO as a mitigation mechanism)

4. Motion 53 was approved at the FSC GA 2022
(Incorporate the recognition of cultural services and practices of Indigenous Peoples in ES PRO)

Revision Phase 2 - Ongoing

Timelines for Phase 1 and Phase 2 of the revision of the Ecosystem Services procedure



3. OVERVIEW CONSULTATION REPORT (MOTION 49/2021)



MOTION 49

INTRODUCTION

Motion 49/2021 “FSC Ecosystem Service Procedure as a mitigation mechanism to meet global market demand for net-zero and net-positive targets”



Action Point 1:

“FSC shall revise the Ecosystem Services Procedure to approve the use of FSC certification and verified positive ecosystem service impacts for **making claims** towards achieving certificate holders (CHs) and sponsors’ science-based targets at all stages of the mitigation hierarchy, **including water neutrality, net-positive or no-net-loss biodiversity, net-zero climate impacts, and integrated nature-positive strategies**. FSC-verified positive ecosystem service impacts can be applied to avoidance or reduction targets, and **compensation or neutralization claims shall only be applied to residual impacts**”.



A photograph of a lizard with dark, textured scales perched on a light-colored, porous rock. The lizard is facing left. The background is a blurred, warm-toned rock surface.

MOTION 49

KEY TOPICS

MAIN TOPICS OF PUBLIC CONSULTATIONS

TOPIC 1

Compensation and
Neutralization
(Offsetting)

(carbon, biodiversity, water)

TOPIC 2

Residual impacts

(carbon, biodiversity, water)

(GENERAL)

TOPIC 3

Net Zero Climate
Impacts /Carbon
Offsetting

(carbon)

TOPIC 4

Net-positive Impact

(biodiversity)

TOPIC 5

Water
Neutrality/Offsetting

(water)

(SPECIFIC)

TOPIC 6

Validation and
verification assurance
system

(carbon, biodiversity, water)

TOPIC 7

Claims

(carbon, biodiversity, water)

(GENERAL)

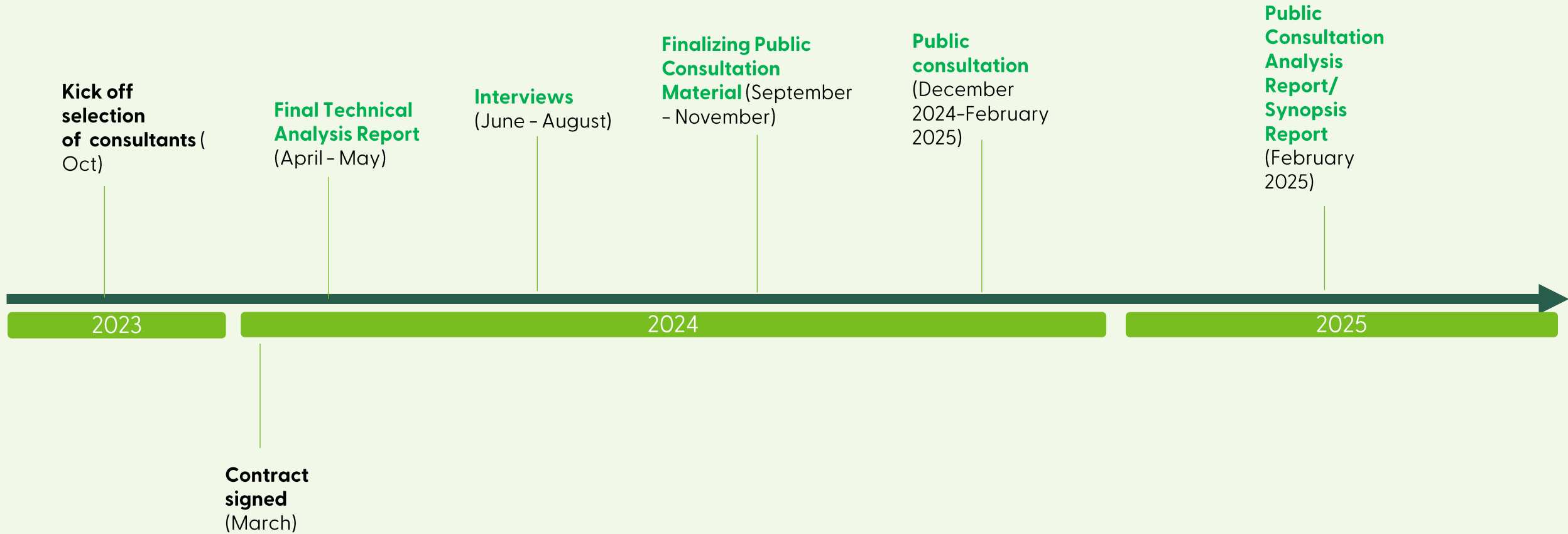
A scenic view of a river flowing through a lush forest. The river is brown and flows through a narrow channel between tall, jagged rock formations. The forest is dense with green trees, and the sky is overcast. The text "MOTION 49" and "PROCESS" is overlaid on the left side of the image.

MOTION 49

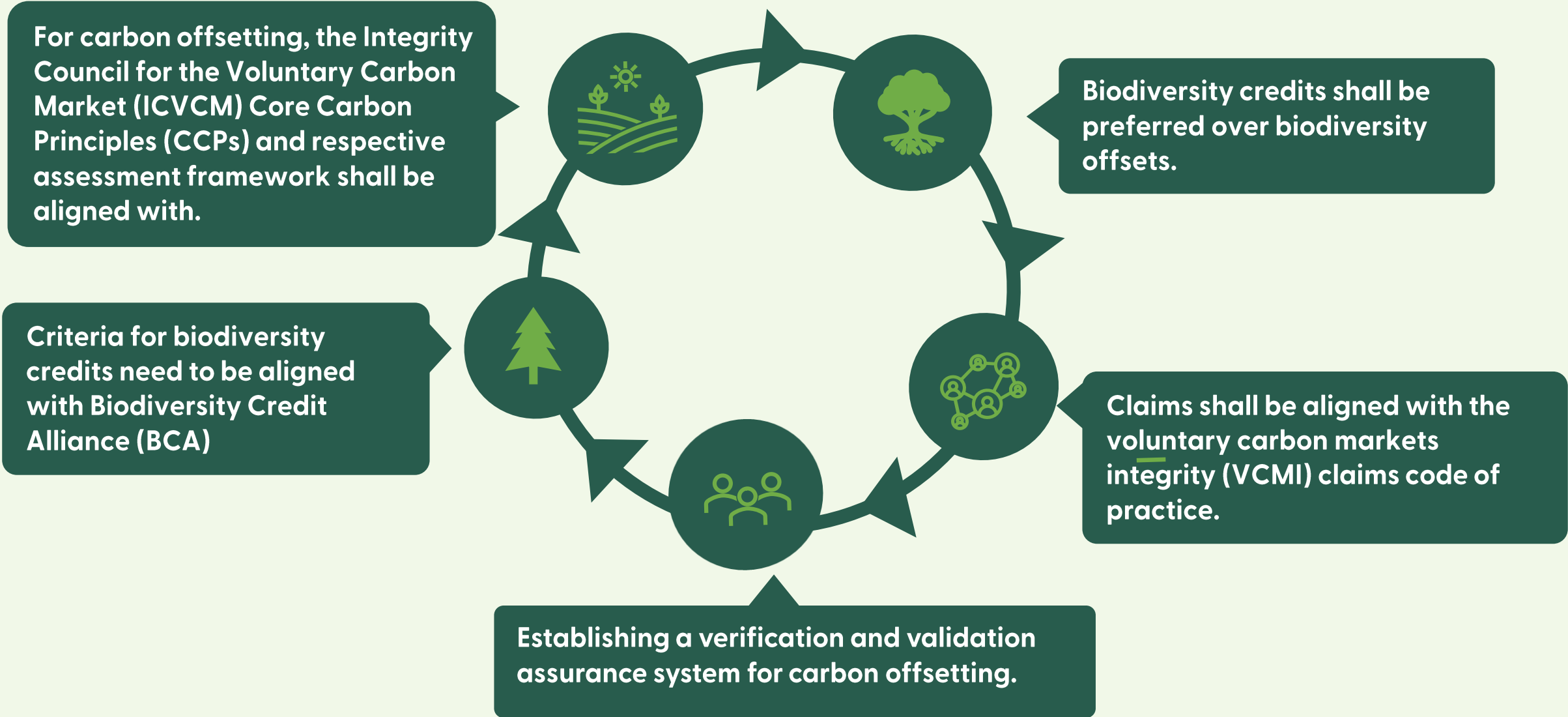
PROCESS

M49/2021

Timelines



MAIN RECOMMENDATIONS - TECHNICAL ANALYSIS



SUMMARY OF INTERVIEWS - CONCEPTUAL PHASE

-> 41 interviews involving 12 stakeholders' groups: Motion Proposers, FSC BOD, NGOs, Indigenous People, etc.:



31 online interviews: Verra, Plan Vivo, Gold Standard, Insetting Platform, Science Based Targets initiative (SBTi), Voluntary Carbon Markets initiative (VCMI), Motion Proposers etc.



10 interviews: Indigenous People and their representatives.

A low-angle photograph of a large tree trunk and its canopy against a cloudy sky. The tree trunk is the central focus, extending from the bottom left towards the top right. The canopy is dense with green leaves, and the sky is a pale, overcast grey. The overall tone is natural and serene.

MOTION 49
PROPOSALS/OPTIONS FOR
IMPLEMENTATION

Topic (1/7)

Options for implementation



TOPIC 1: Compensation And Neutralization (Offsetting) (Carbon, Biodiversity, And Water) In Normative Documents

	<u>Options for Implementations</u>	<u>PROS</u>	<u>CONS</u>
1	<p>One document – one type of claim:</p> <p>One document where all requirements would be lifted up to compensation (offsetting), one type of claims, all CHs need to comply with stringent safeguards.</p>	<ul style="list-style-type: none"> All requirements will be in one document. No differentiation between claims. safeguard. 	<ul style="list-style-type: none"> It might create a burden for some FSC certificate holders who cannot comply with these stringent criteria (due to complex methodologies etc.) Reduced flexibility in application of this procedure. It may overcomplicate the process.
2	<p>One document – two types of claims:</p> <p>One document with <u>two-tier</u> requirements (one covering compensation and lower bar requirements for other uses).</p>	<ul style="list-style-type: none"> All requirements will be in one document. Allowing access to this procedure to a wide range of users. 	<ul style="list-style-type: none"> Complexity when it comes to deciding which claim to approach. Might be difficult to navigate in the document, too many options, approaches. Difficult option even for the market to understand.
3	<p>Two documents – two types of claims:</p>	<ul style="list-style-type: none"> Clear segregation of different claims and uses. It would be easier to manage the program with two separate product offerings. 	<ul style="list-style-type: none"> Having two types of claims might be confusing. Certificate holders might have difficulties to understand which standard they need to follow

Topic (2/7)

Residual Impact



Carbon

- **Residual emissions** are those that remain after all possible mitigation measures to limit warming to 1.5°C have been applied.
- **Near-term science-based targets** must cover 95% of scope 1 and 2 emissions, and if scope 3 emissions are 40% or more, companies must address at least 67% of scope 3 emissions.
- **Long-term science-based targets** must cover 95% of scope 1 and 2 emissions and 90% of scope 3 emissions.

Biodiversity

- **Biodiversity offsets** are used only after efforts for avoidance, minimization, and restoration have been exhausted
- **Regulatory and Voluntary Frameworks** mandate a strict mitigation hierarchy and comprehensive offset strategies, including stakeholder engagement and ongoing monitoring.
- **Residual Impact Stage:** Important to see if all the stages before offsetting covered strictly, Biodiversity Offset Management Plan, key ecosystem indicators, scientific models, reference sites, sites selected for offsetting etc.

Water

- **Water compensation strategies** are often needed for development projects to balance their impact on water resources.
- **Water-related indices** are utilized to calculate offset units for residual impacts.
- **Residual Impact Management Plan** is available for a description of compliance with all necessary stages and the requirements for water offsetting.

Topic (2/7) Proposals

Topic 2: Requirements to determine when residual impact stage is reached for compensation/neutralization (carbon, biodiversity, and water)

Proposals for Implementations

- 1 **Carbon:** Include criteria aligned with Science Based Target initiative (SBTi) and Greenhouse Gas (GHG) Protocol standards.
(option to suggest other proposals included)
- 2 **Biodiversity:** Include criteria for validating the residual impact stage aligned with the Business and Biodiversity Offsets Program (BBOP)
(option to suggest other proposals included)
- 3 **Water:** FSC to develop criteria for assessing that this stage is reached by the companies/sponsors.
(option to suggest other proposals included)

Topic (3/7)

Compensation/Neutralization (Carbon Offsetting)

Core Carbon Principles (CCPs):

CCPs are a set of interconnected principles designed to establish threshold standards that uphold integrity in the voluntary carbon market.

Carbon Offsetting can take two forms:

- Compensation: Actions that companies take to help society avoid or reduce emissions outside of their value chain.
- Neutralization: Measures that companies take to remove carbon from the atmosphere and permanently store it to counterbalance the impact of emissions that remain.



Emissions Impact:

- Additionality.
- Robust quantification of emission reductions and removals
- Permanence.
- No double counting

Governance:

- Effective governance.
- Tracking.
- Transparency.
- Robust independent third-party validation and verification.

Sustainable Development:

- Sustainable development benefits and safeguards.
- Contribution to net zero transition.

Topic (3/7) Proposals



Topic 3 – Compensation/Neutralization/Net Zero Climate Impacts (Carbon Offsetting)

<u>Proposal for implementation</u>	<u>PROS</u>	<u>CONS</u>
<p data-bbox="84 548 109 576">1</p> <p data-bbox="137 496 1574 588">FSC aligns with the requirements of the Integrity Council for the Voluntary Carbon Market (ICVCM)’s Carbon Core Principles</p> <p data-bbox="137 648 1513 791">(Including: Additionality, Permanence, Robust quantification of emission reductions and removals, Leakage estimation, no double counting, and robust independent third-party verification)</p> <p data-bbox="137 851 519 893">(Carbon Offsetting)</p>	<p data-bbox="1620 536 1969 745">Generation of high-quality carbon credits for carbon offsetting.</p>	<p data-bbox="2005 528 2367 791">Resource intensive requirements for companies to ensure compliance.</p>

Topic (4/7)

No-Net-Loss (Biodiversity Offsets) and Net Gains/Net Positive Impact (Biodiversity Credits)

Biodiversity Offsets are intended to **compensate** for any significant residual impacts on biodiversity after efforts to prevent and mitigate harm have been implemented.

- *Use Case: Compliance or Voluntary.*
- *Strictly Government regulated (e.g. England's Biodiversity Net Gain, US California Wetland Banking)*
- *Traded strictly within the country boundaries*
- *They require like-for-like replacement.*

The biodiversity credits are “an economic instrument that can be used to finance actions that result in measurable positive outcomes for biodiversity (e.g., species, ecosystems, natural habitats) through the creation and sale of biodiversity units”

- *Use Case: Voluntary.*
- *They are **not designed to offset** impacts on biodiversity.*
- *Ecological equivalence is **not relevant***
- *Can be traded **across borders***

- Biodiversity Credits do not involve serious integrity risk for FSC, opposed to Biodiversity Offsets.
- Biodiversity Credits generation contributes toward the positive nature outcomes.

Topic (4/7)

Options for Implementation



Topic 4: Implementation Of Net Positive Impact (Biodiversity Credits)

Options for Implementation

PROS

CONS

1 **To create a distinct normative document for generating robust biodiversity credits.**

A **separate, comprehensive normative document** specifically for biodiversity credit generation, including all essential criteria and methodology to ensure clarity and consistency and product differentiation

This may create uncertainty, certificate holders might be confused about which document should they apply. The current version of the procedure might become obsolete. Many requirements would be repeated in both documents.

2 **Incorporating Biodiversity credits requirements in the Ecosystem Services Procedure.**

One **unified** document. It might be easier to change scope of the verification. No need to duplicate requirements

This adds **complexity and confusion**, as there will be two categories of biodiversity in one document and additional requirements for biodiversity credit generation.

Topic (4/7) Proposals



Topic 4: Net Positive Impact

Proposal

PROS

CONS

1 **FSC’s approach to biodiversity credits should follow high integrity criteria—such as biodiversity credits accounting, additionality, leakage and others – drawn from established voluntary biodiversity credit standards.**

Biodiversity Credit Alliance (BCA) is working on principles and criteria for global credible biodiversity credits. Once the requirements will be in place, FSC will work on full alignment.

FSC will continue working towards integrating high integrity criteria for biodiversity credits.

The development of principles and criteria for high-integrity biodiversity credits by the BCA may still take a long time.

Water Neutrality/Offsets Topic (5/7)

For water neutrality/offsetting, technical analysis carried out in Conceptual Stage, did not identify any renowned water offsetting schemes comparable to the carbon crediting schemes. Therefore, we have included only **questions, rather than proposals**, in the public consultation to gather responses about whether any recognized schemes exist that we could refer to or adopt their criteria for inclusion in our normative document.

Topic (6/7)

Validation and Verification (Carbon Offsetting)



FSC has an independent third-party assurance system involving independent organizations (certification bodies) that conduct forest management and chain of custody evaluations that lead to FSC certification.

Carbon Crediting Programs involves Verification and Validation (V/V) assurance:

- Validation and verification are conducted by the validation and verification bodies (VVBs) to see if a project has met all the rules/requirements and the project outcomes have been achieved.

1. Assurance Services International (ASI) is FSC's global assurance provider that accredits and oversees the performance of the certification bodies to ensure that FSC standards are implemented correctly.
2. Certification bodies are accredited to <FSC-STD-20-001 General requirements for FSC accredited certification bodies> which serves as FSC's core standard for certification bodies. This standard is predominantly based on **ISO 17065:2012** (Conformity assessment - Requirements for bodies certifying products, processes and services).

Conformance is needed with;

1. **ISO 17029:2019** (Conformity assessment - General principles and requirements for validation and verification bodies) and/or
2. **ISO 14065:2020** (General principles and requirements for bodies validating and verifying environmental information).

Topic (6/7) Proposals



Topic 6: Verification And Validation Assurance System (Carbon Offsetting)

<u>Proposals</u>	<u>PROS</u>	<u>CONS</u>
<p>1 FSC proposes ISO 17029:2019 and ISO 14065:2020 as the relevant accreditation requirement for CBs that intend to conduct activities on carbon offsetting under the FSC Forest Management Certification.</p>	<p>Establishes clear normative accreditation requirements which are better fit to verification.</p>	<p>Not all CBs are accredited as VVBs.</p>
<p>2 ASI is the FSC’s global assurance provider, however, for carbon offsetting, FSC proposes to accept the accreditation to ISO 17029:2019 and ISO 14065:2020 from other accreditation providers recognized under International Accreditation Forum (IAF) as proxy accreditation, meaning an FSC CB that hold accreditation on ISO 17029:2019 and ISO 14065:2020 can qualify for conducting certification activities.</p>	<p>The pool of CBs may increase.</p>	<p>New accreditation body would be needed in the system (additional risk)</p>
<p>3 CBs/VVBs' conformity to ISO 17029:2019 and ISO 14065:2020 alone would not be sufficient, as the FSC needs to adapt these ISO standards to align with the FSC normative framework. Therefore, FSC proposes specifying additional requirements on top of these ISO standards, such as process requirements for carbon projects, personnel competency, and other relevant criteria, etc.</p>	<p>Availability of specific normative requirements ensuring credibility, standardization, accountability, and compliance.</p>	<p>Resources in terms of time, finances, and personnel will be needed. Cost may increase for CBs for extra accreditation.</p>

Topic (7/7) Proposals



TOPIC 7: CLAIMS (CARBON OFFSETTING)

Proposal

PROS

CONS

1 FSC proposes that the requirements for claims in the normative document be aligned with the voluntary carbon markets integrity (VCMI) claims code of practice to ensure the generation of high-quality carbon credit claims.

High quality, high integrity, and transparency will be ensured.

Meeting the high requirements of the VCMI Claims Code of Practice, which can be resource-intensive for buyers/sponsors.

Note: For Biodiversity and Water there is currently no code of practice for offsetting claims FSC can adopt or refer to. The PC package includes additional questions to seek input on how to approach this requirement.

Main challenges

- How to manage reputational risk connected with offsetting?
- How to identify residual impact?
- Biodiversity credits VS biodiversity offsets?
- FSC will need to develop our own methodologies which might be time and resource consuming
- Limited resources to develop robust system complying with high level requirements
- CBs will need to update system to VVB.

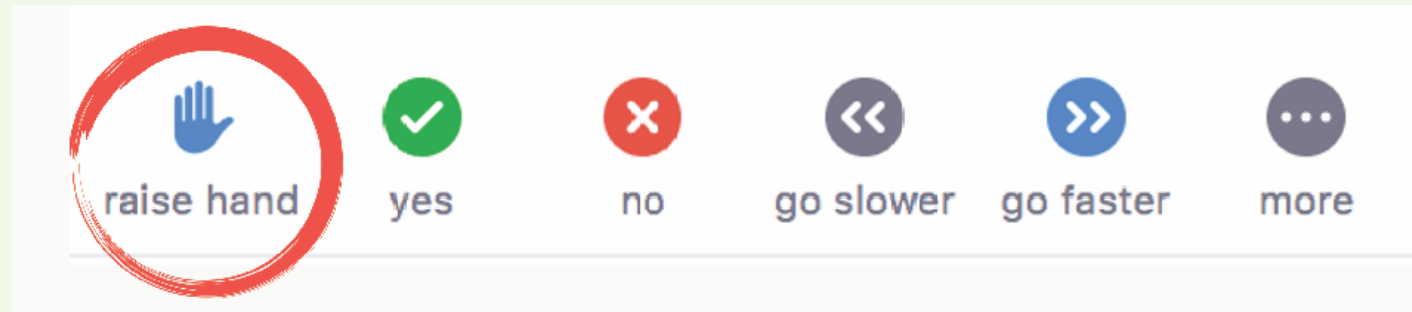


4. Q&A

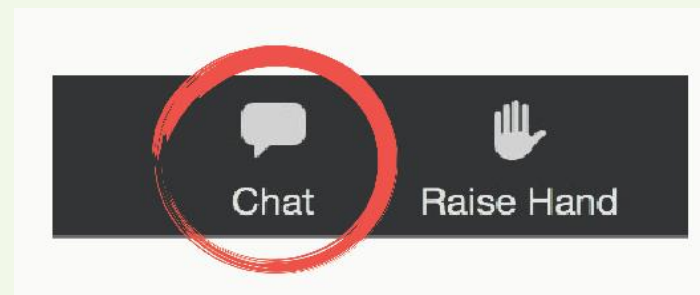


How to participate

Raise your hand using the control panel



Submit your comments and questions using the chat panel.



5. SUMMARY AND THANK YOU



Let us know what you think, participate in the conceptual phase consultation



How to participate?

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

When?

16 December– 14 February 2025

Questions?

Contact forestmanagement@fsc.org and

ecosystems@fsc.org

See our [process page here](#)



Petra Westerlaan

Next webinars

Motion 53: “Incorporate to Ecosystem Services Procedure the Recognition of Cultural Services and Practices”

•Thursday, 30 January 2025:

Morning: 9:00 to 10.30 CET in English only

Afternoon 15:00 to 16:30 CET (FR & SP)

Ecosystem Services Procedure roll-out tailored to different actors.

For **Network Partners (and interested FSC colleagues): 19 Feb, Wed**

- For **Trademark Service Providers: 20 Feb, Thurs**
- For **Certification Bodies: 26 Feb, Wed**
- For **Assurances Services International: 27 Feb, Thurs**
- For **Forest Managers: 5 Mar, Wed**
- For **Project Developers: 6 Mar, Thurs**

For information contact: d.srivastava@fsc.org



Thank you



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