



Forest Stewardship Council®



FSC Roadmap process towards ending the disassociation with the Schweighofer Group

Stakeholder Engagement Plan

4 April 2017

Acronyms

FSC	Forest Stewardship Council
HS	Schweighofer Group (Holzindustrie Schweighofer)
PfA	Policy for Association
SWG	Stakeholder Working Group
SWG CF	Stakeholder Working Group Consultation Forum
NGO	Non-Government Organisation
VI	Verification Indicator
WWF	World Wildlife Fund

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1 Preamble

- Aim

This document outlines the terms of stakeholder engagement and consultation to be followed during the development process of the FSC 'Conditions Framework' that the Schweighofer Group (HS) has to meet in order to for FSC to end its disassociation.

This document also provides an overview of FSC's roadmap process for Schweighofer, and outlines the steps to be followed in the overall process, and more specifically in the development of the 'Conditions Framework'.

This document should therefore be read in conjunction with the draft of the 'Conditions Framework'¹ for full understanding of what will be required of HS and how stakeholders can best inform the process.

The process and terms laid out in this document have been designed around the standard of international good practice on consultation applied by FSC.

Drafting note: The consultation practices stipulated by this document have been drafted with reference to *FSC-PRO-01-001 The Development and Revision of FSC Normative Documents* and *FSC-STD-60-006 Process requirements for the development and maintenance of National Forest Stewardship Standards*.

This process and the terms and conditions set out in this document shall be conditional on HS remaining committed to implementing its commitments. In circumstances where there is evidence that HS, its suppliers or its subsidiaries are actively breaching the 'Policy for the association of organizations with FSC'² (PfA), this process may be suspended or terminated by FSC.

- Background information

In February 2017, FSC disassociated from HS. The decision³ was based on the findings by the complaints panel⁴ indicating HS's involvement in irregularities and illegalities in its timber trade operations and its reported involvement in illegal logging by its Romanian forest land enterprise, as well as on the additional information brought to the attention of FSC in January 2017 about the possible violation of Romanian timber measurement standards by the HS, subject which is currently under investigation under the PfA by FSC.

¹ The first draft of the 'Conditions Framework' will be shared by FSC with stakeholders towards mid – April 2017.

² Available online at: <https://ic.fsc.org/file-download.policy-for-the-association-of-organizations-with-fsc-fsc-pol-01-004-v2-0-en.a-1416.pdf>

³ FSC's statement about the decision available online at: <https://ic.fsc.org/file-download.fsc-statement-schweighofer-group-final-feb-2017.a-1364.pdf>

⁴ The public version of the complaints panel evaluation report is available online at: <https://ic-beta-2016.fsc.org/download.public-version-of-the-complaints-panel-evaluation-report-oct-2016.6426.htm>

The results of the current PfA investigation shall also be considered in the development process of the 'Conditions Framework'.

In February 2017, HS approached FSC expressing its interest to enter into a productive dialogue with FSC to develop and implement a roadmap, aiming towards ending the disassociation. Meanwhile, FSC recognized the efforts made by the HS during the probation period (December 2016 to February 2017) to develop a preliminary plan of corrective action.

On this basis, the parties (FSC and HS) agreed to commence a dialogue about the development of a roadmap in the form of a 'Conditions Framework' and an 'Action Plan' for correcting the identified shortcomings and wrongdoings, compensating for the environmental and social damages resulting therefrom, and preventing the reoccurrence of any previously identified, or ongoing, wrongdoings and/or violations of the FSC's Policy for Association (PfA).

2 Terms and Definitions

Stakeholder Working Group (SWG): a group of selected key stakeholders who have either relevant professional experience of, or are directly affected by, the topic/organisation under discussion. See 3.2.1 below for further details of what this group looks like and how it operates in this case.

SWG Consultation Forum (SWG CF): the constituents of stakeholders that the SWG members represent, this includes alternate SWG members and other key stakeholders.

Public Consultation: consultation advertised publicly allowing any stakeholder, individual or organisation to submit comments. A minimum of 30 days is allocated for any public consultation as per FSC and global public consultation standard practice.

Roadmap process: constructive dialogue process between FSC and HS for the development of a roadmap which will stipulate the conditions that HS shall fulfil in order for FSC to end the disassociation. The roadmap process will be constituted of two main products: FSC's 'Conditions Framework' and HS' 'Action Plan'.

Conditions Framework: document developed by FSC, in consultation with relevant stakeholders, which stipulates the conditions that need to be fulfilled by HS for correcting the identified shortcomings and wrongdoings, compensating for the environmental and social damages resulting therefrom, and preventing the reoccurrence of any previously identified, or ongoing, wrongdoings and/or violations of the FSC's Policy for Association. The 'Conditions Framework' also defines how the fulfilment of the conditions will be verified (in the form of 'Verification Indicators').

Action Plan: document developed by HS, outlining the activities that HS is implementing, or plans to implement, in order to fulfil the conditions established by FSC in the 'Conditions Framework'.

Verification Indicators: a set of agreed parameters, established by FSC in consultation with stakeholders, which will determine how the fulfilment of the conditions by HS shall be verified through third party independent verification. These verification indicators set the thresholds for the minimum performance level for ending disassociation. Verification indicators will be included as part of the 'Conditions Framework'.

Conditions for Re-association: Conditions established by the complaints panel as a result of their Policy for Association complaints evaluation of HS, conducted from April to October 2016. As a result of this evaluation, the complaints panel produced a Complaints Panel Evaluation report, describing the findings of the evaluation which also included the 'Conditions for Re-association' recommended by the complaints panel to be required to HS prior to ending the disassociation. These 'Conditions for Re-association' lay out the conditions that if fulfilled by HS, would address the irregularities identified in their operations.

3 Stakeholder engagement in the process of the development of FSC's 'Conditions Framework'

It is key for the success of the overall roadmap process, as well as for the development of the 'Conditions Framework' to ensure an appropriate and fair process for the engagement of stakeholders, particularly at the consultation phase of the 'Conditions Framework'.

This section provides details on how the different stakeholder groups (SWG and SWG CF) are established, as well as how such groups will participate in the process, and how will their input be considered.

3.1 Defining key/relevant stakeholders involved in the process

As an initial step to the roadmap process, FSC will conduct a mapping exercise to identify the relevant stakeholders to be involved and consulted in the process.

This stakeholder mapping will include the main key NGO/CSO stakeholders that have already been involved in the Schweighofer case in the past (throughout the investigation process of the initial PfA complaint against HS), as well as other additional stakeholders which might be interested in the process. Key stakeholders may be either primary (directly affected) or secondary (other interested parties with a stake but not directly affected) stakeholders.

3.2 Definition of discussion spaces

3.2.1 Stakeholder Working Group (SWG)

The main role of the SWG is to act as core stakeholder advisory group to FSC with whom it negotiates to define the 'Conditions Framework'. The SWG does not include HS. SWG's role will be to review the comments and input received throughout the stakeholder consultation, and review the 'Conditions Framework', in consultation with FSC, according to such input. The outcome of SWG discussions is to provide FSC with a proposed final 'Conditions Framework'.

The term Stakeholder Working Group (SWG) has been chosen above as this group will be working to actually define and agree an acceptable 'Conditions Framework' (and its corresponding verification indicators) necessary to be fulfilled by HS as a recommendation and basis for FSC to end the disassociation.

The SWG's task is therefore beyond consultation; the group shall work by consensus.

The key decisions made in SWG meetings shall be documented and reviewed by the SWG itself and will provide an overview of the final rationale reached for such decisions. This documentation shall be made available to stakeholders beyond the SWG on request and to HS.

Further details about the structure and role of the SWG, and about how stakeholder input will be considered by the SWG throughout the process are provided below in Section 3.3.

3.2.1.1 Representation (and substitution) on the SWG

There shall be a minimum of two seats for each of the following types of stakeholder category:

- Environmental NGOs/CSOs
- Social (workers' rights/unions/ local community focused) NGOs/CSOs
- Economic

Named individual members shall be required as representatives on the SWG to ensure consistency in the dialogue. Alternate members can be designated in case a specific member cannot be present.

All potential seats do not have to be filled. FSC will determine whether additional seats over and above the minimum number for each stakeholder category need to be taken up. The SWG does not need to be balanced in terms of the number of seats taken up in each category.

It is acknowledged that some stakeholder organisations may fit into more than one stakeholder category, the most appropriate category shall be chosen. SWG members do not have to be members of FSC International.

Representatives on the SWG shall be selected according to the criteria detailed in FSC-PRO-01-001:

“Members of FSC Working Groups shall be selected according to the following criteria:

- a) Expert knowledge and/or experience of the issue under consideration;
- b) Up-to-date knowledge and experience of FSC’s systems and procedures;
- c) Understanding of the potential impact of a normative document on affected stakeholders;
- d) Understanding of and support for FSC’s mission and vision;
- e) Ability to review and comment on documents submitted in the working language(s) agreed for the Working Group (see Clause 3.11);
- f) Capacity to represent broadly supported chamber perspectives for chamber and sub-chamber balanced Working Groups;
- g) Gender balance, where possible.”

3.2.2 SWG Consultation Forum (SWG CF)

The term Consultative Forum shall be used for a wider group of key stakeholders with whom consultation on various drafts takes place and where consensus agreement is not sought or necessary.

Key Stakeholders that do not sit on the SWG itself shall be invited to be part of the SWG Consultation Forum (SWG CF). These stakeholders shall be consulted with between public consultations and in close association with the SWG meetings. The SWG CF is the constituency stakeholders that the SWG members represent and work closely with; this includes alternate SWG members and other key stakeholders. The responsibility to represent the SWG CF members within the SWG sits with the SWG members.

3.2.3 Public consultation

The drafts of the ‘Conditions Framework’ shall be published for wider public consultation (for consultation times see 3.3.3 below). Mechanisms for providing feedback to FSC and SWG by organisations and individuals will include online feedback, emails and in person meetings (limited).

Stakeholders shall be encouraged to provide specific changes to text with a clear rationale for the change to ensure the perspective of those commenting is clear to the SWG who shall be considering the comments. All comments gathered during public consultation shall be registered and considered by the SWG in producing the revised text proposed to FSC.

3.2.4 Discussion with HS

Discussion will take place between HS and FSC with either FSC staff alone or FSC with its Stakeholder Working Group (SWG) (or a representative number from the SWG) regarding the various drafts of the ‘Conditions Framework’. FSC is at all times informed by the SWG and ultimately guided by its Board of Directors. The

Board of Directors is the final decision-making body regarding the potential ending of the disassociation.

3.3 Terms of stakeholder engagement

3.3.1 Meeting and exchange formats

In person meetings and conference calls shall be used as the format for the SWG as necessary, agreed in advance with the members.

The SWG CF shall be kept informed by FSC via email. SWG CF members shall let their SWG colleagues know their views directly via email and other formats. Formal submissions to the SWG will need to be copied to FSC staff.

Public consultation on the 'Conditions Framework' will be via online and email feedback. SWG may include in-person meetings at national and local levels as part of the consultation of the 'Conditions Framework', if deemed appropriate.

During all meetings and public consultations, FSC shall ensure that consultation materials are available in Romanian and translators/simultaneous interpretation is made available if necessary.

3.3.2 Decision making rules

The SWG shall work by consensus, defined as “an absence of sustained opposition”.⁵ If consensus cannot be reached the group must aim to redefine the issue and clarify on what parts they do agree upon, whilst revisiting relevant normative FSC frameworks as a guideline e.g. FSC Policy for Association and referring to relevant precedents (the referencing of relevant FSC frameworks and precedents is a key task for FSC technical staff).

Most of the decisions will relate to advice for FSC on the 'Conditions Framework' to be fulfilled by HS in order for the disassociation to be ended. Reaching consensus may benefit from developing guiding criteria to help frame and define the verification indicators (e.g. in terms of legality, precedent and feasibility). If deemed appropriate these will need to be agreed by the group itself when the SWG is formally established.

All SWG parties shall agree about the 'Conditions Framework' text. If agreement cannot be reached then the areas where there is agreement as well as the nature of on-going issues where there is as yet no agreement shall be highlighted to FSC.

FSC itself will in principle not facilitate the SWG meetings but will be present as a participant. Meetings shall be facilitated by a qualified Romanian speaking

⁵ ISO/IEC Guide 2:2004, *Standardization and Related Activities -- General Vocabulary* quoted in: <http://www.duhaime.org/LegalDictionary/C/Consensus.aspx> See Note 1 within the link.

facilitator. FSC staff shall make relevant FSC technical information available and may assist in documentation of the meetings and provision of support materials.

Public consultation comments shall need to be addressed through the SWG. The SWG decides by consensus what will happen with the comments.

Ultimately it is the FSC Board of Directors that holds the right to make the final decision with regards to approval of the 'Conditions Framework', as well as with regards to the potential ending of the disassociation from HS.

3.3.3 Consultation periods

3.3.3.1 Public consultation

The period to submit comments on the first draft of the 'Conditions Framework' for public consultation shall be a minimum of thirty (30) days from the date of publication.

The start and end dates of the public consultation shall be published along with the consultation draft of the 'Conditions Framework'. Comments received after the end of the consultation period shall not be considered.

3.3.3.2 Stakeholder comments and proposals

Stakeholder comments and proposals on the 'Conditions Framework' shall relate to/be justifiable in terms of the FSC Policy of Association.

3.3.3.3 Keeping stakeholders informed during the consultation process

During the consultation process, all SWG key consensus decisions shall be documented and comments submitted by stakeholders through public consultation shall be registered and submitted for consideration by the SWG when reviewing further drafts. Any public consultation forums held in person shall be announced publicly on the FSC website and a summary report for each consultation produced and shared.

4 Overview of Stages in the Roadmap process

Note: FSC encourages readers to review the terms and definitions provided in section 2 above, prior to commence reading the subsequent sections of this document.

Graph 1 (pg. 14) below provides an overview of the stages of the roadmap process for HS.

4.1 Identifying relevant stakeholders to the process

As previously mentioned, as an initial step to the roadmap process, as well as for preparation of the development of the 'Conditions Framework' FSC will conduct a mapping exercise of the relevant stakeholders to be involved and consulted in the process.

Specific details on how stakeholders are planned to be engaged in the development of the 'Conditions Framework' are provided in section 3 above.

4.2 Development of the initial draft of the 'Conditions Framework'

FSC will develop an initial draft of the 'Conditions Framework' using as basis the 'Conditions for Re-association' proposed by the complaints panel⁶. FSC will share this initial draft of the 'Conditions Framework' with the relevant stakeholders around mid-April.

The initial draft of the 'Conditions Framework' will contain a cross-reference to the 'preliminary plan for corrective action' developed by HS, to provide stakeholders with an understanding of the correlation between the activities that are being/to be implemented by HS as part of their 'preliminary plan for corrective action' and the 'Conditions for Re-association' proposed by the complaints panel. It should be noted that FSC has not conducted an analysis of the appropriateness of the activities considered by HS' in its 'preliminary plan for corrective action'.

The initial draft of the 'Conditions Framework' developed by FSC will also contain examples of verification indicators on how the fulfilment of the conditions should be verified.

4.3 Development of the final 'Conditions Framework'

4.3.1 Establishment of the SWG and public consultation of the draft 'Conditions Framework'

The starting point for the development of the final 'Conditions Framework' is the initial draft of the 'Conditions Framework' developed by FSC, as explained above in section 4.2.

This initial draft of the 'Conditions Framework' developed by FSC will be used as the main input to the **first meeting of the SWG**. This first/ kick off meeting of the SWG is planned to be held in Romania around the beginning of May 2017.

⁶ The 'Conditions for Re-association' proposed by the complaints panel are found in Section 5.4 of the Public Version of the Complaints Panel Evaluation report: <https://ic.fsc.org/download.public-version-of-the-complaints-panel-evaluation-report-oct-2016.6426.htm>

The main goals of the SWG kick off meeting will be:

- ✓ for FSC to present the initial draft of the 'Conditions Framework';
- ✓ to confirm the establishment of the SWG;
- ✓ for the SWG to initiate the discussions/revision of the initial draft of the 'Conditions Framework', assessing if and how the conditions and indicators in such document should be revised and refined, and to agree on a consultation draft for wider stakeholder input.

This meeting will mark the beginning of the advisory role of the SWG for the consultation of FSC's 'Conditions Framework'.

The main outcome of the SWG kick off meeting will be a consultation draft of the 'Conditions Framework' developed by the SWG.

Once this consultation draft of the 'Conditions Framework' is consolidated by the SWG, such draft will be consulted with stakeholders, in order to obtain input and advice on how to improve and refine the document. This will be done through a **public consultation** which will last for a period of about 30 days. FSC will publish in its website the consultation draft of the 'Conditions Framework' developed by SWG a part of this consultation process.

4.3.2 Finalization of the 'Conditions Framework'

The main role for the SWG during the consultation process of the 'Conditions Framework' will be to compile the input received from the overall public, as well as from the SWG Consultation Forum (SWG CF), to analyse the appropriateness and constructiveness of such feedback, and to use it for the revision and improvement of the 'Conditions Framework'. Further details on how decisions will be taken by the SWG when it comes to addressing stakeholder comments is provided above in sections 3.3.2 and 3.3.3.

As a last step, prior to the finalization of the 'Conditions Framework', a **second meeting of the SWG** will take place in Romania around June 2017. At this meeting, the SWG will discuss about the open questions related to the consultation draft of the 'Conditions Framework', as well as about any revisions/additions by FSC to the document, and any other relevant matters.

The outcome of this second meeting is expected to be a final 'Conditions Framework' proposed by SWG.

It should be noted that, stakeholder input serves as a recommendation to the SWG and FSC, but such input will undergo analysis, both by the SWG, as well as by FSC.

FSC will revise the final draft of the 'Conditions Framework' proposed by the SWG, by assessing the feasibility of the changes proposed by the SWG. FSC will also address any issues where the SWG did not reach an agreement. Open

questions on how to address stakeholder feedback will be brought to the attention of FSC BoD for decision.

The final draft of the 'Conditions Framework' will be submitted to FSC BoD for approval.

4.4 Schweighofer Group's development of the final 'Action Plan'

Once the final approved FSC 'Conditions Framework' is available, this document will be made public and shared with HS.

The next stage of the roadmap process will be for HS to develop its final 'Action Plan', in which they shall provide details about the specific actions and activities that HS will implement/is implementing in order to fulfil the conditions established by FSC in the 'Conditions Framework'. HS shall present its final 'Action Plan' to FSC. The 'preliminary plan for corrective action' developed by HS and presented to FSC in January 2017 may be used as basis to develop its final 'Action Plan'.

FSC recommends HS to seek stakeholder engagement in the process of developing the final 'Action Plan', although such engagement will not be considered as a pre-requisite in the process.

HS will also submit quarterly progress reports to FSC, demonstrating its progress in the implementation of the 'Action Plan'.

4.5 Independent Verification

The last stage in the roadmap process relates to the independent verification of HS' fulfilment of FSC's conditions as established in the 'Conditions Framework'.

This verification will be conducted by an independent third party. The 'Conditions Framework' (and specifically the verification indicators included in this document) shall serve as a verification document/ reference against which the actions implemented by the HS Group will be evaluated and the fulfilment of the conditions will be verified.

FSC Board of Directors (BoD) will take the decision of whether FSC shall end the disassociation with HS, using the results of the independent verification process as basis for their decision.

Graph 1. Overview of Stages in the Roadmap process

