



FINALIZATION OF FSC POLICY ON CONVERSION

SUMMARY ON THE NEXT STEPS TO FINALIZE FSC POLICY ON CONVERSION

At the General Assembly 2017 in Vancouver, Canada, the FSC membership approved Motion 7 which requests that FSC develops a holistic policy and appropriate treatment at Principle, Criterion and Indicator levels with guidance to national Standards Development Groups, considering compensation for past conversion in terms of:

- a. restoration and/or conservation for environmental values; and
- b. restitution for socio-economic values.

To address Motion 7, FSC established 2 groups: a chamber-balanced working group (WG) to develop FSC Policy on Conversion, and a technical working group (TWG) to focus on the implementation of the policy. Additional information of the WG process can be found [here](#) and TWG process [here](#).

The WG was formed in August 2018 and has completed the policy development process by December 2020. While the WG agreed on the majority of the policy, the members did not reach consensus on principle 3 which outlines remedy requirements for past conversion. To complete the policy, FSC has decided to seek consultants to develop (1) options for a methodology to address the issue of the ownership loophole and (2) a financial liability evaluation for various remedy scenarios. As the results from these studies will be used to finalize policy principle 3, FSC intends to discuss them with the membership and will be very interested in receiving feedback from membership discussions. On the basis of these member discussions, between now and May, FSC aims to finalize the policy and submit it to the FSC Policy and Standards Committee (PSC) and Board of Directors (BoD) for review and approval in June 2021. Further information of the finalization process will be updated on the FSC Policy on Conversion webpage [here](#).

As principle 3 and 4 of the Policy represent a change to the existing criterion 6.9 and 6.10 of the FSC Principles and Criteria (FSC-STD-01-001), the FSC membership will need to agree on these changes for the Policy to be implementable, with the most appropriate place being at the General Assembly in 2021. In line with these requirements, the Board chair and the two vice-chairs proposed three (3) statutory motions on the revision of Criterion 6.9 and 6.10 to reflect the proposals from the WG. Further information is available on members' portal [here](#).

Meanwhile, FSC acknowledges the need for alignment between several ongoing processes related to conversion, including the development of the Policy on Conversion and the Conversion Remedy Procedure, the revision of the Policy for Association (PfA) and the establishment of a Generic Roadmap for ending disassociation. FSC is continuously working through scenario building and other means to coordinate and communicate conversion related processes and ensure consistency and clarity.

Please find further information on Motion 7 and the planned next steps below.

Motion 7 WG & the development of FSC Policy on Conversion

The Policy on Conversion provides FSC’s general position and fundamental principles on conversion of natural forests and High Conservation Value areas to other land uses. It aligns the diverse ways in which conversion is treated in different parts of the FSC normative framework. Key policy areas of the Policy on Conversion include:

1. 1994 cut-off date: To change the rules to address past conversion.
2. Develop principles for compensation on past conversion, in terms of:
 - a. restoration and/or conservation of environmental values
 - b. restitution of socio-economic values
3. Define concept of acceptable conversion as defined under current FSC rules.
4. Establish forms of compensation (for example, restoration or conservation outside the forest management unit, hierarchy or compensation measures, global fund for restoration).
5. Identify alignment needs for the FSC normative framework, including FSC Principles & Criteria, International Generic Indicators, National Forest Stewardship Standards, Policy for Association and Controlled Wood.

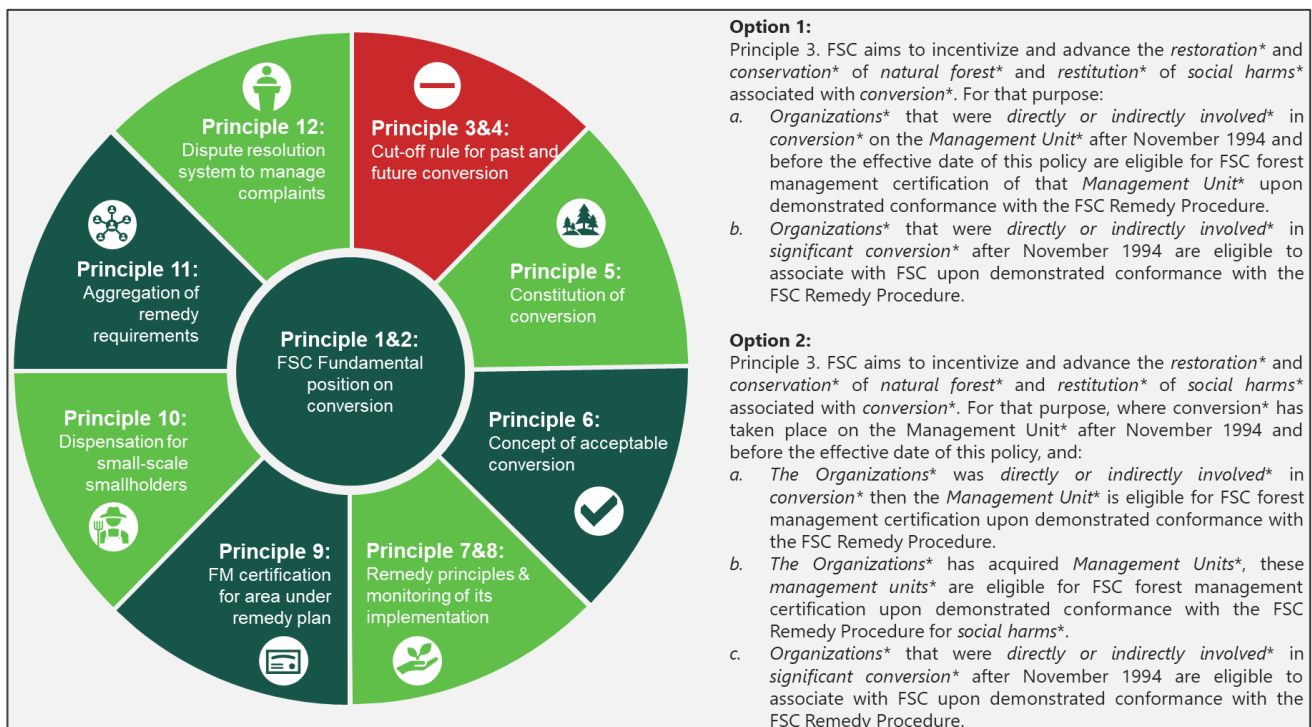
Status of the FSC Policy on Conversion

For the development of FSC Policy on Conversion, Motion 7 WG was set up in August 2018 containing 6 members, each representing one sub-chamber. Until December 2020, the WG held 4 face to face meetings, 2 virtual discussion weeks and 42 online meetings to develop the drafts of the FSC Policy on Conversion. Please find below a brief overview of the WG process:



By the WG final meeting on 10 December 2020, the WG reached agreement on eleven (11) out of twelve (12) policy principles in the conversion policy. With this, there is consensus on the full policy, except principle 3 which is related to cut-off rule for past conversion¹. Instead of reaching consensus on principle 3, the WG developed 2 options which are presented in table below.

The difference between these 2 options is whether “to link the remedy liability with the Management Unit where conversion has occurred, or with organizations directly or indirectly involved in conversion”. Please refer to option 2 - principle 3b for details. Major reasons behind the WG disagreement are the issue of ownership loophole², and the unknown financial implication associated with remedy requirements.



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Way forward to finalize FSC Policy on Conversion

Finalize policy principle 3

FSC has sought the consultancy of Richard Donovan to identify options for a methodology to address the issue of the ownership loophole. He will develop potential ways of assigning responsibility and corresponding remedy requirements to organizations applying for forest management certification

¹ Conversion occurred between 1994 and the effective date of FSC Policy on Conversion.

² Please refer to FSC Green paper on conversion [here](#) for further information on the issue of ownership loophole.



or association with FSC, in order to address the consequences of conversion and to provide recommendations for solutions that have the best potential for contributing to FSC’s Mission and Global Strategy. In addition, a consultancy will be sought to conduct a financial liability evaluation for various remedy scenarios.

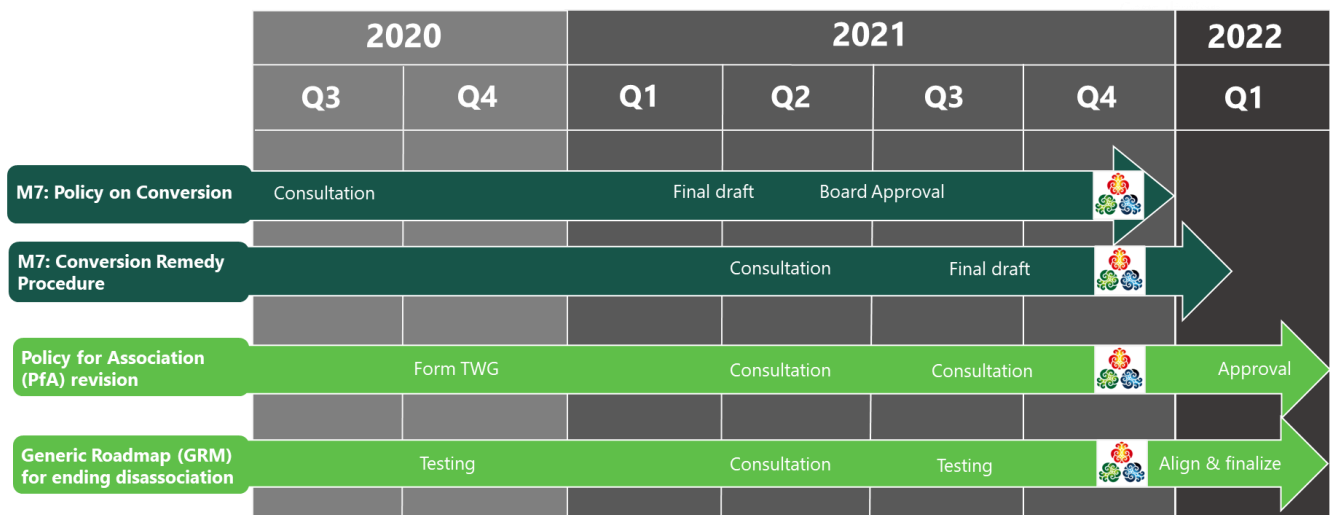
Richard Donovan is expected to review and consider FSC membership discussions and concerns on conversion rules, and to examine the history and key issues in the FSC system on conversion-related topics since 2008, as well as to study work results including the Motion 12 working group and other previous efforts on revising FSC conversion rules. FSC aims to have results of the study incorporated into the final draft of FSC Policy on Conversion by May 2021.

Processes that need alignment

FSC acknowledges that several ongoing processes in the system are highly relevant to conversion and need to be coordinated well. These include the development of the FSC policy on conversion and the conversion remedy procedure, the revision of the Policy for Association and the Generic Roadmap for ending disassociation.

All of these processes are related to conversion and there is a clear request from stakeholders and membership for FSC to coordinate and communicate the processes in order to provide clarity and consistency in all conversion rules in FSC.

Recognizing the need for alignment between these processes, FSC ensures dialogue and cooperation between the teams working on each of them and will ensure joint analysis of scenarios for the application of conversion rules and their financial consequences. Please see below for an overview of time-lines for these ongoing/planned processes:



FSC will hold **Conversion Dialogue #3 on 3 March** to provide membership with (1) an overview of the planned timelines for discussions and decisions in the different processes relevant for the Policy on Conversion, and (2) the needs for alignment between FSC’s work on conversion and the Policy for Association with a particular focus on how we ensure that remedy is considered in a consistent way across the different work streams. Please register [here](#) for either the morning or the evening session. Besides, FSC plans to organize **conversion dialogue #4** in the second half of June 2021, following the



June Board of Directors meeting, to update the membership on the approval status of the conversion policy. FSC will keep membership and stakeholders informed of further developments on the webpage [here](#).

Please contact us if you have any questions or concerns. Below, you have a list of contacts concerning their specific areas of expertise:

Process	Contact person	Email address
FSC Policy on Conversion	Yan Li	y.li@fsc.org
FSC Conversion Remedy Procedure		
Policy for Association (PfA)	Saija Hotti	s.hotti@fsc.org
Generic Roadmap for ending disassociation	Salem Jones	s.jones@fsc.org