



Q&A

FIRST DRAFT OF THE FSC POLICY ON CONVERSION

WEBINAR 1 & 2

14 AUGUST 2019 17:00 – 18:00 CEST

20 AUGUST 2019 09:00 – 10:00 CEST

Please note the following content is an edited version of the first 2 Webinars with responses from FSC staff and the Working Group members present on the call. A number of questions relate to issues the WG is still discussing or refining so the responses in the Q&A list do not represent position of all WG members. The WG welcomes your further input on any of these issues via the public consultation platform [here](#).

Terms & Definitions

1. Please elaborate on "indirectly involved in conversion". [Webinar 1] How is it defined? [Webinar 2]

So far, the Motion 7 Working Group (hereinafter 'WG') has been using the definition on "indirectly involved in conversion" given in the FSC Policy for Association (PfA). The revision of PfA is currently on hold.

The intent within FSC is to ensure that those actors, which have links to conversion, implement compensation for the conversion. Motion 7 Technical Working Group (hereinafter 'TWG') will bring more clarity to what constitutes "indirect involvement".

2. Regarding "indirect involvement" in conversion: are there clear criteria for what constitutes indirect involvement? This is a major problem with the current policy. [Webinar 1]

Currently in PfA, there is a definition for indirect involvement. While the definition does not contain specific criteria, it does provide examples such as being on the Board or having a percentage of voting power of a company involved in conversion, etc. It is a very important issue to address, and stakeholders are welcome to comment on this in the public consultation platform [here](#).

3. What if the owner of a converted area changed actually or formally, if instead of one legal entity now there are several new ones, etc.? there should be all loopholes covered to avoid any abuse. [Webinar 1]

It relates to the definition of directly or indirectly involvement in conversion. It is very true there are complexity around indirect involvement in conversion. The PfA and Policy on Conversion aim to provide a consistent approach as how liability of conversion is defined, to avoid loopholes.

Prevention of such loopholes are covered in the FSC normative framework through the Policy for Association



Policy scope

4. Can you describe how this policy will impact CW/CoC certificate holders? [Webinar 1]

The impact on CW/CoC certificate holder would vary depending on which standards are applied. However, the intent of the policy is that where conversion has occurred that can be linked to the organization supplying timber into the FSC supply chain then the requirements for compensation would apply.

In case there are CW producers who have converted natural ecosystems to plantations after 1994, they would need to develop and implement compensation plan to become eligible for full Forest Management certification.

5. Please could you explain slide 12 (Policy scope) again. Point b) for “apply” and “not apply” is not clear. [Webinar 1]

The policy scope aims to capture that there is change from the existing FSC way of treating conversion (Beyond natural forest, the policy also applies to natural ecosystem). Further explanation for slide 12 can be found below:

- *Does not apply - Point b: indicates that for organization still having a valid certificate, the requirements around conversion of natural ecosystem (as opposed to natural forest) will not apply.*
- *Does apply – Point b: if the existing FM certificate holders expand the scope of their existing certificate after the effective date of the Policy to include non-forest ecosystem. The policy says then this certificate holder could not convert this non-forest ecosystem that is newly added into the scope of the certificate.*

The WG acknowledges that there are many organizations within the FSC system that already have complied with existing requirements, and the intent is ensure that new measures will not be applied retrospectively to these organizations. The policy also intends to apply new requirements into the future where FSC acknowledges that protecting natural forests should not lead to the conversion of other natural ecosystems

Principle 2: Natural ecosystem

6. How do you see the complexity and operability of assessing natural ecosystems? [Webinar 1]

The WG discussed this topic in depth. The role of national and regional stakeholders is considered critical. At the policy level, we are not intending to include more details in this regard. The TWG will follow up on this topic and define IGIs and guidance to standard development groups.

Principle 3: Cut-off rule

7. Did you have the opportunity to do an impact analysis on the proposed scenarios for cut-off rule? [Webinar 1]

WG did not conduct the impact analysis yet, including the analytical data on how many organizations and how much area could potentially be affected via the three options. But this is indeed an important topic to investigate, WG will consider testing the Policy on Conversion later on, if considered feasible.



An impact analysis was conducted with the previous Motion 12 Working Group and as this WG is based on previous work, this impact analysis would apply to some extent, however it is acknowledged that a further impact analysis will be needed for the impact of both the Policy and other normative framework changes.

8. Could you please explain about the option 2 in the Principle 3? [Webinar 1]

The reason why the 1994-rule related motions (18, 12, 7) were repeatedly supported by the FSC membership in General Assemblies in Kota Kinabalu, Seville and Vancouver, is because there is recognition from the membership that there are (1) difficulties for organization that converted after 1994 to enter the FSC system, and (2) there are barriers for FSC to create a bigger impact and to bring further environmental and social benefits (restoration and restitution).

Option 3 sets a new cut-off date to align with the Global Zero-deforestation by 2020 commitments. Organizations which converted between 1994-2020 can apply for association or certification with FSC upon demonstrated compensation requirements. But organization converting post 2020 would not be able to enter the FSC system at all.

Option 1 has no additional fixed cut-off date, so Organisations who convert in the future will still be eligible for FSC certification and association once they have demonstrated compensation.

Option 2 also allows those who convert in the future to associate with FSC, but it tries to close the loophole of 'convert and pay' by requiring more stringent compensation requirements (more severe penalty) for conversion after the implementation of this policy (expected to be 2020)

9. Motion 7 specified a policy to deal with past conversions. Yet Options 1 and 2 for principle 3 deal with future conversions (post 2020). Is this valid, within the scope of the motion? [Webinar 1]

In terms of past and future conversion, FSC sees it not in the perspective of a certain date. Past conversion is conversion that happened prior to the organization joining the FSC system, future conversion is conversion that occurs when the organization is already in the FSC system (affiliated with FSC or FSC certificate holder). Thus, the wording 'past' and 'future' is not necessarily linked with a certain date, but the time when the organization get certified.

10. In terms of choosing the 3 options on the cut-off date, will the decision be made by a majority vote? Or by any other mechanism? [Webinar 2]

In an ideal scenario, one of those 3 options would be supported by the majorities in all sub-chambers. In such case, decision would be easy. However, it is more likely that the votes will be scattered, and majority vote cannot be applied as a sole basis for decision.

The WG will review and consider all feedback from public consultations. The WG aim to adopt chamber balanced approach when evaluating views received and will integrate them during the development process for the second draft of the Policy. The WG will also consider research outcomes and experiences from previous working groups or research projects, for the selection among the 3 options.



11. Different stringencies before/after 2020 - how differentiated? [Webinar 2]

The policy currently only indicates under option 2 for principle 3, that compensation requirements after 2020 will be more stringent, but regarding how it will differ on the operational level, it will be up to the TWG for further development. The option 2 in the first draft is only to provide an option and to get feedback from stakeholders at the policy level. It does not indicate that more stringent requirements mean e.g. doubling number of hectares, it could potentially mean more stringent monitoring and reporting requirements, it could also be different types of conservation and restoration projects required.

All stakeholders are welcomed to provide feedback at policy level regarding option 2, and stakeholders are welcomed to provide ideas as how different stringency shall be detailed in the compensation procedures, which can be considered by WG and TWG during the policy/procedure development process.

12. Draft policy implies no approval of any conversion taking place after 2020? [Webinar 2]

In the policy, there are 3 options regarding the cut-off date. For option 3, the year 2020 will be an additional cut-off date, organizations directly or indirectly involved in conversion after 2020 are not eligible to enter FSC certification system. While option 2 indicates organizations directly or indirectly involved in conversion after 2020 can apply for association or certification but they will face more stringent compensation requirements. Under Option 1 organizations directly or indirectly involved in conversion after 2020 can become eligible to enter FSC certification system upon compliance with a compensation mechanism.

The WG will consider stakeholder feedback collected during the public consultation process, and if option 3 is chosen, then the policy will imply no approval of any conversion taking place after 2020. But if the other two options are chosen, conversion taking place after 2020 could potentially be approved, but only upon demonstrated compensation achievements.

Principle 4: Constitution of conversion

13. As a complement to the analysis of what would be acceptable conversions, have you considered what would be unacceptable conversions (ex: hotspots, specific ecosystems, IFLs, etc...)? [Webinar 1]

FSC normative Framework, through the differing standards covers some of the requirements of what is considered tolerable and what requirements there are for no conversion. Further to this, this Policy proposes that these be defined at regional or national level through the setting of thresholds for conversions. TWG will be tasked with developing normative framework standards requirements and guidance for the development of these local thresholds.

The logic behind referring this down to more local levels stems from the great variety of land cover across the globe, and the need to consider at an ecotone level what ecosystems may be critical and at what level degradation would meet the requirements of this policy for compensation for losses incurred.



14. To what extent can conversion be allowed in exchange for restoration? Considering the actual possibilities (location, time, ecosystem, costs ...) of restoration. [Webinar 1]

First of all, the objective of the draft policy is to set compensation requirements at a level that disincentivizes conversion, while incentivizes conservation and restoration. TWG will develop mechanisms that take into account of risks related to “convert and pay”. Furthermore, WG proposes a conversion free period via the draft policy principle 5.1, in an attempt to further mitigate any risks related to “convert and pay”. WG welcomes stakeholders’ feedback on this draft Policy’s approach to disincentivizing conversion.

Secondly, regarding tolerable conversion: the draft policy principle 4 indicates the threshold for tolerable conversion. The WG discussed the need for some levels of conversion as part of responsible forest management, and it is acknowledged there is instances where certain conversion events may have positive impacts. At the same time, the WG is aware of the linkage between degradation and conversion, and WG expects TWG to develop the thresholds.

Lastly, there is a need to consider the major drivers of conversion and how FSC can reduce these drivers while at the same time providing incentives for global restoration initiatives. As already mentioned, this would need to be considered at local levels by stakeholders.

15. Do you plan to precise the FSC approach regarding the conversion which is caused by development of public infrastructure (i.e. roads, pipelines etc.), where the CH has no control over it (decision on conversion is made by government, local authorities etc.)? [Webinar 2]

The draft Policy continues to allow a certain “very limited portion” of conversion for the development. These will not be considered such actions which require compensation. Requirements regarding this type of conversion remain unchanged.

Through the TWG output, thresholds requirements and levels for acceptable conversion and habitat quality will be detailed. CHs will be requested to demonstrate the level of conversion, and to demonstrate if the conversion is beyond or beneath the threshold. And when it is beneath the threshold, no compensation requirements will apply. Further to this no compensation would be required where the conversion is beyond the control of the organization as suggested in the question.

16. Does the conversion policy allow conversion of degraded forest land to plantation? [Webinar 2]

*The current draft does not provide direct answer to the question. The general thinking has been that severely*degraded forest lands could be used for plantations and would not require compensation. The point at which degradation is considered severe enough to allow conversion to plantations is critical. The first draft aims to promote restoration and conservation of degraded forest land, and the WG is asking the TWG to further elaborate this **threshold** for the constitution of conversion (including a threshold for forest degradation). These thresholds will be interpreted at national level by SDGs, as the natural ecosystems and habitats quality varies a lot across geographical context.*



**Principle 5:
Compensation
mechanism**

17. Can you please explain further item 5? Especially the last sentence – “This mechanism provides a pathway into FSC for organizations that have been directly or indirectly involved in conversion” [Webinar 1]

Currently FSC does not allow organization involved in conversion after 1994 to enter FSC certification system. Through the first draft of FSC Policy on Conversion, it is aimed to provide opportunities for those organizations converted after 1994 to enter the system through demonstrated compensation achievements. It is not any pathway, but one pathway to restore or conserve the environment and provide restitution for social harm done by conversion. The pathway may also serve the roadmap- procedures for disassociated companies to re-enter the FSC system.

18. Is there already a clear methodology behind to estimate negative economic, environmental and social impacts at a landscape level and the ways on how to compensate, where to compensate, to whom, on which form, etc.? [Webinar 1]

So far not. It is envisaged that the TWG will develop a base-line methodology which will vary from landscape to landscape in the compensation plans. There has to be evaluation mechanisms embedded, to assess the positive/negative economic, environmental and social impacts. There are experiences from other certification schemes, other sectors, and some countries (e.g. US) on how to avoid displacement of local communities, etc. Thus, it is difficult to provide a general answer to this question, as it will be highly contextualized. WG will encourage TWG to provide guidance to organizations on the compensation plan requirements, which will require organization to conduct thorough evaluation prior to the implementation of the plan.

The WG’s intent is that this shall be done in full engagement (through FPIC where necessary) with stakeholders, aiming to an agreement on what is the harm caused and what needs to be done to compensate for these harms.

19. Regarding principle 5: Where possible, environmental compensation measures should be prioritized either in the Management Unit where the conversion took place, adjacent land, or in the broader landscape. Please explain what "broader landscape" means. [Webinar 1]

The reason why we started to broaden out the options, - instead of just restoration and conservation inside the management unit/s - is that in some instances, the compensation inside the concession may not create equivalent, or near equivalent benefit, to the values that were lost. Sometimes maximum nature conservation or social restitution benefits might be achieved outside of the concession in a broader landscape

It is expected that TWG will develop clear criteria for defining the selection of compensation location, including “the broader landscape” (to narrow down possibly). WG expects there will be requirements to justify why the compensation is taking place in an area either inside or outside the concessions, etc. Stakeholder’s contributions on this topic are very welcome.

Participant comment: *FM certification is by MU, not by landscape, so shuffling responsibility for compensation out of the MU is legally difficult/non-starter.*

This relates to Question 10 in the consultation: How, if compensation is allowed outside the management unit, can this be satisfactorily be monitored and audited and over the likely very extended time period required by the compensation plan? Do these



additional lands need to be FSC certified to be monitored in a way that guarantees confidence or can other monitoring systems deliver adequate confidence for FSC stakeholders? We look forward to stakeholder's comments on this question via the public consultation platform [here](#).

20. What kind of restoration would be accepted? If you have a bit clearer picture, please let us know. Or is this the issue TWG is working on? [Webinar 2]

The TWG will finalize work on this issue. Outside FSC, there are guidelines for best practice on restoration available, which will be taken into consideration.

The Organisation shall, together with stakeholders discuss and develop the compensation plan, which could involve restoration and/or conservation. The focus is to maximize conservation impact and benefits, and to ensure the conservation value and landscape are maintained, instead of focusing on one type of compensation measure.

21. How much is the quantum of compensation? [Webinar 2]

This has not been decided yet. The liability of the compensation is based on the size, quality and values lost due to conversion. These will be further elaborated by the TWG (including indicators and calculation methodology). Restitution for social and economic values will be considered in the equation as well.

In terms of compensation amount, WG assumes it will be measured by hectare from environmental perspective (based on liability calculation). Further technical details and requirements will be developed by TWG.

**Principle 6:
Smallholder**

22. You mentioned smallholders and communities in your presentation. Are you looking at any special considerations for this group when developing the policy? [Webinar 2]

The WG recognizes smallholders are in a particular situation and also acknowledge smallholder's impact on conversion (aggregation of smallholder's conversion activities). Meanwhile, WG realizes the difficulties for smallholders to meet compensation requirements alone, thus the policy proposed aggregation mechanism which would allow smallholders to jointly conduct compensation activities. In addition, a dispensation system is considered and proposed (TWG will develop further).

The WG has proposed to define the scale of smallholder as <50ha, and this is one of the question items in the public consultation platform. WG welcomes stakeholders' feedback in this regard.

Participant comment: community conversion is not the same as smallholder conversion under group schemes.

Principle 8: CHs

23. I did not understand principle 8, could you explain? [Webinar 1]



Principle 8 states that Certificate Holders (CHs) can aggregate compensation requirements (For anticipating CHs, the compensation requirements will likely be aggregated prior to certification). It is to incentivize CHs to conduct compensation with joint efforts to create maximum conservation/restoration benefits. This could have a role particularly in group certification schemes.

**Regarding FSC
Policy for
Association (PfA)**

24. How does FSC plan to align the Policy on Conversion with the PfA, when the last one has gone through a revision process in the past but has not yet been finished? I am not sure if the current version of the PfA brings a definition for “indirect involvement” [Webinar 1]

Part of the justification for postponing the FSC Policy for Association (PfA) revision process was to enable this policy to be finalized to enable the PfA revision to align with this policy. At the same time, the WG has been using several definitions in PfA and other normative documents in an attempt to ensure alignment on key definitions across FSC normative framework. Further alignment on how conversion shall be treated across different documents will be analyzed and identified by TWG.

25. With the revision in the policy of conversion, how do you think the policy of association will be affected? [Webinar 1]

In the ToR of the TWG, TWG is expected to analyze the need for alignment between FSC normative documents, in regard to conversion. Thus, if required, the PfA will be revised to be in line with FSC policy on conversion.

26. how this policy will link with PfA. Will PfA be revised accordingly? [Webinar 2]

If requested by the Policy on Conversion, PfA will be revised accordingly. As the Policy on Conversion is a holistic policy, it will overrule the PfA.

Generic

27. Can a Network Partner make comments on the Policy? If yes, how do we answer to the 2 first questions of the consultation? [Webinar 1]

Network partners are welcomed to provide comments on the policy. For the first 2 questions related to stakeholder background information, network partners can leave it empty.

28. How the public consultation will be organized in different countries. How network partners will be involved in public consultation? [Webinar 2]

As this is a global public consultation, and FSC has two official languages (English and Spanish), those who can speak English or Spanish could participate in the public consultation directly via the platform [here](#). For those who could not speak these two languages, if the FSC national offices have capacity, they are welcomed to organize local meetings and events, and send the jointed responses to us (Especially the chamber balanced feedback). We appreciate such efforts very much.

For FSC local offices that do not have such capacity or for some countries which do not have FSC local offices, we are flexible in regard to receiving feedbacks from



stakeholders, apart from the online platform. For network partners which would like to join the public consultation, please leave the first two questions (stakeholder background) blank and provide your comments for the questions related to the policy draft.

29. The “perverse incentive” of being too rigid on conversion is that there is more pressure from illegal logging and degradation on natural forests and woodlands to meet exploding demand in the developing world. [Webinar 2]

This is correct, FSC would like to be able to extend its influence to reduce this incentive to carry out activities that cause harm outside the control of global concerned organizations. It is FSC intent that where compensation can be made, there is an opportunity to also bring non-complying organizations into a system that ensures not only environmentally appropriate, but also socially beneficial and legal operations. With the challenges and global initiatives like the UN decade of restoration it is FSC intent to provide an alternative for organizations to become responsible managers and motivate them to undertake restoration and restitution activities.

30. Could you remind us what is the timeline for TWG. So, when would the policy become effective? [Webinar 1]

TWG process kicked off in August 2019, and it is in the call for candidates' process. The first TWG meeting is scheduled for Oct 2019. The final completion date is Nov 2020.

Regarding the effective date of the FSC policy on conversion: the plan is at GA 2020, the final draft of the FSC policy on conversion, together with TWG outputs will be presented. If the policy on conversion requests changes in FSC Principles & criteria, then it will request membership voting. Thus, the effective date of the policy will be linked with the membership voting result.

31. No examples provided for how the draft policy would affect converters such as KVTC or APP? [Webinar 2]

The development of the first draft of the Policy on Conversion does not aim to deal with one specific type of companies or specific cases. The WG has considered different scenarios but didn't intend to make that type of differentiation in the policy. TWG will analyze various scenarios and companies during the development process of compensation procedures. Stakeholders are invited to send to the WG/TWG descriptive case studies and scenarios that they would like WG/TWG to consider when developing the Policy and implementation via the public consultation platform [here](#).

FSC further commented that based on FSC procedure requirements, FSC is expected to conduct testing on normative documents during the second round of public consultation. Thus, WG will consider testing the Policy on Conversion later on, if considered feasible.

32. It is unclear how the draft policy options would affect the most critical and best-known examples of conversion, so the workability of the draft policy is unclear. [Webinar 2]



The selected option will be passed on to the TWG so the TWG can develop a mechanism that follows the selected way forward. The Policy is currently a more 'conceptual' document that the TWG will work to implement throughout the FSC normative framework. This will ensure that the Policy will be a "workable document".

The three concepts are related to the prevention of future conversion within the FSC system. The membership can be confident that within each of the 3 options, there will be risk mitigation mechanisms in place in FSC system (To be developed by TWG), as this is an important part of the TWG's ToR.

33. Since 2015, FSC slogan 'Forests for All Forever' does not imply any criticism of conversion between types of forest, so what is philosophical basis for discriminating against conversion of (some states) of natural forest-related ecosystems? [Webinar 2]

Additional explanation from the stakeholder raising this question:

It is fundamental to identify range of problems that the policy aim to cover, and it is not clear in the first draft. Up until 2015, FSC implied policy through the 1994 rule, was that only minimum conversion was acceptable. After 2015, with the adoption of "forest for all forever" slogan, it implies that all kinds of forests, or forest related ecosystem are acceptable for forest management certification. In other words, when you arrive at the slogan from 2015, the philosophical basis for discriminating against conversion of natural forest to plantation forest is no longer evident. I would expect this to be a fundamental part of the motion 7, but I didn't see it in the first draft.

It is acknowledged that the Draft does not yet identify or consider the full range of Conversion problems.

When WG looks at conversion, it will be up to the SDGs to determine the threshold for natural forest and natural ecosystem (at national level), and thresholds for the constitution of conversion (and if a compensation mechanism will be needed). Conversion of plantation forest will not be considered as conversion, as it is not a natural ecosystem or a natural forest related ecosystem.

Responsible management requires that impacts of an organization's operations are considered prior to implementation and that these impacts are mitigated, there is clear evidence that in general changes in land use from a natural state to a less natural state have negative consequences. By implementing a compensation mechanism, FSC is asking organizations, in consultation with affected stakeholders, to assess these impacts and determine appropriate ways to mitigate these impacts to ensure long term benefits may be achieved.

Many thanks for your participation in the webinars.