



Forest Stewardship Council®



FSC Policy on Conversion

FSC-POL-01-007 V1-0



Policy

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DRAFT 1-0

The Forest Stewardship Council® (FSC) is an independent, not for profit, non-government organization established to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC's vision is that the world's forests meet the social, ecological, and economic rights and needs of the present generation without compromising those of future generations.

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DRAFT

Introduction

This document provides, for the first time, a formal FSC Policy on Conversion, outlining FSC's general position on conversion and the fundamental principles on which this is based. While FSC has since its earliest years been opposed to conversion and restricted conversion through rules applied through its various standards and procedures, there has been inconsistency between the different documents and many key terms, such as conversion and degradation, have not previously been defined.

It is 25 years since FSC and its standards were first established and the world has changed both in terms of the increased pressure on global ecosystems posed by conversion and increased awareness of the urgency to act to promote restoration, prevent climate change and biodiversity loss.

After assessing the strengths and weaknesses of FSC's historical restrictions on conversion, this Policy will:

- a) Clarify FSC's position on conversion;
- b) Strengthen FSC's capacity to support global conversion-free commitments;
- c) Provide a mechanism for forests which have been previously converted after 1994 to enter the FSC system upon implementation of an approved compensation plan which delivers restoration and restitution outcomes;
- d) Promote further conservation, restoration and restitution.

A Objective

The Policy on Conversion provides FSC's general position and fundamental principles on forest conversion, including the 1994 cut-off date, principles for compensation, and the concept of acceptable conversion.

The purpose of this Policy is to:

- a) Present clearly **FSC's position on conversion** of forests and other natural ecosystems;
- b) Ensure **consistent application** of the definition and interpretation of conversion throughout the FSC system;
- c) Continually affirm **FSC's credible position** in the global debates on deforestation and restoration;
- d) Further elevate FSC as **the preferred tool** for environmentally appropriate, socially beneficial, and economically viable management of the world's forests.
- e) Inspire FSC's membership, certificate holders, associates and supporters to **reaffirm commitment** and efforts to end deforestation and encourage restoration;
- f) Establish a permanent, equitable and effective **compensation mechanism** for remediation of social and ecological impacts of conversion;
- g) Provide a framework for FSC to develop or join **partnerships and alliances** toward the goal of halting deforestation and conversion and promoting restoration and restitution.

B Scope

This document defines a holistic FSC Policy on Conversion. All FSC Policies and Standards relevant to conversion will be amended to incorporate and align with this Policy including FSC-STD-01-001 *FSC Principles and Criteria of Forest Stewardship* and the associated national or regional indicators and means of verification; FSC-POL-01-004 *Policy for the Association of Organizations with FSC*; FSC-STD-30-010 *Forest management requirements for FSC Controlled Wood certification* and FSC-STD-40-005 *Requirements for sourcing FSC Controlled Wood*. Where FSC-STD-01-001 *FSC Principles and Criteria of Forest Stewardship* are to be revised, this shall require a vote by FSC membership on these changes prior to implementation.

This Policy does not apply:

- a) To conversion that took place prior to 1994;
- b) To existing FSC Forest Management certificates (*i.e.* valid at the effective date of this Policy), with respect to non-forest ecosystems converted prior to the effective date of this Policy.

This Policy does apply:

- a) To organizations which are or would like to be associated with FSC;
- b) Where the scope of existing certificates is extended after the effective date of this Policy to include non-forest ecosystems converted prior to the effective date of this Policy;
- c) To existing Controlled Wood Forest Management certificates.

All aspects of this document are considered to be normative, including the scope, effective date, references, terms and definitions, notes, tables and annexes, unless otherwise stated (e.g. examples).

C Effective and validity dates

Approval date	XX
Publication date	XX
Effective date	XX

D References

The following referenced documents are relevant for the application of this document. For undated references, the latest edition of the referenced document (including any amendments) applies.

FSC-STD-01-001 *FSC Principles and Criteria*

FSC-STD-01-002 *FSC Glossary of Terms*

FSC-STD-60-004 *International Generic Indicators (IGI)*

FSC Statutes 2017

FSC Strategic Plan 2015-2020

FSC-POL-01-004 *Policy for the Association of Organizations with FSC*

FSC-STD-40-005 *Requirements for Sourcing FSC Controlled Wood*

FSC-STD-30-010 *FSC Controlled Wood standard for forest management enterprises*

FSC-PRO-60-002a *FSC National Risk Assessment Framework*

E Terms and Definitions

For the purposes of this Policy, the terms and definitions provided in FSC-STD-01-002 *FSC Glossary of Terms*, FSC-STD-01-001 V5-2 *FSC Principles and Criteria for Forests Stewardship*, FSC-STD-60-004 *FSC International Generic Indicators*, and the following apply:

Compensation: Actions taken to remedy or counterbalance:

- a) Deforestation, conversion, degradation, or other harms to ecosystems and their conservation values;
- b) Social impacts and human rights harms.

Compensation actions may include but are not limited to: Conservation of standing forests, habitats, ecosystems and species; Restoration and protection of degraded ecosystems; social remediation/restitution measures.

Conversion: A *lasting change of vegetation cover** or composition of natural ecosystems, *induced by human activity** and characterized by *significant loss of species diversity**, habitat diversity, structural complexity or ecosystem functionality. The scope of the definition of *conversion** covers gradual forest degradation as well as rapid forest transformation.

Degradation: Changes within a natural ecosystem that significantly and negatively affect its species composition, structure, and/or function and reduces the ecosystem's capacity to supply products, support biodiversity, and/or deliver ecosystem services.

Induced by human activity: In contrast to drastic changes caused by natural calamities like hurricanes or volcanic eruptions. It also applies in cases of naturally

ignited fires where human activities (e.g. draining of peatlands) have significantly increased the risk of fire.

Lasting change of vegetation cover: Permanent or *long-term** change of vegetation cover, precluded from reverting back towards pre-conversion conditions by post-conversion land use. Temporary changes of forest cover or structure, e.g. harvesting followed by regeneration in accordance with the FSC normative framework, is not considered as conversion.

Restitution: The process of compensating for all social losses, impacts and human right harm and facilitating a transition to the position before such losses, impacts and harm occurred; or, developing alternative measures to ameliorate harm by providing gains recognized by the *affected stakeholders** as equivalent to the losses.

* As defined in FSC-STD-60-004 V2-0 *International Generic Indicators*

Restoration (as it relates to compensation after conversion): Ecological Restoration is the process of assisting the recovery of an ecosystem, and its associated conservation values, that has been degraded, damaged, or destroyed.

Significant loss of species diversity: Loss of species is considered significant where rare, threatened and endangered or other locally important, keystone and/or flagship species are lost, whether in terms of numbers of individuals or in terms of number of species. This refers to both displacement and extinction.

Verbal forms for the expression of provisions

[Adapted from ISO/IEC Directives Part 2: Rules for the structure and drafting of International Standards]

“shall”: indicates requirements strictly to be followed in order to conform to the document.

“should”: indicates that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required.

“may”: indicates a course of action permissible within the limits of the document.

“can”: is used for statements of possibility and capability, whether material, physical or causal.

F Version History

Draft 0-0 was developed by PSU and presented to the Working Group at 20 August 2018. It was built on the Plantations Review process at 2005-2009, revision of Principles and Criteria 2009-2012, development of International Generic Indicators 2012 – 2015, RECON process 2011-2014 and the Motion 12 Working Group work, which resulted a proposal for revising the 1994-rule.

Draft 0-1 was developed for Working Group comments by 26 October 2018, based on the feedback and outcome of the first physical meeting in Bonn.

Draft 0-2 was developed for Working Group comments at 22 January 2019. It was based on the results of the survey with the Consultative Forum and the Working Group members feedback to the version 0-1.

Draft 0-3 was developed for Working Group comments at 3 February 2019. It included a half-page holistic policy for conversion developed by the drafter.

Draft 0-4 was developed for Working Group comments at 18 February 2019. Revisions included changes to the rationale and updates based on WG member input before the second physical meeting.

Draft 0-5 was developed for Working Group comments at 27 March 2019. It was based on the points of agreement picked up at the second physical meeting in Bonn and on the advice received from the Steering Committee. It was structured to reflect the three focal points of policy defined in the Terms of References. Two temporary Annexes were added to guide further discussions on the still open topics.

Draft 0-6 was developed to revise wording following the meeting on 23 April 2019. This wording considered sections of the Objective and section 1.

Draft 0-7 was developed to record provisional approval of sections following the meeting on 02 May 2019. This wording is shown under “policy principles”. Include provisional wording from WG members regarding the statement in relation to the 1994 cut-off date.

Draft 0-8 was developed to record the provisional wording for the section on what FSC tolerance levels would be for conversion within the FSC system and to clarify that FSC now views conversion as applying to natural ecosystems and must put in place a mechanism to define thresholds.

Draft 0-9 was developed to record the provisional wording for compensation based on Working Group emailed input and to revised sections of policy definitions.

Draft 0-10 was developed to take into consideration working Group input during the 20th online call. The draft was also cleaned up and realigned to give a logical flow, guidance sections were removed to enable the Working Group to read the document as proposed for the first public consultation.

Draft 0-11 was developed to consider changes as the working group worked through this process during the face to face meeting in Bonn between 25th and 28th of June 2019.

Draft 0-12 was developed to consider the changes from the face to face meeting in Bonn in June 2019 and align text to FSC formats.

Draft 0-13 was developed to consider changes to draft 0 – 12 following email circulation and working group input via email circulation.

Draft 0-14 was developed to consider changes to draft 0 – 13 following the 21st online call and emailed changes from the working group. The policy code number was also updated.

Draft 1-0 was developed to consider changes to draft 0 – 14 following emailed changes from the working group.

Policy principles

1. FSC contributes to shared global commitments to halt conversion and deforestation while advancing the restoration of lost environmental and social values through establishing partnerships, active participation in global dialogue and leveraging its standards and dynamic membership to influence policy makers, responsible procurement and global supply chains.
2. FSC requires organizations associating with it to demonstrate that they are not converting natural ecosystems, including natural forests, and ensuring conservation and restoration through compliance with requirements in the FSC normative framework.
3. To incentivize and advance the restoration and conservation of natural ecosystems, and restitution of social harm caused by conversion, FSC enables:

OPTION 1

Organizations that were *directly or indirectly involved** in conversion that occurred after 1994 to apply for certification or association to the FSC system upon demonstrated compliance with compensation mechanism requirements.

OPTION 2

Organizations that were *directly or indirectly involved** in conversion that occurred after 1994 and before 2020 to apply for certification or association to the FSC system upon demonstrated compliance with compensation mechanism requirements.

Organizations that are *directly or indirectly involved** in conversion that occurs after 2020 to apply for certification or association to the FSC system upon demonstrated compliance with more stringent compensation mechanism requirements than for those *directly or indirectly involved** in conversion prior to 2020.

OPTION 3

Organizations that are *directly or indirectly involved** in conversion that occurred after 1994 and before 2020 to apply for certification or association to the FSC system upon demonstrated compliance with compensation mechanism requirements.

Organizations that are *directly or indirectly involved** in conversion that occurs after 2020 are not eligible to enter the FSC certification system.

* As defined in the *Policy for Association FSC-POL-01-004*

Please note: The options above are only provided for public consultation. The final Policy will include only one of these options.

4. FSC defines international generic thresholds for what constitutes conversion of natural forest and natural ecosystems. Standard developers may adapt these thresholds at the national level, based on guidance and instructions developed by FSC.
5. FSC has a compensation mechanism that delivers conservation and restoration of converted ecosystems and restitution to *affected stakeholders**, including rights-holders. This mechanism provides a pathway into FSC for Organizations that have been *directly or indirectly involved** in conversion.

This compensation mechanism includes the following key elements:

5.1 There shall be a period, based on Scale, Intensity and Risk, where an Organization has not been *directly or indirectly involved** in conversion prior to eligibility for FSC FM certification.

5.2 Compensation requirements shall be determined following standardized procedures that take account of the:

- a) Size of the conversion area;
- b) Social, cultural and human rights;
- c) Impact of the conversion;
- d) Environmental Values lost due to the conversion;
- e) Quality, including levels of degradation, of the converted area prior to conversion.

Compensation requirements shall be assessed based on best available information and in consultation with experts and affected stakeholders*, including rights-holders.

5.3 Organizations intending to associate with FSC shall develop a compensation plan that is:

- a) Fair, equitable and genuine;
- b) Proportionate to the impacts caused by the conversion on *affected stakeholders** and on the environment;
- c) Producing clear, substantial, additional, secure, long-lasting conservation benefits and a full restitution of the lost socio-economic values;
- d) Consistent with FSC Mission / Standards / Normative Framework;
- e) Developed in consultation with *affected stakeholders** including rights-holders following FPIC principles.

The compensation plan shall be:

- a) Peer reviewed by external experts;
- b) Approved by FSC;
- c) Be made publicly available upon approval.

The plan shall take account of compensation measures previously undertaken by the Organization following conversion, if any.

5.4 Prior to association with FSC organisations shall demonstrate implementation of this compensation plan.

5.5 Social restitution shall be provided to affected stakeholders*, including rights-holders, based on FPIC guidelines.

5.6 Where possible, environmental compensation measures should be prioritised either in the Management Unit where the conversion took place, adjacent land, or in the broader landscape.

5.7 In all circumstances, the type of activities, their location, and the implementer, proposed for environmental compensation measures shall be

decided and evaluated on ensuring maximal conservation outcomes and social benefits relative to other options, and must as a minimum be proportionate to the scale of the impacts caused.

5.8 The ultimate responsibility for the plan, implementation and delivery of conservation outcomes and social benefits shall rest with the organization.

6. Implementation of the compensation mechanism and the delivery of the conservation and social outcomes shall be monitored through a standardised auditing process.
7. To incentivize small-scale smallholders to become certified, FSC defines dispensation criteria for these smallholders within the compensation mechanism.
8. FSC Certificate Holders, including Group Schemes, may aggregate compensation requirements.
9. The FSC Dispute Resolution System shall be used to manage complaints associated with this Policy.
10. Grievance cases shall be considered on a case by case basis and, where necessary, the compensation mechanism may be used in resolving grievance cases regarding conversion of natural ecosystems.