PUBLIC CONSULTATION FOR THE FIRST DRAFT OF THE FSC POLICY ON CONVERSION

SUMMARY OF PUBLIC CONSULTATION MATERIALS

Please note that the purpose of this document is to provide an overview on public consultation materials. Please provide your feedback on the first draft of the FSC Policy on Conversion through the FSC online public consultation platform here only.

Introduction to the public consultation

Welcome to the Public Consultation for the first draft of the FSC Policy on Conversion

This public consultation is open for 60 days and will be used to collect stakeholders’ feedback on a series of questions regarding the policy principles/areas in the first draft of the Policy on Conversion. FSC encourages all interested stakeholders to participate and provide their input during this period, as input is critical to the further amendment of the policy.

It is not mandatory to respond to all the questions. You may want to choose sections that are most important/relevant to you. You can save current progress and edit your responses right up until you submit the survey for analysis. It is possible to edit your responses until the close of the consultation period. The estimated time to complete all question items are 20 mins.

Please take the opportunity to share your opinions and suggestions.

Opening date: 1st August 2019 00:00:00 CET
Closing date: 30th September 2019 23:59:59 CET

Thank you in advance for your participation.
Please contact Yan li at y.li@fsc.org for questions.
Please help us understand more about your background and interests by filling the 2 questions below:

1. Please select the option(s) that you identify yourself as to help us understand more about your background and interests.
   - Social NGO
   - Environmental NGO
   - Academic
   - Smallholder
   - Community member
   - Government
   - Certificate holder (FM)
   - Certificate holder (CoC)
   - Indigenous peoples
   - FSC member
   - CB

2. Which one of the following three interests best represent you?
   - Economic
   - Environmental
   - Social
BACKGROUND INTRODUCTION

Background introduction on FSC Policy on Conversion

FSC is developing a holistic Policy on Conversion. This will guide the review and revision of relevant FSC Normative Framework documents addressing conversion and help provide guidance to national standard developers in developing national level indicators.

The policy development is in direct response to several FSC General Assembly motions and the FSC Global Strategic Plan, including:

- **Motion 7/2017**: Addressing past conversion through restoration and conservation as a requirement for certification of plantations that have converted natural forest area post-1994
- **Motion 12/2014**: Fast-tracking the implementation of motion 18 from GA 2011
- **FSC Global Strategic Plan 2015-2020**: FSC is the leading catalyst and defining force for improved forest management and market transformation, shifting the global forest trend toward conservation, restoration, and respect for all
- **Action 15 – FSC Implementation Plan**: Increase revenue to landowners to support conservation and restoration of landscapes

The process being established by FSC is to separate the development of the holistic policy from the development of mechanisms to operationalize the policy:

- The policy Working Group (WG), comprised of FSC members, is tasked with establishing the high-level holistic Policy on Conversion,
- Whilst a Technical Working Group (TWG), comprised of experts appointed by FSC, will support FSC in developing mechanisms to translate the policy into operational practice.

The precise scope and key policy areas of the Policy on Conversion was approved by the Board of Directors on 16 July 2018, please refer to [WG ToR](#) for further details.

The chamber-balanced Working Group was established in August 2018 and it comprises the following members:
As of today, the Policy on Conversion Working Group has held twenty-one online calls and three face to face meetings. Working Group have held dialogues on principles required for a holistic Policy on Conversion, compensation mechanism as well as alignment needs for the FSC normative framework (as stated in the Working Group Terms of Reference). During the development of this first draft of the Policy, the Working Group has received and considered feedback via various channels, e.g. Consultative forum survey, FSC regional meetings, forestry related conferences, direct input in writing to the Working Group, etc.

Following the first public consultation, a fourth face to face meeting of the Working Group will be held to discuss the feedback and input from stakeholders and to consider amending and adapting the policy prior to the second public consultation. According to the approved work plan, the final version of the FSC Policy on Conversion will be submitted to the FSC Board of Directors for approval, following the completion of the second public consultation and incorporation of the feedback received.

Supporting documents: FSC Mission and Statutes; FSC: A Tool to Implement the Sustainable Development Goals; FSC Global Strategic Plan; WG ToR, FSC's position on plantations; UN Declaration on the Right to Development; UN decade of ecosystem restoration.

Generic comment:
Do you have any comments or suggestions for the remaining development process for the FSC Policy on Conversion?
FSC and its members have recognized that it is time to review FSC’s past rules on conversion, to develop a strong and holistic Policy which will support not only conservation of natural ecosystems but also restoration of degraded areas and restitution to those peoples and communities impacted by conversion. (Motion 7, General Assembly 2017).

This Policy 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 limited 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 limits 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 deliver restoration and restitution outcomes,

d) Promote further conservation, restoration and restitution.
The consultation questions related to the policy areas start from section III. Terms & definitions. In total, there are 13 question items. Please find below an overview of the public consultation questions for first draft of the FSC Policy on Conversion:

### III. Terms & definitions
- **Question 0**: General comment
- **Question 1**: The Policy on Conversion applies to conversion of natural forest and conversion of natural ecosystem. Do you agree with the proposal?

### IV. Policy principles 1 and 2
- **Question 2**: General comment

### V. Policy principle 3
- **Question 3**: The Working group considered three options for defining how an organization may enter the FSC system where the organization has been associated with conversion carried out after 1994. Please indicate which option you would prefer the FSC system to adopt, including how strongly you support this option.

### VI. Policy Principle 4
- **Question 4**: The Policy on Conversion propose that standard developers may adapt international generic threshold for what constitutes conversion at national level. Do you agree with the proposal?
- **Question 5**: Do you support this change to 5% for the Policy for Association?

### VII. Policy Principle 5.1
- **Question 6**: Should there be a fixed minimum length for the period which the organization is no longer directly or indirectly involved in conversion?
- **Question 7**: Should the length of the period be different if there is a rolling cut-off date (option 1) or definite 2020 cut-off date (option 3)?

### VIII. Policy principle 5.3 Part 1
- **Question 8**: What requirements for compensation plans do you hold as the most fundamental and what further requirements would you like to see and/or strengthen?

### IX. Policy principle 5.3 Part 2
- **Question 9**: How much do you agree that measures proposed in the Policy will provide clarification of FSC intent, and will facilitate development of normative framework requirements regarding reviews, reporting, of the compensation plan implementation and achievement of outcomes?

### X. Policy principle 5.6, 5.7 and 5.8
- **Question 10**: FSC FM certification of the area under compensation plan management shall be?

### XI. Policy principle 7
- **Question 11**: The Policy Working Group propose the following threshold for the size of small-scale smallholder: "Threshold for the size of small-scale smallholders: Maximum single FMU size defined shall be defined by Standard Developers but not exceed 50ha. This may include alternative compensation possibilities". Do you support the proposed 50ha maximum threshold for the size of smallholders eligible for a compensation dispensation?

### XII. Policy principles 8, 9 and 10
- **Question 12**: General comment
III. Terms & definitions

The first draft of the Policy now refers to Conversion of “Natural ecosystems” rather than “Natural forests” and shall be used in all conversion related normative documents. The term “Natural ecosystems” includes “natural forests”. This decision was made for a number of reasons:

- It will provide consistency and replace the multiple terms used and the way they are applied across the FSC system including in the FSC Principles and Criteria, Controlled Wood and CoC Standards, the Policy for Association and Ecosystem Services Procedure, etc.
- The decision is based on FSC’s long history. Responsible management of “forests” is FSC’s Mission, FSC has also recognised the importance of protecting forest-related ecosystems and other natural ecosystems. (for example, see Plantations Review, P+C Review, Plantations Discussion Paper 2002). FSC has developed approaches that reflect this movement towards considering a holistic approach to ecosystems, for example the Ecosystem Services Procedure. This Policy acknowledges this movement and aligns FSC’s various documents.
- The recent IPBES report has significantly increased awareness of the urgent need to address biodiversity loss across natural ecosystems, As FSC attempts to align to other global agreements the WG feels this needs to include ecosystems as defined at national levels.
- As FSC moves to a risk-based approach there is a need to consider ecotones at localised levels and ensure that endangered ecosystems identified at these levels are protected, it also aims to rationalize variances between nations with different ecotones ranging from heavily forested areas through to areas with very limited forest cover.
- Note that it is proposed that Standard Development Groups can evaluate the various local natural ecosystems present in their geographies and adjust international generic standards and thresholds for natural ecosystems based on regional and national relevance.

Question 0: Do you have any comments on these terms & definitions?

Question 1: The Policy on Conversion applies to conversion of natural forest and conversion of natural ecosystem. Do you agree with the proposal?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

Please briefly explain the rationale.
IV. Policy principles 1 and 2

The first 2 Principles are fundamental to the Policy and are based on FSC Statutes, existing normative framework and FSC Mission. The following Principles (3-10) guide the way these Principles are built into the FSC System.

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.**

Question 2: Do you have any comments on these two policy principles?
V. Policy principle 3

One of the main tools FSC has used to limit certification of conversion is the “1994 rule”: Management Units containing plantations that were established on areas converted from natural forest after November 1994 shall not qualify for certification” (Criteria 6.9 FSC-STD-01-001 V5-2).

This rule has had a number of positive outcomes. The market has been re-assured that products from FSC FM certified forests have not come from land converted from natural forests after 1994 and there is a clear signal to forest organizations that FSC does not endorse conversion after 1994. It has also been very influential in that many certification schemes have over the years adopted a form of this “cut-off” date. FSC has therefore created an environmental benchmark and extended commitments restricting conversion beyond its own reach.

At the same time, the 1994 rule has resulted in a number of unintended consequences: under the current rules FSC offers no incentive for organisations who converted after 1994 to stop converting, nor is there an incentive to restore converted or degraded forests or to provide redress to communities negatively affected by conversion. Also, organisations which ceased converting many years ago and have since introduced forest practices conforming with FSC standards cannot become FSC certified.

This Policy proposes to keep the 1994 cut-off date and supplement it with one of the following 3 options for conversion after 1994. The intent behind the 3 options is to create incentives for restoration and conservation of natural ecosystems, ensuring restitution for social harm caused by conversion, while respecting FSC’s Mission, Statutes and the FSC Global Strategic Plan.

**Option 1:**

Option 1 provides FSC with a consistent, indiscriminatory tool to deal with conversion that occurred after 1994. It provides equal opportunities for organizations to associate with FSC under the conditions set in this Policy. This

---

**Question 3:** The Working group considered three options for defining how an organization may enter the FSC system where the organization has been associated with conversion carried out after 1994. Please indicate which option you would prefer the FSC system to adopt.

**Option 1**

Organizations that were directly or indirectly involved* in conversion that occurred after 1994 to apply for certification or association with 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.

**Additional question for stakeholder considering option 2:**

Should FSC apply more stringent compensation in an effort to reduce conversion after the effective date of this Policy (scheduled...
Option continually incentivizes restoration and compensation for past harm caused by conversion and motivates organizations to commit to responsible forest management, now and in the future.

Risks related to conversion post to the effective date of this Policy (scheduled for 2020) should be addressed through measures built into the compensation mechanism.

**Option 2:**

Option 2 distinguishes between conversion that occurred between 1994 and the effective date of this Policy (scheduled for 2020) and conversions that occurred after the effective date. A post 2020 conversion event would require a more stringent compensation mechanism than a conversion event in the period between 1994 and 2020.

This is because of the advancement of sustainability commitments in recent years, the recognized increased severity of further conversion, and to avoid the potential loopholes of "convert and pay".

**Option 3:**

Option 3 defines a new cut-off date (i.e. the effective date of this Policy) after which organizations that are directly or indirectly involved in conversion are not eligible to enter the FSC certification system through association or certification. Option 3 aims to discourage post 2020 conversion as there is no option for these organizations to apply a compensation mechanism in order to get into the FSC system.

Option 3 allows organizations that have converted between 1994 and effective date of this Policy to apply for certification or association with FSC, once they have demonstrated compliance with the compensation mechanism requirements.

for 2020), or should FSC avoid discrimination between conversion that occurred between 1994 and the effective date of this Policy and conversions that occurred after the effective date by applying the same rules to both?

- Option 1: More stringent
- Option 2: No discrimination

**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 specify the intent behind your choice. If you have not selected any option, please provide your suggestions on how to address this topic?
VI. Policy Principle 4

In the first draft of the Policy on Conversion, Policy Principle 4 indicates:

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.**

The Policy aims to align the diverse ways in which the conversion threshold is treated in different parts of the FSC’s regulatory framework, which gives providing more consistency to the System. Further to this the working group believes there is a need to consider what constitutes conversion at regional levels depending on ecotones within those regions, taking account that some regions are heavily forested while others have very little natural forest cover. This in turn means that national level priorities for conservation may vary across the globe.

FSC will (through the TWG) consider defining international generic thresholds, taking into consideration available external definitions and tools/methodologies, including incorporation of the concept of partial degradation into the definition of natural forest and natural ecosystems.

Recognizing that there are some situations where small scale conversion may provide overall benefits FSC has previously allowed a number of exceptions to its rules on conversion. While the Policy on Conversion continues to recognize the need for these exceptions some changes have been made to support alignment of the different standards within the FSC Normative Framework. The following will apply at the International level. SDGs may reduce or/and further qualify these thresholds.

---

**Question 4:** The Policy on Conversion propose that standard developers may adapt international generic threshold for what constitutes conversion at national level. How much do you agree with the proposal?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

Please briefly explain the rationale

**Question 5:** Do you support this change to 5% for the Policy for Association?

*Option 1:* Yes  
*Option 2:* No

Please briefly explain the rationale
A) Conversion of less than 5% of the area of a Management Unit prior to certification and after 1994 does not require compensation, provided that the conversion produces clear, substantial, additional, secure long-term conservation benefits in the Management Unit.

In certified Management Units, conversion is not allowed, unless the conversion;
 a) Affects a very limited portion* of the area of the Management Unit, and 
 b) Produces clear, substantial, additional, secure long-term conservation benefits in the Management Unit, and 
 c) Does not damage or threaten High Conservation Values, nor any sites or resources necessary to maintain or enhance those High Conservation Values.

B) Plantation area may be converted back to non-forest uses if the site was non-forest immediately prior to being converted to a plantation.

C) Organizations that have converted forests to plantation up to 5% and less than 10,000 ha of their forest properties over the past 5 years - inside or outside the candidate Management Unit, may associate with FSC.

D) For FSC Controlled Wood Risk Assessment, thresholds will remain unchanged.
VII. Policy Principle 5.1

In the first draft of the FSC Policy on Conversion, policy principle 5 indicates:

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.

The Working Group has considered two different options:

1) There should be a fixed conversion-free period, that sets a specific time bound period where an organization that has converted may not apply for association with FSC. The intent of this period is to enable an organisation that has converted to demonstrate its commitment to ending conversion. This would also provide assurance to stakeholders that organizations have stopped conversion. This period may also be set in such a manner that products from conversion are unable to enter the FSC system.

2) Time frames required to set up a compensation plan, implement the plan and demonstrate compensation benefits would be sufficient to provide evidence of compliance with responsible forest management standards as defined in the FSC normative framework. FSC standardize auditing processes would be able to identify non-compliance, as the responsibility for demonstrating compliance rests with the organization associating with FSC. Commitments to FSC are required across numerous standards and their criterion and FSC has a history of being able to verify compliance with such commitments.

**Question 6:** Should there be a fixed minimum length for the period which the organization is no longer directly or indirectly involved in conversion?

*Option 1: Yes  
Option 2: No*

Please briefly explain the rationale

**Question 7:** Should the length of the period be different if there is a rolling cut-off date (option 1) or definite 2020 cut-off date (option 3)?

*Option 1: Yes  
Option 2: No*

Please briefly explain the rationale
VIII. Policy principle 5.3 Part 1

In the first draft of the Policy on Conversion, regarding the requirements for compensation mechanism, it requires:

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 Working Group recognized that compensation plans must achieve proportionate (as a minimum) compensation for the values lost. As a result, the requirements of the compensation plans are a key factor in determining their suitability for this purpose, but also in ensuring that they are robust. The review process (see details under question 9) shall evaluate whether the Plans have complied with these requirements.

Question 8: What requirements for compensation plans do you hold as the most fundamental and what further requirements would you like to see and/or strengthen?

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

Please briefly explain the rationale
VIII. Policy principle 5.3 Part 2

In the first draft of the Policy on Conversion, regarding the review process for compensation mechanism, under Policy principle 5.3, it requires:

*The compensation plan shall be:*
  a) Peer reviewed by external experts;
  b) Approved by FSC;
  c) Be made publicly available upon approval.

The Working Group recognized that a system of compensation for historical loss of environmental and social values requires a robust, transparent, and efficient system for developing, approving, and monitoring compensation plans. Without achievement of social and conservation outcomes, the system will not be credible.

FSC will (through the TWG) consider:
1) FSC historical experience in this type or review and approval
2) Alternative global standards frameworks for this type of review and approval
3) Define who should review and approve these plans, and how they may be made publicly available.

**Question 9:** How much do you agree that measures proposed in the Policy will provide clarification of FSC intent, and will facilitate development of normative framework requirements regarding reviews, reporting, of the compensation plan implementation and achievement of outcomes?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

*Please briefly explain the rationale*
X. Policy principle 5.6, 5.7 and 5.8

The first draft of the Policy on Conversion under principle 5 indicate:

5.6 Where possible, environmental compensation measures should be prioritised either in the Management Unit (MU) 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.

The Working group considered two options in this regard:

1) Compensation areas should form part of the certified unit. Requiring compensation areas to be FSC certified produces multiple benefits for FSC, the compensating Organisation and communities. Although restoration is the likely goal, FSC certification can now provide networks and markets for multiple products and Ecosystem Services, as well as various timber and non-timber forest products without necessarily impacting the restoration and restitution values. The Organisation has the option to provide FSC Forest Management services to the owners of the land or support the owners to themselves become certified – who can then further benefit from the FSC markets.

2) Organizations being able to demonstrate the delivery of conservation outcomes and social benefits can be audited and would therefore meet FSC requirements. There are many existing examples where it is not desirable to certify all land units under a company's portfolio. This policy is also holistic and applies across all FSC normative framework, so as one example to require certification of a compensation mechanism for an organisation only associating with FSC is impractical if not impossible to implement.

Question 10: FSC FM certification of the area under compensation plan management shall be:

Option 1: Required

Option 2: Required where possible. Where not possible, the area under compensation plan management is under long-lasting formalized accountability of the organization.

Please briefly explain the rationale
XI. Policy principle 7

In the first draft of the Policy on Conversion, Policy principle 7 indicates:

7. To incentivize small-scale smallholders to become certified, FSC defines dispensation criterion for these smallholders within the compensation mechanism.

While the aggregate impact of small-scale conversion has dramatically affected landscapes in some regions, small-scale smallholders are rarely the root driver of conversion and lack the scale of resources required to adequately restore harm caused by such conversion.

For these reasons, FSC will (through the TWG) consider defining dispensation criteria for these small-scale smallholders, providing pathways for participation within the FSC system, and in line with FSC's new approaches on smallholders. This WG recommends maximum single MU size for smallholders eligible for dispensation shall be defined by Standard Developers but will not exceed 50ha.

**Question 11: The Policy Working Group propose the following threshold for the size of small-scale smallholder:**

Threshold for the size of small-scale smallholders: Maximum single FMU size defined shall be defined by Standard Developers but not exceed 50ha. This may include alternative compensation possibilities.

Do you support the proposed 50ha maximum threshold for the size of smallholders eligible for a compensation dispensation?

**Option 1:** Yes

**Option 2:** No

*Please briefly explain the rationale*
XII. Policy principles 8, 9 and 10

In the first draft of the Policy on Conversion, Policy principle 8, 9 & 10 indicates:

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.

Question 12: Do you have any comments on these policy principles?
XII. Policy principles 8, 9 and 10

General comment: Do you have further comments on the first draft of the Policy on Conversion?

Please provide your comments:
Thank you for your feedback.

On behalf of the Policy on Conversion Working Group and the FSC Forest Management Program, thank you very much for providing your feedback in this consultation. Please kindly note, it is possible to make changes in your responses during entire period the consultation is open. Even if you have submitted the response you can return and edit the response.

We plan to hold webinars in English and Spanish for different time zones during the consultation. These webinars are an opportunity to understand development process and the proposals in the first draft of the FSC Policy on Conversion, and to ask questions to help you fill in the online consultation.

The information about the webinars will be published on the webpage of this process on the FSC Policy on Conversion webpage here.

Thank you!