## **INFORMATION BOOKLET**

The purpose of this booklet is to provide explanations and background information on the current consultation. This document is complemented by a case registry as well as FAQs.



### Welcome to the information booklet



The information booklet is designed to help you navigate through the public consultation on the FSC Remedy Framework, which is open from mid-March to mid-May, 2022. This booklet delivers background information on the new and revised policies and procedures that are part of this consultation. We hope that it will help you to make an informed decision on the consultation questions.

#### Information booklet

The structure of the booklet is shown on the right. It begins with a general introduction that provides you with the purpose as well as an overview of the different policies and procedures, which are linked to FSC's approach and processes regarding remedy and how they are related. The goal of Chapter 2 is to provide you with the most important information at a glance and at the highest possible level. Most of this information is further explained in chapters 3 – 5, which cover the fundamental aspects of the different policies. As the adoption of the Policy to Address Conversion requires an adaptation of two criteria of the FSC Principles & Criteria, you can find additional information on that matter in chapter 4. The booklet is complemented by two additional documents: Sample Cases and FAQs.

#### Sample Cases

The purpose of the case registry is to show the consequences and implications of the new policies and procedures from the perspective of organizations. The case registry covers the five most common cases.

#### **FAQs**

A list of FAQs has been compiled to provide you more background information and explanations regarding specific questions.

#### Structure of the booklet

#### Chapter 1: Introduction

Learn about the general purpose and timeline behind the new and revised policies and procedures.

#### Chapter 2: At a glance

Learn about the policies and processes. Become familiar with the most important high-level aspects and implications.

#### Chapters 3 - 5: In detail

Learn about the most important concepts and changes in the new and revised policies and procedures.

- 3. Policy for Association
- 4. Policy to Address Conversion
- 5. FSC Remedy Framework

#### **Additional material**

Sample Cases

**FAQs** 

### **Abbreviations and icons**



Before diving in, we recommend that you familiarize yourself with the most important abbreviations and icons that we have used across the booklet and the case registry.

Most importantly, we draw your attention to the following action items:



This icon means that there is a question related to this topic ir the consultation that you can provide your feedback to.



This circle means that you can find a related case in the Sample Cases. The "X" stands for the case number.

#### List of most common abbreviations and icons

| lcon                   | Abbrevia     | tion and explanation   | Icon       | Abbreviation and explanation             |
|------------------------|--------------|--|------------|--|
| PfA<br>'11             | PfA'11       | Policy for Association that is currently effective. FSC document version PfA V2. | 浜          | Conversion                               |
| PfA<br>'22             | PfA'22       | Revised Policy for<br>Association. FSC document<br>version PfA V3.               | ***        | Social harm                              |
| PAC Ø                  | PAC          | Policy to Address Conversion   | F 6        | Environmental remedy                     |
| RF<br>(\$\tilde{\psi}) | RF           | FSC Remedy Framework   |            | Social remedy/restitution of social harm |
| P&C                    | P&C          | FSC Principles And Criteria<br>for Forest Stewardship                            | 较          | Remedy plan                              |
| 000                    |              | An organization  | <b>(2)</b> | Implementation of remedy plan            |
| Lig.                   |              | Association / associated organization  | <b>E</b>   | Successful implementation of remedy plan |
|                        | MU           | Natural forest / management unit (MU)  | C          | Core requirements                        |
| EC .                   | HCV-<br>Area | High Conservation Value area   | A          | Additional requirements                  |
| FSC ®                  |              | Certification/ certified MU  |            | Third party verifier                     |

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Chapter 1

## **INTRODUCTION**

Learn about the general purpose and timeline behind the new and revised policies and procedures.

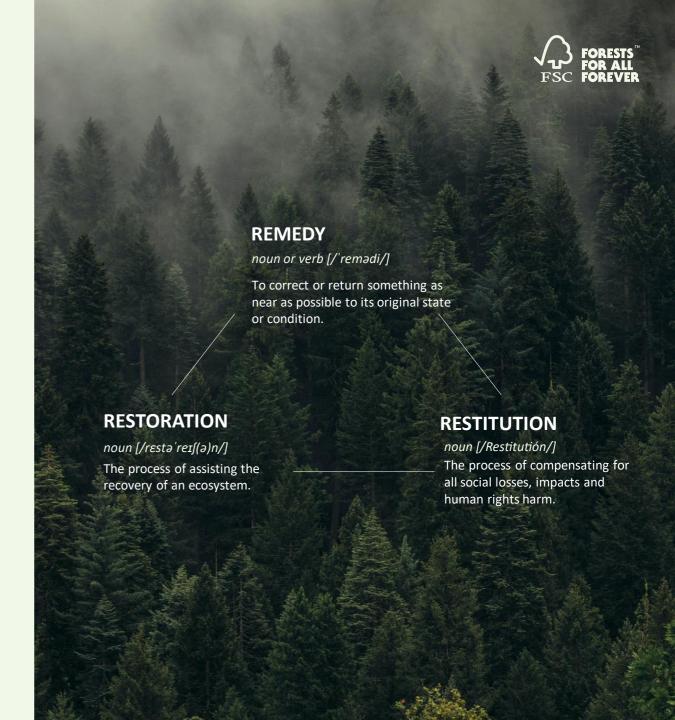
## Restricting conversion since 1994 and in the future

The Forest Stewardship Council® (FSC®) has established several mechanisms to **restrict conversion of natural forests** to plantations and non-forest use since its establishment in 1994. To date, through its Policy for Association, FSC does not associate with organizations that are responsible for significant forest conversion. Furthermore, certification of plantations on lands converted after 1994 is currently not permitted according to the FSC Principles and Criteria.

In the last few decades, however, growing demand for natural resources has resulted in increased pressure to convert much of the remaining forest areas to other land uses. At the same time, there has been **increased awareness for the need to promote restoration of degraded ecosystems** to fight climate change and avoid the loss of biological diversity.

There are large areas across the globe where plantations and restoration could be established on forest land converted after 1994. Leaving these areas to themselves accelerates their degradation. Not only would these **areas benefit from restoration**, but the possibility to establish certified plantations on them would further prevent deforestation of remaining natural forests. Moreover, investments in infrastructure related to building and operating such plantations may **generate positive socio-economic impacts**.

Certification of converted land, however, should not be possible without strict limits. By binding the certification of land converted between 1994 and 2020 to remediation requirements, FSC will foster the restoration of environmental values as well as the restitution of social harms. By adopting a strict position against conversion after 2020, FSC will help contribute significantly towards stopping deforestation in the remaining natural forests of the world.



## Incentivizing conservation, restoration, and restitution to improve the world's forests



Today, many forest units are categorically excluded from FSC certification because of past conversion. While conversion of natural forests must never be encouraged, incentivizing owners of converted forests to follow higher environmental and social standards could result in greater forest protection.

With the new remedy requirements, FSC will be able to open forests converted in the past to the possibility of association and certification, as well as **foster the restoration of ecosystems and the restitution of social harms** around the world.





## Revising and introducing key policies and procedures

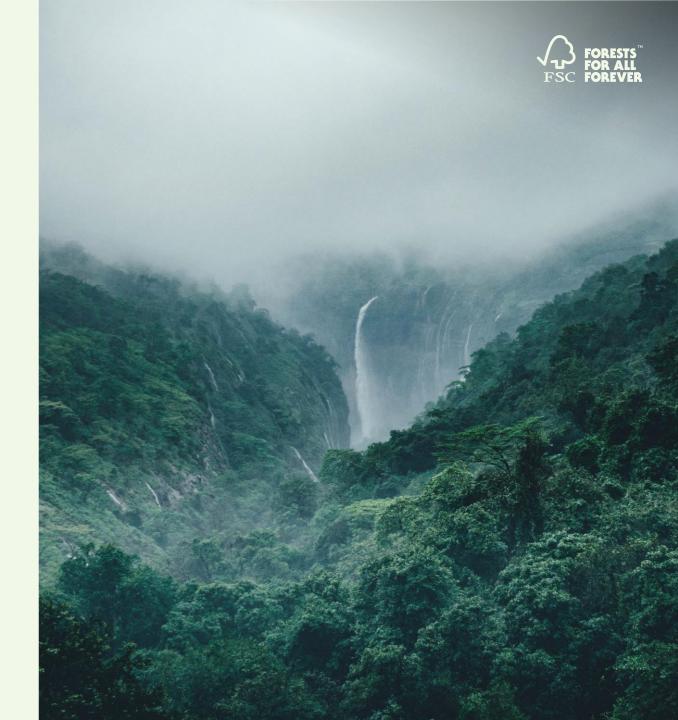
FSC is at a decisive point to revise established practices and introduce new policies. Implementing the new policies and procedures will put FSC at the forefront of the United Nations Decade for Ecosystem Restoration and drive its endeavour to define a global benchmark for forest stewardship.

During the past years, FSC started the development of a **Policy to Address Conversion** (**PAC**) following a motion adopted by the FSC membership at the General Assembly 2017. The PAC clarifies FSC's position on conversion and provides a pathway for forest areas converted after 1994 to enter the FSC system.

The FSC Remedy Framework (RF) opens possibilities for the remedy of both environmental and social harms as a requirement for becoming eligible to the FSC system. The framework presents a set of rules against which the remediation and restorative activities of companies will be assessed. With this framework in place, FSC becomes the first voluntary forest certification system that provides rightsholders with non-judicial access to remedy and aligns its policies and procedures with the UN Guiding Principles on Business and Human Rights.

The introduction of the new policies and procedures goes along with a revision of the FSC Policy for Association (PfA), which provides a strong position against unacceptable activities that affect the people who live and work in forest areas and the ecosystems they depend on.

For the PAC to become effective, an adaption of two criteria within FSC's Principles and Criteria (P&C) will be necessary, too.



## Bringing the new policies and procedures into action

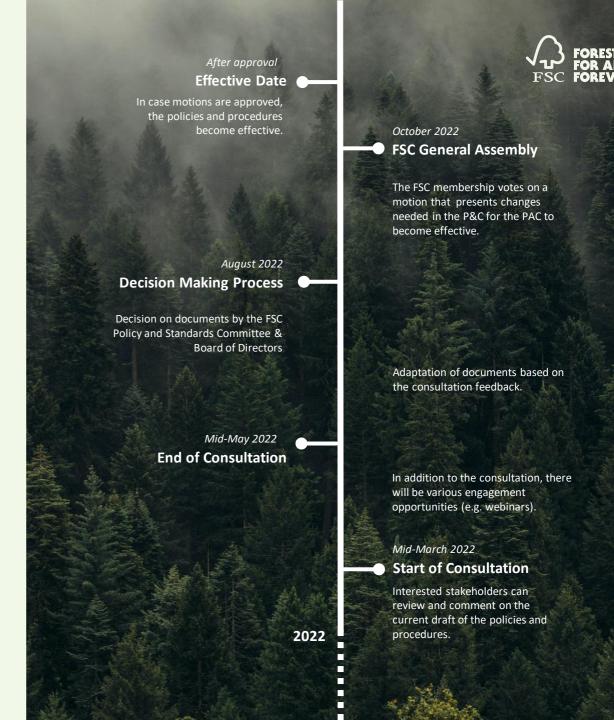
All four policy documents (PAC, PfA, P&C, RF) work in alignment, complement each other, and build together a strong framework to strengthen FSC's position on conversion and to drive its endeavour towards defining a global benchmark for forest stewardship.

Even though there have been several public consultations and feedback rounds in the past months and years, there are still several steps that need to be completed for the new policies to become effective.

During this round of consultation, interested stakeholders will have the chance to provide feedback on several parts of the new and revised policies, but primarily focus on the new remedy procedure. Once the consultation is closed, the feedback from the stakeholders will be carefully reviewed and integrated. In August 2022, the Policy and Standards Committee and the Board of Directors will decide upon the final proposal for the policies and procedures.

The General Assembly in October 2022 will mark another critical step in the process. There, the FSC membership will have the opportunity to vote on a motion regarding changes in the criteria 6.9 and 6.10 as well as some additions in the FSC P&C. These changes will be necessary to pave the way for the PAC to become effective.

If the motion will be passed, then the PAC will become effective, together with the revised PfA and the RF.





Chapter 2

## **AT A GLANCE**

Learn about the policies and processes. Become familiar with the most important definitions and concepts.

## The different processes behind this consultation



#### Background of policies related to this consultation





Revision
Policy for
Association

The Policy for Association (PfA) has been in place for the last 10 years. In this time, expectations on issues like deforestation and corporate responsibility towards environmental and social factors have changed. The new PfA sets out to improve the clarity of requirements for maintaining association with FSC and its alignment with other policies.



Revision

Policy to Address Conversion At the FSC General Assembly in 2017, Motion 7 was passed which requested FSC to develop a holistic policy to address conversion of natural forest related ecosystems and align how conversion is treated across FSC's normative framework. It further asked the secretariat to consider compensation for past conversion in the form of environmental restoration and socio-economic restitution. For the PAC to become effective, two criteria of the FSC P&C have to be revised and one to be added. Therefore, a motion has been developed for the membership to vote on.



Introduction

FSC Remedy Framework For both policies, remedy procedures have been developed that define equitable and effective measures for the remedy of policy violations. After having worked in separate groups, FSC has now aligned the draft remedy procedures in one overarching and complementary FSC Remedy Framework.

## Aligning multiple policies and merging procedures into the FSC Remedy Framework

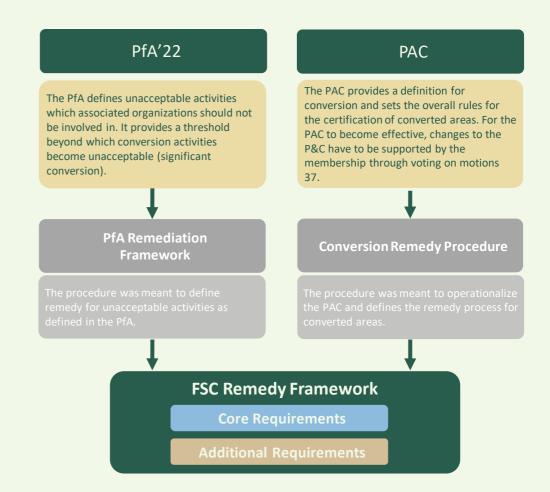


The PfA, PfA Remediation Framework, PAC and Conversion Remedy Procedure deal with conversion and other unacceptable activities and how to correct them. After having worked in separate groups, FSC has decided to ensure alignment amongst the different policies.

The PfA Remediation Framework and Conversion Remedy Procedure were initiated in relation to the two policies, but now no longer exist as stand-alone documents. Instead, both remedy procedures have been aligned and merged into one overarching and complementing FSC Remedy Framework, which lays out a clear pathway to remedy past harmful actions.

The FSC Remedy Framework defines **two types of requirements**: **core and additional requirements**. While core requirements refer to remedying harm done by conversion (targeting remedy on a site level rather than system level), additional requirements refer to remedying harm done by unacceptable activities. These requirements have to be met in addition to core requirements, and foster transformation towards responsible forest management practices at an organizational level.

The Conversion Remedy Procedure has been integrated into the FSC Remedy Framework, specifically in the core requirements of the framework. The PfA Remediation Framework has been integrated into the FSC Remedy Framework, mainly but not only being reflected in the additional requirements. Whether an organization must meet only core or both core and additional requirements to remedy past actions depends on the type and scope of the harm caused. In any case, FSC's remediation procedures cover both the remediation of environmental harms as well as the restitution of social harms.

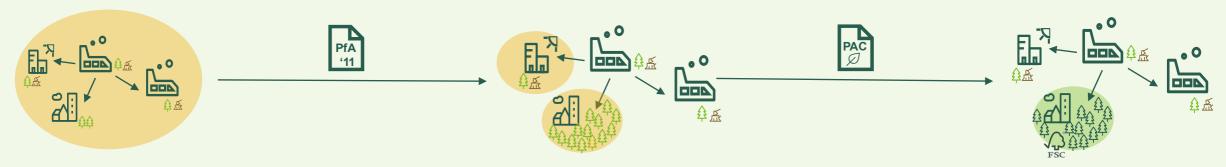


## Which policy applies to whom?



Navigating the different policies may be a bit confusing. The overview below shows which policy applies to whom. In a nutshell, the PfA determines the eligibility for association of all applicants that wish to associate with FSC. The PAC applies to those organizations that seek forest management certification. As certification is not possible without association, this typically presents a linear process.

Please be aware that with the introduction of the revised PfA, the threshold regarding significant conversion will be revised. Additionally, the scope of the organization that will be considered responsible for unacceptable activities has been broadened.



An organization applies to associate with FSC.

Its eligibility for association will be determined based on the provisions of the **PfA**.

The applying corporate group will be examined to check if it has exceeded the **significant conversion threshold** as this constitutes an unacceptable activity.

Given that association is granted, the organization may want to apply for forest management certification.

The management unit (MU) which is under consideration for certification has to comply with the provisions of the **PAC**.

FSC will check whether the **minimal conversion threshold** has been exceeded within the management unit.

If it conforms with the PfA and PAC, then the MU is eligible for certification.

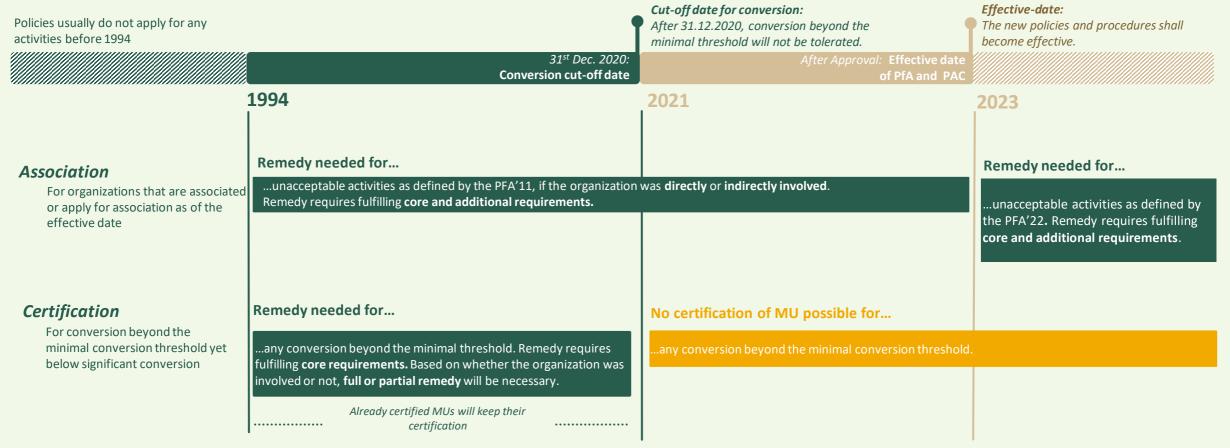
If either one of the conversion thresholds has been exceeded, the organization has to follow the **FSC Remedy Framework.** For the specific requirements of remedy in each case, please see the section on the Remedy Framework.

## Which policy applies when?



The graph below shows an overview of relevant dates and timelines. Most importantly, to determine whether and what kind of remedy is possible and necessary, FSC will always consider the time when the activity was conducted as the point of reference.

There are two important dates to keep in mind. First, an effective date is the date when new and revised documents (PAC, PfA, and RF) come into effect. Second, the PAC will introduce December 31, 2020 as a new cut-off date after which conversion will no longer be tolerated for certification.



## Differences between current and future key concepts



The overview below shows the key changes in concepts related to the association of organizations (upper part) and the certification of forest management (FM) units (lower part).

At present = What is the status quo? Future = What will be the new procedures?



These aspects are part of this

of the entity that is under consideration for Scope association or certification.

For detailed information, please look at p. XX for association and p. xx for certification.

**Thresholds** 

for the conversion of natural forests.

For detailed information, please look at p. XX for significant and p. xx for minimal conversion.

Remedy

in case the conversion threshold is exceeded.

For detailed information, please look at chapter XX.

At present

The corporate group is considered based on the concept of majority ownership.

**Association** 

**Future** 

The corporate group is considered

based on the concept of ownership and

Significant conversion may not exceed 10% or 10,000 ha of forests under the organization's responsibility, in the past five years.



Significant conversion may not exceed 10% within any MU in the past five years or 10,000 ha of and requires fulfilling core and additional forests (in total) under the organization's responsibility.

Remedy is possible but defined on a case-to-case basis without a structured and defined process in place.



Remedy is based on the process defined by the RF requirements.

At present

Only the **MU** to be certified is considered.

control.

**FM Certification** 

**Future** 

Only the **MU** to be certified is considered.

Minimal conversion is restricted to 5% of the MU, however the P&C are not clear about whether this can apply twice, once prior to and once during certification.

Minimal conversion is restricted to a total of 5% of the MU's affected area, regardless of whether it occurred before or during certification.

Organizations responsible for conversion are not eligible for certification of the MU. Non-responsible organizations are eligible for certification of that MU without remedy.



Remedy is based on fulfilling core requirements of the RF. Depending on the organization's level of involvement in the conversion, requirements for full or partial remedy will be applied.



Chapter 3

## **POLICY FOR ASSOCIATION**

Learn about the most important changes regarding the Policy for Association.

### Introduction to the revision of the Policy for Association



## Why has FSC decided to revise the Policy for Association?

The Policy for Association (PfA) is an important tool to protect FSC's reputation. Each organization participating in the FSC system and all other members of its corporate group are bound by the PfA to avoid destructive activities that are in conflict with FSC's mission and values.

The current PfA has been in place for 10 years. In the meantime, expectations towards addressing issues like deforestation and corporate responsibility towards environmental and social factors have changed. This is why FSC and its membership decided to revise the PfA.

The new PFA sets out to improve the clarity of requirements for association and aligns the provisions with the new procedures.

#### Status Quo



### Future (as of effective date)



Current definition and scope of unacceptable activities:

 Definition of six unacceptable activities with a focus on forests and forestry operations

Current definition of corporate group:

• A corporate group is defined as organizations connected by **majority ownership**.

#### These are the main changes in the revised PfA:

Revision of definition and scope of **unacceptable activities**:

- **Five** unacceptable activities are defined Conversion of natural forest and HCVs are taken together, to align with the PAC.
- Threshold for significant conversion has been tightened considerably.
- Introduction of stronger requirements for operations outside forests, such as operations in the forest products sector.

The definition of a **corporate group** will be revised such that more organizations will be considered under the scope of the PfA:

• A corporate group is defined as organizations connected by both **ownership and control**.



### Reviewing FSC's position on significant conversion



## Why is FSC revising its position on significant conversion?

In the PfA'11, significant conversion and significant damage to HCV areas have been listed as two separate unacceptable activities. To align with the PAC, which defines both these instances as 'conversion', the two separate activities have been merged into one unacceptable activity.

Further, the definition of significant conversion has become stricter, such that it must not exceed 10% of any MU under the organization's responsibility, in the past five years. At the same time, the five-year rule for the total amount of conversion has been removed to set a strict overall limit.



The new thresholds of significant conversion will apply to all organizations that are associated or apply for association, as of the effective date.



### Revising the scope of responsibility



## Why has FSC decided to revise the scope of responsibility?

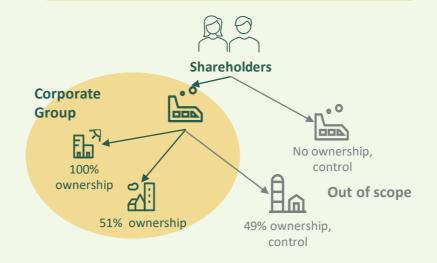
Corporate groups often comprise multiple legal entities. In the past, FSC only considered organizations connected by **same ownership** as part of the same corporate group. With the new PfA, FSC sets out to significantly broaden this definition.

With the new PfA, **connection by control** will be the main perspective when determining a corporate group. Control includes but is not limited to ownership. In this way, the revised PfA also attempts to prevent organizations from circumventing FSC's guidelines by simply changing the ownership of legal entities.

Please note that for the examination of past activities, FSC will always consider the definitions which were valid at the time of the incident under investigation.

#### Status Quo

In the current PfA, a corporate group is defined as organizations connected by majority ownership. The PfA differentiates between direct and indirect involvement.

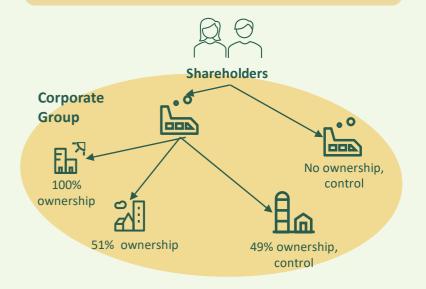


#### Future

PfA '11



With the new PfA, a corporate group will be defined as the **totality of entities** to which an associated organization is **connected by control**. The definition of control includes but is not limited to ownership.



### Different scenarios of ownership and control



The PfA applies to associated individuals and organizations as well as the corporate group they belong to. By redefining the definition of corporate control, it is likely that more organizations will fall under the scope of the PfA. Control means the possession of power to direct, restrict, regulate, govern, or administer the performance of another company through authority, rights, contracts, or other means. This means that while majority ownership always implies control, the definition of control is not limited to that. On the right side of this page, you find **various scenarios of control** as examples.

#### Example of managerial control within a corporate group

Company A holds multiple FSC certificates, and Company B does not have any FSC certificates. The owner of Company A sits on the board of Company B. She holds voting power of 20% and sets the performance benchmarks for the management of Company B.

If Company B is found to have been engaged in an unacceptable activity, then an investigation would be triggered to determine whether Company A had managerial control over the actions of Company B and whether they would be considered to be part of the same corporate group. If yes, the unacceptable activities of Company B constitute a violation of FSC Policy for Association.

#### **Formality of relationship**



Is there formal ownership?

#### **Family control**



Are the companies owned or run by members of the same family?

#### **Management control**



Is there extensive overlap in officials between companies?

#### **Beneficial ownership**



Is ultimate ownership hidden in offshore companies or by use of nominees?

#### Declared as a group



Has the group publicly declared the companies as linked?

#### **Financial control**



Are there arrangements that one party controls the performance of the other?

#### Operational control



Are landholdings under a group's operational control?

#### **Shared resources**



Do companies share an address, land, relevant assets, functions or services?



Chapter 4

## **POLICY TO ADDRESS CONVERSION**

Learn about the most important changes regarding the Policy to Address Conversion.

## Revising FSC's position on conversion and introducing the Policy to Address Conversion



## Why has FSC decided to introduce a Policy to Address Conversion?

By revising its position on conversion and introducing remedy for past activities, FSC will be able to address harm caused by more organizations than today. With these new possibilities for remediation and certification, FSC will ultimately increase its impact over the management and protection of forests worldwide.

At the same time, FSC strengthens its position towards conversion by not accepting any conversion of natural forest or HCV areas after the new cut-off date (31 December 2020).

#### Status Quo

To date, FSC's position on conversion has mainly been covered in the FSC P&C. It states that FSC does **not allow the certification of** plantations in areas that have been converted from natural forests, *if*:

- (1) The conversion occurred after 1994
- (2) The conversion exceeds the minimal conversion threshold of 5%
- (3) The organization was responsible for the conversion.

#### **Future**

With the PAC, FSC will provide organizations with an opportunity to certify their plantations in areas that have been converted from natural forests, between 1994 and 2020, *if*:

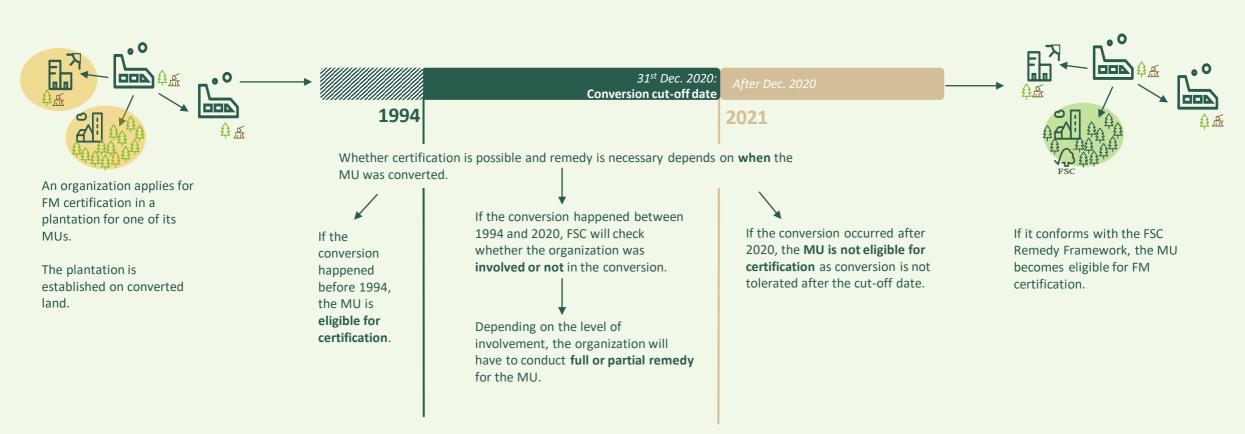
- (1) The conversion does not exceed the minimal conversion threshold of 5%, OR
- (2) The organization meets the FSC Remedy Framework's core requirements. Based on whether the organization was involved or not in the conversion activities, the scope of the required remediation is determined.

Areas converted after December 2020 will not be eligible for certification.

## **Application of the Policy to Address Conversion**



The overview below shows how FSC will apply the PAC. Most importantly, FSC will always consider the time when the land was converted as the point of reference. MUs that have already been certified will remain certified and not be required to provide remedy for past conversion.



### Alignment between the PAC and FSC P&C



For the PAC to become effective, a change of the P&C criteria 6.9 and 6.10 is necessary. Therefore, a motion has been developed by FSC members to propose the necessary changes in the P&C to align with the PAC. The following pages explain the motion as proposed and seconded by relevant members. The FSC membership will be asked to vote for their acceptance at the 2022 FSC General Assembly. A rejection of the proposed changes to the P&C would lead the PAC not becoming effective. In this case, the current status quo would remain, leaving the ownership loophole open and attenuating FSC's efforts to help repair past social and environmental damage.

NOTE: Initially, three motions were proposed to acknowledge the circumstance that the direction in the PAC towards how to address the 'ownership loophole' was not clear: motion 37 reflected the consensus of the former Working Group on the new definition of conversion which would become effective for instances of future conversion by certificate holders, while motions 38 and 39 provided alternative options towards past conversion by non-involved organizations that acquired a management unit containing converted area. Motion 39 has become obsolete, while motion 38 has now been incorporated into the amended version of motion 37 and will be withdrawn as well.

#### Need to align the different definitions of conversion. **Definition of Conversion:** Motion 37 (amended): PAC defines conversion as a lasting change of natural Revising Criterion 6.9 of FSC P&C forest cover or HCV areas. Need to align the time span for Element 3: remedy and the organizations' Setting guidelines for remedy for conversion between involvement. Motion 37 (amended, former M38): 1994 and 2020, including the option for partial remedy if Revising Criterion 6.10 of FSC P&C the organization was not involved in the conversion (closing the ownership loophole). Need to introduce a new criterion to align with the PAC. Element 4: Motion 37 (amended, former M38): Prohibiting certification for MUs with conversion after Proposing a new criterion 6.11 2020.

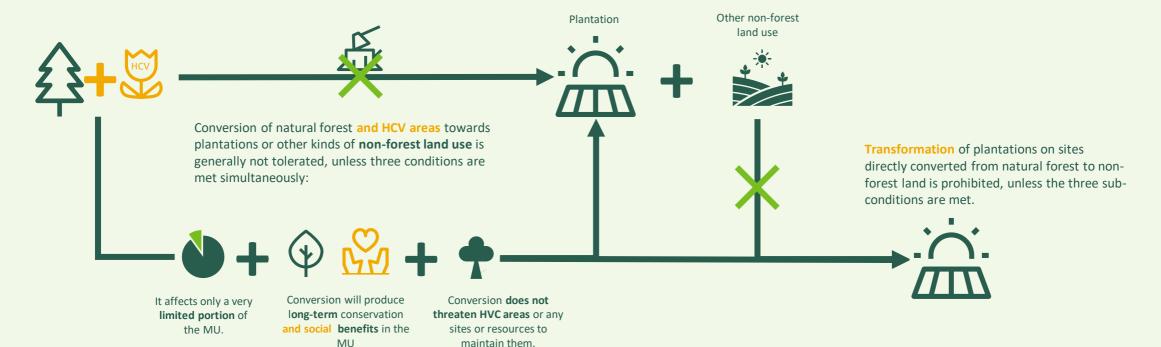
## Revising Criterion 6.9 of FSC P&C (original and amended Motion 37)



In the current FSP P&C, Criterion 6.9 prohibits the **conversion of natural forests** to plantations. To align with the PAC, the motion proposes to

- (1) revise the **scope** of conversion including **natural forests and HCV areas**, (2) incorporate the **social** element, and
- (3) use different terminology "transforming" for changing plantations to non-forest land use.





## Revising Criterion 6.10 of FSC P&C (former Motion 38, now amended Motion 37)



In the current FSP P&C, Criterion 6.10 prohibits certification of MUs that were established on converted areas after 1994. This criterion needs revision to open the possibility for remediation. The revision includes also the introduction of the criterion 6.11 to specify FSC's position on conversion after the cut-off date.

## Current version of P&C Criterion 6.10



Proposed revision of P&C Criterion 6.10



## Introduction of new P&C Criterion 6.11

MUs established on converted land after 1994 are not eligible for certification, except

- if conversion affected only a limited portion of the MU's are and produces longterm conservation benefits; or
- if organization was not involved.

MUs established on converted land between 1994 – 2020 are excluded from certification, except

- if conversion affected only a limited portion of the MU's are and produces longterm conservation benefits; or
- if organization that was directly or indirectly involved demonstrates full remedy; or
- if organization that was not directly or indirectly involved and demonstrates partial remedy.

MUs established on converted land after 2020 are excluded from certification.





Chapter 5

# FSC REMEDY FRAMEWORK

Learn about the FSC Remedy Framework.

## **Introducing the FSC Remedy Framework**



## Why has FSC decided to introduce the FSC Remedy Framework?

As the world's most trusted provider of forest management solutions, FSC is heavily invested in working with organizations to empower them to remedy social and environmental harm caused by past conversion. The new FSC Remedy Framework (RF) opens possibilities for the remedy of both environmental and social harms within FSC's certification system.

The RF presents a set of rules and requirements in the form of standardized criteria against which the remediation and restorative activities of nonconforming companies will be assessed.

With this framework in place, FSC becomes the first voluntary forest certification system that provides rightsholders with non-judicial access to remedy and aligns its policies and procedures with the UN Guiding Principles on Business and Human Rights.

#### Status Quo

Violation of the PfA unacceptable activities leads to disassociation of organizations. Ending disassociation is technically possible but **planned on a case-basis without a structured and defined process** in place, referred to as the "roadmap".

The first phase of defining a structure and process for ending disassociation was called the "generic roadmap". The PfA Remediation Framework grew out of the generic roadmap and went to public consultation in March 2021. In parallel, a procedure for remedy for conversion since 1994 was defined by a technical working group as the implementation of the Policy to Address Conversion. This draft went to second public consultation in February 2021.

Based on stakeholder comments from these two consultations, FSC has worked to align the conversion and PfA remedy processes. The result of this alignment is the FSC Remedy Framework.

#### Future (as of effective date)

Remediation for unacceptable activities including conversion becomes possible through a structured process defined in the **FSC Remedy Framework**.

The RF includes two levels of requirements.

**Core requirements** refer to minimum requirements at sites affected and impacted by the violation. Conversion beyond the minimal but below the significant threshold has to be remedied against these core requirements.

Additional requirements refer to more stringent requirements for organizations in case of a PfA violation. Fulfilling the additional requirements implies a system level transformation of the corporate group.

Conformity with the TSC Remedy Framework provides organizations a pathway to association and/or certification.

## Foundations of the FSC Remedy Framework

The FSC Remedy Framework provides a means for organizations to acknowledge, take responsibility, and accept accountability for harm in their operations. Through this framework, FSC aims to standardize the requirements that companies need to fulfil to remedy past social and environmental harm. The core objective of the FSC Remedy Framework is to promote forest restoration and social restitution through the development and implementation of transparent remediation roadmaps by non-conforming companies.

The framework does not provide prescriptive processes or a one-size-fits-all solution for remedy. Instead, it delivers guidance to ensure that the implementation of remedial actions for past harms take place in a proportionate and holistic manner.

FSC will use this framework to determine eligibility of any company that wishes to enter the FSC system, either by getting certified or joining as a member. The provisions of this framework will be applied to any company that wishes to become associated with FSC, either for the first time, or by ending disassociation.

The FSC Remedy Framework was developed in an iterative process that involved a variety of stakeholders at different points.



#### **Supporting international norms**

The processes outlined in the FSC RF are rooted in the UN Guiding Principles on Business and Human Rights. The strict movement towards not allowing converted lands to be certified by FSC echoes the international call to strive for zero deforestation.

#### Based on research

For particularly difficult questions, such as addressing the "ownership loophole", FSC has commissioned independent research to inform decision making.

#### Formed by experts

A chamber-balanced working group helped to form the PAC, while technical working groups with diversity in their expertise and geographical backgrounds came together to provide extensive input into the requirements of the FSC Remedy Framework and PfA.

#### Requested by stakeholders, informed by stakeholder feedback

In former consultations, stakeholders chose the approach to merge remediation processes between the PfA and PAC. This document delivers upon that request. Additional stakeholder consultations have been done on the PAC, Conversion Remedy Procedure, PfA, and Remediation Framework which have led to the point where we now are.

#### Culturally appropriate

Throughout the remedy framework, the requirements specify that communication methods and processes must be done in a culturally appropriate way

#### Permanent, equitable and effective

Based on the research mentioned above, a fair and feasible remedy procedure has been established for those organizations that acquired converted lands.

## **Terminology of the FSC Remedy Framework**



## Understanding the Remedy Framework

To understand the FSC Remedy Framework, it is important to familiarize with some key terms that are explained on the right side.

The **type of involvement** refers to the organization that applies for association or the certification of converted land.

The **type of requirements** refer to number and tasks an organization has to go through during the remediation process.

The **types of remedy** refer to the specific measures for environmental and social remediation.

#### Types of involvement

#### **Direct or indirect involvement**

Direct involvement refers to situations in which the organization or individual is **firsthand responsible** for the activity. Indirect involvement refers to situations in which the organization or individual has a minimum ownership, is involved as parent or sister company, subsidiary, shareholder or Board of Directors to an organization directly involved in unacceptable activities. Within the FSC RF, direct or indirect involvement will not be differentiated.

#### No involvement

This refers to organizations that apply for certification of converted land if they haven't been involved in the conversion, for instance, if they have acquired a piece of land from another organization, which was converted between 1994 and 2020. In this case, the organization will be required to provide partial remedy.

#### Types of requirements

#### **Core requirements**

Core requirements refer to requirements for remedying harm done by conversion or unacceptable activities. They address conversion and unacceptable activities in specific areas (MUs), which need to be remedied. Hence, the core requirements target remedy on a site level rather than a system level.

#### **Additional requirements**

Additional requirements refer to those requirements for remedying harm done by unacceptable activities in addition to core requirements. They need to be fulfilled to be eligible for association. Fulfilling the additional requirements fosters a transformation on an organizational level to improve quality management and due diligence systems as well as responsible forest management practices.

#### Types of remedy

#### **Full remedy**

Need to demonstrate conformance with the requirements for the restitution of all social harms as well as proportionate remedy of environmental harms. Proportionate means that remedy needs to be proportionate (1:1) to the scale of the affected site.

#### Partial remedy\*

Need to demonstrate conformance with the requirements for the restitution of **priority social harms** and **partial remedy of environmental harms**. Priority social harms refer to the most important social harms that will be identified during the remedy process.

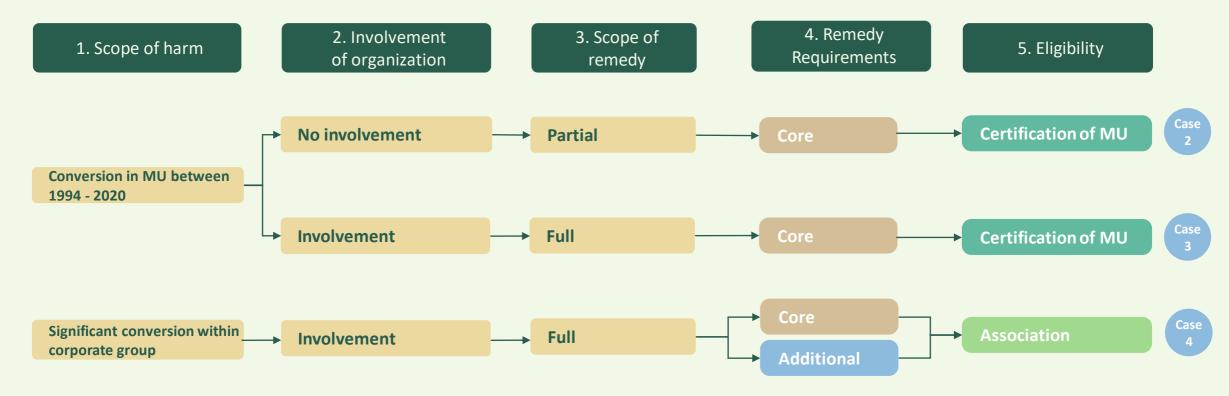
\*For more information about partial remedy please see slide 37.

## **Application of the FSC Remedy Framework**



This page provides a schematic overview of the different paths for remediation of environmental and socials harms after conversion or unacceptable activities. The starting point is the scope of harm. It differentiates whether conversion in a management unit between 1994 – 2020 needs to be remedied or whether it is a case regarding significant conversion after 2020. The first case is regulated by PAC, the second one presents a PfA unacceptable activity. There are different implications for the remediation process.

In most cases, an organization will be asked to provide full remedy for all environmental and social harms caused by the conversion or unacceptable activities. The only exception is when the organization was not involved in the conversion activities. In such cases, only partial remedy will be required. Further, if an organization has to conduct remedy for significant conversion, it will need to fulfil not only core, but also additional requirements of the FSC RF.



## Potential elements of remedy



#### What does remedy entail?

The FSC Remedy Framework ensures access to both environmental as well as social remedy for past harms in a holistic manner.

Actions to remedy environmental and social harm may take a range of forms. They will be defined during a cooperative process during the development of the remedy plan. The boxes on the right side show potential elements of remedy.

#### **Environmental Harm**



Remediation for environmental harms includes actions to remedy deforestation, conversion, degradation, or other harms to natural forest and HCV-areas.

Environmental remedy actions may include, but are not limited to:

- conservation of standing forests, habitats, ecosystems and species;
- restoration and protection of degraded ecosystem

#### Social Harm



Remedy for social harms may be achieved through a combination of apologies, restitution, rehabilitation, financial or non-financial compensation, satisfaction, punitive sanctions, injunctions, and guarantees of non-repetition.

Remediation for social harms includes:

- providing redress for identified social harms through agreements made during an FPIC-based process with the affected rights holders; and
- facilitating a transition to the position before such harms occurred; or developing alternative measures to mitigate the harm by creating benefits that are recognized by affected stakeholders as equivalent to the harms through consultation and agreement.

## The different steps of the remedy framework (Chapter 3)

Part 1
Foundational requirements

Part 3
Remedy planning

Part 5 Completion of the Remedy Plan Part 7
Monitoring, reporting, transparency, and demonstration of progress

#### **OVERVIEW FSC REMEDY PROCEDURE**

Part 2 Identification of associated parties and affected sites, baseline assessments of harms

Part 4
Concept note for the Remedy Plan

Part 6
Implementation of the Remedy Plan

Part 8
Trust building



### Who is involved in the remedy process?



This page provides an overview of the different stakeholders that are involved in the remedy process. On the subsequent slide their role along the remedy process is depicted.



Representative(s) of the organization



#### Core dialogue group that comprises

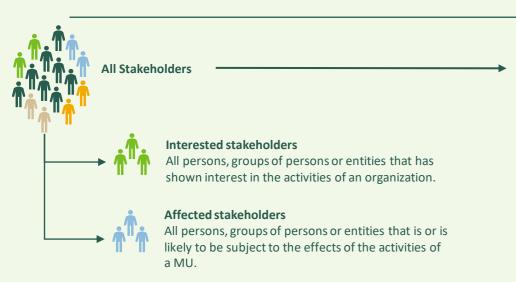
- · Representatives of the organization
- Representatives of impacted stakeholders
- Trusted advisors (upon consent with impacted stakeholders)
- Relevant stakeholders with complementary environmental expertise (upon consent with impacted stakeholders)



#### Third party verifier

An independent, third party organization approved by FSC International required to verify compliance of remedy processes.

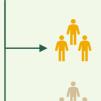
(Core dialogue groups are established in case of unacceptable activities.)



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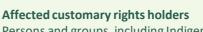
#### **Rights Holders**

All workers, individuals or social groups that have have particular entitlements in relation to specific duty-bearers



#### Affected rights holders

Rights holders impacted or who have suffered harm.



Persons and groups, including Indigenous People traditional peoples and local communities with legal or customary rights whose free, prior and informed consent is required to determine management decisions.



#### **Independent Advisors**

A person or organization chosen by rights holders who provides expert advice.



#### **Independent Assessor**

An independent expert entity without conflict of interest.



#### **Independent Expert**

An expert free from conflict of interest in relation to the task at hand.



#### **Independent Observer**

A person or organization agreed with rights holders. who observes the conflict resolution process



This aspect is part of the consultation.

## Different stakeholders along the remedy process



Social and Environmental Registering & Approval of Remedy Implementation Prioritization of Harms **Baseline Assessment** Remedy Plan **Planning** In cases of **remedy for conversion**, the organization follows the remedy plan by fulfilling the core requirements. Social and environmental experts can provide input to the remedy plan. A Third Party The remedy plan **Verifier** approves is implemented. the Remedy Plan. In cases of **remedy for** This includes the unacceptable activities, the establishment of one or organization follows the remedy more core dialogue groups plan by fulfilling the core and for each impacted group of additional requirements. Interested stakeholders, The Independent Assessor and/or rightsholders. Independent experts can provide affected stakeholders, affected organization (depending on the technical input to the remedy plan. rightsholders, and affected nature of the harm) identify, map, customary rightsholders are and prioritize harms. The core dialogue groups consult on the identified. remedy process and will be involved in the decision whether remedy has been sufficiently implemented.

## Different thresholds along the remedy process



Depending on different variables such as involvement or severity of the harm a remedy plan is created. Since some measures, such as restoration, can take years, implementation thresholds are introduced. The definition of the specific thresholds are part of the dialogue processes of the FSC RF. If it is confirmed that the necessary measures have been implemented or initiated, the disassociation can be terminated or certification can be granted.

#### There are two types of thresholds:

- The **Association Threshold** specifies the minimum remedy stage that a corporate group has to achieve to associate with FSC.
- The Initial Implementation Threshold specifies the minimum remedy stage that an organization has to achieve for forest management certification of a management unit.



#### Implementation of remedy plan



### Implementation remedy plan

Once the remedy plan has been approved, it shall be implemented.

#### **Association Threshold**

A third party verifier confirms that the organization has achieved the Association Threshold as defined in the Remedy Plan. Ending disassociation of a company must be approved by the FSC board.



#### Initial implementation Threshold

A third party verifier confirms that the organization has achieved the necessary environmental and social remediation activities as defined in the Initial Implementation Threshold.



#### Remedy completed

All remedy requirements are implemented and fulfilled and confirmed by a third party verifier.

## The difference between full and partial remedy



## Why is it proposed to introduce partial remedy?

One of the key question when developing the remedy process was to find a solution for remedy of converted land if the land's ownership has changed in the past. This case refers also to the so-called ownership loophole. The ownership loophole refers to cases in which the ownership of converted MUs was changed to make them eligible for certification.

With the development of the PAC and the FSC Remedy Framework, FSC set out to define a mechanism that would also require remedy for the conversion of MUs between 1994 and 2020, even if the organization was not involved. Therefore, the concept of partial remedy is introduced.

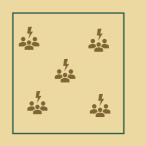
## Remedy for environmental harms



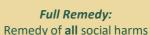
#### Full Remedy:

Proportionate (1:1) remedy of the converted area 10% of the remedied area is set aside for conservation

## Remedy for social harms







## Organization was not involved in conversion.

Organization was involved

in conversion.

Case









#### Partial Remedy:

Remedy equal to 10% of the converted area.

The full remedied area is set aside for conservation.







Partial Remedy:
Remedy of priority social harms



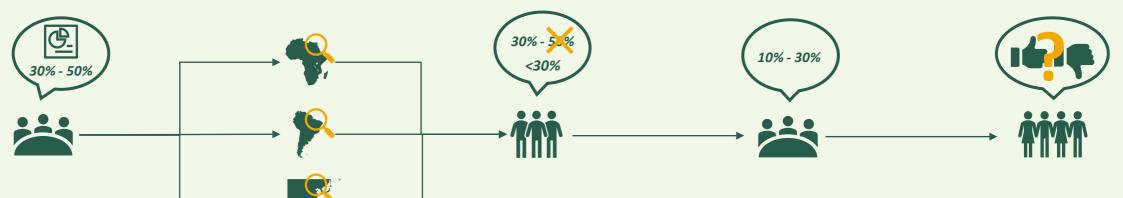
This aspect is part of the

## Process behind the definition of partial remedy



FSC was urged by its membership to find a mechanism to close the so-called ownership loophole. The ownership loophole refers to cases in which the ownership of converted MUs was changed to make them eligible for certification. With the development of the PAC and the FSC Remedy Framework, FSC set out to define a mechanism that would also require remedy for the conversion of MUs between 1994 and 2020, even if the organization was not involved.

The process below shows the steps that FSC has undertaken to derive a proposal for thresholds regarding partial remedy.



In 2021, a white paper was commissioned to provide recommendations on closing the ownership loophole. Based on the results, FSC proposed an environmental remedy equal to 30% – 50% of the converted area.

The results of the white paper in terms of feasibility were discussed in a follow-up study on the economics of remedy including relevant stakeholders in three regions: Africa, Latin America and South-East Asia.

The study reached the conclusion that a remedy of 30% would be the maximum to consider but could already prevent companies from pursuing FSC certification.

Hence, the technical working group discussed 30% to be the maximum and 10% a minimum for the remedy. The TWG did not agree on a proposal, so the FSC Secretariat is suggesting 10% in the consulted draft.



The final proposal of 10% is based on the consideration that the remedied area

- (1) has to be set aside in full for conservation, and
- (2) comes in addition to the 10% conservation area required by the IGIs.



# Thank you

Please share your input with us by participating in the ongoing consultation, <a href="here">here</a>.



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