















BRINGING FORESTS TO THE FOREFRONT OF BIODIVERSITY ACTION

OVERVIEW

Biodiversity is essential to ecosystems, societies, economies, health, and well-being worldwide, and biodiversity loss is a defining challenge of our time. Forest stewardship, or the holistic approach in which the world's forests are actively managed, cared for, protected, and restored, is one of the best nature-based solutions to address this issue. Nevertheless, forest degradation has been monetarily incentivized, and the contributions and role of traditional and Indigenous Peoples as guardians of nature have not been adequately recognized or valued.

Enabling forest stewardship as a biodiversity conservation solution implies the creation of a system where societies value forests not only for the commercial products they provide, but also for the intangible benefits they generate – their ecosystem services – such as biodiversity conservation.

As the world's most credible validation for forest stewardship, FSC brings forests to the forefront of coordinated biodiversity action by quantifying the impacts of forest stewardship activities on ecosystem services, enabling payments for their provision, and nurturing the transition to a low-carbon bioeconomy with forest products.





OUR ROLE: HIGHLIGHTING FORESTS' IMPORTANCE FOR BIODIVERSITY ACTION

As the home to over 80 per cent of the world's terrestrial species, forests are vital ecosystems.¹ Forests' biodiversity is a key environmental, economic, social, and development issue worldwide, as it provides food, water, shelter, energy, medicines, fibre, and construction materials; regulates water quality; provides flood control; and counters pollution.²

Apart from biodiversity's intrinsic value and essentiality to the functioning of ecosystems, biodiversity is vital to economic growth and development. A 2020 study by the World Forum (WEF) Economic and PricewaterhouseCoopers identified that USD 44 trillion of economic value creation, or more than half of global gross domestic product, was dependent on biodiversity in 2019.3 Biodiversity is a major factor in countering carbon emissions and resulting climate change, as terrestrial and marine biodiversity sequester 5.6 gigatons of carbon annually, or 60 percent of all humandriven emissions.

A transition to "living in harmony with nature," as described in the Convention on Biological Diversity (CBD) 2050 Vision for Biodiversity,⁴ is therefore an urgent necessity as governments around the world agree on a series of targets that will guide biodiversity actions in the next decade. The world stands at a crossroads that will require private, public, and organizational stakeholders to work together to reverse these losses and "build a shared future for all life on Earth."⁵

Despite biodiversity's importance, the world's species are experiencing highly concerning rates of loss. According to IPBES, biodiversity is declining at a more rapid speed than at any point in history.⁶ Of the 18 categories of contributions of nature assessed in the IPBES report in 2019, including soil organic carbon and pollinator diversity, 14 had declined since 1970. Recognizing these concerns, the WEF multistakeholder network rated biodiversity loss as the one of the top three risks in terms of impact and likelihood for the next decade.⁷

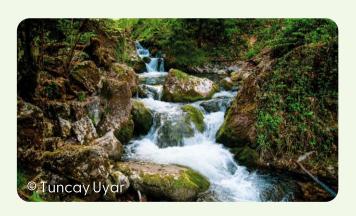


The impact of biodiversity loss caused by deforestation and forest degradation requires an increased emphasis on ensuring healthy, resilient forests to protect the millions of species that call them home. While the net rate of forest loss has been halved since the 1990s and the extent of temperate and boreal forests has increased globally, 32 million hectares of primary or recovering forest were lost between 2010 and 2015.6

The global forest area is an estimated 68 percent of pre-industrial levels, with biodiversity-rich tropical forests continuing to shrink.

FSC encourages the development of joint criteria and rulebooks by the UNFCCC and the UNCBD that encompass forests and all possible forest-related ecosystem services. FSC believes in comprehensive solutions with clear, demonstrated social and environmental impact.





FOREST STEWARDSHIP AS A BIODIVERSITY CONSERVATION SOLUTION

The biodiversity crisis is caused by a deeply rooted problem in our economic system: the value of nature is not fully considered by governments, businesses, and citizens in decision-making. The impacts on biodiversity are strong, but they have often been ignored or been difficult to evaluate. Given the dire condition of global land biodiversity, the world must urgently steer towards a system where biodiversity is fully

internalized as a core factor, with economic activities incorporating the true value and cost of biodiversity loss. This internalization depends on several enabling factors, including <u>understanding the impact</u> of human activities and consumption on biodiversity, <u>providing incentives</u> to change detrimental behaviours, and <u>valuing the</u> work of forest stewards.



FSC creates forest stewardship solutions that help correct the market failure that there is no cost associated with biodiversity loss. By offering biodiversity claims and forest certification, FSC is well-placed to forest managers. governments. companies, investors, and consumers reach decisions to effectively restore, enhance, and protect biodiversity in certified forests. In its 2019 report on biodiversity and ecosystem services, IPBES highlighted the importance of "multifunctional, multi-use, multi-stakeholder, and community-based approaches" to counter biodiversity loss and noted the effectiveness of sustainable forest management practices such as forest certification, payment for ecosystem services, and ecosystem restoration.⁶

With the Ecosystem Services Procedure, FSC provides a tool for evaluating the positive impact of certification on a forest's biodiversity. In doing so, forest stewardship expands its focus of sustainable forest management to provide a comprehensive approach to biodiversity conservation by centring the true value of forests to society and considering all the tangible and intangible values associated with forests. FSC therefore provides a holistic approach that includes nature-based solutions, nature's contribution to people, and ecosystem services.

What are Ecosystem Services?



Services are the benefits that people obtain from Nature. This concept was introduced by the Millennium Assessment to encompass all the ways in which humans benefit from healthy ecosystems. They can be divided into Supporting services (such as soil formation), Provisioning (such as water purification), Cultural services (such as recreation), and Regulating services (such as Carbon sequestration and storage), acknowledging that these categories will overlap.

When we measure Ecosystem Services, we are quantifying how much of such benefits we are obtaining and how human activities influence their provision.



As part of its comprehensive approach, FSC standards go beyond national legal requirements. In FSC-certified areas in Finland, for example, not only are the habitats of legally protected species conserved, but so are the habitats of all nationally and/or regionally threatened species, and economic activity is prohibited in these parts of the certified forests, despite the lack of a legal requirement.⁸

As part of its holistic approach, FSC has embedded the values of forest biodiversity in its Principles and Criteria (P&C). Principle 6 requires the maintenance, conservation, and/or restoration of ecosystem services and environmental values, as well as the avoidance, mitigation, or repair of any damaging environmental impacts.⁹ This includes the protection of native, rare, and threatened species and their habitats

and the protection and restoration of ecosystems and water courses and bodies.

FSC has developed solutions to protect critical and at-risk species and ecosystems. FSC identifies, manages, and monitors "High Conservation Values (HCVs)" certification standards. and the maintenance of these values is enshrined in Principle 9. A central aspect incorporated in the six HCV categories is to guarantee that activity in forests does not harm an area's biodiversity, including species, ecosystems, and intact forest landscapes, while the essential needs and cultural and spiritual values of communities and Indigenous Peoples are secured. HCVs have been adopted by organizations beyond FSC, inspiring others to take meaningful action to protect biodiversity.

The Six High Conservation Values

HCV 2 Landscape-level ecosystems and mosaics, and IFL

Large landscape-level ecosystems, ecosystem mosaics and Intact Forest Landscapes that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species patters of distribution and abundance .

HCV 1 Species diversity

Concentrations of biological diversity including endemic species, and rare, threatened or endangered species (RTE), that are significant at global, regional or national levels.

HCV 6 Cultural values

Sites, resources, habitats and landscapes of global or national cultural archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.



HCV 3 Ecosystems and habitats

Rare, threatened, or endangered ecosystems (RTE), habitats or refugia.

HCV 4 Ecosystems services

Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.

HCV 5 Community needs

Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc.) identified through engagement with these communities or indigenous peoples.



FSC's mission also overlaps with that of the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) to protect species and prevent their extinction. FSC requires that certificate holders have a valid CITES certificate if the species it trades are in the relevant CITES Appendices, and companies in the FSC supply chains must comply with relevant forest, trade, and customs laws to receive a required FSC chain of custody certificate.

The inclusion of these values and standards in FSC certification provides greater opportunities for forest management and chain of custody certificate holders to demonstrate their commitment to biodiversity protection to other businesses in the value chain and to consumers, making their products more attractive in the global market.





THE FSC WAY FORWARD: FSC'S CONTRIBUTIONS TO THE POST-2020 GLOBAL BIODIVERSITY FRAMEWORK

To turn the tide on global forest biodiversity loss, the pressure and support from international frameworks and national legislation must work in concert with the public and private sector.

FSC offers forest certification and ecosystem services claims that can connect all actors; therefore, our approach on biodiversity builds on both solutions and collaboration.



FSC is a key ally for governments, businesses and other major stakeholders to reach biodiversity targets

In the Global Strategy 2021-2026, FSC has highlighted its commitment to engaging with members and stakeholders to co-create solutions and to increasing its reach and relevance in the fight against biodiversity loss. This includes closer cooperation with forest managers and members to develop solutions biodiversity market for while simultaneously conservation increasing FSC's relevance for local and national governments. FSC solutions are significant assets for governments to embed forest stewardship in policies and in public forests; they also support efforts to reach national and international targets, such as restoration and biodiversity commitments. With longstanding relationships with market leaders, as well as strong relations with nongovernmental organizations and national governments, FSC bridges the gap between civil society and economic players.

FSC solutions – including forest stewardship standards for certification, the Ecosystem Services Procedure, and monitoring and evaluation indicators – are a key component of reaching national and international targets, including the upcoming Post-2020 Global Biodiversity Framework, the UN Sustainable Development Goals, the Paris Agreement, and restoration commitments. FSC solutions can be further incorporated by local and national governments to measure progress toward these targets and better restoration and biodiversity support

conservation efforts.

The development of the Post-2020 Global Biodiversity Framework is another opportunity for FSC and its members and partners to co-create methods of achieving framework's commitments. the framework will be adopted at the second part of the 15th Conference of the Parties (COP 15) of the UN Convention on Biological Diversity (CBD), to be held in late 2022. FSC is working to develop solutions that connect to the goals and targets set by the CBD, allowing stakeholders to co-create inclusive solutions that align with the post-2020 agenda and helping market players to measure progress in biodiversity protection.





FSC solutions are key implementation mechanisms to deliver on the post-2020 Global Biodiversity Framework

As the world's most credible validation for forest stewardship, FSC solutions support governments, businesses, and other major stakeholders to effectively implement the Post-2020 Global Biodiversity Framework by enabling the achievement of its four goals (A-D) and 22 targets.

FSC calls on country parties, businesses, and major stakeholders to adopt approaches that consider forest stewardship in a holistic way, integrating the protection, conservation, and restoration of the world's forests with their active management.

FSC solutions for biodiversity conservation are visible through its different indicators proposed in the monitoring framework of the Post-2020 Global Biodiversity Framework.

Forest certification is prominently featured as an implementation mechanism in Target 10. Specifically, Target 10.2 refers to progress toward sustainable forest management and forest area under an independently verified forest management certification scheme like FSC.

Through this headline indicator, SDG 15.2.1 and sub-indicators will be effectively achieved.

In addition to FSC's contributions to Target 10, FSC's Ecosystem Services Procedure's verified impacts on biodiversity conservation in certified forests is a monitoring framework indicator connected to Target 3. This key target focuses on conserving at least 30 per cent of land and sea areas, particularly those that are rich in biodiversity, through protected areas by 2030.

This indicator is also connected to **Target 22** and **Goal B** and is visible on the Post-2020 Global Biodiversity Framework website.

FSC will continue to engage stakeholders, partners, and international organizations to expand global biodiversity conservation efforts. While the Monitoring Framework of the Post-2020 Global Biodiversity Framework is still developed, and there is no guarantee of the way how FSC indicators will feature in the final version, their inclusion is a highly promising and necessary step toward incorporating best practices in forest stewardship and ensuring forest resilience.



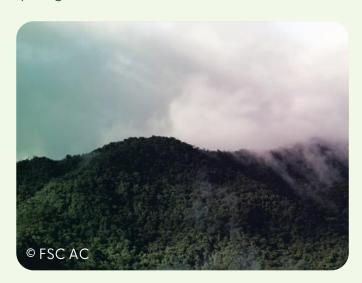
Biodiversity as an internalized core value for business decision-making

FSC works with the private sector to influence consumer behaviour on forest products and high deforestation risk commodities. Companies' increased efforts to integrate biodiversity action plans into their business plans, as presented during the CBD Business and Biodiversity Week 2021, are positive steps in this direction, and FSC looks forward to facilitating continued development solutions in conjunction with the private sector.¹¹

Due to increasing recognition of the fundamental value of biodiversity and the direct and indirect costs of biodiversity loss, membership-based FSC's approach. dialogues with partners, and ecosystem services procedure are crucial for the private **Biodiversity** must internalized as a core factor and value in the decisions made by companies. economic activities incorporating the true value and cost of biodiversity Ecosystem services derived from biodiversity, including water purification, flood protection, and carbon sequestration, are worth an estimated USD 125 trillion to USD 140 trillion annually.¹² The impact of biodiversity on many global supply chains for vital items like food, water, medicine, and construction materials means that biodiversity loss is a business risk that companies cannot afford to ignore.

The private sector is starting to realize these risks, creating diverse initiatives to integrate such values.

Achieving many of the targets of the post-2020 biodiversity framework will depend on developing rigorous tools that measure biodiversity impacts, so as to channel resources to the regions and projects that hold most of the potential. With the Ecosystem Services Procedure. FSC will continue developing metrics to quantify and verify biodiversity impacts in a certified allowina forest stewards. governments, and the private sector to better demonstrate that they are meeting and aidina individuals companies in making better decisions when allocating resources and implementing their pledges.





Co-creation of solutions: the contribution from FSC's diverse membership

FSC's core strenath its diverse is membership and the co-creation of solutions with members and partners. Its global network of members and partners and its engagement in multi-stakeholder processes have resulted in more effective. thoughtful actions that elevate voices that have too often been marginalized. FSC is committed to ensuring workers' rights, supportina local communities. empowering women and minorities. As the 'stewards of the forests' for millennia and as the caretakers of "islands of biological and cultural diversity," Indigenous Peoples are vital in the fight against biodiversity loss. is committed to empowering Indigenous communities, upholding their rights of land ownership, use of land, and access to resources by requiring businesses to obtain free, prior, and informed consent from local Indigenous communities. FSC explicitly requires in its P&C that forest managers recognize and uphold the rights, customs, and culture of Indigenous Peoples, as defined in the UN Declaration on the of Indigenous Peoples and International Labour Organization Convention 169.9

FSC's emphasis on multi-stakeholder processes should be incorporated in the development and implementation of the Post-2020 Global Biodiversity Framework.

Working with stakeholders from environmental, social, and economic backgrounds, the framework should create specific, measurable, and ambitious targets and should set clear indicators and use realistic components to increase the likelihood of those targets being met.

This will require collaboration with both **new and existing partners**. In addition to working with the CBD to accelerate the development recognition and biodiversity impact indicator, FSC is a member of the EU multi-stakeholder platform on deforestation, as well as an official observer of the EU Commission working group on forests and nature. FSC has partnered with nongovernmental organizations and multinational companies committed to biodiversity conservation. In September 2021, the International Union for Conservation of Nature (IUCN) and FSC, along with other voluntary sustainability standards like FairTrade International and the Gold Standard, announced their plan to develop a collaborative certification scheme for nature-based solutions. 13 FSC will continue to coordinate with these partners to develop the requirements for the IUCN nature-based solutions certification and to enable FSC certificate holders to demonstrate that they also meet these requirements. This will be an important step in protecting and increasing biodiversity worldwide.



Looking forward: sustainable finance and ecosystem restoration

In the Global Strategy 2021-2026, FSC has importance of leveraging noted the sustainable finance and investment for biodiversity conservation. This requires deepening relationships with certificate holders and the investment community by demonstrating FSC's strength in providing solutions to some of the world's most pressing environmental challenges. Working with credible and ambitious partners, FSC will develop financial instruments and projects that give preference to forest stewards who protect biodiversity. Additionally, providing verified impact data related to biodiversity can demonstrate the effectiveness of good management using FSC tools and can encourage further sustainable financina.

Providing support for ecosystem restoration

is another key initiative in biodiversity protection. Per the Food and Agriculture Organization of the United Nations (FAO) and the UN Environment Programme, at least 8 per cent of forest plants and 5 per cent of forest animals are at extremely high risk of extinction due to forest loss and degradation. Restoring degraded forests not only generally increases the number of trees; it also improves natural productive processes in the soil and streams and protects wildlife corridors, benefitting an area's biodiversity. 15

The viability of restoration initiatives depends on adequate and cohesive the near-term to allow incentives in ecosystems to flourish in the long-term.¹⁶ FSC will seek to collaborate with CBD in the field of forest restoration, such as the Forest Ecosystem Restoration Initiative, which was developed by the Korea Forest Service with the Executive Secretary of the CBD in 2014.¹⁷ FSC will also continue its engagement with the Global Partnership on Forest and Landscape Restoration to benefit forest restoration projects through forest certification.

In addition to its environmental benefits, forest restoration can provide significant social and economic benefits. Forest degradation affects 3.2 billion people worldwide and over 10 per cent of annual global gross product is spent due to the effects of lost ecosystem services. Per the OECD, restoring 46 per cent of degraded forests could provide up to USD 30 in benefits for every dollar spent. Per the OECD and the provide up to USD 30 in benefits

FSC remains committed to protecting resilient forests teeming with a variety of species and to demonstrating the true value of forests and biodiversity to society through forest stewardship standards, deepened engagement with the private and public sectors, and the continued co-creation of solutions with members and stakeholders.



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