



Forest Stewardship Council®



Public Consultation Report

FSC-POL-01-004 Version 3 Draft 3 *FSC Policy for Association*

FSC-PRO-10-004 Version 2 Draft 2 *Procedure for Disclosure Requirements for Association with FSC*



Contents

Contents	2
Introduction	3
Who responded to the consultation?	4
Response summaries by topic	6
2. Who the Policy for Association applies to	6
3. How far back the Policy for Association applies.....	8
4. Unacceptable activities: Illegal harvesting or trade in forest products	9
5. Unacceptable activities: Violation of traditional or human rights.....	10
6. Unacceptable activities: Violation of any of the FSC core labour requirements	11
7. Unacceptable activities: Significant damage to high conservation values.....	12
8. Unacceptable activities: Significant conversion of forests	13
9. Unacceptable activities: Genetically modified trees.....	14
10. General comments to Policy for Association.....	15
11. Disclosure procedure: Defining a process to screen applicants	17
12. Disclosure procedure: General comments.....	19

Introduction

This report provides the responses to the public consultation of FSC-POL-01-004 Version 3 Draft 3 *FSC Policy for Association* and FSC-PRO-10-004 Version 2 Draft 2 *Procedure for Disclosure Requirements for Association with FSC*. The consultation ran from 17 May – 17 July 2021. FSC received 68 responses and 2,156 comments.

The report presents a summary of stakeholder feedback received during this consultation and the FSC commitments on each topic. All the comments were analyzed and considered by the Policy for Association Technical Working Group. The main reasons to support or oppose and proposals for change presented in this report are in some cases summaries of several comments.

FSC-POL-01-004 *FSC Policy for Association* is an expression of the values shared by organizations associated with FSC. It defines six unacceptable activities that associated organizations and their corporate group commit to avoid in both certified and non-certified operations.

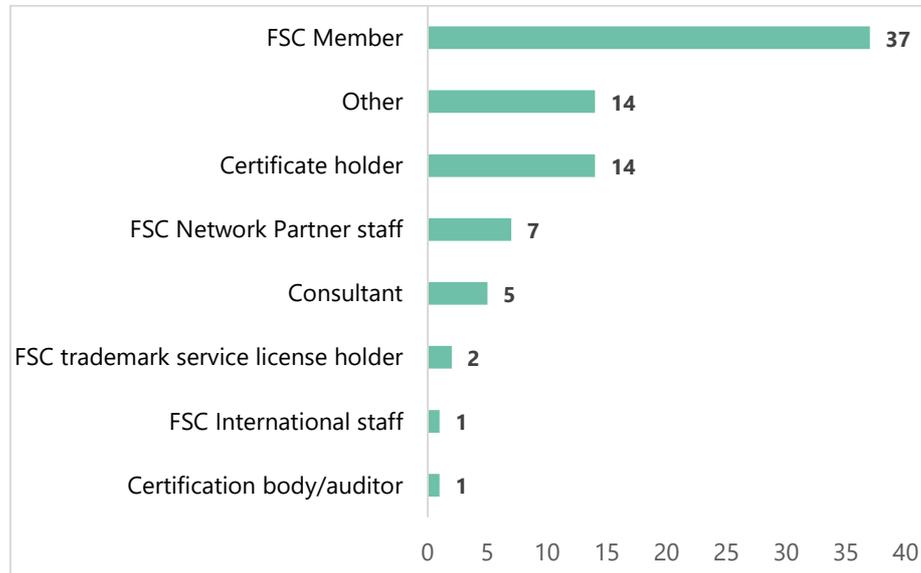
FSC-PRO-10-004 *Procedure for Disclosure Requirements for Association with FSC* describes the process used by FSC to screen applicants for conformance with the FSC Policy for Association, thereby minimizing the risk of establishing or maintaining an association with an organization in violation of the FSC Policy for Association.

We are really grateful to all respondents for your detailed and insightful feedback. Your input was invaluable in getting us to the next draft of this procedure.

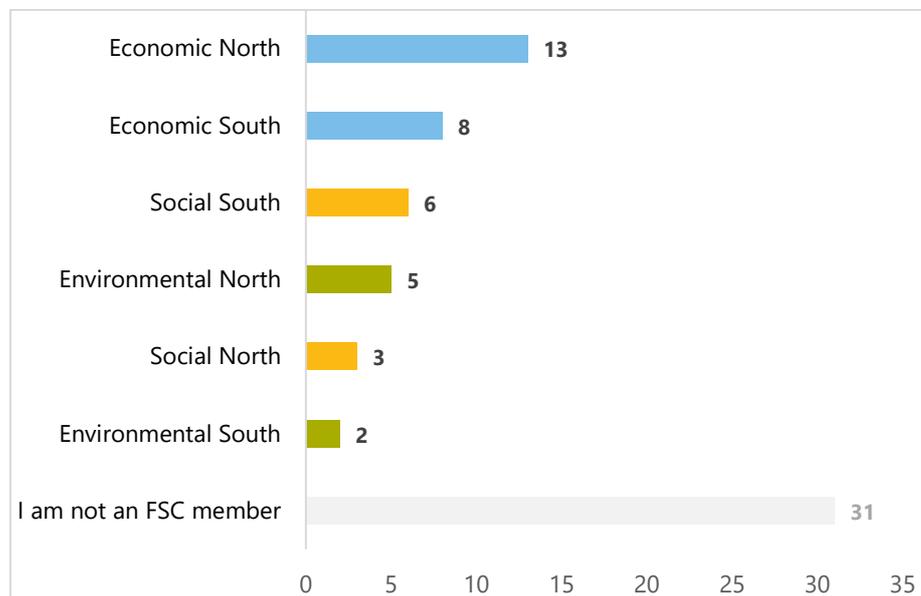
Who responded to the consultation?

There were **68** responses to the consultation.

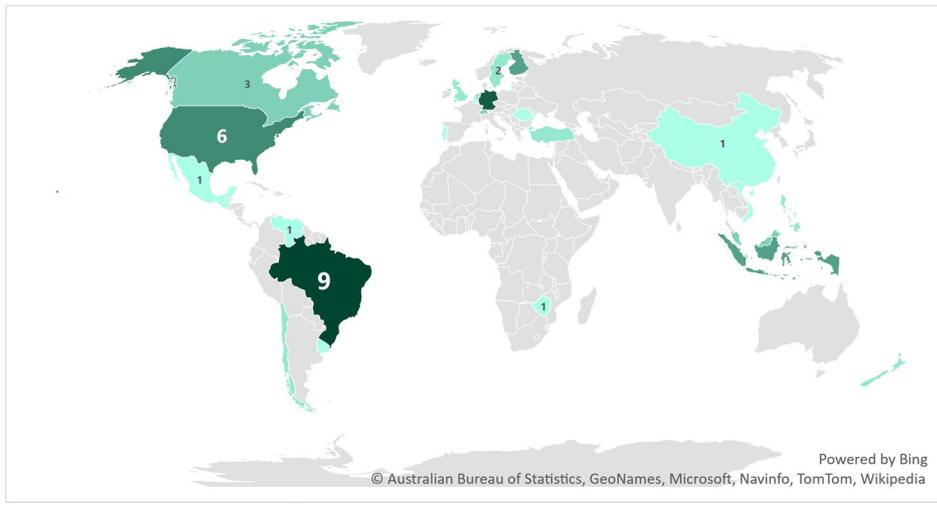
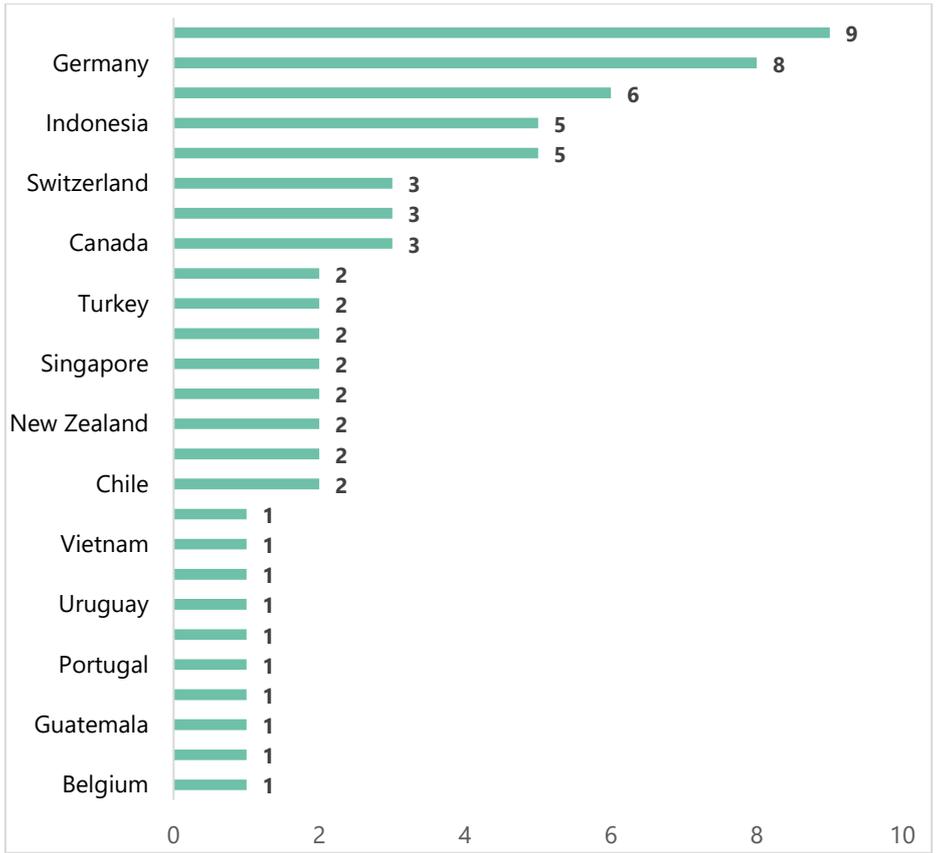
FSC members were the largest respondent group:



Of the members who responded, most were from the **Economic chamber**:



The top 5 countries by number of respondents were **Brazil, Germany, USA, Indonesia and Finland**:

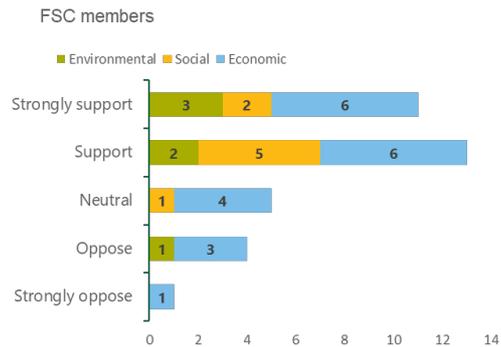
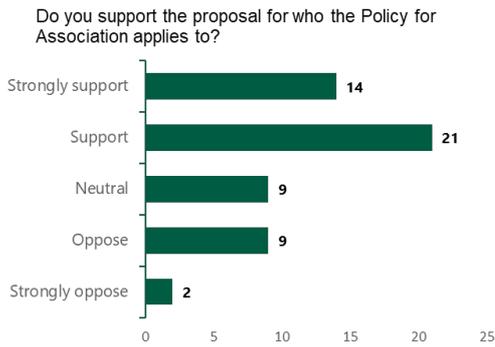


Response summaries by topic

This section summarizes the consultation responses to the main changes proposed in the revised procedure and how the feedback has been considered by the Technical Working Group in the final draft.

1. Who the Policy for Association applies to

64% of respondents and **71%** of members **supported** the proposal for the Policy for Association applying at the level of the corporate group.



Main reasons to support:

- The proposal provides clarity and addresses many of the membership concerns.
- The proposal covers all possible scenarios.

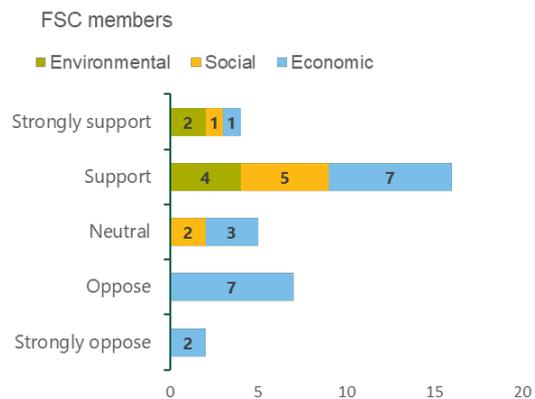
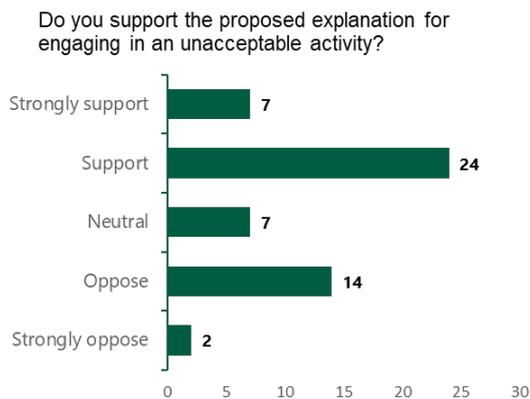
Main reasons to oppose:

- The proposal will be unworkable in practice.
- Concerns with reaching across sectors and different forms of family ties.

Proposal summary	TWG assessment
1. Reference the AFI definition explicitly in the policy, not only in the guidance.	Definitions are provided in the Definition sections and concepts further explained in Annexes 1 and 2. A note has been added to refer the Annexes to strengthen the link.
2. Apply new definitions retroactively to currently disassociated groups.	It is not possible to apply new rules retrospectively to past cases based on legal assessments.
3. Remove note about development of corporate group / control concept through case-by-case application.	TWG considers the note important to retain to be able to adopt new methods created globally on this issue.
4. Use same business sector and same management, not proposed definition, as the key point to consider whether the companies are within a corporate group.	This would limit the scope of application for PFA which is not in line with general goal to close the loopholes the current definition allows for.
5. Consider organization's responsibility in the light of government requirements and control when defining consequences of	This can be considered in the processing phase as part of the criteria to assess organizations means of influencing the

PfA violation.	situation.
6. Concept of "Corporate group" needs to be clarified so that e.g. a subsidiary's compliance default does not impact the parent company's PfA-status in case the non-compliance is solely confined to the subsidiary.	This would limit the scope of application for PfA which is not in line with general goal to close the loopholes the current definition allows for.

57% of respondents and **59%** of members **supported** the proposal for what it means to engage in unacceptable activities.



Main reasons to support:

- The proposal is clear and strong, and much better protects FSC's reputation.

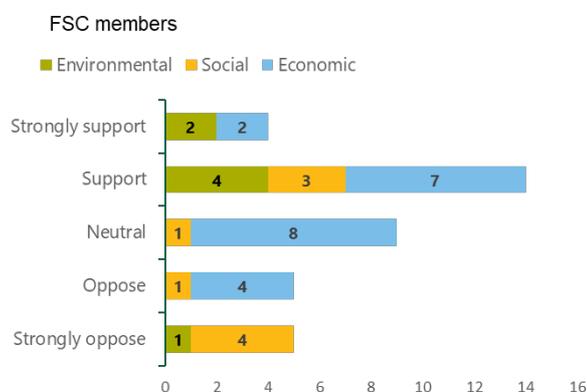
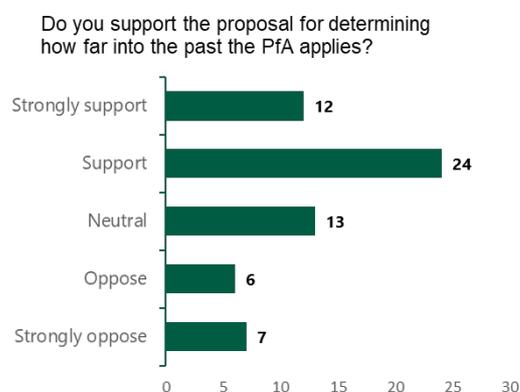
Main reasons to oppose:

- Applying the Policy for Association to suppliers is complicated, as there is no continuous control on a supplier
- The proposal is an over-complication of who the Policy for Association applies to

Proposal summary	TWG assessment
7. Remove all suppliers and subcontractors from the scope of the PfA.	Only controlled parties are included and they are an integral part of companies' accountability and could pose a threat to FSC's reputation.
8. Remove / simplify / consolidate annex describing engagement in unacceptable activities.	The text has been revisited to increase clarity of the Annex 2.
9. Provide an example of a commercial relationship that would be considered outside the scope of the Policy.	Anything that is not within "control" is outside. However, an example has been added on the corporate group Annex 2 to further illustrate the concept. Further examples could be provided in the future in another document.

2. How far back the Policy for Association applies

58% of respondents and **49%** of members **supported** the proposal for determining how far into the past the PfA applies



Main reasons to support:

- Case-by-case assessment is more reasonable than a cut-off date.
- The criteria for assessing relevance are appropriate.
- Allows for flexibility and evidence-based decision making.
- It makes more sense to focus on current issues.

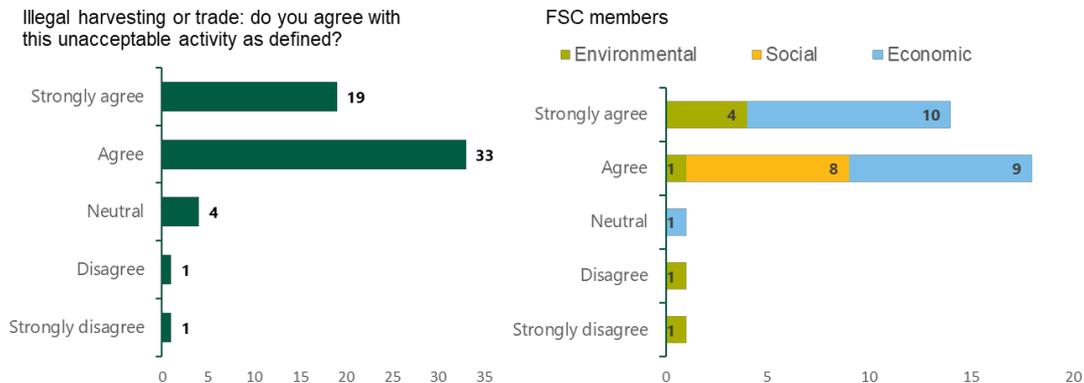
Main reasons to oppose:

- All past unacceptable activities should be covered.
- Case-by-case assessment allows for too much subjectivity in decision making
- The criteria are vague.
- Unclear for potential participants in the FSC system what they are signing up for.

Proposal summary	TWG assessment
10. Include a criterion for where there is lingering harm, not just a lingering dispute.	The criteria have been changed to refer to harm instead of dispute.
11. Include a criterion related to the corporate group's history of involvement in unacceptable activities. In case the organization has a history of violating FSC rules, the timeframe should go longer in the past.	This aspect is considered in the decision concerning whether association with conditions is possible or if the organization needs to be excluded from the system.
12. Introduce a tiered approach. If the complaint and concern is greater than 5 years old, then downgrade it to a lower tier.	TWG considers the existence of ongoing harm as the key aspect rather than fixed timeline. This has been clarified in revised wording.
13. Develop fixed criteria or operationalize the criteria to reduce risk of subjective decision making.	More detailed operational criteria should be developed overtime with experience from case assessments.
14. Remove the criteria and cover all unacceptable activities whenever they took place.	TWG considers the existence of ongoing harm as the key aspect. This has been clarified in revised wording.

3. Unacceptable activities: Illegal harvesting or trade in forest products

90% of respondents and 91% of members agreed with the proposal for 'Illegal harvesting or trade in forest products'.



Main reasons to support:

- Aligned with U.S. Lacey Act, EUTR.
- More in line with realities on the ground.

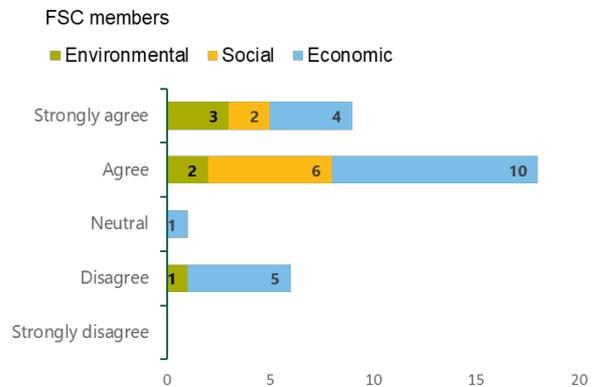
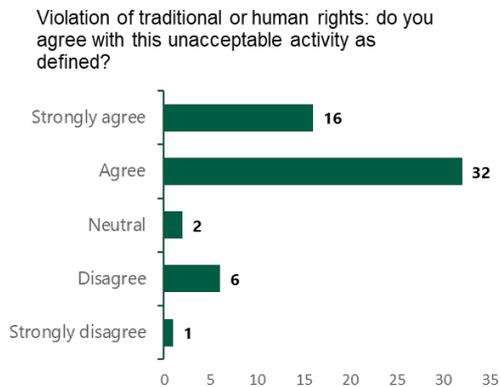
Main reasons to oppose:

- CoC standard allows the company to buy uncertified wood without any due diligence, as long as it does not mix in the FSC product.

Proposal summary	TWG assessment
15. Illegality should include corruption, fraud, bribery.	Illegal trade includes these aspects, and a specific mention was added to the definition for this draft.
16. Instead of looking at illegal trade in the PfA, it would be much more interesting to positively impact forests if the CoC standard required that all wood be at least controlled, with this the CBs would have access to suppliers during audits and could actually verify and demand improvements in the supply chain.	The proposal is outside the scope of this revision.
17. The statement that 'the policy is not intended to respond to minor infractions' should be removed.	This statement is not part of the policy itself but was used in the explanatory text in consultation. It will not be used again.
18. The activity could be interpreted as forbidding all trade in forest products. I believe it should read 'illegal harvesting or illegal trade in forest products'.	The wording has been changed in line with the proposal.

4. Unacceptable activities: Violation of traditional or human rights

84% of respondents **agreed with** the proposal for 'violation of traditional or human rights in the forestry or forest products sector'.



Main reasons to support:

- Including forest sector is important for reputation and good influence
- Broader scope to implement FSC principles

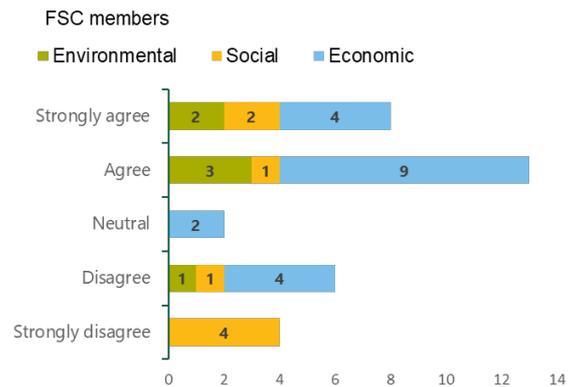
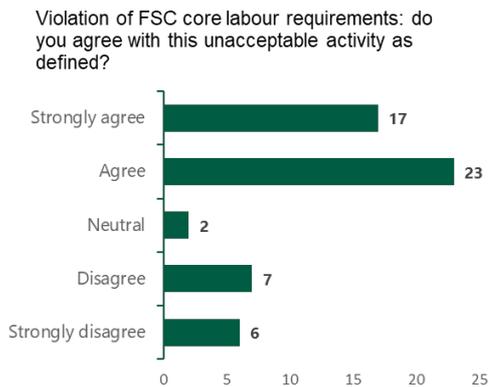
Main reasons to oppose:

- All operations should be covered, not just forestry and forest product sector

Proposal summary	TWG assessment
19. Include all operations in the scope of the unacceptable activity.	The scope of all the unacceptable activities for PfA have been defined with the focus on the core activities and sectors that are related to the mission of FSC. It is possible that reputational risks could be imposed through other sectors or activities as well. These could be dealt with through more general tools, such as the trademark license agreement that includes sections on reputational damage caused.
20. Differentiate between minor and major violation of human rights, with a clear methodology to assess the difference.	TWG explored this option in depth but concluded that at this time it is not meaningful or feasible to create such differentiation without diving into very detailed definitions.
21. Provide examples of activities within the forestry or forest products sector that are covered by the PfA.	Examples can be provided in a separate document that would explore different circumstances and violations in the future.
22. Provide a definition of forest products sector.	Definition has been added to the draft.
23. Shorten and simplify the definition of human rights and ensure it is aligned with definitions in the FSC normative framework.	The definition has already been aligned. Long discussions were had concerning all aspects to cover in it which ended in including the now present references to provide more direction for organizations.
24. Include free, prior and informed consent	FPIC is already covered by reference to

5. Unacceptable activities: Violation of any of the FSC core labour requirements

73% of respondents and **64%** of members **agreed with** the proposal for 'violation of any of the FSC core labour requirements'.



Main reasons to support:

- Represents core values and clarifies the system boundaries.
- Clarifies that the requirements apply to private sector instead of ILO requirements for states.

Main reasons to oppose:

- Should not only focus on forestry or forest products sector but should also cover all operations.
- ILO should stay as main reference as recognized organization and not be replaced by FSC requirements developed for CoC certification.

Proposal summary

25. Include all operations in the scope of the unacceptable activity.

TWG assessment

The scope of all the unacceptable activities for PfA have been defined with the focus on the core activities and sectors that are related to the mission of FSC. It is possible that reputational risks could be imposed through other sectors or activities as well. These could be dealt with through more general tools, such as the trademark license agreement that includes sections on reputational damage caused. This activity is now aligned with other unacceptable activities when it previously was the only unacceptable activity with undefined boundaries.

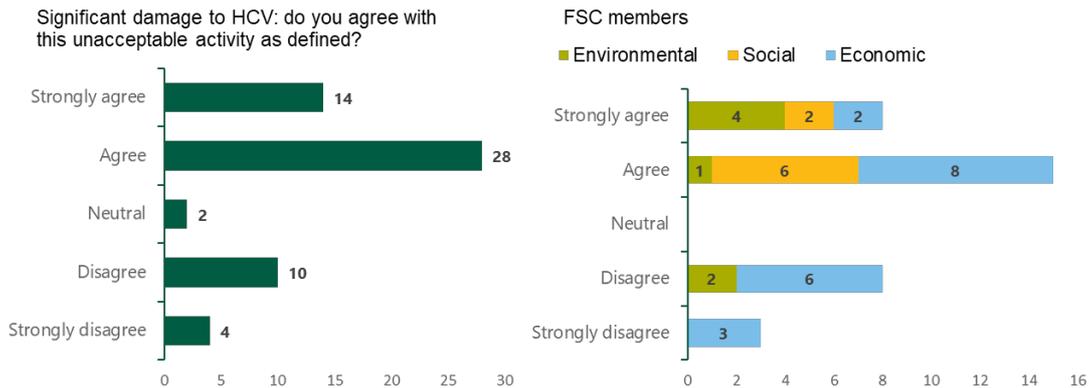
26. Keep to the original text of the PfA, any violation of the ILO core conventions as defined in ILO Declaration on Fundamental Principles and Rights at Work (1998).

The wording has been changed to address this concern as well as clarify the applicability to organizations.

27. Cover health and safety requirements for the workforce.	With the changed wording, these will be discussed within in the ILO context.
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6. Unacceptable activities: Significant damage to high conservation values

72% of respondents and 68% of members **agreed with** the proposal for 'significant damage to high conservation values in forests'.



Main reasons to support:

- It is not relevant whether significant damage to HCVs in forests was done because of 'forestry operations'

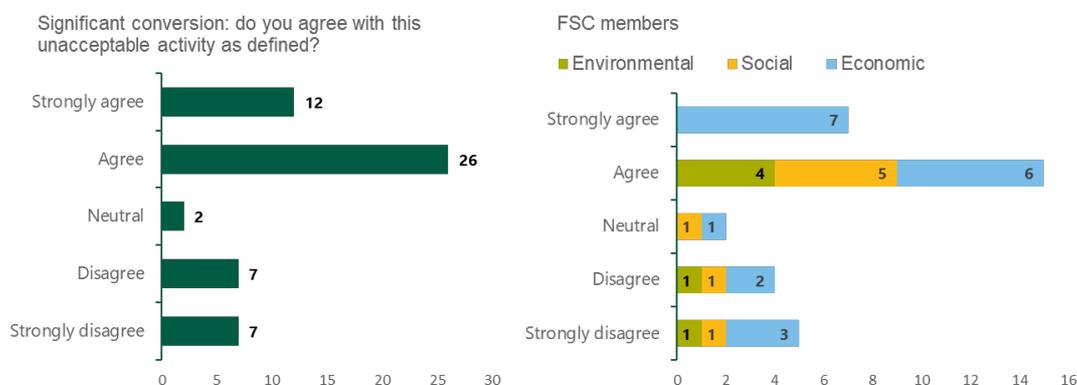
Main reasons to oppose:

- The activity should not be limited to HCVs in forests. All HCV areas should be covered.
- How would the member set mitigation strategies to avoid potential risks without evaluating the presence of HCVs in all its areas.
- It is not clear what 'significant' means.

Proposal summary	TWG assessment
28. Unacceptable activity should cover damage to all HCV areas, not just in forests.	The focus is already expanded from forestry operations to any operations in forests, further expansion is not considered feasible at this point.
29. Unacceptable activity should only cover at-risk, critical HCVs that are designated in controlled wood national risk assessments.	National risk assessments are recommended as basis for this unacceptable activity but should be not limited to them.
30. Clarify how damage to HCV should be avoided where systematic HCV assessments are not required.	More references to possible tools are now included in the definition section to allow organizations to assess the specific needs and tools they should have in place for mitigation.
31. Remove 'significant'. Use 'destruction of or damage to' or 'non-temporary / permanent damage to'.	Clear definition is already provided for this that considers different aspects of significance.
32. Use the existing scope of 'forestry operations'.	The focus is expanded to forests to better align with FSC's mission.

7. Unacceptable activities: Significant conversion of forests

70% of respondents and 67% of members **agreed with** the proposal for 'significant conversion of forests to plantations or non-forest use'.



Main reasons to support:

- The proposal ensures consistency in definitions across FSC normative framework.
- Stronger definitions of significant conversion (10% to 5%).

Main reasons to oppose:

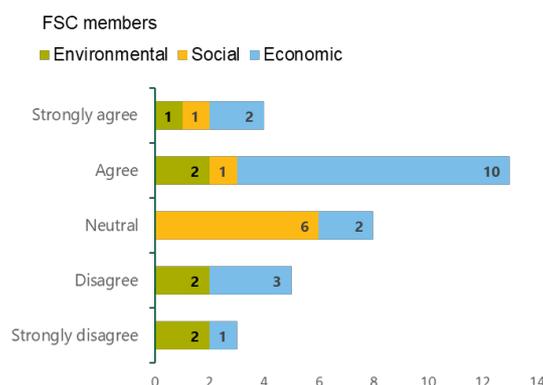
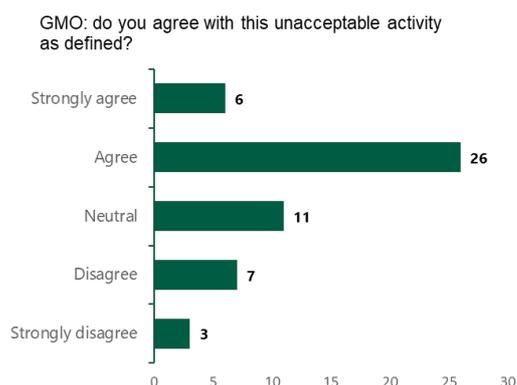
- Any conversion is unacceptable, not just significant conversion.
- 5% is flawed if it applies to entire holdings of corporate groups. It should be 5% of any one management area.
- Fixed thresholds (10,000 hectares, 5%) can be confusing.
- There is no good justification to limit conversion thresholds to a national jurisdiction.
- The concept should be 'illegal conversion of forests' and not punish companies for conversion in accordance with the law.

Proposal summary	TWG assessment
33. Use the High Carbon Stock Approach to determine when conversion is significant (remove thresholds).	This has already been assessed in the conversion remedy development process which concluded that it is not a feasible tool to use globally, nor should the assessment be focused solely on this aspect.
34. Remove limitation of "within a national jurisdiction".	The limitation was reviewed and removed from the draft as it did not seem to bring additional value to the definition.
35. Change threshold of 5% of all holdings to 5% of any management area.	It was agreed that % calculation of holdings of a corporate group within 5-year period could be very challenging and would allow for possibilities were large areas or whole concessions are converted by large corporates. The threshold was changed into 10% of management unit instead.
36. Remove 10,000-hectare threshold and just use HCV forest / 5%.	The combination of % and hectares is considered important to capture cases of

	small and large scale holdings by organizations.
37. Change HCV forest to mean only at-risk, critical HCVs that are designated in controlled wood national risk assessments.	Not in line with overall direction of FSC where the scope is rather expanded that narrowed down.
38. Remove any thresholds for 'significant' and cover all conversion.	Significant is maintained to differentiate the requirements for certification of a site and general association requirements.
39. Only cover illegal conversion.	Not in line with FSC's mission, legal conversion could also be unacceptable.
40. Only cover conversion to timber plantations, not other sectors.	Intended land-use is not relevant, the act of converting is.
41. Use the term "natural forest" instead of just "forest" for clarity.	Agreed, the wording has been changed.

8. Unacceptable activities: Genetically modified trees

60% of respondents and **53%** of members **agreed with** the proposal for 'introduction or use of genetically modified trees for purposes other than research (which can include field trials), such as for commercial purposes'



Main reasons to support:

- Clear and concise
- There is no justification to allow introduction and use of GM trees.
- Reasonable to specify that research is permitted.

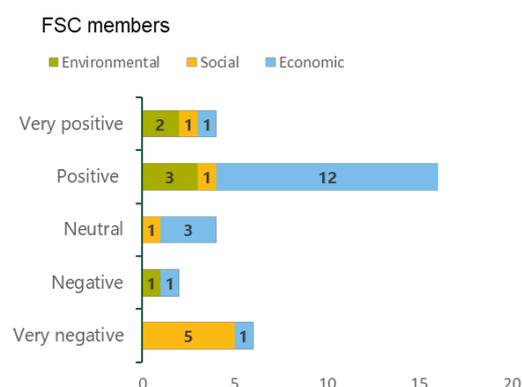
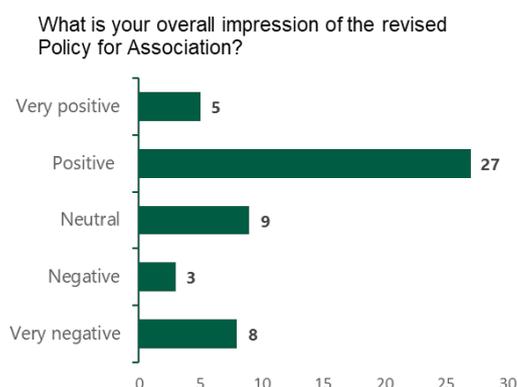
Main reasons to oppose:

- GM trees should not be permitted in research or field trials. Field trials present all the risks of contamination and pollination.
- Prefer that FSC have some influence over the way that organizations manage their forests in case genetically modified trees are introduced.
- GMO techniques are fully established in agriculture and other commodity sectors. Prohibiting them from commercial forestry lacks a sensible purpose.

Proposal summary	TWG assessment
42. Prohibit all GMO, including in research and field trials.	No change at this point when the issue is being discussed within FSC membership.
43. Do not allow field trials (but allow research).	As above.
44. Remove prohibition on GMOs in non-certified areas.	As above.
45. Reference ongoing discussions in FSC on this topic and mention that the PfA will reflect these activities.	The discussions are referenced in a footnote.
46. Review the definition of genetically modified trees. Terms like 'mating' are not accurate.	The definition will be revised in another process in FSC. It is acknowledged that the current definition is outdated.

9. General comments to Policy for Association

62% of respondents and **63%** of members have a **positive impression** of the draft Policy for Association



Main reasons to support:

- Tackles key challenges FSC is experiencing with current PfA rules.
- Structure, language and content is very clear and understandable.
- Inclusion of the AFi definition is critical to the PfA being seen as legitimate.
- Good alignment across other FSC policies and procedures.

Main reasons to oppose:

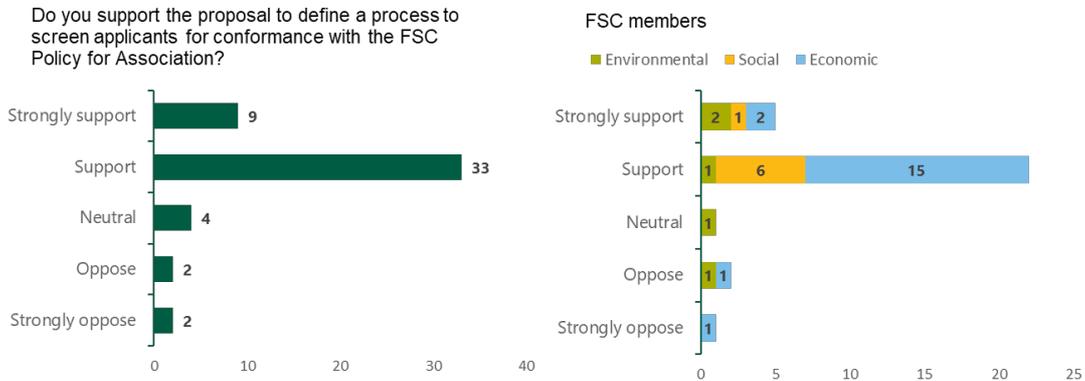
- While it is important to protect FSC's reputation, the PfA should also be inclusive and fair to organizations operating in developing countries who are struggling with various complex issues.
- Requiring companies to have policies and procedures in place adds complexity and bureaucracy to the system.
- The way the proposed changes are presented will alienate the unions from FSC. It seems changes are only made to avoid that FSC has to disassociate when companies are violating workers' rights.

Proposal summary	TWG assessment
47. Streamline all documents that refer to the	This work is ongoing in FSC, the remediation

association with FSC and respective remediation measures.	procedures are being revised in separate processes, but all work is being continually aligned.
48. Proposal to add to the policy requirements 'Anti-Corruption and Bribery'.	A clarification to the definition for illegal trade which includes these aspects has been added.
49. It is unclear why promotional trademark licensee are not included within the scope of the Policy.	Promotional license holders have a different role in the FSC system where they only sell already finished and labelled FSC certified products on the marketplace. Licensing and relationships are managed by FSC which allows for a different type of a due diligence.
50. FSC must consider its diverse members to then translating its visions, missions and values into unacceptable activities relevant for all members.	TWG considers the draft to take into account these different parties already. Relevance to individuals has been highlighted more in this draft than in earlier drafts.
51. Companies should not be able to circumvent unacceptable activities by taking over other entities that have been responsible for the unacceptable activities.	PfA applies only to those activities that the organization or individual had control over.
52. FSC should do procedural decisions to disassociate from any associated party that is found to be in violation of the PfA.	Possibility to maintain association with conditions is considered as essential route to have available for cases that fulfill the requirements specified in FSC-PRO-01-009. This is expected to lead to faster action towards remedy and correction. If the case does not qualify, or conditions are not met, decision to disassociation is still available.
53. This draft needs major revision. Conceptually a Policy for Association should be based on self-disclosure, in the context of public policy acceptance of PfA principals, internal DDS, and peer accountability should be the basis of this Procedure. As written, this is not the case. As written, this is an enforcement mechanism.	The intention is to have the self-disclosure and internal DDS to be the core part of the policy. However, FSC also needs a mechanism to protect its reputation in case these tools fail.
54. Clarify who is expected to have DDS in place e.g. any supplier or only suppliers or traded products and whether they will be assessed by FSC.	The scope of determined by scope of control which also applies to suppliers. FSC will not assess the systems in place, this has been now clarified in the draft further.

10. Disclosure procedure: Defining a process to screen applicants

84% of respondents and **87%** of members **supported** the proposal to define a process to screen applicants for conformance with the FSC Policy for Association



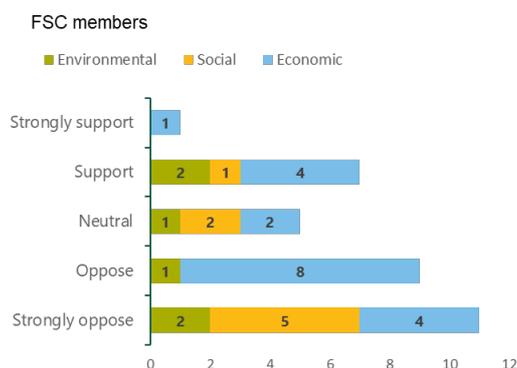
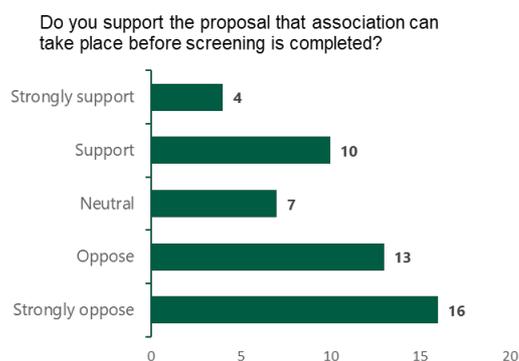
Main reasons to support:

- The proposal better protects FSC's reputation by identifying issues at the outset.
- The time and resources allocated to a screening process is well spent when compared with the implications of processing complaints later.
- Identifies issues before an organization goes through a lengthy certification process.

Main reasons to oppose:

- Effort and bureaucracy disproportionate to the size of the problem. Everyone has to make the effort regardless of the risk they pose.
- FSC is not staffed or positioned to perform this function credibly and consistently
- A self-declaration and commitment to avoid unacceptable activities, alongside the complaint procedure, is sufficient

58% of respondents and **61%** of members **oppose** the proposal that association can take place prior to completion of screening process.



Main reasons to support:

- Too many companies to investigate before joining. This proposal seems a reasonable compromise between caution and risk-based approach.
- Alternative would delay certification be a disincentive for potential certificate holders and members.

Main reasons to oppose:

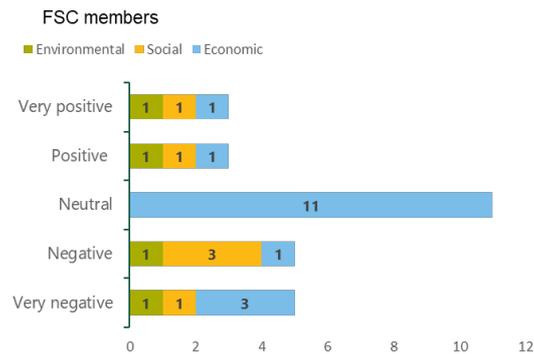
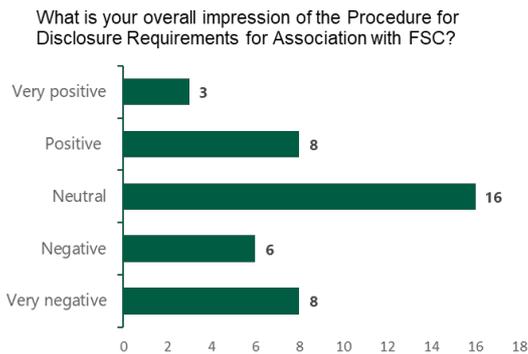
- The risk of reputational damage is only reduced if screening is done prior to association.
- In allowing association before screening is complete, FSC would not fulfil its duty of due diligence.

Proposal summary	TWG assessment
55. Only allow association after screening is complete. Have a rapid process to identify potential problems. If potential problems exist, then association can be delayed while a more detail screening process takes place.	Based on the feedback, the process has been revised so that the screening would take place before association decision.
56. If association can take place before screening is complete, auditors should randomly assess compliance with the PfA.	Auditors were not seen to have a role in the process as PfA main focus is on noncertified operations.
57. Have an independent entity conduct the screening.	First screening should be fully automated, the second part could be done by independent party. This is not defined in the process yet.
58. Integrate the procedure into the PFA.	Procedures are intended as separate documents from policies in the FSC system, with a different function.
59. FSC should assess the accuracy of disclosures of group control. A procedure must define the steps taken by FSC to assess this, including FSC looking for anything in the public domain. The results of this due diligence process for each group must be peer reviewed. Where FSC is not confident it can independently verify ownership, the procedure should define steps for the FSC to hire an auditing firm to conduct a verification	The system is intended to be risk-based. Only if particular risks are identified, further checks would be made. The exact details will be defined in a follow up process.

process.	
60. Provide an estimated timeline for the screening process.	This will be further clarified when the systems to use are defined. The intention is that for vast majority the screening takes place immediately and would not pose any delays.

11. Disclosure procedure: General comments

39% of respondents and 41% of members have a neutral impression of the draft Policy for Association.



Main reasons to support:

- Good compromise between caution and efficiency.
- Cover the important aspects of screening
- Demonstrates FSC is serious about implementing the PfA.

Main reasons to oppose:

- The procedure doesn't describe any criteria to screen other associating parties than organizations.
- The disclosure procedure is still too high level; it should be elaborated into a more stepwise process to be able to provide constructive inputs.
- The concept of pre-screening by staff, with invited external objections is deeply offensive and unnecessarily adversarial.
- It would be better to treat cases as they occur than penalize everyone with "preventive measures" that will not bring practical results.

Proposal summary	TWG assessment
61. FSC should consider separate procedures/processes considering the different types of associations whilst addressing the ultimate objectives: (i) membership/ trademark license; (ii) individual/organisation; (iii) certification	Promotional license holder has a separate process. The overall process for members is also covered in the FSC Statutes with references to PfA. The PfA is considered an umbrella for most types of associations.
62. FSC should be clear as to what sources of information would be used in the screening as currently NGO campaigns	The definition of "substantial information" in the policy provides a baseline for any further investigation triggered by the screening.

seem to grab the attention and belief	
63. Consideration should be given to existing financial reporting/disclosure requirements for all organisations including NPO; NGO's.	FSC acknowledges the feedback and will be following development in this area.
64. FSC must make sure that the policy and procedures applies would not place any financial burdens to members or potential members.	Balancing the burden and risk is a core theme in this development process.