

# WEBINAR: FSC'S POLICY FOR ASSOCIATION VERSION 3

09/11/22 16:00 CET

10/11/22 09:30 CET



# AGENDA



## Topic

- 1 Welcome & Introduction
- 2 Background information
- 3 Key changes



## 2. BACKGROUND INFORMATION



# What is the Policy for Association – and why does it exist?

- A vital tool to **uphold integrity and reputation** of FSC system
- Under the policy, anyone who joins FSC **commits to avoid engaging in destructive activities**, like deforestation or human rights violations
- Where companies act as part of larger corporations, it enables FSC to **act against wrongdoing outside of FSC-certified operations**
- Helps **identify when and where there are severe inconsistencies** in performance



## Why was the Policy for Association revised?

Policy for Association dates back to 2011.

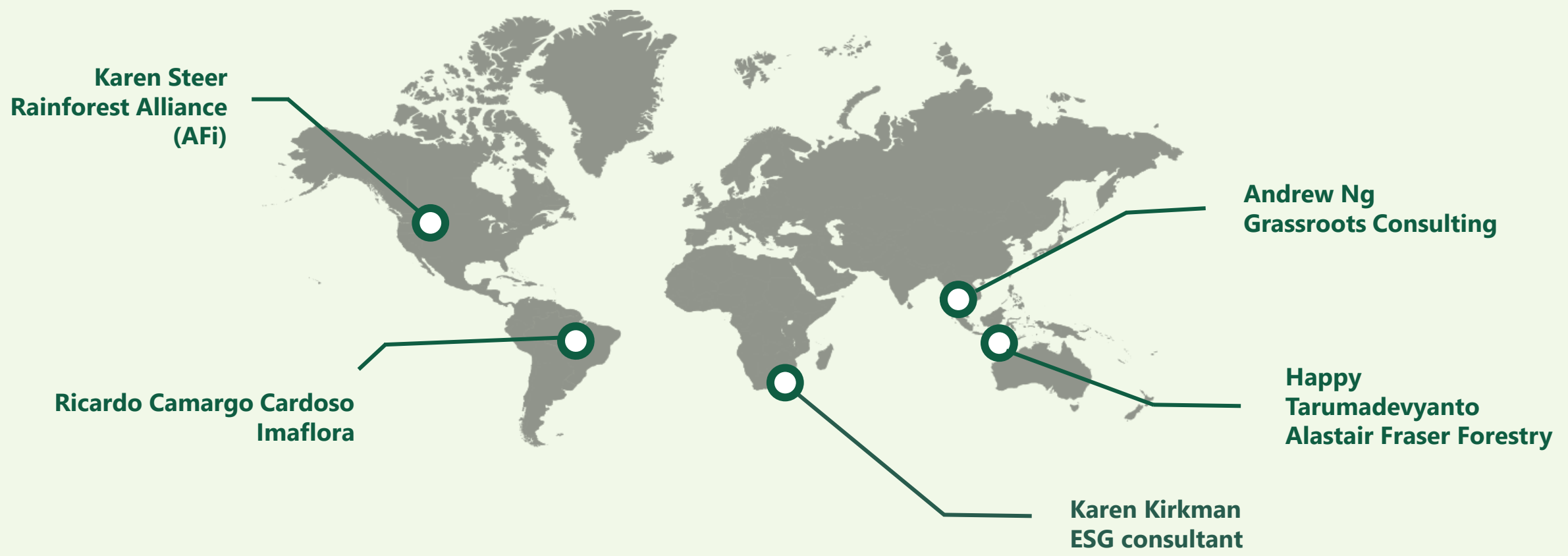
Changing expectations. Need to account for more situations.

Strengthen the scope of responsibility and of the unacceptable activities.

Improve clarity. Align with wider FSC changes.

Make PfA fit for 21st century.

# PfA Technical Working Group



# Revision process in numbers

21

Months was the duration  
of this PfA revision process

35

Technical Working Group  
meetings held

11

Informational webinars

3

Public consultations

332

Respondents in  
consultations

3,829

Responses to questions  
received and analyzed

**Approved by the  
FSC Board of  
Directors in August  
2022.**

Takes effect from  
1 January 2023.





### 3. KEY CHANGES AND THEIR EFFECT



## Key changes introduced by the revised PfA

**Scope of unacceptable activities to  
include forest product sector**

**Conversion of forests as unacceptable  
activity**

**Scope of responsibility from ownership to  
control**

**Screening of organizations applying for  
association**

# Unacceptable activities in PfA V3



Illegal **harvesting** or **illegal trade** in forest products



Violation of **customary** or **human rights** within the forestry or forest products sector



Violation of **workers' rights** and **principles** defined in the **ILO Declaration** on Fundamental Principles and Rights at Work within the forestry or forest products sector



Destruction of **High Conservation Values** in forests or High Conservation Value areas



**Conversion** of natural forest cover



Use of **genetically modified organisms** in forestry operations for any other purposes than research



# Scope of unacceptable activities

The scope of unacceptable activities was expanded to operations in forest products sector as well as forestry operations, thus a **wider range of activities of corporate groups will be covered** across the forest product supply chain.



# Clarification of unacceptable activities

## Alignment and clarification to unacceptable activities

Other changes in unacceptable activities		
Violation of any of the <b>ILO Core Conventions</b>	➡	Violation of <b>worker's rights and principles in ILO Declaration</b> within forestry or forest products sector
Introduction of GMO in forestry operations	➡	Wording updated to align with 2011 interpretation



# Conversion of forests

- Unacceptable activity of conversion of forest cover has been **aligned with FSC's approach on addressing forest conversion**.
- Conversion that was not previously detectable as a violation of the PfA will be considered unacceptable.

## PfA V2 says:

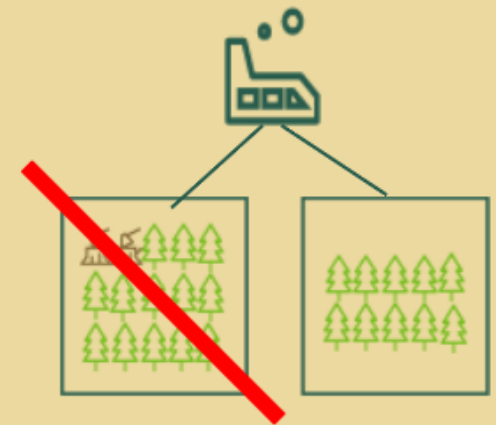
**Significant conversion** may not exceed 10% or 10,000 ha of forests under the organization's responsibility, in the past five years.



Total conversion under the organization's responsibility: 8%.  
This must not exceed 10,000 ha within the past five years.

## PfA V3 says:

**Conversion** of natural forest cover is an unacceptable activity. The term "significant" has been removed.



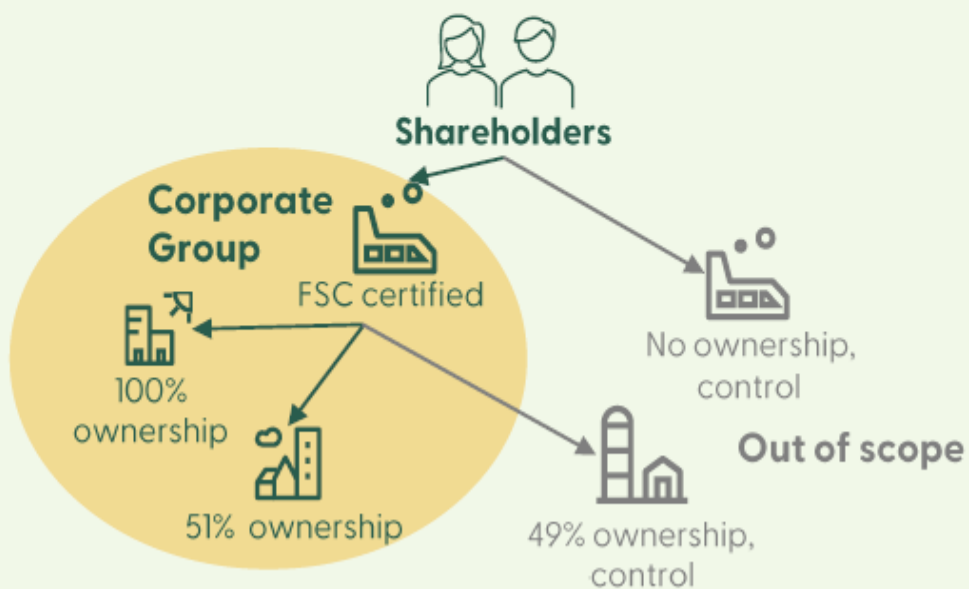
Total conversion in a management unit may not exceed 5%, which may be allowed under the provisions of *minimal conversion*\*.

\*According to FSC's normative framework, up to 5% of conversion is allowed if there is demonstrated social and environmental benefits.

# Defining responsibility

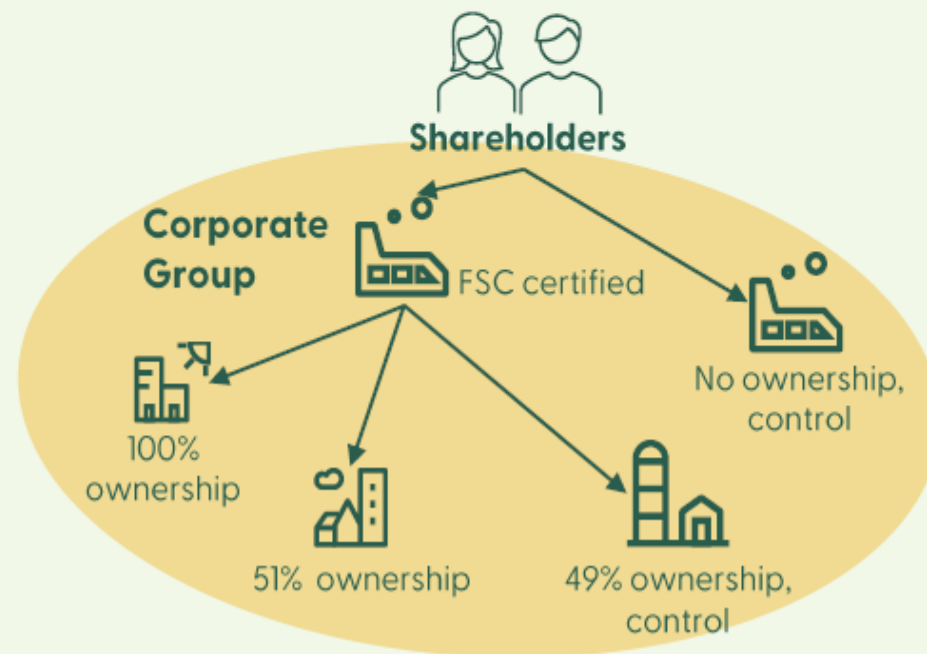
## PfA V2 says:

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



## PfA V3 says:

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.





### Formality of relationship



Is there formal ownership?

### Declared as a group



Has the group publicly declared the companies as linked?

### Family control



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

### Financial control



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

### Management control



Is there extensive overlap in officials between companies?

### Operational control



Are landholdings under a group's operational control?

### Beneficial ownership



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

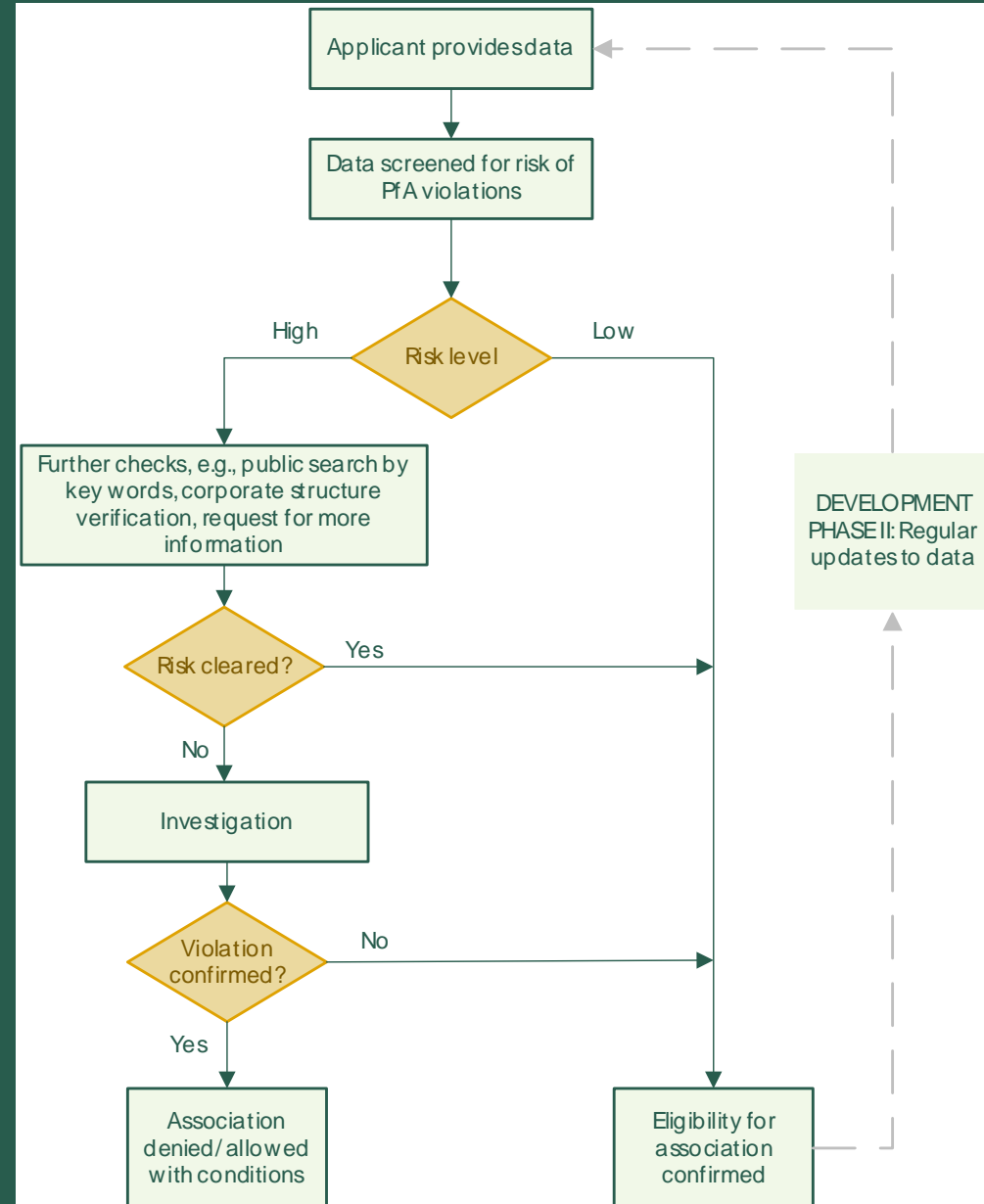
### Shared resources



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

# Screening of organizations

- Organizations will be required to provide information to FSC about corporate structure, areas of operation, status and history of association with FSC, etc.
- An automated information technology tool will be developed for the data collection and analysis to screen organizations.





# IMPLEMENTATION AND TIMELINES



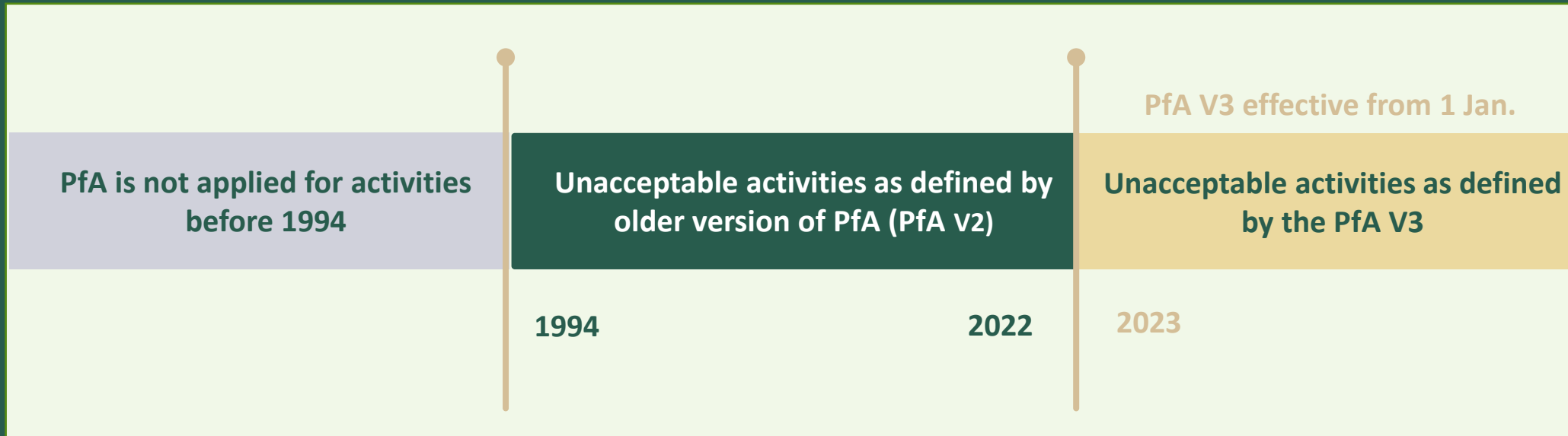
# Mechanisms to implement the revised PfA

<b>Disclosure requirements</b>	<ul style="list-style-type: none"><li>• Procedure for screening organizations that join FSC for compliance with PfA.</li><li>• Describes objectives, general approach, and kind of information organizations need to share.</li></ul>
<b>Processing FSC Policy for Association Complaints</b>	<ul style="list-style-type: none"><li>• Procedure for responding to breaches of the Policy for Association.</li><li>• Sets out the principles and the process to address allegations and complaints about PfA violations: how allegations are assessed, different tools to resolve the issues and roles and responsibilities from the submission to decision making.</li></ul>
<b>FSC Remedy Framework</b>	<ul style="list-style-type: none"><li>• Framework defines the process and requirements for remedy and organizational improvements to end disassociation or become eligible for association with FSC.</li><li>• FSC Remedy Framework covers remedial action for the unacceptable activities included in Policy for Association.</li></ul>

# Effective date of 1 January 2023 for Policy for Association

PfA V3 is effective from 1 January 2023 and will be used to assess activities from that time on.

PfA V2 is used for assessing any activities before that time. The determining factor is when the activities took place.





## Effective Date of 1 July 2023 for following:



- 1) Screening tool for organizations applying for association with FSC
- 2) Remedy Framework for PfA V2
- 3) Remedy Framework for PfA V3

# Thank you



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