



FSC US Controlled Wood National Risk Assessment

May 30, 2019

Copyright © 2019 FSC US. All Rights Reserved.

1

Antitrust Statement



As participants in this meeting, we need to be mindful of the constraints of antitrust laws. There shall be no discussions of agreements or concerted actions that may restrain competition. This prohibition includes the exchange of information concerning individual prices, rates, market practices, or any other competitive aspect of an individual company's operation. Each participant is obligated to speak up immediately for the purpose of preventing any discussion falling outside these bounds.

Copyright © 2019 FSC US. All Rights Reserved.

2

Roles for Today



- Presenter—Amy Clark Eagle, FSC US
- Support & Questions—Jenny Anderson, FSC US

Copyright © 2019 FSC US. All Rights Reserved.

3

Today's Objectives



- Overview of NRA implementation in the US
- Guidance & clarifications
- Q & A

Copyright © 2019 FSC US. All Rights Reserved.

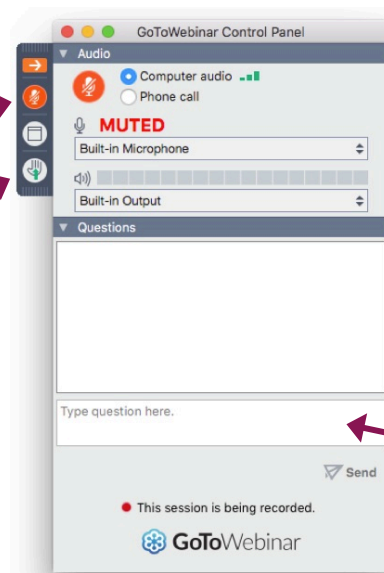
4

Go-To-Meeting



Mute/Unmute

'Raise Hand'



Type Questions

Copyright © 2019 FSC US. All Rights Reserved.

5

Abbreviations



- NRA—National Risk Assessment
- DDS—Due Diligence System
- CH—Certificate Holder
- CB—Certification Body (auditor)
- CRA—Company Risk Assessment
- ECRA—Extended Company Risk Assessment
- HCV—High Conservation Value
- PSU—Performance & Standards Unit (of FSC International)

Copyright © 2019 FSC US. All Rights Reserved.

6

Overview



- Timelines
- What does the Controlled Wood Standard require?
- How is the US Approach Different?
- Controlled Wood Regional Meeting Report (Mitigation Options)
- FSC US support for certificate holders
- Looking forward

Copyright © 2019 FSC US. All Rights Reserved.

7

TIMELINES



FSC US Controlled Wood National Risk Assessment



Conterminous U.S.

Approved: April 5 2019

Alaska & Hawaii

By End of 2019

Copyright © 2019 FSC US. All Rights Reserved.

9

Conterminous US, By October 5:



- Company Risk Assessment may be used through October 5
- BUT by October 5, DDS must be updated to incorporate NRA
- Including mitigation implementation
- Extra audit NOT REQUIRED

Copyright © 2019 FSC US. All Rights Reserved.

10

Audits During 6-Month Transition Period



- May be audited to either Company Risk Assessment or US NRA
- If CRA, all normal requirements apply (review, revision, etc.)
- If US NRA, full incorporation into DDS expected (including mitigation)

Copyright © 2019 FSC US. All Rights Reserved.

11

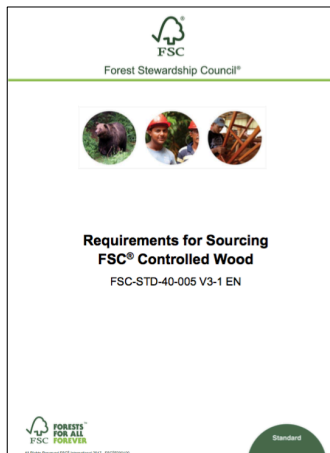
Alaska/Hawaii



- Expanded US NRA will not be available by June 30
- Extended Company Risk Assessment required beginning July 1
- FSC US will share sources and draft text to support ECRA development
- ECRA are CB-approved, not FSC-approved

Copyright © 2019 FSC US. All Rights Reserved.

12

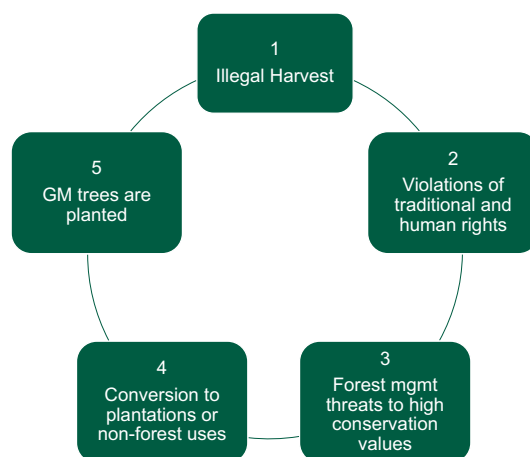


(Click on image for link to document source)

WHAT DOES THE CW STANDARD REQUIRE?

***NOTE:** Remainder of presentation specific to the approved NRA for the Conterminous US*

Due Diligence System



Information gathering

Risk assessment

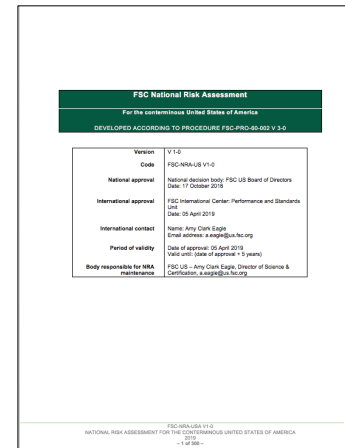
Risk mitigation

(Annual review & internal audits of DDS required)

Information Gathering



- NRA expected to be primary source of information



(Click on image for link to document source)

Copyright © 2019 FSC US. All Rights Reserved.

15



LOW RISK
(Entire Assessment Area)



LOW RISK (Partial)



LOW RISK (Partial)

HCV 2 – Landscape Level Ecosystems
HCV 4 – Critical Ecosystem Services
HCV 5 – Community Needs
HCV 6 – Cultural & Sacred Sites



Copyright © 2019 FSC US. All Rights Reserved.

16

3
Forest mgmt
threats to high
conservation
values

→ **SPECIFIED RISK (Partial)**

HCV 1 – Concentrations of Biodiversity

- Critical Biodiversity Areas
- Species

HCV 3 – Rare Ecosystems & Habitats

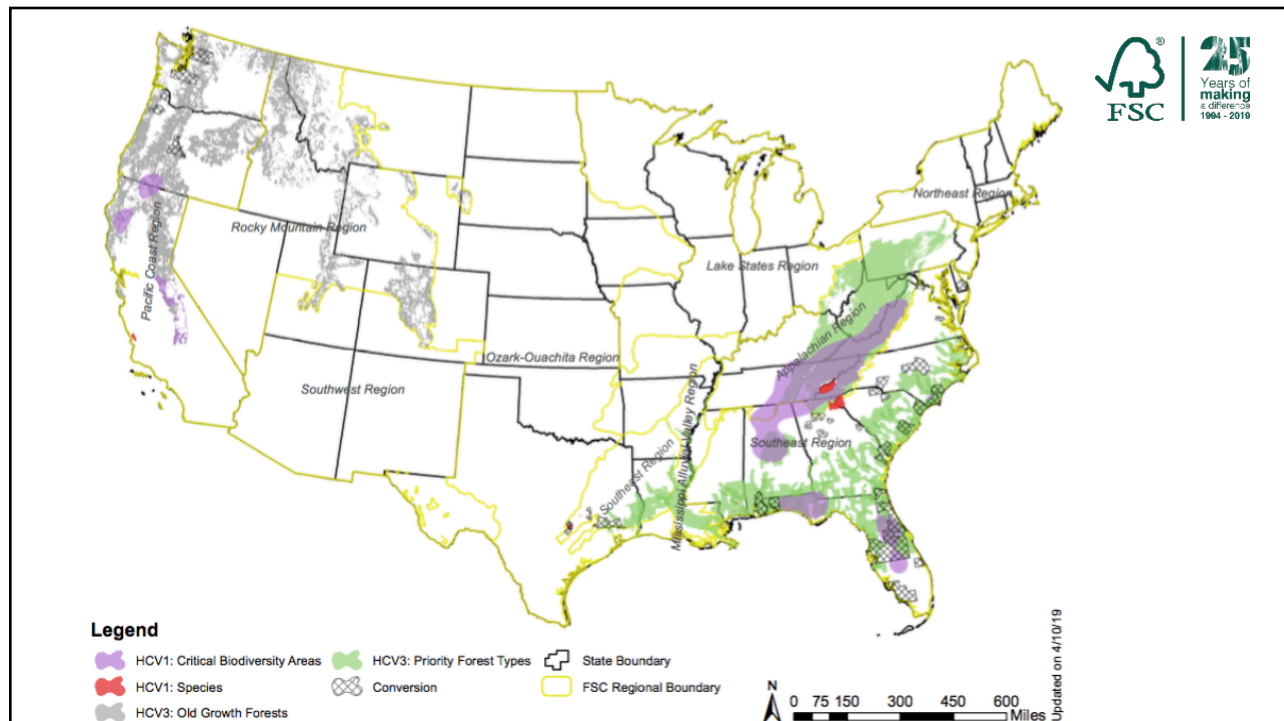
4
Conversion to
plantations or
non-forest uses

→ **SPECIFIED RISK (Partial)**



Copyright © 2019 FSC US. All Rights Reserved.

17



Information Gathering



- NRA expected to be primary source of information
- Information required listed in Clause 2.1, including:
 - Applicable risk assessment
 - Evidence of origin (at scale relevant to risk assessment)
 - Information about supply chains (at scale relevant to risk assessment)

Copyright © 2019 FSC US. All Rights Reserved.

19

Information Gathering for US NRA Low Risk Areas



- CH not required to solicit additional information beyond NRA
- But if CH has information from other sources, should be considered in DDS
- CBs not required to complete stakeholder consultation for audit

Copyright © 2019 FSC US. All Rights Reserved.

20

Assessing Risk



- Assess risk of origin
- Assess risk of mixing in non-eligible materials (i.e., unexpected materials from places not addressed through above bullet)
- Per Clause 3.6, use of FSC risk assessment not required, if:
 - Previously carried FSC 100% or Controlled Wood claim,
And
 - Evidence of no mixing with non-eligible inputs

Copyright © 2019 FSC US. All Rights Reserved.

21

Assessing Risk for US NRA Low Risk Areas



- If CH has pertinent information about risk, may not ignore it
- Low Risk ≠ No Risk
- When CH has specific information about material origin, it may not knowingly use 'unacceptable materials' in FSC products

Copyright © 2019 FSC US. All Rights Reserved.

22

Mitigating Risk



- If risk identified, CH must implement control measures to avoid or mitigate
- Standard requires that control measures are "adequate"
 - CH sourcing from US specified risk areas using mandatory control measures:
 - FSC US documenting effectiveness of mandatory control measures
 - CH only needs to document implementation of the control measure
 - CH sourcing from low risk areas or using other control measures still responsible for documenting effectiveness of control measures

Copyright © 2019 FSC US. All Rights Reserved.

23

Mitigating Risk in US NRA Low Risk Areas



- If mitigation is needed, CH responsible for establishing control measures
- May draw from NRAs, Forest Management standards, etc.
- Additional requirements for CH-established control measures

NOTE: CH responsible for documenting effectiveness of control measures

Copyright © 2019 FSC US. All Rights Reserved.

24

Mitigating Risk in US NRA Specified Risk Areas



- Mandatory control measures established in US NRA
- One option for Category 3; Two options for Category 4
- Clause 4.13 allows CH to replace mandatory control measures, if:
 - Mandatory control measures are inadequate for CH's specific operations
 - CB approves replacement as sufficient to mitigate risk
 - Description of and rationale for replacement is forwarded to FSC US

NOTE: CH responsible for documenting effectiveness of replacement

Copyright © 2019 FSC US. All Rights Reserved.

25

HOW IS THE US APPROACH DIFFERENT?



The US Context is Different



- Individual HCV sites and conversion sites are not always mapped
- Companies are not always able to identify individual source forests
- Information sharing is limited by antitrust concerns

SOLUTION: Landscape scale risk designation, mitigation & effectiveness verification

Copyright © 2019 FSC US. All Rights Reserved.

27

The Premise



- Avoidance is often not an option, nor is 'traditional' FSC mitigation
- Collective CH mitigation efforts focused on limited options with common desired outcomes will achieve landscape-scale change over time
- Reducing the frequency and severity of undesirable activities will lower the risk of receiving materials from these places

Copyright © 2019 FSC US. All Rights Reserved.

28

Components



- Mandatory Control Measures in US NRA
- Controlled Wood Regional Meetings
- Advice Note #24
- FSC US Monitoring & Evaluation Plan (i.e., effectiveness verification)

Copyright © 2019 FSC US. All Rights Reserved.

29

Control Measures



Categories 3 & 4:

1. Attend regional meeting(s) or be knowledgeable of meeting reports
2. Implement one or more mitigation options for each specified risk area from which materials are sourced

Category 4 alternate option:

1. Establish binding written agreements with suppliers to mitigate risk or assure that conversions were limited and legal, and did not threaten HCVs
2. Implement one or more mitigation options for Conversion

Copyright © 2019 FSC US. All Rights Reserved.

30

Controlled Wood Regional Meetings



- Three in-person meetings in 2018 (along with webinars & online forum)
- Informed consultation process
- Certificate holders, suppliers, customers, experts, other stakeholders
- Shared criteria for mitigation options
- Collaborative identification of effective & practical mitigation options

Copyright © 2019 FSC US. All Rights Reserved.

31

Controlled Wood Regional Meeting Reports (Required Elements)



1. Summary of information communicated in advance of regional meetings
2. Regional meeting outcomes (i.e., mitigation options)
3. Information requests to augment mitigation effectiveness verification

Copyright © 2019 FSC US. All Rights Reserved.

32

Advice Note #24 – Specific to US NRA



- CBs shall verify implementation of mandatory control measures
- CBs are not required to verify the effectiveness of those actions
- CBs shall inform PSU and FSC US of any critical gaps in risk mitigation

FSC US will be responsible for effectiveness verification

Copyright © 2019 FSC US. All Rights Reserved.

33

Monitoring & Evaluation Plan



- 2 Objectives:
 - Demonstrate reduction in risk (i.e., effective mitigation)
 - Demonstrate association between risk reduction and implemented mitigation
- Consultant identified for development
- Metrics/measures to be monitored by FSC US
- Information from CH will augment FSC US effectiveness evaluation

Copyright © 2019 FSC US. All Rights Reserved.

34

FSC US Controlled Wood Regional Meeting Report
SOUTHEAST & MISSISSIPPI ALLUVIAL VALLEY REGIONS:
Atlanta, GA – July 31, 2019

Table of Contents

Executive Summary	2
Background	2
Function of the Controlled Wood Regional Meetings	2
Mitigation Option Development Process	3
Regional Meeting & Final Consultation Outputs	4
Mitigation Option Shared Criteria	4
Mitigation Options	5
Mitigation Option Final Consultation Timeline Feedback	6
Next Steps	7
Guidance for Certificate Holders & Certification Bodies	7
Metrics for Effectiveness Verification	7
Collection & Communication with Certification Bodies	8
Adaptive Management	8
Implementing Control Measures & Mitigation Options	8
Decision Tree for Considering Risk Associated with the Origin of Material	8
Considerations for Selecting a Mitigation Option	10
Mitigation Matrix	10
Regional Meeting Outcomes: Specified Risk Topics & Final Mitigation Options	11
HCV 1: Core Forest Arch Critical Biodiversity Area	11
HCV 1: Central Florida Critical Biodiversity Area	15
HCV 1: Florida Panhandle Critical Biodiversity Area	19
HCV 1: Southern Appalachian Critical Biodiversity Area	22
HCV 1: Double-Header Trng	26
HCV 1: Houston Trng	29
HCV 1: Patch-Head Submitter	30
HCV 1: Late Successional Bottomland Hardwoods	35
HCV 1: Native Longleaf Pine Systems	40
Category 4: Forest Conversion	46
Annex 1 – Participants	52
Annex 2 – Mitigation Options by Specified Risk Topic	53
Annex 3 – Specified Risk Overview Documents	76

FSC US Controlled Wood Regional Meeting Report ATLANTA
42019

CONTROLLED WOOD REGIONAL MEETING REPORTS

(Click on image for link to document source)

Regional Meeting Reports

- Executive Summary
- Background – purpose and process
- Regional Meeting & Final Consultation Outputs – summary results
- Next Steps – emphasis on adaptive management
- Implementing Control Measures & Mitigation Options
- Regional Meeting Outcomes – including feedback and how used
- Annexes – participants, ‘clean’ mitigation options, overview documents

Regional Meeting Reports



- Executive Summary
- Background – purpose and process
- Regional Meeting & Final Consultation Outputs – summary results
- Next Steps – emphasis on adaptive management
- **Implementing Control Measures & Mitigation Options**
- Regional Meeting Outcomes – including feedback and how used
- Annexes – participants, ‘clean’ mitigation options, overview documents

Copyright © 2019 FSC US. All Rights Reserved.

37

Mitigation Options



- Primary Criteria: effective & practical
- Reflect a diversity of locations in supply chain
- Reflect a diversity of levels of mitigation needed
- Consistency across regions, but customized to specific context and inputs
- Intent statement included for each

Copyright © 2019 FSC US. All Rights Reserved.

38

Mitigation Options (Summary)

CW REGIONAL MEETING	SPECIFIED RISK TOPIC	CENTRAL THEME	Education & Outreach	Procurement Policy	Research & Mapping	Conservation Initiatives	Planning	Implement Mgmt Activities	Staff/Forester Training	Landowner Incentives	Direct Influence	BMP Monitoring	Cape Fear Arch Cons. Collab.
Asheville	Central Appalachian CBA		X		X	X					X	X	
	<u>Cheoah</u> Bald Salamander		X	X	X	X	X				X		
	<u>Mesophytic</u> Cove Sites		X		X				X				
Atlanta	Cape Fear Arch CBA		X	X		X							X
	Central Florida CBA		X	X		X		X					
	Conversion (Atlanta & Portland)		X	X	X	X	X						
	Dusky Gopher Frog		X	X	X			X					
	Florida Panhandle CBA		X		X	X							
	Houston Toad		X	X	X			X					
	Late-Successional Rot Hardwoods		X	X	X			X		X			



39

Decisions Required for Mitigation



Are you sourcing from a specified risk area?

- Document source area
- Specified risk area maps available online, spatial data available on request
- Document rationale for decision

Copyright © 2019 FSC US. All Rights Reserved.

40

Decisions Required for Mitigation



Which control measure?

- Mandatory control measure: CM 3.1, CM 4.1, CM 4.2
- CH-established control measure (per Clause 4.13)

Copyright © 2019 FSC US. All Rights Reserved.

41

Decisions Required for Mitigation

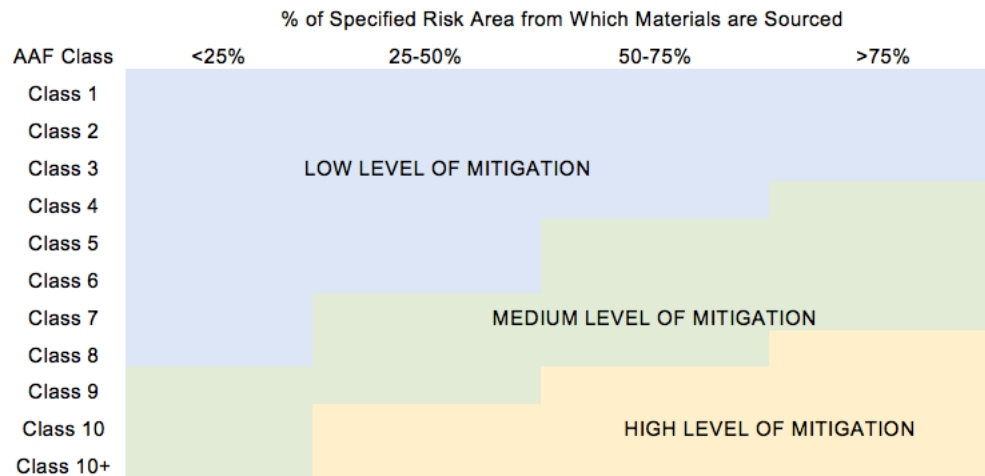


What level of mitigation is required?

- Control measure indicates mitigation will be commensurate with the level of impact (and risk)
- Reference Mitigation Level Matrix
- Document rationale for decision

Copyright © 2019 FSC US. All Rights Reserved.

42



Copyright © 2019 FSC US. All Rights Reserved.

43

Decisions Required for Mitigation

Which mitigation option(s) and, if needed, how will you scale it?

- Mitigation option table for quick review of options
- Mitigation options customized for risk topic and region
- For higher levels of mitigation – multiple options or one implemented to achieve a higher level of impact?
- Document rationale for decision about scaling

Copyright © 2019 FSC US. All Rights Reserved.

44

Decisions Required for Mitigation



Are you sourcing from other specified risk areas?

- Mitigation required for each specified risk area from a CH sources
- Mitigation options may be similar or different

Copyright © 2019 FSC US. All Rights Reserved.

45

FSC US Certificate Holder Support



- Guidance coming soon – Q&A, 'Baseline Expectations'
- CB calibration ongoing
- CH meetings this summer

Copyright © 2019 FSC US. All Rights Reserved.

46

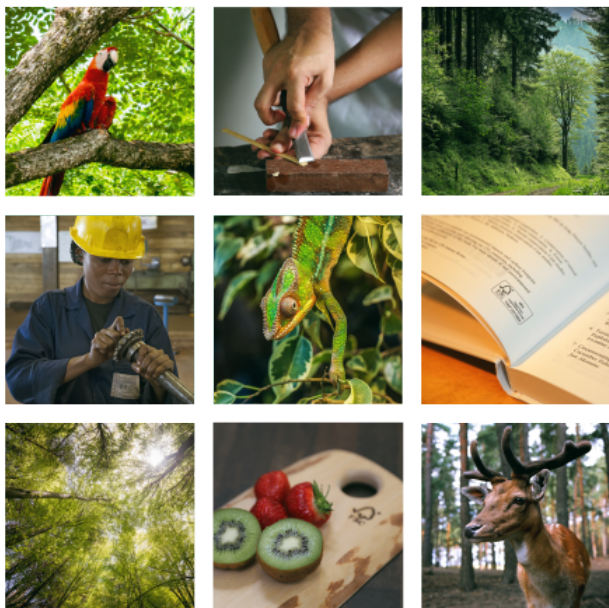
Looking Forward



- Potential check-in with CH next summer (2020)
- 2nd round of Controlled Wood Regional Meetings in 2021 (following FSC US effectiveness assessment)
- Adapt & revise NRA and overall approach, as indicated by new information

Copyright © 2019 FSC US. All Rights Reserved.

47



THANK YOU!

Amy Clark Eagle

- Phone: 612-214-6571
- E-Mail: a.eagle@us.fsc.org