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.
Roles for Today

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

Today’s Objectives

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

Mute/Unmute

‘Raise Hand’

Type Questions

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)
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
## Conterminous U.S.

**Approved:** April 5 2019

- 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**

## Alaska & Hawaii

By End of 2019

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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)

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
WHAT DOES THE CW STANDARD REQUIRE?

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

Due Diligence System

1. Illegal Harvest
2. Violations of traditional and human rights
3. Forest mgmt threats to high conservation values
4. Conversion to plantations or non-forest uses
5. GM trees are planted

Information gathering
Risk assessment
Risk mitigation

(Annual review & internal audits of DDS required)
Information Gathering

- NRA expected to be primary source of information

1. Illegal Harvest
2. Violations of traditional and human rights
3. GM trees are planted
4. Conversion to plantations or non-forest uses

LOW RISK
(Entire Assessment Area)

LOW RISK (Partial)

3. Forest mgmt threats to high conservation values

LOW RISK (Partial)

HCV 2 – Landscape Level Ecosystems
HCV 4 – Critical Ecosystem Services
HCV 5 – Community Needs
HCV 6 – Cultural & Sacred Sites
3 Forest management threats to high conservation values

SPECIFIED RISK (Partial)

HCV 1 – Concentrations of Biodiversity
  o Critical Biodiversity Areas
  o Species

HCV 3 – Rare Ecosystems & Habitats

4 Conversion to plantations or non-forest uses

SPECIFIED RISK (Partial)
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)

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
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

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
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:
    o FSC US documenting **effectiveness** of mandatory control measures
    o 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

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
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

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

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
Components

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

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
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

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
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

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
CONTROLLED WOOD
REGIONAL MEETING REPORTS

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

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
### Mitigation Options (Summary)

<table>
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<th>SPECIFIED RISK TOPIC</th>
<th>CENTRAL THEME</th>
<th>Conservation Initiatives</th>
<th>Planning</th>
<th>Implement Mgmt Activities</th>
<th>Staff/Forester Training</th>
<th>Landowner Incentives</th>
<th>Direct Influence</th>
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</table>

### 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
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)

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
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
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

FSC US Certificate Holder Support

• Guidance coming soon – Q&A, ‘Baseline Expectations’
• CB calibration ongoing
• CH meetings this summer
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

THANK YOU!

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