

# FSC General Assembly 2017

## Briefing Note for Forestry Investors

The Forest Stewardship Council (FSC®)<sup>1</sup> General Assembly convened in October 2017 in Vancouver, Canada for a week of strategic planning, debate, and voting, with over 700 delegates from more than 80 countries participating to shape the future of responsible forest management.

This briefing note provides an update on some of the key discussion areas and outcomes from the FSC General Assembly (FSC GA), focusing on issue areas that New Forests believes may present either challenges or opportunities for forestry investment in the Asia-Pacific region and United States. New Forests attended the FSC GA as well as contributed to regional and issue-specific preparatory meetings in 2016 and 2017.

## Motions – The Outcomes

A key component of the FSC GA is the member debate and vote on motions that have been prepared by the membership. The FSC includes three chambers of membership (economic, environmental, and social), and each chamber coordinates their motions through a development process leading up to the FSC GA. In-person debates of the motions take place allowing participation from all chambers before a vote. In total, 15 motions were successfully passed, and 20 were rejected.<sup>2</sup> This briefing note focuses on the motions and side events that New Forests believes are most material to sustainable forestry investments as well for ensuring the relevance of FSC certification for timberland investment.

### Motion 7 – (Forest Conversion & the Ownership Loophole)<sup>3</sup>

Motion 7 was proposed by a working group formed to address Motion 12 from the 2014 General Assembly. Motion 12 (2014) aimed to fast track the FSC review of the policy in relation to plantations. The main problem has been the practical implications of the cutoff date for forest conversion, known as the “1994 rule,” which is based on the FSC’s year of establishment. The 1994 rule prohibits a company from being FSC certified if it converted forest land to another land use after 1994.

<sup>1</sup> New Forests is FSC® non-certificate licence holder FSC-N002114. FSC is not responsible for and does not endorse any financial claims on returns on investments.

<sup>2</sup> A summary of the motions and outcomes is available at: <https://ga2017.fsc.org/motions-outcome/>

<sup>3</sup> Motion 7 is available at: <https://ga2017.fsc.org/wp-content/uploads/2017/04/07-EN-Amended-P-Final.pdf>

New Forests believes the FSC system should encourage responsible forest management in plantations, and so we have been active stakeholders in relation to the 1994 rule. In particular, New Forests has promoted the inclusion of restoration activities as a possible means to increase participation in the FSC system at the FSC GAs in 2011 and 2014 as well as through activities between the assemblies. In September 2017, New Forests supported the Motion 12 working group meeting in its desktop assessment of its proposed changes to the Principles and Criteria.

The desktop assessment and working group meeting were productive and led the group to a consensus view for the wording of the new 2017 motion on the matter. This included the real-world inputs from desktop analysis of case studies, including from two New Forests investments. Unfortunately, the consensus view of the working group was not reflected in the final Motion 7 that was ultimately passed by member vote at the GA. The Motion 7 was effectively diluted and lost the concrete policy recommendations that had been developed by the working group. The final Motion 7<sup>4</sup> simply sought recognition of the strategic importance of addressing the issue and requested FSC put in place a mechanism to develop a holistic policy considering compensation for past conversion. In other words, the membership agreed that FSC should continue to develop policy around the 1994 rule and no immediate changes were made to current rules.

## Motion 56 - Controlled Wood & National Risk Assessments

Controlled Wood (CW) refers to wood material that does not come from unacceptable sources and ensures that products containing an FSC label are responsibly sourced. The CW system includes a standard for sourcing and a standard for forest management enterprises. Motion 56 combined four original motions, and stated that the current standard, FSC STD 40 005 V 3.1 EN (Requirements for Sourcing FSC Controlled Wood), should be fully implemented as written, but that a full review of the CW strategy should be undertaken. The review should consider all options, including a phase out of the CW program, and should be informed by data collection that can contribute to a CW strategy.

The success of this motion will not introduce any immediate changes to the implementation of the new CW standards. This year, FSC Australia has been working to develop a centralised national risk assessment (CNRA) for the CW standard. The CNRA is conducted by outsourcing the assessments according to one of the five CW categories to external experts having a strong background and experience in areas relevant to the CW categories. For Australia, a CNRA will be developed for Category 3 (Wood from forests in which High Conservation Values are threatened by management activities) and Category 4 (Wood from forests in which genetically modified trees are planted).

## Pesticide Working Group

The pesticide working group is tasked with identifying the best feasible approach to reduce the use of chemical pesticides in FSC certified forests and plantations. The revised policy takes a risk-based approach to using pesticides that looks at the toxicity level of an active ingredient in the pesticide and how it is used to determine its level of risk. Some pesticides are still banned altogether but others can be used after considering the environmental and social impacts, through a risk assessment and after ensuing mitigation measure are in place. The working group and technical experts used their side event at the GA to discuss with members the risk-based approach to the pesticides policy. Public consultation for Draft 2 of the revised FSC pesticides policy is anticipated to occur in the first half of 2018.

## Motion 27 - Animal Welfare

Motion 27 was proposed by the non-profit organisation Born Free regarding animal welfare in forestry operations. New Forests participated in negotiations with the proponents in order to understand their concerns, simplify the motion, and reduce potentially onerous requirements on organisations. The original motion was improved through this informal consultation and

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<sup>4</sup> <https://ga2017.fsc.org/wp-content/uploads/2017/04/07-EN-Amended-P-Final.pdf>

negotiation, which provided the opportunity to explain to the proponent some of the key animal welfare issues in Australia. There was general concern, particularly from economic chamber members, about the wide-ranging nature of the motion and how it would be applied in a wide variety of contexts globally, and ultimately Motion 27 did not pass.

## Australian National Standard – Update

The final draft of the Australian National Standard was endorsed by the FSC Australia Board and submitted to FSC international for approval in late 2016. The standard is still awaiting final approval and launch, which are anticipated in mid 2018. Following the approval of the new Australian Standard, all currently certified assets will be required to be audited to the 5 of the FSC Principles and Criteria for their next surveillance audit. This includes all New Forests' Australian plantations. A key change with the use of the new standard will be the allowable reversion from plantations back to agricultural uses (if the properties were agriculture prior to plantation establishment). This will support the rationalization of marginal plantation areas to higher and better uses in pasture and cropping enterprises.

## Conclusions

All of New Forests' investments are subject to third-party certification requirements, which provide transparent and reliable verification of responsible management practices. FSC is a critical component of our certification program because it has demonstrated value as a tool for improving forest management, is internationally recognised, and in many cases presents marketing and price benefits that add value. FSC is a member-driven organisation, and New Forests values the opportunity to be an active member with other stakeholders seeking to enhance responsible forest management practice and outcomes.

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