

FSC MIX FUTURE RISK ASSESSMENT  
STRATEGIC PLAN CW  
ENVIRONMENTAL BENEFITS  
SMALLHOLDERS  
2020 OBJECTIVE  
ENVIRONMENTAL BENEFITS  
PRODUCTS ECONOMIC BENEFITS  
FSC 100%  
DUE DILIGENCE SYSTEM FOREST

# CONTROLLED wood?

FUTURE STRATEGIC PLAN  
FSC MIX ENVIRONMENTAL  
DUE DILIGENCE SYSTEM BENEFITS  
FOREST CW ECONOMIC  
UNNACCEPTABLE SOURCES  
MIX PRODUCTS  
SMALLHOLDERS CHALLENGES  
2020 ENVIRONMENTAL  
DUE DILIGENCE SYSTEM RISK ASSESSMENT  
OBJECTIVE STRATEGIC PLAN WOOD  
FSC SOCIAL 2020 OBJECTIVE  
CERTIFICATION  
SYSTEM DUE DILIGENCE SYSTEM  
UNNACCEPTABLE SOURCES FSC MIX  
SMALLHOLDERS  
SOCIAL RISK ASSESSMENT  
ENVIRONMENTAL BENEFITS

# LOOKING AT THE FUTURE OF FSC® MIX PRODUCTS

## FSC LABELS

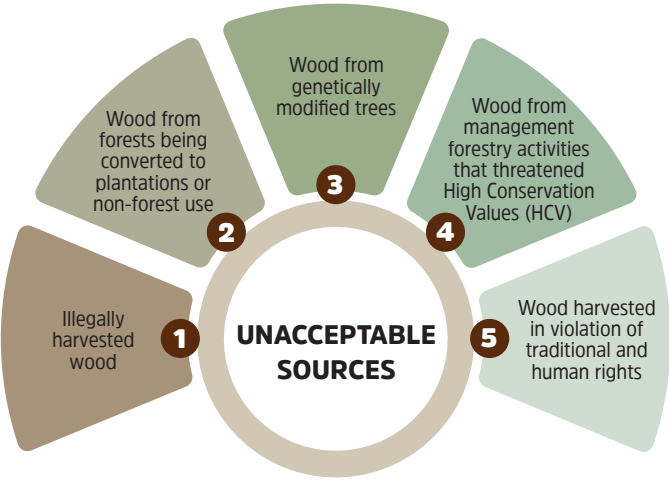
The Forest Stewardship Council® (FSC) has three main labels that can be found on certified products:



Whichever FSC label a product carries, it assures it has met several requirements to prevent undesirable impacts in the forests, biodiversity and people who depend on these forests for their livelihood. Buying these products consumers encourage sustainable forest management.

## What is controlled wood?

CW is timber produced and harvested in a way that meets several requirements which go beyond national legislation and can be mixed with FSC certified wood to produce FSC MIX products. The requirements and procedures are set in the CW standard and assure that the wood does not come from unacceptable sources, which include:



### CW standards:

- Requirements for sourcing FSC Controlled Wood (FSC-STD-40-005): applied by FSC Chain of Custody (CoC) certified companies to ensure materials without a FSC claim do not come from unacceptable sources. **Applied by 4110 CoC certificate holders<sup>2</sup>**
- FSC Controlled Wood standard for forest management enterprises (FSC-STD-30-010): applied by forest managers who want to provide evidence that their materials do not come from unacceptable sources and thus can be supplied as FSC CW. **44 certificate holders worldwide<sup>2</sup>**

**Volume of CW is estimated to be 42% of the global commercial round wood<sup>3</sup>.**

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# HOW COMPANIES ENSURE THEIR WOOD DOES NOT COME FROM UNACCEPTABLE SOURCES?

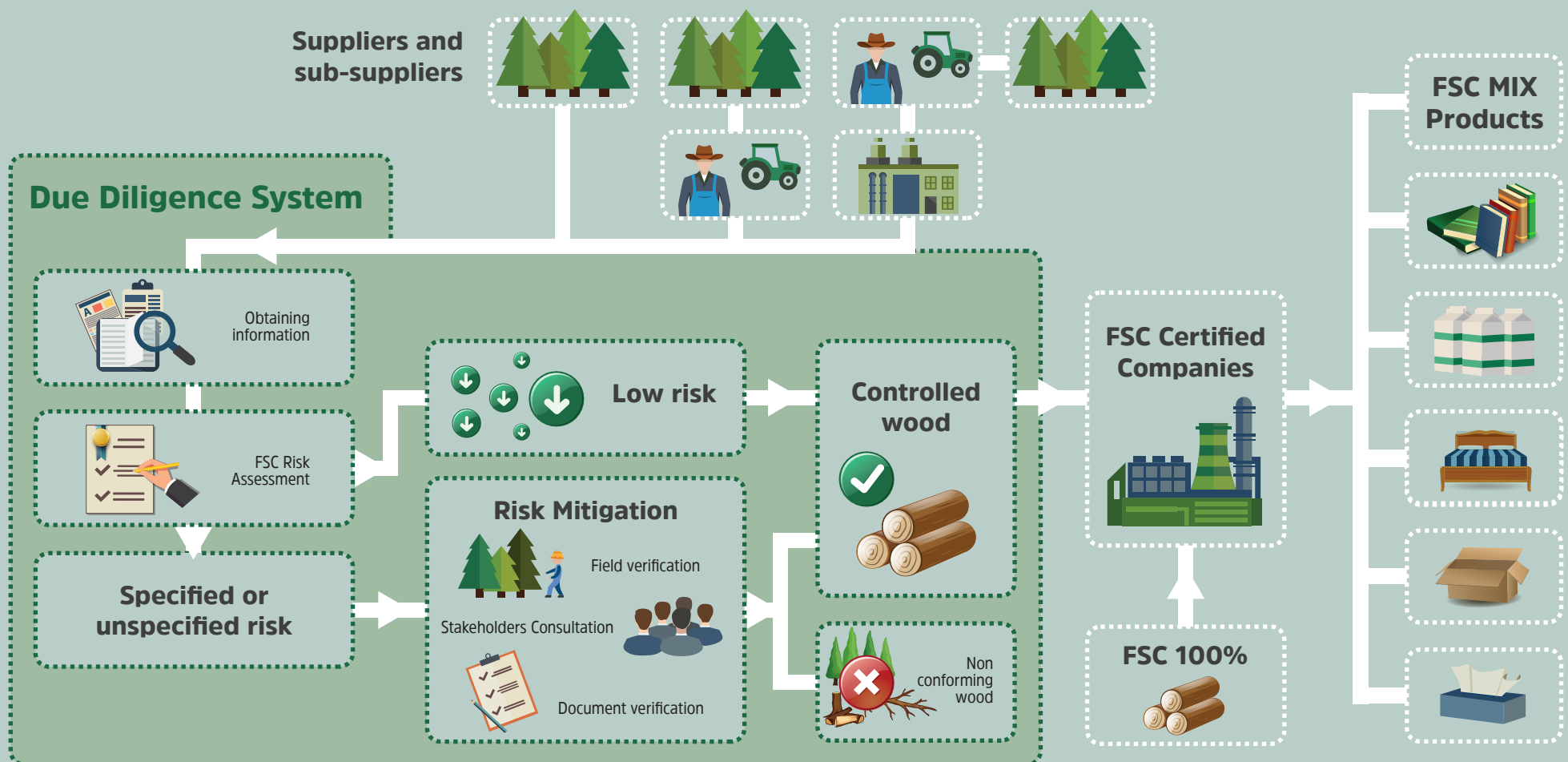
The Due Diligence System (DDS) checks the origin and the supply chain of non-certified materials to assure it does not come from unacceptable sources, following three steps:

- **Obtaining information:** looking at the entire supply chain to identify unacceptable situations or processes. Some of the aspects checked are: land ownership documentation, registration of use of Personal Protective Equipment, employment contracts, registration of trainings, results from public consultation and geo-referencing data analysis.
- **Risk Assessment:** based on the information gathered, the certificate holder shall use the applicable FSC Risk Assessment to determine the risk of the material for each of the five unacceptable sources. If the risk is low the material can be mixed with FSC certified wood.
- **Risk Mitigation:** if the risk is specified or unspecified the certificate holder must apply the control measures, which often include stakeholder consultation, field verification (sampling based) and document verifications. If control measures cannot prevent the risks, the material cannot be mixed into a FSC certified supply chain.

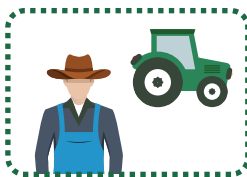
Independent certification bodies verify all steps of the DDS, including through field verifications, by sampling.

## Challenges in sourcing FSC 100% materials

- Limited demand for FSC 100% in many regions of the world;
- FSC Principles and Criteria are complex, dynamic and demand significant amounts of resources to be implemented;
- Getting and maintaining certification is costly and of high complexity, particularly to smallholders. SLIMF standard (Small and Low Intensity Managed Forests) was created to allow smallholders within the system, however only a minimal percentage is certified against this standard. Thus CW is the most effective way smallholders can engage in the certified chain;
- Some forests cannot reach FSC certification due to reasons that are not under the organization's control, such as conversion.



## Who relies on CW?



Smallholders supply 50% of the CW to the FSC system. This is a reality both in developed and developing countries<sup>3</sup>. In Latin America, 85% of CW suppliers are smallholders<sup>4</sup> and in Finland, for instance, 66% of CW material come from smallholders.



The top 3 regions that rely on CW are North America (42%), Europe (32%) and Latin America (12%); and most reliant sectors are pulp, paper and packaging (51%), wood panel, sawn wood and others (49%), and construction timber (27%)<sup>3</sup>.



75% of the FSC certificate holders include FSC MIX products in their certification scope. This means that FSC MIX products comprise a significant amount of FSC's Annual Administration Fee and FSC market share. Therefore, CW is crucial also for the implementation of FSC's Global Strategic Plan<sup>3</sup>.

## What benefits FSC MIX products deliver to FSC system?

CW is keen for FSC's mission - the improvement of livelihoods and sustainable forest worldwide.



### Environmental

- Safeguarding riparian areas, HCV areas and values related to them;
- Conserving biodiversity, threatened and endangered species and habitats, and critical ecosystem services, such as soil and water resources.



### Social

- Better work conditions, safety and rights for workers;
- Better development indexes for cities and communities due to increasing of the level of general skills and capacity building;
- Better standard of living conditions due to increased income;
- Safeguard of sites and resources considered fundamental for local communities and indigenous people.



### Economic

- 40% of FSC members perceive that CW secures market access to smallholders<sup>3</sup>;
- Diversifying the economic activities within the smallholder's properties;
- Outgrowers partnership between companies and CW suppliers offer long-term agreements and financial security to invest on quality of life, education and technology for forestry activities.

# How can FSC maintain and promote Sustainable Forest Management in the future?

1

FSC MIX products should be maintained, as a tool to integrate smallholders into FSC supply chains.

2

Streamline FSC's normative framework and find innovative, transparent, credible and workable solutions to expand forest management certification worldwide.

3

Engage certificate holders in data gathering, following all the aspects of compliance and confidentiality, allowing to monitor the impacts of FSC MIX in meeting FSC strategy.

4

Adopt risk based approach during audits to assure the appropriate verification in countries/regions where data has shown that the standards are not being properly implemented.



## Footnotes and Sources

<sup>1</sup> Applicable for the percentage system. In the credit system, the quantity of outputs to be sold as FSC must be proportional to the quantity of claim-contributing input.

<sup>2</sup> FSC INFO database.

<sup>3</sup> Webinar on "Controlled Wood – Data and Description" promoted by FSC on April 20<sup>th</sup> 2018, presenting data collected through a survey with all FSC membership and case studies with eight companies worldwide.

<sup>4</sup> Quantitative data gathering with Latin America (25 companies from Brazil, Argentina, Uruguay, Chile), conducted by IPEF and Ibá in 2017.

