

To the members of FSC Board:

**Alan Thorne
Barbara Bramble
Carla Ximena Cardenas
Ivone Satsuki Namikawa
Janne Näräkkä
Leendert van der Vlist
Linda Fienberg
Mauro Jose Capossoli Armelin
Per Larsson
Ralph Schmidt-Liermann
Rulita Wijayaningdyah
Zandra Martinez**

25 October 2021

Re: The urgent need for immediate structural reform at FSC to adequately reflect the global deforestation crisis

Dear Members of the Board,

We are writing to express our concern about the integrity of the FSC label and its continued relevance to a climate-conscious future.

We are a group of national and international NGOs working to protect forests, some of whom are FSC members and all of whom support FSC's original aims and mean it well. FSC could be a powerful tool to protect and help restore the world's forests and has had beneficial effects in some regions. However, **we share urgent and serious concerns over its failure to transform in response to the challenges forests face in the 21st century, and believe it is increasingly serving to undermine rather than support its own stated goals.**

Some of us, as world experts on the illegal timber trade, were at the forefront of efforts that prompted lawmakers in consuming countries to ban illegally sourced wood. Faced with the failure of voluntary industry efforts to protect forests, some of these consuming countries are now considering extending these laws to require importers to also ensure that their wood was harvested from a 'sustainable' source.

Many of us have likewise played a similar role within the Forest Stewardship Council from when it was first conceived nearly 30 years ago and helped formulate and strengthen FSC policy during the early years of its existence.

Unfortunately, the FSC of today is vastly different from the FSC of those early years. Even as the environmental crisis has worsened and the area of FSC certified forest globally has grown, major supporters from the environmental chamber have increasingly found their voices being ignored or drowned out by voices representing the timber and wood product industry at FSC, usually resulting in weakened environmental standards or in measures that favour increased logging by and profitability of timber companies.

As a result, early advocates of FSC like Greenpeace International, one of the world's largest environmental organisations, Fern and other groups have renounced their membership of FSC.

Many others of our number are not FSC members, but have observed repeated failures of the FSC to assure the responsible sourcing, or even the legality, of products certified by it to consumers. Collectively, we have written reports spanning three decades that have shown how FSC's systems have failed in every major forested region on earth, at every stage of the supply chain from tropical to temperate and plantations. We have heard accounts- from activists, whistleblowers, government officials, and insiders in the logging industry- of how FSC is failing to identify and address: corruption, logging in protected areas, large scale deforestation, disrespect of indigenous peoples' rights and human rights abuses. Our focus on FSC has not been chosen but has been a natural consequence of our work. Increasingly, when we find suspect wood on sale in major markets like Europe and the US, it is FSC certified or being traded by FSC certified companies.

Both members and non-members have repeatedly called for the structural changes to prevent these bad practices occurring and hamstringing the effective working of FSC. These efforts have frequently been met with denial and defensiveness, as well as half-hearted, piecemeal changes by FSC, or stymied completely by vested interests. Individual scandals are treated in isolation, while underlying causes, and the suggestions on how to tackle them, are ignored. Many of the more meaningful steps taken by FSC, such as disassociations from companies, have usually only occurred as a result of independent civil society investigations, media coverage, and the close monitoring of FSC's response to them.

FSC today is losing relevance and is unfit for purpose. This is because:

- Its standards and procedures are now lower than those legally required for wood harvesting and imports in major markets like the US, EU and UK. These laws demand 'due diligence' from wood importers, in the EU this needs to be of sufficient rigour to reduce the risk of the products being illegal to a 'negligible' level. But doing this requires a level of traceability, knowledge of supplier involvement in illegality and transparency that FSC's systems simply don't provide;
- It has failed to keep up with new technologies, such as readily available satellite imagery and methods for tracking wood and ensuring system integrity;
- There is a culture of defensiveness and buck passing at FSC, reflected in its response to scandals and NGO appeals over the years, and a lack of transparency in its decision-making; and
- It has failed to face up to the reality of the increasingly urgent climate and deforestation crisis, and its implications for how forests should be managed and protected.

Meanwhile, we are running out of time. Deforestation is the leading cause of climate change after burning fossil fuels. The timber industry remains a major driver of deforestation and forest degradation and its activities are often interwoven with other major drivers like agriculture or mining.

If FSC is to continue to have a presence in countries with climate critical forest cover, many of which are also countries with poor governance levels, it must ensure it is bulletproofing its processes and policies from the ensuing risks. No system is completely free from issues. **But for the number of failures to have occurred it means FSC's weaknesses are systemic.** Below we have outlined five particularly important concerns and how FSC must address them:

1. A shift in philosophy: Forests are a finite resource. But they are currently in rapid decline due to overharvesting and associated infrastructure, which often facilitates conversion to agriculture and other uses. There are a number of steps FSC can take here. It must accept and publicly acknowledge that **extracting timber at current global rates is fundamentally unsustainable**. FSC should focus its efforts on providing incentives for restoring and managing the vast majority of the world's forests that have already been degraded, instead of facilitating logging in the few remaining primary forests. **FSC must distance itself from the false and outdated argument that logging forests is the best way to protect them, regardless of circumstance.**

The IUCN has declared that **primary forests, including intact forest landscapes, are irreplaceable** in the time scale needed to tackle the climate and biodiversity crises, and that their protection should be a top priority. Yet efforts to restrict FSC-certified logging in IFLs, broadly supported by FSC membership, have been repeatedly weakened and then effectively eliminated, due to persistent lobbying by logging interests. FSC has also failed to act on recommendations to restrict certification activities in high-risk areas of poor governance, human rights abuses and conflict zones. FSC should also **make a clear position against intensification and the use of FSC certified material as biomass** for fuel or energy. Perhaps one of the most obvious examples of FSC greenwashing is that it allows its name to be used for wood that is not FSC certified at all. Making minor changes to the text on its labels alone isn't good enough. It **must immediately move away from the use of 'Controlled Wood' and 'FSC Mix'** and only allow its logo to be used on wood that is 100% from FSC certified sources.

The only way the timber industry can truly be part of the solution is if it manages forests with a view to restoring ecosystem health, resiliency, and reducing vulnerability. Even if it were true that 'sustainable' logging can help protect forests in the long term (and plenty of evidence has shown many such claims to be false), the nature of the climate emergency is such that the long term will not matter if we don't take the right steps in the short term. It needs to make all these messages clear consistently and actively promote reduced deforestation.

Removing conflicts of interest: Certification bodies are paid directly by the certificate holder, creating a grave conflict of interest that weakens the integrity of FSC's core process - auditing. . Recent scandals have illustrated the cosy relationships and wilful blindness this leads to, and exposed the failure of existing mechanisms including ASI audits that should prevent them. This must be urgently remedied by implementing an alternate approach to finance them, such as via escrow accounts Rather than applying more sticking plasters, FSC needs to meaningfully, fairly and openly consider alternative financing arrangements which would remove the underlying cause. Another major conflict of interest is that the certifying bodies paid to administer the standards, have voting power over the content of those standards.

Drastically increased transparency in audits: At present, the lack of availability of crucial data on FSC audits in the public domain makes it easy for bad actors to circumvent or lobby for the watering down of FSC's requirements. Maps of forest concessions and all conservation areas within them must be made public, along with key data about harvest authorisations. FSC should require the publication of summaries of Chain of Custody (CoC) audits and 'headquarters' audits of accredited certifiers, not only FM/COC audits as is currently the case.

No tolerance for serious violations: At present, FSC allows a company to remain associated with its label even where the 'preponderance of evidence' indicates that it is guilty of the worst abuses. FSC must amend the policy for association (PfA) to change the burden of proof with regard to serious illegalities, with a precautionary approach also taken to such risks across its wider systems and procedures, in keeping with laws such as the EU Timber Regulation [EUTR]. It must play an active role in enforcing the PfA rather than waiting for civil society to provide proof of wrongdoing. Corporate structure loopholes, including the 51 per cent minimum ownership requirement in the PfA, are unable to capture the way many conglomerates operate and should be revised. FSC should require all certificate holders to document their beneficial ownership through presenting official corporate registry documents. It must require stricter criteria to be met and more in-depth background checks to be conducted both as due diligence for any member entering the system and as part of standard periodic auditing.

2. Compulsory traceability: At present there is no mandatory requirement for all FSC certified products to be able to be traced back to source. Unless this is put in place then the fraudulent use of the label will continue. The Transaction Verification system needs to be applied to all products. Compulsory source to shelf traceability should be put in place, using a publicly accessible database to avoid volume laundering. Forensic methods should also be included systematically in the FSC-system.

Detailed suggestions and roadmaps for how to make several of these changes have already been put forward by FSC members and stakeholders over the years but have failed to materialise. As a result, FSC's problems have continued.

The FSC must acknowledge that it is accountable not just to itself and its members, but to the wider public- the consumers of its products and to the governments, indigenous peoples, ordinary citizens and future generations of the forest rich countries it certifies companies and concessions within. Unfortunately, its actions do not reflect this. Twenty-seven years after its creation, consumer awareness of climate change and deforestation has skyrocketed. Bureaucratic systems that react defensively and that fail to admit to the need for essential changes to protect the environment will invariably struggle to be looked upon favourably.

We are not suggesting that FSC alone can solve the problems associated with corruption or poor forest governance. Nor are we suggesting FSC replace the role of the state. But neither should a flawed FSC continue to operate in these regions regardless. Neither should it call for an increased role to be given to certification under laws in the US, UK and EU, when that would serve only to undermine the potential positive impact of those laws. By taking the steps above, it can ensure its systems are more robust and better insulated from the very worst problems. **It is also in the long-term interests of FSC's industry members who use its label to market their products at premium rates to ensure it retains its legitimacy in the public eye.**

Being better than one's competitors is no excuse. We acknowledge that similar – or worse-weaknesses exist in other wood labelling schemes such as PEFC. Our NGOs criticise those schemes too. But FSC's aim is not to be the least bad wood label. If ensuring it isn't outcompeted means its wider goals to protect forests are not met, then its continued value is questionable.

When the FSC was created, its aim was to promote responsible forest stewardship, a legal timber trade, protection of biodiversity and lives and livelihoods of forest peoples. It has come under heavy

criticism for failing on all these counts and becoming a mere 'tool for timber extraction.' FSC today is at a crossroads once more but this time it may be at a point of no return. **We are writing this letter because we believe there is still a chance for the FSC to retain credibility among its consumers and stakeholders if it is ready to make these fundamental changes to how it operates, and to its current philosophy. We hope this belief is not misplaced.**

As one voice we ask the members of the Board to address our concerns and to urgently call for the changes we outline above. We believe these reforms will play a significant part in battling the deforestation crisis and ensuring the legitimacy and relevance of the FSC label globally going forward. We trust you will treat the concerns expressed here with the urgency they deserve.

Respectfully,

1. Advocates for Public Interest Law (APIL), Shin Young Chung, Director, South Korea
2. Alarm dla Klimatu Piaseczno (Alarm for the Climate Piaseczno), Anna Kolińska, Group Leader, Poland
3. Auriga Nusantara, Timur Manurung, Chairperson, Indonesia
4. Bruno Manser Fonds, Lukas Straumann, Executive Director, Switzerland
5. Canopée, Sylvain Angerand, Campaign Coordinator, France
6. Earthsight, Sam Lawson, Director, UK
7. EcoNexus, Ricarda Steinbrecher, PhD, UK
8. Environmental Investigations Agency US, Alexander von Bismarck, Executive Director, USA
9. Environment People Law, Olena Kravchenko, Executive Director, Ukraine
10. Fern, Marie-Ange Kalenga, Forests, Governance & Development Policy Advisor, Belgium
11. Fundacja Las Naturalny (Natural Forest Foundation), Adrian Grzegorz, Executive Director, Poland
12. Fundacja Lasy i Obywatele (Forests and Citizens Foundation), Marta Jagusztyn, Founder and Executive Director, Poland
13. Global Justice Ecology Project, Anne Petermann, Executive Director, USA
14. Global Witness, Jo Blackman, Forest Advocacy Director, UK
15. Greenpeace Indonesia, Kiki Taufik, Global Head Indonesia Forest Campaign, Indonesia
16. Greenpeace Russia, Alexey Yaroshenko, Head of Forestry Department, Russia
17. HAkA, Farwiza Farhan, founder and Chairperson, Indonesia
18. Nashi Groshi, Lviv, Oleksandra Hubycka, Chairman and Editor, Ukraine
19. Pro REGENWALD, Germany
20. Quercus – ANCN, Alexandra Azevedo, President, Portugal
21. RAINFOREST ACTION NETWORK, Gemma Tillack, Forest Policy Director, USA
22. Rainforest Foundation Norway, Solveig Firing Lunde, Senior Advisor, Norway
23. Ratujmy Kleszczowskie Wąwozy (Save Kleszczow's Canyons), Anna Treit, Group Leader, Poland
24. Ratujmy Las Mokrzański (Save the Mokrzański Forest), Robert Suligowski, Group Co-Chair, Poland
25. ROBIN WOOD, Jana Ballenthien, Forest Campaigner, Germany
26. Solutions for Our Climate (SFOC), Soojin Kim, Senior Researcher, South Korea
27. Stowarzyszenie Most (MOST Association), Łukasz Misiuna, Vice President, Poland
28. Stowarzyszenie Nasza Ziemia Mysłowice (Our Land Mysłowice Association), Natalia Głombek, President, Poland
29. Stowarzyszenie O'Rety Team (O'Rety Team Association), Aneta Esnekier, Vice-President, Poland
30. Stowarzyszenie Wolne Miasto Giżycko (Giżycko Free City Association), Chair: Stanisław Puciłowski, Vice-Chair Piotr Kwiatkowski, Board Members Regina Ludwiszewska, Ludwika Rychlik, Jerzy Iżycki-Herman, Poland

31. TuK Indonesia, Edi Sutrisno, Director, Indonesia
32. Ukrainian Nature Conservation Group, Environment - People – Law, Yehor Hrynyk, Forestry Expert, Ukraine
33. Wspólny Las, Forest in Common, Anna Treit, Founder, Poland

