

FSC REGULATORY MODULE INFORMATION BOOKLET: FOREST MANAGEMENT

The purpose of this booklet is to provide information on how FSC® can support compliance with the latest EU regulations, as well as aligning with global sustainability best practices.

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As we embark on this journey toward harmonizing forest management certification with the demands of the EUDR, this add-on module serves as a bridge, further connecting FSC’s rigorous responsible forestry practices with regulatory expectations. By adopting this module, FSC certificate holders not only strengthen their commitment to environmental and social responsibility but also contribute to the overarching goal of eradicating illegal timber trade into and within the European Union.

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WELCOME TO THE INFORMATION BOOKLET



This information booklet is designed to help you navigate the process of gaining compliance with **REGULATION (EU) 2023/1115** (known as the European Union Regulation on Deforestation-free Products, EUDR) by using FSC Regulatory Module. It is an overview of the standard and should help you get started but for complete information please refer to the standard itself.

<https://connect.fsc.org/document-centre/documents/resource/1951>



Through this document, we will explain the benefits of this add-on, and the steps to support demonstrating EUDR compliance through the FSC Regulatory Module for Forest Management users.

INFORMATION BOOKLET



The structure of this booklet is as follows:

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- 1 Introduction
 - 2 Additional Requirements for Forest Management Certification
 - 3 Due diligence: Information collection, risk assessment & mitigation
 - 4 Controlled Forest Management
 - 5 Forest Management Groups
 - 6 Get started
 - 7 References
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ABBREVIATIONS



Before getting into the content, we recommend that you familiarize yourself with the most important abbreviations that have been used across this document.

EUDR	European Union Regulation on Deforestation free Products
FSC	Forest Stewardship Council
FSS	Forest Stewardship Standard
DDS	Due Diligence System
FLEGT	Forest Law Enforcement, Governance and Trade

CHAPTER 1: INTRODUCTION

WHAT'S HAPPENING?

- FSC has developed solutions to facilitate FSC certificate holders' efforts in demonstrating compliance with EU Regulations as well as global sustainability best practices.
- One solution is the development of this **FSC Regulatory Module** as an **add-on standard** to be used in addition to current FSC certification requirements for forest management, chain of custody, and controlled wood.
- This FSC Regulatory Module comprises new requirements to support compliance with legislation such as **EUDR**.



WHY DO IT?



1. Certificate holders who decide to get certified against this additional module will have a tool and additional independent assurance to support their efforts in demonstrating **compliance with EUDR requirements** as they can show competent authorities and other companies that relevant information has been gathered and due diligence exercised.



3. Certificate holders certified against this module are walked through risk assessment, mitigation and information collection requirements and have access to complementary templates and tools.



2. Companies who make use of the FSC Regulatory Module will be entitled to use a **'Regulatory Claim'** for their certified products.



4. Where the full supply chain is certified with the FSC Regulatory Module they can make deforestation-free promotional statements.

While certification bodies will check conformity with this module, the ultimate decision as to whether a company is compliant with EUDR remains with the relevant competent authorities.

WHAT'S THE BENEFIT?



The EUDR is a pivotal EU initiative to limit deforestation and degradation caused by forestry and agricultural activities all over the world and to promote the responsible sourcing of timber and timber products. Recognizing the significance of aligning due diligence practices with this regulatory landscape, FSC has developed the FSC Regulatory Module - a comprehensive and adaptive extension to existing standards.

The Regulatory Module is here to demystify complicated requirements of the EUDR and make the process simpler for all users by translating them into FSC Certification requirements.

The FSC Regulatory Module sets the framework and requirements to:

- introduce a due diligence system to support EUDR compliance, including information collection, risk assessment and risk mitigation
- gather and transmit precise information on the origin of products (geolocation and time of production), and
- ensure that only deforestation-free materials enter into FSC chain of custody.



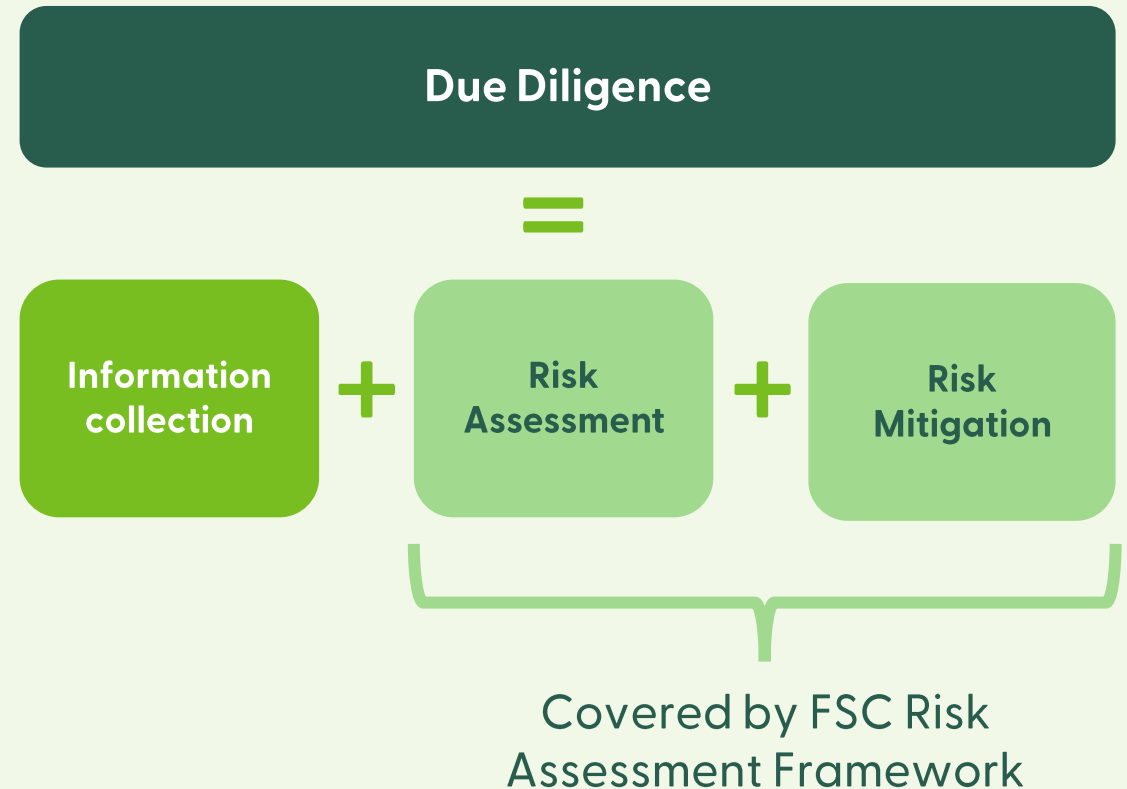


The EUDR places stringent requirements on operators placing timber and timber products in the EU market. By incorporating EUDR-specific criteria, definitions, documentation, and verification processes, this module ensures that certified forests not only meet ecological and social sustainability benchmarks but also adhere to the legal requirements outlined by the EUDR.

The due diligence systems in the FSC Regulatory Module are supported by FSC's Risk Assessments. The FSC Risk Assessments are based on the next generation of FSC's existing controlled wood risk assessment framework.

These Risk Assessments are a great benefit to companies but also a key tool for all stakeholders to ensure environmental and social values are included. FSC has extensive experience based on existing Controlled Wood Risk Assessments and are now introducing EUDR-aligned Risk Assessments through PRO-60-006b Risk Assessment Framework.

REGULATORY MODULE REQUIREMENTS





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VOLUNTARY ADD-ON MODULE

The FSC Regulatory Module is a complementary standard to add on to existing FSC certification requirements for forest management, chain of custody, project certification and controlled wood.

This standard is for **voluntary** use by organizations applying for or holding FSC certification to extend their certification scope in order to **align with EUDR**.

ADDITIONAL REQUIREMENTS FOR FOREST MANAGEMENT CERTIFICATION

APPLICABLE FOREST STEWARDSHIP STANDARD

In addition to the requirements established in the applicable Forest Stewardship Standard (FSS), the organization must meet the requirements in this section.

DUE DILIGENCE

**Information
Collection
(IC)**

**Risk
Assessment
(RA)**

**Risk
Mitigation
Measures
(RM)**

**Due
Diligence
System
(DDS)**

Due Diligence must be done **before** selling the product per the FSC Regulatory Module. The product must be

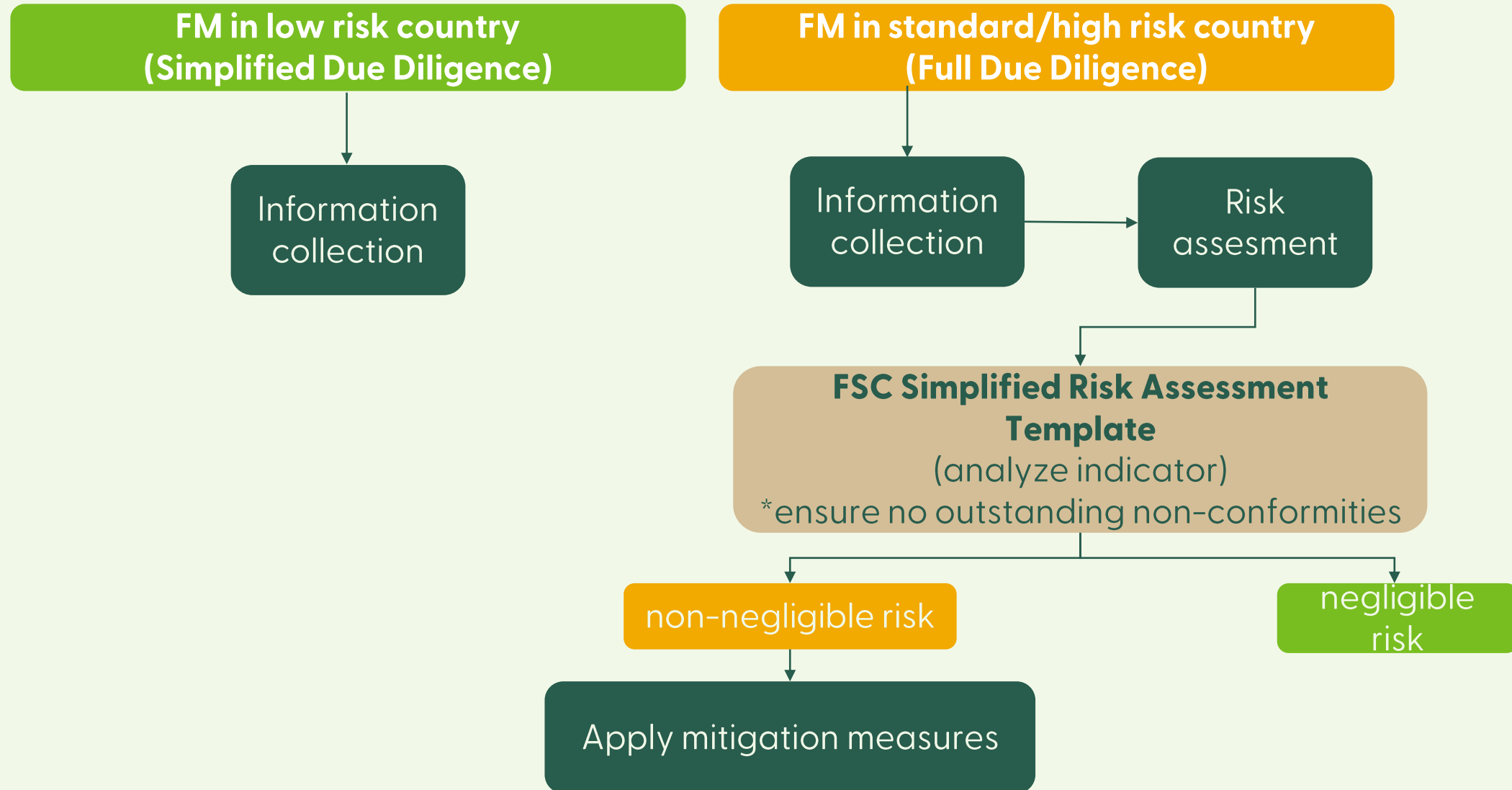
- a) deforestation-free
- b) produced in accordance with the relevant legislation of the country of production.

What does due diligence include?

- 1. the collection of information, data and documents
- 2. risk assessment
- 3. risk mitigation



Due diligence obligations by forest managers in brief



SIMPLIFIED DUE DILIGENCE

DDS



A simplified due diligence can be conducted if located in countries or areas classified as low risk according to the EUDR. This means that there isn't an additional requirement to conduct a risk assessment or risk mitigation measures with FSC 100%.

Simplified due diligence is not applied if the organization obtains or is made aware of any relevant information, including the result of the risk assessment and substantiated concerns submitted, that would point to a risk that the relevant products do not conform with the following:



they are deforestation-free;



they have been produced in accordance with the relevant legislation of the country of production.

INFORMATION COLLECTION

IC

The following information, accompanied by evidence, relating to each relevant product in the scope of the FSC Regulatory Module is collected, organized and kept for five years from the date of sale.



WHAT INFORMATION?

- a) description, including the trade name and type of all relevant products, and in the case of wood the common name of each species, and their full scientific name
- b) the quantity of the relevant product in: *net mass kg+supply unit, or net mass or volume/nr of items*
- c) The country of harvest;
- d) The geolocation of all plots of land where the relevant product was produced,
- e) The date or time range of production (period defined by a start date and end date);
- f) The name, postal address and email address of any business, operator or trader to whom the relevant products have been supplied

WHAT IF MY PROPERTY IS OVER 4 HECTARES?

Both over, at and 4 ha geolocation is compiled using polygons; for over 4ha polygons with sufficient latitude and longitude points to describe the perimeter of each plot of land. For equal to 4ha or less geolocation is compiled using a polygon or a single point of latitude and longitude of six decimal points.

INFORMATION COLLECTION

IC



Products must be demonstrated as produced in accordance with the relevant legislation of the country of production. This is through your Forest Management Certification. Example verification measures include harvesting permits, land ownership, labor contracts and more.



Currently, FSC's Principles and Criteria do not require forest managers to conduct due diligence. The Regulatory Module introduces the requirement for forest managers to demonstrate due diligence. FSC has a simplified template for the forest managers to conduct their risk assessment.



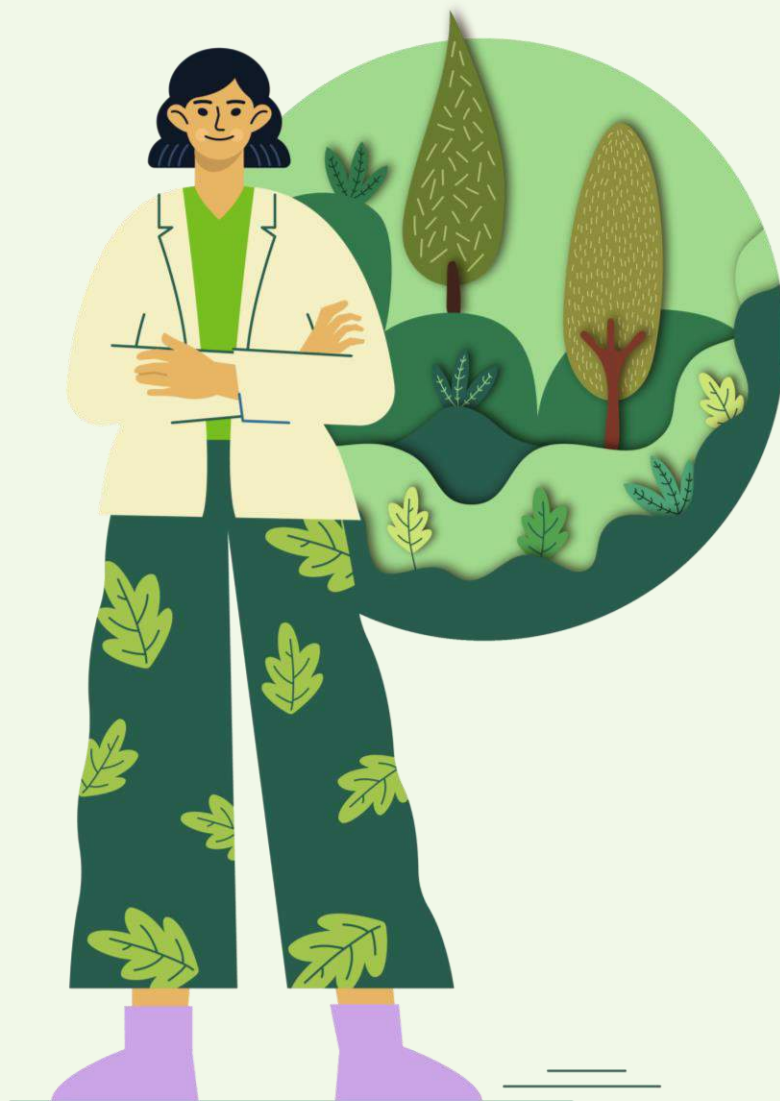
The risk assessment can result in either **no risk**, **negligible risk** or **non-negligible risk**. In instances where a risk assessment results in a non-negligible risk, the forest manager is required to implement risk mitigation measures to lower the risk level into negligible risk before selling the products.

Negligible risk: A conclusion, following a risk assessment, that either there is no cause for concern that material from a specific geographic area originates from unacceptable sources, or that material is mixed with non-eligible inputs or material with a different origin in such a way that would not allow the level of risk related to origin to be confirmed as negligible.

Non-negligible risk: A conclusion, following a risk assessment, that there is cause for concern that material from unacceptable sources may have been sourced or entered the supply chain from a specific geographic area. The nature and extent of this risk is specified to define efficient mitigation measures.

RISK ASSESSMENT

RA



The FSC Regulatory Module considers FSC Forest Management Certification to be an effective risk mitigation measure to achieve no or only a negligible risk level. Therefore, in practice, an FSC forest management certificate holder would not need to design nor implement any additional mitigation beyond what their forest management certification requires.

FSC'S SIMPLIFIED RISK ASSESSMENT

INTRODUCING FSC'S SIMPLIFIED RISK ASSESSMENT TEMPLATE FOR FOREST MANAGERS.

We have designed a template to make the process even easier. Users only have to input the information collection part. For the assessment of risk, you will only need to analyse the risk around armed conflicts. The rest of the indicators, already based on FSC's robust Risk Assessment Framework, are pre-filled with explanations on how this risk is mitigated with the existing Forest Management Certification with FSC.

Note: If an organization has a related nonconformity, they need to close it first.



DOWNLOAD SIMPLIFIED RISK ASSESSMENT TEMPLATE

Fully verified supply chain

DID YOU KNOW THAT FOREST MANAGERS IN THE MODULE CAN AUTOMATICALLY PASS ON THE REGULATORY PLUS CLAIM?

Supply chain where every certificate holder has applied the FSC Regulatory Module and establishes a product group for the purpose of controlling the Regulatory+ output claim.

This claim can be passed on along the supply chain by certificate holders according to the requirements of this standard.



RISK MITIGATION MEASURES

RM



WHAT HAPPENS WHEN THERE IS A NON-NEGLIGIBLE RISK?

When a risk assessment reveals a non-negligible risk that the relevant products do not conform with FSC relevant requirements or the FSC Regulatory Module, risk mitigation procedures and measures to achieve no or only a negligible risk are adopted before selling the products.

Note that FSC Forest Management Certification is actually considered an effective risk mitigation measure. Nonetheless, adequate and proportionate policies, controls and procedures to mitigate and manage effectively the risks of nonconformity of relevant products are to be put in place. They include:

Model risk management practices, reporting, record-keeping, internal control and compliance management, including the appointment of a compliance officer at management unit level; except when the organization qualifies as an SME.

1

An independent audit function to check the internal policies, controls and procedures; except when the organization qualifies as an SME.

2

Risk mitigation procedures and measures should be documented and reviewed at least annually and revised if necessary.

3



“WHY FSC FOREST MANAGEMENT CERTIFICATION IS A TOOL FOR RISK MITIGATION”

FSC requires the development, implementation and monitoring of a management plan, which is defined in FSC as the collection of documents, reports, records and maps that describe, justify and regulate the activities carried out by any manager, staff or organization within or in relation to the management unit, including statements of objectives and policies.

FSC requires the management plan to be proportionate to scale, intensity and risks of the management activities. Therefore, risk management practices, reporting, record-keeping, internal control and compliance management are covered under FSC Forest Management Certification.

NOTE: FSC Principles and Criteria for Forest Stewardship contains requirements on the development, implementation and monitoring of the management plan which contains the risk mitigation procedures and measures. The organization must also make publicly available a summary of the management plan free of charge.

DUE DILIGENCE STATEMENT

DDS



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The Operator must make available a completed due diligence statement to the competent authorities confirming that the relevant products are deforestation-free and have been produced in accordance with the relevant legislation of the country of production prior to placing the relevant products on the market or exporting them, and selling any product as conformant with the FSC Regulatory Module.

In cases where the company asks an authorized representative to issue the due diligence statement on their behalf, the following information is made available on request:

- A copy of the mandate in an official language of the European Union and
- A copy in the official language of the member state in which the due diligence statement is handled or, where that is not possible, English.



Note: For microenterprises and when The Organization is classified as a natural person, The Organization can have the next organization that is not a natural person or microenterprise submit the due diligence statement as an authorized representative.

ELEMENTS OF A DUE DILIGENCE STATEMENT

DDS



Information to be included in the due diligence statement in accordance with Article 4(2) as provided in Annex II of EUDR:

1

Operator's name, address and, in the event of relevant commodities and relevant products entering or leaving the market, the Economic Operators Registration and Identification (EORI) number in accordance with Article 9 of Regulation (EU) No 952/2013.

2

Harmonized System code, free-text description, including the trade name as well as, where applicable, the full scientific name, and quantity of the relevant product that the operator intends to place on the market or export. For relevant products entering or leaving the market, the quantity is to be expressed in kilograms of net mass and, where applicable, in the supplementary unit set out in Annex I to Regulation (EEC) No 2658/87 against the indicated Harmonized System code or, in all other cases, expressed in net mass specifying a percentage estimate or deviation or, where applicable, volume or number of items. A supplementary unit is applicable where it is defined consistently for all possible subheadings under the Harmonized System code referred to in the due diligence statement.

3

Country of production and the geolocation of all plots of land where the relevant commodities were produced. Where the relevant product contains or has been made using commodities produced in different plots of land, the geolocation of all plots of land shall be included in accordance with Article 9(1), point (d).

4

For operators referring to an existing due diligence statement pursuant to Article 4(8) and (9), the reference number of such due diligence statement.

5

The text: 'By submitting this due diligence statement the operator confirms that due diligence in accordance with Regulation (EU) 2023/1115 was carried out and that no or only a negligible risk was found that the relevant products do not comply with Article 3, point (a) or (b), of that Regulation.'

6

Signature in the following format: | 'Signed for and on behalf of: | Date: | Name and function: Signature:'

TRACEABILITY

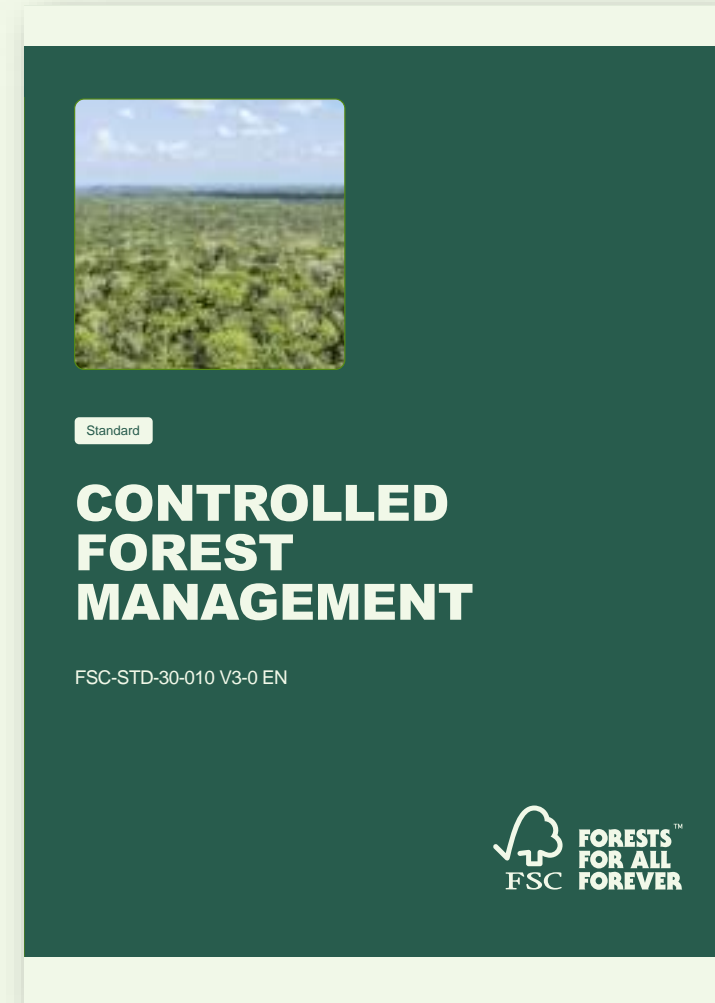


FSC is working on a digital traceability solution through blockchain to support delivery of due diligence statements and other information. Stay informed at www.fsc.org/fsctrace.



CONTROLLED FOREST MANAGEMENT

The same requirements from the section above on forest management apply for controlled forest management. This is only for version 3 of the standard here; V2-0 FSC Controlled Wood Standard for Forest Management Enterprises cannot be used.



FOREST MANAGEMENT GROUPS



REQUIREMENTS FOR GROUP ENTITIES:

The FSC Regulatory Module can only be included in the scope of forest management groups if all members of the group are committed to conform to it



GROUP RULES:

The group rules need to include how the Group addresses all applicable requirements of the FSC Regulatory Module



DIVISION OF RESPONSIBILITY:

The Group Entity can divide the responsibilities among the different actors in the group, including the responsibility of implementing the due diligence



INTERNAL MONITORING SYSTEM:

The documented internal monitoring system is sufficient to check the adequacy of the group management system and the group's overall performance in conforming with the FSC Regulatory Module.

HOW CAN I GET CERTIFIED TO THE FSC REGULATORY MODULE?

Certificate holders will need to request for a scope extension from their certification bodies to include the Regulatory Module and at minimum a desk-based audit will need to be done either during the next surveillance audit or as agreed with the certification body from 1 July 2024 (so not only from 1 January 2025).

Learn more at fsc.org/STARTEUDR



The following referenced documents are relevant for the application of this document. For references without a version number, the latest version of the referenced document (including any amendments) applies:

Forest Management

N/A	Applicable Forest Stewardship Standard
<u>FSC-STD-30-005 V2-0</u>	Forest Management Groups Standard
<u>FSC-STD-30-010 V3-0</u>	Controlled Forest Management Standard

Chain of Custody

<u>FSC-STD-40-004 V3-1</u>	Chain of Custody Certification
<u>FSC-STD-40-004a</u>	FSC Product Classification (Addendum to FSC-STD-40-004)
<u>FSC-STD-40-005 V3-1</u>	Requirements for Sourcing FSC Controlled Wood
<u>FSC-STD-40-006 V2-1</u>	FSC Standard for Project Certification

Thank you

