

DEMYSTIFYING RISK ASSESSMENTS



FSC CONTINUES TO STRENGTHEN ITS SYSTEM AS INTEREST IN TRACEABLE SUPPLY CHAINS INCREASES

For 30 years, FSC has been a global leader in sustainable forestry. Almost a decade ago, FSC produced the world's first standardized risk assessments to strengthen the credibility of products where the material originates from non-certified forests.

Today, FSC continues to enhance and expand its risk assessment work to stay ahead of global sustainability best practice and help companies do the same. It also reduces the effort needed for companies who need to meet emerging and evolving regulatory requirements.

FSC PIONEERS RISK ASSESSMENT WORK TO PUT FORESTS FIRST

[FSC Controlled Wood](#) is an established system that allows material from acceptable sources to be mixed with FSC-certified material and produce products that carry the FSC Mix label. It mitigates the risk of forest products originating from unacceptable sources. Since the system's inception, organizations that use controlled materials have been required to use risk assessments to reduce the likelihood of sourcing material from these unacceptable sources:

- Illegally harvested wood
- Wood harvested in violation of traditional and human rights (i.e. forced or child labour)
- Wood harvested in forests in which management activities threaten high conservation values
- Wood harvested in forests being converted to plantations or non-forest use
- Wood from forests in which genetically modified trees are planted

In 2015, FSC introduced a change in the Controlled Wood system, shifting from company-based risk assessments to FSC-led risk assessments. This led to the publication of the world's first standardized risk assessments to mitigate forest harm when sourcing controlled material. Through consistent and credible risk assessment and mitigation measures, it significantly strengthened the mass balance system and the credibility of FSC Mix products.

Since the first publication, FSC's Risk Assessments for Controlled Wood have been providing an additional safeguard for forests, increasing the integrity of the FSC system. To ensure a high standard across the system, these assessments became mandatory for companies mixing uncertified forest materials with FSC-certified materials. This means companies were no longer permitted to conduct their own risk assessments unless an FSC Risk Assessment does not exist for that country. In this case, they must still use the FSC-standardized indicators outlined in the framework (then [FSC National Risk Assessment Framework FSC-PRO-60-002a](#)). These need to be approved by a certification body and its up-to-date status and the use in the due diligence system audited annually.

Already in [2016](#), the five universal types of unacceptable forest activities were adopted industry-wide and explicitly covered in many private procurement policies and even financial sector investment guidelines. By 2020, 60 FSC Controlled Wood Risk Assessments have been published and made freely available.



FSC STARTS REVISION TO STRENGTHEN RISK ASSESSMENTS

One of the reasons why FSC is the world's most credible sustainable forestry solution, is the diverse range of stakeholder groups who help shape the solutions developed. For instance, FSC is governed by a balanced membership base with equal environmental, social, and economic representation. These 1200+ members include environmental NGOs, civil society organization, companies and individuals and serve as the driving decision-makers for FSC's work. FSC's stakeholders contribute to the development and revision of the requirements that make up our certification system, including the requirements on the content and development of FSC Risk Assessments.

Based on stakeholder feedback received during the development of the Risk Assessments, as well as FSC's fundamental approach of revising normative documents to uphold integrity and rigour, the first revision of the Risk Assessment Framework commenced in late-2021. It aimed to make the Risk Assessments more data-driven and precise, include a comprehensive approach to mitigation, and align with several existing strategies at FSC.

FSC EXPANDS AND ACCELERATES FRAMEWORK REVISION TO ALIGN WITH POLICY TO ADDRESS CONVERSION AND EUDR

At the 2017 FSC General Assembly in Vancouver, the FSC membership voted on Motion 7, which required FSC to relook its approach to forest conversion. FSC has restricted the conversion of natural forests for 30 years, but in the face of growing global consumption of natural resources, the membership called for a strengthened role in preventing conversion.

To address the motion, FSC developed [Policy to Address Conversion \(FSC-POL-01-007\)](#), a document that presents FSC's position on and fundamental principles of conversion of natural forests and High Conservation Value (HCV) areas. The policy was approved in 2022.

On 30 June 2023 the **European Union Regulation on Deforestation-free Products (EUDR)** came into force and identified risk assessments as the core mechanism companies must use to demonstrate due diligence and receive clearance to trade their forest-based products within the EU. Demonstrating due diligence, in which risk assessments play a key role, became a requirement for all companies trading forest products in the EU.

To simultaneously address Policy to Address Conversion and EUDR, and to align with the evolving sustainable forestry landscape, FSC expanded the ongoing revision of the risk assessment framework. The Policy to Address Conversion, the intention of which aligns with EUDR, already provided the guiding principles, while the EUDR required a pragmatic approach with clear implementation guidance. The result was the updated FSC Risk Assessment Framework (FSC-PRO-60-006b), published on 1 July 2024 to provide companies with time to comply with EUDR ahead of its 30 December 2024 deadline.

This resulted in one, practical solution to retain FSC's integrity, meet market trends, and continue to help prevent deforestation and degradation globally.



CONCLUSIONS FROM ANALYSIS SHOW ALMOST 90% ALIGNMENT

FSC did a thorough analysis throughout the revision process. The final FSC Risk Assessment Framework aligns with both the PAC and the EUDR with 64 indicators.

An additional guidance document, [Crosswalk of Indicators between Risk Assessment Framework V1-0 and V2 \(FSC-GUI-40-005\)](#) revealed that 57 of these indicators were already part of the previous version of the framework. It meant that the working group could retain almost 90% of the existing framework requirements, demonstrating a robust and trusted foundation, while improving their clarity and ensuring better inter-connections. The limited number of additional required indicators also meant the system's stability and integrity could be retained.

New indicators added:

- 5 new indicators included to cover the PAC and EUDR
- 2 new indicators included to uphold FSC's values to:
 - minimize the adverse impact of infrastructure development and maintenance on the environment
 - ensure workers' health and safety

To maintain a global leadership position, the working group made additional minor adjustments to further strengthen existing indicators. To retain integrity, it was important to have only one, robust and globally applicable risk assessment framework. A decision was therefore made to combine these adjustments and updates into a new framework that all impacted certificate holders could use. This framework replaces the FSC National Risk Assessment Framework (FSC-PRO-60-002a).



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THE NEW RISK ASSESSMENT FRAMEWORK



The new Risk Assessment Framework (FSC-PRO-06-006b) will ensure uniform and robust requirements for assessing the risk of sourcing material from certain supply areas. It helps users looking to apply FSC Risk Assessments to support regulatory compliance, and provides numerous supporting tools, including a template and guiding materials.



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The final 64 indicators include the following topics:

- existence of child labor
- identification and protection of High Conservation Values
- degradation
- conversion
- respect of human rights
- and more

It is now available for:

- Forest Management Certificate Holders who want to conform with the FSC Regulatory Module
- Chain of Custody Certificate Holders who source controlled material
- Chain of Custody Certificate Holders not sourcing controlled material but who want to conform with the FSC Regulatory Module

Standard developers, companies, and FSC itself can use it to produce risk assessments that meet FSC's enhanced requirements for risk mitigation and are aligned with regulatory requirements.

FSC'S RISK ASSESSMENT TEMPLATE

Developing a risk assessment through FSC's Risk Assessment Framework requires the use of the [Risk Assessment Template](#). Through the template, risk assessment and mitigation measures are established. Learn about how to use the Risk Assessment Template following this [guidance](#). In addition, we have an available playlist for a video tutorial series which can be found on YouTube [here](#).

NEXT GENERATION OF FSC RISK ASSESSMENTS

Following the framework’s publication, FSC will revise existing risk assessments for 40 prioritized countries. The work will continue in 2025 and beyond until 90 countries are completed by 2027.

What sets these risk assessments apart, is that they are updated on a much more regular basis and can evolve with the forestry landscape. FSC will review the comments received from stakeholders on published risk assessments annually to ensure that the applicable legislation, risk designations and mitigation measures are up to date. If there are changes in the area under assessment, FSC will decide if a revision should be done immediately or if the information can be stored and included during the scheduled revision instead (done every 5 years).

FSC Risk Assessments will replace the need for companies to conduct and maintain their own risk assessments, providing an invaluable tool for efficiently assessing and mitigating risk and demonstrating due diligence.

[Follow the development of the FSC Risk Assessments here.](#)



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IMPLICATIONS FOR FSC’S GLOBAL CERTIFICATION BASE

For companies trading into the EU, EUDR is a very immediate concern, but this may not be the case for companies in other parts of the world. Therefore, the new framework and risk assessments are applicable in different ways.

- Certificate holders sourcing Controlled Wood not impacted by EUDR or not choosing to opt in to the FSC Regulatory Module: Can use existing National Risk Assessments until replaced by a new Risk Assessment [per FSC-ADV-40-005-26](#).
- Certificate holders who want to use the FSC Regulatory Module to meet EUDR requirements:
 - Forest Management: New FSC Risk Assessment Framework is mandatory, but users can use the [simplified, pre-filled template](#) that is based on the framework.
 - Chain of Custody: New FSC Risk Assessment Framework is mandatory, including for Controlled Wood. Users sourcing only FSC 100% can use the [simplified, pre-filled template](#) that is based on the framework. Those not certifying FSC 100% are to use FSC’s full [Risk Assessment Template](#).

FSC RISK HUB – STREAMLINING RISK MITIGATION WORK FOR FSC CERTIFICATE HOLDERS

To support the data management of these living, evolving risk assessments, FSC is developing the FSC Risk Hub, where FSC’s Risk Assessments will be stored and maintained. It will provide a map-view of risk data on the origin of forest products and make data more accessible to users, who will be able to view applicable risks to inform their due diligence exercises.

The FSC Risk Hub will also be available for companies who want to store and maintain the risk assessments they perform themselves, without this information being publicly available. The FSC Risk Hub will become available in early-2025 and its use is completely voluntary. It will streamline use of the other components of FSC Aligned Reporting for EUDR.



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LEADING GLOBAL COLLABORATION FOR ROBUST, STANDARDIZED RISK ASSESSMENTS

FSC is a founding member of the [Risk Information Alliance](#), a pioneering collaboration between global sustainability organizations to pool resources, funding, and expertise to facilitate the joint production of credible, high-quality and up-to-date risk data covering diverse commodities, sectors, and geographies.

A CONTINUED MISSION TO PROTECT THE WORLD’S FORESTS

Introducing a new approach to evaluate risks at the forest level is underpinned by FSC’s fundamental goal of creating healthier, more resilient forests worldwide. For 30 years, FSC has been an industry leader. Having identified global shifts to more traceable and transparent supply chains, and through monitoring global trends, FSC is responding with a relevant approach to best protect the world’s forests and those that depend on them.