MOTION 49 –
FSC Ecosystem Service Procedure
Market Motion

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7 December 2022
AGENDA

1. Motion 49
2. The Mitigation Hierarchy
3. Carbon Market Criticisms and Safeguards
4. Role of NCS in Reaching Net-Zero Targets
5. Case Studies
6. Next Steps
Motion 49/2021 FSC General Assembly

1. FSC shall allow the use of claims generated from the Ecosystem Service Procedure (FSC PRO 30 006) to demonstrate progress towards achieving net-zero and net-positive targets for climate, biodiversity, and water at all stages of the mitigation hierarchy.

2. FSC shall require all Certificate Holders and sponsors to demonstrate their commitment to mitigation hierarchy-aligned approaches before the use of FSC-verified claims against company performance.

3. FSC shall ensure the integrity of all claims and their use – impact registry with non-transferable, fixed-duration claims and a clear benefit-sharing mechanism.

4. FSC should position itself as a globally recognized mitigation instrument.

5. FSC shall allocate the appropriate resources to promote and support the uptake of the ES PRO through its network partners.

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Corporate journey to net-zero: The mitigation hierarchy

- **Baseline Impact**
- **Avoid**
- **Reduce**
- **Inside Scope**
- **Outside scope**
- **Net gain**

**Mitigation Hierarchy**

- **Footprint**
- **R&D**
- **Optimize**
- **Level out internally**
- **Level out externally**
- **Get positive**

**Source:** FSC CES Unit 2022
Motion 49 was drafted to mitigate identified flaws in the carbon market.

Demand-side safeguards determine who can use claims under defined circumstances.

Supply-side safeguards protect land tenure and ensure fair allocation of benefits.

Carbon Market Criticisms and Safeguards

- License-to-pollute and greenwashing
- Credit banking and speculative pricing
- Credits and land tenure conflict
- High transaction costs and overallocation of resources to project developers
- Overemphasis on carbon

Safeguards

- Adherence to Mitigation Hierarchy
- Claims are immediately retired and non-transferable
- Claims are not environmental assets, but statements of sponsorship
- Benefit-sharing mechanism sets minimum % for landowners
- FSC P&C require conservation and maintenance of all benefits
The Role of Natural Climate Solutions in Net-Zero Pathways

1. Decarbonization within the value chain
Companies, particularly those in the land sector, can invest in NCS interventions within their own value chains to reduce their GHG emissions, contributing to their SBTs.

2. High-ambition Beyond Value Chain Mitigation
Where already decarbonizing in line with 1.5°C, companies can go above and beyond with investments in high-quality NCS credits that deliver benefits for Climate, Nature and People.

3. NCS removals to neutralize residual emissions near/at target year
To reach the ‘net’ in net zero companies neutralize their ‘residual’ (unavoidable) emissions with permanent carbon removals from NCS activities.

Examples of NCS activities:
- Avoided conversion
- Avoided conversion (forests)
- Reforestation
- Improved land management
- Avoided conversion (peatlands)
- Soil sequestration
- Wetlands restoration

Source: WBCSD 2022
CASE STUDY: WOWnature

**WOW nature** is the only tree planting and forest protection platform that prioritizes FSC and FSC Ecosystem Services to demonstrate responsible management and verified positive impacts.

We connect **forest managers and natural areas** with **people** who want to have their own tree in local forests and **with companies** that have programs of welfare, CSR, green branding and impact reduction in carbon, PM10, water, etc.

CASE STUDY: WOWnature

More **115 companies** and **thousands of citizens** have raised **>3M €** to support more than **100 forest owners** (mostly small-holders) all over the world to generate positive impacts in water, carbon and biodiversity.

https://www.wownature.eu/en/wow-areas/

MIKO is sponsoring Huong Son Forest in Vietnam to meet its long-term climate-positive targets.

Sponsorship covers 100% of the costs for management activities that achieve positive impacts:

- forest patrolling and monitoring over 42 ha,
- enrichment planting (400 trees/ha) on 2 ha,
- reforestation with native species (1100 trees/ha) on 1 ha
- carbon monitoring

All impacts are verified using the FSC ES Procedure and MIKO reports its sponsorship in the Annex D.
Why We Use FSC-Verified Impacts

Forest Managers use FSC-ES Procedure because:

- It rewards their daily efforts for responsible forest management
- It encompasses different ecosystem services
- It provides a better price than other rewarding instruments
- It fits for every type of forest and forest manager (planting/improving/conserving/SLIMF smallholders/indigenous)
- It does not harm the users’ and owners’ rights over the forest (companies do not buy ecosystem services, they support forest managers through sponsorships)
- It does not conflict with timber and firewood production.

Companies, governments, and citizens appreciate the FSC-ES Procedure because:

- It is applied on top of the FSC-FM standards, minimising the short- and long-term risks of investment with comprehensive environmental, social, and economic safeguards
- The FSC logo is well-known, widely recognized, visible on the market and easy to communicate
- It is consistent, ensuring the same quality across the globe
- It is in line with the efforts to shift towards bio-economy using FSC-certified materials
Next Steps for Revising FSC ES PRO

• Public Consultation for Draft of Revised ES PRO – JANUARY 2023
  • Benefit-sharing mechanism (what % of impact finance must go to the ground?)
  • Data quality thresholds for performance claims
  • Improved clarity and access for smallholders

• Field Tests – Q2 & Q3 2023

• Revised Draft – Q4 2023

• Final Revision – Q2 2024