



DRAFT Decision Record of BM72

Document: BM 72.31
Date: last board meeting day
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Agenda reference: Governance
Action: Decision
Status: Public

Decisions agreed:

TOPIC: *Quorum*

DECISION(S): The chair noted a quorum with participation of 11 out of 12 board members. Tony Sebastian had excused himself from the meeting for family reasons.

TOPIC: *Approval of agenda*

DECISION(S): Board members proposed that agendas should be structured so that decision items were placed as early as possible in the board meetings and discussion and information items near the end. The board requested future agendas to be structured in this way.

The board further agreed that a decision item be added on the first day to discuss what actions the board would take in light of the discussions with the board and stakeholders of FSC US.

With these comments, the agenda was approved

TOPIC: *Approving decisions at board meetings*

DECISION(S): The board agreed to introduce the following new procedure of taking decisions starting from BM72:

At the end of each day, the decisions taken will be presented for provisional approval. All decisions will be finally approved and physically signed off at the end of each board meeting.

By end of each day the taken decisions will be read out and agreed upon. Possible decision can be made overnight. At the end of the board meeting the board members will be presented with all decisions taken and will sign them off.

TOPIC: *Conflict of Interest policy*

DECISION(S): The board did not think the draft policy was ready for approval, but will continue to use it as guidance for its considerations regarding Conflict of Interest.

The board asks the BGC to continue working with FSC's lawyers on the draft policy, looking also at experiences from other organizations. Further works must take into account:



- More specific definitions of ‘involvement’ and when interaction and/or a competition situation would lead to a Col.
- Ensuring that rules for voting and decision-making are clear and don’t lead to dysfunctional governance of the organization. It must be possible for the organization to make decisions even in situation where there is a Col for several board members.

Timeline: Have a new draft of the policy ready by end of August for sharing with board members and getting their comments. A decision will to be taken by email or in a conference call by mid-October.

As a follow-up action to the Col policy, the board also asked the secretariat to work with BGC and the FSC lawyers to create clarity over criteria for what information should be kept confidential and for how long.

TOPIC: *Decisions to follow up on discussions with the FSC US board and stakeholders*

DECISION(S): The board appreciated the engaging and constructive discussions with the FSC US board and stakeholders and confirmed its will to work towards the following results:

- Ensure that options for radical new approaches to smallholder and community certification are developed and tested in the FSC system
- Ensure that the SIR guidelines are used as a basis for enabling standard development groups to create local relevancy in their national standards

Further, the board reconfirms FSC’s commitment to finalizing the CNRA/NRA process by the end of 2017. The board will monitor progress in this process, mandates the FSC International secretariat to make this happen as needed and encourages the NRA working groups to commit fully to the process and to work with FSC International on it.

The board requests the secretariat to take the action needed to meet the following intentions:

1. Until CNRAs/NRAs are in place, for those countries that are in that process the current system of company risk assessments will continue. To avoid confusion, the “Simplified risk assessment” will be eliminated from the controlled wood standards.
2. “Extended risk assessments” will not be introduced in countries with a CNRA/NRA process in place, but will still be the tool to be used for risk assessments in countries without a CNRA/NRA process, according to currently agreed timelines.
3. As tools to speed up the CNRA/NRA process, the board requests the FSC International secretariat to ensure the following:
 - a) Allow flexibility for NRA working groups to determine nationally relevant control measures, as is already provided in the CWE standard,
 - b) Facilitate the efforts of NRA working groups by clarifying the sequencing, and set dates, for Secretariat to finalize concepts and definitions essential for solving the related issues (IFL, ICL, FPIC, ILO, HCV, etc.), in order to complete or review the NRAs,
 - c) Engage with SDGs to make NRA/CNRA work proceed expeditiously, and take the lead to overcome barriers when national processes are stalled,



- d) When national stakeholder consensus is in place, enable implementation of the agreed categories of NRAs even if some elements/indicators within a given category are still outstanding.
4. The board will be updated at each board meeting on the status of completion of the CNRA/NRA processes. Between board meetings the secretariat will alert the board immediately in case of serious problems with the CNRA/NRA process.
5. The board requests the secretariat to work with the Board Strategic Planning Committee to ensure the Controlled Wood Strategy process moves fast enough to have a decision in front of the next GA.

TOPIC: *Controlled Wood Strategy*

DECISION(S): The board approved the controlled wood strategy process as outlined in the board document including discussions at regional members' meetings and at a global, facilitated, solutions-oriented meeting in early 2017. The board confirmed that the controlled wood strategy should be discussed and approved by the members and the GA in 2017, based on a proposal provided by the board.

The board should also ensure that the strategy proposal is analysed for its potential impact on the FSC system, including its credibility, before being shared with the members at the GA.

The board mandated the secretariat to work with the BSPC to prepare the controlled wood discussions and the questions to be discussed in these meetings. The board requested that a background document, including a section on the very basics of controlled wood should be developed before the regional members' meetings to provide a basis for discussion.

The board will be given the opportunity to comment on these documents before they are finalized.

TOPIC: *ILO working group and bilateral negotiations process*

DECISION(S): The board agreed to:

- Confirm that the ILO Working Group has the mandate to develop generic criteria and indicators for compliance with the ILO Core Conventions principles in accordance with the working group ToR,
- Encourage the parties to the bilateral negotiations to resume their dialogue with a view to providing further elaborated input to the secretariat,
- Request the North American coalition to write up in detail their concerns with the indicators proposed by the working group and to provide specific reactions to the WG,
- Confirm that all outcomes of the bilateral negotiations between BWI and the North American Coalition will be considered as relevant and important input to the process by the secretariat and the ILO Working Group,
- Encourage the ILO Working Group to do its utmost to reach consensus in its deliberations. The board requests the working group to start the public consultation as soon as possible and no later than October 2016. Based on the feedback from the public consultation and the further deliberations of the working group, the board will take a decision on the results of the step one process during its meeting in March 2017. The board will make such a decision based on



the input from the working group and the PSC, whether or not a consensus recommendation has been reached by the working group. Outstanding concerns shall be documented as per the working group ToR.

- In case the North American coalition wants to include more legal expertise in the working group, the board will be willing to consider a replacement for the current member of the working group.

The FSC International Secretariat will engage with the FSC network to ensure a broad participation in the public consultation from all regions.

TOPIC: PSC recommendations – CB standard

DECISION(S): The board approved FSC-STD-60-007 (structure, development and content for interim national standards) with the addition of a clause in section 4 to require that the TWGs be registered within 12 months of the approval of this procedure. The board stressed the importance of ensuring that these standard processes include professionals with social expertise and requested the FSC International secretariat to check this point.

TOPIC: PSC recommendations – IFL cut-off date

DECISION(S): Acknowledging feedback from stakeholders and network partners in the major IFL/ICL countries, the board recognizes that strict implementation of the default cut-off date of Motion 65 would have significant undesired side effects in some of the most important countries for FSC.

The board decides that the Motion 65 default clause cannot be implemented as written in the motion. The board mandates the secretariat, in line with its efforts to implement the Global Strategic plan, to revise the default clause as laid out in the 'proposal for the Motion 65 Default Clause'. The board requests the secretariat to publish its revision of the default clause very soon and to continue dialogue on this issue with the involved network partners and the participants in the IFL Solutions Forum held in Bonn on July 6-8 2016 with a view to ensure that the first Advice Note to be published this year will work in different regional settings.

The Board will be provided with an update in relation to this decision in November 2016 at the time of the finalization of the first Advice Note, and again in 2017 before the GA with a view to being able to bring the discussion back to the GA in case of significant controversy or misalignment.

TOPIC: PSC candidates

DECISION(S): The board recognized that it is helpful to the functioning of FSC to increase the continuity and experience of the PSC. Therefore the board decided to revise the Terms of Reference of the PSC, so that members will be appointed for four year terms as of now. At the same time, the board decided to stagger the appointments to reduce the likelihood of losing several members of the PSC at the same time. The objective of the appointment terms is to ensure that the term would run out for one member for each chamber every second year.

With a view to obtaining this pattern of appointments, the board appointed three new members of the PSC for a four year term, and two new members for a two year term as follows:



Economic North	Karin Fällman, new, 4 year term
Economic South	Ivone Namikawa, re-appointed, 2 year term
Environmental North	Isaac Malugu, new, 4 year term
Environmental South	Wim Ellenbroek, new, 2 year term
Social South	Janette Bulkan, re-appointed, 4 year term

Peggy Smith, current representative of the social chamber north will continue to serve on the PSC for two years, until September 2018, when her current term ends.

In order to strengthen the continuity of the PSC and not lose the very high quality good work that Keith Moore has done as the chair of PSC, the board agreed to ask Keith to continue in PSC for one more year as a non-voting member.

TOPIC: *OCP and Supply Chain Integrity*

DECISION(S): The Board strongly expressed the need to ensure that transaction verification and the use of the OCP in high-risk supply chains are very carefully considered and communicated in the organization. The board agreed:

1. To set up a BoD task force to help the secretariat identify the best ways to immediately crack down on high risks supply chains, using unannounced audits, ASI engagement, TV and other tools. The task force will consist of Larry, Barbara and Hans, engaging also representation from the FSC network, ideally from Asia Pacific and from a low-risk country.
2. The BSPC will monitor reactions received in the ongoing CoC consultation and will help the secretariat analyse these and make recommendations on data needs related to transaction verification and the future of the OCP, in order to provide a final CoC standard for approval that will optimize supply chain integrity, using a risk-based approach.

TOPIC: *Appointment of Michael Conroy to the ASI BoD*

DECISION(S): The board approved the appointment of Michael Conroy as an independent member of the ASI board.

TOPIC: *Gender Guidance for Standard Development*

DECISION(S): The board welcomed the intention of the DG to approve the gender guidance document within the next few weeks, after the document has been checked for consistency with the draft indicators on discrimination developed by the ILO Working Group, and a language check has been performed. The document can then be used as guidance, not mandatory requirements, by SDGs which are still in the process, and others can improve over time. The board also welcomed the intention of the Gender Mainstreaming Group to finalize the gender strategy, so that it can be included in the ongoing work on implementation planning for the Global Strategic Plan. The board recommended the GMG to involve NOs and to use external experts as needed.

TOPIC: *FSC Finance issues*



DECISION(S): The board approved the adjustment of the 2016 budget as proposed. The board requested the BFC to help identify the level of specificity needed in FSC budgets and accounting.

TOPIC: *GA preparations and regional members' meetings*

DECISION(S): The board approved the plans for regional meetings and identified board members to participate in these. The board requested the agenda and background documents for the regional meetings to be available in August.

In addition, the board welcomed the possibility of chamber meetings to help prepare for the GA, with particular emphasis on the social chamber.

Furthermore the board requested the secretariat to develop the ToR for the Motions Committee taking into consideration the feedback received.

The BSPC will support the secretariat in the preparation of the GA and ensure that the full board is kept involved as needed.

TOPIC: *FSC Implementation planning*

DECISION(S): The board decided to:

1. Reconfirm the mandate of the secretariat and the network to develop the plans for implementation as described in motion 84. The board requests that the membership is kept informed of the implementation planning process, and that feedback from the membership is sought among other ways through surveys and through discussions at the regional members' meetings planned for the second half of 2016.
2. Give a green light for the continuation of the process as proposed in the timeline shown in Annex A, leading to an implementation plan to be shared with the board at BM73 together with the work plan and budget for 2017.
3. The board requested the secretariat to focus on clarity and simplicity when finalizing the implementation plan, and to include suggestions for quick wins and for a 'stop-to-do' list. The board encouraged the Secretariat to already now structure its work and communications around the strategic plan, for instance in the forms to be used for submission of motions for the GA in 2017.

Annex 1: List of abbreviations used in this document

ASI	Accreditation Services International
BFC	Board Finance Committee
BGC	Board Governance Committee
BM	Board Meeting
BoD	Board of Directors
BSPC	Board Strategic Planning Committee
BWI	Building and Wood Worker's International
CNRA	Centralised National Risk Assessment
CoC	Chain of Custody
CoI	Conflict of Interest
CW	Control Wood
DG	Director General
FPIC	Free, Prior and Informed Consent
FSC US	FSC United States
GA	General Assembly
GMG	Gender Mainstreaming Group
HCV	High Conservation Value
ICL	Indigenous Cultural Landscapes
IFL	Intact Forest Landscapes
ILO	International Labor Organization
NOs	National Offices
NRA	National Risk Assessment
OCP	Online Claims Platform
PSC	Policy & Standards Committee
SDG	Standard Development Group
SIR	Scale, Intensity and Risk
ToR	Terms of Reference
TV	Transaction Verification
TWG	Technical Working Group
WG	Working Group