FSC® Certified Plantations and Local Communities: Challenges, Activities, Standards and Solutions
Workshop Report 2012
This is a workshop report. The statements of the presenters and participants do not necessarily reflect the position of the FSC.

Photo on cover: Young men participating in agroforestry in a Fibria plantation, Queluz, Brazil.
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Associação Brasileira de Celulose e Papel (Bracelpa)
World Wildlife Fund (WWF)

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Executive summary

On 11–13 April 2011, the Forest Stewardship Council (FSC) brought together nearly 100 community members, plantation company representatives, researchers and practitioners from around the world to explore collaboration between plantation companies and local communities in the FSC system.

The objectives of the Plantations and Communities workshop were:

> to identify best practices, methodologies and tools for facilitating collaboration between certified plantation companies and local actors, and for implementing local socio-economic development for communities near to, or effected by, plantation companies.

> to identify and discuss key components of the new FSC Principles and Criteria for Forest Stewardship (FSC P&C)\(^1\) that call for measuring plantation companies' efforts to achieve local socio-economic development through collaboration with local actors.

> to develop recommendations for generic indicators to correspond with the obligations of certified companies to local communities, as embodied in the FSC P&C.

On the first day, participants heard from academics and professionals regarding the types of conflict that have arisen between communities and plantation companies, and how FSC certification can contribute to ameliorating them by providing a platform for dialogue and helping generate benefits to those involved. They also heard from independent researchers who presented five case studies of FSC-certified plantations, outlining various company-community partnerships, the successes they have experienced and lessons learned.

On the second day, participants visited some plantations managed by Fibria, an FSC-certified company, and a Fibria-sponsored community center. Fibria representatives presented their programs for workers' safety and community engagement. In the afternoon, participants met local community representatives to hear about their experiences of working with plantation companies, the progress that they have seen and the issues that still need to be addressed.

On the third day, the participants were assigned to small groups and given the task of developing indicators for FSC P&C criteria, including those for forest workers, local communities, Indigenous Peoples and community development. The goal of this work was to come up with recommendations from the workshop that would provide input for the development of generic indicators for FSC's Principles and Criteria for Forest Stewardship (FSC-STD-01-001 Draft Version 5)\(^2\).

In conclusion:

> The case studies revealed that some companies – both small and large-scale – are taking the lead in finding ways to facilitate good stakeholder relationships and to maximize positive impacts on local communities. These companies recognize that FSC certification is not sufficient to secure good community relations, but rather one of many means for doing so.

\(^2\) The International Standard provided by the FSC P&C needs to be adapted to reflect the diverse conditions of forests in different parts of the world. The P&C therefore require the addition of indicators that are adapted to national or sub-national conditions in order to be implemented at the forest management unit level. The FSC P&C, together with a set of such indicators accredited by the FSC, constitute an FSC Forest Stewardship Standard.
The field visit to Fibria was an illustration of the potential for large-scale operations to use modern technology to manage engagement and programs with local communities, but also the enormity of this task when it involves over 100 municipalities.

The discussions with community members underscored the diversity of demands that communities make of companies. They also showed how a lack of communication with and access to a company can result in frustration and negative perceptions, even if the company has a comprehensive plan for community engagement and development.

The proposal of generic indicators by the participants provided important input for the FSC Working Group for the development of international generic indicators which began its work in 2012. The differences in drafting style and support for different indicators among participants with diverse interests highlighted the importance of a broadly participative process.

Notably, as the workshop was dominated by Latin American participants, issues related to the rapid expansion of plantations in Africa and Asia are likely to need more discussion and consideration in the development of the international generic indicators. It is expected that many companies in these regions will pursue FSC certification as a condition of international financial investments. In particular, the impact on local communities of foreign investment in land and the establishment of large-scale, high-intensity plantations will need to be adequately addressed.
1. Introduction

This is a report on the proceedings of a three-day workshop on FSC Certified Plantations and Local Communities, held in São José dos Campos, Brazil in April 2011 and organized by the FSC International Center. In total 96 participants attended the workshop, of whom 21 were from the economic North and 75 from the South. Seventy-two participants were from Latin America, three from Africa, 17 (including the meeting organizers) from Europe and three from North America. Fifty-five participants had economic interests in forestry and forest certification and 35 were representing either social or environmental interests.

The Plantations and Communities workshop had three formal objectives:

> To discuss the relationship between FSC certified plantation management companies and affected communities in order to identify best practices, methodologies and tools for facilitating collaboration between plantation companies and local stakeholders which leads to socio-economic development in communities.

> To discuss the components of the FSC Principles and Criteria for Forest Stewardship (FSC P&C) that call for measuring plantation companies’ efforts to achieve local socio-economic development through collaboration with communities.

> To develop recommendations for generic indicators to correspond with the obligations of certified companies to local communities, as embodied in the revised FSC P&C (FSC Standard 01-001 Version 5 Draft 2).

A fourth, unofficial objective was to foster an open dialogue between stakeholders.

Prior to the workshop, the organizers commissioned a review paper on the impact of plantations on local communities and five case studies of collaboration between plantation companies and communities highlighting issues, activities and solutions. Summaries of these are included in this report, together with links to the full texts.

The workshop was held over three days and the full agenda is included in Appendix 5. The first day consisted of presentations of background information and case studies, and discussions about how some companies are leaders in finding innovative ways to minimize the negative and increase the positive impact of plantations on local communities. On the second day, participants visited a large FSC certified pulp plantation operated by Fibria, and two local communities affected by the management of the plantation. They were asked to think of ways to measure the responsible social practices of large plantation companies. The third day comprised a session to provide input to the development of international generic indicators for specific criteria in the proposed new FSC P&C.

While the goal of the meeting was to include participants and perspectives from around the globe, due to the location of the meeting, the Latin American perspective was dominant. It is prudent to recognize that plantation expansion is happening in many parts of the world, especially Asia, and the findings of the case studies and the recommended indicators provide a limited picture of what is happening with plantations globally. Furthermore, although two of the case studies were of plantations of less than 50 000 ha, workshop discussions were generally focused on the impacts of very large plantation companies.

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3 The FSC P&C provide an internationally recognized standard for responsible forest management.
4 Version 4 of the FSC Standard 01-001 was in effect from 2002. The revision process which resulted in Version 5 was initiated in 2004, formalized in 2008 and approved by the FSC membership in early 2012.
2. Day one: summary of plenary presentations

This section of the report presents summaries of the plenary presentations made on the first day of the Plantations and Communities workshop. These presentations include the background to the workshop, overviews of the key issues influencing the relationship between plantations and communities, and case study research. The titles of each presentation include a link to the slideshows used by the presenters. The section concludes with a summary of participants' discussions of the presentations.

2.1 Background to the Plantations and Communities workshop

Introductory presentation, ‘FSC: latest data and strongest drivers’ by Dr Michael Conroy, Colibri Consulting and Member of FSC AC Board of Directors (FSC Social Chamber North).

Plantations are a significant yet controversial element of the FSC system. In March 2012, plantations (or ‘planted forests’) accounted for approximately 24 percent of the total 1009 FSC forest management certificates, and for 8 percent of the total 108 million ha of FSC certified forests. As most of these are intensively managed for fibers for paper products, the majority of FSC certified products in the market come from certified plantations.

Since the inception of the FSC system the inclusion of large industrial plantations has provoked much discussion amongst FSC stakeholders, who possess widely divergent views on the issue. The debate has centered on a number of environmental and social issues.

Environmental issues include the externalities of plantations caused by their impact on water and soil resources and on plantation sites themselves. In particular, the conversion of any kind of natural forest to plantation was prohibited by the FSC standard from the outset, especially because of the impact of conversion on site biodiversity and landscape connectivity.

Social concerns about plantations have been directed at large-scale plantation monocultures, which can be hundreds of thousands of hectares in size. The companies that own them are frequently significant, highly visible players in the economic – and often political – arena in the countries where they operate. This has prompted speculation that it is the prominence of the companies that makes the plantations a focus of concern, rather than the environmental and social impacts of the plantations themselves.

Social concerns focus largely on the impact of plantations on employment opportunities in areas where they have been relatively recently established. Very large plantation companies are often vertically integrated and are either primary or significant contributors of roundwood/fibre to their own processing plants. As a result, the improvements to employment, infrastructure and social services created by the timber resource is often remote from the plantations, and local people perceive little benefit from them. The employment practices of forest plantation owners have also been criticized, particularly in relation to the impacts of outsourcing on workers’ salaries and terms of employment. In addition, the changing land tenure arrangements associated with the ‘privatization’ of land by plantation companies have also on occasion led
to problems of access to key natural resources and cultural sites.

Certification of plantations was included in the earliest discussions of the FSC, and since 1993 the nine principles of the FSC Forest Management Standard have required managers of all types of certified forest to endeavor to ensure good working conditions for forest workers, reduce negative environmental impacts of forest management and enhance the positive impacts of plantation management on local communities. In 1996, following a long consultation process, a tenth principle was added which refers explicitly to plantations and emphasizes that they must be planned and managed in accordance with the first nine principles. Principle 10 was strengthened by the addition of Criterion 9 in 1999, and in May 2002 a Draft FSC Plantation Policy was developed to improve its interpretation.

Despite these efforts, growing concern over the certification of plantations prompted FSC members to pass a motion at the 3rd General Assembly in November 2002 which stated that: “The current version of the FSC Plantation Policy Draft (30 May 2002) is not clear enough and needs improvement. After a broad consultation with the membership (…) the revised Plantation Policy should give concrete guidance on the interpretation of Principle 10.” As a consequence, in 2004 the FSC Plantations Review was launched at an international stakeholder meeting attended by over 100 participants from around the world. A sub-group of the Plantations Review Working Group focused on the social impacts of plantation management and formulated a set of four general objectives for the social performance of FSC certified forest managers, shown in Box 1.

The FSC recognizes that there is a need for continuous discussion about the impacts of large certified plantations on local communities and that since the Plantation Review Committee released its findings, companies have continued to engage local communities and to find new ways of working together. This workshop was designed to bring companies, local communities and other FSC members together to discuss innovations in company-community collaborations and to think about how to measure the social impacts of companies in international generic indicators for the proposed new FSC P&C.

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**Box 1. General objectives for social performance**

(Source: FSC Plantations Review Working Group)

Certified Forest Organizations should:

- Ensure ‘good neighbor’ relationships with local communities and other stakeholders.
- Increase opportunities for, and contribute to, positive local sustainable development with an emphasis on reduction of poverty.
- Uphold the legal rights of workers, ensure worker’ rights to organize and maintain or improve workers’ health and social security.
- Uphold the legal and customary rights of Indigenous Peoples to own, use and manage their lands, territories and resources.
2.2 Challenges

Overview presentation, ‘Plantations and communities: key challenges and evolving standards’ by Dr Constance McDermott, University of Oxford.  

The rapid global expansion of tree plantations and the impact of this expansion on rural communities have been a source of numerous controversies. On the positive side, plantations are viewed as an efficient means to produce natural, renewable fibre on a limited land area for a rapidly growing and industrializing global population, at the same time as reducing pressure on natural forests, contributing to landscape rehabilitation and generating rural employment. On the negative side, plantations are associated with excessive global consumption, the erosion of the traditional rights and practices of local communities and Indigenous Peoples and loss of ecosystem health and biodiversity.

Environmental and social certification schemes, such as the FSC’s certification of forest management, have emerged to mediate these controversies by creating environmental and social standards for ‘responsible’ production. In so doing, they must respond to several current trends that heighten demand for a more proactive approach to social issues, including:

- Simultaneous growth in large-scale industrial production and community-based land tenures, resulting in increased interdependence of industrial producers and community rights holders, as well as potential for conflict between these actors.
- Growing land scarcity, rising food prices and resulting debates over the relative priority of non-food plantation crops, whether for fibre, biofuels or carbon.
- Increasing demand for certified plantation products, including FSC-certified paper.

The paper on which this presentation is based aims to support a proactive response to these trends. It begins by reviewing the literature on the social impacts of plantations to identify the range of controversies described by various researchers and activists, and goes on to examine the state of research on measuring social impacts. It then assesses how the FSC and other related environmental and social certification schemes are designing and modifying their standards to address social controversies and impacts. Finally, it concludes with strategic options and ways forward.

The literature review reveals a wide range of contentious issues. These can be roughly divided into four broad categories, relating to land tenure and governance, employment, community welfare and environmental impacts. Among these, there are notable similarities and differences between developed and developing countries. In particular, land tenure and governance conflicts are identified as a leading challenge in developing countries; the extent, quality and security of employment, rural livelihoods and social cohesion are common points of debate in both developed and developing countries; and aesthetic concerns about the loss of traditional rural landscapes are prevalent in some developed regions with limited forest cover, such as parts of Australia and the UK.

Limited comprehensive and comparable research on social impacts means that evidence informing these controversies is relatively scarce. However a growing number of studies from Oceania, the Americas, Asia and Africa highlight the importance of methodological...
factors, such as the scale of analysis, and contextual factors, such as land ownership, local socio-economic conditions and the pace and scale of change. Several studies in Australia have for example revealed important differences in regional and local impacts, observing a correlation between plantation development and economic growth in regional centers, with simultaneous declines in population and services in smaller towns. However, a more systematic global discussion of plantation impacts would require many more studies of this kind, using coordinated methodologies to assess social impacts at multiple scales. This is a substantial challenge given that the diverse and dynamic nature of stakeholder priorities is likely to continue to drive various and sometimes contradictory research findings.

The paper also considers how the FSC and other forest-related certification schemes are evolving to address plantation impacts. A number of schemes are currently undergoing major rewrites of their original standards and new schemes are emerging for a wide range of products, from palm oil to beef to forest carbon. Amongst these schemes there is:

1. A general increase in the environmental and social prescriptions across standards
2. An increasing emphasis on legality and governance
3. An increasing focus on ‘risks’ and ‘rights-based’ approaches and measurable ‘additionality’, led by forest carbon markets
4. A rising demand for impact assessments and ‘systems-based’ environmental and social management
5. An evolving set of strategies to support small-scale producers (e.g. FSC’s small, low intensity managed forests (SLIMF) program, the joint FSC-Fairtrade pilot project and FSC’s new label for products from communities and smallholders)
6. An increase in efforts by plantation companies to reframe their role from one of ‘compliance’ to company-driven ‘leadership’ and ‘transformation’.

These findings suggest opportunities for learning and synergies across sectors and the need to consider multiple scales when measuring plantation and certification impacts. They also suggest that resolution on the core issues driving these controversies is highly unlikely. Instead, the controversies may continue to generate a dynamic environment for standard-setting, involving a plurality of approaches both within and across schemes.

In the case of the FSC, this drives a relativist approach, where the requirements for achieving certification are commensurate with the scale and intensity of plantation production systems and the level of environmental and social risk.

A relativist approach may be equally facilitated by:

1. Extensive stakeholder engagement
2. Systematic frameworks relating assessment of risk with the level of mitigating interventions required
3. Proactive measures on the part of plantation companies to build trust by demonstrating voluntary commitment to shared environmental and social goals.

Response presentation by Dr Berty van Hensbergen, SSC Forestry.

This response to Dr McDermott’s presentation is intended to highlight important issues in the relationship between plantations and communities which require additional attention.
The rapid expansion of commercial plantations, particularly in Africa, is of special concern since the governance structures surrounding land allocation are weakly organized and the customary rights of occupants are often sidelined when plantation land is allocated. Allocation often follows legal pathways, but is not necessarily ethical. While it is difficult to see how the FSC should engage with this process, most organizations now carrying out plantation development will be seeking certification at some point in the future.

Land costs, usually in the form of lease rentals, are often unrealistically low, leading to opportunities for corruption. Although corruption is specifically addressed in the proposed revisions to the FSC P&C, it is difficult to see how this can be invoked retrospectively.

The Latin American focus of this workshop means that key issues facing African stakeholders will not be systematically addressed here. One key issue that should be highlighted however is that although Indigenous Peoples scarcely exist in Africa, many local communities live lifestyles which have changed little over time. The needs of these communities in relation to large forestry organizations are not dealt with adequately by current FSC systems. The revised FSC P&C may however go some way to addressing these issues.

The emphasis on legality in relation to the performance of forest managers is in many cases counterproductive.7 Forest law has in many cases reserved the rights to high value forest products for elites and in some cases prohibited even subsistence use of forest resources for the poor. FSC standards may therefore require certified forest managers to enforce laws which lead to deprivation by preventing customary access to forest resources.

Social interventions are too often directed at meeting the immediate needs of communities at the cost of long-term development. This can lead to a culture of dependency from which escape is difficult.

Most importantly there is a need for a normative framework to give greater guidance to auditors about what should be required of FSC certificate holders. Although the standard specifies that the criteria should be applied taking into account issues of scale, intensity and risk, these are at present neither adequately defined, nor is an approach to their application given. As a result there is a feeling among stakeholders that there is an imbalance in what is asked of large and small organizations in relation to social outputs.

The biggest standards-related change affecting social impacts of forest management is the recent introduction of the Fair Trade standard, which is available to FSC SLIMF8 certificate holders through the cooperation with Fairtrade Labeling Organizations (FLO) International9. This standard is specifically aimed at increasing benefits for small producers in the south.

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7 An issue first raised by Alan Knight at the FSC 10th Anniversary Conference

8 To offer and implement practical solutions to the barriers faced by small, low-intensity managed forest operations in accessing and retaining FSC forest certification, in 2003 the FSC introduced a series of modifications to the way certification bodies carry out assessment, monitoring and re-assessment for those operations which qualify as SLIMF. The modifications are designed to make certification more accessible and cost-effective, while retaining the rigor of FSC certification processes.

9 In 2007, FSC and FLO International first explored the potential role of Fairtrade in creating market opportunities for community-based foresters. In 2009 a pilot project began identifying potential supply chains for dual certification. In early 2010, FLO developed timber standards and compliance criteria for timber, based on a gap analysis of the FSC P&C and applicable Fairtrade standards. In 2012 first products with a joint FSC/FLO label were launched as a test for the market. The potential benefits of dual labeling for smallholders and communities include use of both the FSC and Fairtrade labels, entrance to new markets, agreed-upon minimum prices and guaranteed price premiums which will go into a Social Fund for use by the producers. The pilot project is expected to run through December 2013.
Proposed changes in the FSC standard also address a variety of important issues, particularly regarding the proposed requirement for social management plans. These plans will require the establishment of concrete and verifiable targets for the social interventions of FSC certified companies. In addition, the introduction of the living wage concept is a potential improvement in areas where industry standards or national minimum wages are inadequate. The living wage concept may however prove difficult to put into practice.

Perhaps the most important change in the proposed standards relates to the use of the term ‘engagement with stakeholders’. Engagement requires a high level of interaction with and between stakeholders, and decision-making in particular would require a high degree of consensus which may prove frustrating to many forest managers. But the potential benefits are great, particularly in relation to social risk factors. There are, for example, significant opportunities for win-win situations in which companies and local communities form partnerships to develop joint businesses, with forest managers sharing their business expertise with community members. Such partnerships could simultaneously provide employment and diversify the economy.

2.3 Activities

‘Overview of FSC activities on plantations and communities’ by Roberto Waack, Member of FSC AC Board of Directors (FSC Social Chamber South) and FSC Plantations Working Group.

The issue of plantations has been at the forefront of stakeholder concerns since the inception of the FSC system. A motion at the General Assembly of 2002 set in train the process that has led to the Plantations Policy Review, which was completed in 2006. The process was led by a Policy Review Committee which accepted inputs from a wide range of stakeholders. The committee reviewed a wide range of issues raised by stakeholders and attempted to determine the extent to which FSC systems could be used to address them. They also considered whether concerns raised were due to problems with the FSC standard or with the performance of auditors.

Many of the recommendations of the Policy Review Committee are applicable both to plantations and natural forests. A key recommendation was that forest managers should implement social management systems designed to ensure that social objectives were specified and that proper consultation with affected stakeholders takes place. The focus of the committee was to increase the weight of social concerns so that they would be on an equal footing with environmental and economic issues and become better integrated into the management requirements for certified forests. In addition, they suggested that managers should be more proactive about preventing and mitigating negative impacts. Finally, the committee stressed the need for greater emphasis on poverty reduction through sustainable local development.

Once the recommendations of the Policy Review Committee were completed, FSC engaged a technical committee to work on two approaches to social issues. First, they were tasked with the creation of a handbook that could guide forest managers in the development and implementation of social management planning. Second, they were responsible for transforming the Plantations Working Group recommendations into technical input into the revision of FSC P&C. This included a series of stakeholder engagement exercises.

Whilst recognizing that in many cases the distinction is very clear, the committee also took
the view that the dichotomy between plantations and natural forests was not a useful one, since there are a significant number of cases where it is difficult to apply. The committee instead recommended that it is the intensity and potential impact of forest management activities that should be considered in the standard.

### 2.4 Standards

‘Social requirements in the FSC principles and criteria’ by Dr Hans Joachim Droste, Director of Policy and Standards Unit, FSC International.

The proposed new FSC P&C give far greater weighting to social dimensions of certification, and current work on developing standards reflects this increase. The proposed new version of the P&C would see the current Principle 2, which deals with land tenure, absorbed into Principle 1, which deals with legal compliance. In addition, the current Principle 4, which deals with community relations and worker’s rights, would be divided into two separate principles, the first dealing with workers rights and employment conditions and the second dealing with community relations (see Table 1). Further, three out of the ten principles in the proposed P&C deal primarily with social issues, and substantive social issues are also included in other principles.

This change is also reflected in an increase in the number of criteria dealing with social issues from 22 to 32, an increase from 39% to 46% of all criteria (see Table 2). The largest change is a doubling of the number of criteria dealing with issues related to forest workers, which have been the focus of strong stakeholder interest.

**Table 1. Comparison of the current and proposed principles**

(Key changes highlighted in red)

<table>
<thead>
<tr>
<th>#</th>
<th>Current Principles</th>
<th>Proposed Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle 1</td>
<td>Compliance with laws</td>
<td>Compliance with laws</td>
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<tr>
<td>Principle 2</td>
<td>Tenure and use rights</td>
<td><strong>Workers’ rights and employment conditions</strong></td>
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<td>Principle 3</td>
<td>Indigenous Peoples’ rights</td>
<td>Indigenous Peoples’ rights</td>
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<td>Principle 4</td>
<td>Community relations and workers’ rights</td>
<td>Community relations</td>
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<td>Principle 5</td>
<td>Benefits from the forest</td>
<td>Benefits from the forest</td>
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<tr>
<td>Principle 6</td>
<td>Environmental impact</td>
<td>Environmental values and impacts</td>
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<td>Principle 7</td>
<td>Management plan</td>
<td>Management planning</td>
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<tr>
<td>Principle 8</td>
<td>Monitoring and assessment</td>
<td>Monitoring and assessment</td>
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<td>Principle 9</td>
<td>High conservation value forests</td>
<td>High conservation values</td>
</tr>
<tr>
<td>Principle 10</td>
<td>Plantations</td>
<td><strong>Management activities</strong></td>
</tr>
</tbody>
</table>

10 The ‘current version’ is Version 4 of FSC Std 01-001 and the ‘proposed version’ is the Draft for Version 5.
The most important changes to the standards in relation to communities would be the extension to communities of two protections formerly reserved for Indigenous People: the protection of traditional knowledge and the identification and protection of heritage objects. Another important change is the requirement for certified forest managers to engage with local communities in order to achieve their Free, Prior and Informed Consent (FPIC) for all issues dealing with the customary usage rights of communities. This requirement for engagement extends to all aspects of community development including the identification of needs for employment, training and socio-economic development and the identification of negative impacts.

Indigenous Peoples’ rights would also be enhanced under the proposed standard, which would include a requirement for binding agreements for the delegation of management control to certified organizations, as well as respect for UN and ILO declarations in relation to Indigenous Peoples.

Key changes to the principle dealing with relations with forest workers include a requirement for the promotion of gender equity. In addition, there is now a mention of living wages instead of simply minimum wages.

As a direct result of the Plantations Review, Principle 7 of the proposed standard includes a requirement for a social management plan with clear objectives. This will ensure that the social requirements of the standard are formally considered by forest managers and that socially-related activities are properly controlled and audited.

2.5 Experiences: case studies of relationships between certified plantations and local communities

The reports of the case studies that follow are the integration of information from each written case study, the PowerPoint presentations and subsequent discussions at the workshop, and additional information, reflections and opinions inserted by the senior author of the workshop report.

<table>
<thead>
<tr>
<th>Social Criteria</th>
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<th>Proposed Version</th>
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<td>Community relationship</td>
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<tr>
<td>Indigenous People</td>
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<td>6</td>
</tr>
<tr>
<td>Forest workers</td>
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<td>6</td>
</tr>
<tr>
<td>Other social aspects</td>
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<td>10</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>22 (56)</strong></td>
<td><strong>32 (69)</strong></td>
</tr>
</tbody>
</table>
2.5.1 Chile: Masisa and Agenda 21

‘Masisa and its relations with Indigenous Peoples, communities and service providers’ and ‘Los Lagos Sustainable Eco-Region: company-community partnership for local development’ by Luis Astorga, Astorga Consulting Ltd and former Member of FSC AC Board of Directors (FSC Social Chamber South).  

Box 2. Masisa and Agenda 21 – stakeholder interactions around certified plantations in Chile

This pair of case studies explores the relationship between the forestry company Masisa and the local population in Chile. The first is related to the activities of Masisa, an FSC certified company with 145 000 ha of land, 89 000 ha of which is planted. The second deals with the activities of Agenda 21, an NGO concerned with local development and community interaction with forest companies. A desk review was conducted using documentation provided by Masisa and Agenda 21, followed by several fieldwork visits involving interviews with different stakeholders and informants.

The study examines interactions between Masisa and indigenous and peasant communities, and service companies and their workers. It includes an example of participatory stakeholder consultation which involved both Masisa and local actors in the development and implementation of a Local Development Plan.

The first part of the study describes the activities Masisa has developed in order to meet the FSC standard. As part of its Corporate Social Responsibility program, the company has engaged in the identification and recovery of cultural and religious sites of the indigenous Mapuche, a program of environmental education for local communities and a program of engagement with forestry contractors in order to improve their management and the lives of their workers.

The second part of the study describes an ongoing participatory process that includes three FSC certified companies, including Masisa, and a range of local actors. This initiative, the Agrupación Eco-Región Los Lagos Sustentable, is supported by FSC-Chile and facilitated by Agenda 21. It aims to initiate a stakeholder dialogue to work toward resolving local problems and achieving local development. Initial meetings have delivered a workplan and a proposal for coordination at the managerial level of companies. These proposals deal directly with structural issues related to companies’ productive activities that affect communities in the area.

These initiatives are well under way. Lessons learned from their implementation emphasize that FSC certification is not an end in itself, but that it is a useful instrument for responsible forest management. The experience of Agenda 21 demonstrates the possibility of forestry companies, communities and municipalities working collectively towards local economic development

11 The full text of the Chile case study is available at http://ic.fsc.org/plantationscommunities.483.htm
2.5.2 Nicaragua: Futuro Forestal

‘The experience of Futuro Forestal in Nicaragua’ by Damian Villacrés, independent forestry consultant.

Box 3. Futuro Forestal – preventing conflict and strengthening the local economy in Nicaragua

Futuro Forestal (Future Forest) is a forestry company whose operations are FSC certified in Panama and Nicaragua. This study focuses on activities developed by the company in three sites in the west of Nicaragua. These activities bring together the company, its workers and local communities with the aim of preventing local conflicts and managing risks such as forest fires.

The company is supported by the Gerencia de Desarrollo Humano y Medio Ambiente (Human Development and Environment Directorate) and the Fundación Bosque y Comunidad (Forest and Community Foundation). These institutions are responsible for the promotion of company policy and practice, for generating dialogue between actors and for promoting the participation of workers and other stakeholders.

Activities developed with workers focus on building the capacity of employees and improvements in health, safety and hygiene in the workplace. There are also agricultural activities such as trueque justo (fair barter) which allows agricultural crops to be cultivated within forest plantations. Together with communities, the Forest and Community Foundation is responsible for identifying and making available productive measures that are appropriate to the socio-economic reality of farmers, promoting and validating pilot business models and creating spaces for the active participation of local actors. Activities include the development and promotion of productive enterprises such as vegetables, honey and compost, income diversification and a framework to promote educational and attitudinal changes towards the environment. The company has involved local government, technicians from associated institutions, organized collectives, producer groups, primary education teachers, educational institutions and the general public in these activities.

Areas near forestry operations have seen the generation of employment and access to new sources of income in communities, and community members interviewed perceived an improvement in their quality of life. It is important, however, to assess the long-term sustainability of the projects that have been promoted, particularly with regard to market development for new products, evaluation of project impact on households and gender relations and greater participation of stakeholders in project identification.

Futuro Forestal has a long history of FSC certification and includes the aim of achieving FSC certification for all working sites in its policy documents. A finding that emerged from interviews was that company staff perceive these certification-related aspects of their activities as complementary to their existing social practices with regard to nearby communities.

12 The full text of the Nicaragua case study is available at http://ic.fsc.org/plantationscommunities.483.htm
2.5.3 Solomon Islands: Kolombangara Forest Products Ltd

‘Land needs from Kolombangara Forest Products Limited: lease for subsistence farming by neighboring local communities’ by Vaeno Vigulu, School of Biomolecular and Physical Sciences, Griffith University, Australia.  

Box 4. Leasing forestry land for subsistence farming in the Solomon Islands

The need for fertile land for subsistence farming is a problem for local people in some areas of the Solomon Islands. A lack of fertile land has led the communities of Kuraqutoti and Vanusatah to encroach on the Fixed Term Estate of the forestry company Kolombangara Forest Products Limited (KFPL). They have established gardens for subsistence production and cash income on areas including riparian zones and forest reserves. These invasions put KFPL’s FSC certification in jeopardy. In response to the situation, in early 2010 the company initiated a program to provide alternative areas within their estate for community members to cultivate crops. The aim was to simultaneously address the lack of fertile gardening land and prevent gardening in protected areas.

The program proposes an agroforestry system which would increase seedling spacing to 10m x 3m. This would allow community members to cultivate crops between the rows of seedlings for approximately the first five years after plantation establishment. The company staff allocate gardening areas, provide technical support on crops and monitor implementation to ensure the agreement is being followed.

An informal survey of local community members found that 40 percent participated in the initiative, 55 percent were against it and the remaining 5 percent were impartial. The agroforestry system is not a long-term solution to the shortage of crop land for communities, but has improved KFPL’s relationship with the neighboring communities. Continued collaboration between the company and the communities will be needed to find more lasting solutions.

13 The full text of the Solomon Islands case study is available at http://ic.fsc.org/plantationscommunities.483.htm
2.5.4 South Africa: Mondi Forests

‘Changing labor practices at Mondi Forests, South Africa’ by Jeanette M. Clarke, independent social researcher.¹⁴

Box 5. Changing labor practices at Mondi Forests, South Africa

The focus of this case study is on the social impacts of labor outsourcing at Mondi’s forestry operations in South Africa and the role of FSC certification in the mitigation of negative impacts and as a force for reform. The main actors are Mondi, a large international forestry company, forestry contractors and forest workers.

Between 1997 and 2001, Mondi outsourced all forestry operations to contractors. Labor outsourcing impacted negatively on working conditions and led to an increase in occupational injuries and fatalities, productivity decline, labor absenteeism and turnover, and a labor shortage. In 2002, Mondi began to introduce reforms to address problems arising out of the contracting environment, culminating in a far-reaching and well-funded package of labor reforms introduced in 2008. These reforms included a number of measures aimed at achieving a zero accident rate in their forests, partnerships with the Department of Health and national NGOs to implement a health care program with mobile clinics, measures to ensure full compliance with regulations pertaining to minimum wage and working conditions and improved worker training plans.

The improvements in contractor compliance, coupled with labour reforms introduced by Mondi, have gone a long way towards mitigating the worst of the negative impacts of outsourcing on forestry labour. However, FSC certification was not effective in driving labor reforms beyond compliance with statutory minimum conditions. In addition, despite reforms, the condition of forest labor in South Africa still fell short of the ILO definition of 'decent work'. The criteria, indicators and verifiers of FSC P&C Principle 4 need to be reviewed and updated to provide for decent work in a contracting environment. More stringent oversight is needed to ensure regular updating and review of FSC checklists to reflect improved norms and standards nationally and internationally.

¹⁴ The full text of the South Africa case study is available at http://ic.fsc.org/plantationscommunities.483.htm
Box 6. Improving quality of life for plantation workers, Brazil

In 1998, Klabin was the first company from the pulp and paper sector in the Southern Hemisphere to have its forests certified by the FSC. This paper presents an innovative and replicable educational program, Crescer (Grow), which emerged from a partnership between Klabin’s Forestry Unit, local service provider companies and the Serviço Social da Indústria (National Industry Social Service).

Following global trends, Klabin began an outsourcing process in the early 2000s. This resulted in a large proportion of its workforce being outsourced and a new need for the company to maintain contact with the workers. Crescer was created with the specific goals of increasing workers’ skills and opening a channel of communication between them and the company. Crescer provides one-hour educational activities before or after the working day, either at the workplace or in other locations such as farms. Two years into the program, 947 outsourced forestry workers have attended training in the state of Santa Catarina and 2,398 in the state of Paraná. Topics have included health, security, safety and quality of life.

A survey conducted in December 2010 revealed a high degree of satisfaction with the program among the participants. Other findings included an improvement of worker knowledge and consciousness about rules and accident prevention, and better quality of life for workers. Instructor permanence and the interactive methodology used in the trainings were found to have positive impacts on training success. The main benefit for the company is the opening of lines of communication with workers. Challenges for Crescer include how to make it financially sustainable, and the large turnover rate in course participants.

 tener a alta satisfacción con el programa entre los participantes. Otros hallazgos incluyeron un mejor conocimiento de los trabajadores y conciencia sobre las reglas y la prevención de accidentes, así como una mejor calidad de vida para el personal. La permanencia de los instructores y la metodología interactiva utilizada en los talleres se encuentran positivas para el éxito de la formación. El beneficio principal para la empresa es la apertura de canales de comunicación con los trabajadores. Los desafíos para Crescer incluyen cómo hacerlo financieramente sostenible, y la alta tasa de rotación en los participantes de los cursos.
2.5.6 Analysis of case studies

‘Overview and analysis of case studies’ by Dr Shoana Humphries, FSC social policy manager.

The plenary presentations highlighted three key aspects of plantations:

1. Plantations are an important source of the fibre that is necessary to satisfy society’s needs.

2. Plantations account for a high proportion of FSC certified forestry operations.

3. Large plantations present special challenges for socially and environmentally responsible forest management due to their scale and the intensity of their management.

The case studies presented provided examples of social interventions aimed at both workers and other community members. These interventions were motivated by a variety of factors, including the need to comply with labor responsibilities, especially to outsourced workers, a desire to ‘do the right thing’ in order to ensure a social license to operate and the need to comply with the requirements of the FSC standard.

In relation to activities instituted for workers, the major driving factor for social interventions has been to minimize or remedy the impacts of the outsourcing of labor that occurred in the forest sector in many parts of the world during the late 1990s. The cases we saw included training for employees, outsourced workers and consulting firms. In the case of Mondi, we also saw the setting of standards for training and monitoring of compliance with these standards.

In relation to communities, a number of different approaches were highlighted. These ranged from the provision of access to forest land for cultivation to the support of small, forestry-related business development. Assisting in the protection of important cultural and heritage areas was also important for community relations.

Some of the important conclusions shared included the findings that companies can improve the skills of local workers, training and capacity building can in turn decrease worker turnover rates and FSC certification can help ensure that companies take responsibility for ensuring that outsourced workers are trained and use safety equipment. In addition, regarding community relations, the cases emphasized that FSC certification is not an end in itself for achieving good relationships with local communities, but rather one of many means or vehicles for doing so. At the same time, it is important to recognize that engagement with local communities can also result in increased dependence of communities on plantation companies.

2.6 Discussion summary: costs and benefits for certified companies

Companies engage in certification because they see a benefit in it. Part of this benefit is in the reduction of risks associated with local social stakeholders. The costs of social interventions should be seen as investment in the future of the company, whether as a social license to operate in the short-term, or as the benefit of a well-educated and healthy workforce in the long-term.

It is important to define where the responsibilities of governments and companies lie in relation to the communities in which they operate. The first duty of companies is to prevent negative social impacts from their activities; thereafter it is to maximize positive
Companies should not take over the role of government, but should engage with it to ensure that their interventions are relevant and effective. Large companies that are major land-users in a region clearly have a greater responsibility than smaller companies.

The enormous variety of socio-political situations in which FSC certification occurs presents great challenges to the FSC in setting international P&C. National and sometimes sub-national standards will be needed in order to deal with this diversity.
3. Day Two: Fibria field visit

On the second day of the Plantations and Communities workshop, participants were introduced to the social management system of Fibria, a large Brazilian plantation company. They were also afforded the chance to visit local communities who were affected by local plantation management and had some experience with Fibria’s efforts at community engagement. The day started with two presentations at a Fibria education and training center in Santa Branca. This was followed by a visit to see Fibria activities in the field and to meet workers. The group was then divided into two to meet with social stakeholders. One group met informally with community members in a village and the other had a more formal meeting with organized representatives of local communities.

3.1 Fibria and its social management program

‘Fibria: plantations and communities’ by João Augusti, Forest Environment Manager, Fibria and ‘Social projects and relationships’ by Giordano Bruno Automare, Sustainability coordinator, Fibria.

Fibria is a very large pulp and paper company which was formed in 2009 by the merger of two companies, VCP and Aracruz. This merger made Fibria the largest plantation business in Brazil, with a total landholding of 974 000 ha, of which 496 000 ha is planted with Eucalyptus and 352 000 ha (36 percent) is managed for conservation. The company’s activities are located in seven states in eastern and southern Brazil. The company employs 19 000 people both directly and through permanently outsourced contractors. The total pulp production of the company is 5.2 million tons per year, ninety percent of which is exported. All of VCP’s plantations were certified by FSC before the merger, and some were also certified according to the Brazilian national system Certificação Florestal (Cerflor), which is endorsed by the Program for the Endorsement of Forest Certification. In the case of Aracruz, the plantations were certified under Cerflor prior to the merger, and have now been entered into the Rainforest Alliance’s SmartStep verified progress system to achieve FSC certification. The company subscribes to a wide range of national and international governance, forestry and disclosure commitments.

Sustainable management is built into the corporate governance scheme of the company. An external sustainability committee reports directly to an administration council, while an internal sustainability committee reports directly to the Executive Board. In addition, the CEO and President jointly have responsibility for sustainability and corporate relationships. At the operational unit level there are local relationship committees who are responsible for specific working groups. The social sustainability strategy of the group is to develop business plans aimed at poverty alleviation in local communities. These plans are based on forming partnerships with government at all levels and with social actors, aimed at improving education, health care and other social services in the vicinity of the plantations. The company strives to respect the rights and cultural heritage of communities and Indigenous Peoples and seeks to maintain a social license to operate through dialogue with all stakeholders aimed at peaceful cooperation and creating value for all.

The company has identified several groups of priority stakeholders with whom it has entered into dialogue, including the Movimento dos Trabalhadores Sem Terra (Landless Workers Movement), Indigenous communities and Quilombolas (communities of slave descendants). At present Fibria has 9 000 ha of land that has been occupied by landless workers and it has entered into a dialogue with
the government in order to develop a new agroforestry model for mutual benefit which will affect 800 families. Nine Indigenous communities border Fibria landholdings and recent court decisions are respected and have put an end to long-standing conflict. *Quilombola* communities are claiming land rights on some Fibria landholdings. Although the land rights are in dispute, Fibria is attempting to strengthen its relationship with these communities and other actors to seek solutions to the land issue and other challenges faced by the communities.

In addition, Fibria has faced a significant problem of timber theft from some of its holdings. Timber is stolen by poor neighbors for the production of charcoal for sale. The charcoal business, often controlled by criminal gangs, frequently involves unsafe working practices and the use of child labor. The company aims to address this problem by engaging with stakeholders including local governments and NGOs in order to promote sustainable development and discourage timber theft for charcoal production.

To help organize and facilitate their social responsibility work, the company has initiated an ambitious and comprehensive program to engage all communities affected by its plantation management activities. Fibria has activities in more than 250 municipalities to engage with the many poor communities living on its boundaries. It is seeking to develop a model which will result in more employment and income generation in the communities. It will achieve this by engaging with communities in a structured manner and then making social investments in line with its business strategy.

In 2011 Fibria had achieved engagement with 23 communities in 11 municipalities, operational dialogue with 109 communities in 35 municipalities and a personal presence agenda with 248 communities in 30 municipalities. Stakeholder engagement has led to a range of projects with strong benefits for local communities. The ‘Forest to Table’ model of agroforestry production has benefited over 500 farmers using 9,000 ha of land. The ‘Program for Local Rural Development’, under which agriculture is practiced on Fibria land, has been implemented in 20 communities. A beehive program in 20 communities based on the forest resource has produced 90 tons of honey per year. Other community development activities include the establishment of an outsourced community-managed nursery to supply Fibria’s needs. Operational dialogue covers all of the activities carried out by Fibria in the area.

Fibria is committed to specified goals and targets in relation to its social interface and considers this a key strategic issue in order to maintain its social license to operate.
3.2 Stakeholder meetings with local communities

For the purpose of meeting with local communities the workshop participants were divided into two groups, one Spanish and Portuguese-speaking and the other English-speaking. The groups visited different communities and spent about an hour and a half in formal and informal discussions with community members or representatives. The first group had a more formal meeting with community representatives, including elected community and street representatives and schoolteachers. Issues raised in this meeting focused on the noise and dust of timber transport vehicles and their impact on roads, and the lack of employment of local people by Fibria.

The second group had a more informal interaction with community members while walking around the town. Similar issues were identified, including the transport of timber through the middle of town. Issues surrounding water supply were also raised. Community members reported they did not have direct means of communicating with Fibria in order to address these issues.

The community visits highlighted the enormity of Fibria’s task in engaging local communities affected by its plantation operations, as well as how little engagement has happened to date in the communities visited. The visits also revealed the variety of requests and demands that communities make of Fibria, from providing more jobs and reducing noise pollution to building community centers.

Notably, in the meeting plenary the following day, several conference participants and organizers expressed their appreciation that Fibria facilitated this access to local communities, even though they knew the communities would probably have complaints about the company’s progress with engagement to date.
The FSC P&C provide an internationally recognized standard for responsible forest management. However, any international standard for forest management needs to be adapted at the national or sub-national level in order to reflect the diverse legal, social and geographical conditions of forests in different parts of the world. The FSC P&C therefore require the addition of indicators that are adapted to national or sub-national conditions in order to be implemented at the forest management unit level.

As part of the process of revising the FSC P&C, the participants of the Plantations and Communities workshop were invited to come up with recommendations for the development of generic indicators for the social performance of plantation management. On the final day of the workshop, two presentations helped them learn about the processes and challenges of structuring generic indicators for social performance in diverse plantation forestry scenarios. Following these presentations, they worked in small groups to develop a series of recommendations for generic indicators to contribute to the FSC P&C revision process.

4.1 How to structure an indicator

‘How to structure an indicator: a quick training on crafting indicators’ by Dr. Richard Donovan, Chief of Forestry, Rainforest Alliance.

There are four critical elements of the FSC system: standards and indicators, governance, the certification process and the auditor accreditation process. The FSC standards, with their locally-adapted indicators, signify FSC’s expectations of the performance of certificate-holders. Indicators must therefore address the critical direct performance issues in the system.

What is an indicator? The FSC defines it as a quantitative or qualitative variable which can be measured or described, and which provides a means of judging whether a forest management unit complies with the requirements of an FSC criterion. Indicators and their associated thresholds thereby define the requirements for responsible forest management at the level of the forest management unit and are the primary basis of forest evaluation.

Currently, there are 56 criteria in the FSC P&C. The current revisions to the FSC P&C could increase that number to 71. If we assume an average of four indicators per criterion then there would be 284 checking points for candidate operations and certifiers under the revised P&C, versus 224 under the current P&C. This would mean a 27 percent increase in the auditing effort. Every indicator represents stakeholder time for inputs and education, resources for operations in order to meet requirements and auditor resources. Furthermore, as a measure of performance, each indicator is critical to the assessment, so we must keep in mind that adding more indicators is not necessarily better. A proliferation of indicators can both increase cost and reduce quality.

While calling for the number of indicators to be as small as possible, it is also important that they address all of the requirements of the criterion. It is also important that all the indicators developed are SMART:

- **Specific** – to a single element or objective of expected performance in the criterion.
- **Measurable** – qualitative or quantitative thresholds of performance that can be clearly identified by auditors, operations and stakeholders.
- **Achievable** – by all operations, rather than specific to a particular technology.
- **Relevant** – unequivocally addressing the criterion in a global context, for all forestry
operations everywhere, addressing timber or non-timber values.

Tangible – clear, non-subjective, measurable terms.

Indicator development processes vary, but some basic elements include the following:

1. Unpack the criterion into each of its critical elements and reach consensus on those elements.

2. Develop an indicator covering each critical element.

3. Seek the minimum critical set of indicators.

4. Think about ‘Means of Verification’ (MOV) to test whether you can collect clear evidence.

5. Differentiate between an indicator and a MOV. If the indicator is the presence of a document, then it is not really an indicator but a MOV. A real indicator truly indicates the outcome desired and not the verification. This is a common mistake in indicator development.

When reviewing the draft indicator you’ve created, you can try some tests to see if you have created something that effectively measures performance outcomes.

1. Ask yourself if it passes the SMART criteria test.

2. Do a ‘Small and Medium Enterprise’ test to see if the indicator needs to vary with scale and intensity.

3. Examine with auditors, operations and other stakeholders to see if the indicator really indicates the desired outcome and measures performance.

4. Do an international language review. Ask if the wording of your draft indicator means the same thing to everyone on your team.

5. Check for redundancy or repetition within the criterion and across criteria. Ask yourself and your team if the criterion in which the indicator is currently categorized is the best or most efficient place to cover the issue you are discussing.

Unclear language should be avoided at all costs. If there is some ambiguity in the criterion, the indicator should establish clear application and define thresholds and outcomes.

During the conference, the issue of adapting the standard requirements to the scale and intensity of different operations was raised several times and was also mentioned in keynote presentations. The standard requires that auditors take note of the scale and intensity of operations in determining the mitigating actions and the social contributions that are required of companies. This is intended to ensure that smaller organizations are not over-burdened with unrealistic social demands and that those large organizations which are locally or even regionally dominant take significant steps to ensure that benefits from the forest are properly shared with local populations.

4.2 Dealing with size and intensity

‘Illustrative indicators for consideration in the context of plantations and communities’ by Dr. Berty van Hensbergen, Chairman SSC Forestry Group.

The FSC Plantation Working Group set out the following as the primary social objective of plantation management:
To increase opportunities for, and contribute to, positive local sustainable development with an emphasis on the reduction of poverty.

If this objective could be achieved, then in many cases plantation forestry would be included as a significant component of the desired land use of local communities, since it would offer them a better quality of life than the alternatives. It can best be achieved where forestry companies follow the FSC standards and thereby share the benefits of forest management with neighboring communities. But it is vital that the demand to satisfy the immediate and often desperate needs of communities does not prevent the achievement of development goals which represent long-term solutions to broad social constraints. It is equally vital that standards take into account the diverse nature of plantation forestry.

The case studies presented at the Plantations and Communities workshop gave excellent examples of a range of plantation forestry situations illustrating a diversity of scale, intensity and impact on the local population. In the case of Futuro Forestal (Nicaragua), the individual plantation estates are all small and have a total planted area of only 6,000 ha spread throughout the entire country. At Kolombonga (Solomon Islands) the land controlled by the company is more than 50 percent of the area of the island and probably close to 70 percent of the workable land below the altitude of 400m. In this case, there really is no other land available for local communities and the company is the dominant landholder. Masisa is the third largest plantation company in Chile and is, in a number of places, locally dominant in terms of land tenure. However, the company has estates spread throughout south central Chile in areas where the two largest companies have much larger landholdings, a position similar to that of Mondi in South Africa. Fibria, with its very large landholdings, is in many places the dominant landowner at the local level. In some areas close to their processing facilities, this dominance spreads to the regional level as well.

In locations where FSC-certified companies are the dominant land holders and the major employers (e.g., KFPL and Fibria), the demands for social contributions from the company are likely to be much higher than in cases where a diversity of alternative land uses exists alongside smaller areas of plantations (e.g. Futuro Forestal). In the first two cases, it is clear that the organization should take a major responsibility for the needs of neighboring communities, including supporting pathways for local economic development, especially if these are designed to reduce dependency on the company in the long-term. In the latter case, it is probably sufficient for the company to provide secure employment and, when the timber resource matures, to assist local entrepreneurs to develop sustainable timber-based businesses.

Large plantations face particular challenges and large forestry organizations have faced criticism from stakeholders on a number of issues including biodiversity loss, the landscape-level impacts of plantations, monopolization of local economies and land ownership, and risks associated with a single land use. These impacts all arise due to a lack of diversity in local land use allocation.

Landscape diversity leads to a variety of socio-economic and environmental benefits which include a more even flow of employment opportunities and a greater range of work suited to different types of people. It reduces dependence on the market cycles of a single commodity, reduces the environmental impacts of single land use and benefits biodiversity by
increasing landscape connectivity. It is the absence of diversity in land use which has, in some of the cases illustrated, resulted in a lack of alternative livelihood opportunities for local people, and increased the need for companies to make socio-economic contributions.

‘Diverse plantations’ present a potential way to meet these challenges. The design of an ideal diverse plantation forest estate is encapsulated in a matrix model, under which plantations should not take up more than 40 percent of a local landscape unit made up of 5 000–30 000 ha. Plantations would therefore exist within a matrix of other land uses and natural vegetation, allowing for the diversity of habitats needed for biodiversity conservation and the diversity of opportunities necessary to give space for economic development.

Economists and ecologists have developed methods for measuring diversity which can be applied at a variety of scales, from the local to the national. The most commonly used of these is the Gini-Simpson index of diversity, which is simple to apply. Results are on a 0–1 scale, making it easy to compare and value different land use scenarios in terms of their diversity. It could for example be applied at local levels to develop an index of land use diversity.

Aggregated measures of diversity can be used to guide auditors in relation to the scale and intensity of the forest management system, which can help determine what types of social intervention by certified companies are appropriate. Such interventions can range through:

- Direct support for immediate needs for health, water and food
- Economic development projects such as microfinance, local processing, outgrowers and business development
- Technical support and business partnerships
- Situations where the only requirements are the avoidance of monopolizing resources and engaging in anti-competitive behavior.

What is appropriate will depend on the local and national situation which will differ from country to country and will need to be normalized by national initiatives. In situations in poor countries with very low diversity, companies may be required to implement measures aimed at satisfying all of the requirements whereas in rich countries with high diversity it may only be necessary to avoid anti-competitive behaviors.

As well as designing and implementing appropriate social interventions, certified organizations are asked to monitor their social performance against specific goals. This is difficult since social development is typically slow and change may be difficult to detect within the five-year cycle of a single certificate, and because social indicators are often personal and therefore difficult to obtain.

Outcomes-based monitoring may be a help in this respect. Where an organization is carrying out activities in support of social change, it is relatively easy to measure what is actually done. These activities are the outputs and are immediate, and if they are successful they will change the behavior of the targeted individuals or systems. Such changes are the outcomes of the intervention and are usually medium-term and possible to measure. By contrast, improvements in livelihoods may be the impact of the intervention, but are typically longer-term, making measurement and attribution of causality much more difficult. It is relatively rare to find organizations that have adopted this type of systematic approach to monitoring their social interface.
4.3 Recommendations for generic indicators

The FSC General Assembly has asked for the development of a suite of generic indicators to be used by all certification bodies when auditing in countries that have no FSC-approved national standard. This important tool will minimize the differences between the performance of organizations certified by different bodies. As an input to this process, participants at the Plantations and Communities workshop were divided into groups in order to develop sample generic indicators for the draft FSC standard.

Participants were divided stakeholder groups – an ‘Economic’ group and a ‘Social and Environmental NGO’ group. Each stakeholder group was then sub-divided into teams of eight to ten people. Each team was allocated one or two criteria from the draft FSC P&C that dealt directly with worker or community issues. They were then given three hours to develop indicators for these criteria. The length and intensity of the discussions meant that not all groups were able to develop indicators for their allocated criteria. The indicators developed were reported back to a plenary session and briefly discussed. The indicators developed and the P&C to which they refer are shown in Annex 2.

In a separate exercise, participants were asked to use a fixed number of colored stickers to vote for each indicator according to whether they ‘liked’, ‘disliked’ or ‘were worried about’ them. Because of the fixed number of stickers, some of the proposed indicators received very few votes, and it is not entirely clear if they were those that participants were generally happy with. Of those indicators that received numerous votes, there was considerable consensus for some of the proposed indicators, while some were clearly not liked even by their proposers. But those proposed indicators receiving the most overall votes were also generally those that the participants were least happy with. The full results of the voting are shown in Annex 3.

Some of the indicators were controversial. The most controversial of those developed by the Economic Stakeholders concerned: a mechanism to guarantee control over activities of Indigenous People (3.2.2); the delegation by Indigenous People of control over management activities through FPIC (3.2.3); the existence of a plan or activities that promote the social and economic development of the communities in and around the Forest Management Unit (FMU) (4.4.1); the existence of efforts aimed at capacity building and development of suppliers of local products and services (5.4.3); and the proactive and transparent planning and monitoring of the engagement of affected parties (7.6.1). The most controversial of those developed by the Social and Environmental NGO Stakeholders concerned equal employment opportunities for men and women (2.2.1); consultation with workers to find a reasonable level for wages where there is no minimum wage (2.4.3); monitoring and evaluation of training and development (2.5.3); mapping of Indigenous People, their tenure and customary rights (3.1.1–3.1.3); mapping and characterizing areas of conflict with Indigenous People (3.2.4); existence of a management plan with a checklist of elements of social management planning (7.2.1L); and measurement of the satisfaction of interested stakeholders (7.6.1bL).

In some of these cases, the controversy arose because the indicators developed were in the wrong place in the standard. For example, 3.2.3 deals with delegation of control which is actually dealt with under criterion 3.3, while 3.2.4 deals with the mapping of areas of conflict, an issue not mentioned in criterion 3.2.
at all. In other cases, there are real issues of
difference in interest between the Social and
Environmental NGO and Economic
stakeholders. This is the case with the proposal
of 2.4.3 for the negotiation of a 'reasonable
wage level' between workers and plantation
companies.

The indicators generated reflected both
agreement and disagreement between the
different stakeholder groups. Those developed
by the Social and Environmental NGO group
were in general more complicated than those of
the Economic group, perhaps because the
Economic stakeholders will be responsible for
implementation. The Social and Environmental
NGO group were generally much more
concerned with issues of size and scale of
operations, perhaps because of their concern
that some larger operations are not making
adequate social contributions.

4.4 Closing discussion

The closing discussion focused both on the
success of the Plantations and Communities
workshop and on outstanding issues not
already addressed. A summary of stakeholder
remarks are given below:

> There are historical differences between
different parts of the world that need to be
considered. In Europe most of the forests
are constructed forests, while in North
America large areas that are now forest
had been previously cleared for agriculture
by the Indigenous People. In Europe,
plantations are recognized as being the
normal situation while in Latin America they
are a new feature of the landscape.

> The future of the FSC depends on the
plantation certification process. Plantation
management in Latin America is different
from forest management in many other
regions, and is a relatively new concept
that has changed forest management and
certification. The plantations have made a
huge impact on the environment and
surrounding communities and the FSC
needs to find a way to deal with this.
Deep-rooted solutions are needed that
balance all aspects of plantation
management. This is a point of great
importance since the volumes of timber
from plantations and intensively managed
forests will continue to dominate the supply
of FSC timber.

> There is a need for clear, structured social
management plans which are allowed
adequate time and resources to develop
and implement. Everyone involved in and
affected by the whole forest management
chain needs to contribute to the process of
improvement, which is not only the
responsibility of companies. The Rainforest
Alliance's SmartStep approach to FSC
certification is a useful tool for making full
use of the potential benefits of certification.

> There is a need to focus more on what
companies and the forestry industry can do
to encourage entrepreneurial spirit in
communities, in place of concentration on
satisfying immediate short-term needs.

> It is important that communities should take
up their role in sustainable development
activities. It is possible that too much is
being asked of companies in the
governance of local development
processes.

> The voices of those living around
plantations have been heard, but not
sufficiently. This has been recognized by
FSC stakeholders and it is up to national
initiatives to help local stakeholders play
their part in decision-making. But
community governance is often disorganized, frequently driven by a few individuals and needs to be strengthened.

> Non-governmental stakeholders would find it useful to have stronger local governments that are effectively meeting their obligations and implementing policy. This would be more likely to lead to win-win social interventions.

> Economic stakeholders raised concerns that the FSC standards focus too much on the negative aspects of plantation management instead of seeing the positives and possibilities. More needs to be done to strengthen the positive effects of forest management certification. If the benefits of certification are good enough, stakeholders are unlikely to give as much attention to weaknesses or lack of positive impacts.

> A number of interventions highlighted the positive role that could be played by encouraging a dialogue between communities and forest managers. Effective communication is seen as the key to a functional relationship with benefits for both sides.
5. Conclusion

Plantation management that meets strict environmental, social and economic standards is a necessity, a part of reality and a challenge for the FSC. Since its inception, the FSC has strived to address difficult issues regarding workers and positive engagement with local communities through the FSC P&C and in recent years through a specific Plantations Working Group. The proposed revised FSC P&C include even stricter requirements for good labor conditions and rights for workers and underscore the importance of supporting local community development. The FSC and its partners organized the Plantations and Communities workshop to highlight and facilitate discussion about the innovative ways in which FSC certified companies are improving the way they work with local communities, to gather suggestions for improvement and to facilitate expert participation in drafting international generic indicators for social criteria.

The case studies with a focus on Latin America revealed that some companies are taking the lead in finding ways to facilitate good stakeholder relationships and to maximize positive impacts on local communities. These include both small and very large-scale operations. These companies recognize that FSC certification is not sufficient to secure good community relations, but rather one of many means for doing so. In addition, while these companies expressed a need for the FSC standard to clarify better what it requires communities to do regarding workers and communities, they are not waiting for this, but rather leading by example and learning from their successes and mistakes.

The field visit to Fibria was a great illustration of the potential for large-scale operations to use modern technology to manage engagement and programs with local communities, but also of the enormity of this task when it involves over 100 municipalities. Discussions with community members underscored the diversity of demands that communities can make of companies, and how a lack of communication with and access to a company can result in frustration and negative perceptions, even if the company has a comprehensive plan for community engagement and development.

The development of international generic indicators is important for providing guidance on social responsibilities of certified companies. It was emphasized that these indicators should be well thought out and tested, that more is not necessarily better and that the scale and intensity of an operation are very important to consider when measuring compliance. While some interesting proposals were made at the conference regarding how company impacts can be considered at a landscape level, it is also very important to share and consider lessons learned at the operational level.

The proposal of generic indicators by the participants was a valuable exercise and provided important input for the international generic indicators working group which initiated their efforts in 2012. The differences in drafting style and support for different indicators among participants with diverse interests highlighted the importance of a broadly participative process.

Notably, as the workshop was dominated by Latin American participants, issues related to the rapid expansion of plantations in Africa and Asia are likely to need more discussion and consideration in the development of the international generic indicators. It is expected that many companies in these regions will pursue FSC certification as a condition of international financial investments. In particular, the impact on local communities of foreign investment in land and the establishment of large-scale, high-intensity plantations will need to be adequately addressed.
### Annex 1. List of participants

**Table 3. Participants in the Plantations and Communities workshop**

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achim Droste</td>
<td>FSC IC</td>
<td>Germany</td>
</tr>
<tr>
<td>Adilson dos Passos</td>
<td>Crescer</td>
<td>Brazil</td>
</tr>
<tr>
<td>Alan Rigolo</td>
<td>AMATA</td>
<td>Brazil</td>
</tr>
<tr>
<td>Alba Solis</td>
<td>FSC Perú, Certificacion Forestal Perú</td>
<td>Peru</td>
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<tr>
<td>Alberto Alexandre de Santos</td>
<td></td>
<td>Brazil</td>
</tr>
<tr>
<td>Ana Ines Gomez</td>
<td>ENCE</td>
<td>Uruguay</td>
</tr>
<tr>
<td>Ana Young</td>
<td>FSC IC</td>
<td>Chile</td>
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<tr>
<td>Andre de Freitas</td>
<td>FSC IC</td>
<td>Germany</td>
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<tr>
<td>Angeline Gough</td>
<td>FSC IC</td>
<td>Germany</td>
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<tr>
<td>Antonio do Nascimento Gomes</td>
<td>Fibria</td>
<td>Brazil</td>
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<tr>
<td>Antonio Sergio Alipio</td>
<td>Vercel</td>
<td>Brazil</td>
</tr>
<tr>
<td>Antti Marjokorpi</td>
<td>Stora Enso, Wood Supply</td>
<td>Finland</td>
</tr>
<tr>
<td>Augusto Robert</td>
<td>Forestal CMPC</td>
<td>Chile</td>
</tr>
<tr>
<td>Berty van Hensbergen</td>
<td>SSC – Forestry</td>
<td>UK</td>
</tr>
<tr>
<td>Brett Gilmore</td>
<td>Pan Pac Forest Products Ltd</td>
<td>New Zealand</td>
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<tr>
<td>Carlos Alberto Almeida Gonçalves</td>
<td>AMCEL</td>
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<td>Carlos Alberto Roxo</td>
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<td>Carolina Graça</td>
<td>Stora Enso</td>
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<tr>
<td>Claudia Bustamante</td>
<td>Ecoregión Agenda Local 21</td>
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<tr>
<td>Connie McDermott</td>
<td>Oxford University</td>
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<tr>
<td>Damián Villacrés</td>
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<td>Dionisio Barbosa de Aquino</td>
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<td>Christiane Leles Rezende</td>
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<td>Elizabeth Caravalhaes</td>
<td>Bracelpa</td>
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<td>Ernest Asare Abeney</td>
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<td>Esteban Carabelli</td>
<td>Alto Paraná SA</td>
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<td>Estebancio Castro Diaz</td>
<td>International Alliance of Indigenous and Tribal Peoples of Tropical Forests</td>
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<td>Fausto Hissashi Takizawa</td>
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<td>Hans Buttgenbach Verde</td>
<td>Iniciativa Nacional para Certificação Florestal Voluntário de Peru</td>
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<td>Hans Djurberg</td>
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<tr>
<td>Silvia De Pieri Oliveira</td>
<td>SESI – Serviço Social da Indústria</td>
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<td>Vanilda Rosângela de Souza</td>
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<tr>
<td>Vera Santos</td>
<td>AGFR – Associação para uma Gestão Florestal Responsável</td>
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<td>Victor Marecos</td>
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<td>Zoran Tomovic</td>
<td>Public Enterprise Vojvodinasum Petrovaradin</td>
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### Annex 2. Suggested indicators for the revised FSC Principles and Criteria

Table 4 shows the text of the revised P&C and their new and revised sub-Principles in bold type. Beneath them are the indicators devised by the two stakeholder groups at the Plantations and Communities workshop.

**Table 4. Suggested indicators for the revised FSC Principles and Criteria**

<table>
<thead>
<tr>
<th>Economic stakeholders</th>
<th>Social and environmental NGO stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2.2 (new) The Organization shall promote gender equality in employment practices, training opportunities, awarding of contracts, engagement processes and management activities.</strong></td>
<td></td>
</tr>
<tr>
<td>2.2.1 The Organization can demonstrate it is an equal opportunity employer. Means of verification include advertising, contractual requirements, performance reviews and workers’ interviews.</td>
<td>2.2.1 The Organization will guarantee equal opportunities for employment for both genders.</td>
</tr>
<tr>
<td>2.2.2 The Organization can demonstrate that there are similar requirements for equal opportunities in supplier contracts.</td>
<td>2.2.2 The Organization ensures wage equity between the genders.</td>
</tr>
<tr>
<td>2.2.3 The Organization can demonstrate that it has the appropriate activities for an inclusive dialogue about employment.</td>
<td></td>
</tr>
<tr>
<td><strong>2.4 (new) The Organization shall pay wages that meet or exceed minimum forest industry standards or other recognized forest industry wage agreements or living wages, where these are higher than the legal minimum wages. When none of these exist, the Organization shall through engagement with workers develop mechanisms for determining living wages.</strong></td>
<td></td>
</tr>
<tr>
<td>2.4.1 If a minimum wage exists in the country, the Organization should reach or exceed it.</td>
<td></td>
</tr>
<tr>
<td>2.4.2 The Organization should ensure that wages for contracted employees are the same as the Organization’s own workers.</td>
<td></td>
</tr>
<tr>
<td>2.4.3 Where there is no established national minimum wage, the Organization should consult with workers to find a reasonable level for wages that will foster a long-term relationship.</td>
<td></td>
</tr>
<tr>
<td><strong>2.5 (revised, formerly 7.3) The Organization shall demonstrate that workers have job-specific training and supervision to implement safely and effectively the management plan and all management activities.</strong></td>
<td></td>
</tr>
<tr>
<td>2.5.1 Implementation of a training and capacity-building program.</td>
<td></td>
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</tbody>
</table>
**Principle 2 (revised): Workers rights and employment conditions (continued)**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5.2</td>
<td>Use of a monitoring mechanism alongside training and development activities.</td>
</tr>
<tr>
<td>2.5.3</td>
<td>Monitoring and evaluation of training and development.</td>
</tr>
</tbody>
</table>

**2.6 (new) The Organization, through engagement with workers, shall have mechanisms for resolving grievances and for providing fair compensation to employees for loss or damage to property, occupational diseases or occupational injuries sustained while working for the Organization.**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.6.1</td>
<td>The Organization should establish a dispute resolution mechanism.</td>
</tr>
<tr>
<td>2.6.2</td>
<td>The development and implementation of mechanisms should be undertaken jointly with the employees.</td>
</tr>
<tr>
<td>2.6.3</td>
<td>There should be periodic reviews of the mechanisms.</td>
</tr>
<tr>
<td>2.6.4</td>
<td>The mechanisms should be monitored to ensure results.</td>
</tr>
</tbody>
</table>

**Principle 3 (revised): Indigenous Peoples’ rights**

The Organization shall identify and uphold Indigenous Peoples' legal and customary rights of ownership, use and management of land, territories and resources affected by management activities.

**Economic stakeholders** | **Social and environmental NGO stakeholders**
---|---

**3.1 (new) The Organization shall identify the Indigenous Peoples that exist within the Management Unit or are affected by management activities. The Organization shall then through engagement with these Indigenous Peoples identify their rights of tenure, access to and usage of forest resources, customary rights, legal rights and obligations that apply within the Management.**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1.1</td>
<td>Indigenous/traditional Peoples are identified, characterized and located in the FMU and/or in Organization's area of influence.</td>
</tr>
<tr>
<td>3.1.2</td>
<td>The Organization and the Indigenous People together identify the Indigenous People’s customary rights, ownership, access to and use of forest resources.</td>
</tr>
<tr>
<td>3.1.3</td>
<td>The Organization identifies areas where such rights are challenged and looks for common understanding.</td>
</tr>
<tr>
<td>3.1.1</td>
<td>The Organization should identify, map and characterize the Indigenous People who live within the affected areas. Means of verification include reports and consultations (minutes), socio-cultural diagnostic exercises, consultation with other institutions and maps.</td>
</tr>
<tr>
<td>3.1.2</td>
<td>A process exists to identify tenure and customary rights.</td>
</tr>
<tr>
<td>3.1.3</td>
<td>The Organization should demonstrate how their engagement complies with Indicators 3.1.1 and 3.1.2.</td>
</tr>
</tbody>
</table>
### Principle 3 (revised): Indigenous Peoples’ rights (continued)

<table>
<thead>
<tr>
<th>3.2 (revised, formerly 3.1 and 3.2) The Organization shall recognize and uphold the legal and customary rights of Indigenous Peoples to maintain control over management activities within or related to the Management Unit to the extent necessary to protect their rights, resources and lands and territories. Delegation by Indigenous Peoples of control over management activities to third parties requires free, prior and informed consent (FPIC).</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2.1 The Organization demonstrates the formal recognition of the documented and publicized legal and customary rights of Indigenous Peoples.</td>
</tr>
<tr>
<td>3.2.2 A mechanism exists that guarantees control over activities of the Indigenous peoples within or associated with the FMU.</td>
</tr>
<tr>
<td>3.2.3 If there is delegation of control from management activities by Indigenous Peoples, it must be done through FPIC.</td>
</tr>
<tr>
<td>3.2.4 The Organization has developed a map and characterized the areas where conflicts exist.</td>
</tr>
<tr>
<td>3.3 (new) In the event of delegation of control over management activities, a binding agreement between the Organization and the Indigenous Peoples shall be concluded through free prior and informed consent. The agreement shall define its duration, provisions for renegotiation, renewal, termination, economic conditions and other terms and conditions. The agreement shall make provision for monitoring by Indigenous Peoples of the Organization's compliance with its terms and conditions.</td>
</tr>
<tr>
<td>3.3.1 There is a formal agreement between the Organization and the Indigenous communities to delegate control of management activities.</td>
</tr>
<tr>
<td>3.3.2 The formal agreement must have deadlines, forms of negotiation, completion, economic conditions and other terms and conditions.</td>
</tr>
<tr>
<td>3.3.3 The formal contract should concluded through a process of FPIC.</td>
</tr>
<tr>
<td>3.3.4 The Organization demonstrates the existence of monitoring the compliance with the terms and conditions of the agreement.</td>
</tr>
<tr>
<td>3.3.5 It is confirmed that all the affected communities are well-informed about the formal agreement.</td>
</tr>
</tbody>
</table>
### Principle 4 (revised): Community relations
The Organization shall contribute to maintaining or enhancing the social and economic well-being of local communities

<table>
<thead>
<tr>
<th>Economic stakeholders</th>
<th>Social and environmental NGO stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4.4 (revised)</strong> The Organization shall implement additional activities, through engagement with local communities, that contribute to their social and economic development proportionate to the scale, intensity and socio-economic impact of its management activities.</td>
<td></td>
</tr>
<tr>
<td>4.4.1 The Organization has a plan and/or activities that promote social and economic development of the communities in and around the FMU.</td>
<td>4.4.1 Evidence of community meetings to identify priority needs.</td>
</tr>
<tr>
<td>4.4.2 Socio-economic projects are implemented prioritizing partnerships with local entities.</td>
<td></td>
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<tr>
<td>4.4.3 An Action Plan for socio-economic development, in line with territorial plans where they exist, developed with the community, then implemented and monitored.</td>
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</tr>
<tr>
<td>4.4.4 Evidence of participation of organizations in pertinent regional and/or local social and economic development fora.</td>
<td></td>
</tr>
<tr>
<td><strong>4.5 (revised, formerly 4.4)</strong> The Organization, through engagement with local communities, shall take action to identify, avoid and mitigate significant negative social, environmental and economic impacts of its management activities on affected communities. The action taken shall be proportionate to the scale, intensity and risk of those activities and negative impacts.</td>
<td></td>
</tr>
<tr>
<td>4.5.1 A mechanism exists for engaging with the community to identify and agree to the positive and negative social, environmental and economic impacts of management actions.</td>
<td>4.5.1 Socio-environmental impacts of management on local communities are assessed.</td>
</tr>
<tr>
<td>4.5.2 The Organization demonstrates the implementation of agreed-upon actions to avoid or mitigate negative impacts.</td>
<td>4.5.2 Plans for the mitigation of identified socio-environmental impacts are implemented, monitored and periodically revised.</td>
</tr>
<tr>
<td>4.5.3 Evidence of public consultation in the community regarding the impacts of the forest management</td>
<td></td>
</tr>
<tr>
<td>4.5.4 Evidence of the existence of a designated organization responsible for monitoring socio-environmental impacts.</td>
<td></td>
</tr>
</tbody>
</table>
### Principle 4 (revised): Community relations (continued)

<table>
<thead>
<tr>
<th>4.5.5 Evidence that the Organization has notified the affected communities about their procedures and the potential impacts of forest management.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.6 (revised, formerly 4.5) The Organization, through engagement with local communities, shall have mechanisms for resolving grievances and providing fair compensation to local communities and individuals with regard to the impacts of management activities of the Organization.</td>
</tr>
<tr>
<td>4.6.1 Existence of a mechanism for addressing, managing and resolving complaints and claims.</td>
</tr>
<tr>
<td>4.6.1 Channels for dialogue are implemented, functioning and known to the community.</td>
</tr>
<tr>
<td>4.6.2 The Organization has a current registry of care, monitoring and resolution of complaints.</td>
</tr>
<tr>
<td>4.6.2 Evidence that the Organization is aware of community complaints about forest management.</td>
</tr>
<tr>
<td>4.6.3 There is evidence of the participation of parties representing the community in defining the content of the mechanism.</td>
</tr>
<tr>
<td>4.6.3 Evidence of resolution or satisfactory compensation regarding community complaints.</td>
</tr>
<tr>
<td>4.6.4 The complaints resolution system is implemented and monitored.</td>
</tr>
</tbody>
</table>

### Principle 5 (revised): Benefits from the forest

The Organization shall efficiently manage the range of multiple products and services of the management unit to maintain or enhance long-term economic viability and the range of environmental and social benefits

<table>
<thead>
<tr>
<th>Economic stakeholders</th>
<th>Social and environmental NGO stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.4 (revised, formerly 5.2) The Organization shall use local processing, local services and local value-adding to meet the requirements of the Organization where these are available, proportionate to scale, intensity and risk. If these are not locally available, the Organization shall make reasonable attempts to help establish these services.</td>
<td></td>
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<tr>
<td>5.4.1 Existence of clear mechanisms for use of local products, services and sites.</td>
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</tr>
<tr>
<td>5.4.2 Existence of local suppliers of products or services being hired or purchased by the Organization.</td>
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<tr>
<td>5.4.3 Existence of the efforts aimed at capacity building and development of suppliers of local products and services</td>
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</table>
**Principle 7 (revised): Management planning**

The Organization shall have a management plan consistent with its policies and objectives and proportionate to scale, intensity and risks of its management activities. The management plan shall be implemented and kept up to date based on monitoring information in order to promote adaptive management. The associated planning and procedural documentation shall be sufficient to guide staff, inform affected and interested stakeholders and to justify management decisions.

<table>
<thead>
<tr>
<th>Economic stakeholders</th>
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<tbody>
<tr>
<td><strong>7.2 (revised, formerly 7.1)</strong> The Organization shall have and implement a management plan for the Management Unit which is fully consistent with the policies and objectives as established according to Criterion 7.1. The management plan shall describe the natural resources that exist in the Management Unit and explain how the plan will meet the FSC requirements. The management plan shall cover forest management planning and social management planning proportionate to scale, intensity and risk of the planned activities.</td>
<td></td>
</tr>
<tr>
<td><strong>7.2.1 Existence of a forest management plan that meets the requirements and elements mentioned in Criteria 7.2.</strong></td>
<td><strong>7.2.1</strong> The social management plan should include the following elements, according to scale, intensity and risk: an overview of local socio-economic situation; an overview of major stakeholders; analysis of major social and environmental issues that might be impacted; analysis of the social impact of safeguards; a local monitoring system; and a list of present and possible perceived benefits and contributions to stakeholders.</td>
</tr>
<tr>
<td><strong>7.2.2 Existence of a social management plan that meets the requirements of the FSC.</strong></td>
<td><strong>7.2.1 (L)</strong> Presence of an explicit section of the management plan that includes a minimum all the elements listed in Criteria 7.2 and a list of benefits, agreed through engagement with affected stakeholders.</td>
</tr>
<tr>
<td><strong>7.6 (revised, formerly 4.4)</strong> The Organization, proportionate to scale, intensity and risk of management activities, shall proactively and transparently engage affected stakeholders in its management planning and monitoring processes. The Organization shall respond transparently to requests from interested stakeholders for engagement in the planning and monitoring processes.</td>
<td></td>
</tr>
<tr>
<td><strong>7.6.1</strong> The Organization plans and monitors the engagement of affected parties proactively and transparently.</td>
<td><strong>7.6.1</strong> Mutual interest, shared values, management objectives and collaborative opportunities with affected stakeholders are identified in the management plan.</td>
</tr>
<tr>
<td><strong>7.6.2</strong> The Organization has a mechanism to guarantee response to requests and demands of the affected parties.</td>
<td><strong>7.6.1a (L)</strong> Presence of a formal system for monitoring engagement and ongoing relationships, including mechanisms for ongoing engagement and identification of key people and interactions.</td>
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### Principle 7 (revised): Management planning (continued)

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<tr>
<td><strong>7.6.1.b (L)</strong> Level of satisfaction of affected stakeholders in terms of the number of opportunities for participation (meetings, projects, programs), opportunities for capacity development and response to complaints from the Organization.</td>
<td></td>
</tr>
<tr>
<td><strong>7.6.2</strong> Problems, issues, lack of resources and capacity that constrain the Organization’s ability to achieve management objectives are identified in the management plan.</td>
<td></td>
</tr>
<tr>
<td><strong>7.6.3</strong> Demonstrate that a mechanism is in place to respond to requests for participations, concerns or information.</td>
<td></td>
</tr>
<tr>
<td><strong>7.6.4 (L)</strong> The response mechanism should include a formal written system or protocol for response.</td>
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</tbody>
</table>
Annex 3. Voting on indicators

Figure 2. Voting on indicators developed by social and environmental NGO stakeholders

I like it
I don’t like it
I’m worried about it
Figure 3. Voting on indicators suggested by economic stakeholders

Figure 4. Growth Forest Management Certificates and Certified Forest, by forest type, July 2010–July 2012 (Source: FSC Database, September 2012)

Number of certificates by forest type

Certified area by forest type
Annex 5. Workshop agenda

FSC certified Plantations and Local Communities: standards, activities, challenges and solutions

April 11–13, 2011, São José dos Campos, Brazil

This meeting is designed to give all participants a common background on the issues surrounding plantations and their responsibilities to local communities.

Field trip: By placing the field trip in the middle of the three days, we will encourage participants to test their understandings at two different field sites and to build more solidarity within the group in preparation for ‘negotiations’ of recommended generic indicators on the third day.

Building new generic indicators: The third day will focus on providing input for the development of generic indicators for the new proposed P&C with respect to the social responsibility of plantation companies and how to measure compliance.

Monday 11 April – Introduction, overview and case studies

07:00–09:00 Registration
09:00–09:15 Welcome by Roberto Waack, former chair of the FSC International Board, Elizabeth Carvalhaes, Executive Director of Associação Brasileira de Celulose e Papel and Fabiola Zerbini, Executive Director of FSC Brazil
09:15–10:00 Overview of the workshop agenda and self-introductions by participants (30 seconds each)
10:00–10:30 Overview presentation: ‘Plantations and communities: an overview of key challenges and the evolution of certification standards to address them’ by Dr Constance McDermott, Oxford University
10:30–10:45 Response presentation by Berty van Hensbergen, SSC Forestry
10:45–11:00 Coffee break
11:00–11:30 Brief overview of what FSC has been doing on plantations issues by Roberto Waack, Member of the FSC International Board, former Board Chair and Member of the Plantations Working Group
11:30–12:00 Brief overview of changes in expectations and responsibilities of plantation companies based on the draft revised P&C by Hans Joachim Droste, Head of Policy and Standards Unit, FSC International
12:00–12:30 Q & A with panel of presenters
12:30–13:30 Lunch
13:30–15:00 Case studies of interaction between plantation companies and local communities, with responses from community and company representatives
  ‘Masisa and their relations with Indigenous Peoples, communities and service providers’ and ‘Local facilitation of the Agenda 21 development program by the company and the community in the region of Los Ríos’ by Luis Astorga.
  ‘The experience of Futuro Forestal in Nicaragua’ by Damían Villacres, independent forestry consultant
  ‘Land needs from Kolombangara Forest Products Limited (KFPL): lease for subsistence farming by the neighboring local communities’ by Vaeno Vigulu, presented by Angeline Gough, FSC Social Policy Officer.
15:00–15:15 Coffee break
15:15–16:15 Case studies continued
  ‘Changing labor practices at Mondi Forests South Africa’ by Jeanette Clarke.
  ‘Crescer program: improving quality of life’ by Decio Zylbersztajn, Christiane Rezende and Samuel Ribeiro.
16:15–17:15 ‘Analysis and overview of the dimensions contained in the case studies’
by Dr. Shoana Humphries, FSC Social Policy Manager.

17:15–17:45 Discussion of best practices from case studies and participants’ experiences

17:45–18:00 Outline of the plans for visits to Fibria operations and community sites on Tuesday, division of the participants into two groups and assignment of volunteers to report back on Wednesday morning

18:00–18:30 Short presentations and activities: book launch (Dialogo Florestal); video (Bracelpa); group photo

Tuesday 12 April – Field trips to Fibria sites and discussion with communities

7:30 Depart hotel
8:15 Arrive at the Fibria Environmental Education Center in Santa Branca
8:30–9:00 Welcome Breakfast (Brazilian style)
9:00–9:30 Opening remarks by Fibria
9:30–10:30 Discussion about Fibria’s actions on sustainability, focusing on community relationships and workers
10:30–11:30 Visit to an FSC-certified Fibria operation with an opportunity to talk with workers
11:30–12:30 Visit to an organic vegetable garden and local artisans
12:30–13:30 Lunch

GROUP I (Santa Branca)
14:00–15:30 Meeting with community representatives
14:00–16:00 Meeting with community representatives
16:00–17:00 Visit local community members
16:00–17:00 Visit local community members
17:00–18:15 Travel back to the hotel

GROUP II (Caçapava)
14:00–15:30 Meeting with community representatives
16:00–16:00 Visit community members
16:00–16:30 Visit community members

Wednesday 13 April – Implementing change: monitoring and assessment

08:30–08:45 Introduction to the day’s agenda and rationale
08:45–09:30 Re-cap of the field trips (15 mins per group with 15 mins of discussion)
09:30–10:00 ‘How to structure an indicator - a quick training on crafting indicators’
by Dr. Richard Donovan, Chief of Forestry, Rainforest Alliance.
10:00–10:30 ‘Illustrative indicators for consideration in the context of plantations and communities’ by Berty van Hensbergen, SSC Forestry.
10:30–10:45 Coffee break
10:45–13:00 Small group exercises in drafting generic indicators for selected criteria from the proposed FSC P&C
13:00–14:00 Lunch
14:00–15:00 Report back from small groups
15:00–16:00 Initial plenary exercise in consolidating/combining draft indicators
16:00–16:15 Coffee break
16:15–17:00 Continued plenary exercise in consolidating/combining draft indicators
17:00–17:15 Voting on draft indicators
17:15–17:45 Discussion of future challenges for FSC-certified plantations and local communities
17:45–18:00 Workshop evaluation
18:00 Meeting adjourns