



RISK INFORMATION
ALLIANCE

Presenting the Risk Information Alliance: Reinventing Sustainability Risk Assessments

A joint presentation by FSC and Preferred by Nature





Welcome

Josh Taylor, Traceability Manager, ISEAL

Agenda

- **Welcome, Josh Taylor (ISEAL)**
- **Intros- FSC & Preferred by Nature**
 - Matteo (FSC)
 - Sandra (PBN)
- **The broader regulatory landscape:**
 - Matteo (FSC) and Jennifer (PBN)
- **The need for risk assessments: EUDR example**
 - Terry (FSC)
- **Risk Information Alliance**
 - Sandra (PBN)
- **RIA: Methodology**
 - Terry (FSC)
- **Closing & Questions**

The global reference on credibility for sustainability systems

ISEAL supports ambitious sustainability systems and their partners to deliver real, lasting, positive change.

- Membership organisation
- Not for profit
- Founded in 2002



Supporting sustainability systems adapt, collaborate and innovate - the ISEAL Innovations Fund

Grant-making facility co-founded with the Swiss State Secretariat for Economic Affairs SECO

Key focus areas:



Supported by:



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO



UK International
Development

Partnership | Progress | Prosperity

The Risk Information Alliance

Project lead: Sustainable Biomass Program (SBP)

Project Partners: Forest Stewardship Council (FSC), Roundtable on Sustainable Biomaterials (RSB), Preferred by Nature

Made possible with support from:



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State Secretariat for Economic Affairs SECO

Links to fund focus areas:

- Collaboration
- Assessing and responding to sust. risks
- Adding value





FSC Overview

Matteo Mascolo, Lead, EU Affairs, FSC



**A sustainable
forestry solution to
help protect healthy
and resilient forests,
for all, forever.**





AT A GLANCE

Today we lead the world's most rigorous and trusted forest certification system, trusted by NGOs, consumers, and businesses alike.

29

years of operation

150+

million certified hectares of forest

1,200+

individuals and organizations make up our governing body across 92 countries

85

locally-adapted forest stewardship standards

46%

of consumers globally recognize the FSC logo

1,600+

companies licenced to promote FSC-labelled products

50K+

certifications that verify sustainable sourcing

#1

most recognized, trusted, and rigorous forest certification system

Governance: Fundamentally balanced and transparent



33.3%

Social



Local People & Society at Large

33.3%

Environment



Biodiversity & Ecological Protection

33.3%

Business



Responsible & Economically Viable

FSC is a democratic member based and consensus-seeking organization. In order to equally balance the interests of different stakeholders, FSC is governed by three membership chambers (Environmental, Social and Economic) further divided into either North or South sub-chambers.

UPHOLDING INDIGENOUS PEOPLES' RIGHTS

FSC and the FSC Permanent Indigenous Peoples Committee (PIPC) actively support and prioritize the rights of Indigenous Peoples. FSC requires Free, Prior, and Informed Consent on management decisions. Forest owners and managers must identify and uphold Indigenous Peoples' rights of land ownership, use of land, and access to resources the land may provide.

Forests are everywhere and so are we.

400+ staff making responsible forestry a worldwide mission.

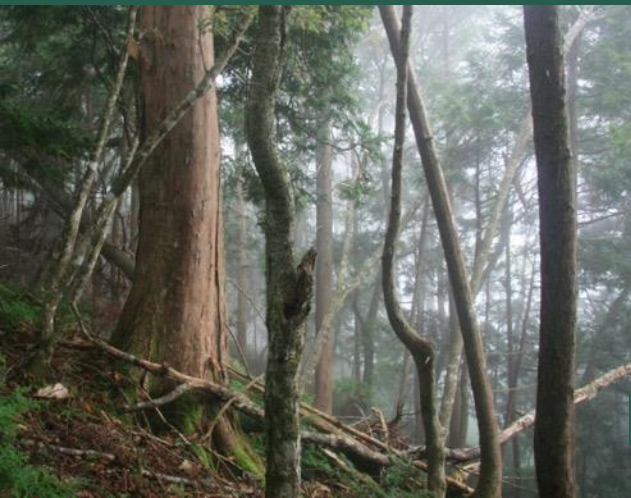
Over 150 million hectares of forest is currently certified worldwide.





FSC is a **ready-made solution**, a bridge between aspiration and action.

Every FSC-certified product helps support sustainable forestry.



Only the forest-based products are FSC-certified



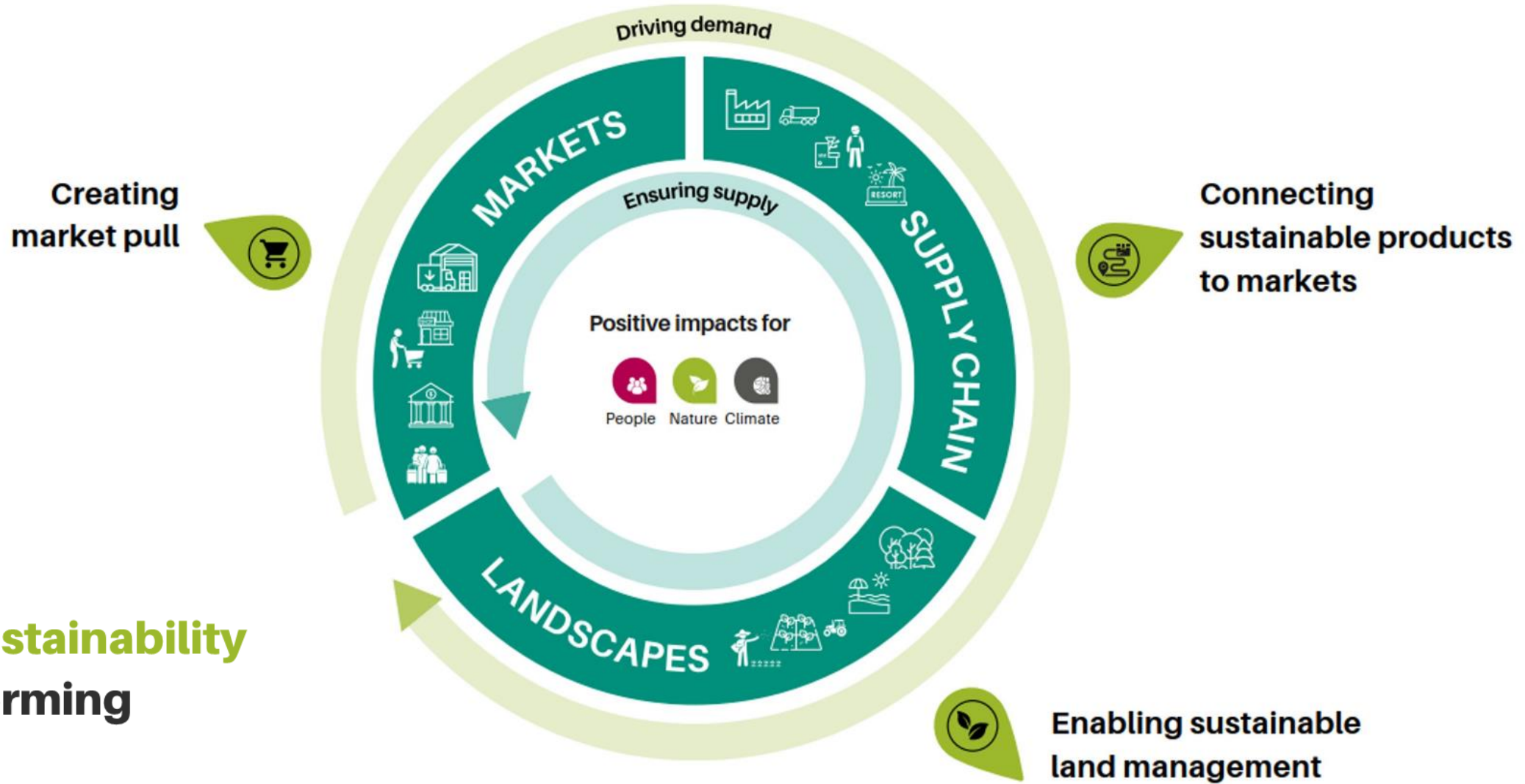
Preferred by Nature Overview

**Sandra Razanamandranto, Director of Market
& Development**



Preferred by Nature- Overview

Mission Driven International Organization



Driving sustainability
by transforming
markets

Sector and commodity focus

Sectors in focus



Forestry



Agriculture



Travel

Commodities in focus



Timber



Coffee



Cocoa



Palm oil



Soy



Rubber



Biomaterials



Cattle|beef



Rice

Commodities within the EU Deforestation Regulation scope




What we do and where we are

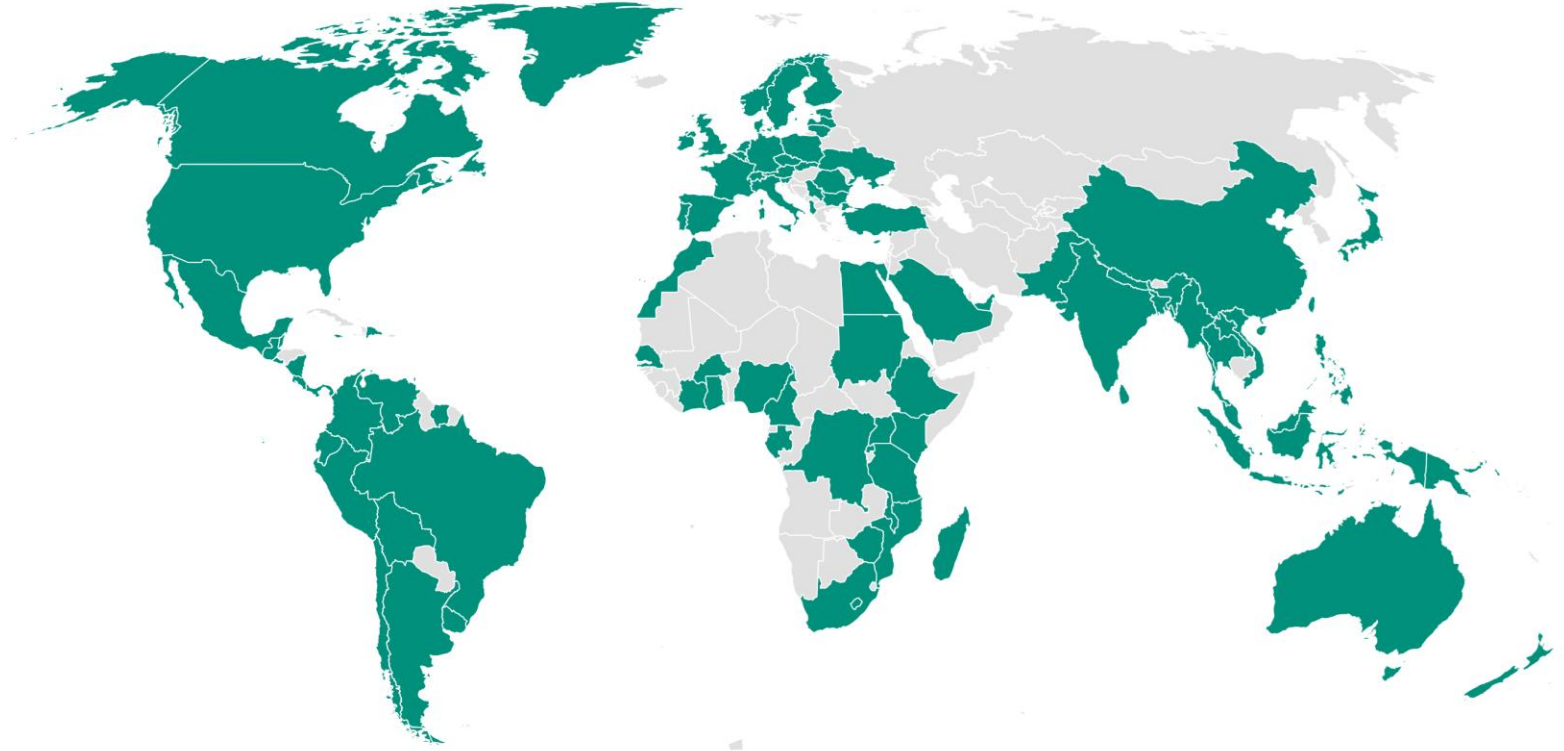
What we do

 **Certification services**

 **Sustainability advisory services**

 **Capacity building**

 **Mission-driven projects**



2+ million ha of certified farms



30 years of experience



360+ full-time staff



800 000+ certified farmers & foresters



30+ million ha of certified forests

Working with more than 4,200 companies & organizations.

Our certification services



Focus on forest, agriculture and climate impact commodities and related sectors.

These are some of the certification services we offer.

Preferred By Nature		Ecosystem Restoration	Sustainable Travel Programme				
Forestry							
Agriculture							
Others							
Climate							



We help organisations design and implement a **responsible sourcing programme**, aligned with **Due Diligence Regulations** (e.g., EU Deforestation Regulation), industry or multistakeholder **initiatives** and/or a company's own **sustainable sourcing goals**.



COMMIT

- Goal-setting
- Policy development
- Define KPIs



ACT

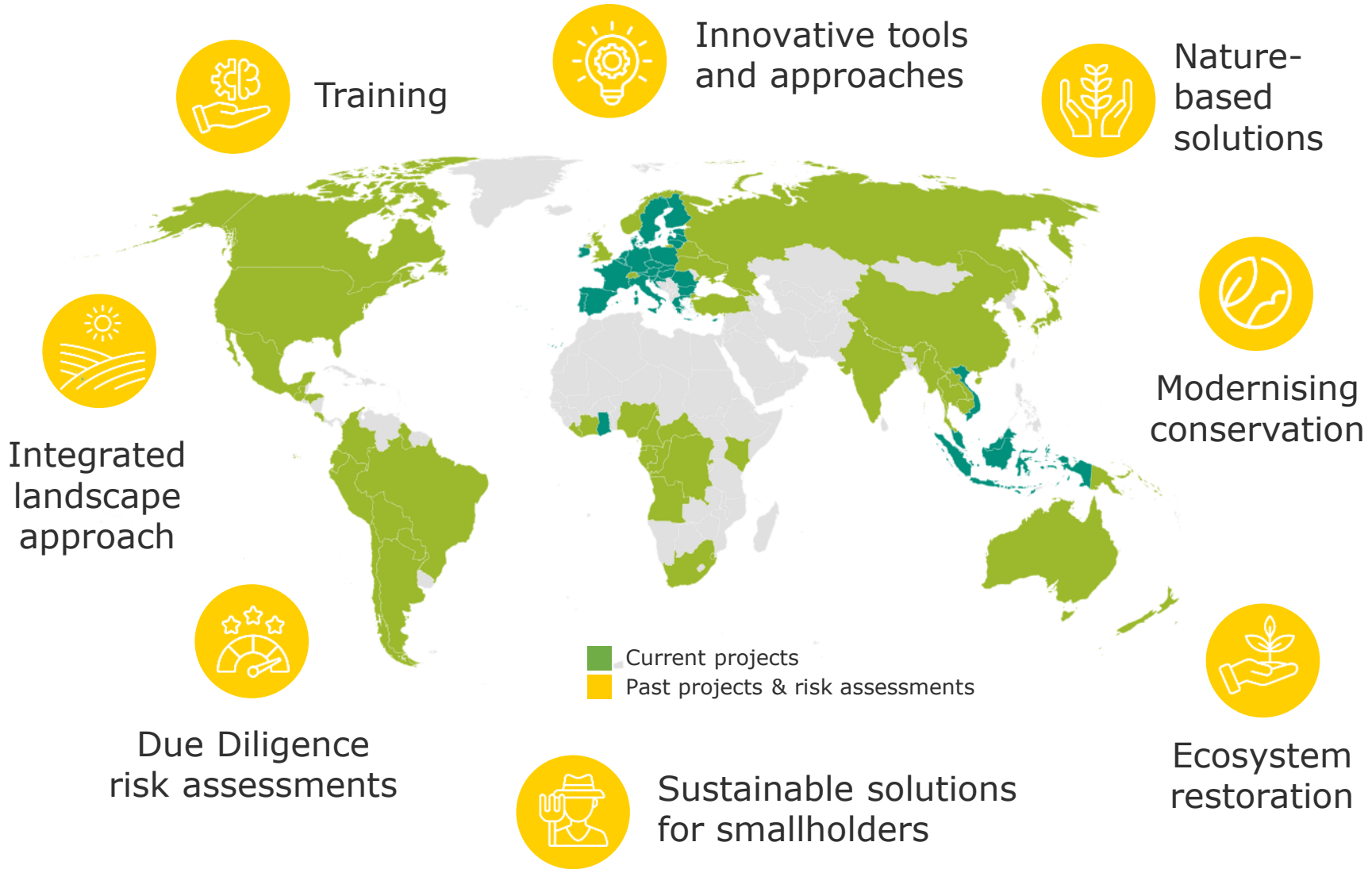
- Supply chain mapping
- Stakeholder engagement
- Benchmarking
- Data collection
- Risk assessments
- Supplier audits
- Staff and/or supplier training



COMMUNICATE

- Sustainability reporting
- Verification of claims
- B2B marketing

Mission-driven projects



We have worked on **non-profit projects** for nearly **30 years**

We have implemented **120+** projects on natural resource management



Practical tools for sustainable sourcing & land management and **information** related to sustainability risks and mitigation

Training courses to facilitate learning within our areas of expertise and focus sectors



Resources for sourcing responsibly:

www.preferredbynature.org/sourcinghub

Trainings calendar:

www.preferredbynature.org/training

Online trainings:

traininghub.preferredbynature.org

Thousands of delegates from over **60** countries have joined our **training events**

Globally recognised trainings: **EUDR, FSC, Legality, Agriculture, Ecosystem services, Social auditing** - available in

5 languages in more than **20** locations

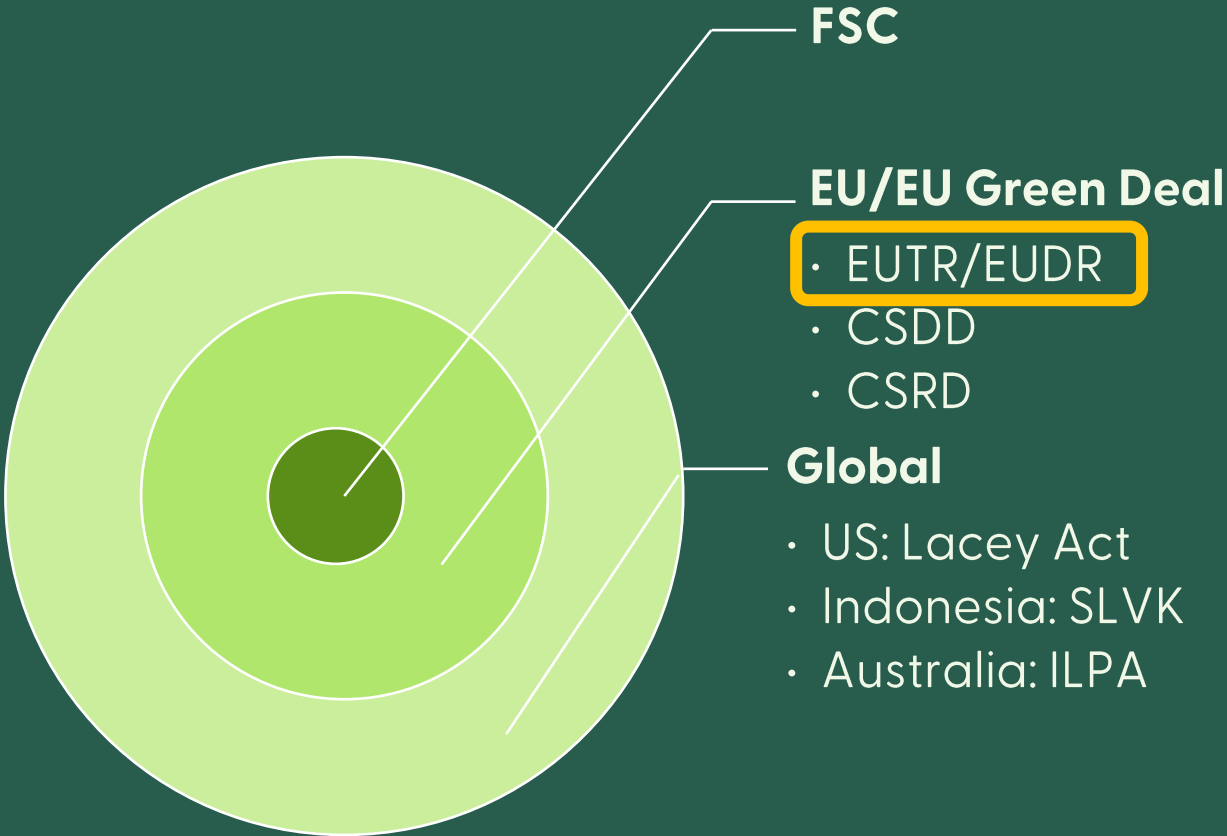


The broader regulatory landscape

Matteo, Lead, EU Affairs (FSC)

**Jennifer, Lead, North America, Sustainability
Advisory (PBN)**

The example of FSC and new regulatory trends



EUDR reflects a **broader trend** in sustainability legislations: more **transparency, accountability, responsibility, demonstrability** in supply chains.

An aerial photograph of a dense green forest with a complex network of winding rivers and streams. The water is a vibrant blue-green color, contrasting with the deep green of the trees. The rivers meander through the forest, creating a pattern of interconnected channels and islands of land.

Why should we pay closer attention to the new regulatory landscape, such as EUDR?

These regulations will require a significant shift in the way companies ensure compliance.



New Regulatory Landscape

- **EU:** EU Corporate Sustainability Reporting Directive (EU) 2022/2464
- **USA:** Enhancement and Standardization of Climate-Related Disclosures for Investors, Draft Rule, 87 FR 21334, March 2022
- **UK:** Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations, S.I. 2022/31
- **UK:** Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations, SI 2022/46
- **Canada:** Disclosure of Climate-related Matters, Draft Statutory Instrument No. 51-107, October 2021
- **New York (USA):** Manufacturers Disclosure of Environmental and Social Due Diligence, Senate Bill 7428, Assembly Bill 8352, 2021
- **China:** Enterprise ESG Disclosure, Guidance, June 2022
- **Japan:** Respect for Human Rights in Responsible Supply Chains, Guidance Document, August 2022
- **Japan:** Code of Conduct for Environmental, Social, and Governance (ESG) Evaluation and Data Providers, Draft Code, July 2022
- **EU:** Draft Sustainability Reporting Standards (x 12)
- **EU:** Minimum Safeguards in Relation to the Taxonomy Regulation, Report, October 2022
- **Philippines:** Encouraging Corporate Social Responsibility, House Bill No. 3627, 2022
- **EU:** EU Corporate Sustainability Due Diligence Directive
- **USA:** United States FOREST Act 2021
- **California:** SENATE BILL 253: Climate Corporate Data Accountability Act
- **South Korea:** Proposed Act On Human Rights And Environmental Protection For Sustainable Management Of Companies
- **EU:** EU Deforestation-Free Regulation

List compiled from Compliance & Risks 2023 with some additions



New Regulatory Landscape

What do many of these regulations have in common?

They are all, in some way, requiring better data from greener and more responsible supply chains.

- **EU:** EU Corporate Sustainability Reporting Directive (EU) 2022/2464
- **USA:** Enhancement and Standardization of Climate-Related Disclosures
- **UK:** Companies (Strategic Report) (Amendment) Regulations 2022
- **UK:** Limited Liability Partnerships (Accounts and Carbon Footprint of Activities) Regulations 2022
- **Canada:** Disclosure of Climate-related Financial Risks Regulations
- **New York (USA):** Manufacturers Disclosure Requirements
- **China:** Enterprise ESG Disclosure, Reporting and Management Requirements
- **Japan:** Respect for Human Rights in Business
- **Japan:** Code of Conduct for Environmental and Social Activities
- **EU:** Draft Sustainability Reporting Standards
- **EU:** Minimum Safeguards in Relation to Deforestation
- **Philippines:** Encouraging Corporate Sustainability
- **EU:** EU Corporate Sustainability Due Diligence Directive
- **USA:** United States FOREST Act 2022
- **California:** SENATE BILL 253: Climate Corporate Data Accountability Act
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New Regulatory Landscape

Ok, so why are these regulations so different?

Traditionally, ESG compliance meant reporting & collecting more data.

New regulations are requiring an **operational shift** in how forestry & *agricultural* companies must comply with these regulations, including the required use of technology for transparent supply chains, **conducting risk assessments**, and mitigation.



Risk Assessment Landscape

conducting risk assessments

Decisions as a result of due diligence, including risk mitigation, hinges on one major thing: **the results of the risk assessment**

The quality of risk assessments is critical for supply chain decision making.



Some of the main challenges stakeholders are facing:

1.

Fragmented approach

Sustainability issues divided across teams, HR, procurement, compliance, operations, etc. creates silos and a weak governance structure.

Risk assessment is happening in different ways: teams, and sources of information

2.

Limited Regulatory Capacity

These regulations are hitting companies that may not have faced the same level of regulatory scrutiny or have experienced weak enforcement.

Teams are not using clear or consistent methodologies

3.

Supply Chain Data & Traceability Shortfalls

Regulations are calling for increased granular data, which will require improvements in both data quality and availability.

Disparate, weak data or outdated data is leading to weak risk assessments



Key Message

The quality of risk assessments is critical for sustainable, supply chain decision making.

Yet, there remains a global gap in up-to-date, cohesive, detailed risk information built on a strong methodology that stakeholders can rely on.



The need for risk assessments – The EUDR example

Terry Campbell, FSC's Senior CoC Expert
Matteo Mascolo, FSC's Lead, EU Affairs

Risk Assessments – When and why did we start using them?

In 2004, FSC 's Board passed the first version of the FSC Controlled Wood Standard.

--> Which includes the first requirements for FSC Risk Assessments.

Why?

It's not easy to segregate and track the production of commodity wood products.

FSC's development and use of Risk Assessments for the Credit/Percentage systems and Mix/Recycled claims.



Fast forward to FSC Risk Assessments today



FSC Risk Assessment

Assesses the risk of sourcing material from supply areas (a country, region, or economic wood basket) and establishes mitigation measures to address those identified risks.

The 'new' Risk Assessment Framework

Ensures uniform and robust requirements for assessing risks of sourcing material from supply areas.

How will we use the 'new' Risk Assessment Framework

Aligned with EUDR
requirements



New format to be
easily combined with
upcoming technology
tools

Key tool for users of FSC Regulatory Module;
including **Forest Management** and **Chain of
Custody users**



The EUDR



EU Regulation on Deforestation-free Products (EUDR) is the landmark EU law to **minimize** the EU's **contribution to deforestation and degradation.**

FSC is a global system ensuring forest products are **legal and sustainably sourced.**

Products within EUDR scope



Cocoa



Coffee



Soy



Palm oil



Cattle & beef



Rubber

MUST BE LEGAL &
DEFORESTATION-FREE

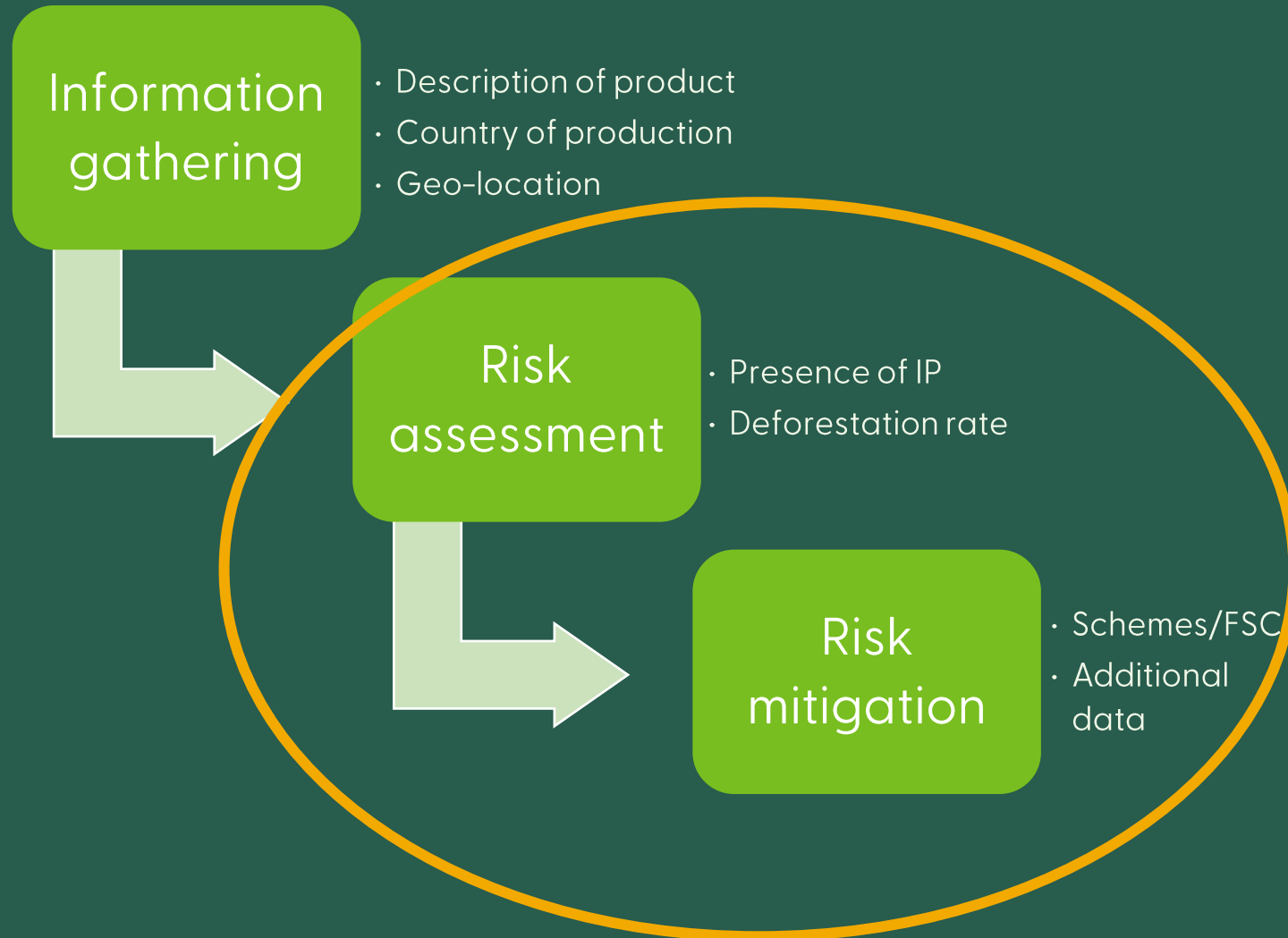


Wood

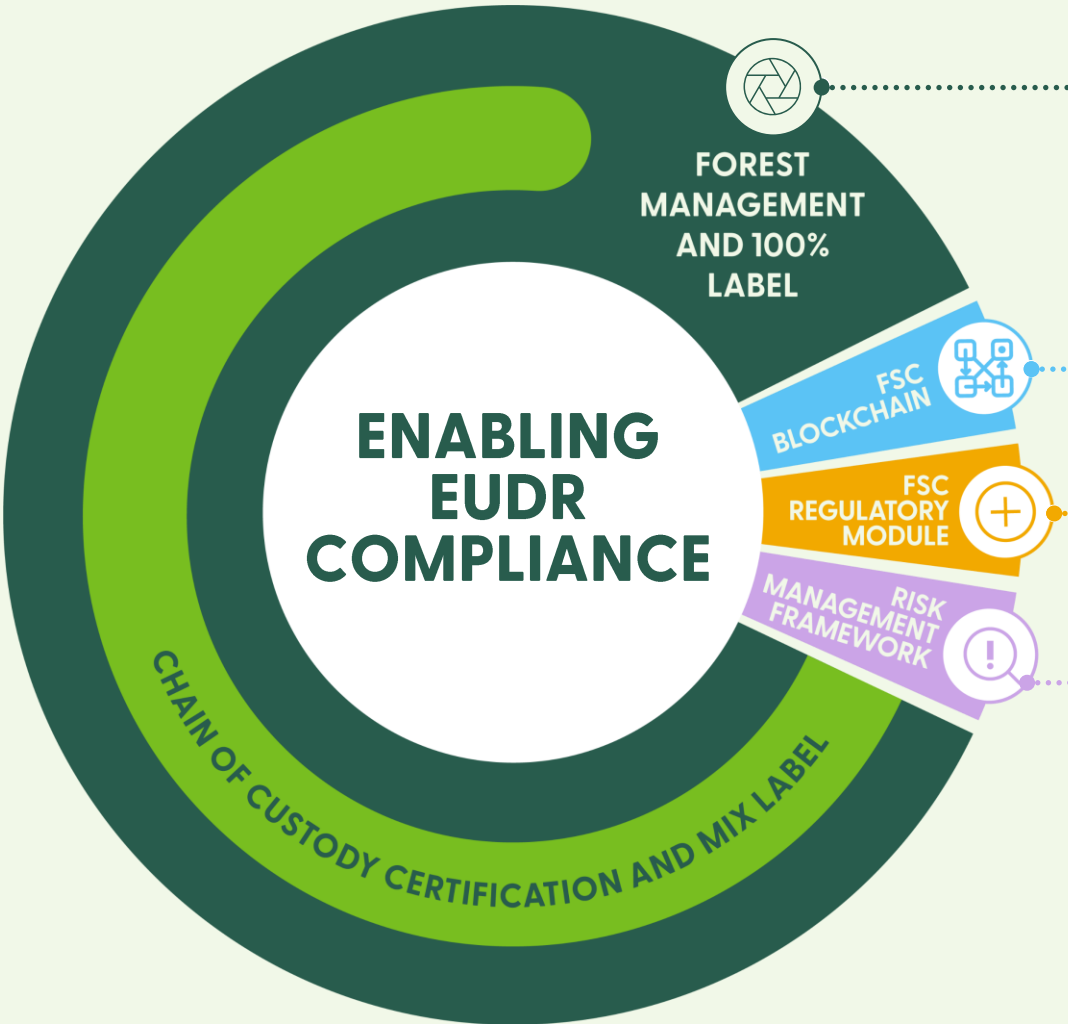
Wood has additional requirements under EUDR:
all wood products must be **legal, deforestation-free, degradation-free**

MUST BE LEGAL, DEFORESTATION-FREE AND
DEGRADATION-FREE

The due diligence structure



Enhanced risk assessment framework



As the most credible global sustainable forestry solution, **FSC certifications already deliver on numerous EUDR requirements.**

SYSTEM-WIDE changes strengthen FSC based on Policy to Address Conversion and safeguard integrity.

FSC BLOCKCHAIN* will enable companies to track the material's journey through the entire supply chain, meeting EUDR traceability requirements and providing the ability to generate due diligence statements for submission to the EU.

FSC REGULATORY MODULE** will provide additional requirements enabling companies to meet EUDR deforestation, degradation, and legality requirements.

FSC's RISK MANAGEMENT FRAMEWORK*** will provide revised risk assessments aligned with the EUDR, relieving certified and non-certified operators from significant effort. **FSC's NEXT GENERATION RISK ASSESSMENTS** will become available, significantly relieving risk management efforts for companies.

*FSC.org/Blockchain, **FSC-STD-01-004 FSC Regulatory Module, ***FSC-PRO-06-006b Risk Assessment Framework

FSC Risk Assessments - Set of indicators (Example)

Strong requirements to uphold social and environmental values

INDICATORS INCLUDING:



Human and labour rights



Land use and management



Land tenure rights



High conservation values



Conversion and forest degradation



Water sources protection



Environmental protection



Genetically Modified Organisms



Risk Information Alliance

**Sandra Razanamandranto,
Director of Market and Development
Preferred by Nature**



What is the Risk Information Alliance?

A collaborative initiative between organisations* with a common need for sustainability risk data.

** Members of ISEAL or committed to aligning with ISEAL principles and working on membership*

Global sustainability organisations form alliance to share risk information



A group of organisations, including the **Forest Stewardship Council (FSC)**, **Preferred by Nature**, the **Roundtable on Sustainable Biomaterials (RSB)**, and the **Sustainable Biomass Program (SBP)**, are joining forces as the Risk Information Alliance (RIA).

Increasing regulatory requirements such as the EU Regulation on Deforestation-free Products (EUDR) and market pressure for responsibly produced products are posing a serious challenge to businesses, certification schemes and producers in agricultural and forest-based sectors. The RIA will develop and maintain credible risk assessments with a range of partners and across commodities offering value beyond the EUDR. Through an innovative and collaborative approach, the Alliance will encourage risk data sharing in a pre-competitive sphere and cut through the complex and costly landscape facing companies and sustainability systems.



Aims of the Risk Information Alliance

To solve one of today's fundamental sustainability challenges:

the lack of meaningful sustainability risk data relevant to forestry and agricultural landscapes.

Global sustainability organisations form alliance to share risk information



A group of organisations, including the **Forest Stewardship Council (FSC)**, **Preferred by Nature**, the **Roundtable on Sustainable Biomaterials (RSB)**, and the **Sustainable Biomass Program (SBP)**, are joining forces as the Risk Information Alliance (RIA).

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Founding Partners



RSB



Supported by the ISEAL Innovations Fund, which is funded by:



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Discussions ongoing with other organisations: ISEAL members or committed to aligning to ISEAL Credibility Principles



What brings Alliance Partners together

More demanding regulatory landscape for sustainability

Medium-term need for a broader range of risk data

Significant data already exists but needs to be updated and expanded





Risk assessments demand very significant resources



Length of time to develop



Ongoing revision required



Poor assessments undermine credible systems



Challenge to secure long-term financing



How the Alliance will solve these

Develop a **common risk assessment methodology** and set of **sustainability indicators** across partners.

Develop and share **credible sustainability risk assessments** across partners. These will focus on land use in **forestry and agricultural landscapes**.

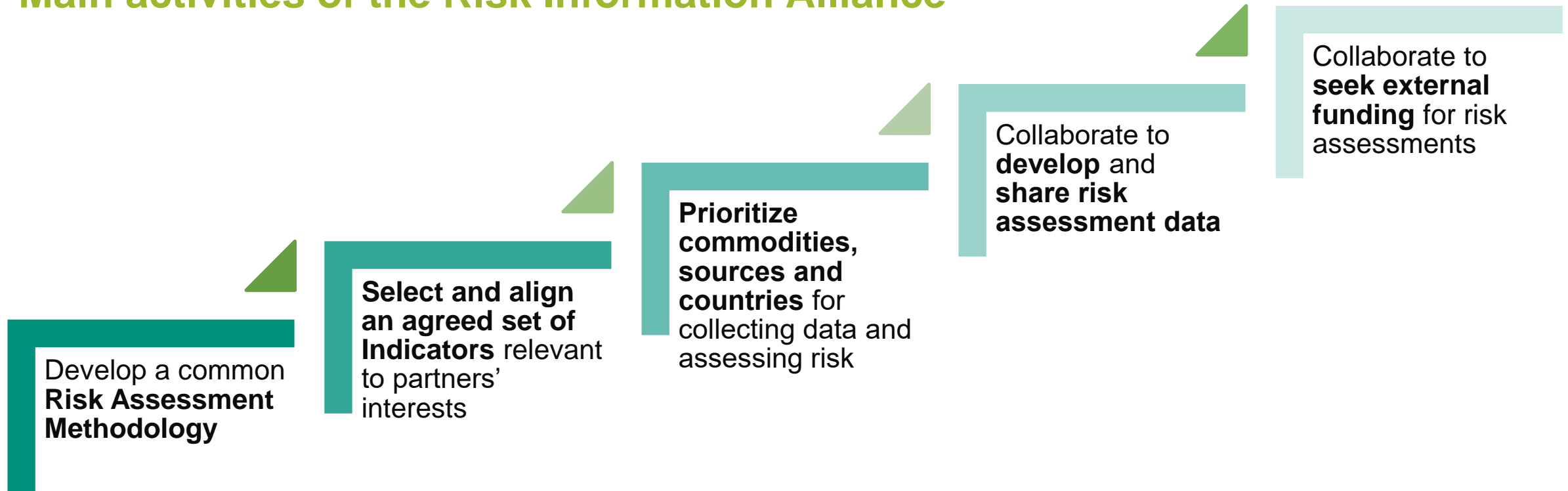
We will **share resources and expertise** where possible among Partners and seek to **leverage the resources necessary**.





Alliance activities in summary

Main activities of the Risk Information Alliance



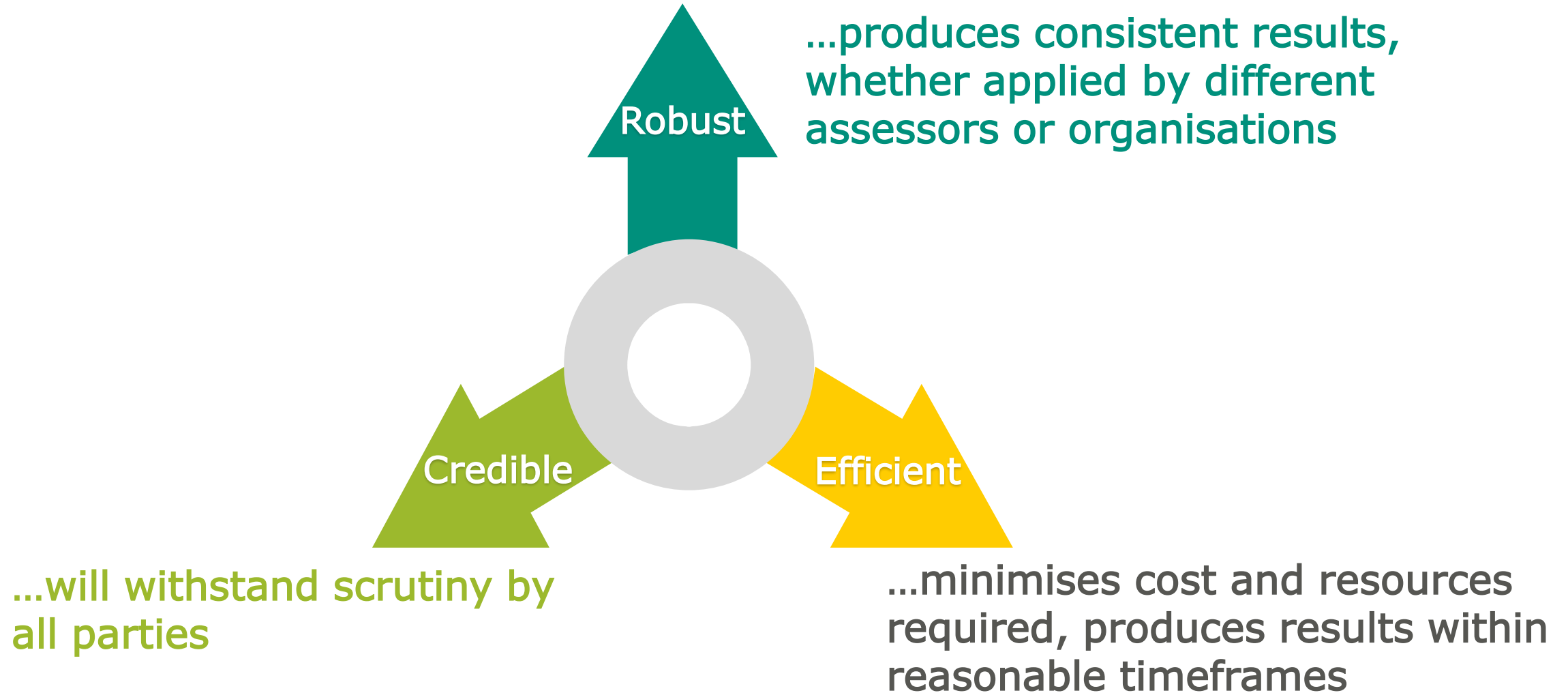
Underlying governance rules developed with the support of ISEAL



RIA- Methodology

Terry Campbell, FSC's CoC Senior Expert

Develop a common risk assessment methodology which is:





Benefits and advantages

Sharing Risk data to maximise potential value...

		Indicators	
		Aligned	Not Aligned
Methodology	Not Aligned	Limited	Very limited value
	Aligned	Enormous	Limited





Benefits and advantages

Wider benefits resulting from our collaboration...

Consistency of findings across Partner Organisations

...levels the playing field and avoids reputational and other risks

Strengthened risk assessments

...bringing together multiple stakeholders, with different perspectives and expertise, will lead to well-rounded, more robust risk-assessments.

Pooling our Resources

...to develop and maintain the risk assessments. An Alliance widens opportunities for shared project opportunities.

Increased Reach

...leveraging its collective networks, to reach a larger audience for the risk information developed.



Call to action



Why support the Risk Information Alliance

1

Help us to develop the **priority risk information** needed for business and broader stakeholders

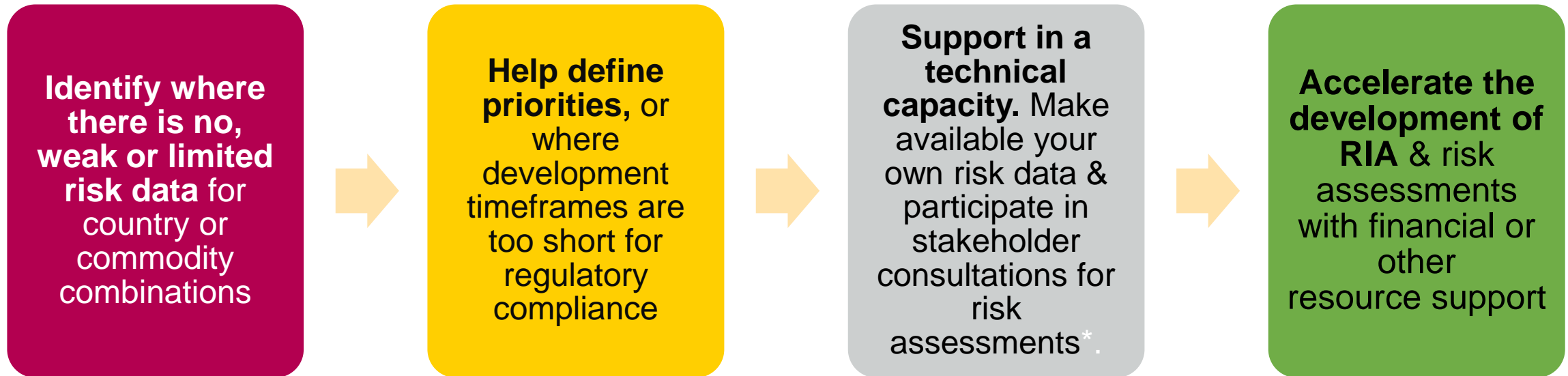
2

Empower **certification systems** to drive market and regulatory compliance

3

Unlock a fundamental sustainability challenge of our times: the lack of meaningful sustainability risk data for forestry and agricultural value chains.

Help us build the alliance:



**Note: Only the Risk Information Alliance will determine final risk conclusions.*

Thank you!

Info@riskinformationalliance.org

www.riskinformationalliance.org

