FSC CLIMATE AND BIODIVERSITY STRATEGIC FRAMEWORK 2026-2032

DRAFT 2-0

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Title:	FSC CLIMATE AND BIODIVERSITY STRATEGIC FRAMEWORK 2026-2032
Dates:	**Finalization date:** 14 October 2025
Contact for comments:	**Email:** strategy@fsc.org
Objective of document:	This document has been developed to clarify FSC's role in tackling Climate and Biodiversity related challenges and serve as a guide for new development and implementation of dynamic solutions.

FOREWORD

The Forest Stewardship Council (FSC) is finalizing its Climate and Biodiversity Strategic Framework for 2026-2032 at an inflection point in its journey. In 1994, it was founded as a voluntary market-based initiative to address a gap in global forestry regulations. Three decades later, the world is now in the midst of escalating climate and biodiversity crises that pose an existential threat to humanity. In the face of political turmoil, regulatory uncertainty and environmental rollbacks, FSC builds on its experience to take on its role as a credible solutions provider, but it is growingly evident that it cannot do it alone.

As a relatively small organization in the face of the massive systemic problem, FSC needs to clearly identify the ways in which it can contribute. While FSC's mission of promoting responsible forest management underlines climate action and biodiversity protection through the promotion of healthy and resilient forests, it has not been able to fully demonstrate the positive outcomes of its mission on climate change mitigation and adaptation, and biodiversity conservation. FSC's membership mandated the organization through multiple General Assembly motions to address this issue intentionally and approach these challenges more strategically. This framework responds to that call.

In practice, this will mean bringing considerations relating to climate action and biodiversity conservation into FSC's standard setting, as well as its solutions that go beyond certification. It will mean informing FSC's work and demonstrating the outcomes of its mission with the latest science and evidence. It will also mean active partnerships and engagement to contribute to knowledge, mobilize action and influence policy as part of a coalition of like-minded actors.

As a membership-driven organization, with certificate holders all over the world, FSC has a large community of stakeholders and partners to bring to the table. To harness the collective knowledge and creativity of this diversity is key, while still directing the organization's efforts and resources to deliver on its mission in the most impactful way. This framework will provide a strategic, long-term approach to this challenge, depicting the theory of change and proposing guardrails to both drive and focus FSC's work on climate and biodiversity.

This Climate and Biodiversity Strategic Framework will begin as FSC is finalizing its Global Strategy 2027-2032, and revising its Principles, Criteria and International Generic Indicators (PCI). The three processes are designed to be coordinated so that the Climate and Biodiversity Framework will be fully nested within the Global Strategy 2027-2032. Further, the revision of the PCI will be informed by discussions driven from the Climate and Biodiversity Strategic Framework.

In the past 31 years, the understanding of the critical role of forests in climate change mitigation and adaptation has deepened. At the same time, the synergies between climate action and biodiversity conservation have become clearer and more widely recognized. This year's Conference of the Parties of the United Nations Framework Convention on Climate Change under Brazil's presidency places forests at the center of climate discussions.

FSC's mission is more relevant than ever before.

Signature	Signature	Signature
Stuart Valintine Chair, Board of Directors	Amanda Andrade Chair, Board Strategic Planning Committee	Subhra Bhattacharjee Director General

HOW TO READ THIS DRAFT

Chapter 1 – Background	This chapter provides the context for this Strategic Framework: the current climate and biodiversity crisis, the role of forests and forest-dependent people in both, and FSC´s role in addressing the climate and biodiversity crisis (current solutions, strengths, limitations and opportunities). It provides the analytical background for the development of the Framework's Theory of Change.
Chapter 2 – Theory of Change	The Theory of Change for this Strategic Framework includes the problem statement, the vision of change (what the Framework aspires to contribute to), and the pre-conditions to realize this vision (what needs to change). This chapter is focused on the overall forest sector and its role in climate and biodiversity, and provides the rationale for FSC's interventions, described in the following chapter.
Chapter 3 – Strategic Priorities	This chapter describes the Strategic Priorities and related outcomes and outputs, delimiting the scope to FSC's contributions to the overall Theory of Change. This chapter describes how and why FSC will contribute to the vision and provides illustrative activities to be implemented in 2026-2032.
Chapter 4 – Implementation Plan	This chapter describes the oversight and monitoring of the implementation of the Strategic Framework.

CONTENTS

REFERENCES

The following referenced documents have been considered in the development of this document:

Normative Documents

FSC-POL-01-004 V3-0 Policy for Association
FSC-STD-01-001 V5-3 FSC Principles and Criteria for Forest Stewardship
FSC-STD-60-004 V2-1 International Generic Indicators
FSC-PRO-01-004 V1-0 FSC Remedy Framework
FSC-PRO-01-007 V1-0 FSC Remedy Framework
FSC-PRO-30-011 Continuous Improvement Procedure
FSC-PRO-30-006 V2-1 Ecosystem Services Procedure: Impact Demonstration and Market Tools
FSC-PRO-60-006b V2-0 Risk Assessment Framework

Other documents

Analysis of the different tools, standards and guidelines, and their possible role in the FSC Restoration Toolbox (September 2022)
Climate Change and Forests: Understanding risks, evaluating impacts and implementing integrated solutions for adaptation and mitigation (May 2024).
Discussion Paper on Mitigation Hierarchy and carbon markets (May 2024)
Final Technical Analysis: “Operationalizing compensation or/and neutralization in the ES PRO 30-006 (June 2024)
FSC Climate Adaptation Action Plan (2024)
FSC Conservation and Restoration Solutions Green Paper (Draft April 2025)
FSC Global Strategy 2021-2026
FSC Strategic Framework on diversity and gender (March 2023)
Strategic Framework for an FSC Climate Change Engagement (November 2012)
Summary Report 1 – Restoration Toolbox (December 2023)

TERMS AND DEFINITIONS

For the purposes of this document, the following definitions apply:

Biological diversity: The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems (Source: Convention on Biological Diversity 1992, Article 2).

Climate-smart forestry: Approach to forest management that integrates climate change adaptation and mitigation into policies, plans, and practices to ensure forests remain productive, resilient, and able to provide ecological, social, and economic benefits for present and future generations. It involves managing forests to increase carbon storage and sequestration, utilizing forest products to substitute fossil-based materials, and making forests more resilient to climate change impacts like extreme weather events. (Source: based on FAO Climate Smart Agriculture Sourcebook).

Conservation/Protection: These words are used interchangeably when referring to management activities designed to maintain the identified environmental or cultural values in existence long-term. Management activities may range from zero or minimal interventions to a specified range of appropriate interventions and activities designed to maintain, or compatible with maintaining, these identified values (Source: FSC-STD-01-001 V5-2).

Conservation Areas Network: Those portions of the Management Unit for which conservation is the primary and, in some circumstances, exclusive objective; such areas include representative sample areas, conservation zones, protection areas, connectivity areas and High Conservation Value Areas. (Source: FSC-STD-60-004 V2-1).

Ecosystem-based adaptation (EBA): The use of biodiversity and ecosystem services as part of an overall adaptation strategy to help people to adapt to the adverse effects of climate change. (Source: UNFCCC, 2009 (FCCC/AWGLCA/2008/16)).

Ecosystem services: The benefits people obtain from ecosystems. These include
a. provisioning services such as food, forest products and water;
b. regulating services such as regulation of floods, drought, land degradation, air quality, climate and disease;
c. supporting services such as soil formation and nutrient cycling;
d. and cultural services and cultural values such as recreational, spiritual, religious and other non-material benefits. (Source: Based on R. Hassan, R. Scholes and N. Ash. 2005. Ecosystems and Human Well-being: Synthesis. The Millennium Ecosystem Assessment Series. Island Press, Washington DC).

Free, Prior, and Informed Consent (FPIC): A legal condition whereby a person or community can be said to have given consent to an action prior to its commencement, based upon a clear appreciation and understanding of the facts, implications and future consequences of that action, and the possession of all relevant facts at the time when consent is given. Free, prior and informed consent includes the right to grant, modify, withhold or withdraw approval (Source: Based on the Preliminary working paper on the principle of Free, Prior and Informed Consent of Indigenous Peoples (…) (E/CN.4/Sub.2/AC.4/2004/4 8 July 2004) of the 22nd Session of the United Nations Commission on Human Rights, Sub-commission on the Promotion and Protection of Human Rights, Working Group on Indigenous Populations, 19–23 July 2004).

Outcome: Outcomes represent changes in the institutional and behavioral capacities. They are the intended or achieved effects of an intervention's outputs, usually requiring the collective effort of partners (Source: UNDG 2011, Results-Based Management Handbook).

Output: Outputs are changes in skills or abilities and capacities of individuals or institutions, or the availability of new products and services (Source: UNDG 2011, Results-Based Management Handbook).

Restoration: Process of assisting the recovery of an ecosystem, and its associated conservation values, that have been degraded, damaged, or destroyed (Source: adapted from 'International principles and standards for the practice of ecological restoration'. Gann et al 2019. Second edition. Society for Ecological Restoration) (shortened version – refer to the FSC Remedy Framework for full definition).

Rights-based conservation: Culturally appropriate conservation initiatives supported through the self-determination and collective agency of communities granted through the secure and inalienable collective tenure rights over their traditional lands.

Scope 3 emissions: All indirect emissions (not included in scope 2: Emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company) that occur in the value chain of the reporting company, including both upstream and downstream emissions. (Source: GHG Protocol).

Sustainable forest management (SFM): dynamic and evolving concept, [which] is intended to maintain and enhance the economic, social and environmental values of all types of forests, for the benefit of present and future generations. (Source: UNGA, 2008, Resolution 62/98 "Non-legally binding instrument on all types of forests").

Note 1: FSC statutes refer to the promotion of **Responsible Forest Management (RFM),** which refers to environmentally appropriate, socially beneficial and economically viable forest management practices as defined by the FSC Principles and Criteria.

Note 2: In this document, the term **SFM** is used when referring to the broader sector, while **RFM** is used when referring specifically to the FSC context.

Theory of Change: A theory of change is a method that explains how a given intervention, or set of interventions, is expected to lead to specific development change, drawing on a causal analysis based on available evidence[1].

[1] United Nations Sustainable Development Group

ABBREVIATIONS

FPIC	Free, Prior and Informed Consent
FSC	Forest Stewardship Council
IPs	Indigenous Peoples
LCs	Local Communities
NBSAPs	National Biodiversity Strategies and Action Plans
NDCs	Nationally Determined Contributions
PES	Payments for Ecosystem Services
RFM	Responsible Forest Management
SBTN	Science Based Targets Network
SFM	Sustainable Forest Management
TNFD	Task Force on Nature-related Financial Disclosures
ToC	Theory of Change

EXECUTIVE SUMMARY

The FSC Climate and Biodiversity Strategic Framework 2026–2032 outlines FSC's direction to tackle the interconnected global crises of climate change and biodiversity loss. Building on FSC's legacy of promoting responsible forest management through certification, the framework clarifies FSC's contributions, not only through certification but also by using markets to obtain increased financial and market incentives for responsible practices, products and services, and by helping shape policies for stronger recognition of responsible forest management and FSC certification in global and national policies and frameworks.

Vision

The Strategic Framework provides the pathways for how FSC will achieve the vision of resilient forests that sustain life on Earth, by **ensuring forests are valued and managed to mitigate and adapt to climate change, while enabling biodiversity and forest dependent people to thrive**.

In this context, forest-dependent people include those that take responsibility for and derive benefits of forests, i.e. Indigenous Peoples (IPs), local communities (LCs), forest managers and workers.

Context and challenges

- Forests cover 30% of global land, store 7.6 billion tonnes of CO_2 annually, host 80% of terrestrial species, and provide other multiple ecosystem services, yet are under unprecedented threat from deforestation and degradation.
- Indigenous Peoples (IPs) and local communities (LCs) practices are central to climate resilience and biodiversity conservation but remain vulnerable due to insecure rights and limited access to resources and finance.

Theory of Change

To achieve the vision of this Strategic Framework, FSC will focus its interventions along three interconnected critical pathways:

1. Knowledge & Practices: Scalable, climate-smart, and biodiversity-friendly forest management.
2. Markets systems and finance: Incentives and investment flows rewarding climate-smart practices and biodiversity outcomes in forest management.
3. Policies & Partnerships: Enabling policy frameworks and collaborations amplifying forest-based solutions for climate and biodiversity.

Cross-cutting enablers include innovation, data and digital systems, scientific research, people-centered approaches, and multi-stakeholder collaboration.

Strategic Priorities (2026–2032)

1. **Promote forest management practices that contribute to global climate and biodiversity goals**

- FSC forest management standards and guidance include provisions for climate change mitigation and adaptation, and biodiversity protection.
- Afforestation and restoration of degraded forests and land are facilitated.
- Risk assessment frameworks integrate climate risks.
- Indigenous Peoples and local communities' knowledge that supports climate resilience and biodiversity conservation is acknowledged and integrated in forest management practices.
- Forest stewards have improved capacities to implement climate-smart and biodiversity-friendly practices.
- Relevant data and insights on climate and biodiversity outcomes are available through forest management certification.

2. **Leverage markets and finance to incentivize forest management practices that contribute to global climate and biodiversity goals**

- Increased awareness among buyers of the importance of responsibly sourced and certified products, and of forest-based substitutes for fossil-fuel based products.
- Actors through the supply chain have increased incentives for responsible forest management and product sourcing, and to prioritize climate and biodiversity objectives.
- Mechanisms in place to reward climate and biodiversity contributions of Indigenous Peoples and local communities.
- Access to finance for forest restoration facilitated.
- Improved monitoring mechanisms and data availability to build trust and demonstrate the impact of FSC solutions on climate and biodiversity.

3. **Advance policy and partnerships to promote forests as climate and biodiversity solutions**

- Relevant international and national institutions have increased evidence to recognize responsible forest management and FSC certification in their climate and biodiversity policies and regulatory frameworks.
- Public and private institutions providing grants finance have increased evidence and awareness to support responsible forest management and FSC certification, including restoration.
- Data, evidence and analysis for policymaking are available.

These Strategic Priorities will be turned into actionable interventions in a subsequent Implementation Plan.

1. Background

For the past 10,000 years, the Earth's climate has remained relatively stable, with average global temperatures fluctuating by no more than approximately 1°C, providing a conducive environment for the development of human civilization. However, since the mid-19th century, human activities have driven unprecedented warming, with global temperatures increasing at a rate not seen in the past, culminating in 2024 as the warmest year on record, approximately 1.6°C above pre-industrial levels.

Climate change and biodiversity loss are interconnected global crises that threaten life on Earth, and forests are at the heart of the solutions for both. FSC is uniquely positioned to tackle these challenges by promoting responsible forest management (RFM) – including timber and non-timber forest products production, conservation, and restoration. While these efforts directly contribute to climate change mitigation and adaptation and biodiversity conservation, a more systematic approach is called for in the face of accelerated global crises. FSC members have consistently called for stronger leadership of the organization on these fronts, as reflected in multiple General Assembly motions.

The Climate and Biodiversity Strategic Framework responds to that call, aiming to clarify, strengthen and systematize FSC's role in addressing the ongoing climate and biodiversity crises.

This Strategic Framework is based on the role of forests in mitigating and adapting to climate change and fostering biodiversity, and an analysis of FSC's strengths and the current gaps in its approach in these areas. Given the rapidly evolving impacts of climate change on forests and forest-dependent people and communities, the Strategic Framework articulates FSC's current and future role in forest-stewardship with special attention to the rights of Indigenous Peoples (IPs) and local communities (LCs). The limitations identified in relation to FSC's current solutions to address the climate and biodiversity crises are critical to determine where additional growth would be most impactful.

Given ongoing global efforts to address the climate and biodiversity crises, FSC's contributions to systemic change with impact at scale must be based on its own strengths and complementarities with other actors. These contributions extend beyond providing certification solutions to include broader areas, such as influencing policy and practices also outside FSC-certified areas.

The Climate and Biodiversity Strategic Framework articulates the results structure for FSC's contributions to addressing the climate and biodiversity crises. It outlines the expected results from FSC's interventions by defining solutions pathways toward recognition of the value of forests for climate change adaption and enabling biodiversity and forest-dependent people to thrive.

1.1. Context

Covering over 30% of global land area, forests act as massive carbon sinks absorbing approximately 7.6 billion metric tonnes of CO_2 annually.[2] They also house more than 80% of terrestrial species and provide critical ecosystem services such as water purification, soil fertility, and pollination.[3]

Global frameworks such as the Paris Agreement, the Global Biodiversity Framework (GBF), and the UN Decade on Ecosystem Restoration recognize the crucial role of forests in addressing ecological decline.

However, forests are under severe threat from deforestation and degradation, especially in the tropics, as well as unsustainable land-use practices. An estimated 420 million hectares of forest have been lost worldwide through deforestation between 1990 and 2020.[4] These activities contribute significantly to greenhouse gas (GHG) emissions, disrupt biodiversity networks, and diminish the ability of forests to

[2] (Matos et al., 2020) Secondary Forest fragments offer important carbon and biodiversity co-benefits
[3] (IPBES, 2019) The Global Assessment Report on Biodiversity and Ecosystem Services. Summary for policy makers of the IPBES
[4] FAO Global Forest Resources Assessment (2020)

provide critical ecosystem services.[5] They also disproportionately affect IPs and LCs who depend on forests for their livelihoods, cultural identity, and spiritual well-being, exacerbating existing inequalities and reinforcing patterns of climate injustice.

Tropical regions are experiencing rapid climate change, with some scenarios projecting temperature increases of up to 4°C and precipitation reductions of close to 20% by 2100. The most diverse forests on Earth are changing in functional trait composition, yet at a rate that is insufficient to maintain the stability of forest ecosystems and the services they provide, in response to the rapid pace of changes to temperature, rainfall, seasonal patterns, salinity and other local climatic factors.[6] While the world's forests continue to have a critical role for climate change and resilience, this role is increasingly compromised.

Sustainable Forest Management, including prevention of deforestation and degradation, and enhancement of forest restoration, can have a high positive impact on biodiversity, as well as contribute to efforts to address climate change.[7] To be truly transformative, these efforts must recognize customary land rights and prioritize the inclusion of marginalized peoples.

The ongoing United Nations Decade on Ecosystem Restoration 2021–2030 recognizes the critical need to prevent, halt and reverse the degradation of the world's ecosystems. Effective restoration of degraded forest ecosystems is of paramount importance to recover biodiversity, ecosystem health and integrity, ecosystem goods and services, human health and well-being, and form a central part of strategies to address climate change.

Summarizing, forests are at the heart of efforts to tackle the converging climate and biodiversity crises. Yet, ongoing deforestation, degradation, and weak governance continue to undermine their capacity to mitigate and adapt to climate change and support diverse ecosystems.

1.1.1 Forests and climate change

Forest ecosystems have a unique dual role in the fight against anthropogenic climate change, as an important element in efforts both to mitigate its extent and to adapt to its negative impacts.

In terms of mitigation, forests are a significant land-based carbon sink as well as a source of emissions of CO_2 and other greenhouse gases. Human activity impacts the balance between carbon sequestration and emissions in forests more strongly than in other key sinks, such as oceans. Forests also contribute to climate change mitigation efforts through sustainable provision of wood products in place of emissions-intensive materials, such as concrete, steel, or plastics.

In terms of adaptation, forests provide essential ecosystem services that support local livelihoods, regulate the supply and quality of environmental variables including water and soil, reduce vulnerability to natural hazards, and thus enhance the resilience of communities, landscapes, and economies to the risks imposed by climate change. In strategic dialogues concerning forests and climate change, this dual mitigation and adaptation role should be emphasised. Under the Paris Agreement, national governments have already recognized this, as reflected in the inclusion of SFM measures in 47% of countries' Nationally Determined Contributions (NDCs) to achieve both adaptation and mitigation targets[8].

However, in addition to human pressure from deforestation and land-use change, climate change is profoundly transforming forest ecosystems through rising temperatures, shifting precipitation patterns, and

[5] https://fsc.org/en/blog/how-deforestation-affects-climate-change
[6] Aguirre-Gutiérrez et al., Science 387, eadl5414 (2025)
[7] IPBES-IPCC 'workshop on biodiversity and climate change' show in their table 3.1. 'Effects on biodiversity of selected global climate mitigation and adaptation practices based on land' that that improved and SFM as well as avoided degradation, reforestation, and forest restoration have a high positive impact on biodiversity, as well as mitigation (0.4-2.1 Gt CO2 e a-1 for improved and sustainable forestry) and adaptation potential (> 25 million people more resilient to climate change).
[8] Rynearson A. et al, 2024, 'Raising the Bar: Strengthening Forest Ambition in NDCs'

more frequent extreme weather events. These changes have far-reaching consequences that threaten forest health, biodiversity, and forests' role in climate change mitigation and adaptation.

Additionally, climate change is causing shifts in species distribution as trees and other flora are forced to migrate to more suitable climatic conditions. This disruption of ecosystems affects biodiversity, as some species struggle to adapt while others become more vulnerable to pests and diseases. In some locations, particularly island and mountain ecosystems, there is nowhere for threatened species to migrate to. As the local conditions continue to change, therefore, many unique varieties, species and ecosystems retreat into ever smaller refugia until they eventually disappear[9]. Warmer temperatures are accelerating the growth and spread of insect populations, increasing the frequency of pest and disease outbreaks that weaken and kill trees, further altering forest composition and reducing resilience.[10]

Sustainably managing forests, including responsible production, restoration and conservation, is essential to reduce greenhouse gas emissions, enhance climate resilience, and preserve vital ecosystems. While increasing forest area through afforestation and restoration is an important part of a global climate strategy, it is widely recognised that neither mitigation nor adaptation targets can be reached without reducing forest loss and degradation[11]. This is recognized in the central role of a mechanism for Reducing Emissions from Deforestation and forest Degradation in developing countries (REDD+) in the Paris Agreement.

1.1.2 Forests and biodiversity loss

Forests represent some of the richest biological areas on Earth, hosting more than half of the terrestrial species of animals and plants.[12] They provide a variety of habitats for plants, animals, and micro-organisms. This biodiversity is central to the provision of ecosystem services that contribute to the resilience of landscapes and communities to climate change.

However, the 2019 Global Assessment Report by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)[13] revealed that biodiversity is declining faster than at any time in human history, with over one million species at risk of extinction.

Forest loss, fragmentation, and degradation are leading causes of this decline, particularly in tropical and subtropical regions. These trends not only threaten species and ecosystems but also erode the services that forests provide such as water purification, pollination, soil fertility, and disease regulation. The Kunming-Montreal Global Biodiversity Framework (GBF), adopted in 2022, calls for the protection of at least 30% of land and sea areas and the restoration of 30% of degraded ecosystems by 2030. Forests are central to achieving both targets. Yet implementation is constrained by weak land tenure systems, limited financial flows, and poor integration of biodiversity objectives in economic planning.

Similar to the climate crisis, afforestation and reforestation can contribute to global efforts to address the biodiversity crisis, but GBF targets cannot be achieved without reducing the rates of loss and degradation of forests. Adherence to the principles of SFM is therefore explicitly recognised, under target 10 of the GBF, as an important element of national biodiversity conservation strategies[14] [15]. Moreover, the United Nations Framework Convention on Climate Change (UNFCCC) safeguards that must be respected in the context of REDD+ include that actions must be consistent with biodiversity conservation[16], thus anchoring

[9] Urban M, 2015, 'Accelerating extinction risk from climate change', in Science, Vol 348, Issue 6234
[10] https://www.sciencedirect.com/science/article/pii/S2666154323002405
[11] Ometto, J.P., K. Kalaba, G.Z. Anshari, N. Chacón, A. Farrell, S.A. Halim, H. Neufeldt, and R. Sukumar, 2022: Cross-Chapter Paper 7: Tropical Forests. In: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change
[12] https://wwfint.awsassets.panda.org/downloads/wwf_forests_global_biodiversity_framework_cbd_cop15.pdf
[13] (IPBES, 2019)
[14] CBD, 2022, CBD/COP/DEC/15/4 Kunming-Montreal Global Biodiversity Framework
[15] CBD, 2024, The Forest Factor: The role of protection, restoration and sustainable management of forests for the implementation of the KMGBF
[16] Reducing Emissions from Deforestation and forest Degradation, plus the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (UNFCCC, 2010, Decision 1/CP.16)

the goals of the Convention on Biological Diversity (CBD) within the principal global mechanism to incorporate the forest sector into the climate commitments of developing countries.

1.1.3. Forests and people who depend on them

Approximately 4.17 billion people (this is 95% of those living outside urban areas and over 50% of the global population), live within 5 km of a forest.[17] Around 1.6 billion people rely directly on forest resources for their livelihoods. Furthermore, 90% of the 1.2 billion people living in extreme poverty depend substantially on forests for all or part of their livelihoods.

While climate change and biodiversity loss are global challenges, their impacts are not evenly distributed. IPs and LCs are among the most affected and the most essential to the solutions[18]. IPs and LCs collectively manage or have tenure rights over at least 36% of the world's intact forests[19] and 80% of remaining biodiversity, often under customary governance systems. They have demonstrated profound capacity to protect and steward nature. Numerous studies confirm that forests under Indigenous management exhibit lower rates of deforestation and degradation compared to state or privately managed areas.[20] Recognizing their land rights, ensuring Free, Prior, and Informed Consent (FPIC), and channelling resources directly to Indigenous-led conservation and climate action are now widely recognized as critical to the success of global climate and biodiversity targets.[21]

However, IPs and LCs are also disproportionately vulnerable to forest degradation, insecure land rights, policy marginalization, and climate-related risks. Climate hazards such as floods, droughts, and wildfire often damage traditional livelihoods based on forests, agriculture, and water resources. The loss of biodiversity affects the availability of medicinal plants, game, and food security. Moreover, infrastructure development, land grabs, and extractive activities continue to displace IPs and LCs and restrict their access to ancestral territories. These impacts are compounded by historical injustices and limited access to climate finance, formal legal recognition, and decision-making spaces. This highlights the urgent need for climate justice, which recognizes and addresses the unequal burdens and historical marginalization faced by IPs and LCs in the climate crisis.

Forest workers and women are also particularly vulnerable to climate change, biodiversity loss, and forest degradation. As forests degrade from extreme weather, fires and species loss, jobs become less secure and more dangerous, especially for labourers in harvesting and conservation. Women often rely on non-timber forest products for income and household needs and play a crucial role in forest management and conservation, yet they often have limited access to forest resources, land rights, and decision-making roles, making them more vulnerable to the impacts of climate change on forests. This increases their workload and economic insecurity, especially in rural and Indigenous communities, where gender and labour inequalities intersect most sharply.

In the past, climate change, biodiversity loss and unprotected rights have too often been treated independently whereas effective solutions can only occur when all these dimensions are recognized to be inseparable.

1.2 FSC's current solutions to address the climate and biodiversity crises

For over 30 years, FSC has promoted environmentally appropriate, socially beneficial, and economically viable management of the world's forests, primarily through the certification of RFM practices according to its globally applicable and recognized FSC Principles and Criteria for Forest Stewardship. With the great majority of forested countries explicitly including SFM within the Nationally Determined Contributions

[17] The state of the world's forests 2022 (FAO)
[18] (Dawson et al., 2021)
[19] (Camino et al., 2023)
[20] (Nepstad et al., 2006)
[21] (Vogel et al., 2022)

(NDCs) to the Paris Agreement[22], FSC certification can support countries to monitor and report their contributions towards global climate and biodiversity targets, while upholding the rights of IPs, traditional peoples, and local communities.

FSC Principles and Criteria have explicitly recognised biodiversity conservation as an element of responsible forest management from its inception. Their relevance as a means of demonstrating contributions to addressing the climate crisis was mentioned in the preamble of Version 5 in 2012. Forest management certification represents the most significant potential contribution of the organisation to the goals of both the UNFCCC and the CBD.

FSC is broader than a timber certification system. It also certifies non-timber forest products and ecosystem services. Through chain of custody (CoC) certification, it tracks timber and non-timber forest products throughout the supply chain, allowing the contribution of RFM to biodiversity and climate to be recognised in the markets and for private sector actors to demonstrate their contributions to global goals. FSC's Ecosystem Services (ES) Procedure can be used to demonstrate impacts in conservation, restoration, and production (FSC Verified Impacts).

The FSC normative framework, policies, standards, and procedures that guide certification, includes restoration contributions relevant to a wide range of forests and objectives. FSC contributions can cover targeted restoration efforts as required by the FSC Remedy Framework as well as the ongoing responsibilities for all forest management certificate holders as set out in forest management standards.

FSC also engages markets to promote recycling of wood materials through its FSC RECYCLED label and financial institutions to scale nature-based solutions, drive responsible supply chains, and position forests as vital assets in the fight against climate change and biodiversity loss.

The following sections outline FSC's key solutions in tackling climate and biodiversity challenges.

1.2.1 Forest management certification

FSC's globally recognized Principles and Criteria for Forest Stewardship and locally adapted forest stewardship standards incorporate rigorous environmental, social, and economic principles into forest operations.

FSC forest management certification prevents deforestation and degradation, ensures the maintenance and enhancement of High Conservation Values (HCVs) such as rare species or ecosystem functions, and integrates ecosystem-based adaptation (EbA) principles. FSC forest management standards also require the conservation or restoration of representative sample areas of native ecosystems and their integration into broader Conservation Areas Networks, which cover at least 10% of the management unit. Globally, these networks contribute to over 16 million hectares of forest dedicated to conservation.

Through these diverse safeguards and practices, FSC provides a robust baseline for RFM. This, in turn, enables the responsible harvesting of forest products that are pivotal for the global transition to a sustainable bioeconomy, away from materials such as cement, steel, and plastics, the production of which contributes a significant proportion of global GHG emissions.[23]

With SFM included as a key part of NDC commitments, investments in establishing FSC forest stewardship standards in developing countries, and expanding the application of forest management certification, can be considered part of climate finance. Examples of the use of FSC forest management certification already exist in programmes supported through the Green Climate Fund (GCF)[24] and other public or private climate and biodiversity finance institutions.

[22] Rynearson A. et al, 2024, 'Raising the Bar: Strengthening Forest Ambition in NDCs'
[23] Roe et al., 2019; Mishra et al., 2022; Hasegawa et al., 2022.
[24] https://www.greenclimate.fund/

1.2.2 FSC Verified Impact

Through the implementation of the Ecosystem Services (ES) Procedure, FSC enables forest managers to demonstrate the positive impact of their operations.

The procedure is a voluntary mechanism that provides a stepwise methodology to measure, verify, report, and communicate ecosystem services impacts including carbon sequestration, biodiversity protection, water quality, soil retention, air quality and others. Once verified by FSC-accredited bodies, these ecosystem services claims can be used in several different ways to add value and recognition to certified forests in terms of their contribution to climate and biodiversity solutions and help certificate holders access Payments for Ecosystem Services (PES).

Certificate holders in Europe, Latin America, Africa, and South-East Asia are increasingly using the procedure to participate in emerging nature-based markets, connecting FSC's forest management certification to tangible climate and biodiversity finance flows. For instance, FSC verified ES impacts can be used in association with external environmental asset registries such as Verra and other Voluntary Carbon Market (VCM) standards. Under such arrangements, ES impacts related to soil and water conservation can be used in association with carbon credits generated through an external methodology, to demonstrate compliance with environmental safeguards and added value in the context of climate change adaptation.

In terms of biodiversity, applications are emerging for the use of FSC verified impacts to help demonstrating compliance with national regulatory and legal mechanisms such as the UK government's Biodiversity Net Gain (BNG) policy[25]. The ES procedure may be used as a means to determine eligibility for financing and investment opportunities which depend on verified environmental impacts, demonstrating compliance with national or international legal and regulatory mechanisms and adherence to standards and safeguards related to climate and biodiversity.

1.2.3 Beyond FSC-certified areas

FSC's impact on climate and biodiversity extends beyond FSC-certified forests. FSC's Policy for Association and Requirements for Sourcing FSC Controlled Wood set strict integrity requirements, prohibiting association with organizations involved in illegal logging, deforestation, and human rights violations, and ensuring that materials from deforestation or from forests in which High Conservation Values are threatened do not enter FSC-certified supply chains.

The FSC Remedy Framework sets out requirements to remedy harm caused by unacceptable activities as defined by the Policy for Association or by conversion as defined in the Policy to Address Conversion. By requiring environmental remedy, which includes restoration, conservation, and social restitution, the framework supports the recovery of forest ecosystems, contributing directly to climate change mitigation and adaptation, biodiversity conservation, and social justice.

1.3 FSC strengths in advancing climate action and biodiversity conservation

FSC's core strength lies in its standards-based certification model, which integrates environmental, social, and economic criteria and is verified by independent third parties. This model is operational in over 80 countries and spans more than 160 million hectares of forest globally, making FSC a widely recognized forest certification system for timber, non-timber forest products, and ecosystem services.

FSC has a unique multi-stakeholder governance model, engaging civil society, businesses, IPs and LCs, and environmental and social groups in its decision-making processes. This inclusive and democratic approach helps finding balanced solutions that improve buy-in from local stakeholders.

[25] https://www.gov.uk/guidance/biodiversity-net-gain

FSC strengthens its impact through a global network of teams working around the world, grounding certification and engagement in local realities.

Key strengths include:

- **Third-party verified responsible forest management (RFM):** The FSC Principles and Criteria apply to all types and scales of forests, including natural forests, plantations, and other vegetation types. FSC certified forests, whether managed primarily for timber production, conservation, or restoration, demonstrate adherence to a globally recognised RFM standard and are independently verified by third parties. The forest sector has a high profile within the Paris Agreement, including REDD+. The extent of FSC-certified forest area can thus be used to demonstrate progress towards national climate and biodiversity targets which depend on SFM. FSC offers a globally consistent, internationally recognised approach to verify RFM practice, which can be adapted and adopted at the national level – a unique selling point in the climate context. FSC forest management certification has already been recognised within the climate finance sector, as early as 2004 by early carbon market exchanges[26], as a means of demonstration of adherence to RFM practices and thus to social and environmental safeguards, and more recently as the key eligibility criterion for GCF-funded forest sector programmes[27]. Other international frameworks, such as the Sustainable Development Goals (target 15.2) and the Kunming-Montreal Global Biodiversity Framework (10.2) also recognize the contributions of FSC certification. The contributions of forest management certification have been demonstrated through multiple documented cases across regions and forest types.[28] [29]

  Chain of custody certification further complements forest management certification, as well as the controlled wood system extending FSC's influence beyond FSC-certified forests.

- **Alignment with environmental and social safeguards:** FSC forest management normative framework incorporates environmental and social criteria, including biodiversity conservation, upholding rights for workers, Indigenous and traditional Peoples and local communities, and incorporation of Free, Prior and Informed Consent (FPIC), which are aligned with safeguards under compliance standards[30] and VCM[31] and thus can be used in association with claims for carbon credits or results-based payments, including the REDD+ mechanism.
- **Verification of Ecosystem Services:** The ES Procedure provides forest managers with a verifiable methodology to demonstrate benefits in biodiversity conservation, water services, and other ecosystem services. This offers the potential to scale up recognition, application and extent of FSC certification and help certificate holders to access to nature-based finance.
- **Small-scale and community forestry and equity:** FSC is building and implementing support mechanisms for small-scale, low intensity, and community forest enterprises to overcome barriers to certification. These mechanisms include policy solutions, such as the Continuous Improvement Procedure, the Forest Management Groups Standard or tailored standards for smallholders and forest communities, and market tools.
- **Multistakeholder platform:** FSC is governed by a global network of more than 1,000 members representing environmental, social, and economic perspectives. Its democratic and participative system brings these diverse perspectives together to develop solutions that promote and safeguard

[26] Chicago Climate Exchange Rulebook, Phases I and II, 2007
[27] https://www.greenclimate.fund/project/fp128; https://www.greenclimate.fund/project/fp263; https://www.greenclimate.fund/project/fp273
[28] https://connect.fsc.org/monitoring-and-evaluation/performance-and-outcomes
[29] https://open.fsc.org/communities/c577cab9-760c-40d1-ac9b-80f9a85f61b3
[30] Reducing Emissions from Deforestation and forest Degradation, plus the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (UNFCCC, 2010, Decision 1/CP.16)
[31] Verra, 2024, Verified Carbon Standard v4.7

healthy, resilient forests worldwide. Effective engagement with a variety of stakeholders is a crucial part of the organization, and a determining factor in the success of its work. From solutions fora to direct engagement with governments and other important partners, FSC takes an active role in many dialogue platforms. Moreover, FSC has a network of Standard Development Groups responsible for developing Forest Stewardship Standards, and of local teams that enable FSC to deliver on its global mission on the ground.

1.4 FSC limitations in advancing climate action and biodiversity conservation

Despite these strengths, FSC faces structural and operational challenges that constrain its full impact on climate and biodiversity outcomes:

- **Need for more systematic demonstration of forest management certification impacts:** While empirical evidence indicates that, at a global level, FSC forest management certification contributes to increased forest cover[32], forest management standards do not provide a direct mechanism to demonstrate outcomes on climate and biodiversity. The ES procedure offers a way to showcase impacts. However, it is a voluntary add-on to forest management certification still in the early stages of adoption. This is complemented by certain reluctance among certificate holders and certification bodies to collect and share data, along with structural limitations in the current model in which certification bodies primarily serve as data collectors.
  Moreover, FSC lacks efficient digital systems, especially spatial systems, to capture, verify, track and communicate impacts such as carbon sequestration, biodiversity gains, and social outcomes. Current reliance on Excel templates, PDFs, and manual systems slows data collection or impedes the development of data analytics and the use of advanced geospatial and AI capabilities. This hinders the ability to generate actionable insights into trends and patterns.
- **Need to expand uptake, particularly among smallholders, Indigenous Peoples, and local communities**: forest managers, particularly these groups, often face barriers such as certification costs, technical complexity, or need for more localized support. FSC's capacity building efforts are currently insufficient to meet growing demands for enhanced training and financial investment.
- **Market access and financing remain critical barriers**: While interest in high-quality carbon and biodiversity markets is rising, FSC certificate holders face challenges such as limited alignment to market standards, lack of tailored methodologies for credit issuance, and limited investment-readiness support. Similarly, while FSC certified products have market demand, especially in established economies, buyer awareness is still low in emerging markets.
- **Biodiversity indicators:** FSC lacks robust biodiversity indicators, limiting its ability to monitor biodiversity outcomes and better align with global targets such as the Global Biodiversity Framework (GBF) Targets 1 (spatial planning), 2 (restoration), and 3 (protected area coverage). Moreover, implementation of High Conservation Value (HCV) requirements varies by region, potentially leading to inconsistencies in biodiversity outcomes.
- **Recognition in restoration space:** While FSC forest management certification can cover different objectives such as timber and non-timber forest products production, conservation and restoration, FSC has limited engagement in large-scale forest landscape restoration (FLR) and no clear examples and recognition of using forest management certification as a solution for restoration.

Other limitations include limited capacities to advance specific solutions, and the fact that certification solutions require long-term development and investment.

[32] Boubacar I and Sissoko Y, 2025, Journal of Cleaner Production Vol 518: 'SFM through certification and wood products trade: Analyzing the role of FSC across diverse economic and climate contexts'

1.5 Opportunities to expand FSC's impact on climate and biodiversity:

- **Promoting the relevance of forest management certification and Verified Impact for climate change:** Highlighting the difference between 'carbon' and 'climate' can help to build a common understanding that FSC forest management certification and Verified Impacts contribute to global climate goals, particularly to adaptation.
- **Strengthening forest management standards for climate resilience**: FSC forest management standards can be updated to address climate risks such as wildfires, pests, and droughts more explicitly. To mainstream the demonstration of climate outcomes, intended outcomes on climate could be embedded within forest management standards.
- **Strengthening the connection between certification and global climate and biodiversity frameworks**: To support international goals under the Paris Agreement and Convention on Biological Diversity (CBD), FSC could enhance alignment of its solutions, for example developing indicators to measure FSC's contributions to national and global biodiversity and climate targets.

  FSC could scale up its presence and proactive advocacy in the COPs and negotiations under both UNFCCC and CBD.
- **Engaging with governments:**
  - **to promote the role of FSC certification in the context of the Paris Agreement:** Signatories to the Paris Agreement may develop up to three separate fundamental national strategic documents, the Nationally Determined Contributions (NDC), National Adaptation Plan (NAP) and National REDD+ Strategy, each constituting a high level of political commitment, that set out how the forest sector will contribute to the achievement of their climate-related goals. Each of these submissions offers an opportunity for FSC to demonstrate the importance of mainstreaming FSC certification into national systems and markets, as an integral part of a country's climate strategy.
  - **in the application of the Global Goal on Adaptation (GGA) monitoring framework**: The GGA and a consolidated list of 100 indicators is due to be released in November 2025 ahead of UNFCCC COP30 in Belem. These indicators will include 10 covering the category of ecosystem and biodiversity[33], offering an opportunity for FSC to demonstrate the relevance of FM and CoC certification and Verified Impacts as means of verification for national performance against EbA indicators.
- **Advancing biodiversity certification and monitoring**: To align with the Global Biodiversity Framework (GBF) and the Convention on Biological Diversity (CBD), FSC could introduce biodiversity outcome indicators across forest management standards. It could further scale its impact by developing regional or national guidance for High Conservation Values and partnering with conservation NGOs and governments to integrate FSC certification into biodiversity markets or provide quantified data for National Biodiversity Strategies and Action Plans (NBSAPs).
- **Advancing rights-based conservation**: FSC can strengthen its leadership in rights-based conservation by enhancing the inclusion of IPs and LCs, who manage a significant portion of the world's forests and biodiversity, in decision-making processes, standard setting and knowledge sharing.
- **Strengthening FSC's partnership with VCM standards:** The Ecosystem Services (ES) procedure is closely aligned to the emerging needs of VCM project developers to demonstrate benefits in the context of climate change adaptation. For example, in 2022 FSC and Verra signed

[33] UNFCCC, 2025, Technical report on indicators for measuring progress achieved towards the targets referred to in paragraphs 9-10 of Decision 2/CMA.5

an MoU to explore potential approaches to concurrent certification processes[34]. The ES Procedure can complement Verra's carbon accounting methodology and associated Carbon Community and Biodiversity (CCB) standards.

- **Enhancing recognition in the forest restoration space:** FSC could play a larger role in the UN Decade on Ecosystem Restoration by enabling verification and/or certification of restoration efforts in degraded forest lands. This could involve further clarifying the relevance of forest management certification and Verified Impact to forest restoration efforts, and developing restoration-specific standards or modules aligned with IUCN Forest Landscape Restoration (FLR) principles and recognizing community-led efforts through certification. While opinions differ on FSC's solutions for restoration, strong interest exists in defining this role.
- **Enabling climate and biodiversity finance:** Promotion of the use of both forest management certification and Verified Impact as a means of determining eligibility for financing and investment opportunities. Partnerships with institutions like the Green Climate Fund, Global Environment Facility, and other climate finance mechanisms could be pursued to bolster funding for RFM. FSC certification can be also leveraged as a recognized de-risking mechanism to attract sustainable finance, where certified projects are perceived as lower risk, enabling access to more favourable financing terms.
- **Growing strategic private sector partnerships and policy influence:** FSC can continue to expand its global influence through partnerships with initiatives like the Science Based Targets Network (SBTN) to help define science-based forest targets and the Task Force on Nature-related Financial Disclosures (TNFD) to enhance FSC-certified companies' access to sustainable investment and improve transparency and corporate sustainability reporting. Partnerships with the private sector can help access private investments and support business sustainability strategies, leading to an increase in the demand for FSC-certified products and Verified Impact. SBTN has just released an updated version of its Corporate Net Zero Standard[35] that includes multiple references to timber, pulp and forest products, and notes the absence of 'long-term pathways' for timber products under the SBTi Forests, Land and Agriculture (FLAG) sector guidance[36], due to the difficulty of tracking their ultimate disposal.

  Moreover, FSC chain of custody (CoC) certification offers a tool for companies trading or investing in forest value chains to track the environmental impacts of their investments. Whole Life Carbon Accounting (WLCA) is increasingly being incorporated into national efforts towards net zero emissions[37]. FSC could assess the opportunities of CoC certification as a means of demonstrating compliance with Scope 3 accounting standards, benchmarked against the GHG Protocol guidelines[38] and relevant national regulatory frameworks.

[34] https://verra.org/verra-and-fsc-sign-mou-to-enable-concurrent-certification-process/
[35] SBTi, 2025, SBTi Corporate Net Zero Standard Version 1.3
[36] SBTi, 2023, Forest, Land and Agriculture Science-based Target Setting Guidance, Version 1.1
[37] UNEP Finance Initiative (FI), 2024, Tackling Hidden Emissions for a Net Zero Transition
[38] GHG Protocol, 2024, Technical Guidance for Calculating Scope 3 Emissions (Version 1.0)

2. Theory of Change

The Theory of Change (ToC) for the FSC Climate and Biodiversity Strategic Framework 2026-2032 is built on the role that forests and sustainable forest management (SFM) play in mitigating and adapting to ongoing climate change, fostering biodiversity, and generating the wide range of ecosystem services that healthy and resilient forests provide such as watershed, soil protection, and air quality.

Problem statement

Forests are under severe threat, hindering their crucial role in climate change mitigation and adaptation, biodiversity conservation, and the provision of ecosystem services. This is exacerbated by weak governance, insufficient economic incentives for forests stewards and other actors in the supply chain, and inequitable access to resources.

Vision of change

To realize **FSC's 2050 vision of resilient forests sustaining life on Earth**, the world's forests must be valued for the wide range of benefits they provide, including their critical role in mitigating and adapting to the impacts of climate change and fostering biodiversity.

In line with this overall vision, this ToC outlines the pathway to realizing a world where "**forests are valued and managed to contribute to climate change mitigation and adaptation and enable biodiversity and forest-dependent people to thrive**", which represents the vision for this Strategic Framework.

This vision considers all the world's forests both within and beyond FSC-certified areas, and includes diverse types of forests such as rainforests, mangroves, agroforestry and other woodland ecosystems. To promote long-term solutions, it is essential to consider the people who live in and from the forest. Forest-dependent people include Indigenous Peoples (IPs), local communities (LCs), forest managers and workers, that take responsibility for and derive benefits of forests.

The ToC recognizes that forests contribute to climate mitigation and adaptation more effectively when they are sustainably managed, and identifies the systemic changes required to empower individuals, governments, businesses, and organizations to engage in SFM, including responsible production of timber and non-timber forest products, conservation, valuation of ecosystem services, restoration, reforestation, and afforestation.

While the ToC is framed from FSC's perspective, it extends beyond FSC's direct sphere of influence. It recognizes that certain incentives for SFM may be more effectively addressed by other actors. Nonetheless, FSC must remain aware of these dynamics, as they will impact the realization of the vision of this Strategic Framework. Furthermore, this ToC is nested within the ToC being defined for FSC's Global Strategy 2027-2032. This means that there is direct correspondence between the change pathways identified there with those of this Strategic Framework. Both recognise the role of knowledge and evidence, and of the right incentives to be provided by the markets and policies.

There are **three main preconditions** to realize the vision: (1) knowledge and practices, (2) market systems and (3) policies and partnerships. The three are closely interconnected, as changes in policies can influence and steer market dynamics and forest management practices, and vice versa.

Markets can support SFM by rewarding responsible practices and creating demand for certified products. Policies provide the framework for these markets to grow, especially when aligned with global agreements on climate and biodiversity. Policies can boost SFM with incentives like subsidies or green procurement, while forest managers must meet both regulatory and market requirements to access these benefits.

1. **Knowledge and practices for climate-smart forest stewardship and biodiversity conservation, including restoration and afforestation, are developed, validated, and widely adopted**

To enhance the contributions of forests to climate change mitigation and adaptation, while conserving biodiversity, it is vital that forest managers have the right knowledge and competencies to adopt effective practices. This includes how to manage existing forests, but also the design and implementation of afforestation projects, for example selecting a suitable site, establishing mixed species stands of native resilient species, or engaging local communities. Such practices are enforced through policy and regulatory frameworks or promoted through voluntary certification. Examples of climate-smart and biodiversity friendly forests practices are measures to prevent degradation and deforestation, identify and prevent climate related risks, set aside areas for conservation and landscape connectivity, manage deadwood and retain large trees.

Knowledge arising from scientific research, as well as traditional knowledge, should be widely accessible to ensure that good practices are known and adopted. IPs' and LCs' knowledge in particular offers valuable context-specific solutions and replicable practices.

2. **Markets incentivize climate-smart practices and biodiversity-friendly outcomes in forest management**

For SFM to become viable and scalable, market systems and financial mechanisms must actively reward practices that deliver climate and biodiversity benefits. This requires a shift in how value is created, recognized, and distributed across forest landscapes and supply chains.

While growing consumer interest is a key driver, it must be complemented by structural incentives that make SFM economically attractive, financially accessible, and reputationally valuable for forest managers, producers and businesses across the supply chain.

Markets for timber, non-timber forest products, and ecosystem services must be structured to recognize and reward the value of SFM. This includes mechanisms that differentiate certified or verified products, enable access to premium markets, and reduce barriers to entry, especially for smallholders.

On the supply side, forest stewards and businesses across the supply chain require clear economic and reputational incentives to adopt SFM and robust chain of custody practices. These incentives involve both profitability (through increased revenues and reduced costs) and enhanced public image (achieved through certification labels, marketing initiatives and/or business sustainability strategies, including voluntary and mandatory reporting commitments).

Certificate holders can gain access to new markets, payments for ecosystem services, and price premiums, while also benefiting from improved access to investment capital, through impact investors and specialized forest funds. Moreover, integrating circular economy approaches, such as cascading use, wood waste recycling, etc. to forest-based industries, will optimize the use of material and contribute to the sustainability profile of producers while reducing pressure in forests.

In driving demand, consumers and buyers must understand and recognize the climate and biodiversity benefits of responsible purchase decisions, adjust their consumption patterns, and be willing to pay price premiums. When these preferences are reflected in procurement policies, environmental, social and governance (ESG) strategies, and sustainability reporting, they send strong signals to producers and forest managers. The broader adoption of sustainable wood, for example, can accelerate a shift away from more carbon-intensive materials such as concrete and plastics, particularly in construction and packaging sectors.

When markets are intentionally structured to reward climate-smart and biodiversity-friendly forest management through financial, reputational, and structural incentives, they become not only a rational

business choice, but a transformative force for forest stewardship, enabling systemic change across value chains.

3. **Policies and partnerships support contribution of forests to climate and biodiversity goals**

Supportive policy environments and strong partnerships are essential to mainstream climate-smart and biodiversity-friendly forest management. Policies at all levels should facilitate the adoption of SFM practices, aligning with international frameworks and policy mechanisms such as the Paris Agreement, the Kunming-Montreal Global Biodiversity Framework or the REDD+ to strengthen their effectiveness in combatting climate change and promoting biodiversity.

Policies can also encourage the uptake of sustainable practices through fiscal incentives, such as tax reduction or subsidies, or by establishing prerequisites for public procurement. Likewise, grants systems should be aligned with climate and biodiversity outcomes.

Equitable governance is a fundamental aspect of effective policy. Legal frameworks must uphold the rights and livelihoods of IPs and LCs, including formal recognition of land rights and adherence to the principle of Free, Prior, and Informed Consent (FPIC). Policies should also promote inclusivity, addressing gender and social equity to ensure that all forest-dependent people can participate in decision-making, have access to forest resources, and share the economic benefits of SFM.

Multi-stakeholder partnerships, including governments, civil society, the private sector, and communities, are critical for coordinated action, knowledge sharing, and scaling impact across regions and sectors towards climate and biodiversity goals.

Cross-cutting preconditions and enablers

For evidence-based practices, sensitized decision-makers, effective policies, and markets to activate, the impact of sustainably managed forests on climate and biodiversity needs to be constantly monitored, demonstrated and communicated.

Technological innovations and data analytics play a crucial role in monitoring this impact, providing tools to track forest health and detect deforestation. Satellite imaging, drones, and other remote sensing technologies enable governments, researchers, forest managers and organizations to monitor changes in forest cover, quantify and track carbon storage, and identify areas of concern. **Data and evidence** are fundamental for all three key preconditions described above, as visualized in the ToC diagram.

To make a meaningful contribution to these changes, FSC must go beyond the boundaries of the FSC-certified forests and influence policies, markets, and practices that impact the entirety of the world's forests. FSC must build on its institutional strength and knowledge in standard setting and its unique role as a platform for dialogue and a solution for verified SFM. Given that forests and the lands they stand on are contested spaces with a plurality of often competing interests, FSC's contribution to the above vision must embrace and build on its strength in driving consensus among a broad range of interest groups, including multilateral organizations, the private sector, governments, and civil society. Such contributions will be elaborated in the next chapter.

The ToC also identifies **key enablers** that are fundamental for its realization that FSC will consider in designing its intervention strategies:

- **Technology and innovation including robust geospatial monitoring and verification systems**. Without accurate and reliable information, it will be impossible to demonstrate the impact of forest practices on climate and biodiversity. Furthermore, data will be used to drive analytics and related capabilities (e.g. AI, modelling) for effective and efficient monitoring and verification systems, that will allow for a robust oversight of processes.
- **Scientific knowledge and research** will be a fundamental input informing the rationale for SFM interventions and related policy advocacy.
- **Multi-stakeholder partnerships**, including governments, multilateral and regional organizations, private sector, local communities, etc., are a fundamental enabler for these changes to take place and be sustained.
- The role of **advocacy** both for policy and behavioural change is acknowledged as an enabling factor for change to take place towards more sustainable and impactful forest management.
- **A people-centred approach** will be adopted to effectively realise this ToC. To stay true to the vision of empowered and thriving communities and forest-dependent people, people need to be placed at the centre of all processes. This means also applying gender lenses and be mindful of workers' vulnerabilities.

The fundamental changes described are based on the following key **assumptions**:

- Sustainably managed forests, whether for timber production, conservation or restoration, lead to higher levels of carbon sequestration and storage. This assumption will need to be consistently verified, including through FSC's actions.
- Restoration, conservation and enhancement of biodiversity, together with the protection of IPs' and LCs' rights, will lead to an increased area of resilient forests.
- IPs' and LCs' knowledge and practices contribute to climate resilience and biodiversity conservation.

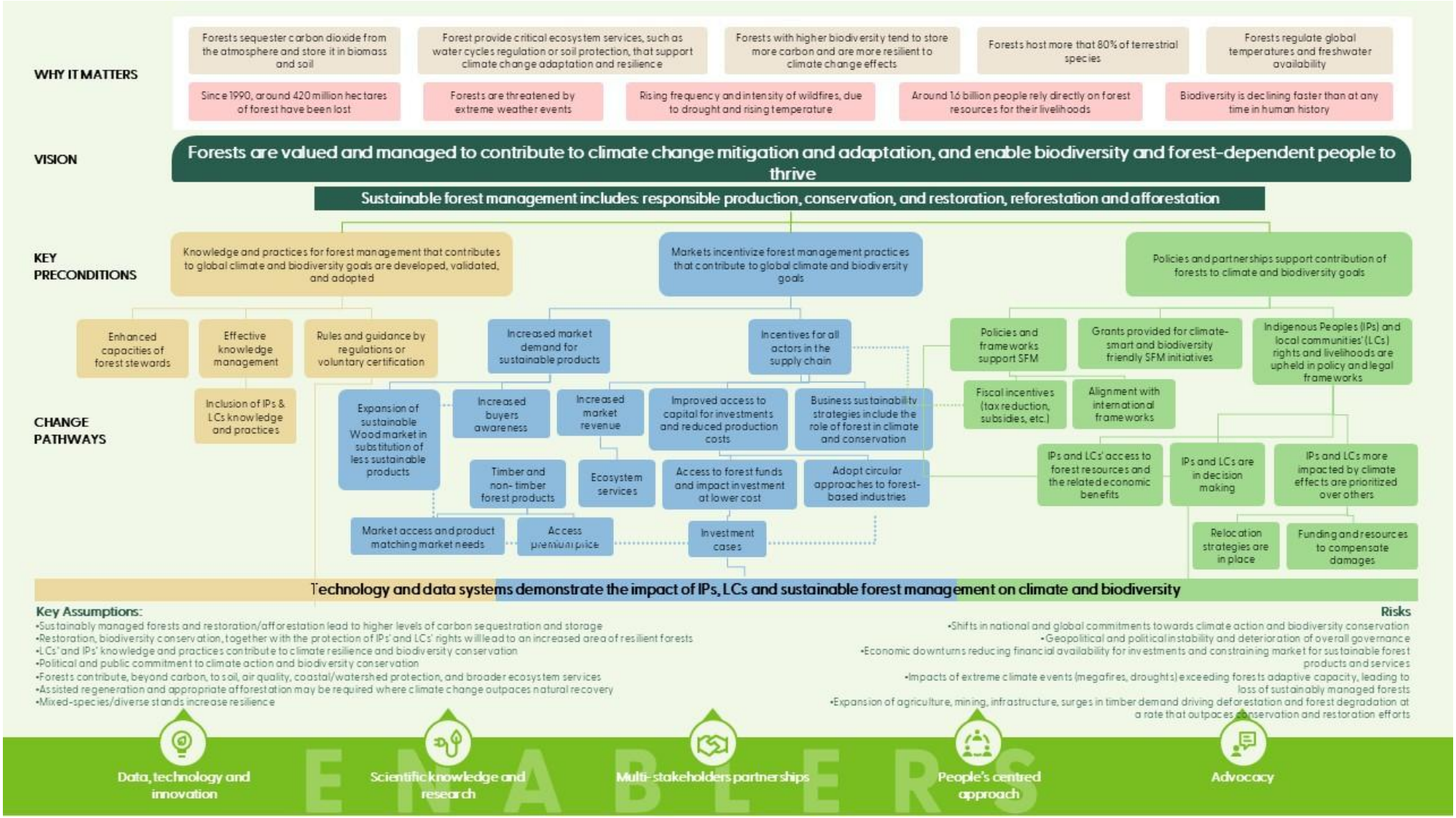
The ToC also acknowledges that the overall strategy can be affected by few high-level **risks**, including:

- Shifts in national and global commitments towards climate action and biodiversity conservation, that would erode the rationale for this Strategic Framework.
- Geopolitical and political instability, and deterioration of overall governance.
- Economic downturns that would reduce financial availability for investments and constrain the market for sustainable forest products and services.
- Impacts of extreme climate events (megafires, droughts) exceeding forests adaptive capacity, leading to loss of sustainably managed forests.
- Further expansion of agriculture, mining, and infrastructure driving deforestation and forest degradation at a rate that that outpaces conservation and restoration efforts.

While these risks are beyond FSC's sphere of influence, they will be kept into consideration and monitored as they can have a significant impact on the realization of FSC's expected results and might determine a shift in its approach.

The following chapter describes how the solution pathways have been translated in strategic priorities for this Strategic Framework and shaped results (outcome and outputs) for FSC's contribution and delivery.

Overall Theory of Change for FSC vision for climate and biodiversity



3. Strategic Priorities

FSC's contribution to the realization of the above-described ToC is structured around three priority areas, in line with the main preconditions identified, to move towards the vision that forests are valued and managed for climate and to enable biodiversity and forest-dependent people to thrive.

The Theory of Change for FSC's work builds on FSC's core strength in standard setting and providing a platform for dialogue for its community of members, certificate holders, certification bodies and other relevant stakeholders.

Through the implementation of this Strategic Framework, FSC will reinforce its role in:

- **promoting** forest management practices that contribute to climate and biodiversity goals.
- **leveraging** markets and finance to incentivize forest management practices that contribute to climate and biodiversity goals.
- **advancing** policy and partnerships to harness forests as climate and biodiversity solutions.

Data and knowledge management are recognized as enablers for the three priorities, and a fundamental precondition for the realization of the vision. Specific data-related outputs have been identified under each strategic priority.

Strategic Priority 1: Promote forest management practices that contribute to global climate and biodiversity goals

Research has shown that healthy and resilient forests that foster richer biodiversity also sequester more carbon than degraded forests which usually emit carbon.[39] RFM practices prevent deforestation and forest degradation and conserve biodiversity, contributing to climate change mitigation and forests' resilience.

In terms of climate change adaptation, the different kinds of forests under FSC scope, including agroforestry, mangroves and coastal forests, have diverse functions that contribute to reducing surface heat, managing water cycles, and providing a physical buffer against hydrological disasters including floods, cyclones, and tsunamis, while also providing numerous other ecosystem services.

Ensuring that forest management integrates these functions will require FSC to strengthen its requirements for adaptive forest management into standards, planning, and practices, further promoting RFM and the expansion of forest cover.

With this in mind, this strategic priority aims to fulfil the following outcome:

Outcome 1. Forest management practices integrate climate change mitigation and adaptation, and biodiversity conservation objectives

This outcome explores how FSC can contribute to these practices through the existing normative framework, its strengthening and expansion; building the capacities of forest managers; and learning from the traditional knowledge and practices of IPs and LCs.

Outcome 1 focuses on recognising and strengthening FSC-certified forests' contributions by integrating climate and biodiversity, including afforestation and restoration, more explicitly or intentionally in its normative framework. This integration will be informed by the latest scientific knowledge, the traditional knowledge and practices of IPs and LCs, and by market needs.

Under this outcome, FSC aims also to improve the capacities of forest managers and share the relevant knowledge on effective practices, so that they will be better equipped to improve their operations.

[39] FAO Global Forest Resources Assessment (2020)

The ToC for FSC's contributions to this area is based on the role that certification has on RFM and how the appropriate requirements and third-party verification and knowledge can lead to climate and biodiversity objectives, including avoided deforestation and forest degradation and restoration outcomes.

Output 1.1 FSC forest management standards and guidance include provisions for climate change mitigation and adaptation, and biodiversity conservation

This output will be delivered by maintaining relevant provisions and strengthening the forest management normative framework, to clarify and enhance the contributions of FSC certification solutions to climate and biodiversity.

The **Principles and Criteria and International Generic Indicators** (**PCI) revision and subsequent transfer to Forest Stewardship Standards** provides a mean to deliver on this output, by:

- Maintaining existing provisions to prevent illegal logging, deforestation and forest degradation.
- Considering the particular significance of diverse types of forests and woodlands to climate and biodiversity goals, such as mangroves, agroforestry and others, in the scope of forest management certification.
- Developing tailored solutions for the different users (e.g. smallholders, IPs and LCs) and management objectives (timber production, conservation and restoration).
- Integrating provisions for climate mitigation and adaptation (for example by incorporating considerations to the latest climate science and projections into forest management for monitoring and mitigation of climate induced pest outbreaks, measures for forest fire prevention or use of more resilient species).
- Improving existing conservation provisions (e.g. clarifying the definitions of conservation versus protection and providing workable certification solutions for the protection of Intact Forest Landscapes) and defining key intended outcomes for biodiversity conservation, considering stakeholder and market needs.

Standards must be co-created with FSC members and certificate holders, ensuring that they are streamlined, outcome- and customer-oriented and do not translate in additional burden for certificate holders.

New provisions can be tested in priority countries (for example those most vulnerable to climate change) to conduct a thorough cost-benefit analysis.

FSC will also explore opportunities for **alignment of normative documents** with other like-minded organizations to create synergies and achieve extended impact on climate and biodiversity across different commodities and beyond areas certified by a specific scheme.

Output 1.2 Afforestation and restoration of degraded forests and land are facilitated

Recognizing that efforts to increase forest cover and restore degraded forest ecosystems can significantly contribute to achieve global climate and biodiversity goals, FSC will showcase the contributions of existing FSC normative solutions and identify ways to improve or expand them by:

- **Documenting case studies** showcasing the ongoing restoration efforts under forest management certification, Verified Impact solutions and FSC Remedy Framework FSC International, local teams and certificate holders can demonstrate FSC contributions and attract broader participation from new actors.
- **Conducting market analysis** to identify market needs, and impact and growth potential for FSC in the afforestation and restoration sector. Based on these insights, FSC International will explore the improvement of existing solutions or development of new ones for verification and/or certification of afforestation/restoration projects.

Moreover, FSC will implement **capacity building initiatives** on FSC restoration solutions, including the FSC Remedy Framework to strengthen stakeholders' capabilities. These activities are expected to contribute to the adoption of high-quality restoration practices and facilitate its uptake, leading to a greater area of healthy forests that will in turn contribute to climate and biodiversity.

Output 1.3 Risk assessment frameworks integrate climate risks

By expanding its risk assessment frameworks to **include climate risk indicators**, FSC aims to impact areas beyond FSC-certified forests.

With this intervention FSC has an opportunity to establish global benchmarks for climate risks, that, for example, companies will have to consider to avoid negative impacts when sourcing wood from that area. FSC will approach this global benchmark setting in coordination with other like-minded organizations to maximize impact.

FSC will explore the revision of risk assessments in the second half of the strategic period, once the relevant provisions for climate have been incorporated in the PCI revision.

Output 1.4 Indigenous Peoples and local communities' knowledge that supports climate resilience and biodiversity conservation is acknowledged and integrated in forest management practices

IPs' and LCs' knowledge systems are comprised of a blend of traditional elements and recent innovations and are fundamental resources for climate and biodiversity actions.[40]

With FSC's Indigenous Foundation, Permanent Indigenous Peoples Committee, and local teams, FSC is well positioned to deliver on this output through the following main interventions:

- **The development and implementation of FSC forest management standards** can contribute to maintain, share, and apply this knowledge. FSC will facilitate its integration ensuring outreach and consultation with IPs and LCs' representatives during the development of Forest Stewardship Standards in countries and regions where they live, as well as encouraging their direct representation in the Standard Development Groups responsible for these processes (FSC-PRO-60-006). With this, knowledge can be recognized and, together with IPs and LCs, integrated in FSC certification standards for forest management considering the specific contexts.
- FSC will also **strengthen capacity** for the implementation of requirements related to IP's and LC's rights (Principles 3 and 4 of the FSC Principles and Criteria), thereby enhancing the participation of IPs and LCs in forest-related decision-making processes.
- **Dissemination of knowledge** is crucial. FSC is committed to work with researchers, and IPs and LCs to ensure that knowledge is documented and disseminated to a broad range of stakeholders, if there is consent for it. The establishment of knowledge management mechanisms will also allow for best practices and local wisdom to be shared and replicated within the FSC context and beyond.

Output 1.5 Forest stewards have improved capacities to implement climate-smart and biodiversity-friendly practices

Forest stewards are key actors on the ground, and their capacities directly influence forests and their role addressing climate and biodiversity challenges.

To contribute equipping forest managers with the required skills, expertise and knowledge, FSC will **develop normative documents and guidance, implement capacity building activities, and disseminate up-to-date information**, in particular by:

[40] https://www.fao.org/indigenous-peoples/pillars-of-work/indigenous-peoples--knowledge-and-climate-change/en

- Continuing the development of High Conservation Values (HCV) Frameworks within Forest Stewardship Standards to help identify, conserve and manage areas of high ecological value, and developing additional guidance for local implementation.
- Providing training on climate-smart forestry and providing advisory support to forest managers.
- Documenting case studies and sharing them across different regions, enabling forest managers, to learn from the practices in other areas, including certification of different types of forests such as agroforestry and mangroves.
- Developing guidance on climate and biodiversity outcome monitoring and innovative technologies, such as Earth Observation.
- Sharing information on the most updated scientific knowledge and data gathering methods, to facilitate the implementation of RFM for climate and biodiversity.

FSC local teams are central to delivering some of these activities, providing on-the-ground expertise and support. In addition, establishing and strengthening strategic partnerships can further enhance the effectiveness and reach of these efforts.

Output 1.6 Relevant data and insights on climate and biodiversity outcomes are available through forest management certification

FSC forest management certification has the potential to generate data on the impact of responsible forest practices on climate and biodiversity. There is a strong demand for evidence to demonstrate impacts, which can help certificate holders access economic incentives and strengthen FSC's global reputation. At the same time, it is important to carefully consider any changes to forest management standards to avoid placing undue burden on certificate holders, particularly on smallholders, and certification bodies.

Innovative approaches, such as remote sensing technologies, should be explored to streamline data collection and reducing costs.

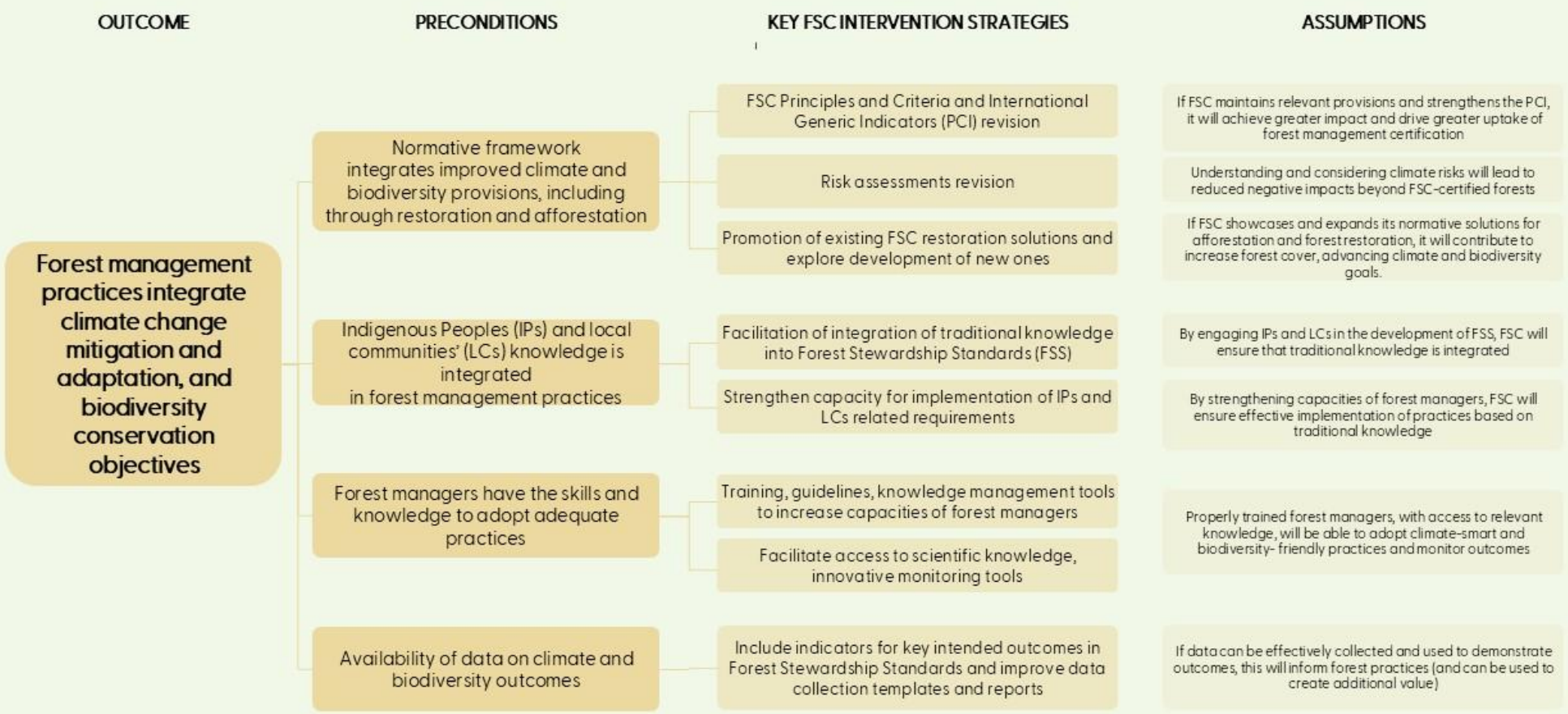
FSC can leverage data and streamline its collection to inform practices and demonstrate actual results of certification. This data will then be used to generate insights reports with aggregated information about the outcomes obtained, creating value for FSC and certificate holders. Additional data sources must be used to supplement the data that certificate holders can generate (see outputs 2.5 and 3.3.).

FSC will deliver on this output by:

- **Developing indicators for key intended climate and biodiversity outcomes during the revision of the PCI and FSC-PRO-60-006**: forest management standards will include indicators that enable FSC to effectively demonstrate and communicate the positive climate and biodiversity outcomes of FSC certification at national, regional, and global levels, and adjust forest practices and/or normative documents if positive outcomes are not achieved.
- **Improving data collection and reports**: implementing this approach will require improvements to reporting requirements for certification bodies (FSC-STD-20-007) along with improvements to the digital templates (current digital audit report (DAR)) and information sharing tools, to ensure that the most relevant data is collected. FSC will also simplify its reports and improve the transparency of its system, making sure its stakeholders understand and are updated on the impacts of FSC certification.

Data from forest management certification, together with data from Verified Impact solutions and external sources, is essential for FSC to remain relevant, credible, and competitive in a changing market where demonstrating sustainability impacts is increasingly needed.

Theory of Change for Strategic Priority 1:
Promote forest management practices that contribute to global climate and biodiversity goals



Strategic Priority 2: Leverage markets and finance to incentivize forest management practices that contribute to global climate and biodiversity goals

This second strategic area highlights the role of FSC in the creation, expansion, and utilization of markets and finance to incentivize forest management practices by rewarding forest stewards and actors in the supply chain for maximizing the role of forests for climate and biodiversity.

Market dynamics are a key variable in the SFM equation, as described in the overall Theory of Change. Such markets include timber and non-timber forest products, ecosystem services (including carbon sequestration and storage, biodiversity conservation, water, soil, and air quality and recreational services), and financial markets linked to green impact investment and other forms of forest finance. Market dynamics can be leveraged to ensure that the role of forest-dependent people in restoring, preserving, and sustainably managing forests is equally rewarded. The ToC for this outcome also acknowledges that availability of FSC-certified products in the markets cannot be taken for granted. Efforts will be made to expand the number of certified producers (and products) to expand market presence across the globe.

FSC contributions are geared towards the realization of the following outcome:

Outcome 2. Market and finance increasingly support responsible forest management enhancing its role in climate change mitigation and adaptation, and biodiversity conservation

FSC´s contribution to this outcome is articulated around the value proposition of FSC certification for certificate holders providing credibility, assurance and promotion on the different layers in which market incentives operate, from structures that reward sustainable practices, to demand signals from consumers, buyers and investors, and financial mechanisms that enable investment.

FSC contributions are captured in the following specific outputs:

Output 2.1 Increased awareness among buyers of the importance of responsibly sourced and certified products, and of forest-based substitutes for fossil-fuel based products

Consumers and the broader buyer ecosystem need to be aware of, and trust, the role that responsibly managed forests play in mitigating and adapting to the impacts of climate change and preserving biodiversity and thus be willing to recognize and support the added value of forest products from responsible sources.

To highlight the contributions of FSC-certified forests to climate and biodiversity, and the importance of responsibly sourced forest products, FSC will:

- **Improve the traceability of forest products and transparency in the supply chain,** ensuring that certified forest products are linked to sustainable practices, to reinforce trust among buyers, consumers and stakeholders.
- **Raise awareness through communication and marketing campaigns** at the global and local level of the value of responsibly managed forests and their role in climate and biodiversity. These campaigns aim to position FSC as a key solution for climate and biodiversity, influencing purchasing choices and procurement policies, and driving demand for FSC-certified products and Verified Impact solutions.

FSC will also promote the use of responsibly sourced forest products as an alternative to fossil-fuel based and other unsustainable material that can lead to deforestation and forest degradation, while considering the need for a reduction in overall consumption to reduce pressure on the environment. Effectively communicating the value of forest management, including demonstration of outcomes on climate and biodiversity (as per output 1.6) and of FSC Verified Impact is vital to establish them as trusted solutions contributing to address climate and biodiversity challenges and can contribute to enhanced awareness.

Output 2.2 Actors through the supply chain have increased incentives for responsible forest management and product sourcing, and to prioritize climate and biodiversity objectives

Those who depend on and care for forests, including IPs and LCs, and forest managers, and those sourcing responsibly should be equipped with the right incentives to commit to deforestation-free and other sustainable practices and prioritize climate and biodiversity objectives. FSC certification provides markets with the assurance needed to facilitate incentives, enabling certificate holders to access them.

FSC will contribute to mobilize financial incentives for forest managers and chain of custody certificate holders by:

- **Clearly defining and communicating FSC value proposition on climate and biodiversity** for different users, such as governments, private companies or IPs, emphasizing FSC's role in forest conservation, restoration, deforestation-free supply chains and delivering impacts on ecosystem services. This will provide users with distinct incentives to commit to FSC certification and the benefits it has on climate and biodiversity.
- **Developing market mechanisms for ecosystem services**: Recognizing and monetizing ecosystem services, not only carbon sequestration and biodiversity conservation but also watershed services, soil conservation, or air quality, is essential. To support this, FSC will develop and integrate in its normative framework methodologies to measure and receive payments for ecosystem services, that help companies to meet regulatory requirements and voluntary targets, such as high-quality carbon or biodiversity credit systems. FSC will prioritize the integrity of its solutions and develop initiatives to attract sponsors for Verified Impacts.
- **Improving alignment with global frameworks** such as the Paris Agreement, the Kunming-Montreal Global Biodiversity Framework and the Sustainable Development Goals. Such alignment is expected to raise the profile of FSC certification for the public and private sector and increase incentives for certification.
- **Positioning FSC in the financial sector:** Engaging with the financial sector to integrate FSC solutions into financing and investment decision-making as tools for risk management is critical to enhance the profile of FSC certification and facilitate access to capital for forest managers and all actors along the supply chain. Financial viability cases can be developed to attract investors and financial institutions, thereby increasing capital flows into RFM initiatives.
- **Exploring opportunities in the supply chain,** in particular opportunities for FSC to facilitate Scope 3 emissions calculations in forests and the supply chain, and FSC's role in Life Cycle Assessments (LCA) required by mandatory or voluntary frameworks and explore driving forces for companies to invest on biodiversity.

Output 2.3 Mechanisms in place to reward climate and biodiversity contributions of Indigenous Peoples and local communities

FSC believes that for markets to play a transformative role in unlocking the full potential of forests for climate and biodiversity, IPs and LCs' role in RFM needs to be recognized and rewarded. Ensuring their access to payments for ecosystem services is essential to respect their forest guardianship role, foster their stewardship, guarantee their livelihoods, and secure long-term conservation outcomes.

FSC will deliver on this output by:

- **Working with Indigenous Peoples and local communities to implement FSC solutions**: FSC can provide technical support to communities to facilitate adequate implementation of relevant requirements, such as Free, Prior and Informed Consent (FPIC), benefit-sharing requirements outlined in the Ecosystem Services Procedure or dialogue processes required by the FSC Remedy

Framework. FSC local teams and the Indigenous Foundation can play a central role in delivering this support.

- **Developing specific policy solutions** that recognize and verify the positive impact of IPs and LCs on ecosystem services, in alignment with Motion 53/2021 (Incorporate the recognition of cultural services and practices into ecosystem services to strengthen and endure over time the interconnection of Indigenous Peoples).

Ensuring the economic viability of forests managed by IPs and LCs is critical as it reinforces responsible forest practices while safeguarding their rights, knowledge, cultures, and livelihoods.

Output 2.4 Access to finance for forest restoration facilitated

Climate and biodiversity finance markets present a significant opportunity to mobilize capital for forest restoration. To facilitate that FSC certificate holders can access and benefit from these markets, FSC will:

- **Provide evidence of impact on restoration**: by generating and sharing credible evidence on the environmental and social benefits of restoration implemented through forest management certification and Verified Impacts, and by building robust financial feasibility cases, financing forest restoration in FSC-certified forests can become more attractive to investors and financial institutions.
- **Expand FSC sustainable finance network**: mobilizing such capital is essential to scaling forest restoration initiatives, which will be facilitated by expanding FSC´s sustainable finance network beyond the current regions.

FSC International, together with FSC Investments and Partnerships and FSC local teams are well positioned to deliver on this output.

Output 2.5 Improved monitoring mechanisms and data availability to build trust and demonstrate the impact of FSC solutions on climate and biodiversity

FSC aims to acquire and leverage data assets to enable better monitoring and tracking of impacts of FSC on climate and biodiversity. Coupled with the data requirements and information gathered as part of the standards (see outputs 1.6, 2.1 and 2.2), FSC can use data and advanced analytics to demonstrate impact to increase the value and credibility of FSC certification.

Data is one of the key market openers for climate and biodiversity finance. Positioning FSC as a trusted partner in sustainable finance will enable and scale investments that support certified responsible forestry, enhance ecosystem services, and improve livelihoods (especially for smallholders, women, IPs and LCs).

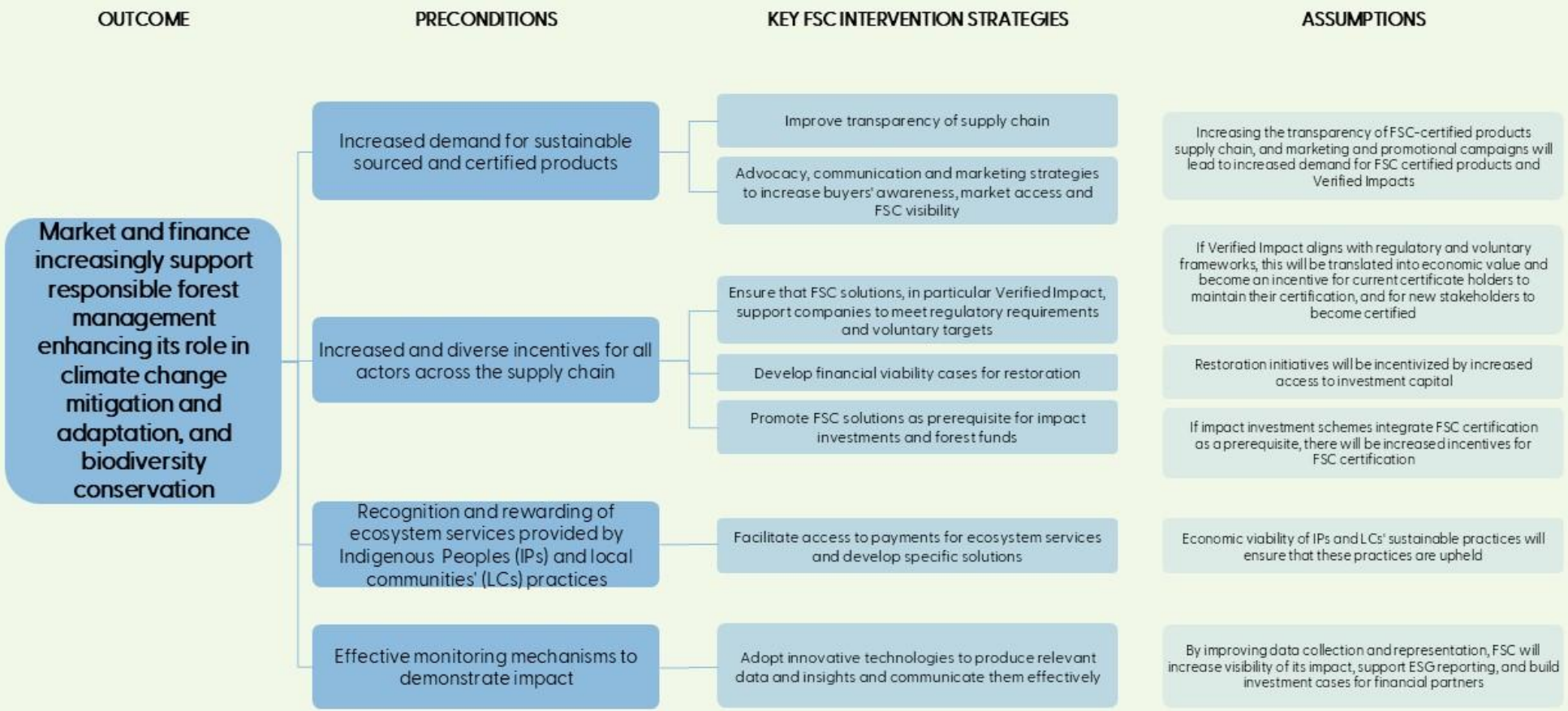
FSC will deliver this output by **improving data collection, analysis and management, and ensuring that insights are adequately communicated.** This will result in more comprehensive visibility of FSC impact for the wider public and the buyer ecosystem. FSC will do this by:

- **Gathering information about the spatial boundaries of FSC-certified management units**. FSC International will provide certificate holders with a technical and a policy solution to facilitate the identification and submission of these boundaries.
- **Exploring, together with certificate holders and partners, the potential use of remote sensing, earth observation models, and analytics/AI tools.** These models can provide up-to-date and historical data about FSC-certified forests that can help calculate and monitor the impact on forest carbon stocks, forest structure, deforestation and restoration, etc. This impact can then be used for incentives and finance access.
- Producing **more user-friendly reports**, dashboards and geospatial visualization, to ensure that climate and biodiversity impacts in certified forests are translated in increased market and finance access.
- **Facilitating implementation of business sustainability strategies** and ESG (environmental, social and governance) reporting by facilitating the acquisition of relevant data to use for mandatory

or voluntary non-financial sustainability disclosures (CSRD, GRI, CDP, TNFD), and other sustainability reporting frameworks.

- **Engaging private investors** by identifying the data needed to access private funding and ensuring that the **relevant data is collected** to demonstrate impacts on climate and biodiversity.

Theory of Change for Strategic Priority 2:
Leverage markets and finance to incentivize forest management practices that contribute to global climate and biodiversity goals



Strategic Priority 3: Advance policy and partnerships to promote forests as climate and biodiversity solutions

The third priority area covers FSC's role in policy engagement and strategic partnerships to promote healthy and resilient forests as climate and biodiversity solutions.

To fully unlock the potential of forests in addressing climate change and biodiversity loss, policies at the global, national, and local levels must explicitly recognise and support RFM. International and multilateral organizations and frameworks, national governments and NGO coalitions set frameworks and policies that can facilitate the uptake of climate and biodiversity solutions and maximise the impact of forests. These frameworks influence practices like deforestation, restoration, and the sustainable use of forest resources. Policies can also regulate how IPs and LCs are involved in decision-making, how their rights are protected, and their traditional knowledge and practices promoted.

In addition, financial grants provided either by public or private foundations and institutions can promote and scale up RFM, including restoration, particularly for IPs and LCs.

To advance towards the vision of this Strategic Framework, FSC will contribute to the realization of the following outcome:

Outcome 3. Policies and partnerships advance the uptake and scaling up of forest management contributing to climate and biodiversity objectives

FSC contributes to this outcome by promoting and supporting national and international policies and partnerships that value forests and RFM for their role in sustaining climate and biodiversity goals. The role of FSC certification, its multi-stakeholders' platforms, and its potential to systematise knowledge on the impact of RFM on climate and biodiversity will be shared with the wider policy-setting community. At the same time, working closely with governments and like-minded organizations, FSC will improve and will benefit from the work of others. This should translate in a more enabling policy environment, promoting forest management for climate and biodiversity in line with FSC's standards and upholding the rights of IPs and LCs, and a recognition of FSC certification as a criterion for assigning grants. FSC builds on its expertise and established and potential partnerships to deliver the following outputs:

Output 3.1 Relevant international and national institutions have increased evidence to recognize responsible forest management and FSC certification in their climate and biodiversity policies and regulatory frameworks.

FSC will actively engage in national and international processes and fora to bring its knowledge, evidence, and expertise in RFM and will promote the rights and livelihoods of IPs and LCs who play a key role in climate and biodiversity.

By doing so, FSC can contribute to shaping policies that support responsible forestry and amplify the role of certification in achieving global climate and biodiversity goals. This includes:

- **Review national and international laws and regulations** to assess how key policies reflect climate and biodiversity goals to promote forest management certification and Verified Impact as a contribution to compliance, establish partnerships and **advocate for the recognition of forests and FSC certification** in National Biodiversity Strategy and Action Plans (NBSAPs), Nationally Determined Contributions (NDCs) to the Paris Agreement, National REDD+ Strategies, Sustainable Development Goals (SDGs), and the Global Biodiversity Framework.
- **Advocate for the adoption of responsible forest management in regulatory and policy frameworks** at national and international level, including in the application of the GGA monitoring framework, through communication and engagement strategies, including active participation on global fora.

- **Provide technical and policy solutions to support certificate holders comply with national and international regulations**, as it has done with FSC Trace or the Regulatory Module.
- **Scale up engagement** with forestry administrations and UNFCCC focal points, particularly in developing countries, and scale up FSC presence and proactive advocacy in the COPs and negotiations under both UNFCCC and CBD.
- **Facilitate the participation of Indigenous Peoples and local communities in national and international processes** to shape forest-related policies and showcase their conservation practices.

This will be done by fostering global and regional multi-stakeholders' coalitions, such as Nature4Climate and the World Climate Foundation.

Output 3.2 Public and private institutions providing grants finance have increased evidence and awareness to support responsible forest management and FSC certification, including restoration

This Framework assumes that FSC certification can be recognized as eligible criteria within funding initiatives focused on climate and biodiversity, including forest restoration. To reach this output FSC will **establish and/or strengthen partnerships** with global climate funds like the Green Climate Fund (GCF), Global Environment Facility (GEF), the Adaptation Fund, etc. to increase financial flows into implementation of FSC solutions, especially for smallholders, IPs and LCs. FSC International, together with FSC Investments and Partnerships and with the support of local offices will do this by:

- **Monitoring the existing portfolios of relevant funds** for specific references to FSC or to certification to identify opportunities for involvement.
- Exploring participation in the **development of proposals by FSC members**, such as WWF and TNC, to incorporate FSC activities, such as the development of FSC Forest Stewardship Standards.
- **Raising awareness** of the potential for FSC certification to strengthen the ability of relevant public and private sector funds (such a as GCF) to monitor and verify social and environmental safeguards.
- Facilitating integration of climate and biodiversity considerations into decisions on the **location of restoration projects.**

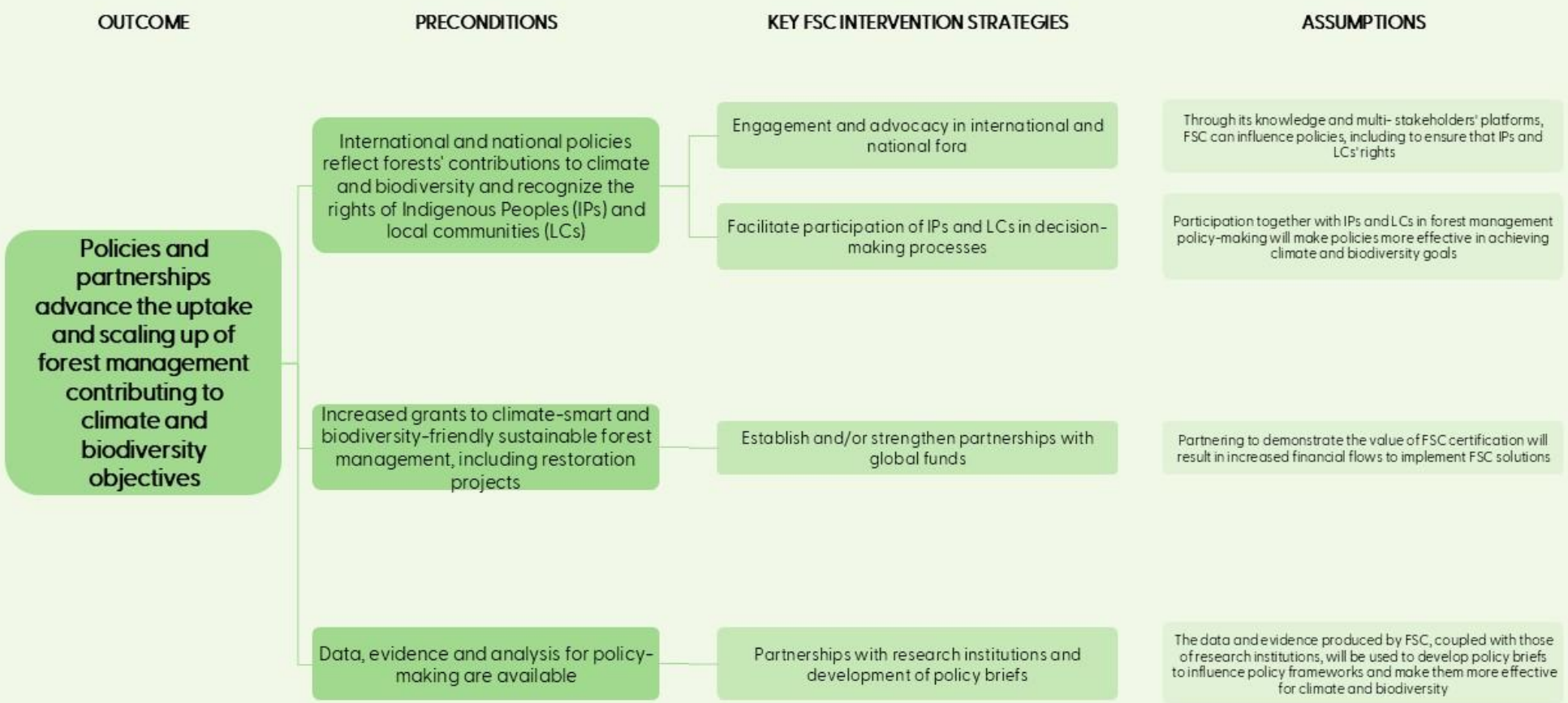
Output 3.3 Data, evidence and analysis for policymaking are available

Building up on the data gathered as part of the normative framework (output 1.6), and the use of this data to demonstrate the impact of FSC certification (2.5), FSC can use this evidence-based credibility of FSC certification to influence policy.

To strengthen its influence on policy and promote evidence-based decision-making, FSC will actively **partner with research institutions** to facilitate data exchange and expand the scope and depth of datasets related to forest management, climate, and biodiversity.

By combining FSC-collected data with external sources, the organization can generate robust insights into the impacts of RFM. These insights can be synthesized into targeted **policy briefs** that highlight the role of FSC certification and the critical contributions of IPs and LCs to climate and biodiversity, through forest management practices, including restoration.

Theory of Change for Strategic Priority 3:
Advance policy and partnerships to promote forests as climate and biodiversity solutions



4. Implementation Plan

The FSC Board of Directors will be responsible for overseeing the implementation of this Strategic Framework and its implementation plans, annual priorities and corresponding budget.

Accountability to the membership will be ensured through annual progress reporting from the Secretariat and the Board against measurable indicators developed for the intended outcomes of the Strategic Framework.

Annex 1. Methodology for the development of FSC's Climate and Biodiversity Strategic Framework (CB SF) 2026-2032

The development of the Climate and Biodiversity Strategic Framework is following a structured, inclusive and iterative process to ensure it is evidence-based, aligned with stakeholder priorities, and shaped by collective input.

The methodology involved the following steps:

- The process began with a comprehensive desk review by experts on climate and conservation, including an analysis of relevant papers and documents developed in previous years. This helped establish a foundation of institutional knowledge and context.
- The experts conducted over 70 interviews with a diverse range of stakeholders including the Board of Directors, Permanent Indigenous Peoples Committee (PIPC), FSC staff, members and other organizations. These interviews provided critical insights into current needs, priorities, and expectations.
- Draft materials were reviewed internally by relevant teams working on climate and biodiversity issues to ensure alignment with operational realities.
- A dedicated workshop with the Board of Directors was held during the Board Meeting 101.
- A specialized review of the Results Framework (RF) was conducted in collaboration with a results-based expert. This helped strengthen the logic and coherence of the framework.
- A one-day workshop was held with internal teams to refine and validate the Results Framework.
- Two focused workshops were conducted with the PIPC to gather targeted feedback.
- The updated draft was shared with internal teams for additional comments and refinements.
- A draft was presented at the Board Meeting 102.
- A 30-day consultation period, including workshops, was held with FSC members and FSC staff to collect feedback on the strategic direction and implementation, validate assumptions, and contribute directly to shaping the next version of the draft.
- One-to-one discussions with relevant FSC international teams were held in September.
- A revised version of the draft was shared with a committee of the Board BSPC for review.
- A side event to discuss key issues and collect additional insights will be held at the General Assembly in October.
- After incorporation of the feedback in a revised version of the draft, the Strategic Framework will be presented to the Board of Directors at the Board Meeting 104 for decision.

This iterative and participatory approach ensures the Strategic Framework draft is both robust and reflective of diverse perspectives, laying a strong foundation for the consultation phase.

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