

Frequently Asked Questions (FAQs)

Section 1. On FSC's decision to end association with Korindo

1. What does it mean for FSC to disassociate from a company?

Disassociation is the process of cutting all legal ties with an organization (including all legal entities, holding companies, subsidiaries and sister companies under the same ownership and belonging to the same group), through the termination of all FSC certificates. It is the most severe sanction that FSC can impose to protect its reputation and credibility. Disassociated companies can no longer benefit from FSC certification and trademark use and lose all links with FSC.

2. Why did FSC disassociate from Korindo?

Korindo was required to fulfil several conditions set by FSC to address inadequate past performance in their palm oil business, and to determine that no further improper activities were taking place in Korindo's operations. However, FSC and Korindo were not able to agree on the procedure to put in place independent verification of progress, and this led to delays in FSC's ability to verify and report Korindo's progress against these conditions.

The two main conditions that could not be verified were:

- Cessation of the use of timber from land that had been converted from natural forests in Korindo's plywood supply chain, and
- Continued upholding of the moratorium on further deforestation.

More information on the conditions can be found in section 3 of this document.

3. Was FSC's decision influenced by NGOs and the news media?

FSC has always been aware of concerns around maintaining association with Korindo. Issues which may invite scrutiny amongst stakeholders and the wider public are always addressed by FSC to drive improvements on the ground.

FSC decided a course of action that would see Korindo make improvements rather than a decision to disassociate from the company. FSC saw this as the best way to achieve the fastest and most effective outcome for the environment and the affected communities in Indonesia. However, due to the lack of ability to independently verify the conditions set by FSC, FSC found the achievement of its objectives could not be demonstrated.



FSC shares the frustration of those who seek immediate and clear answers and tangible results in these cases. FSC welcomes constructive criticism as we share common goals with anyone who is passionate about protecting our forests.

4. Does FSC prefer maintained association over complete disassociation?

FSC's mission is to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests. Reflecting on its PfA, FSC has found that it is sometimes better to work with organizations to remedy non-compliance than to disassociate.

Disassociation is the process of cutting all legal ties with an organization (including all legal entities, holding companies, subsidiaries and sister companies under the same ownership and belonging to the same group), through the termination of all FSC certificates. In cases of disassociation, FSC is no longer linked with the organization and can no longer influence its activities towards more sustainable and socially responsible practices.

Conditional association, on the other hand, enables FSC to work closely with organizations to implement measures, correct their past failures, prevent reoccurrence, and provide social and environmental remedies for potential harm caused. Maintained association with conditions keeps a line of communication between all parties, accelerating the potential for positive change in the world's forests and communities that depend on them.

To protect its integrity FSC will still maintain the option to expel organizations when there is no other option and particularly when it sees no commitment to significant improvement and remedy.

5. Other than Korindo, which organizations has FSC disassociated from?

There have been several cases of disassociation where FSC has terminated certificates and the use of the FSC trademarks. These are:

- In October 2007, FSC disassociated from the Indonesian company Asia Pulp and Paper. This disassociation remains in place.
- In May 2013, FSC disassociated from the Danzer Group. Disassociation was ended in August 2014 when the Danzer Group met the requirements set by FSC.
- In August 2013, FSC disassociated from the Asia Pacific Resources International Holdings Ltd. Group. This disassociation remains in place.
- In January 2015, FSC disassociated from Dalhoff Larsen and Horneman (DLH). The disassociation was ended in November 2017, when DLH met the requirements set by FSC.
- In August 2015, FSC disassociated from the Vietnam Rubber Group. The disassociation remains in place.



- In July 2016, FSC disassociated from the BILT Graphic Paper Products Limited. The disassociation is still in place.
- In February 2017, FSC disassociated from the Holzindustrie Schweighofer (HS), and remains disassociated from HS to this date.
- In March 2019, FSC disassociated from the Jari Group. The disassociation is still in place.

Section 2: Post disassociation

1. Can Korindo re-associate with FSC in the future?

All disassociated companies have the possibility of ending the disassociation. This pre-supposes that they have stopped the unacceptable activity, provided remedy for damages that happened and put in place procedures to avoid recurrence in the future. This is identified through an assessment by FSC that evaluates the disassociated company's readiness to implement changes and commit to FSC's standards.

The specific actions needed are defined in a roadmap that is developed through a structured, transparent and inclusive stakeholder engagement process, and agreed with the company that wants to end disassociation. The roadmap states the conditions to be fulfilled by the company to correct identified deficiencies, remedy any negative environmental and social impacts related to these, and prevent the reoccurrence of any activities which are not in line with FSC's Policy for Association. The roadmap also specifies how the fulfilment of the conditions will be verified.

2. What is FSC doing to address stakeholder concerns with the current policy for association?

The policy for association (PfA) is one of FSC's key policies for strengthening the protection of the forests and the communities living in them. Under the policy, anyone who joins FSC commits to avoid engaging in destructive activities such as deforestation or human rights violations, which go against FSC's mission and values.

FSC is in the process of revising and updating the policy. It is therefore conducting a public consultation on the PfA to invite stakeholders to share their feedback on new procedures and issues.

For those interested in participating in the public consultation, please visit [this link](#) (valid until 16 July 2021).



3. What is FSC doing to ensure a standardized and equitable approach to ending disassociation?

As part of the current PfA revision mentioned above, FSC is developing a standardized and replicable framework applicable to all roadmap processes for ending disassociation, aimed at addressing environmental and social harm arising from unacceptable activities. This PfA Remediation Framework is currently in public consultation, and those interested in participating in the public consultation can do so by visiting [this link](#) (valid until 21 August 2021).

Section 3: case history

Accusations against Korindo

1. What was Korindo Group accused of?

Korindo was accused of violating three of the [six unacceptable activities](#) stated in FSC's Policy for Association (PfA).

The three unacceptable activities were:

- Significant conversion of forests to plantations or non-forest use
- Destruction of high conservation values in forestry operations
- Violation of traditional and human rights in forestry operations.

The accusations were related to Korindo's establishing of palm oil plantations in Indonesia.

FSC began an investigation into this case following a complaint filed by the environmental non-governmental organization, [Mighty Earth](#) in June 2017. An independent complaints panel was appointed by FSC to investigate.

2. Where did the alleged unacceptable activities take place, and are they FSC-certified areas?

Mighty Earth's PfA complaint was related to Korindo subsidiary companies and their operations in North Maluku and Papua. The areas where the alleged unacceptable activities took place were not FSC certified but the activities themselves violated three of the six unacceptable activities stated in FSC's PfA.

The unacceptable activities happened in forests that were converted into oil palm plantations. Palm oil is not an FSC-certified commodity, so Korindo's oil palm plantations were never, and could not be, FSC certified.



Korindo also has forest management operations in natural forests in Indonesia. These operations are also not FSC certified, even though they could be. However, Mighty Earth's complaint did not allege any direct involvement in wrongdoing by these forest management operations.

Korindo does not operate any FSC-certified forests. Their FSC certificates are under the FSC Standard for Chain of Custody Certification (FSC-STD-40-004 V3-0), i.e. companies that are allowed to process FSC-certified timber bought from other producers. They are located in East Kalimantan, Indonesia. Mighty Earth's complaint did not allege any wrongdoing by these FSC-certified operations.

3. This case started in 2017. Why did it take so long to resolve?

FSC always aims to achieve the fastest and most effective outcome possible, in the best interests of the environment and affected communities. The process of identifying potential harm done inside or outside certified forest areas, caused by any FSC member or certificate holder, is a diligent step-by-step procedure. This begins with identifying and analysing the concern and screening the allegation, through to conducting the investigation and formalising a decision. FSC must ensure that any decision is based on clear and convincing evidence.

In the case of Korindo, the initial investigation included a field visit in Indonesia, where the complaints panel interviewed stakeholders in Jakarta and Papua and visited Korindo operations, as well as surrounding communities in Papua. This investigation confirmed that Korindo had converted forests to establish oil palm plantations in Indonesia, impacting high conservation value forests and contributing to the damage (and potential destruction of) high conservation values. In addition, the investigation found Korindo's practice of free, prior and informed consent (FPIC) was not aligned with the high requirements of FPIC demanded by FSC.

However, additional expert analyses had to be carried out to specify and clarify these important questions, and the process was therefore extended by six months. Based on the outcomes, FSC imposed improvement and remedy requirements on Korindo and received progress reports that had to be validated by independent third-party verifiers.



The investigation

1. Which allegations did the complaints panel confirm to be true? On what basis were allegations dismissed?

An investigation conducted by an independent complaints panel between 2017 and 2018 was followed by social and environmental analysis in 2019.

Based on the [investigation by the complaints panel](#) and the two follow-up studies mentioned below, it was confirmed that Korindo had converted forests to establish oil palm plantations in Indonesia, impacting high conservation value forests and contributing to the damage (and potential destruction) of high conservation value forests. In addition, the investigation found Korindo's practice of free, prior and informed consent (FPIC) was not aligned with the high requirements of FPIC demanded by FSC.

These conclusions were accepted by FSC and considered in defining a set of first conditions for Korindo to implement effective actions towards the improvement of its operations and the remedy of any past environmental and social impacts.

The original allegations against Korindo included an allegation that Korindo was systematically using fire for land clearing. The panel found that on the balance of probabilities this was not the case. Although satellite images show the presence of smoke from fires on Korindo concession areas, it could not be determined that fires were set with the intention to clear land. The issue of fire has therefore not been included in the follow-up discussions with Korindo.

2. Following the investigation, FSC requested secondary analysis to be undertaken. Why was that necessary and what did the analysis find?

The initial investigation was unable to provide an in-depth analysis in relation to the allegations of violations of [traditional and human rights](#) and the destruction of high conservation value areas in forestry operations. FSC concluded that an additional analysis (with focus on the potential environmental and social impacts) would be needed to substantiate a decision on the case.

The additional environmental analysis supported the conclusion that land use change and conversion by Korindo had caused the destruction of areas of high conservation value, run by Korindo's subsidiaries, PT Papua Agro Lestari and PT Gelora Mandiri Membangun. Additional social analysis supported the conclusion that the violation of traditional, Indigenous, and human rights had occurred, with the affected communities suffering considerable harm.



3. In 2018, FSC's complaints panel recommended that Korindo should be disassociated from FSC as it had violated FSC policies. Why did this not happen at the time?

In these cases, FSC's objective is always to achieve the fastest and most effective outcome possible for the environment and affected communities. In the implementation of its PfA, FSC has learned that simply expelling companies does not provide any solutions to the environmental and social damage that has been done. We have experienced a number of cases where disassociated companies have come back to FSC with a wish to end the disassociation, but this normally only happens after years, which means that valuable time is lost before measures can be put in place to correct and compensate for past misconduct.

Following the complaints panel investigation as well as the expert analyses, Korindo committed to complying with the rules set by FSC certification and agreed to collaborate with FSC to improve its performance and remedy past environmental and social harm. By agreeing that all current and future companies belonging to Korindo would comply with FSC's PfA, Korindo confirmed its commitment to follow key FSC guidelines throughout its operations.

Based on Korindo's commitment to improve to meet FSC's policies and values, FSC decided to grant Korindo conditional association. This meant FSC could constructively engage with Korindo to improve its operations and oversee the organization's social and environmental progress.

4. Wasn't the evidence of significant conversion enough in itself to take at least some action?

The significant conversion was not disputed, however, there were other questions in the investigation connected to the activity of significant conversion including destruction of high conservation values and violation of traditional and human rights in forestry operations which required further analysis. The additional analysis was needed for FSC to reach a final decision that addressed all the allegations in the case. In addition, it created a stronger basis for subsequent discussion about the social and environmental remedy to be provided by Korindo.

5. What conditions did FSC set for Korindo to maintain its status?

In November 2019, FSC set the following preliminary conditions for Korindo:

- 1) Implement a land clearing moratorium applicable across all its operations (and commodities) in Indonesia.
- 2) Refrain from any activities in high conservation value or high carbon stock areas.
- 3) Progressively reduce and cease the use, purchase, trade and liquidation of logs acquired from the development of palm oil plantations or from any other conversion as raw material in all the companies in the Korindo Group.



- 4) Work towards full FSC certification within the next four to five years for its forest concessions located in Kalimantan and Papua, Indonesia.
- 5) Progressively increase the trade in FSC-certified and controlled material in all its timber and forest product production sector including plywood and veneer.
- 6) Undertake remedy and improvement processes to assure social measures have been, and will continue to be, fair and proportionate and subject to free, prior and informed consent of affected communities in Papua and north Maluku.

6. How did FSC monitor progress against these conditions and made sure they were met?

Korindo was required to report its progress to FSC three times a year and the company's progress was planned to undergo annual validation by independent third-party verifiers. Korindo has delivered progress reports as required, but FSC and Korindo did not agree on how the independent verification should happen, leading to delays in being able to demonstrate and report progress against the set conditions.

7. The reports FSC published on the case were heavily redacted. Why did it not reveal its findings in full?

A redacted version was released after FSC met a compromise with Korindo that both parties found to be a productive way forward. Together with the redacted version of the reports, this resulted in Korindo publicly expressing its commitment towards FSC and to the implementation of the necessary actions required by FSC to improve its operations and remedy any social and environmental harm caused.

8. Korindo took legal action against FSC. What was that action? Why does FSC tolerate this approach from its own FSC-certified companies?

Korindo issued FSC with a cease-and-desist letter in 2019 in response to the investigation findings. This letter did not change in any way FSC's approach in the Korindo case. FSC could have taken strong action against Korindo based on the conclusions of the investigations (such as proceeding to a disassociation). However, FSC determined that the clear commitment expressed by Korindo to a set of actions for improvement and remedy was the best and most constructive way forward for a positive impact for the environment and the affected communities.

FSC recognizes the right of any organization to use legal systems to defend their interests. FSC, its members and associated companies are all accountable to international and local laws.

FSC will in certain occasions make decisions that are contrary to the interest of some certified companies, and there may be instances when companies wish to challenge such decisions



through law. However, FSC would not be fulfilling its mission if it did not make the necessary decisions irrespective of risk of such challenges.

At the same time, FSC does expect FSC-certified organizations to act with good faith and support FSC's mission rather than taking legal action unnecessarily.

Section 4: the FSC roadmap

1. What is FSC's roadmap?

FSC's roadmap is the process that aims for companies to improve social and environmental performance and provide remedy for any social and environmental harm caused. It is a pathway for improvement of the organization's operations ensuring alignment with FSC's values and policies.

In the case of Korindo, a pre-roadmap process was in place to monitor that Korindo was implementing the necessary actions as requested by FSC. Failure to agree on the independent verification process has prompted FSC to terminate Korindo's certificate.

2. A new forest management standard was recently put in place in Indonesia. Does this have an impact on FSC roadmap processes with companies operating in Indonesia?

The new FSC forest management national standard in Indonesia was implemented in January 2021.

As part of its conditional association with FSC, Korindo and all its subsidiaries working on natural forest management were required to move towards complying with the new national standards, ensuring the company's forest management activities are sustainable, ethical and in line with FSC's expectations.

Regarding the oil palm operations that were the scope of policy for association investigations and roadmap processes, these areas fall outside the scope of FSC certification. Roadmap processes focus on achieving social and environmental remedy for the harm caused by the activities that occurred outside the scope of the certified area (e.g. in oil palm plantations), and therefore have no overlap, nor are affected by the development and implementation of a revised FSC forest management standard for Indonesia.

FSC Policy for Association



1. What is the policy for association (PfA)?

The PfA defines FSC's position on unacceptable activities of organizations (members, certificate holders or others) associated with FSC. Unacceptable activities range from violations of traditional and human rights in forestry operations to illegal logging. The policy also defines the mechanism for disassociation where a company is found to be directly or indirectly involved in relevant unacceptable activities.

2. How does the PfA differ from a regular FSC certification?

An FSC certificate covers a forest or area of forest, and not the entire company and/or all its forests. If the company does not adhere to FSC's standards within the certified area, the certificate for that particular area could be suspended or terminated.

The PfA covers all the activities of the certificate holder. The main scenario targeted by the PfA is an organization's involvement in unacceptable activities in areas or operations which are not covered by the scope of an FSC certificate.

The PfA aims to avoid FSC's association with any organization involved in unacceptable activities across their operations (including those areas that fall outside the scope of FSC certification). It acts as a due diligence and risk mitigation mechanism for FSC, promoting that only companies that are aligned with FSC's values are associated with FSC, and that FSC can take action those companies that don't meet its values.