



FSC® PROCEDURE ADDENDUM

FSC® National Risk Assessment Framework

FSC-PRO-60-002a V1-0 EN




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FSC® National Risk Assessment Framework

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The Forest Stewardship Council® (FSC) is an independent, not for profit, non-government organization established to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC's vision is that the world's forests meet the social, ecological, and economic rights and needs of the present generation without compromising those of future generations.

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A Objective

The objective of this document is to provide uniform process requirements for assessing the risk of sourcing unacceptable material from certain supply areas.

B Scope

This document provides process steps and requirements for the designation and specification of risk ('low risk', 'specified risk') of sourcing unacceptable material, as well as requirements for risk mitigation.

This document shall primarily be used for National Risk Assessment (NRA) development, according to the requirements of *FSC-PRO-60-002 Development and Approval of FSC National Risk Assessments*.

All aspects of this document are considered to be normative, including the scope, effective and validity dates, references, terms and definitions, tables and annexes, unless otherwise stated and/or marked as an example.

C Effective and validity dates

Approval date	10 November 2014
Publication date	01 December 2014
Effective date	01 January 2015
Period of validity	Until 31 December 2019 (or until replaced or withdrawn)

D References

The following documents, in whole or in part, are normatively referenced in this document and are relevant for its application. For undated references, the latest edition of the referenced document (including any amendments) applies.

FSC-POL-30-602 FSC interpretation on GMOs: Genetically Modified Organisms
FSC-STD-40-005 Requirements for sourcing FSC Controlled Wood

E Terms and definitions

For the purpose of this procedure addendum, the terms and definitions provided in *FSC-PRO-60-002 Development and Approval of FSC National Risk Assessments*, *FSC-STD-01-002 FSC Glossary of Terms*, *FSC-STD-01-001 V5-0 Principles and Criteria for Forest Stewardship*, and the following apply:

Control Measure (CM): An action that The Organization shall take in order to mitigate the risk of sourcing material from unacceptable sources.

Ecoregion: A large unit of land or water containing a geographically distinct assemblage of species, natural communities, and environmental conditions. The boundaries of an ecoregion are not fixed and sharp, but rather encompass an area within which important ecological and evolutionary processes most strongly interact.

(Source: WWF:

http://wwf.panda.org/about_our_earth/ecoregions/about/what_is_an_ecoregion/)

Effective Protection:

The effectiveness of nature protection in an area shall be determined based on:

- Quality of nature protection, and
- Quantity of nature protection.

Quality of nature protection shall be demonstrated by a legally established protected area network, whose protection is legally enforced. The protected area network shall meet the standard of IUCN categories 1 - 3 (or equivalent). IUCN categories 4 - 6 (or equivalent) are permissible if commercial logging does not occur within protected areas. The reserve network must sample all forest types present in the country.

NOTE: Enforcement of legislation is determined through a risk assessment for Controlled Wood Category 1.

Quantity of nature protection is considered sufficient if the minimum quantum of protected areas meets the Aichi targets established under the Convention on Biodiversity (CBD¹) for terrestrial ecosystems, or equivalent for countries which have not ratified the CBD.

NOTE: The following reports and tools may be useful:

- Implementation of Strategic Plan for Biodiversity 2011 – 2020, including Aichi Biodiversity Targets: <http://www.cbd.int/sp/implementation/>;
- National Biodiversity Strategies and Action Plans (NBSAPs): <http://www.cbd.int/nbsap/>;
- Assessment of NBSAPs: http://www.ias.unu.edu/resource_center/UNU-IAS_Biodiversity_Planning_NBSAPs_Assessment_final_web_Oct_2010.pdf;
- Leverington, F. et al. (2010a) Management Effectiveness Evaluation in Protected Areas – a Global Study. Second Edition. The University of Queensland, Brisbane, Australia;
- Leverington, F. et al. (2010b) A global analysis of protected area management effectiveness. *Environmental Management* 46: 685–698;
- Bertzky, B., Corrigan, C., Kemsey, J., Kenney, S., Ravilious, C., Besançon, C., Burgess, N., (2012) Protected Planet Report 2012: Tracking progress towards global targets for protected areas. IUCN, Gland, Switzerland and UNEP-WCMC, Cambridge, UK: http://cmsdata.iucn.org/downloads/protected_planet_report.pdf

Forest Conversion: Removal of natural forest by human activity, without subsequent regeneration.

NOTE: Conversion may occur due to changing land use (e.g., establishment of plantations, agriculture, pasture, urban settlements, industry or mining) or in cases when forest has been cleared by management practices and not regenerated. The maximum period during which regeneration shall occur should be based on existing legislation, codes of best practices, etc., relevant for the area under assessment.

FSC Controlled Wood: Material which has passed assessment for conformance with FSC Controlled Wood requirements according to the standard *FSC-STD-40-005 Requirements*

¹ Aichi Biodiversity Targets of the Convention on Biological Diversity

for sourcing FSC Controlled Wood or FSC-STD-30-010 Forest management requirements for FSC Controlled Wood certification.

FSC Global Forest Registry: Publically available, online database containing risk designations and related data to be used by stakeholders in the implementation of FSC Controlled Wood requirements. URL: www.globalforestregistry.org

Illegally harvested wood: Forest products harvested in violation of any laws applicable to harvesting in that location or jurisdiction including the acquisition of the harvesting rights from the rightful owner; the harvesting methods used and the payment of all relevant fees and royalties. (Source: *FSC-STD-01-002 FSC Glossary of Terms*)

Intact forest landscape (IFL): An unbroken expanse of natural ecosystems within the zone of current forest extent, showing no signs of significant human activity, and large enough that all native biodiversity, including viable populations of wide-ranging species, could be maintained. (Source: *Potapov P., Yaroshenko A., Turubanova S., Dubinin M., Laestadius L., Thies C., Aksenov D., Egorov A., Yesipova Y., Glushkov I., Karpachevskiy M., Kostikova A., Manisha A., Tsybikova E., Zhuravleva I. 2008. Mapping the World's Intact Forest Landscapes by Remote Sensing. Ecology and Society, 13 (2). Available at: <http://www.ecologyandsociety.org/vol13/iss2/art51/>)*

Areas of Intact Forest Landscape are determined by maps available at <http://intactforests.org>.

Low Risk: A conclusion, following a risk assessment, that there is negligible risk that material from unacceptable sources can be sourced from a specific geographic area.

NOTE: 'Low risk' as determined by FSC is synonymous with 'negligible risk' as defined by Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market (known as the 'EU Timber Regulation').

Low risk area: An area where 'low risk' for sourcing material has been designated through the risk assessment process described in *FSC-PRO-60-002a FSC National Risk Assessment Framework* or in approved National Risk Assessments.

National Risk Assessment: A designation of the risk of sourcing from unacceptable sources in a given country or region, developed according to *FSC-PRO-60-002 The Development and Approval of FSC National Risk Assessments*. (Source: *FSC-PRO-06-002 Development and Approval of FSC National Risk Assessments*)

The Organization: The person or entity holding or applying for certification and therefore responsible for demonstrating compliance with the requirements upon which FSC certification is based. (Source: *FSC-STD-01-001 FSC Principles and Criteria for Forest Stewardship*)

Scale, Intensity and Risk (SIR):

Scale: A measure of the extent to which a management activity or event affects an environmental value or a management unit, in time or space. An activity with a small or low spatial scale affects only a small proportion of the forest each year, an activity with a small or low temporal scale occurs only at long intervals.

Intensity: A measure of the force, severity or strength of a management activity or other

occurrence affecting the nature of the activity's impacts.

Risk: The probability of an unacceptable negative impact arising from any activity in the Management Unit combined with its seriousness in terms of consequences.

(Source: *FSC-STD-01-001 FSC Principles and Criteria for Forest Stewardship*)

Small or low intensity managed forest (SLIMF): A forest management unit which meets specific FSC requirements related to size and/or intensity. (Source: *FSC-STD-01-002 FSC Glossary of Terms*)

Specified risk: A conclusion, following a risk assessment, that there is a certain risk that material from unacceptable sources may be sourced or enter the supply chain from a specific geographic area. The nature and extent of this risk is specified for the purpose of defining efficient Control Measures.

Specified risk area: An area where 'specified risk' for sourcing material has been designated through the risk assessment process described in *FSC-PRO-60-002a FSC National Risk Assessment Framework*.

Supplier: Individual, company or other legal entity providing goods or services to an Organization. (Source: *FSC-STD-40-004 FSC standard for Chain of Custody certification*)

Supply Unit (SU): A spatial area or areas with clearly defined boundaries managed to a set of explicit long term forest management objectives. It includes all facilities and areas within or adjacent to these spatial areas that are under legal title or management control of, or operated by or on behalf of, the forest manager for the purpose of contributing to the management objectives.

Traditional peoples: Traditional peoples are social groups or peoples who do not self-identify as indigenous and who affirm rights to their lands, forests and other resources based on long established custom or traditional occupation and use. (Source: *FSC-STD-01-001 FSC Principles and Criteria for Forest Stewardship*)

The above definition includes forest dependent communities with traditional rights living in or adjacent to forests. Further specification of the traditional rights to be considered in the risk assessment process shall take place during NRA development.

Unacceptable sources: Sources of material that do not meet the requirements of FSC standards and/or Controlled Wood categories.

Unassessed risk area: Area that is not covered by a National Risk Assessment or that is delineated as 'unspecified' risk in approved NRAs developed according to *FSC-PRO-60-002 FSC Controlled Wood Risk Assessments by FSC accredited National Initiatives, National and Regional offices*.

Verbal forms for the expression of provisions

[Adapted from *ISO/IEC Directives Part 2: Rules for the structure and drafting of International Standards*]

“*shall*”: indicates requirements strictly to be followed in order to conform to the standard.

“*should*”: indicates that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required. A certification body can meet these requirements in an equivalent way provided this can be demonstrated and justified.

“*may*”: indicates a course of action permissible within the limits of the document.

“*can*”: is used for statements of possibility and capability, whether material, physical or causal.

F Abbreviations used

CM – Control Measure

CW – FSC Controlled Wood

EU FLEGT – The European Union’s Forest Law Enforcement, Governance and Trade Action Plan

FPIC – Free Prior and Informed Consent

GFR – Global Forest Registry

HCV – High conservation value

HCV CG – High Conservation Values Common Guidance (see Bibliography)

P&C – Principles and Criteria (*FSC-STD-01-001 V5-0*)

NGO – Non-governmental Organization

NRA – National Risk Assessment

NRA-WG – National Risk Assessment Working Group

SIR – Scale, Intensity and Risk

G Bibliography

Brown E., Dudley N., Lindhe A., Muhtaman D. R., Steward C., Synnott T. (eds.). 2013. Common guidance for the identification of High Conservation Values. HCV Resource Network.

Vlist van der, L., Richert W. 2012. FSC guidelines for the implementation of the right to free, prior and informed consent (FPIC), Version 1.

PART I GENERAL PROCESS REQUIREMENTS

1 Introduction

- 1.1 The process steps to develop a National Risk Assessment (NRA) include:
- a) Determination of the geographical scope of the NRA (see Clause 2.1);
 - b) Gathering of information in relation to the five Controlled Wood categories (see Clause 2.2);
 - c) Determination of scale for homogeneous risk designation (see Clause 2.3);
 - d) Designation of risk for each assessed Controlled Wood indicator and category (see Clause 2.4);
 - e) Establishment of Control Measures to mitigate 'specified risk' (optional, see Clause 2.5).
- 1.2 Risk assessment shall include an assessment of all indicators of the five Controlled Wood categories:
- 1) Illegally harvested wood;
 - 2) Wood harvested in violation of traditional and human rights;
 - 3) Wood from forests in which high conservation values are threatened by management activities;
 - 4) Wood from forests being converted to plantations or non-forest use; and
 - 5) Wood from forests in which genetically modified trees are planted.

2 NRA development process

2.1 Determination of geographical scope

- 2.1.1 The NRA shall specify the geographical scope of the assessment (e.g., a country or a region that is part of a country).

2.2 Gathering of information

- 2.2.1 Information shall be gathered in accordance with the defined indicators and thresholds of the five Controlled Wood categories. Special considerations relevant to particular indicators are elaborated in the 'Gathering of information' Sections of Part II.
- 2.2.2 All data used in the risk assessment shall be evaluated for relevance and reliability. The evaluation of information should be based on objective criteria, e.g., publication indexes², data providers³, relevance of the information considering the validity date of

² E.g., Impact Factor (IF) (http://en.wikipedia.org/wiki/Impact_factor), Thomson Reuters Science Citation Index (SCI) (<http://thomsonreuters.com/social-sciences-citation-index/?subsector=scholarly-search-and-discovery>), etc.

³ Preferred data providers may include: scientific entities based on their international ranks and publication in high-ranked journals, International Agencies, NGOs, governmental agencies, etc.

the risk assessment, dates of publication, methodology used for data gathering, etc. Information sources older than five years should be avoided unless their adequacy can be confirmed.

NOTE: Whenever possible, information relevant to the specific context of forest management in the supply area should be used.

NOTE: Stakeholder consultation on NRA drafts constitutes an important source of information.

2.2.3 For each Controlled Wood category, general sources of information provided in Part II shall be used for the risk assessment when they are applicable to the national context. The NRA-WG shall also gather additional information sources specific for the area under assessment.

2.2.4 The FSC Global Forest Registry database (<http://www.globalforestregistry.org/>) constitutes a central place of information and resource center for FSC Controlled Wood managed by FSC and shall be consulted during NRA development.

2.2.5 Data sources shall be referenced so that they are verifiable by external parties (e.g., reference to fsc.org, google.com, etc. is not specific enough).

2.2.6 For Controlled Wood categories 2-5, any existing conflicts between FSC requirements and applicable legislation identified for Controlled Wood Category 1 shall be identified and described. Cases where legal requirements contradict basic principles of responsible forest management and FSC's mission shall be documented and dealt with on a case by case basis in consultation with FSC⁴ and relevant stakeholders identified by the NRA process.

2.3 Determination of scale for homogeneous risk designation

2.3.1 The scale of the risk assessment determines the spatial units of the area(s) under assessment and shall be determined for each indicator provided in the 'Requirements and thresholds' Sections of Part II.

NOTE: It is recommended to apply as fine a scale as needed to provide detailed risk specifications that will allow Organizations to develop adequate Control Measures.

NOTE: Scale determination is related to both the gathering of information and risk assessment, and is therefore expected to require re-consideration throughout the whole process.

2.3.2 The area under assessment shall be divided into smaller units when assessed data indicate different levels of risk within that area that do not allow for homogeneous risk designation. The area shall also be divided into smaller units when Control Measures (if provided in the NRA) cannot be applied uniformly within the assessed area.

2.3.3 There are two possible approaches to scale that can be mutually applied in the risk assessment process:

⁴ Throughout this procedure, 'FSC' refers to the Controlled Wood Program of the FSC Policy and Standards Unit in the FSC International Center.

- a) Geographical scale – determination of spatial units with broad geographical boundaries, e.g., administrative sub-divisions (states, counties, voivodeships, provinces, etc.) and/or biological and/or geographical sub-divisions (bio-regions, eco-regions, water catchments, watersheds, etc.).
- b) Functional scale – determination of spatial units based on non-geographical characteristics, e.g., type of forested area (e.g., plantations, managed forests and natural forests), tenure or ownership (e.g., public, private, corporate, indigenous, and community forests), scope of management (e.g., the same hunting regime, presence/absence of particular planning requirements, type and/or quality of forest inventory, etc.), and SIR of forest management operations.

NOTE: Whenever the term ‘area under assessment’ is used in this document, it refers to the geographical and functional units of risk assessment.

- 2.3.4 Boundaries of areas under assessment and/or specification of functional scale shall be clearly described or presented on maps, documenting areas of both ‘low’ and ‘specified risk’. When possible, maps attached to the NRA should be provided in GIS format to allow their publication on the FSC Global Forest Registry. Data meeting internationally recognized spatial standards (e.g., Open Geospatial Consortium standards) shall be prioritized.

NOTE: Boundaries may be described as a reference to the existing administrative or environmental divisions whilst functional scale can refer to characteristics that determine the functional scale, e.g., plantations vs. natural forests.

2.4 Designation of risk

- 2.4.1 Risk designation shall be conducted separately for each indicator for all Controlled Wood categories, based on the context and thresholds provided.
- 2.4.2 NRA-WGs may develop additional country/region-specific indicators and thresholds provided they are agreed by all NRA-WG chambers.
- 2.4.3 For each indicator, the area under assessment shall be determined to be:
 - a) ‘Low risk’, when ‘low risk’ threshold(s) are met, and there is no other information that, when assembling all evidence, leads to a ‘specified risk’ designation; OR
 - b) ‘Specified risk’ when one or more ‘specified risk’ thresholds are exceeded.
- 2.4.4. ‘Specified risk’ thresholds provided in this document are not exhaustive. Risk factors existing due to national conditions and not considered in this document may also lead to ‘specified risk’ designation. In case of doubts, the precautionary approach shall be applied.
- 2.4.5 For each indicator, the rationale for risk designation shall be provided in relation to the threshold and information used. Additionally, for ‘specified risk’ areas, the type of risk(s) shall be described.
- 2.4.6 The area may be considered ‘low risk’ for any given Controlled Wood category if all indicators of that category are assessed as ‘low risk’.

2.4.7 Risk designations shall be consistent between indicators of different Controlled Wood categories when risk assessment requires cross-reference(s) to another Controlled Wood category.

NOTE: This includes consistency between the assessment of Controlled Wood Category 1 and the assessment of other categories with regards to legal requirements, and consistency between the assessment of Controlled Wood Category 2 and Controlled Wood Category 3 with regards to the requirements for HCVs 5 and 6.

2.4.8 When the consultation of experts is required in the risk assessment process, the experts engaged shall meet the minimum requirements provided in Annex A. Experts engaged in the risk assessment process shall be accepted by all chambers of the NRA-WG.

2.4.9 Risk designation shall consider the scale, intensity and risk of management operations taking place within the area under assessment.

NOTE: This includes either small-scale (e.g., SLIMF) or large scale operations⁵ occurring in the area under assessment, which may result in and require different risk designations.

2.4.10 When assessing risk with regards to scale, intensity and risk of management operations within a given area, the overall impact of these operations on the elements elaborated in the indicators shall be considered.

NOTE: In case of small-scale operations scattered within the landscape the impact is likely to be smaller than if they are concentrated in one place. When large scale operations prevail, their impact will more likely be major within an area.

2.4.11 In cases where scale, intensity and risk of management operations within an area differ, different elements of the risk assessment process and thresholds may apply (e.g., thresholds indicated as especially for SLIMF). These are provided in Part II of this document.

⁵ Large scale operations are to be defined by the NRA-WG in consideration of the national/regional context.

The following elements may be considered when defining large scale operations, when applicable:

- 'Area' as a common measure of size (for forest operations) or geographical extent of an operation (for other types of activities); consideration must be given to whether the area must be contiguous or not. An area threshold should be consistent with potential impacts of the operations: a very large area with a low intensity of operations is not likely a concern compared to a moderately large area with a high intensity of operations. The concept of what is considered large is also highly variable between countries and regions. Where there is a diverse and fragmented ownership, the threshold for size may need to be lower compared to where there are large landmasses.
- Intensity of operations: please compare with the SIR concept;
- 'Number of employees' can be an important measure of social and economic impact, however very large operations that are highly mechanized and therefore employ fewer people need to be considered. It should be stressed that this can also be an unreliable measure, as it can be difficult to obtain accurate numbers, especially where contractors are primarily used.
- 'Sales' are an important factor of economic impact, however it should be noted that sales are relative to the type and quality of wood, which is sometimes subject to significant changes in wood prices, and difficult to obtain accurate reporting on.

(The above guidance is provided based on "FSC Motion 20 Study on the Impacts of Large-Scale Forestry Operations in Global North and South"; 26 August 2014; PSU documentation)

2.5 Establishment of Control Measures

2.5.1 When 'specified risk' is designated, the NRA may provide Control Measures which are either 'recommended' or 'mandatory'. Both types of Control Measures shall be distinguished in the NRA.

2.5.2 When 'specified risk' is designated due to existing conflict between FSC Controlled Wood requirements and applicable legislation (Part II, Section 3), the NRA shall provide Control Measures addressing this, in line with Clause 2.2.6.

2.5.3 Control Measures in the NRA shall be developed according to relevant requirements of the standard *FSC-STD-40-005*.

2.5.4 The NRA may require sourcing only from forest sources certified according to *FSC-STD-30-010* as a Control Measure when no other Control Measure ensures risk mitigation.

NOTE: This may be done in cases when sufficient data are not available for performing a risk assessment in accordance with this document and/or there is no feasible possibility for risk mitigation by The Organization.

2.5.5 Control Measures provided in the NRA should include examples of means of verification (verifiers). Means of verification are not mandatory unless otherwise stated in the NRA.

NOTE: Means of verification indicate how The Organization implementing Control Measures can demonstrate that a Control Measure is adequate and/or assess its effectiveness. Such evidence may include records, documents, maps, site visits and interviews. Additionally, FSC-accredited certification bodies evaluating the implementation of Control Measures may develop the verifiers.

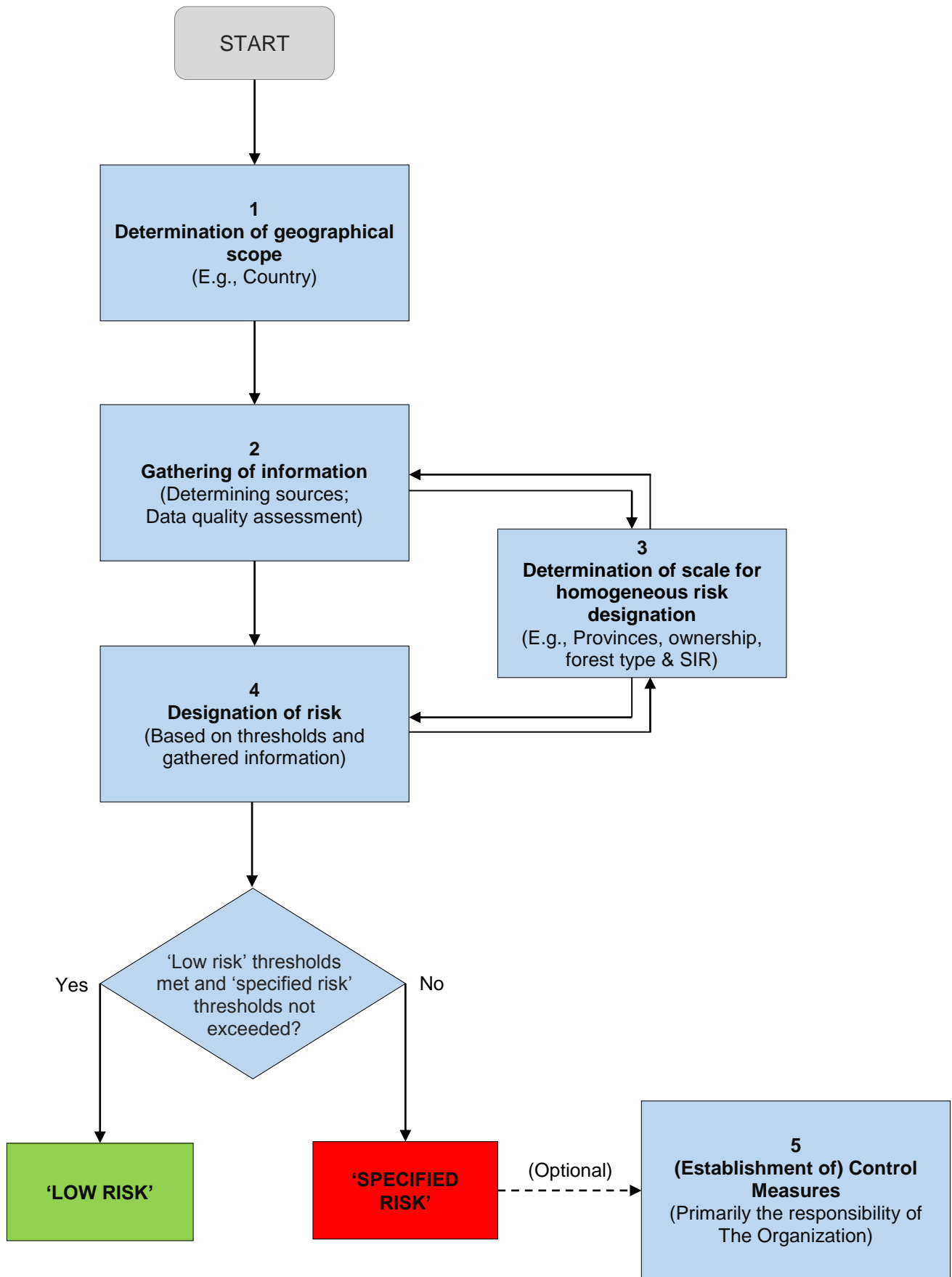


Figure 1. Steps required in the risk assessment process

PART II SPECIFIC PROCESS REQUIREMENTS FOR ASSESSING THE FIVE CONTROLLED WOOD CATEGORIES

3 Controlled Wood Category 1: Illegally harvested wood

3.1 Scope

3.1.1 The scope of Controlled Wood Category 1 covers the risk assessment of illegality and includes:

- a) The identification of applicable legislation in the area under assessment for each indicator listed in Table 1. When there are no relevant laws or regulations for a given indicator, the indicator shall be considered as 'not applicable' for the area under assessment.

NOTE: General types of legislation not specifically linked to harvesting (e.g., legislation regarding the technical specifications of trucks) are not considered 'relevant'.

- b) An assessment of law enforcement in the area under assessment.

3.2 Requirements and thresholds

3.2.1 All indicators listed in Table 1 that constitute sub-categories of applicable legislation shall be assessed.

3.2.2 Thresholds provided in Table 1 shall be applied to every piece of legislation that is identified based on the indicators.

NOTE: Indicators for legality assessment are divided into six (6) sub-categories of applicable legislation, commonly used in the FSC system (compare Principle 1 in *FSC-STD-01-001 V 5-0*).

3.3 Gathering of information

3.3.1 Gathering of information requires the identification of applicable legislation at a national and sub-national (if applicable) level, and the gathering of data documenting the enforcement of the identified legislation.

3.3.2 Existing lists of applicable legislation for areas under assessment which have been developed based on this document and/or are published on the FSC Global Forest Registry shall be used as a starting point and be updated as required.

NOTE: Where no such lists are available, the following sources may be used, where they exist:

- a) National Forest Stewardship Standards developed by FSC registered SDGs or FSC-accredited certification bodies;
- b) Outcomes from EU FLEGT Voluntary Partnership Agreement (VPA) processes with the European Union.

3.3.3 General information and data relevant for the assessment of law enforcement can be found in the following sources and shall be used when applicable to the national context:

- a) Chatham House: <http://www.illegal-logging.info/>;
- b) ELDIS regional and country profiles: <http://www.eldis.org/>;
- c) Environmental Investigation Agency: <http://www.eia-international.org/>;
- d) EU FLEGT process:
http://ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm;
- e) Forest Legality Alliance: <http://www.forestlegality.org/>;
- f) Government reports and assessments of compliance with related laws and regulations;
- g) Independent reports and assessments of compliance with related laws and regulations, e.g., the Royal Institute of International Affairs: <http://www.illegal-logging.org/>;
- h) Interpol: <http://www.interpol.int/Crime-areas/Environmental-crime/Projects/Project-LEAF>;
- i) Justice tribunal records;
- j) Public summaries of FSC forest management certification reports published at info.fsc.org (information on legal areas where non-compliances have been identified during the certification process that are likely to be common for non-certified operations);
- k) Public summaries of other 3rd party forest legality certification/verification systems;
- l) Stakeholder and expert consultation outcomes from NRA development processes;
- m) Telapak (for Indonesia): <http://www.telapak.org/>;
- n) Transparency International Corruption Perceptions Index:
http://www.transparency.org/policy_research/surveys_indices/cpi;
- o) World Bank Worldwide Governance Indicators: <http://data.worldbank.org/data-catalog/worldwide-governance-indicators>;

3.3.4 In cases where other sources of information are not available, consultations with experts within the area shall be conducted.

3.4 Determination of scale

3.4.1 The default geographical scale of risk assessment is a country (national level). Finer geographical scales shall be considered in countries where country and regional (sub-national level) legislation varies for any indicator specified in Table 1.

NOTE: A functional scale may be applicable, e.g., for rare and valuable tree species that are commonly illegally harvested and/or traded within particular areas (including CITES species), or where corruption varies significantly between different regions/sectors within the same country.

3.5 Designation of risk

3.5.1 Risk designation involves the assessment of enforcement of applicable legislation. When assessing applicable indicators and thresholds, the following aspects shall be taken into account:

- a) Differences between national and sub-national legislation;
- b) Governance assessment of the forestry sector in the area under assessment. For governance assessment different sources of information may be used (see Clause 3.3);

- c) Consideration of all entities involved in harvesting activities (e.g., contractors);
- d) Where possible, the assessment shall be carried out based on a combination of different public sources and consultations with experts/stakeholders during the NRA development process. Direct and indirect sources of information should be combined when relevant and possible (e.g., health and safety may be evaluated directly by authorities checking worker safety and indirectly by accident inventories);
- e) Evaluation of known cases of law violation shall consider the frequency of incidence (isolated versus pervasive), magnitude and severity of violations;
- f) Assessment of corruption: consultation with experts (see Annex A) shall take place to evaluate the extent of corruption in the forestry sector in countries where the corruption perceptions index of Transparency International (<http://www.transparency.org/research/cpi/overview>) is less than 50, taking into account corruption related to forestry operations. Special attention shall be given to the enforcement of laws requiring approval from public bodies, such as harvesting permits, concession licenses, custom declarations, etc., as well as laws relevant to the purchase of forest products or harvesting rights from publicly owned land.

NOTE: For more information, please see Transparency International’s guidance on forest sector vulnerability to corruption:
http://files.transparency.org/content/download/258/1036/file/2010_ForestGovernanceRiskManual_EN.pdf.

- g) Cases where relevant legislation contradicts basic principles of responsible forest management and FSC’s mission (see Clause 2.2.6).

NOTE: A contradiction may exist, e.g., when forest law excludes local inhabitants from access to forest resources, or where the forest law prescribes activities destroying HCVs, etc. Though legal, such practices will be considered as unacceptable under Controlled Wood categories 2 to 5.

Table 1. Requirements for legality assessment

Indicator (Applicable legality categories and sub-categories)	Context and considerations	Thresholds
General approach: Risks according to indicators should be identified where systematic and/or large scale non-compliance with applicable legislation takes place.		
Legal rights to harvest		'Low risk'
1.1 Land tenure and management rights. <i>Legislation covering land tenure rights, including customary rights as well as management rights, that includes the use of legal methods to obtain tenure rights and management rights. It also covers legal business registration and tax registration, including relevant legally required licenses. (1.1⁶)</i>	Risk may be encountered where land rights have not been issued according to prevailing regulations and where corruption has been involved in the process of issuing land tenure and management rights. The intent of this indicator is to ensure that any land tenure and management rights have been issued according to the legislation.	<u>thresholds:</u> (1) Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the
1.2 Concession licenses. <i>Legislation regulating procedures for issuing forest concession licenses, including the use of</i>	The intent of this indicator is to avoid risk related to situations where organizations are obtaining concession	by the

⁶ The number included in brackets after each indicator refers to the indicator number of the applicable legislation of FSC-STD-01-004 FSC International Generic Indicators (Principle 1, Annex A).

<p><i>legal methods to obtain concession licenses. Bribery, corruption and nepotism are particularly well-known issues that are connected with concession licenses. (1.2)</i></p>	<p>licenses via illegal means such as bribery, or where organizations or entities that are not eligible to hold such rights do so via illegal means. Risk in this indicator relates to situations where due process has not been followed and the concession rights can therefore be considered to be illegally issued. The level of corruption in the country or sub-national region is considered to play an important role and corruption indicators (e.g., Corruption Perception Index, CPI) should therefore be considered when evaluating risks.</p>	<p>authorities and/or by the relevant entities.</p> <p><u>'Specified risk' thresholds:</u> (2) Identified laws are not upheld consistently by all entities and/or are often ignored, and/or are not enforced by relevant authorities.</p>
<p>1.3 Management and harvesting planning. <i>Any national or sub-national legal requirements for Management Planning, including conducting forest inventories, having a forest Management Plan and related planning and monitoring, impact assessments, consultation with other entities, as well as approval of these by legally competent authorities. (1.3)</i></p>	<p>Cases where required management planning documents are not in place or are not approved by competent authorities should be considered. Low quality of the management plan resulting in illegal activities may be a risk factor for this indicator as well.</p>	
<p>1.4 Harvesting permits. <i>National or sub-national laws and regulations regulating procedures for issuing of harvesting permits, licenses or other legal document required for specific harvesting operations. This includes the use of legal methods to obtain the permits. Corruption is a well-known issue that is connected with the issuing of harvesting permits. (1.4)</i></p>	<p>Risk relates to situations where required harvesting is carried out without valid permits or where these are obtained via illegal means such as bribery. In some areas, bribery may be commonly used to obtain harvesting permits for areas and species that cannot be harvested legally (e.g., protected areas, areas that do not fulfil requirements of minimum age or diameter, tree species that cannot be harvested, etc.). In cases where harvesting permits classify species and qualities to estimate fees, corruption and bribery can be used to classify products that will result in a lower fee. The level of corruption in a country or sub-national region is considered to play an important role and corruption indicators should therefore be considered when evaluating risks. In cases of illegal logging, harvesting permits from sites other than the actual harvesting site may be provided as a false proof of legality with the harvested material.</p>	
<p>Taxes and fees</p>		
<p>1.5 Payment of royalties and harvesting fees. <i>Legislation covering payment of all legally required forest harvesting-specific fees such as royalties, stumpage fees and other volume-based fees. This includes payments of the fees based on the correct classification of quantities, qualities and species. Incorrect classification of forest products is a well-known issue that is often combined with bribery of officials in charge of controlling the classification. (2.1)</i></p>	<p>As provided in the scope of the indicator.</p>	
<p>1.6 Value added taxes and other sales taxes. <i>Legislation covering different types of sales taxes which apply to the material being sold, including the sale of material as growing forest (standing stock sales). (2.2)</i></p>	<p>Risk relates to situations where products are sold without legal sales documents or far below market price resulting in illegal avoidance of taxes.</p>	
<p>1.7 Income and profit taxes.</p>	<p>As provided in the scope of the</p>	

<p><i>Legislation covering income and profit taxes related to profit derived from the sale of forest products and harvesting activities. This category is also related to income from the sale of timber and does not include other taxes generally applicable for companies and is not related to salary payments. (2.3)</i></p>	<p>indicator.</p>	
<p>Timber Harvesting</p>		
<p>1.8 Timber harvesting regulations. <i>Any legal requirements for harvesting techniques and technology, including selective cutting, shelter wood regenerations, clear felling, transport of timber from the felling site, seasonal limitations, etc. Typically this includes regulations on the size of felling areas, minimum age and/or diameter for felling activities, and elements that shall be preserved during felling, etc. Establishment of skidding or hauling trails, road construction, drainage systems and bridges, etc., shall also be considered as well as the planning and monitoring of harvesting activities. Any legally binding codes for harvesting practices shall be considered. (3.1)</i></p>	<p>As provided in the scope of the indicator.</p>	
<p>1.9 Protected sites and species. <i>International, national, and sub-national treaties, laws, and regulations related to protected areas, allowable forest uses and activities, and/or rare, threatened, or endangered species, including their habitats and potential habitats. (3.2)</i></p>	<p>Risk relates to illegal harvesting within protected sites, as well as illegal harvest of protected species. Note that protected areas may include protected cultural sites, including sites with historical monuments.</p>	
<p>1.10 Environmental requirements. <i>National and sub-national laws and regulations related to the identification and/or protection of environmental values including but not limited to those relating to or affected by harvesting, acceptable levels for soil damage, establishment of buffer zones (e.g., along water courses, open areas and breeding sites), maintenance of retention trees on the felling site, seasonal limitations of harvesting time, environmental requirements for forest machineries, use of pesticides and other chemicals, biodiversity conservation, air quality, protection and restoration of water quality, operation of recreational equipment, development of non-forestry infrastructure, mineral exploration and extraction, etc. (3.3)</i></p>	<p>Risk relates to systematic and/or large scale non-compliance with legally required environmental protection measures that are evident to an extent that threatens the forest resources or other environmental values.</p>	
<p>1.11 Health and safety. <i>Legally required personal protection equipment for persons involved in harvesting activities, implementation of safe felling and transport practices, establishment of protection zones around harvesting sites, safety requirements for machinery used, and legally required safety requirements in relation to chemical usage. The health and safety requirements that shall be considered relevant to operations in the forest (not office work, or other activities not related to actual forest operations). (3.4)</i></p>	<p>Risk relates to situations/areas where health and safety regulations are consistently violated to such a degree that puts the health and safety of forest workers at significant risk throughout forest operations.</p>	
<p>1.12 Legal employment. <i>Legal requirements for employment of personnel involved in harvesting activities including requirements for contracts and working permits, requirements for obligatory insurance, requirements for competence certificates and other training requirements, and payment of social and income taxes withheld by the</i></p>	<p>Risk relates to situations/areas where systematic or large scale non-compliance with labor and/or employment laws. The objective is to identify where serious violations of the legal rights of workers take place, such as forced, underage or illegal labor.</p>	

<p><i>employer. Also covered are the observance of minimum working age and minimum age for personnel involved in hazardous work, legislation against forced and compulsory labor, and discrimination and freedom of association. (3.5)</i></p>		
<p>Third parties' rights NOTE: Third parties' rights may be held by different individuals or groups, including, but not limited to, indigenous peoples or traditional peoples. Simultaneously, the risk assessment for Controlled Wood Category 2 shall remain consistent with the scope of Controlled Wood Category 2.</p>		
<p>1.13 Customary rights. <i>Legislation covering customary rights relevant to forest harvesting activities, including requirements covering the sharing of benefits and indigenous rights. (4.1)</i></p>	<p>As provided in the scope of the indicator.</p>	
<p>1.14 Free, Prior and Informed Consent. <i>Legislation covering 'free, prior and informed consent' in connection with the transfer of forest management rights, and customary rights to the organization in charge of the harvesting operation. (4.2)</i></p>	<p>As provided in the scope of the indicator.</p>	
<p>1.15 Indigenous peoples' rights. <i>Legislation that regulates the rights of indigenous people as far as it is related to forestry activities. Possible aspects to consider are land tenure, and rights to use certain forest related resources and practice traditional activities, which may involve forest lands. (4.3)</i></p>	<p>As provided in the scope of the indicator.</p>	
<p>Trade and transport NOTE: This section covers the legislation relevant for the trade and transport of material originating from the area under assessment.</p>		
<p>1.16 Classification of species, quantities, qualities. <i>Legislation regulating how harvested material is classified in terms of species, volumes and qualities in connection with trade and transport. Incorrect classification of harvested material is a well-known method to reduce or avoid payment of legally prescribed taxes and fees. (5.1)</i></p>	<p>Risk relates to material traded under illegal false statements of species, quantities or qualities. This could cover cases where this type of false classification is done to avoid payment of royalties or taxes or where trade bans on product types or species are implemented locally, nationally or internationally. This is mainly an issue in countries with high levels of corruption (CPI<50).</p>	
<p>1.17 Trade and transport. <i>All required trading and transport permits shall exist as well as legally required transport documents which accompany the transport of wood from forest operations. (5.2)</i></p>	<p>Risk relates to the issuing of documents permitting the removal of timber from the harvesting site (e.g., legally required removal passes, waybills, timber tags, etc.). In countries with high levels of corruption, these documents are often falsified or obtained by using bribery. In cases of illegal logging, transport documents from sites other than the actual harvesting site are often provided as a fake proof of legality with the harvested material.</p>	
<p>1.18 Offshore trading and transfer pricing. <i>Legislation regulating offshore trading. Offshore trading with related companies placed in tax havens, combined with artificial transfer prices is a well-known way to avoid payment of legally prescribed taxes and fees to the country of harvest and is considered to be an important source of funds that can be used for payment of bribery to the forest operations and personnel involved in the harvesting operation. Many countries have established legislation</i></p>	<p>Risk relates to situations when products are sold out of the country for prices that are significantly lower than market value and then sold to the next link in the supply chain for market prices, which is often a clear indicator of tax laundry. Commonly, the products are not physically transferred to the trading company.</p>	

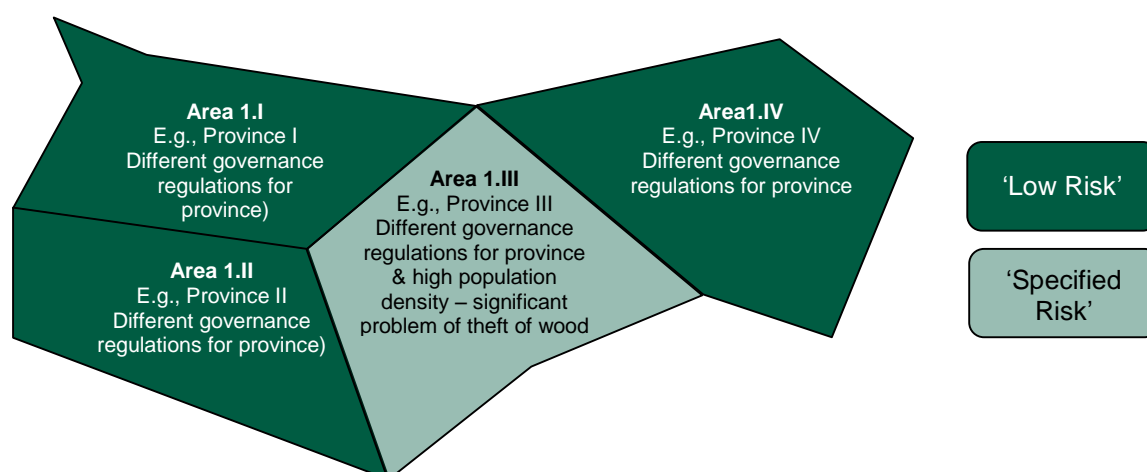
covering transfer pricing and offshore trading. It should be noted that only transfer pricing and offshore trading, as far as it is legally prohibited in the country, can be included here. (5.3)		
1.19 Custom regulations. Custom legislation covering areas such as export/import licenses and product classification (codes, quantities, qualities and species). (5.4)	As provided in the scope of the indicator.	
1.20 CITES. CITES permits (the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention). (5.5)	As provided in the scope of the indicator. Note that the indicator relates to legislation existing for the area under assessment (and not e.g., the area from which CITES species are imported).	
Due diligence/due care		
1.21 Legislation requiring due diligence/due care procedures. (6.1)	Legislation requiring due diligence/due care procedures, including, e.g., due diligence/due care systems, declaration obligations, and/or the keeping of trade related documents, etc.	

3.6 Examples (informative)

An illustration of the risk assessment process, including spatial and functional scale application, as well as Control Measure establishment is provided below. Please note that graphics serve only as examples.

Example 1: Risk assessment for Category 1 (Illegally harvested wood) with application of geographical scale and without functional scale.

Background information: The whole country has been included in the scope of the legality assessment. The country is divided into 4 provinces and each of them has different provincial laws. The applicable legislation for each province has been identified. Assessment of the enforcement of laws shows that laws are upheld in Provinces I, II and IV, however in Province III, which has a high population density, there is data indicating significant problems of theft of wood.



Risk mitigation:

Area 1.III

Examples of Control Measures for 'specified risk':

Sourcing wood from legally established forest management enterprises

Examples of verifiers:

Supplier documentation confirms legal rights to harvest in the MU.

Exclusion of suppliers that do not provide evidence of legal rights to harvest.

4 Controlled Wood Category 2: Wood harvested in violation of traditional and human rights

4.1 Scope

4.1.1 The scope of Controlled Wood Category 2 covers risk assessment of violation of traditional and human rights due to management activities (harvesting, processing and trading).

4.2 Requirements and thresholds

4.2.1 All indicators and thresholds provided in Table 2 shall be assessed.

4.3 Gathering of information

4.3.1 General information and data can be found in the following sources and shall be used when applicable to the national context:

- a) Amnesty International Annual Report: The state of the world's human rights - information on key human rights issues, including: freedom of expression; international justice; corporate accountability; the death penalty; and reproductive rights (<http://www.amnesty.org/en/annual-report/2011>);
- b) Carleton University: Country Indicators for Foreign Policy: the Failed and Fragile States project of Carleton University examines state fragility using a combination of structural data and current event monitoring⁷: (<http://www4.carleton.ca/cifp/ffs.htm>);
- c) Center for International Forestry Research (CIFOR): <http://www.cifor.org/>;
- d) Child Labour: ILO International Programme on the Elimination of Child Labour (IPEC): <http://www.ilo.org/ipec/Regionsandcountries/lang--en/index.htm>;
- e) Data about land use conflicts, and disputes (historical/outstanding grievances and legal disputes);
- f) Data provided by National indigenous peoples or traditional peoples' organizations; governmental institutions in charge of indigenous peoples' affairs; NGOs; relevant census data;
- g) Data about the presence of indigenous or traditional peoples and their location/distribution;
- h) Data about participation of indigenous or traditional peoples in decision making and refusing to participate (e.g., on the basis of an unfair process, etc.);
- i) Global March Against Child Labour: <http://www.globalmarch.org/>;
- j) Global Witness: www.globalwitness.org;
- k) Human Rights Watch: <http://www.hrw.org/>;
- l) ILO Conventions Database:
<http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12000:0::NO>
ILO Fundamental Principles and Rights at Work, 1998:
C-29 Forced Labour Convention, 1930
C-87 Freedom of Association and Protection of the Right to Organise Convention, 1949
C-98 Right to Organise and Collective Bargaining Convention, 1949
C-100 Equal Remuneration Convention, 1951
C-105 Abolition of Forced Labour Convention, 1957

⁷ The Fragile States brief provides an analysis of processes related to state fragility in a given country, including 'clusters' on Governance, Economics, Security and Crime, Human Development, Demography, and Environment. Monitoring of current events draws upon a variety of domestic and international sources. The analysis uses 'scenario generation' based on trend lines.

- C-111 Discrimination (Employment and Occupation) Convention, 1958
C-138 Minimum Age Convention, 1973
C-182 Worst Forms of Child Labour Convention, 1999
ILO convention related to indigenous peoples rights:
C-169 Identification of indigenous and tribal peoples, 1989;
- m) ILO Rights at Work: country reports (<http://www.ilo.org/declaration/lang--en/index.htm>);
 - n) Institute for Economics and Peace: Global Peace Index⁸ (<http://economicsandpeace.org/research/iep-indices-data/global-peace-index>);
 - o) National and international assessments of compliance with international and national laws and regulations pertaining to child labor and rights at work, including: ILO Helpdesk for Business on International Labour Standards (<http://www.ilo.org/empent/areas/business-helpdesk/lang--en/index.htm>), Committee on the Elimination of Discrimination against Women, (refer to CW Category 1);
 - p) National land bureau tenure records, maps, titles and registration;
 - q) National/regional records of claims on lands, negotiations in progress or concluded, etc.;
 - r) NGO documentation of cases of conflict (historic or ongoing) involving indigenous peoples and traditional peoples;
 - s) Social Responsibility Contracts (Cahier des Charges) established according to FPIC (Free Prior Informed Consent) principles where available;
 - t) Survival International: <http://www.survivalinternational.org/>;
 - u) The UN Security Council Sanctions Committee (http://www.un.org/sc/committees/list_compend.shtml);
 - v) International, national and local trade/labor unions;
 - w) UN Convention on the Rights of the Child (monitored by the Committee on Rights of the Child) (<http://www2.ohchr.org/english/bodies/crc/index.htm>), 1990;
 - x) United Nation Declaration on the Rights of Indigenous Peoples, 2007: http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf;
 - y) US AID: <http://www.usaid.gov/>;
 - z) World Bank: Worldwide Governance Indicators⁹ (www.govindicators.org);
 - aa) World Resources Institute: Governance of Forests Initiative Indicator Framework (Version 1)¹⁰ (http://pdf.wri.org/working_papers/gfi_tenure_indicators_sep09.pdf; <http://www.profor.info/node/1998>).

4.4 Determination of scale

- 4.4.1 The risk assessment process shall start at the national level. Where the presence of indigenous or traditional peoples is confirmed in a given country, the areas within the country where indigenous and/or traditional peoples are living or that are used by

⁸ The GPI, produced by the Institute for Economics and Peace, claims to be ‘the world’s leading measure of global peacefulness.’ It gauges ongoing domestic and international conflict, safety and security in society, and militarisation in 153 countries by taking into account 23 separate indicators.

⁹ The WGIs report aggregate and individual governance indicators for 213 economies (most recently for 1996–2010), for six dimensions of governance: Voice and Accountability; Political Stability and Absence of Violence; Government Effectiveness; Regulatory Quality; Rule of Law; Control of Corruption. The World Bank also produces a Harmonized List of Fragile Situations: http://siteresources.worldbank.org/EXTLICUS/Resources/511777-1269623894864/Fragile_Situations_List_FY11_%28Oct_19_2010%29.pdf.

¹⁰ The GFI seeks to apply principles of good governance to the challenges of sustaining forests in developing countries. It provides a common definition and conceptual framework for understanding the meaning of good governance of forests across different country contexts, and a practical tool for civil society organizations to diagnose the integrity of institutions and processes that govern forests in their countries. It also provides measurable, reportable and verifiable indicators of good forest governance.

indigenous and/or traditional peoples shall be determined (e.g., by using administrative boundaries). Further division of area(s) under assessment shall only be made for areas as above, considering the following aspects when relevant:

- a) Spatial distribution of areas where indigenous or traditional peoples are living;
- b) Differences in governance and/or governance enforcement;
- c) The level at which traditional rights are being asserted and/or contested (e.g., claims being made at the national level or for specific areas);
- d) The extent to which the violation of human rights is widespread (e.g., are labor code violations associated with a specific organization vs. the forest sector as a whole?);
- e) (Optional) Targeted consultation¹¹ with rights holders, local and international NGOs (e.g., social organizations and other organizations dealing with rights).

4.4.2 Where relevant, areas of assessment should be aligned with administrative units existing in a country or region. The level of administrative division (e.g., state, province or district) should sufficiently cover areas inhabited by identified indigenous or traditional peoples and/or their migratory trails, and all areas for which they hold rights, whilst ensuring uniform risk designation.

4.5 Designation of risk

4.5.1 When assessing the indicators and thresholds provided in Table 2, the following aspects shall be considered where relevant:

- a) Governance assessment in cases where social issues are not covered by legislation, considering existence and enforcement of any existing policies and instruments used to uphold these rights. Note, that for social issues covered by legislation, the governance assessment conducted for Category 1 shall be used.

NOTE: The assessment of Indicator 2.2 should include an evaluation of how the fundamental principles and rights at work, as covered by both the eight fundamental International Labour Organization (ILO) conventions and the ILO's Declaration on Fundamental Principles and Rights at Work, are upheld at the national level. Compliance may be demonstrated by referring to enforcement of the relevant applicable legislation (assessed in Category 1), if the ILO's fundamental principles and rights are covered by applicable legislation. Alternatively, compliance may be demonstrated by identifying gaps between the principles and rights and national and regional regulations, specifying if/how these gaps are addressed.

4.5.2 Risk assessment for Indicator 2.3 shall involve expert consultation.

NOTE: Expert consultation is not required when one or more NRA-WG members meet requirements for expert qualifications provided in Annex A of this document.

¹¹ Targeted consultation may be conducted in addition to the public consultation that is required for the NRA process.

Table 2. Requirements for traditional and human rights assessment

Indicator	Context and considerations	Thresholds
<p>2.1. The forest sector is not associated with violent armed conflict, including that which threatens national or regional security and/or is linked to military control.</p>	<p>Is the country covered by a UN security ban on exporting timber?</p> <p>Is the country covered by any other international ban on timber export?</p> <p>Are there individuals or entities involved in the forest sector that are facing UN sanctions?</p> <p>Is the area a source of conflict timber¹²?</p> <p>Is the conflict timber related to specific operators? If so, which operators or types of operators?</p>	<p><u>'Low risk' thresholds:</u></p> <p>(1) The area under assessment is not a source of conflict timber; AND (2) The country is not covered by a UN security ban on exporting timber; AND (3) The country is not covered by any other international ban on timber export; AND (4) Operators in the area under assessment are not involved in conflict timber supply/trade; AND (5) Other available evidence does not challenge a 'low risk' designation.</p> <p><u>'Specified risk' thresholds:</u></p> <p>(6) The area under assessment is a source of conflict timber; AND/OR (7) Operators in the area under assessment are involved in conflict timber supply/trade, (identified entities should be specified whenever possible and in compliance with the law); AND/OR (8) The country is subject to a ban on timber exports; AND/OR (9) Individuals or entities in the forest sector are facing UN sanctions.</p>
<p>2.2. Labor rights are upheld including rights as specified in ILO Fundamental Principles and Rights at Work.</p>	<p>Are social rights covered by relevant legislation and enforced in the country or area concerned? (refer to Category 1)</p> <p>Are rights like freedom of association and collective bargaining upheld?</p> <p>Is there evidence of occurrences of compulsory or forced labor?</p> <p>Is there evidence of occurrences of discrimination?</p>	<p><u>'Low risk' thresholds:</u></p> <p>(10) Applicable legislation for the area under assessment covers all ILO Fundamental Principles and Rights at Work, AND the risk assessment for the relevant indicators of Category 1 confirms enforcement of applicable legislation ('low risk'); OR (11) Applicable legislation for the area under assessment does not cover all ILO Fundamental Principles and Rights at Work but other regulations and/or evidence of their implementation exist. Reports do not lead to conclusions of systematic violations of rights. When labor laws are broken, cases are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities. SLIMF: Applicable legislation for the area under assessment does not cover the ILO Fundamental</p>

¹² Conflict timber. The links between timber exploitation and conflict are essentially of two broad types: First, revenues from the timber trade may be channeled towards activities that perpetuate conflict, such as the purchase of weapons. Thus, 'conflict timber' is defined as 'timber that has been traded at some point in the chain of custody by armed groups, be they rebel factions or regular soldiers, or by a civilian administration involved in armed conflict or its representatives, either to perpetuate conflict or take advantage of conflict situations for personal gain. Conflict timber is not necessarily illegal' (Global Witness 2002 cited in Le Billon 2003).

Second, the exploitation of timber may itself be a direct cause of conflict (Thomson and Kanaan 2003). This may be because of disputes over, for example, ownership of forest resources, the distribution of benefits, local environmental degradation, or social conflicts caused by immigration of timber workers. In some countries, especially when other sources of income are lacking, there is little attempt to ensure that timber production is sustainable or socially responsible (Source: UNEP, Africa Environment Outlook: <http://www.unep.org/dewa/Africa/publications/AEO-2/content/205.htm>). Such cases however are assessed under indicators 2.2 and 2.3 thus are not in the scope of indicator 2.1.

	<p>Is there evidence of occurrences of child labor?</p> <p>Is the country signatory to the relevant ILO Conventions or are the ILO Fundamental Rights and Principles at work upheld?</p> <p>Is there evidence that any groups (including women) feel adequately protected related to the rights mentioned above?</p> <p>Are any violations of labor rights limited to specific sectors?</p>	<p>Principles and Rights at Work but there is negligible evidence of violation of ILO Fundamental Principles and Rights at Work; AND (12) Other available evidence do not challenge a 'low risk' designation.</p> <p><u>'Specified risk' thresholds</u> (13) Applicable legislation for the area under assessment covers all ILO Fundamental Principles and Rights at Work but the risk assessment for relevant indicators of Category 1 confirms 'specified risk'; AND/OR (14) The applicable legislation for the area under assessment contradicts indicator requirement(s); AND/OR (15) There is substantial evidence of widespread violation of the ILO Fundamental Principles and Rights at Work.</p>
<p>2.3. The rights of indigenous and traditional peoples are upheld.</p>	<p>Are there indigenous peoples, and/or traditional peoples present in the area under assessment?</p> <p>Are the provisions of ILO Convention 169 and United Nations Declaration on the Rights of Indigenous Peoples¹³ (UNDRIP) enforced in the area concerned? (refer to Category 1)</p> <p>Is there evidence of violations of legal and customary rights of indigenous or traditional peoples?</p> <p>Are there any conflicts of substantial magnitude¹⁴ pertaining to the rights of indigenous and/or</p>	<p><u>'Low risk' thresholds</u> (16) There is no evidence leading to a conclusion of presence of indigenous and/or traditional peoples in the area under assessment; OR (17) The presence of indigenous and/or traditional peoples is confirmed or likely within the area under assessment. The applicable legislation for the area under assessment covers the basic principles of ILO governing the identification and rights of indigenous and traditional peoples¹⁵ and UNDRIP AND risk assessment for relevant indicators of Category 1 confirms enforcement of applicable legislation ('low risk'); OR (18) The presence of indigenous and/or traditional peoples is confirmed or likely within the area under assessment. The applicable legislation for the area where indigenous or traditional peoples are present does not cover all basic principles of ILO governing identification and rights of indigenous and/or traditional peoples and UNDRIP but other regulations and/or evidence of their implementation exist. Cases when rights are broken are efficiently followed up via preventive actions taken by the authorities and/or by the</p>

¹³ United Nations Declaration on the Rights of Indigenous Peoples (http://www.un.org/esa/socdev/unpfi/documents/DRIPS_en.pdf).

¹⁴ For the purpose of the Indicator 2.3, a conflict of substantial magnitude is a conflict which involves one or more of the following:

- a) Gross violation of the legal or customary rights of indigenous or traditional peoples;
- b) Significant negative impact that is irreversible or that cannot be mitigated;
- c) A significant number of instances of physical violence against indigenous or traditional peoples;
- d) A significant number of instances of destruction of property;
- e) Presence of military bodies;
- f) Systematic acts of intimidation against indigenous or traditional peoples.

Guidance:

In the identification of conflicts of substantial magnitude one must also be aware of possible parallel activities of other sectors than the forest sector that also impact the rights of indigenous/traditional peoples and that there can be a cumulative impact. This cumulative impact can lead to a 'gross violation of indigenous peoples' rights' or 'irreversible consequences' but the extent of the contribution of forest management operations needs to be assessed.

The substance and magnitude of conflicts shall be determined through NRA development process according to national/regional conditions. NRA shall provide definition of such conflicts.

¹⁵ International Labour Organization Convention No. 169 (<http://www.ilo.org/indigenous/Conventions/no169/lang-en/index.htm>)

	<p>traditional peoples?</p> <p>Are there any recognized laws and/or regulations and/or processes in place to resolve conflicts of substantial magnitude pertaining to indigenous or traditional peoples' rights?</p> <p>What evidence can demonstrate the enforcement of the laws and regulations identified above? (refer to Category 1)</p> <p>Is the conflict resolution broadly accepted by affected stakeholders as being fair and equitable?</p>	<p>relevant entities; AND (19) There is no evidence of conflict(s) of substantial magnitude pertaining to rights of indigenous and/or traditional peoples; OR (20) There is evidence of conflict(s) of substantial magnitude pertaining to rights of indigenous and/or traditional peoples. Laws and regulations and/or other legally established processes exist that serve to resolve conflicts in the area concerned, and such processes are recognized by affected stakeholders as being fair and equitable. Note: Processes for resolution of conflicts pertaining to use rights, cultural interests or traditional cultural identity should provide means for recourse. They should be free from overwhelming structural imbalances or inherent unfairness. They should be acceptable to affected parties giving them a means to resolve any conflicts of substantial magnitude. Rights may be defined by international structures (e.g., UN) and local legal structures; AND (21) Other available evidence do not challenge a 'low risk' designation.</p> <p><u>'Specified risk' thresholds</u> (22) The presence of indigenous and/or traditional peoples is confirmed or likely within the area. The applicable legislation for the area under assessment covers ILO provisions governing the identification and rights of indigenous and traditional peoples and UNDRIP but risk assessment for relevant indicators of Category 1 confirms 'specified risk'; OR (23) The presence of indigenous and/or traditional peoples is confirmed or likely within the area. The applicable legislation for the area under assessment contradicts indicator requirement(s) (refer to 2.2.6); AND/OR (24) Substantial evidence of widespread violation of indigenous or traditional peoples' rights exists; AND/OR (25) Indigenous and/or traditional peoples are not aware of their rights; AND/OR (26) There is evidence of conflict(s) of substantial magnitude pertaining to the rights of indigenous and/or traditional peoples. Laws and regulations and/or other legally established processes do not exist that serve to resolve conflicts in the area concerned, or, such processes exist but are not recognized by affected stakeholders as being fair and equitable. Note under threshold No 20 applies.</p>
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4.6 Examples (informative)

Example 2: Risk assessment for Category 2 (Wood harvested in violation of traditional and human rights – indicator 2.3) with application of geographical and functional scale.

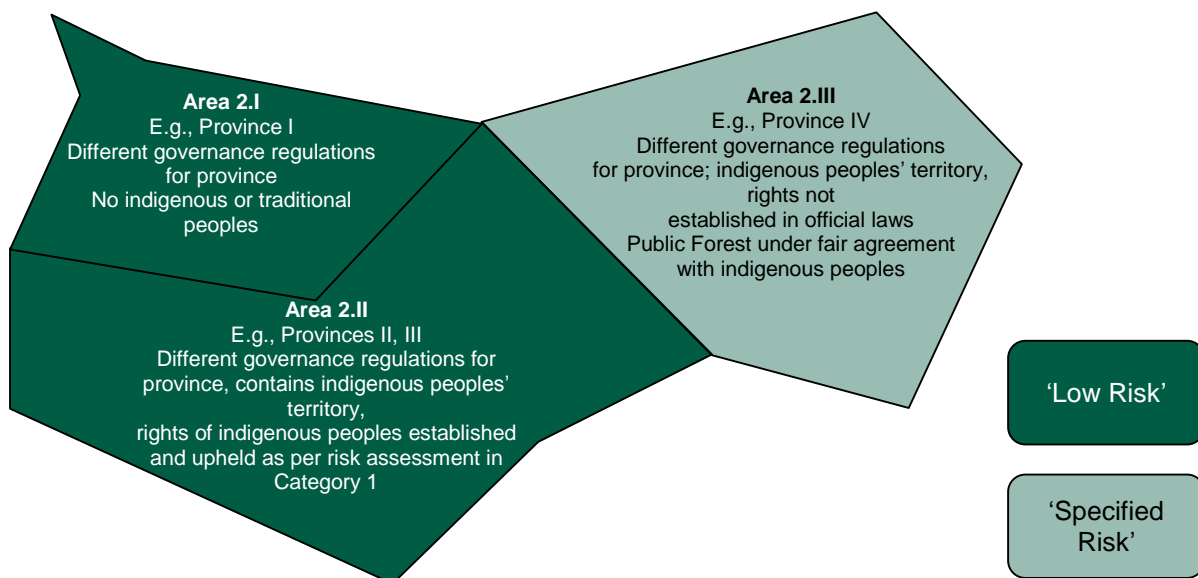
Background information: The same country as in the example provided for Category 1 has been subsequently risk assessed for Category 2. Data investigation shows that social issues are dealt with differently in different provinces, so areas under assessment were determined based on an administrative division.

Within Province I there is no confirmed or likely presence of indigenous and/or traditional peoples. This area has been assessed as 'low risk'.

In Provinces II and III there is confirmed presence of indigenous peoples, including nomadic tribes who regularly migrate between the two Provinces. Cross checking with the risk assessment for Category 1 confirms that rights of indigenous peoples are established and enforced. There is no data indicating conflicts in either province, thus they have also been assessed as 'low risk'.

Please note that in this example the problem with thefts recognized in Category 1 in Province III in this example is not related to social rights.

Within Province IV the presence of indigenous peoples has been confirmed. The applicable legislation for this Category does not cover indigenous peoples' rights and there are no other regulations that would protect the rights of indigenous peoples. The NRA-WG has decided that risk mitigation will require FPIC implementation, and evidence of this shall be agreements with the relevant indigenous peoples' representatives. In this area forests are managed by private owners and public authorities. Special agreements have been signed for public forests (PF) between forest managers and indigenous peoples' representatives, ensuring implementation of FPIC. Evidence exists that these agreements are upheld. There is no such agreement signed for private forests. The area is assessed as 'low risk' for public forests and as 'specified risk' for other forests.



Risk mitigation:

Area 2.III

Functional scale within the area under assessment:

Public forest – 'low risk'

Other forests – 'specified risk'

Examples of Control Measures for 'specified risk':

Supplier documentation confirming that at MU level an agreement between forest manager/owner and indigenous or traditional peoples exists, which ensures implementation of FPIC.

5 Controlled Wood Category 3: Wood from forests in which high conservation values are threatened by management activities

5.1 Scope

5.1.1 The scope of Controlled Wood Category 3 covers risk assessment of high conservation values (HCVs), including:

- a) The assessment of HCV presence; and
- b) The assessment of threats to HCVs caused by forest management activities.

NOTE: The FSC system applies a uniform definition of HCVs. HCVs are recognized in FSC's Principles and Criteria, Controlled Wood Standards, as well as the Policy for Association. Whilst the Principles and Criteria cover the identification, monitoring, maintenance and enhancement of HCVs, the FSC Controlled Wood standards require the avoidance of wood sourced from areas where HCVs are threatened by forest management activities.

NOTE: The use of the 'Common guidance for the identification of High Conservation Values' (http://www.hcvnetwork.org/resources/folder.2006-09-29.6584228415/2013_commonguidancev5) for the assessment of HCV presence is recommended. The NRA-WG may also use the Guidance for the development of national thresholds.

5.1.2 'Threat' in the context of this category refers to common forest management activities that cause or may cause loss or degradation of HCVs in the area under assessment. Threats not originating from forest management activities are outside the scope of this assessment. For each HCV, threats that shall be assessed in terms of risk are provided in Table 3.2.

NOTE: The NRA may include other threats specific to national conditions provided they are agreed by all NRA-WG chambers.

NOTE: While assessing existing threats to HCVs, information as specified in Indicator 9.2.1 of *FSC-STD-01-004 FSC International Generic Indicators* may be used.

5.1.3 The following HCVs shall be assessed regarding their risk of being threatened by forest management activities:

- HCV 1 - Species diversity. Concentrations of biological diversity including endemic species, and rare, threatened or endangered species that are significant¹⁶ at global, regional¹⁷ or national levels.

¹⁶ For interpretation of 'Significant values' please refer to 'Common Guidance for the Identification of High Conservation Values' (See Section G Bibliography).

Significance of values may also be assigned by FSC National Standards.

¹⁷ The context for 'regional' in assessing this value should be ecological. In large countries like the United States of America, Australia, Russia, Canada and Brazil for example there will be many ecological regions. Conversely in a small European country the forests may form a small part of a larger ecosystem that crosses national boundaries. National Risk Assessments should necessarily focus on the status of values within the boundaries of National Risk Assessment area, which in most cases will be for the whole Country. NRAs should be informed by the status of values that cross national boundaries, using the precautionary approach. Where a value might be common at a national level, if the country contains the only or most examples of the value that was once geographically much more widespread, then the value will meet the threshold for HCV 1. Example: most of the large to medium weight range mammals associated with European natural forest ecosystems can be found in the

- HCV 2 - Landscape-level ecosystems and mosaics. Intact forest landscapes and large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.
- HCV 3 - Ecosystems and habitats. Rare, threatened, or endangered ecosystems, habitats or refugia.
- HCV 4 - Critical ecosystem services. Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.
- HCV 5 - Community needs. Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (e.g., for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or indigenous peoples.
- HCV 6 - Cultural values. Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

NOTE: Identification of HCVs 5 and 6 requires engagement of local communities and indigenous peoples respectively. For the scope of the risk assessment, consultation on NRA development conducted according to *FSC-PRO-60-002* and/or any targeted consultation conducted with the right holders and/or experts during the NRA process is considered as sufficient when identifying HCVs 5 and 6.

5.2 Requirements and thresholds

5.2.1 All indicators and thresholds provided in Table 3.2 shall be assessed.

5.3 Gathering of information

5.3.1 FSC approved HCV assessment frameworks (or part thereof) that have previously been developed independently or as part of the development of national standards shall be used as a prime source of information in the risk assessment, provided they meet the requirements of this document. Country specific HCV assessment frameworks approved by FSC are listed in *FSC-PRO-60-002b* and are accessible on the FSC Global Forest Registry¹⁸ (<http://www.globalforestregistry.org/>).

5.3.2 Where there is no FSC approved HCV risk assessment, a standalone HCV framework for the given country/region shall be developed as part of the NRA development process, including identification of areas where HCVs are present and threat(s) to them posed by forest management activities, according to the

forests of Belarus, however most of these are extinct in the rest of Europe making the forest of Belarus particularly important for these HCV values.

¹⁸ One HCV assessment framework has been prepared for use with US forest standards. The second was prepared by the Australian FSC Network Partner, to allow companies to assess risk and threat to HCVs in all Australian forest bioregions, as part of meeting requirements for Annex 3 of CW 40-005-V2.1. The Australian NRA specified risks to the bioregional scale for HCV. A comprehensive HCV framework has also been developed for Romania. All documents are available on the Global Forest Registry.

requirements of this document. Special attention in such an HCV framework shall be given to the aspect of scale, intensity and risk of management operations taking place within the assessed area.

5.3.3 Best available information to be used for the development of an HCV framework includes, but is not limited to:

- a) Available HCV surveys conducted in the area under assessment;
- b) Consultation with relevant databases and maps (compare Clause 5.3.5);
- c) Consultation with relevant local and regional experts;

NOTE: The precautionary approach applies in the absence of best available or no available information.

NOTE: An HCV assessment framework may be developed independently for both Forest Management and Controlled Wood certification. In such cases, sets of Forest Management/Controlled Wood management measures shall be clearly distinguished and/or clarified in the context of using for Forest Management and Controlled Wood purposes.

5.3.4 Existing nature protection schemes implemented in the country/area under assessment shall be recognized and evaluated in terms of potential usefulness for HCV identification and protection (compare Clause 5.5.2 a).

5.3.5 General information and data can be found in the following sources and shall be used when applicable to the national context:

- a) Available outcomes of consultation with local experts and stakeholders;
- b) Available outcomes of consultations on social values (HCV 5 and/or 6) with: indigenous peoples, traditional peoples and local communities and/or relevant authorities liaising with indigenous peoples and community rights issues; community groups dependent upon the forest for basic needs as identified, anthropologists or social scientists with local forest expertise, cultural heritage list/authorities, etc.;
- c) Country reports made at bioregional/eco-regional scale (e.g., <http://www.environment.gov.au/parks/nrs/science/bioregion-framework/ibra/index.html>);
- d) Critical habitat mapping if supported by experts and stakeholders;
- e) Data and consultation outcomes in local or regional water management districts;
- f) Data on endemism (<http://simple.wikipedia.org/wiki/Endemism>);
- g) Existing divisions into spatial units used for reporting purposes, e.g., bioregions;
- h) Global 200 Ecoregions (<http://assets.worldwildlife.org/publications/19/files/original/global200ecoregions.zip?1343838792>);
- i) Intact Forest Landscapes (<http://www.intactforests.org/world.map.html>);
- j) Implementation of Strategic Plan for Biodiversity 2011-2020 - evaluation of execution and/or implementation of Aichi Biodiversity Targets, National Biodiversity Strategies and Action Plans (NBSAPs) in accordance to the country's action plan (<http://www.cbd.int/sp/targets/>);
- k) Hydrological/edaphic data (e.g., gathered from federal agencies or research institutions);
- l) Independent scientific assessments of HCVs and their protection measures, specific to the area under assessment;

- m) IUCN Red List (<http://www.iucnredlist.org>);
- n) Known and available inventory data relevant for HCVs;
- o) Lists of threatened species (available at least for countries that are signatories to the Convention on Biological Diversity);
- p) Maps, databases, and other sources of information on the types of HCVs;
- q) Maps of road systems (e.g., GIS assessments of road-less forest areas);
- r) National or regional datasets or maps assessing importance of watersheds for drinking water supply;
- s) National Wilderness Assessments or inventories;
- t) Relevant ecological assessments, species population viability analysis, Environmental and Social Impact Assessments;
- u) Remote Sensing and other aerial data showing forest land-cover (e.g., Google Earth);
- v) Review of multilateral conservation agreements (international treaties and/or protocols, etc.) on the migratory pathways of the global migratory species;
- w) Soil, watershed, aquifer, landslides maps;
- x) Stakeholder and expert consultation outcomes regarding the presence of HCVs in the area under assessment (related and not related to the NRA process);
- y) Strategic Forest Management Planning regulations and implementation reports;
- z) Threatened species recovery plans/implementation reports;
- aa) World Resources Institute's Global Forest Watch (<http://www.globalforestwatch.org/>).

5.3.6 Spatial data documenting HCV presence shall be used whenever possible. Data meeting internationally recognized spatial standards (e.g., Open Geospatial Consortium standards, where implemented) shall be prioritized.

NOTE: Forest district maps, concession maps, land cover maps, administrative sub-units, etc. may be very helpful by informing data layers in addition to data that relates directly to the HCV. By undertaking a data audit, the NRA may provide data directories to be used by The Organizations implementing Controlled Wood requirements.

5.4 Determination of scale

5.4.1 The assessment should aim to determine risk at as fine a scale as needed to provide detailed risk specifications that will allow Organizations to develop adequate Control Measures (see Clause 2.3). The maximum spatial scale for the risk assessment shall be provided for each HCV. The risk assessment shall not be conducted for units larger than specified in Table 3.1.

Table 3.1. Mandatory maximum scale of risk assessment for HCV 1-6

HCV	Mandatory maximum scale of risk assessment
1	National level <i>Examples of functional scale: regions, habitats</i>
2	National level with consideration of cross-country HCV 2; Intact Forest Landscape (http://intactforests.org) shall be considered in scale determination
3	Sub-national level, to be determined by the NRA with a justification for the chosen level
4	Sub-national level, to be determined by the NRA with a justification for the chosen level(e.g., <i>Catchments</i>); <i>Example of functional scale: e.g., soil types</i>
5	National level
6	Scale shall be consistent with the scale applied for indicator 2.3 (Table 2; CW Cat. 2)

5.5 Designation of risk

5.5.1 Risk assessment for each HCV (1-6) shall involve two general steps:

- a) Data quality assessment¹⁹ according to indicator 3.0 (in Table 3.2). The data audit shall be performed by the NRA-WG and/or experts involved in the assessment. Poor quality data shall not be taken into account when assessing risk. Stakeholder feedback received during NRA consultation related to data quality shall also be used for data evaluation when relevant.
- b) Assessment of all indicators and thresholds provided for HCVs in Table 3.2.

5.5.2 When assessing thresholds for HCVs, the following shall be considered and utilized where relevant:

- a) In areas where HCVs are protected by national and/or regional nature protection schemes, the effectiveness of the implementation of those protection schemes should be assessed. This shall include governance assessment and sufficiency of HCV protection (considering the scope of Controlled Wood Category 3).

NOTE: Protection schemes may include, e.g., a system of protected areas or international protection programs (e.g., National Parks, Nature 2000 program). The existence of network protection schemes themselves does not justify a 'low risk' designation. Only effective protection schemes assessed as appropriate for risk mitigation may justify a 'low risk' designation.

- b) In cases where there is ongoing external regional/national consultation on specific issues related to HCVs that affect risk designation, the outcomes of such processes shall be considered, applying the precautionary approach.

5.5.3 Risk assessment for this category shall involve expert consultation.

NOTE: Expert consultation is not required when one or more NRA-WG members meet requirements for expert qualifications provided in Annex A of this document.

Table 3.2. Requirements for HCV assessment

Indicator	Context and considerations	Thresholds
3.0 Data available are sufficient for: a) Determination of HCV presence for each HCV, AND b) The assessment of the threats to HCVs from forest management activities.	Are there data available, sufficient for determination of HCV presence and distribution within the area under assessment, according to the requirements of this document? Are there data available, sufficient for assessment of the threats to HCVs from forest management activities according to the requirements of this document?	<u>'Low risk' thresholds:</u> (1) Data available are sufficient for determining HCV presence within the area under assessment; AND (2) Data available are sufficient for assessing threats to HCVs caused by forest management activities. <u>'Specified risk' thresholds:</u> (3) Data available are not sufficient for determining HCV presence within the area under assessment; AND/OR (4) Data available are not sufficient for assessment of the threats to HCVs caused by forest management activities.
3.1 HCV 1	Does the area under assessment contain HCV 1? In the absence of certainty of HCV 1 locations, are	<u>'Low risk' thresholds:</u> (5) There is no HCV 1 identified in the

¹⁹ Data quality assessment is emphasized in Category 3 as a crucial factor for appropriate risk designation.

	<p>there tools available that allow to identify HCV1 while respecting precautionary approach?</p> <p>Does the area under assessment contain, or may it contain (using a precautionary approach²⁰), critical temporal, seasonal, or ephemeral habitats/resources such as sites for roosting, breeding, hibernation, shelter and migration?</p> <p>Is HCV 1 threatened by management activities? The following threats shall be considered: 1. Habitat removal 2. Habitat fragmentation 3. Introduction of alien/invasive species</p> <p>Is the country signatory to the CBD and are the CBD targets met? (Refer to Category 1 assessment).</p> <p>Are there any effective protection schemes covering areas with concentrations of biological diversity?</p> <p>Can threats caused by management activities be effectively managed using management tools (e.g., application of best practices)?</p>	<p>area under assessment and its occurrence is unlikely; OR (6) There is low/negligible threat to HCV 1 caused by management activities in the area under assessment; OR (7) HCV 1 is identified and/or its occurrence is likely in the area under assessment, but it is effectively protected from threats from management activities.</p> <p><u>'Specified risk' thresholds:</u> (8) HCV 1 is identified and/or its occurrence is likely in the area under assessment and it is threatened by management activities.</p>
3.2 HCV 2	<p>Is HCV 2 present in the area under assessment? To determine presence of HCV 2, follow HCV CG. All Intact Forest Landscapes (IFL) as defined by the maps at http://intactforests.org shall be considered as HCV 2. NRA may identify additional HCV 2 provided there is agreement from all NRA-WG chambers.</p> <p>Are HCV 2 areas crossing regional and or national boundaries? Is there an FSC risk designation available for parts located outside of national boundaries?</p> <p>Is HCV 2 threatened by management activities?</p> <p>The following threats shall be considered: 1. Fragmentation, including access (roading), 2. Logging for the primary purpose of wood production (hereafter referred to as commercial logging). This applies only to IFLs.</p>	<p><u>'Low risk' thresholds:</u> (9) There is no HCV 2 identified and its occurrence is unlikely in the area under assessment; OR (10) There is low/negligible threat to HCV 2 caused by management activities in the area under assessment; OR (11) HCV 2 is identified and/or its occurrence is likely in the area under assessment, but it is effectively protected from threats caused by management activities.</p> <p><u>'Specified risk' thresholds:</u> (12) HCV 2 is identified and/or its occurrence is likely in the area under assessment, and it is threatened by management activities.</p>
3.3 HCV 3	<p>Which nationally/regionally systematized ecosystems are considered HCV 3?</p> <p>Are there any national/regional protection schemes that can be used for assessing HCV presence and threats to them? (As an example, Nature 2000 protection may be considered at European level)</p> <p>Is HCV 3 threatened by forest management activities?</p> <p>The following threat shall be considered: Lack of effective protection of HCV 3.</p>	<p><u>'Low risk' thresholds:</u> (13) There is no HCV 3 identified and its occurrence is unlikely in the area under assessment; OR (14) There is low/negligible threat to HCV 3 caused by management activities in the area under assessment; OR (15) HCV 3 is identified and/or its occurrence is likely in the area under assessment, but it is effectively protected from threats caused by management activities,</p>

²⁰ For interpretation of precautionary approach in terms of HCV consult *FSC-STD-01-004 FSC international Generic Indicators* and 'Common Guidance for the Identification of High Conservation Values' (See Section G Bibliography).

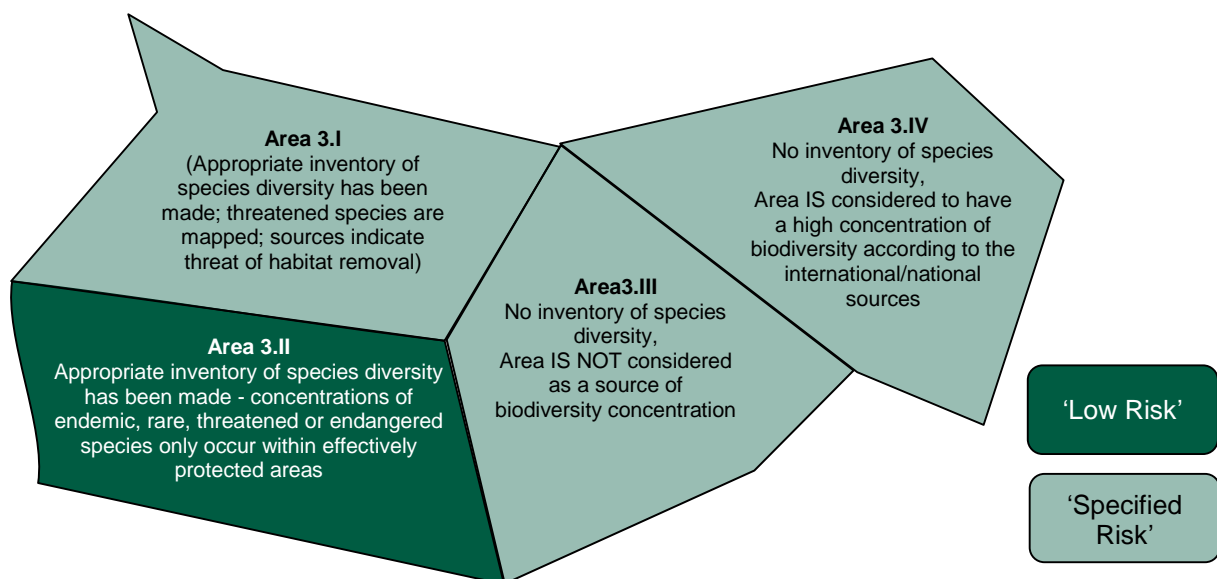
	<p>Is there progress in achieving Aichi targets in the area under assessment?</p>	<p>OR (16) There is documented progress in achieving Aichi biodiversity targets²¹ relevant for the area under assessment confirming that these targets will be met OR Aichi targets are met.</p> <p><u>'Specified risk' thresholds:</u> (17) HCV 3 is identified and/or its occurrence is likely in the area under assessment and it is threatened by forest management activities; AND/OR (18) There is no progress in achieving Aichi biodiversity targets.</p>
3.4 HCV 4	<p>Is HCV 4 present in the area under assessment?</p> <p>Are there forest areas present in the region that are critical for mediating flooding or controlling stream flow regulation and water quality?</p> <p>Are there effective management tools and/or regulations capable of ensuring that these forest areas can continue to perform their functions?</p> <p>Is HCV 4 threatened by forest management activities?</p> <p>The following threats shall be considered: 1. Reduction of water quality/quantity 2. Negative impact on human health (e.g., poisoning water, etc. – see HCV CG).</p>	<p><u>'Low risk' thresholds:</u> (19) There is no HCV 4 identified and its occurrence is unlikely in the area under assessment; OR (20) There is low/negligible threat to HCV 4 caused by management activities in the area under assessment; OR (21) HCV 4 is identified and/or its occurrence is likely in the area under assessment, but it is effectively protected from threats caused by management activities.</p> <p><u>'Specified risk' thresholds:</u> (22) HCV 4 is identified and/or its occurrence is likely in the area under assessment and it is threatened by management activities.</p>
3.5 HCV 5	<p>Is HCV 5 present in the area under assessment?</p> <p>Is HCV 5 threatened by forest management activities?</p> <p>The following threat(s) shall be considered: The compromising (impacting) of fundamental needs of indigenous peoples and local communities by management activities.</p> <p>To assess threat please refer to the legality assessment in order to assess whether community rights are legally recognized and are enforced.</p> <p>For more guidance on identifying the presence of HCV5, see HCV CG.</p>	<p><u>'Low risk' thresholds:</u> (23) There is no HCV 5 identified and its occurrence is unlikely in the area under assessment; OR (24) There is low/negligible threat to HCV 5 caused by management activities in the area under assessment; OR (25) HCV 5 is identified and/or its occurrence is likely in the area under assessment, but it is effectively protected from threats caused by management activities.</p> <p><u>'Specified risk' thresholds:</u> (26) HCV 5 is identified and/or its occurrence is likely in the area under assessment and it is threatened by management activities.</p>
3.6 HCV 6	<p>Is HCV 6 present in the area under assessment?</p> <p>Have significant cultural features created intentionally by humans been identified?</p>	<p><u>'Low risk' thresholds:</u> (27) There is no HCV 6 identified and its occurrence is unlikely in the area under assessment;</p>

²¹ Aichi Biodiversity Target 11 (<http://www.cbd.int/sp/targets/default.shtml>): By 2020, at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes

	<p>Are outstanding natural landscapes present that have evolved as a result of social, economic, administrative, and/or religious imperative?</p> <p>Have sufficient buffers been applied for cultural values when needed?</p> <p>Is HCV 6 threatened by forest management activities?</p> <p>Following threat shall be considered: Destruction and/or disturbance of rights/values determining HCV 6 presence. To assess threat please refer to the legality assessment in order to assess whether community rights are legally recognized and are enforced.</p> <p>For more guidance on identifying the presence of HCV6, see HCV CG.</p>	<p>OR (28) There is low/negligible threat to HCV 6 caused by management activities in the area under assessment; OR (29) HCV 6 is identified and/or its occurrence is likely in the area under assessment, but it is effectively protected from threats caused by management activities.</p> <p><u>'Specified risk' thresholds:</u> (30) HCV 6 is identified and/or its occurrence is likely in the area under assessment and it is threatened by management activities.</p>
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5.6 Examples (informative)

Example 3.1: Risk assessment for HCV 1 (Species diversity. Concentrations of biological diversity including endemic species, and rare, threatened or endangered species that are significant at global, regional or national levels).



Risk designation:

Area 3.I

Geographical and functional scale within the area under assessment:

Wood sourced from outside of threatened species habitat areas– 'low risk'

Wood sourced from threatened species habitat areas (if logging is not forbidden) – 'specified risk';

NOTE: The graphic shows this area as 'specified risk', because within it only some parts (outside of threatened species habitats) are 'low risk' areas.

Examples of Control Measures for 'specified risk':

Sourcing from forest where management plans exist containing sufficient measures ensuring species survival and developed based on species inventory, as confirmed by experts.

Area 3.III

Geographical scale within the area under assessment, no functional scale: since no data is available the assessment results in 'specified risk' designation;

Examples of Control Measures for 'specified risk':

- Consultation with experts that confirms lack of species concentration within the sourcing area
- Stakeholder consultation that confirms lack of species concentration within the sourcing area
- Field surveys conducted by experts that confirm lack of species concentration within the sourcing area
- Field verification of supply units according to the requirements of the FSC-STD-30-010.

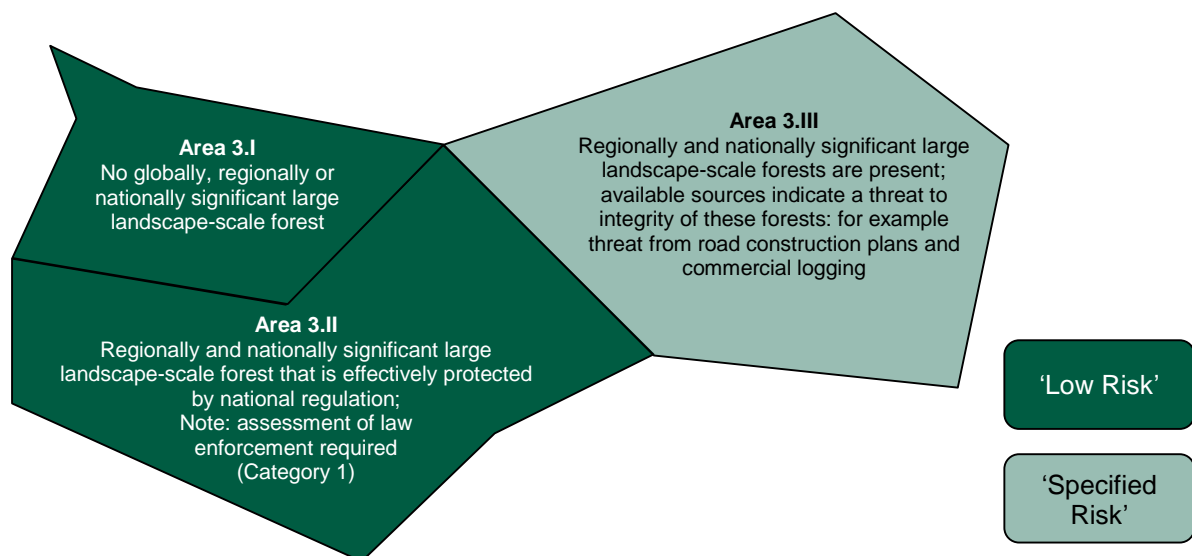
Area 3.IV.

Geographical scale within the area under assessment: since no data is available the assessment results in 'specified risk';

Examples of Control Measures for 'specified risk':

Sourcing CW only from forests certified according to FSC-STD-30-010;

Example 3.2: Risk assessment for HCV 2 (Intact forest landscapes and landscape-level ecosystems and mosaics. Large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance).



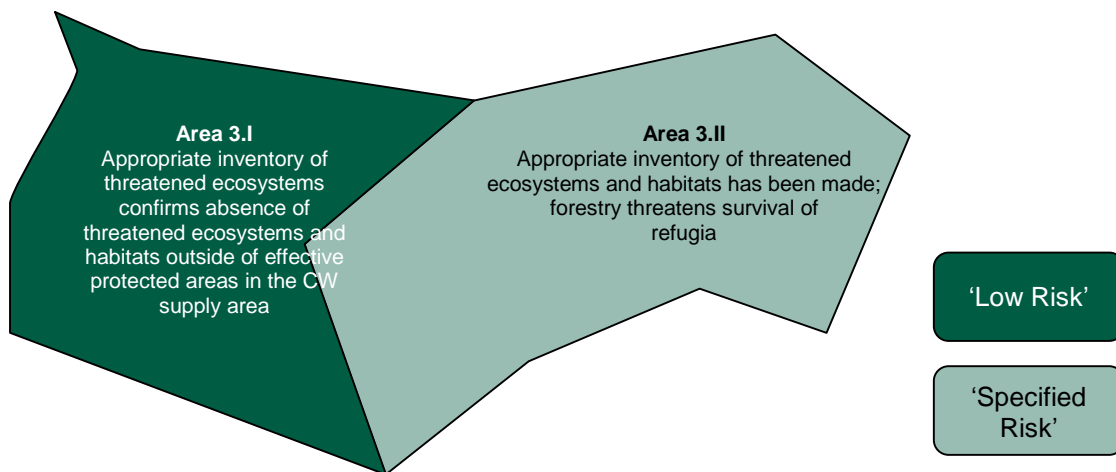
Risk designation:

Area 3.III.

Geographical scale within the area under assessment: the identified presence and threats to HCV cause the 'specified risk' designation;

Example of Control Measure for 'specified risk': Sourcing from forests where fragmentation of forest area does not occur (if IFL – no logging occurs in sourcing area)

Example 3.3: Risk assessment for HCV 3 (Ecosystems and habitats. Rare, threatened, or endangered ecosystems, habitats or refuges).



Risk designation:

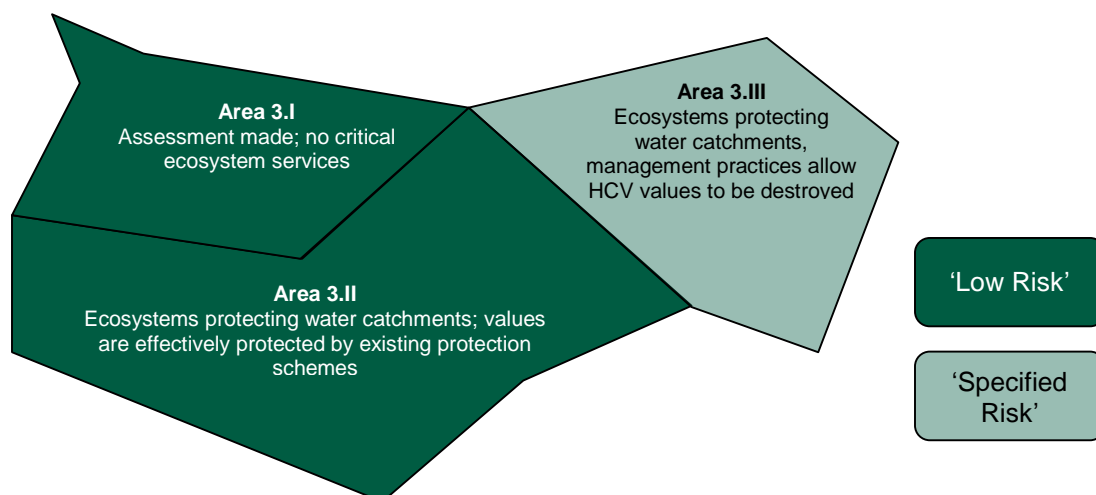
Area 3.II.

Geographical and functional scale within the area under assessment:

- Wood sourced from outside of identified ecosystems and their protection zones – 'low risk'
- Wood sourced from within identified ecosystems and their protection zones (if logging is not forbidden) – 'specified risk';

Example of Control Measure for 'specified risk': Sourcing from forest where management plans exist containing sufficient measures ensuring ecosystem/habitat survival and developed based on ecosystem/habitat inventory, as confirmed by experts.

Example 3.4: Risk assessment for HCV 4 (Critical ecosystem services. Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes).



Risk designation:

Area 3.III.

Geographical scale within the area under assessment, no functional scale: 'specified risk';

Examples of Control Measures for 'specified risk':

- Sourcing from areas where best management practices are implemented
- Exclusion of suppliers threatening HCVs

6 Controlled Wood Category 4: Wood from forests being converted to plantations or non-forest use

6.1 Scope

6.1.1 The scope of Controlled Wood Category 4 covers risk assessment of conversion of natural forests to plantations or non-forest use.

NOTE: Conversion of plantations to non-forest uses is not included in the scope of this category.

NOTE: Risk assessment for this category is required even when the NRA only includes plantations as the forest type.

6.2 Requirements and thresholds

6.2.1 The indicator and thresholds provided in Table 4 shall be assessed.

6.3 Gathering of information

6.3.1 General information and data may include the following types and specific sources shall be used when they are applicable to the national context:

- a) Analysis of economic incentives for conversion vs. land cover changes.
- b) Data on land use change and observed trends (including analysis of eco-regional trends);
- c) Economic modelling;
- d) Information on directly/indirectly paid incentives that favor conversion;
- e) Market conditions for conversion in respect of alternative land use (e.g., palm oil, livestock, etc.);
- f) REDD data;
- g) Related or independent (binding) public policy that prohibits conversion;
- h) Remote sensing and other aerial geographic data.

6.3.2 Spatial data documenting conversion shall be used whenever possible. Data meeting internationally recognized spatial standards (e.g., Open Geospatial Consortium standards) shall be prioritized.

6.3.3 The use of spatial data for risk assessment should be supported by other data types where they exist.

NOTE: Other data types may include but are not limited to land change registries and/or statistics. By undertaking a data audit, the NRA may provide data directories to be used by Organizations implementing Controlled Wood requirements.

6.4 Determination of scale

6.4.1 The maximum spatial scale for the assessment of conversion is the country level. The risk assessment may be conducted at a finer scale, if justified.

NOTE: The default scale should be the ecoregion level, or at the broadest scale at which administrative control of land-use planning is undertaken.

6.5 Designation of risk

6.5.1 When assessing thresholds for conversion, the following aspects shall be considered where relevant:

- a) Extent and impact of activities responsible for endangering forest area. Such activities include legal structures, agriculture, pasture for grazing, settlements, urban development, residential development, mining, dams, energy extraction, etc.;
- b) Governance assessment in areas where conversion of natural forest is prohibited by law. This may include an assessment of the overall effectiveness of the administration (national or sub-national agencies) to ensure the implementation of laws and regulations pertaining to conversion (compare assessment for Controlled Wood Category 1).

Table 4. Requirements for the assessment of conversion

Indicator	Context and considerations	Thresholds
<p>4.1 Conversion of natural forests to plantations or non-forest use in the area under assessment is less than 0.02% or 5000 hectares average net annual loss for the past 5 years (whichever is less), OR Conversion is illegal at the national or regional level on public and private land</p> <p>Note: The following changes are not considered applicable conversion according to the indicator: (legal) road construction, logging landings and infrastructure development to support forestry operations.</p>	<p>Is conversion as defined by the indicator occurring within the area under assessment?</p> <p>Is land use change for natural vegetation effectively prevented by legislation or is there a binding public policy on public and private land?</p> <p>Are there any significant economic drivers for conversion of forest to plantation or non-forest use, including:</p> <ol style="list-style-type: none"> a) Is the economic environment favorable to conversion? b) Are there direct or indirect incentives for conversion?²² <p>NOTE: Land use change data can be used to determine the scale and intensity of conversion.</p> <p>Clear cuts occurring (and being subsequently regenerated) as a legally accepted forest management practice are considered as acceptable conversion. If spatial analysis is conducted, the net loss or gain of forest area shall be assessed by comparing the rate of the area being clear cut against the average rate of regeneration for the period covered by the analysis.</p> <p>Spatial data may be used for conversion assessment when evaluated as sufficient for use in risk assessment. In the case of conducting spatial analysis for assessing the risk, only objects equal or larger than 1 ha need to be considered.</p>	<p><u>'Low risk' thresholds:</u></p> <p>(1) Thresholds provided in the indicator are not exceeded; AND/OR (2) Applicable legislation for the area under assessment covers laws that prevent conversion (to the outcome required by the indicator), AND the risk assessment for relevant indicators of Category 1 confirms that the law is enforced ('low risk'); AND (3) Other available evidence do not challenge a 'low risk' designation.</p> <p><u>'Specified risk' thresholds:</u></p> <p>(4) There is more than 5000 ha net average annual loss or there is more than 0.02% net average annual loss of natural forest in the assessment area in the past 5 years; AND/OR (6) The applicable legislation for the area under assessment covers laws that prevent conversion, but the risk assessment for relevant indicators of Category 1 confirms 'specified risk'; AND/OR (7) There are significant economic drivers for conversion. Data yield evidence that conversion is occurring on a widespread or systematic basis.</p>

²² Examples of incentives include direct payments for conversion, tax relief or tax incentives for alternative land uses directly resulting in conversion; policies which promote large monocultures or biofuels production (oil palm, sugar cane, soya, coffee, as examples); policies which directly or indirectly lead to conversion, such as extension of infrastructure, urbanization process.

7 Controlled Wood Category 5: Wood from forests in which genetically modified trees are planted

7.1 Scope

7.1.1 The scope of Controlled Wood Category 5 covers the risk assessment of sourcing material from areas where tree species of Genetically Modified Organisms (GMO²³) are present.

7.2 Requirements and thresholds

7.2.1 The indicator and thresholds provided in Table 5 shall be assessed.

7.3 Gathering of information

7.3.1 General information and data can be found in the following sources and shall be used when applicable to the national context:

- a) GM Tree Watch (<http://gmtreewatch.org/>);
- b) World Rainforest Movement (http://www.wrm.org.uy/subjects/GMTrees/Information_sheets.html);
- c) UNFAO (www.fao.org)²⁵.

7.4 Determination of scale

7.4.1 The maximum spatial scale for the assessment of GMO (trees) is the country level. The risk assessment may be conducted at a finer scale, if justified.

7.4.2 The application of functional scale should be based on:

- a) The tree species occurring in the area under assessment (considering the likelihood of genetic modification);
- b) The type of forest (natural/managed forest, plantation);
- c) Other considerations relevant to national conditions.

7.5 Designation of risk

7.5.1 When assessing thresholds for the use of GM trees, the following aspects shall be considered where relevant:

- a) In areas where GM trees are allowed in commercial plantations, the systems for controlling the use of GMO shall be assessed. The ability to locate plantations of GM trees through official documents is an important factor for determining risk and the implementation of Control Measures.

²³ A Genetically Modified Organism (GMO) is an organism in which the genetic material has been altered in a way that does not occur naturally by mating and/or natural re-combination.

²⁴ Examples of search entries on www.fao.org: 'GMO', 'GMO forestry', etc.

²⁵ Examples of search entries on www.fao.org: 'GMO', 'GMO forestry', etc.

- b) In countries or areas with poor governance or unclear governance on GMOs, the risk assessment should focus on the presence of GM trees in plantations and/or forests.

NOTE: To date China is the only country in the world to have commercially released GM trees. Research including field trials on genetically engineered trees is being, or has been, carried out in a number of countries such as Australia, Canada, China, Finland, France, Germany, Japan, New Zealand, Portugal, Spain, Sweden, the United Kingdom and the United States. Brazil, Chile and some other countries in Latin America are the most involved in GM engineering and research.

NOTE: The risk in relation to genetically modified trees is usually species specific. Examples of species that have been used to develop GM tree species include American chestnut (*Castanea dentata*), Elm (*Elmerrillia* sp.), Eucalyptus (*Eucalyptus* sp.), Pinelia (*Pinelia* sp.), Poplar (*Populus* sp.), Silver Birch (*Betula pendula*), Spruce (*Picea* sp.) and Walnut (*Juglans* sp.).

Table 5. Requirements for risk assessment of the use of GM trees

Indicator	Context and considerations	Thresholds
5.1. There is no commercial use of genetically modified trees.	<p>Does applicable legislation for the area under assessment include a ban for commercial use of GMO (trees)?</p> <p>Is there evidence of unauthorized use of GMO (trees)?</p> <p>Is there any commercial use of GMO (trees) in the country or region?</p> <p>Are there any trials of GMO (trees) in the country or region?</p> <p>Are licenses required for commercial use of GMO (trees)?</p> <p>Are there any licenses issued for GM trees relevant for the area under assessment? (If so, in what regions, for what species and to which entities?)</p> <p>What species of GMO (trees) are used?</p> <p>Can it be clearly determined in which MUs the GMO (trees) are used?</p>	<p><u>'Low risk' thresholds:</u></p> <p>(1) GMO (trees) use is illegal according to applicable legislation of the area under assessment AND the risk assessment for relevant indicators of Category 1 confirms that applicable legislation is enforced ('low risk'),</p> <p>OR</p> <p>(2) There is no commercial use of GMO (tree) species in the area under assessment,</p> <p>AND</p> <p>(3) Other available evidence does not challenge a 'low risk' designation.</p> <p><u>'Specified risk' thresholds:</u></p> <p>(4) GMO (trees) use is illegal according to applicable legislation of the area under assessment but risk assessment for relevant indicators of Category 1 confirms 'specified risk',</p> <p>OR</p> <p>(5) There is commercial use of GM tree species in the area under assessment.</p>

Annex A Minimum requirements for qualifications of experts to be involved in risk assessment processes and the establishment of Control Measures

1. Experts involved in risk assessment processes and/or the development of Control Measures shall at minimum meet the following requirements:

- 1.1 Controlled Wood Category 1 (Illegally harvested wood)

- a) Expert knowledge on legality in the forestry sector at the national/regional level (please consult Table 1), assessed based on demonstrated experience and/or education and/or licenses in the relevant area.

NOTE: Experts that have relevant knowledge in one area (e.g., one sub-category of law) can only support the risk assessment process and/or Control Measure development for that area of expertise (e.g., for the relevant sub-category of law).

- 1.2 Controlled Wood Category 2 (Wood harvested in violation of traditional and human rights)

- a) Expert knowledge on the rights and presence of indigenous and/or traditional people within the area under assessment, assessed based on confirmed experience and/or education and/or licenses in the relevant area;
- b) Knowledge (including awareness) of existing conflicts pertaining to traditional rights;
- c) Confirmed experience in consultation/mediation with indigenous and traditional peoples;

- 1.3 Controlled Wood Category 3 (Wood from forests in which high conservation values are threatened by management activities)

- a) Expert knowledge on the presence, distribution and/or threats to HCVs within the area under assessment (with a focus on forest ecosystems) confirmed by conservation experience and education and/or relevant licenses; and
- b) Expert knowledge of forest management practices within the area under assessment, assessed based on confirmed experience and/or education and/or licenses in the relevant area;

- 1.4 Controlled Wood Category 4 (Wood from forests being converted to plantations or non-forest use)

- a) Expert knowledge about forest management practices within the area under assessment, based on confirmed experience and/or education and/or licenses in the relevant area;

- 1.5 Controlled Wood Category 5 (Wood from forests in which genetically modified trees are planted)

No specific expert knowledge is required.

Annex B HCV assessment guidance (informative)

Spatial scale considerations for HCV 1 – 6

As part of the process of determining risk, it should be specified in the NRA at what scale risk can be generically applied. To a large extent, this will be determined by the quality of data available and the capacity of the NRA-WG to analyze and process that data. In cases where there are clear data gaps or the quality is poor or contested, a precautionary approach is applied and risk is automatically classified as ‘specified risk’.

When determining the risk for Controlled Wood Category 3, often the challenge will not be the identification of the areas that are/are not ‘low risk’ for HCVs, but the scale that is appropriate in the country or region (compare the ‘Determination of scale’ Sections in this document). As an example in the context of HCVs, most plantations of exotic species will be ‘low risk’ for HCV 1 – 3, as these have few biodiversity values. In these circumstances, it is possible to set ‘low risk’ generally to exotic species plantations. Such an approach may not be justified for HCV 4 - 6, as plantations can potentially cause threats to these HCVs and the location of those values has to be known.

More detailed guidance in relation to scale determination is given below.

HCV 1

Many countries have established sub-national, biological or ecological regions for reporting purposes, and where available, these should be used when specifying risk. ‘Low risk’ regions will be those that have been effectively surveyed and contain no species or concentrations of species or negligible risk to these species or areas.

Where comprehensive surveys have not occurred, substitute measures, such as critical habitat mapping and/or old-growth forest²⁶ mapping can be used, if supported by experts and stakeholders.

In addition, risk for this HCV can be assessed using functional scale. An example of functional scale might be plantations of exotic tree species (see above), where the risk of finding either species or concentrations of species would be low.

Exotic plantations can sometimes be used by migratory species in which case ‘specified risk’ and Control Measures can be identified.

Example approach: using national data.

The wedge-tailed eagle in Tasmania is a nationally significant sub-species. This species is widespread, forest dependent and endangered. A Population Viability Analysis has been

²⁶ The term ‘old-growth forest’ as used in this document refers to that which is used in Australian and US interpretations of HCVs, according to the following definition:

‘Old-growth forest is ecologically mature forest where the effects of disturbances are now negligible. Old-growth and late successional stands and forests include:

A) Type 1 Old-growth: stands that have never been logged and that display late successional/old-growth characteristics.

B) Type 2 Old-growth: stands that have been logged, but which retain significant late-successional/old-growth structure and functions.

In heavily modified landscapes old-growth elements are often reduced to small stands or even single ancient trees. This definition does not apply to tropical forests where the concept is not useful.’

Please note that for other regions, reference to old-growth forests (where relevant) requires an interpretation to be provided by the NRA-WG.

undertaken for this species. This has identified the extent and level of threat posed by logging/clearing. It is one of a number of genetically distinct and or endemic species found in Tasmania's forests.

HCV 2

The spatial threshold for this value is highly dependent on the context. In forest ecosystems with high intrinsic diversity all the attributes required to maintain the ecosystem might be found in a relatively small geographical area, for example a single mountain of 2000 ha or along a narrow peninsular of 4000 ha. In this example it is not the size of the area that is important but the integrity and/or uniqueness of the ecosystems present.

In highly diverse ecosystems a series of small remnants may be viable if the genetic dispersal mechanisms are still working, for example via fruit eating bats or birds. In ecosystems like boreal forest very large areas are required to maintain the migratory species dependent on them. In many cases these forests are in old-growth condition or contain a high proportion of old-growth elements, because they have not been the subject of industrial scale logging.

Wilderness areas are by their nature large and often contain non forest as well as forest ecosystems. Provided the forest areas form part of these larger areas they are eligible to be considered for this value.

For these reasons NRAs should use a range of sources (both published and unpublished) to determine if the kinds of areas listed above are present. These areas are often the most important for conservation in any given country, so have often been identified by nationally or internationally based ENGOs.

This value often crosses regional and or national boundaries and risk must be determined in the context of the whole area.

Functional scale can be used to identify areas of 'low risk' for these HCVs, for example large areas of industrial forests or plantations will be 'low risk'.

Example approach:

Background (1): A large nationally based ENGO has hired a consultant. This consultant has identified an area of intact forest that is of World Heritage Significance. This includes buffer areas that have had some limited logging and roading. The consultant has advised that with some road closures and restoration, an appropriate boundary to allow for a World Heritage Nomination exists. The NRA, through the use of expert peer review, identifies that this whole area meets the threshold of 'specified risk' for this value, thus this area is not 'low risk'. However, the areas adjacent which are a matrix of logged and unlogged forest, are 'low risk' for this value.

*Background (2): Boreal woodland caribou (*Rangifer tarandus caribou*) is a species at risk in Canada, which is threatened with extinction and is highly sensitive to logging activity and other human disturbance and depends on large areas of boreal forest for its survival. Scientists have confirmed that existing levels of disturbance and fragmentation in the boreal forest already pose significant threats to woodland caribou survival. Given the importance of intact forest landscapes, all intact forest landscapes in Canada would be considered 'specified risk', if known to be important or potential habitat to the woodland caribou and if logging exists or is planned in the area.*

HCV 3

Where available, as for HCV 1, sub-national, biological or ecological regions should be used to specify risk. In addition, risk for these HCVs can be assessed using functional scale.

An example of functional scale might be plantations of exotic tree species, where the risk would be low of finding rare forest communities or old-growth native trees. In some cases plantations can contain native vegetation ecosystems remnants within in them. If these remnants are protected or not harvested then plantations will be 'low risk' for these HCVs.

By their nature rare ecosystems are sometimes poorly mapped, in other cases every remnant is mapped. Where mapping is poor, but rare ecosystems are known to exist within a sub-national biological or ecological region, Control Measures will be required as these regions are not 'low risk'.

Where possible, national lists should be used to identify these entities. Where old-growth and primary forests are at or below 17% of their pre-industrial land cover at a sub-national biological or ecological regional level, they should be considered as 'specified risk' for this value.

Example 1:

A study of the forests was under taken 10 years ago and it was identified that less than 8% of the forests in the whole country were in old-growth condition. There is no prohibition of old-growth logging in the country and most of the remaining old-growth forest is known to occur in one 'region'. Not all old-growth stands are mapped. This region is 'specified risk' for HCV 3 - and Control Measures designed to avoid materials sourced from old-growth will need to be applied.

HCV 4

Mapped catchments should be used to specify risk. The appropriate scale should be determined by the NRA. Catchment units should be small enough to allow for Control Measures to be effectively implemented. Priority should be given to identifying catchment units supplying communities with domestic, irrigation and industrial water and catchments whose management could pose the threat of landslides and flooding impacts on communities.

HCV 5

The sourcing areas, from which the local communities or indigenous peoples are drawing resources from, need to be identified and mapped.

HCV 6

The areas containing the sites of significance appropriate to these HCVs need to be identified and an appropriate boundary which includes appropriate buffers delineated.

Note: The area of nomad peoples can be very broad.

Examples of scenarios of HCV assessment

SCENARIO 1 NO VALUES OR THREATS

HCV 1-6 ASSESSED, NO VALUES PRESENT IN NATURAL FORESTS	EXPERTS/STAKEHOLDERS AGREE	'LOW RISK' NO ADDITIONAL VERIFICATION REQUIRED
EXOTIC PLANTATIONS ASSESSED, NO VALUES PRESENT		
ADJACENT AREAS OF NATURAL VEGETATION NOT THREATENED BY FOREST MANAGEMENT ACTIVITIES		

SCENARIO 2 PLANTATIONS ONLY

NO HCV 1 PRESENT IN NATURAL FORESTS	EXPERTS/STAKEHOLDERS AGREE	RISK IS SPECIFIED AS FOLLOWS:
NO HCV 2 PRESENT.		
HCV 3 SCATTERED OLD TREES PRESENT IN NATURAL FOREST THAT ARE IMPORTANT FOR MAINTAINING FOREST BIODIVERSITY ARE SUBJECTED TO LOW INTENSITY HARVEST - ING. POORLY MAPPED & NOT PROTECTED.	RISK SPECIFIED	WOOD SOURCED FROM NATURAL FORESTS MUST BE VERIFIED AS NOT COMING FROM REMNANT OLD TREES.
HCV 4 EXOTIC PLANTIONS OCCUR IN WATERSHEDS IMPORTANT FOR DOMESTIC WATER SUPPLY. THESE ARE WELL MAPPED. STAKEHOLDER CONCERNS EXIST.	RISK SPECIFIED	WOOD SOURCED FROM PLANTATIONS IN THE SPECIFIED CATCHMENTS MUST BE VERIFIED AS MEETING STAKEHOLDER EXPECTATIONS OF CATCHMENT MANAGEMENT.
HCV 5 NO FOREST DEPENDANT COMMUNITES.		
HCV 6 NO INDIGENOUS PEOPLES		

SCENARIO 3 A LARGE COUNTRY WITH HIGH ECOLOGICAL AND CULTURAL DIVERSITY

THERE ARE 20 ECOLOGICAL REGIONS WITH FORESTS. 8 HAVE BEEN SUBSTANTIALLY CLEARED AND WOOD IS SOURCED FROM PLANTATIONS IN THESE REGIONS.	EXPERTS/STAKEHOLDERS AGREE HCVASSESSMENT FRAMEWORK PREPARED FOR USE BY ORGANIZATIONS	RISK IS SPECIFIED AS FOLLOWS:
HCV 1 PRESENT IN ALL REGIONS, POORLY MAPPED AND LOCATED. 3 MIGRATORY SPECIES OCCASIONALLY USE PLANTATIONS.	RISK SPECIFIED – ALL ECOLOGICAL REGIONS	ORGANIZATIONS SOURCING PLANTATION WOOD FROM 8 ECOLOGICAL REGIONS MUST IMPLEMENT CONTROL MEASURES FOR HCV1; 'LOW RISK' ALL OTHER HCVS
HCV 2 AN INTACT FOREST LANDSCAPE HAS BEEN IDENTIFIED. THIS CROSSES THE BOUNDARY OF 2 ECOLOGICAL REGIONS.	RISK SPECIFIED – NO MAPPED AREA	ALL OTHER SOURCES OF WOOD INCLUDING PLANTATION WOOD FROM 12 ECOLOGICAL REGIONS MUST BE ASSESSED FOR HCVS USING AN HCV ASSESSMENT FRAMEWORK.
HCV 3 ARE FOUND THROUGHOUT THE 8 ECOLOGICAL REGIONS THAT HAVE BEEN SUBSTANTIALLY CLEARED OF NATURAL FOREST. NO LOGGING IS OCCURRING IN NATURAL FOREST IN THESE EOLOGICAL REGIONS. IN ADDITION THERE ARE OCCURENCES THROUGHOUT THE OTHER BIOREGIONS. MAPPING OF THESE IS NOT COMPREHENSIVE.	RISK SPECIFIED – TO 12 ECOLOGICAL REGIONS	HCV 2 IS SPECIFIED TO MAPPED LOCATIONS, 23 CRITICAL CATCHMENTS HAVE BEEN SPECIFIED AND ALL INDIGENOUS PEOPLES HAVE BEEN LOCATED BY THE NRA. THESE DATA TOGETHER WITH THE LIMITED DATA FOR HCV 1, 3 AND 5 FORM PART OF AN ONLINE DATA DIRECTORY TO AID COMPANIES IN ASSESSING HCV AND VERIFYING CONTROL.
HCV 4 LOGGING IN CATCHMENTS IN THE 8 HEAVILLY CLEARED ECOLOGICAL REGIONS IS STRICTLY CONTROLLED. IN THE OTHER ECOLOGICAL REGIONS MINIMAL REGULATION, POORLY ENFORCED. GOOD MAPS.	RISK SPECIFIED – TO 23 MAPPED CATCHMENTS	
HCV 5 IN PARTS OF THE COUNTRY WHERE INFRASTRUCTURE AND RESOURCES USE IS LESS DEVELOPED. LOCAL COMMUNITIES ARE HIGHLY DEPENDANT ON FOREST CATCHMENTS FOR SUPPLYING UNTREATED WATER DIRECTLY FROM FOREST STREAMS.	RISK SPECIFIED – TO 12 ECOLOGICAL REGIONS	THE APPLICATION OF THE ASSESSMENT FRAMEWORK AND ANY CONTROL MEASURES APPLIED BY COMPANIES WILL BE AUDITED.
HCV 6 THERE ARE INDIGENOUS PEOPLE LIVING IN FORESTS ADJACENT TO THELARGE INTACT FOREST AREA, IN SCATERED MAPPED COMMUNITIES.	RISK SPECIFIED – TO MAPPED COMMUNITIES	*THIS COULD ALSO APPLY TO SMALL BUT HIGHLY7-DIVERSE COUNTRIES