



FSC® PROCEDURE ADDENDUM

FSC National Risk Assessment Framework

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Contact: FSC International Center
- Policy and Standards Unit -
Charles-de-Gaulle Str. 5
53113 Bonn, Germany
Phone: +49-228-367-66-0
Fax: +49-228-367-66-30

E-mail for comments: policy.standards@fsc.org

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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 clear and transparent content and process steps for making risk designations ('low risk' or 'specified risk') in National Risk Assessments for the five categories of Controlled Wood that are to be avoided.

B Scope

This document specifies the content requirements and process steps to be followed by FSC Network Partners or other authorized entities to develop, maintain and revise Controlled Wood National Risk Assessments.

All aspects of this procedure addendum are considered to be normative, including the scope, effective date, references, terms and definitions, tables, addendum and annexes, unless otherwise stated.

C Key Dates

Approval date	To be determined
Publication date	To be determined
Effective date	Upon approval
Period of validity	Until 31 December 2018

D References

FSC-STD-01-002 FSC Glossary of Terms

FSC-STD-01-001 FSC Principles and Criteria for Forest Stewardship

FSC-STD-40-005 Company evaluation of FSC Controlled Wood

FSC-STD-01-005 FSC-STD-60-006 Process requirements for the development and maintenance of National Forest Stewardship Standards

FSC-PRO-01-008 Processing Complaints in the FSC Certification Scheme

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PART I GENERAL PROCESS REQUIREMENTS

Introduction

This document provides the required content and steps in the process for making risk designations ('low risk' or 'specified risk') in National Risk Assessments for the five categories of Controlled Wood that are to be avoided:

- 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.

For areas designated as specified risk, this document provides the process for establishing control measures that the Organization must follow in order to mitigate the risk of unacceptable wood in their FSC supply chain.

A precautionary approach shall be used when designating risk. Therefore, any area worldwide is considered unspecified risk until low risk or specified risk can be determined, and controlled material cannot be sourced from that area unless it is FSC certified.

Stakeholder consultation note:

Options for sourcing controlled material from areas without risk determination (areas not covered by the NRAs) are still discussed among the Controlled Wood Technical Committee members and will be further consulted during NRAF development and as part of the standard FSC-STD-40-005 revision.

For definitions of used concepts please follow the *FSC-STD-01-002 Glossary of terms* and *FSC-STD-01-001 V5-0 Principles & Criteria for Forest Stewardship*.

Summary of risk designation process

The process used when conducting risk designations for each of the Controlled Wood categories comprise several interrelated steps as summarized below.

1. **Baseline assessment**

Definition of scope, governance issues and other general issues (where needed).

2. Research

Review of indicators that must be met to satisfy requirements for the category, and identification of applicable sources of information that will be used for risk assessment; all relevant and reliable data shall be considered and utilized.

3. Spatial scale determination

Determination of geographical scale and additional appropriate scale for each category (division of areas under assessment). Please see description and examples under section 'Additional specification', clause 'A' below.

4. Evaluation of conformance

Evaluation of conformance shall be conducted for the requirements in each category and area under assessment. Depending on the indicators and threshold used for conformance evaluation, each category and associated indicators may either be assessed 'low risk' or 'specified risk'. Low risk for each category can be specified only when all the indicators are designated low risk.

5. Risk specification

Summary of conformance evaluation description of the type and nature of the risk(s) for all indicators. Where risk determination is not possible, then no controlled wood can be sourced, until risk specification can take place. Also, when risk mitigation is not possible, products shall not be sourced as controlled material unless FSC certified.

6. Establishment of control measures

Establishment of the control measures for specified risk areas that the Organization certified according to FSC-40-005 V3-0 shall use to avoid unacceptable material from entering the FSC supply chain. Control measures shall include, but may not be limited to the examples provided for each category.

Where risk determination is not possible (compare section 'Risk specification' above), a control measure shall be applicable only allowing material to be sourced as FSC-certified material.

Additional specification

A. Spatial scale of risk assessment

Risk assessment shall be made for particular areas, referring to 'districts' as defined in *FSC-STD-40-005*¹.

Different areas can be used, as appropriate, for different categories. Assessment should be at a sufficiently fine scale to differentiate between areas of low and specified risk. Different factors may be used based on the category and the scale of the area under assessment, e.g. different jurisdictions, legal structures governing forest management, population density, ecoregions, bioregions, etc.

¹ According to the current version of the FSC-STD-40-005 (V 2-0), district is defined as follows: generic geographical definition within a country, which has similar features and similar risk for controlled wood categories and from which wood is sourced. It can be a county, locality or watershed, and is normally a sub-set of an eco-region.

An additional subdivision within the area under assessment may be applied (e.g. in terms of ownership, forest type, etc.); called a 'functional scale' and is illustrated below.

The appropriate scale for a risk assessment may differ between categories and their indicators, and is to be explored in greater detail for each Controlled Wood category.

Whenever possible, maps documenting areas of different risk shall be provided for upload at the Global Forest Registry.

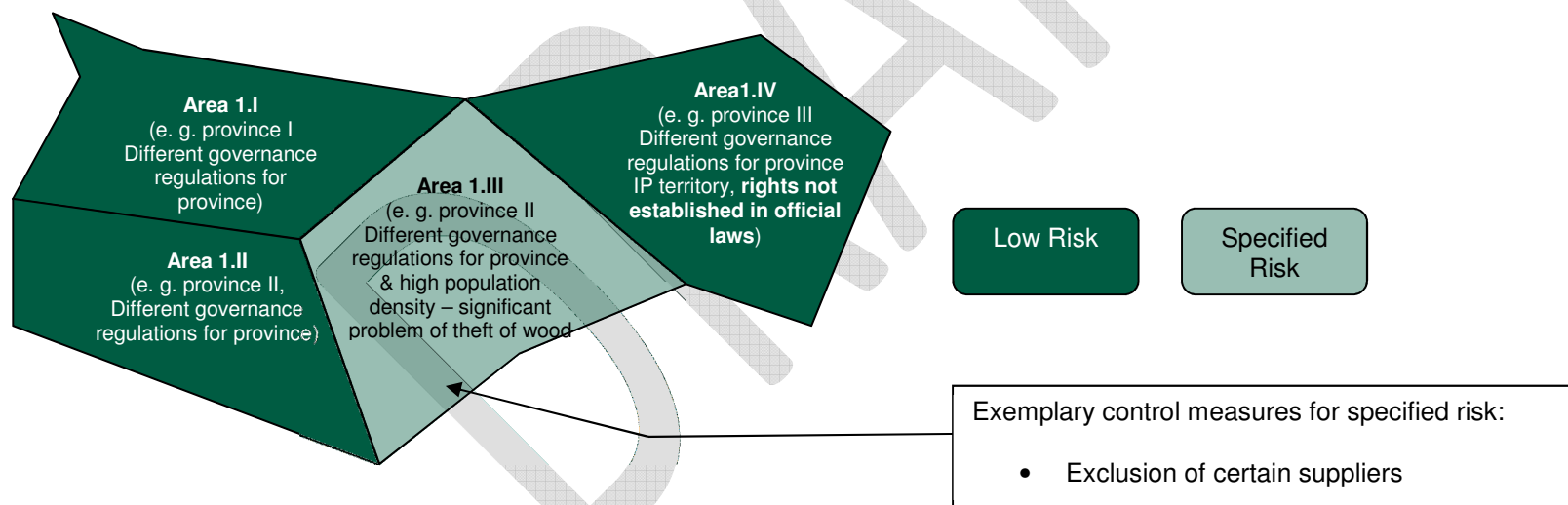
When no maps are available, a clear description of the area borders and specification of functional scale shall be provided (borders may be described as a reference to the existing administrative or environmental divisions).

Need for functional sub-division of spatial scale

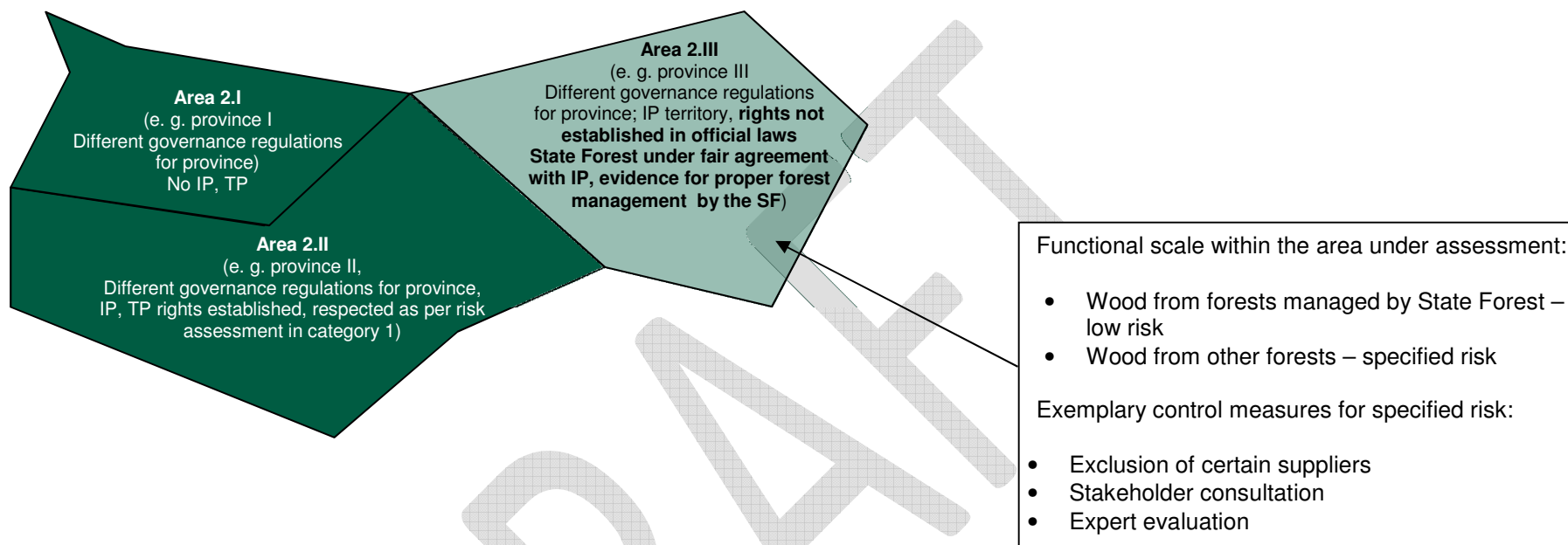
If there are significant differences in conformance level between different types of ownership within the area under assessment (e.g. public forest, private forest, industrial forest), between different types of forest (e.g. natural forest and plantations) and ecosystems, infrastructure, scope of forest management (in relation to forest inventory, hunting, planning regulations), these differences shall be identified when specifying the risk and appropriate control measures shall be determined in accordance with the applied functional scale.

General approach to spatial and functional scope of assessment is illustrated below:

Category 1 – Illegally harvested wood – Spatial division, no functional scale



Category 2 – Wood harvested in violation of traditional and human rights – spatial and functional scale has been applied



B. Control measures

Normative control measures shall be established for areas and categories that are designated as 'specified risk'. Organizations are to follow the normative control measures in order to mitigate the risk of sourcing material that is not controlled.

Control measures are the actions that an Organization sourcing wood from an area with specified risk shall take in order to mitigate the risk of sourcing material from unacceptable sources.

A number of different control measures shall be considered depending on national/regional circumstances. Examples of the control measures may include but not be limited to:

- Stakeholder consultation with guidance as to how consultation shall be conducted by the Organization;
- Document verification;
- Expert evaluation with the indication of expertise required according to the national context;
- Field and supply chain audits with the specification of which elements shall be assessed, as well as how and when audits shall be conducted;

- Third party verification with specification of the parties required and acceptable/exemplary method of verification;
- Test to confirm species and/or origin, such as DNA tests, isotope tests and fiber tests (e.g. to confirm origin of species covered by CITES);
- Legally binding agreements with suppliers and sub-suppliers related to risk mitigation (e. g. conformance commitments with procedures, right to audit at any time, obligations to provide information within a certain time frame);
- Training and capacity building of suppliers and sub-suppliers related to the risk mitigation; and
- Exclusion of suppliers.

NOTE: Whenever the NRA identifies specified risk under categories 1-5, control measures shall be provided. Nationally developed control measures will be mandatory for Organizations sourcing from specified risk areas. The NRA is required to consider relevance of the control measures and where applicable, NRA shall specify requirements for how these control measures shall be applied (e.g. whenever stakeholder consultation is established as a control measure, requirements for consultation shall also be specified). Requirements for implementation of different control measures specified in the NRA shall not go below requirements specified in the relevant valid FSC normative documents. For example, whenever stakeholder consultation is required as a control measure, its requirements shall be equal or more demanding than consultation requirements specified in FSC-STD-40-005 or FSC-ADV-40-005 XX Stakeholder consultation (document under public consultation) or other relevant FSC documents. It is recommended to include references to requirements specified in existing FSC standards.

Where there is an approved National Standard, the control measures may refer to the chosen indicators and verifiers of the *FSC Principles and Criteria*. Where there is no National Standard, the Certification Body (CB) Standard, and then, the future International Generic Indicators (IGIs) may apply.

The appropriate control measures depend on the type of potential non-conformance in question. Some types of non-conformances can be verified by a field visit to the harvesting sites, while others can be verified based on document control. In some cases a combination of different control measures may be required in order to ensure proper risk mitigation. When there are doubts about what control measures should be established, additional experts approved by stakeholder consultation shall be involved to determine control measures.

In cases where risk mitigation is not possible, products shall not be sourced as controlled material.

C. The FSC Global Forest Registry

Development of National Risk Assessments shall consider, but is not limited to the information available in the FSC Global Forest Registry (www.globalforestregistry.org). This site constitutes as a central information point and resource center for controlled wood. It will also contain all drafts and approved versions of National Risk Assessments.

D. Templates

For each category, a table is provided, that should be used for documentation of risk assessment outcomes (compare Annex 4 of FSC-PRO-60-002 V 3-0: NRA Template). Visual translation of process steps is included in the exemplary table below.

NOTE: Table 1 for category 1 lacks 2 columns due to their common content throughout the table.

- Step 1. \Rightarrow Baseline assessment
- Step 2. \Rightarrow Research
- Step 3. \Rightarrow Spatial scale determination = division for area under assessment (and eventual determination of appropriate subdivision within the area)
- Step 4. \Rightarrow Compilation table for each area under assessment

Requirements	Guidance	Sources of information	Thresholds	Risk assessment	Control measures
<i>Information provided by the NRAF</i>					
E.g. Indicator 1.1.	NRAF guidance: Legislation covering land tenure rights, including customary rights (...)	NRAF examples: www.(....)gov.com www.(...).org info.fsc.org	NRAF thresholds (e. g.) 1-international sources confirm law enforcement (?); 2-National/regional sources confirm law enforcement (?);	To be determined	NRAF examples: Stakeholder consultation required when sourcing from area (requirements for consultation specified)
<i>Process steps</i>					
\Rightarrow Baseline assessment \Rightarrow Research	\Rightarrow Baseline assessment \Rightarrow Research \Rightarrow Spatial/functional scale	\Rightarrow Baseline assessment \Rightarrow Research \Rightarrow Spatial/functional scale	\Rightarrow Baseline assessment \Rightarrow Research \Rightarrow Spatial/functional scale \Rightarrow Evaluation of conformance	\Rightarrow Evaluation of Conformance \Rightarrow Risk assessment	\Rightarrow Control measures
<i>Final NRA table (outcomes)</i>					
Indicator 1.1.	Act of law No Ministry Decree Local Law Decree	www.(....)gov.com www.(...).org info.fsc.org Stakeholder consultation	1- International sources confirm law enforcement; 2- National/regional sources DO NOT confirm law enforcement	SPECIFIED RISK E. g.: Sources confirm that customary rights are not respected in the private forest sector	<ul style="list-style-type: none"> • Stakeholder consultation according to FSC-STD-30-010 • engagement of local experts knowledgeable about customary rights

PART II SPECIFIC PROCESS REQUIREMENTS FOR CATEGORIES OF CONTROLLED WOOD

Category 1: Illegally harvested wood

1. Baseline assessment

Scope

FSC defines *illegally harvested wood* as:

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.

Compliance with all laws, regulations, and nationally-ratified international treaties, conventions and agreements related to forest management and forest ecosystem protection is covered under this category, and includes laws and regulations covered by timber legality legislation, such as the EU Timber regulation, the US Lacey Act² and the Australian Prohibition Act, and Principle 1 of the *FSC Principles and Criteria (FSC-STD-01-001 v5)*. The term law also includes legal binding regulation, code of best practices and other legal binding prescriptions. International legislation which is ratified by and in force in the country of harvest shall also be included, such as relevant ILO conventions.

Social and environmental legislation applicable to harvesting is also included in the scope of this category, such as health and safety legislation, use of official labour covered by required insurance, respect of harvesting restrictions (such as buffer zones, retention trees, protected species, etc.), and third-party rights covered by legislation, etc.

Forest Products shall be broadly understood as any forest products which can be sold with an FSC claim by the operation in charge, including greeneries, seeds and other non-timber forest products.

A country may not have any legislation covering child labour, and even though the use of child labour in connection with harvesting is not covered by FSC Controlled Wood category 1, the use of child labour is still considered unacceptable for FSC and is included under the Controlled Wood category 2.

Special considerations regarding corruption

In countries considered as high risk in terms of corruption (countries with a corruption perception index of less than 50), there is an increased risk that forest operators may have obtained required permits and licenses through bribery and such instances are not considered in compliance with legal requirements.

² Note that trade and custom laws are included in the EU Timber Regulation and the Lacey Act regulations but and not in Controlled Wood Category 1; the FSC Chain-of-Custody standard (FSC-STD-40-004), which is the parent standard to the Controlled Wood standard, addresses issues related to trade and customs laws.

Corruption can be a challenge to evaluate, is often not covered by reliable official statistics and can take place in many different ways. Consultation with relevant experts shall take place to evaluate the extent of corruption in countries where the corruption perceptions index is less than 50. Special attention to corruption shall be given to legal requirements requiring approval from public bodies, such as harvesting permits, concession licenses, custom declarations, etc., as well as in connection to the purchase of forest products or harvesting rights from publicly owned land. Corruption is unlikely to vary significantly between different regions within the same country, however it may vary between sectors. Differences between the sectors can be base for functional scale in terms of risk determination (compare section 'Spatial scale determination' in Part I).

For more information and guidance, 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

Governance

Overall administrative capacity to oversee effective implementation of laws and regulations pertaining to this category shall be assessed. Governance and the effective implementation of laws and regulations often directly influence risk of illegal logging. Countries or areas under assessment with poor governance and/or a high level of corruption in the specific sector would not usually be able to secure effective implementation of laws and regulations and would therefore also fall into a risk specification for the category as a whole.

The track record of regulatory agencies, e.g. via stakeholder consultation, shall also be considered.

2. Research

The first step in determination of risk for legality in a National Risk Assessment is to identify applicable legislation for the indicators (sets of law-types) listed in Table 1. Table 1, 'Checking compliance with forest harvesting legislation', requires that the scope of legislation is clearly identified at a national and sub-national (if applicable) level. It shall be clear which laws and regulations are applicable within the country or jurisdiction.

In countries with clearly-defined laws, the identification of applicable legislation is a relatively easy exercise. In other countries, inadequate, conflicting or inequitable laws make it more challenging to identify applicable legislation. Furthermore, in some countries, there may be conflicting laws, particularly where legislation is enacted at both national and regional level. In such cases, additional stakeholder consultation or/and consultation with FSC International may be needed in order to establish the legal framework to be evaluated in the National Risk Assessment.

FSC endorsed Forest Management standards and interim Forest Management standards produced by accredited certification bodies include an annex with a list of applicable legislation within the country covered by the standard. Such a list maybe a good starting point, but shall be used with caution since the list may be outdated and/or may not cover the full scope outlined in Table 1 below.

Countries which have entered a Voluntary Partnership Agreement (VPA) with EU have gone or are going through a process of mapping and evaluating national forest related forestry legislation which involves a broad range of stakeholders. For these countries, valuable information may be used from the VPA process. If the VPA process include legislation exceeded in the points listed in Table 1, these shall be considered in the FSC National Risk Assessment. FSC is committed to ensure compliance with the VPA requirements through FSC certification.

Laws contradicting responsible forest management

Some countries may have legislation contradicting basic principles of responsible forest management and FSC's mission, e.g. forest laws which exclude local people from access to forest resources which forces them to operate illegally to meet their basic livelihood, or the forest law prescribes activities destroying high conservation values etc. Though legal, such practices will be considered as unacceptable under category 2 to 5 of the Controlled Wood unacceptable sources. 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 FSC³ International and relevant stakeholders.

Sources of information to evaluate compliance

When the applicable legislation has been identified, the next step is to identify sources that can be used for evaluating the level of compliance with the applicable legislation. If possible, independent information shall be used. Note that some official statistics tend to be biased because the authorities do not want to make enforcement problems visible. Below are some examples of type of information sources which shall be considered:

- Government reports and assessments of compliance with related laws and regulations.
- Independent reports and assessments of compliance with related laws and regulations, e.g. the Royal Institute of International Affairs: www.illegal-logging.org.
- Stakeholder and expert consultation.
- Transparency International http://www.transparency.org/policy_research/surveys_indices/cpi for Transparency International indices.
- World Bank Worldwide Governance Indicators: info.worldbank.org/governance/wgi/sc_country.asp.
- Chatham House: <http://www.illegal-logging.info/>.
- Interpol: <http://www.interpol.int/Crime-areas/Environmental-crime/Projects/Project-LEAF>.
- Public summaries of FSC forest management certification reports published at info.fsc.org.
- Public summaries of other 3rd party forest legality certification/verification systems.

In cases where reliable statistics and information sources do not exist, the compliance with the requirements shall be evaluated by consultations with experts within the area.

In some cases, multiple sources of information may be used to verify the compliance level with specific requirements, e. g. health and safety may be evaluated directly by authorities checking worker safety and indirectly by accident inventories.

³Throughout this addendum, 'FSC International' refers to the staff person within the FSC Policy and Standards Unit designated to manage the FSC Controlled Wood system. Contact details can be obtained through the FSC webpage, www.fsc.org, or by writing to policy.standards@fsc.org.

In countries where FSC forest management certification takes place, review of public summaries of certification reports may provide valuable information on legal areas where non-compliances have been identified during the certification process. It can be assumed that legal violations identified for operations seeking FSC certification will also be common for non-certified operations.

Risk Assessment Indicators for category 1

The indicators identified in Table 1 shall be applied. Table 1 provides a framework for the classification of risk for different types of legislation covered by the scope of legality definition.

Please note that all of the issues in the table below are applicable only if they are legally regulated within the country of origin. If no legislation exists covering the issues below, there is no risk of legal violations and the risk can be classified as low.

The table contains indicators used in the risk assessment for legality and additional guidance specific to category 1:

Indicator – Applicable legal category and sub-categories: This column contains the generic sets of law that constitute the framework of applicable legislation relevant to forest management, trade and transport of forest products related to the forest. The applicable list of laws may be included here.

Legal authority (national/ regional/ local): The governance level of applicable legislation that needs to be defined per indicator; this column is associated with the Indicator column.

Guidance: This column contains an explanation of each legal indicator and guidance to its intent to be used during risk assessment. The explanation provides some guidance to the potential risks that could be relevant for each legal indicator.

Sources of information: For all the indicators see section “Sources of information to evaluate compliance” under “Research” section.
NOTE: from editorial reasons column is not included in the guiding table 1. This column is required for outcomes of the risk assessment.

Thresholds: For all the indicators see section: “Compliance thresholds” under the “Evaluation of conformance” section.
NOTE: from editorial reasons column is not included in the guiding table 1. Column is required for outcomes of risk assessment.

Control measures: both the control measures and verifiers (provided for category 1) are formulated to allow verification of each legal indicator if risks have been specified. The verifiers are used to evaluate if the risk specified is present in the individual region or area identified during the risk assessment, or to evaluate the effectiveness of risk mitigating actions. Where no specified risk has been identified, mitigating action or verification is not required.

Table 1. Legality assessment

Indicator (Applicable legality categories and sub- categories)	Legal authority: (national/ regional/ local)	Guidance	Control measures and verifiers
Legal rights to harvest		General risk specification requirement: The legal status of the Forest Management Enterprise shall be clearly defined and its boundaries delineated. The FME shall prove that it has validly obtained the legal right to operate and to harvest timber from within the defined FMU.	
1.1.Land tenure and management rights		<p>Legislation covering land tenure rights, including customary rights as well as management rights that include the use of legal methods to obtain tenure rights and management rights. It also covers legal business registration and tax registration, including relevant legal required licenses.</p> <p>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.</p> <p>The intent of this indicator is to assure that any land tenure and management rights have been issued according to the legislation.</p>	<p>References: P&C V4, Criteria 1.1 and 2.1 P&C V5, Criteria 1.2, 3.1 and 4.1</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> • Land registry shall confirm ownership and validity of property deed. • Tax authorities shall confirm valid tax registration. • The business register shall confirm valid business licenses to operate within the jurisdiction. • In areas with land ownership conflicts, consultation with neighbours, local communities and others shall confirm that land tenure rights are clear. • Stakeholder consultation shall confirm that registration of Forest Management Enterprise has been granted following legally prescribed processes. • Stakeholder consultation shall confirm that legal status of the operation or rights for conducting the established activities are not subject to court orders or other legally established decisions to cease operations. • The management contract or other agreements with the owner shall indicate clear management rights. • Valid business registration documents shall exist. • The issuance of legal rights and registration shall be subject to public disclosure prior to commencement of any activities within FMUs. • Inspections of harvesting site shall confirm that harvesting takes place within property limits (including felling, transport and log landings).

<p>1.2 Concession licenses</p>		<p>Legislation regulating procedures for issuing forest concession licenses, including use of legal methods to obtain concession license.</p> <p>Especially bribery, corruption and nepotism are well-known issues in connection with concession licenses. The process of issuing forest concession licenses or harvest rights shall follow proper procedures.</p> <p>The intent of this indicator is to avoid situations where organisations are obtaining concession licenses via illegal means such as bribery, or where organisations or entities that are not eligible to hold such rights do so via illegal means.</p> <p>The threshold that should be considered when evaluating the risk in this indicator is to identify situations where due process has not been followed and the concession rights therefore can be considered to be issued on an illegal basis. The level of corruption in the country or sub-national region is considered to play an important role and corruption indicators should therefore be considered when evaluating risks.</p>	<p>References: P&C V4, Criterion 1.1 P&C V5, Criteria 1.3 and 1.7</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> • Proper legal procedures for obtaining concession licenses shall be followed. • Valid concession license agreements shall exist. • The process of obtaining concession shall follow an open and transparent process based on clear criteria and be confined to eligible organisations. • Independent stakeholder consultation shall confirm that legal procedures for obtaining concession licenses have been followed.
<p>1.3 Management and harvesting planning</p>		<p>Any legal requirements for management planning, including conducting forest inventories, having a forest management plan and related planning and monitoring, as well as approval of these by Competent Authorities.</p> <p>The main threat is when the management plan quality results in severe overharvesting (this can be due to very faulty taxation data or simply incorrect or missing calculations). Cases where required management planning documents are not in place or not approved by competent authorities should be considered.</p>	<p>References: P&C V4, Criterion 1.1 P&C V5, Criteria 1.3 and 7.2</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> • Approved forest management plans shall exist for the FMU where the harvesting is taking place. • Forest management plans shall contain all legally required information and procedures. • Annual operating or harvesting plans shall be in place and approved by legally competent authorities. • Annual operating or harvesting plans shall contain information and procedures, according to all legal requirements. • The contents of the operating and harvesting plans shall be consistent with approved forest management plans. • Plans for carrying out harvesting operations shall be subject to public disclosure and objections prior to commencement if legally required. • Harvesting restrictions shall be identified in management plan and maps

			<p>if legally required.</p> <ul style="list-style-type: none"> • Harvesting inventories shall be conducted according to legal requirements. • Field verifications shall indicate that the contents of the harvesting plans are adhered to in the field. • Stakeholder consultation shall indicate that the forest management plan has been approved according to legally prescribed process. • The contents of the management plan shall be technically sound and consistent in meeting legal requirements.
<p>1.4 Harvesting permits</p>		<p>Legislation regulating the issuing of harvesting permits, licenses or other legal document required for specific harvesting operations. It includes the use of legal methods to obtain the permit.</p> <p>The intent of this indicator is to avoid situations where harvesting permits are lacking or obtained via illegal means such as bribery, or where harvesting permits are issued for areas or species not eligible for harvesting.</p> <p>Bribery is a well-known issue in connection with the issuing of harvesting permits. Bribery is commonly used to obtain harvesting permits for areas and species that could not be harvested according to the legislation (e.g. protected areas, areas that do not fulfil requirements of minimum age or diameter, 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.</p> <p>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>References: P&C V4, Criterion 1.1 P&C V5, Criteria 1.3, 1.4 and 1.7</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> • Harvesting permits (license or similar legal document governing the harvesting of forest resources) shall exist. • Harvesting limits shall be clearly defined based on maps and quantities. • Authorities shall confirm the validity of harvesting permit. • Stakeholder consultation shall confirm that harvesting permit has been issued according to the relevant laws and regulations by the legally designated competent authority. • Field inspection shall confirm that harvesting takes place within limits given in the harvesting permit. • Field inspection shall confirm that information regarding area, species, volumes and other information given in the harvesting permit are correct and within limits prescribed in the legislation • Field inspection shall confirm that all harvesting restrictions given in the harvesting permit are observed such as buffer zones, protected trees, placement of logging trails etc.

Taxes and fees	Risk specification requirement: The Forest Management Enterprise shall fulfil all obligatory taxes, fees and/or royalty payments associated with maintaining the legal right to harvest and permitted harvesting volumes.		
1.5 Payment of royalties and harvesting fees		Legislation covering payment of all legally required forest harvesting specific fees such as royalties, stumpage fees and other volume based fees. It also includes payments of the fees based on correct classification of quantities, qualities and species. Incorrect classification of forest products is a well-known issue often combined with bribery of officials in charge of controlling the classification.	References: P&C V4, Criterion 1.2 P&C V5, Criterion 1.3 Examples of control measures/verifiers: <ul style="list-style-type: none"> • Receipts shall exist for payments of harvesting related royalties, taxes, harvesting fees and other charges. • Volumes, species and qualities given in sales and transport documents shall match the paid fees. • Classification of species, volumes and qualities shall match the royalties and fees paid. • Authorities shall confirm that the operation has paid all applicable fees.
1.6 Value added taxes and other sales taxes		Legislation covering different types of sales taxes which apply to the material being sold, including selling material as growing forest (standing stock sales). Avoidance can be done by selling products without official sales document or selling products far below official market price combined with unofficial payment.	References: P&C V4, Criterion 1.2 P&C V5, Criterion 1.3 Examples of control measures/verifiers: <ul style="list-style-type: none"> • Sales documents shall include applicable sales taxes. • Receipts for payment sales taxes shall exist. • Volumes, species and qualities given in sales and transport documents shall match the fees paid. • Sales prices shall be in line with market prices. • Harvested species, volume and qualities shall match the sales documents. • Authorities shall confirm that operation is up to date in payment of applicable sales taxes.
Timber Harvesting	Risk specification requirement: The FME shall operate in compliance with legal requirements relating to the harvesting of forest products. Management plans and annual operating plans as required by law shall exist, contain accurate information and be adequately implemented.		
1.7 Timber harvesting regulations		Covers legal requirements for harvesting techniques and technology, including selective cutting, shelter wood regenerations, reduced impact logging, clear felling, transport of timber from felling site and seasonal limitations etc. Typically this includes regulations on the size of felling	References: P&C V4, Criterion 1.1 P&C V5, Criterion 1.3 Examples of control measures/verifiers: <ul style="list-style-type: none"> • Harvesting shall be conducted within the authorised boundaries of the FMU.

		<p>areas, minimum age and/or diameter for felling trees 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 planning and monitoring of harvesting activities. Any legally binding codes for harvesting practices shall be considered.</p>	<ul style="list-style-type: none"> • Harvesting shall not take place in areas where harvesting is legally prohibited. • Tree species or selected trees found within the FMU for which felling is prohibited shall be listed in operational plans. • Harvesting restrictions shall be observed in the field. • Tree species or selected trees found within the FMU for which felling is prohibited shall be marked in the field.
1.8 Protected sites and species		<p>Covers legislation related to protected areas as well as protected, rare or endangered species, including their habitats and potential habitats.</p> <p>The intent of this indicator is to avoid the risk of harvesting within protected sites or areas when against the protection plans, as well as illegal harvest of protected species on a significant scale.</p>	<p>References: P&C V4, Criterion 1.1 and 1.3 P&C V5, Criteria 1.3, 1.4 and 6.4</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> • All legally protected areas (including species habitats) shall be included in the management plan or related documentation if required by the legislation. • Legal established procedures for surveying, managing and protecting endangered or threatened species within the management unit shall be followed. • Nature protection regulations such as related to protected areas, set-aside areas, protected species and hunting regulations shall be enforced.
1.9 Environmental requirements		<p>Covers legislation related to environmental impact assessment in connection with harvesting, acceptable level for soil damage, establishment of buffer zones (e.g. along water courses, open areas, breeding sites), maintenance of retention trees on felling site, seasonal limitation of harvesting time, and environmental requirements for forest machineries.</p> <p>Risks according to this indicator should be identified where systematic and/or large scale non-compliance with legally required environmental protection measures are evident to an extent that threatens the forest resources or other environmental values.</p>	<p>References: P&C V4, Criterion 1.1 P&C V5, Criteria 1.4 and 8.2</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> • Environmental and/or Social Impact Assessments shall be in place and approved by the legally competent authority if legally required. • Requirements for environmental monitoring shall be met. • Environmental restrictions shall be followed in the field, such as requirements related to soil damage, buffer zones, retention trees, seasonal restrictions etc.
1.10 Health and safety		<p>Legally required personal protection equipment for persons involved in harvesting activities, use of safe felling and transport practice, establishment of protection zones around harvesting sites, and safety requirements to machinery used. 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</p>	<p>References: P&C V4, Criterion 1.1 and 4.2 P&C V5, Criteria 2.3</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> • Occupational health and safety requirements shall be observed by all personal involved in harvesting activities.

		not related to actual forest operations). The intent of this indicator is to identify cases where health and safety regulations are being consistently ignored to a degree that puts the health and safety of forest workers at significant risk throughout the forest operations.	<ul style="list-style-type: none"> Interviews with staff and contractors shall confirm that legally required protection equipment is required / provided by the organisation.
1.11 Legal employment		<p>Legal requirements for employment of personnel involved in harvesting activities including requirement for contracts and working permits, requirements for obligatory insurances, requirements for competence certificates and other training requirements. Furthermore, the points cover compliance to the minimum working age and minimum age for personal involved in hazardous work, legislation against forced and compulsory labour, and discrimination and freedom of association.</p> <p>The intent of this indicator is to enable identification of systematic or large scale non-compliance with labour and/or employment rules and regulations. The objective is to identify where serious violations of the legal rights of workers take place, such as forced, underage or illegal labour.</p>	<p>References: P&C V4, Criterion 1.1 and 4.3 P&C V5, Criteria 2.1 and 2.4</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> Persons involved in harvesting activities shall be employed under a formal contract if legally required. Persons involved in harvesting activities shall be covered by obligatory insurances. Persons involved in harvesting activities shall hold required certificates of competence for the function they carry out. At least the legally established minimum salaries shall be paid for personal involved in harvesting activities. Salaries shall be paid officially and declared by the employer according to requirements for personal involved in harvesting activities. Minimum age shall be observed for all personnel involved in harvesting activities. Minimum age shall be observed for all personnel involved in hazardous work. Stakeholders shall confirm that forced or compulsory labour is not involved in harvesting activities.
Third parties' rights	Risk specification requirement: Legally recognised customary rights shall be taken into account in the management of forest resources		
1.12 Customary rights		Legislation covering customary rights relevant to forest harvesting activities including requirements covering sharing of benefits and tenure rights.	<p>References: P&C V4, Criterion 1.1 and 2.1 P&C V5, Criteria 1.6, 3.1, 3.2, 3.5, 4.1 and 4.2</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> Stakeholder consultation shall confirm that customary rights are upheld during harvesting activities.
1.13 Free, Prior		Legislation covering 'free, prior and informed consent' in	References:

and Informed Consent		connection with forest management rights, access to forest resources, benefit sharing (etc) has been respected and applied.	<p>P&C V4, Criterion 1.1 and 3.1 P&C V5, Criteria 1.3, 3.2, 3.3, 4.2</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> Stakeholder consultation shall confirm that legal requirements related to free, prior and informed consent was upheld regarding forest management rights.
1.14 Indigenous peoples rights		Legislation that regulates the rights of indigenous people as far as it's related to forestry activities. Possible aspects to consider are land tenure, right to use certain forest related resources or practice traditional activities, which may involve forest lands.	<p>References: P&C V4, Criterion 1.1 and 2.1 P&C V5, Criteria 3.1, 3.2, 3.5</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> Stakeholder consultation shall confirm that indigenous peoples' legally established rights are not being violated.
Trade and transport	<p>Risk specification requirement: The FME shall adhere to applicable transport, trade, import or export regulations, procedures and restrictions. NOTE: This section covers organisations in the chain from the forest to the point at which the forest products reach certified operations.</p>		
1.15 Classification of species, quantities, qualities		<p>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/avoid payment of legality prescribed taxes and fees.</p> <p>The threshold for when material or products should be considered illegal should be established based on the risk that material is traded under 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>References: P&C V4, Criterion 1.1 P&C V5, Criteria 1.3, 1.5</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> Products shall be correctly classified (species, quantities, qualities etc.) on sales documents, custom declarations and other legally required documents.
1.16 Trade and transport		<p>All required trading and transport permits shall exist. These documents include legally required removal passes, waybills and other documents permitting the removal of timber from the harvesting site.</p> <p>In countries with high levels of corruption, these documents are often faked or obtained by using bribery.</p> <p>In cases of illegal logging, transport documents from sites</p>	<p>References: P&C V4, Criterion 1.1 P&C V5, 1.3 and 1.5</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> Species and product types shall be traded legally. Required trade permits shall exist and be documented.

		other than the actual harvesting site are often provided as a fake proof of legality with the harvested material.	<ul style="list-style-type: none"> • All required transport documents shall exist and be stored. • Volume, species and qualities shall be classified according to legal requirements. • Documents related to transportation, trade or export shall be clearly linked to the specific material in question. • Trading documents shall allow to track materials back to the origin
1.17 Offshore trading and transfer pricing		<p>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. It is considered an important generator of funds that can be used to bribe forest operations and personnel involved in the harvesting operation.</p> <p>Many countries have established legislation covering transfer pricing and offshore trading. It should be noted that only transfer pricing and offshore trading can be included here as far as it is legally prohibited in the country.</p> <p>When products are sold out of the country for prices that are significantly lower than market value and then sold to next link in the supply chain for market prices, it is usually a clear indicator of tax laundry. Commonly, the products are not physically transferred to the trading company.</p>	<p>References: P&C V4, Criterion 1.1 and 1.2 P&C V5, 1.3 and 1.5</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> • If illegal in the country of the supplier or sub-supplier, the products shall not have been traded through countries known as 'tax heavens'. • There shall be no illegal manipulation in relation to the transfer pricing.
1.18 Custom regulations		Custom legislation covering areas such as export/import licenses, product classification (codes, quantities, qualities and species).	<p>References: P&C V4, Criterion 1.1 P&C V5, 1.5</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> • Products shall be correctly classified (type, custom code, species, quantities, qualities, etc.). • All required import and exports permits shall be in place.
1.19 CITES		CITES permits (the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention).	<p>References: P&C V4, Criterion 1.3 P&C V5, 1.5</p> <p>Examples of control measures/verifiers:</p> <ul style="list-style-type: none"> • All cross border-trade of CITES-listed species shall be documented and accompanied by required export, import and re-export certificates issued by competent authorities (CITES Management Authorities).

3. Spatial scale determination

General rules of spatial scale determination apply, as specified in Part I. Special attention shall be given in countries where country and regional legislation varies, taking into account all indicators specified in Table 1.

Countries with rare and valuable tree species (including CITES species) shall evaluate if risk is species specific and prepare a list of species which commonly are illegally harvested and/or traded.

4. Evaluation of conformance

Compliance with all law categories and sub-categories shall be ensured to fulfil the requirements for low risk for category 1.

Conformance thresholds

Defining the exact threshold between low risk and specified risk maybe a challenging task. The following section is providing threshold guidance.

The risk classification shall typically be carried out based on a combination of different public sources and consultations with experts and other stakeholders. When evaluating risk for non-compliance, the scale and the impact of non-compliances shall be considered. While accidental non-compliances with legislation and other requirements may occur at forest operations everywhere in the world, this does not designate those forest products as illegal, nor does it justify a classification of a country or region as specified risk for legality.

QUESTION FOR STAKEHOLDER CONSULTATION

Please indicate your preferred option among the two options for presenting Conformance thresholds as shown below and comment on terminology:

Option 1

As a general rule, a country and sub-national region may be considered low risk for specific legal requirements if risk of legal non-compliance is:

- a) temporary lapses;
- b) unusual/non-systematic; or
- c) limited in their temporal and spatial impact.

Option 2

When evaluating the conformance level of compliance with legal requirements, the following classes shall be used:

1. Legal requirements are not respected. The requirement is in general ignored by forest organizations. Authorities do not take efficient actions to uphold legal rights.
2. Legal rights are not respected consistently and often ignored.
3. Legal rights are not respected consistently by all forest organizations.
4. Legal rights are respected in general, but single cases of non-compliance exist. When cases are identified, preventive actions are taken by the organization and/ or the authorities.
5. Legal rights are respected. Only very rare cases of non-compliance exist. Identified cases are efficiently followed up by preventive actions taken by the organization or by the authorities.

In addition, frequency of incidence (isolated versus pervasive), magnitude and severity of violations must be taken into consideration, and non-recognition of rights as well as violation of rights.

Classes 4 and 5 are considered to constitute low risk for violation of the requirements, while classes 1 to 3 is specified risk.

5. Risk specification

Where there is a risk of non-compliance with specific legislation, the type of non-compliance shall be clearly described in order to form the basis for establishment of effective control measures.

6. Establishment of control measures

Table 1 provides examples of control measures and verifiers that may be considered for different types of potential non-conformance for category 1. Requirements specified in Part I apply as well. Due diligence requirements related to EUTR, Lacey Act and Australian Prohibition Act shall also be considered when establishing control measures for this category. Note that legal compliance is required for all parties involved in harvesting activities, including contractors. Also, see Part I for information on control measures.

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

1. Baseline assessment

Scope

Controlled Wood category 2 includes wood harvested, processed and/or traded in violation of human and collective rights and/or resulting in social conflict, including:

- A. Trade in forest products that drive violent armed conflict that threatens national or regional security and/or linked to military control.
- B. Labour practices, including:
 - The use of child labour: forest sector based work done by children that jeopardizes their education and development;
 - Non-recognition and/or violation of rights at work as specified in core ILO conventions, including freedom of association and the right to collective bargaining;
 - Forced or compulsory labour and discrimination in respect of employment and occupation;
 - Workers' health and safety;
 - Women's rights.
- C. Customary rights and the collective rights of indigenous and traditional peoples, and local communities:
 - Conflicts pertaining to traditional rights including use rights, cultural interests or traditional cultural identity including land claims negotiations, judicial procedures and treaty negotiations;
 - Violation of the rights, customs and culture of indigenous and traditional peoples, and local communities.

For terms and definitions related to the category 2, see Annex 1. Terms and definitions covered by Principles 2, 3 and 4 of the *FSC Principles and Criteria (FSC-STD-01-001 V5-0)* should also be considered in this category.

Governance

In cases where social issues are not covered by legislation, risk assessment shall consider the policies and instruments used to uphold these rights on a case by case basis. When social issues are covered by legislation, the overall effectiveness of the administration to oversee effective implementation of laws and regulations relevant to this category shall be assessed. Countries or areas under assessment with insufficient governance (according to the available sources of information) would not usually be able to secure effective implementation of laws and regulations and would therefore also fall into a risk specification. With the presence of laws and regulations that contravene social rights contained in this category, risk will also be specified and controlled material cannot be sourced from this area, unless FSC-certified.

Note: Assessment of effective implementation of social laws and regulations related to the forest sector is included in the scope of category 1.

2. Research

Applicable information sources

The assessment process should draw upon the information sources listed in Table 2.1, including indicators, guidance, thresholds and general resources. Additional sources specific to each country shall also be considered. Consultation with qualified local professionals to determine the specific legal obligations regarding traditional and human rights should also be conducted when necessary.

The assessment process shall also include an analysis of whether existing information sources are sufficient to determine conformance for Controlled Wood category 2, and where additional research and stakeholder consultation should be required to fill any identified information gaps.

Social and cultural values attached to country-specific forest types, species (tree, non-tree, animals, etc.) and values (community watersheds, fishing, spiritually significant areas, culturally modified trees, etc.) shall be considered, as well as each country's history of land use conflict, and disputes (historical / outstanding grievances and legal disputes).

Risk Assessment Indicators for category 2

The indicators identified in Table 2.1 shall be applied. The supply area may be considered low risk in relation to category 2 when all of the following indicators listed in Table 2.1 are met.

Table 2.1. Traditional and human rights assessment

Indicator	Guidance	Sources of information	Thresholds	Control measures
2.1. The forest sector is not associated with violent armed conflict, including that which threatens national or regional security and/or linked to military	<ol style="list-style-type: none"> 1. Is the country covered by a UN security ban on exporting timber? 2. Is the country covered by any other international ban on timber export? 3. Are there individuals or entities involved in the forest sector that are facing UN sanctions? 4. Is the country a source of conflict timber? If so, is it at the country level or only an issue in specific regions? If so – 	<ul style="list-style-type: none"> • *The UN Security Council Sanctions Committee⁴ • *US AID: www.usaid.gov • Global Witness: www.globalwitness.org • Bonn International Center for Conversion: www.bicc.de • Environmental Investigation Agency: 	<p>The country is subject to an international ban on timber exports.</p> <p>The country is a source of conflict timber.</p>	<p>Where country-level sanctions are in place, no control measure is possible. Sourcing not acceptable, unless material is FSC certified</p> <p>If it is determined that the country as a whole is a source of conflict timber, it may not be possible to adequately</p>

⁴ Compendium of United Nations Security Council Sanctions Lists http://www.un.org/sc/committees/list_compend.shtml

control.	<p>which regions?</p> <p>5. Is the conflict timber related to specific companies? If so, which companies or types of companies?</p>	<p>www.eia-international.org/</p> <p>Note: Attention should be given to stakeholder consultation for this indicator.</p>	<p>See also 'Conformance thresholds' in 'Evaluation of conformance' section for cat. 2.</p>	<p>control for this risk.</p> <p>If conflict timber is isolated to a particular region or company(ies), control measures may be possible.</p> <p><u>Expert evaluation</u> Experts may be called in to assess whether the area where wood is being sourced is known to be associated with conflict.</p> <p><u>Stakeholder Consultation</u> Local stakeholders as well as international NGOs that monitor conflict resources may have current information that is of higher resolution (that can isolate specific areas, companies etc. that are associated with conflict timber).</p> <p><u>Document verification</u> If it is possible to isolate the conflict timber to a particular area or company(ies), then additional chain of custody documentation will be required to ensure CW does not originate from these sources. Type of the documentation shall be specified.</p> <p>See also Table 2.2.</p>
2.2. Labour rights are respected.	<p>1. Are the social rights covered by the relevant legislation in the country or area concerned? (refer to category 1)</p> <p>2. Are rights like freedom of association and collective bargaining upheld?</p> <p>3. Are there evidences of</p>	<p>1. Status of ratification of ILO Conventions⁵</p> <ul style="list-style-type: none"> • ILO Rights at Work: country reports⁶ • Child Labour: ILO International Programme on the Elimination of Child Labour (IPEC)⁷ 	<p>The country does not have national and regional laws governing relevant key provisions of ILO Fundamental Principles and Rights at work (i.e. that allow freedom of association</p>	<p><u>Expert evaluation</u> Labour experts may be called upon to assess the adequacy of national labour laws and their enforcement.</p> <p><u>Stakeholder Consultation</u> Stakeholder consultation may be required to assess local conditions</p>

⁵ Status of ratification of ILO conventions: <http://www.ilo.org/dyn/normlex/en/f?p=1000:11001:0::NO::>

⁶ ILO Declaration on Fundamental Principles and Rights at Work <http://www.ilo.org/declaration/lang--en/index.htm>

	<p>compulsory and/or forced labour?</p> <p>4. Are there evidences of discrimination in respect of employment and/or occupation, and/or gender?</p> <p>5. Are there evidences of child labour?</p> <p>6. Is the country signatory to the relevant ILO Conventions?</p> <p>7. Is there evidence that any groups (including women) do not feel adequately protected in terms of rights related to the above?</p> <p>8. Is there evidence of discrimination against women and/or gender inequity?</p> <p>9. Are any violations limited to specific sectors?</p>	<ul style="list-style-type: none"> • Global March Against Child Labour⁸ • UN Convention on the Rights of the Child (monitored by Committee on Rights of the Child⁹) <p>2. National laws and regulations concerning Rights at Work and child labour (compare and use the assessment done for category 1).</p> <p>3. National and international assessments of compliance with international and national laws and regulations pertaining to child labour and rights at work:</p> <p>General resource: <i>Monitoring Labor Rights: A Resource Manual for NGOs</i> (Rosenblum, 2005)¹⁰</p> <p>ILO Helpdesk for Business on International Labour Standards¹¹</p> <p>Gender: Committee on the Elimination of Discrimination against Women: (http://www2.ohchr.org/english/bodies/cedaw/index.htm)</p>	<p>and collective bargaining; prohibit forced and compulsory labour; prohibit discrimination in respect of employment and occupation; and prohibit child labour)</p> <p>Substantial evidence of widespread violation of relevant national and regional laws and regulations exists.</p> <p>Substantial evidence of widespread lack of freedom of association and recognition of the right to collective bargaining, forced or compulsory labour, discrimination in respect of employment and occupation exists (including gender).</p> <p>Substantial evidence of child labour exists, taking into consideration both the extent and the severity of the problem (age, overall work conditions, nature of the work, hours, facilities, access</p>	<p>(this may be required in conjunction with the expert evaluation).</p> <p><u>Field audits/ verification</u> Where expert evaluation and stakeholder consultation has indicated that the area in question is at risk for child labour, women discrimination or violation of ILO Fundamental Principles, field audits may be required to assess conformance within the area of origin in question. Site visits may include interviews with management and workers to assess awareness of labour laws and adherence to regulations.</p> <p><u>Document consultation</u> Documents may be available that establish policies surrounding workers' rights and consultation, etc. However, consideration must also be given to documents that have been produced that contest those rights, or register protest against policies and regulations</p> <p>See also Table 2.2.</p>
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⁷ ILO Child Labour Country Dashboard: <http://www.ilo.org/ipec/Regionsandcountries/lang--en/index.htm>

⁸ Global March Against Child Labour: <http://www.globalmarch.org/>

⁹ Office of the United Nations High Commissioner for Human Rights (OHCHR), Committee on Rights of the Child: <http://www2.ohchr.org/english/bodies/crc/index.htm>

¹⁰ Rosenblum 2005. *Monitoring Labor Rights: A Resource Manual for NGOs*: shr.aaas.org/manuals/work/RTW.pdf

¹¹ ILO Helpdesk for Business on International Labour Standards: <http://www.ilo.org/empent/areas/business-helpdesk/lang--en/index.htm>

			to education and health care). See also 'Conformance thresholds ' in 'Evaluation of conformance' section for cat. 2.	
2.3. Indigenous/ Traditional Peoples Rights are respected and upheld	<ol style="list-style-type: none"> 1. Are there Indigenous Peoples, Traditional Peoples and/or other traditional communities in the country? 2. Has the country concerned ratified ILO convention 169? 3. What are the laws and regulations that govern identification of Indigenous and Traditional Peoples and their rights including: <ol style="list-style-type: none"> a. Self-identification, b. Non-discrimination, c. Recognition of the cultural and other specificities of indigenous and traditional peoples, d. Consultation and participation in decision making, e. Right to decide priorities for development? 4. What evidence can demonstrate the enforcement of the laws and regulations identified above? 5. What evidence can demonstrate awareness of rights, laws and regulations (among both rights holders and forest authorities)? 6. Is the principle of Free Prior and Informed Consent upheld 	<ul style="list-style-type: none"> • National Indigenous Peoples', Traditional Peoples organizations; governmental institutions in charge of Indigenous Peoples affairs; census data; NGOs. • ILO • Country and regional laws and regulations. • Justice tribunal records • Evidence of participation in decision making (list of participants and signatures at key meetings) • Evidence of customary laws being upheld • Evidence of awareness • Evidence of IPs refusing to participate (e.g. on the basis of an unfair process, etc.) • National land bureau tenure records, maps, titles and registration • National laws and regulations • NGO documentation of cases of IP and TP conflicts (historic or ongoing) 	<p>If no IPs or TPs present, the area is likely low risk.</p> <p>Lack of substantial evidence that laws and regulations or other legally established processes exist that serve to resolve conflicts of substantial magnitude pertaining to traditional and customary rights including use rights, cultural interests or traditional cultural identity in the area concerned, or, such processes exist but are not recognized by affected stakeholders as being fair and equitable.</p> <p>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</p>	<p><u>Expert evaluation</u> Expert review may be required to evaluate adequacy of existing policies and legal instruments concerning IP rights.</p> <p><u>Expert evaluation</u> Expert advice may be required to evaluate the adequacy of the processes in place to resolve conflict, and to determine whether these are 'equitable', and whether the conflict is 'of substantial magnitude'.</p> <p><u>Stakeholder Consultation</u> In areas with land ownership conflicts, consultation with neighbours, local communities and others can confirm land tenure rights. Stakeholder consultation will likely be necessary as part of the expert evaluation.</p> <p><u>Written agreement (including Community Protocol, other demonstrations of FPIC):</u> For example: for operations that affect particular communities, helping communities develop protocols (one for each affected community) would serve as a robust form of free, prior, and informed consent, indicating that these communities are aware of their rights and have given their consent to the operations in question.</p>

	<p>(where harvesting takes place on Indigenous and Traditional Peoples land)?</p> <p>7. Are there any conflicts over land claims, treaty negotiations?</p> <p>8. Are there any recognized acts on violations of rights, customs and culture?</p> <p>(Land rights and access to resources, dispute resolution)</p> <p>9. Is the land tenure clear and respected?</p> <p>10. What are the recognized laws and regulations and processes in place to resolve conflicts of substantial magnitude pertaining to Traditional or Indigenous Peoples rights?</p> <p>11. Is there evidence of violations of traditional and/or customary rights, including use rights, cultural interests, or traditional cultural identity?</p> <p>12. Are there alternative/informal/customary processes of conflict resolution implemented?</p> <p>13. Are the processes broadly accepted by affected stakeholders as being fair and equitable?</p> <p>14. Are there decision making processes open to all interested stakeholders? Is there evidence that any groups do not feel adequately protected by the conflict resolution processes above?</p>	<ul style="list-style-type: none"> • UNDRIP • Human Rights Watch: http://www.hrw.org/ • Survival International: http://www.survivalinternational.org/ • National reports and assessments (e.g. records of claims on lands, negotiations in progress or concluded) • Social Responsibility Contracts (<i>Cahier des Charges</i>) between companies and local communities (established according to FPIC principles) • Inter-American Court of Human Rights • Inter-American Commission on Human Rights 	<p>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.</p> <p>Land tenure is contested and/or not respected.</p> <p>The country does not have national and regional laws governing relevant key provisions of ILO governing identification and rights of Indigenous and Traditional Peoples, including: Self-identification; Non-discrimination; Recognition of the cultural and other specificities of indigenous and traditional peoples; consultation and participation; right to decide priorities for development).</p> <p>Evidence of violation of national and regional laws and regulations governing identification and rights of Indigenous and</p>	<p><u>Expert evaluation</u></p> <p>Where the country has not ratified ILO 169, or there is reason to believe that key provisions of ILO governing identification and rights of Indigenous and Traditional Peoples, experts will be required to evaluate whether these rights are being violated within the area of origin.</p> <p><u>Stakeholder Consultation</u></p> <p>Stakeholder consultation may be required to assess the status of the rights of Indigenous and Traditional Peoples within the area of origin, potentially in conjunction with the expert evaluation.</p> <p><u>Community Protocol</u></p> <p>A community protocol may be a suitable means to achieving and documenting Free and Prior Informed Consent, where it cannot be determined that the country as a whole is low risk for this condition.</p> <p><u>Document verification</u></p> <p>Documents may be available that establish legal ownership and tenure rights (e.g. property deed, management contract, or other agreement), policies surrounding workers' rights and consultation, etc. However, consideration must also be given to documents that have been produced that contest those rights, or register protest against policies and regulations.</p> <p><u>Field verification</u></p>
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			<p>Traditional Peoples, and/or lack of enforcement.</p> <p>Evidence of violation of the rights of Indigenous and Traditional Peoples exists.</p> <p>Stakeholders have expressed that their interests are inadequately protected by the conflict resolution processes</p> <p>See also 'Conformance thresholds' in 'Evaluation of conformance' section for cat. 2.</p> <p><u>Exemplary approach for assessing the risk for the indicator:</u></p> <ol style="list-style-type: none"> 1) Determination of low risk areas when: <ul style="list-style-type: none"> - There is no IP/TP within the area covered by risk assessment OR, - There is IP/TP within the area, but no evidence of violation of IP/TP rights, 2) Determination of specified risk areas if the criteria for low risk are not fulfilled. 	<p>Field audits may be used to confirm the manager's awareness of key provisions of ILO governing identification and rights of Indigenous and Traditional Peoples, and that harvesting does not violate these rights.</p> <p>See also Table 2.2.</p>
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3. Spatial scale determination

Risk assessment shall be performed at an appropriate level to ensure traditional and human rights are considered. The following may affect the spatial scale at which risk designation should be conducted for this category:

- The level at which traditional rights are being asserted and/or contested (e.g. are claims being made at the national level or to specific areas).
- In many countries IP/TP are present only in parts of the country; these areas should be identified.

The following may affect the functional scale at which risk designation should be conducted for this category:

- The extent to which the violation of human rights is widespread (e.g. are labour code violations associated with a specific organization or the forest sector as a whole).

Determination of areas under assessment and functional scale shall be determined in consultation with rights holders, and also with local and international NGOs (e. g. Social Organizations and other Organizations dealing with Rights), and sources of information shall be identified in Step 2.

For general rules for spatial scope see the Part I.

4. Evaluation of conformance

Conformance with all three indicators is required to fulfil the requirements for low risk for category 2. Table 2.1 provides a set of guiding questions and thresholds to assist with the assessment of conformance with these indicators. For some of the indicators, conformance is binary (either yes or no), while for others, there are varying degrees of conformance that may be classified. Special consideration shall be given to consistency/coherence between national and sub-national laws and the indicators under this category.

Conformance Thresholds

When evaluating the conformance level for different types of traditional and human rights requirements, the following classes shall be used:

1. Traditional and human rights are not respected. The requirements are in general ignored by Forest Management Enterprises. Authorities do not take efficient actions to uphold traditional and human rights.
2. Traditional and human rights are not respected consistently and often ignored.
3. Traditional and human rights are not respected consistently by all forest organizations.

4. Traditional and human rights are respected in general, but single cases of non-conformance exist. When cases are identified, preventive actions are taken by the organization and/or the authorities.
5. Traditional and human rights are respected. Only very rare cases of non-conformance exist. Identified cases are efficiently followed up by preventive actions taken by the organization or by the authorities.

In addition, frequency of incidence (isolated versus pervasive), magnitude and severity of violations shall be taken into consideration, and non-recognition of rights as well as violation of rights and conflict existence.

Classes 1 to 3 are considered specified risk, while 4 and 5 could be considered to constitute low risk for violation of the requirements, depending on the success of the preventive actions and the magnitude and severity of the violation.

5. Risk specification

Determination of the risk follows evaluation of conformance and should lead to designation of 'low' and 'specified risk' areas. In areas designated as 'specified risk', the definition of the type and nature of the risk(s) shall be provided in order to form the basis for establishment of effective control measures.

6. Establishment of Control Measures

As a part of the process to develop National Risk Assessments, normative control measures shall be established in situations where 'specified risk' for category 2 is determined for the sourcing area. A number of different control measures should be considered, including:

- Stakeholder engagement, including stakeholder consultation, community protocols¹², and social responsibility agreements¹³;
- Document verification;
- Expert evaluation;
- Field verification/audits; and
- Third party verification.

Table 2.2 below provides examples of control measures that can be considered for different types of potential non-conformance with category 2 (see Part I for more examples of control measures).

¹²Community Protocols are documents produced by communities that set out how the community expects other stakeholders to engage with them, based on an assertion of their customary rights. 'Natural Justice' has pioneered this concept. For more information, see <http://naturaljustice.org>.

¹³Agreements established between logging companies and local communities that outline the company's obligations (road building, schools, health centers, etc). IIED has produced a report documenting the use of SRAs in Ghana, highlighting lessons learned. See: 13 IIED, 2008. <http://www.vpa-livelihoods.org/DownloadHandler.ashx?pg=955c5948-8262-4261-9b2f-4c3d8d6523db§ion=19d97aa1-4466-43d2-99d4-29728d21637a&file=SocialresponsibilityagreementsinGhanaForestryIIED.pdf>

Table 2.2. Control measures for sourcing in specified risk areas

Control measure	Explanation	Examples of usage
Stakeholder consultation (see glossary terms: affected and interested stakeholders)	Stakeholders are vital to ensuring that information used to determine the status of traditional and human rights is up to date and reflects local on-the-ground realities. This includes forest dependent communities and civil society, as well as international NGOs that monitor the status of these rights.	Active consultation methods, e. g. as used in Santa Catarina Natural Resource Management and Rural Poverty Reduction Project (Brazil) ¹⁴ : This project used innovative consultation methods based on expert facilitators familiar with the communities being consulted. Consultation requirements shall be specified.
Community Protocol	Community Protocols are documents produced by communities that set out how the community expects other stakeholders to engage with them, based on an assertion of their customary rights	Natural Justice (Lawyers for Communities and the Environment) has pioneered this concept, and has helped communities to develop protocols to ensure benefit sharing relating to plant genetic resources for food and agriculture (Peru); protect indigenous territory (Panama); and protect sacred natural sites (Africa). This concept has been included within the Nagoya Protocol on Access and Benefit Sharing, under the Convention on Biological Diversity.
Social Responsibility Agreements (SRAs)	Agreements established between logging companies and local communities that outline the company's obligations (road building, schools, health centers, etc.)	IIED has produced a report documenting the use of SRAs in Ghana, highlighting lessons learned ¹⁵ .
Document verification		Documents may be available that establish legal ownership and tenure rights, policies surrounding workers' rights and consultation, etc. However, consideration must also be given to documents that have been produced that contest those rights, or register protest against policies and regulations.
Expert evaluation		Qualified local professionals should be consulted to determine specific legal obligations regarding traditional and human rights, and to ensure that the legislation consulted is current (considers most recent

¹⁴ <http://www.worldbank.org/projects/P043869/santa-catarina-natural-resources-management-rural-poverty>; <http://www.forestpeoples.org/-reduction-project?lang=en>

¹⁵ IIED, 2008. <http://www.vpa-livelihoods.org/DownloadHandler.ashx?pg=955c5948-8262-4261-9b2f-4c3d8d6523db§ion=19d97aa1-4466-43d2-99d4-29728d21637a&file=SocialresponsibilityagreementsinGhanaForestrtyIIED.pdf>

		amendments); and considers judicial decisions relevant to interpreting legal obligations.
Field audits/verification	Field audits may be required to ensure the veracity of claims regarding traditional and human rights.	<p>Elements to assess during field and supply chain audits shall be determined as well as when and how audits shall be conducted.</p> <p>As a control measure for workers' rights, site visits may be conducted, including interviews with management and workers, to assess awareness of labour laws and adherence to regulations.</p>

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

1. Baseline assessment

Scope

Category 3 includes the following High Conservation Values (HCVs):

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*Significant values* are those recognized as being either absolute (unique), or outstanding relative to other examples in the same region, because of their sizes, numbers, frequency, quality, density or socio-economic importance, on the basis of existing priority frameworks, data or maps, or through field assessments and consultations. Significance may therefore be recognized and justified by any of the following processes:

- A designation, classification or recognized conservation status, assigned by an international agency,
- A designation by national or regional authorities, or by reputable NGOs,
- Designations at regional or national level of specific values through a balanced multi-stakeholder process,
- A voluntary designation (e.g. by a forestry or agriculture organization), on the basis of available information and consultations about known, suspected or reported values, even when not officially recognized by other agencies (Ellen Brown, Common Guidance for the Identification of HCVs, draft May 2013, p 15.).

HCV 1 covers *significant concentrations* of biodiversity, recognized as being unique or outstanding in comparison with other areas within the same country or region, on the basis of existing priority frameworks, data or maps, or through field assessments and consultations. The appropriate reference frame for comparison may be the country, or nationally/regionally recognized, biogeographical recognized divisions (e.g. "ecoregions") which are characterized by relatively consistent species assemblages and ecosystems (very large countries may contain several ecoregions). HCV 1 is mostly about species diversity, but it may also include special cases of genetic diversity, and must consider the habitat needed to maintain target species (Ellen Brown, Common Guidance for the Identification of HCVs, draft May 2013, p 22f.).

HCV 2 - 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.

HCV 3 - Ecosystems and habitats. Rare, threatened, or endangered ecosystems, habitats or refuges

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.

Threat in the context of this category means continued survival of HCVs in the area under assessment is uncertain due to negative impact of management activities.

The intent of this category is to assess risk of loss or degradation of HCVs through forest management activities. Terms, definitions and/or guidance related to Principle 9 of the *FSC Principles and Criteria (FSC-STD-01-001 V5-0)*, and those elaborated in the national standards applicable to the sourcing country, are also relevant for this category and must be considered in the National Risk Assessment.

This category will usually apply to natural and semi natural forests, native vegetation and associated lands. Consideration may also be given to impacts beyond the FMU on HCVs from forest management activities. In many cases NRA's will need to identify areas of specified risk for each or some of the HCV classes.

¹⁷The 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 forests of Belarus, however most of these are extinct in the rest of Europe making the forest of Belarus particularly important for this indicator.

Governance

In areas where HCVs are protected by schemes, such as protected areas, legal systems, laws and regulations, the effectiveness of the implementation of those protection schemes should be assessed¹⁸. Risk of threat to HCVs can be directly influenced by implementation of laws and regulations (see also section Sources of information to evaluate compliance under 'Baseline Assessment' in category 1).

2. Research

Introduction

There are a number of possible approaches that can be used to undertake this component of the National Risk Assessment. The methodological approach should reflect the ecological complexity along with landscape and cultural diversity of the country. Where countries are small and ecologically simple, stakeholder forums may be adequate to elicit the information required in order to make risk determinations for this category. In countries where there is more complexity, chamber balanced expert elicitation methods (e. g.: an additional technical working group) and the use of scientific experts will be necessary to gather sufficient feedback for risk assessment.

This document provides guidance to make the task as simple as possible, while recognizing that HCV assessment is one of the more technically complex components of the FSC system.

Any HCV assessment framework that have already been undertaken as part of the development of national standards or developed independently shall be used during risk assessment for this category. Country specific HCV assessment framework approved by FSC Policy and Standards Unit (PSU) are accessible on the [Global Forest Registry](#)¹⁹.

A tabular representation of steps required for risk determination is included in table 3.

¹⁸ 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.

For assessing effectiveness of protected area management: 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. Protected Planet Report 2012: Bertzky, B., Corrigan, C., Kemsey, J., Kenney, S., Ravillious, C., Besançon, C., Burgess, N., Tracking progress towards global targets for protected areas, Sep. 2012.

¹⁹ One HCV assessment framework has been prepared for use with US forest standards. The second was prepared by the Australian National Initiative, to allow companies to assess risk and threat to HCVs in all Australian forest bioregions, as part of meeting requirement for Annex 3 risk verification of CW 40-005-V2.1. The Australian NRA specified risks to the bioregional scale for HCV.

Risk Assessment Indicators for category 3

The indicators and other elements identified in Table 3 shall be applied. If further indicators or sub-indicators are chosen as necessary to reflect national circumstances, their use must be justified.

Information sources

In most countries, a data audit and data gap analysis should be undertaken during the risk assessment. The lists of possible data sources provided in Table 3 is not exhaustive. While Table 3 provides some obvious and basic sources, it is not meant to be comprehensive or prescriptive. Especially, the appropriate functional scale at which information is available needs to be taken into consideration. Many countries collect biological data for reporting purposes. Reporting can occur at scale from national to “regional” and even local, e. g.: for a forest district or local government area. For a National Risk Assessment to effectively determine risk for HCV, awareness of the data limitations is critical. What is not known is as important as what is known and relates to the precautionary approach.

Table 3 provides a list and scope of the indicators, guiding questions, examples of information sources, thresholds and possible control measures.

Table 3. High Conservation Values Assessment

Indicator	Guidance	Sources of information	Thresholds	Control measures
3.1 Assessment of HCV presence is in place using HCVs 1 - 6 as sub-indicators defined by the <i>FSC Principles and Criteria</i> at appropriate scale, throughout the area and an assessment is conducted that logging poses no threat to these HCV occurrences.	<p>Does the assessment adequately identify the presence, distribution and extent of all HCVs in the area?</p> <p>Does logging pose a threat to any of the HCVs occurrences?</p>	<p>Government or other assessment reports and assessments of threats to identified HCVs.</p> <p>Independent scientific assessments of HCVs and their protection measures, specific to the area under assessment, or at least the country.</p> <p>Maps, databases, and other sources of information on the types of specific HCVs that are likely to exist in the area under assessment, or at least in the country.</p> <p>Nationally agreed spatial units used for reporting purposes, e. g. bioregions.</p> <p>Stakeholder and expert consultation regarding the presence of HCVs in the</p>	<p>The rigor of the assessment and the quality of the data inputs as determined through peer review process.</p> <p>There are agreements of experts and stakeholders.</p> <p>Appropriateness of the scale of the data inputs per HCV category.</p>	<p>This guidance provides examples of control measures. Further control measures for indicators can be elaborated in NRA.</p> <p>Consultation with experts (who has been accepted by stakeholders) confirms that management activities do not pose a threat to the conservation values.</p>

		<p>area under assessment and country.</p> <p>Execution or implementation of Aichi Biodiversity Targets, National Biodiversity Strategies and Action Plans (NBSAPs) in accordance to the country's action plan - Implementation of Strategic Plan for Biodiversity 2011-2020, including the Aichi Biodiversity Targets (noting protection targets) http://www.cbd.int/sp/targets/</p>		
<p>3.2 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.</p>	<p>What forest regions (with the aim to delineate at as fine scale as possible and) contain areas with significant concentrations of rare, threatened or endangered species or rare ecological communities, endemic (range restricted) species and/or natural communities that are significant at the global, national or regional scale? Can these forest areas be identified?</p> <p>Which forests contain or may contain (using a precautionary approach) critical temporal, seasonal, or ephemeral habitats/resources such as sites for roosting, breeding, hibernation, shelter and migration? Can these forests be identified?</p> <p>Are the values threatened by forest management activities?</p> <p>Can identified threats caused by forest management activities be effectively managed using management tools?</p> <p>In the absence of certainty of location are there tools available to allow for</p>	<p>Sources as above.</p> <p>Ecological assessments, species population viability analysis, Environmental Impact Assessments.</p> <p>Threatened species recovery plans.</p> <p>Globally significant species are those that are the subject of the various international treaties and protocols, for example Migratory Birds are dealt with in a number of multilateral conservation agreements between countries on the migratory pathways of the species. These should be referenced and checked (this example refers to global / international scale).</p> <p>Countries that are signatories to the Convention on Biological Diversity have to maintain lists of threatened species. Other countries also follow this practice (this example refers to national scale).</p> <p>Further, some country reports made at</p>	<p>Data are adequate to identify that there is or is not a risk at National, Regional, and Local scales (identify the scale at which risk is either low or can be specified, provide maps or references to maps to be used)</p> <p>Stakeholders and experts have agreed that the data are adequate and the scale and location at which risk exists can be determined.</p> <p>Stakeholders and experts have agreed that tools are available and sufficiently sophisticated to allow for the management of risk where there is uncertainty as to exact locations (compare functional scale approach under 'Spatial scale determination' section, Part I).</p> <p>There is effective²⁰ legal protection of all occurrences of</p>	<p>Management plans and documentation that demonstrate that Forest Management activities are not occurring in areas where these values are threatened by forest management activities.</p> <p>Stop sourcing from areas where forest management activities are threatening conservation values, unless FSC certified.</p> <p>Ensuring, that wood harvested from areas with these values can be effectively excluded by the organisation / Forest Manager providing Controlled Wood.</p>

²⁰ Effective protection/regulation: this means that regulations and laws are enforced and stakeholders agree that laws and regulations protect environmental and social values, are just and are enforced. Effective protection is assessed against: execution or implementation of Aichi Biodiversity Targets, National Biodiversity Strategies and Action Plans (NBSAPs) in accordance to the country's action plan - Implementation of Strategic Plan for Biodiversity 2011-2020, including the Aichi Biodiversity Targets (noting protection targets).

	<p>precautionary assessments as to likely locations and potential threats?</p>	<p>bioregional / eco-regional scale (e.g. bioregions in Australian HCV Framework (this example refers to regional scale) http://www.environment.gov.au/parks/nrs/science/bioregion-framework/ibra/index.html</p> <p>There are additional sources that can be checked where national data are poor e.g. IUCN Red list (http://www.iucnredlist.org).</p>	<p>these values either within the protected area network (unlikely) and / or effective mechanisms if the value occurs outside the protected area network.</p> <p><u>Exemplary approach: using national data.</u> Wedge-tailed Eagle in Tasmania is a nationally significant sub-species. This species is widespread, forest dependent and Endangered. Population Viability Analysis has been undertaken for this species. This has identified the extent and level of threat posed by logging / clearing. This is one of a number of genetically distinct and or endemic species found in Tasmania's forests.</p> <p><u>Exemplary approach2: using internationally data.</u> There are a number of countries, regions and habitats where endemism is high. WWF has identified a number of these ecosystems. Most of them are forests and are threatened by logging. These areas are not low risk</p> <p>http://simple.wikipedia.org/wiki/Endemism</p>	<p>Evidence that values can be identified and protected need to be produced this evidence might include:</p> <p>Field sampling of logging areas</p> <p>Timber tracking systems</p> <p>GPS systems on harvesters/GEO-references logging</p> <p>The tree species being harvested are not associated with areas containing these values (e.g. exotic plantation species).</p> <p>Consultation with experts (who has been accepted by stakeholders) confirms that management activities do not pose a threat to the conservation values.</p>
<p>3.3 HCV 2. Landscape-level ecosystems and mosaics. Large landscape-level ecosystems and</p>	<p>Are there globally, regionally or nationally significant large landscape-scale forest where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance present nationally or regionally?</p> <p>Are there forest areas identified that contain</p>	<p>National Wilderness Assessments or inventories.</p> <p>World Resources Institute Frontier Forests: pdf.wri.org/lastfrontierforests.pdf.</p> <p>Greenpeace Intact Natural Forest Landscapes</p>	<p>Data are adequate to identify that there is or is not a risk at level of the area under assessment (identify the areas for which risk is either low or can be specified).</p> <p>Stakeholders and experts have</p>	<p>Stop sourcing from the areas where forest management activities are threatening these values, unless FSC certified.</p> <p>There is effective²⁰</p>

<p>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.</p>	<p>or are part of a large (as defined by stakeholders) road-less area or that have unique road-less area characteristics (access to them is or can be controlled)?</p> <p>Do the forest operations/plans in the region significantly alter the regional biodiversity of the characteristics of this forest area (e.g., age class structure or relative species abundance)?</p> <p>Does all or part of the forest area(s) contain a landscape-scale forest recognized as being significant to biodiversity conservation at the global, regional or national scale because they/it contains landscape-scale biodiversity values that are not present on other forests due to landscape-scale habitat modifications on surrounding lands (such as land use conversion or forest management practices that have significantly altered forest biodiversity values)?</p> <p>Do forest management activities threaten the integrity of areas identified with this value?</p>	<p>http://www.intactforests.org/world.map.html.</p> <p>Strategic Forest Management Planning documents.</p> <p>Remote Sensing and other aerial data showing forest land-cover (e. g. Google Earth).</p> <p>Road system maps (e. g. GIS assessments of road-less forest areas).</p>	<p>agreed that the data are adequate and the areas for which risk can be determined are identified.</p> <p><u>Exemplary approach:</u></p> <p>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 area's adjacent which are a matrix of logged and unlogged forest are low risk for this value</p> <p>Background (2): Boreal woodland caribou (<i>Rangifertarandus caribou</i>) is a species at risk in Canada which is threatened with extinction and is highly sensitive to logging activity and other human disturbance and depend on intact mature boreal forests for its survival. Scientists have confirmed that existing levels of disturbance and fragmentation in the boreal forest already pose</p>	<p>legal protection of all occurrences of these values within the protected area network.</p> <p>Ensuring, that wood harvested from areas with these values can be effectively excluded by the organisation / Forest Manager providing Controlled Wood.</p> <p>The tree species being harvested are not associated with areas containing these values (e. g. exotic plantation species).</p> <p>Consultation with experts (who has been accepted by stakeholders) confirms that management activities do not pose a threat to the conservation values.</p>
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			<p>significant threats to woodland caribou survival. Given the importance of intact boreal forests, all intact boreal forests 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.</p> <p>Evaluation of conformance:</p> <p>Low risk - Stakeholders have agreed on an appropriate protected area network to maintain these values and these areas are being effectively⁵ protected.</p> <p>NOT Low risk if stakeholder negotiations are in progress in the country or region in respect of the protection of these values and logging is still occurring.</p>	
<p>3.4 HCV 3. Ecosystems and habitats. Rare, threatened, or endangered ecosystems, habitats or refuges.</p>	<p>Is it possible to identify which ecosystems are captured by this value at the scale under consideration?</p> <p>Is it possible to identify forest areas containing any rare, threatened, or endangered ecosystem?</p> <p>Is it possible to identify ecological regions where the level of protection of natural ecosystems is low?</p> <p>Are there any remaining old-growth or primary forests in the country or region?</p> <p>Are there any examples of natural forest ecosystems and/or remaining elements of</p>	<p>All of the above sources.</p> <p>In the absence of any of the above information sources the Global 200 Eco-regions provides a default reference http://assets.worldwildlife.org/publications/19/files/original/global200ecoregions.zip?1343838792</p>	<p>Data are adequate to identify that there is or is not a risk at national, regional, and local scale (identification of the areas for which risk is either low or can be specified that should also include semi-natural areas containing natural ecosystem remnants and elements like old native forest trees).</p> <p>Stakeholders and experts have agreed that the data are adequate and the location and scale at which risk can be determined is identified.</p> <p>Cover of old-growth and/or</p>	<p>In areas where occurrences of these values have been mapped, it is demonstrated that these values are not threatened by harvesting.</p> <p>Demonstrate that forest managers supplying controlled wood are capable of identifying unmapped occurrences of these values and protecting these values from threats from forest</p>

	<p>natural forest biodiversity present in the country or region?</p>		<p>primary forest remnants has fallen below 10% of its original extent in the area under assessment subject to the NRA (see example below).</p> <p>There is effective²⁰ legal protection of all occurrences of these values either within the protected area network (if it meets HCV requirements) and / or effective mechanisms if the value occurs outside the protected area network.</p> <p><u>Example 1:</u> 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 not low risk for HCV 3 - the risk is specified and control measures will need to be applied.</p>	<p>management activities which can threaten these values. For example, pre-harvest HCVF inventory of the management unit and neighboring sites to confirm that planned management activities do not pose a threat to the HCVs.</p> <p>Consultation with experts (who has been accepted by stakeholders) confirms that management activities do not pose a threat to the conservation values.</p>
<p>3.5 HCV 4. Critical ecosystem services. Basic ecosystem services in critical situations, including protection of water catchments and</p>	<p>Can the forests that play a 'critical watershed role' in protecting community drinking water supplies be identified?</p> <p>Which forest areas are for the primary purpose of providing a source of community drinking water?</p> <p>Are there forest areas presented in the region that includes extensive floodplain or wetland forests that are critical to mediating flooding or in controlling stream flow</p>	<p>Data sources may include, but are not limited to:</p> <p>Soil, watershed and aquifer maps.</p> <p>Data provided by hydrologists and soil scientists in state or federal agencies or research institutions.</p> <p>Data and consultation in local or regional water management districts.</p>	<p>Data are adequate to identify that there is or is not a risk (identification of the areas for which risk is either low or can be specified).</p> <p>Stakeholders and experts have agreed that the data are adequate and the scale and location for which risk can be determined is identified.</p>	<p>In areas where occurrences of these values have been mapped, it is demonstrated that these values are not threatened by forest management activities. Conducting consultation to demonstrate that any</p>

<p>control of erosion of vulnerable soils and slopes.</p>	<p>regulation and water quality?</p> <p>Can forest areas critical to control erosion, landslides, or avalanches that would threaten local communities be identified?</p> <p>Are there effective management tools and or regulations capable of ensuring that these forest areas can continue to perform their functions in areas where logging poses a potential threat?</p>	<p>National or regional datasets or maps assessing importance of watersheds for drinking water supply.</p> <p>Consultation with local experts and stakeholders.</p>	<p>There is effective²⁰ legal protection of these values either within the protected area network and / or effective mechanisms and logging regulations if the value occurs outside the protected area network.</p>	<p>and all affected parties in water catchment areas have given free, prior and informed consent before harvesting occurs.</p> <p>Proper planning of management activities (e. g. harvesting when soil is frozen, avoiding clear cuts in the favour of selective felling).</p>
<p>3.6 HCV 5. Forest areas fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or indigenous peoples.</p>	<p>Can forest areas that are fundamental to the basic needs of a local community, Indigenous Peoples or Traditional Peoples be identified?</p> <p>Do forest management activities or harvesting threaten/respect the rights of Indigenous Peoples or Traditional Peoples and local communities to meeting basic needs in areas identified with this value?</p>	<p>Consultations with:</p> <ul style="list-style-type: none"> • Indigenous People, Traditional People and local communities and/or relevant authorities liaising with IP and community rights issues, • Community groups dependent upon the forest for basic needs as identified. • Anthropologists or social scientists with local forest expertise. 	<p>Stakeholders and experts have agreed that the data are adequate and the scale at which risk can be determined is identified.</p>	<p>It is demonstrated that if forest management activities are occurring in these areas it is with the free, prior and informed consent of Indigenous Peoples, Traditional Peoples, local communities and any other affected parties.</p>

<p>3.7 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.</p>	<p>Can the forest areas that are critical to the Indigenous Peoples, Traditional Peoples and local community's cultural identity been identified?</p> <p>Have significant cultural features created intentionally by humans been identified?</p> <p>Are outstanding natural landscapes present that have evolved as a result of social, economic, administrative, and/or religious imperative?</p>	<p>Consultations with :</p> <ul style="list-style-type: none"> • Indigenous Peoples, Traditional Peoples and local communities and/or relevant authorities liaising with IP and community rights issues, • Anthropologists or social scientists with local forest expertise, • Cultural heritage list/authorities. 	<p>Stakeholders and experts have agreed that the data are adequate and the scale at which risk can be determined is identified.</p>	<p>It is demonstrated that if forest management activities are occurring in these areas it is with the free prior and informed consent of Indigenous Peoples, Traditional Peoples, local communities and any other affected parties.</p>
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3. Spatial scale determination

As for the other categories, assessments should be done at a sufficiently fine scale to differentiate between areas of low and specified risk. Scale needs to be fine enough to identify the presence, distribution and extent of HCVs and threats to them. Where maps of HCVF areas exist, these should be collected and included in the NRA as far as possible.

Determination of scale can be based on expert/stakeholder feedback, as well as international and national data sources (compare section 'Thresholds for determining risk level and specifying risk' under 'Evaluation of conformance').

Risk assessment for HCV's shall be made to as fine of a scale as sufficient for each HCV category. The finer the scale of specification, the easier verification for the Organization if the risk of HCV wood entering the FSC supply chain has been minimized.

Potential spatial units for analysis during risk determination will vary from HCV category to HCV category.

For example for category HCV 1, Bioregions or eco-regions may be appropriate as areas under assessment. For category HCV 2, areas under assessment can be identified from large scale data satellite imagery, or studies that have been designed to identify the large landscape scale forests. For category HCV 3, areas under assessment can be considered as bioregions or eco-regions with significant concentration of sites at national/regional level. For category HCV 4, e.g. land cover data, catchments, mountain regions, etc. can be used as spatial units for analysis. First, identification of HCV services provided is necessary for both the appropriate base and scale for district determination. Assessment of HCV 5 and 6 will need to use demographic and ethnographic data, as well as consultation with experts, as needed.

Whenever possible, existing maps of HCVs should be used, provided their quality is appropriate to be used during the risk assessment process.

In addition to data that relates directly to the HCV, per se informing data layers are important. Forest District maps, concession maps, land cover maps, administrative sub-units, etc. may be very helpful.

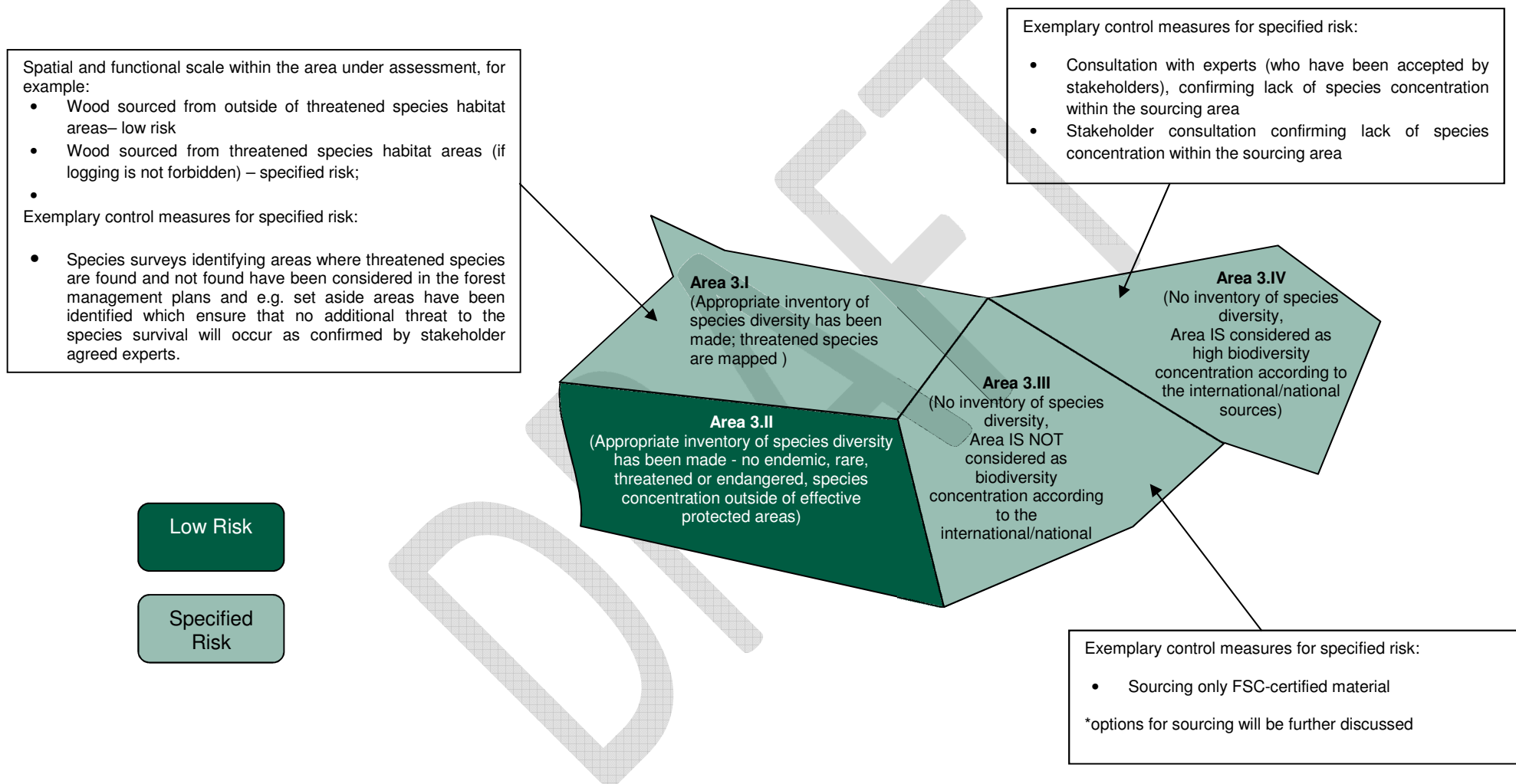
By undertaking a data audit, NRA may provide data directories for companies once risk is specified.

For functional scale, general rules as presented in Part I apply.

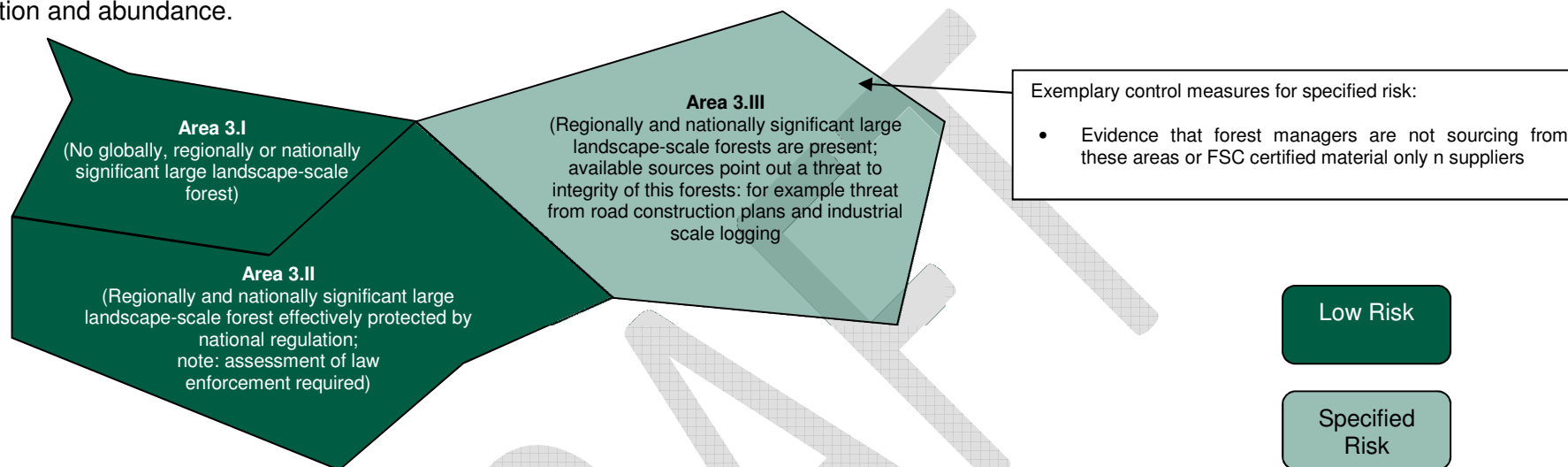
In some countries, where sufficient spatial division cannot be made, only functional scale may be appropriate for the whole territory of the country.

For the examples see graphics below:

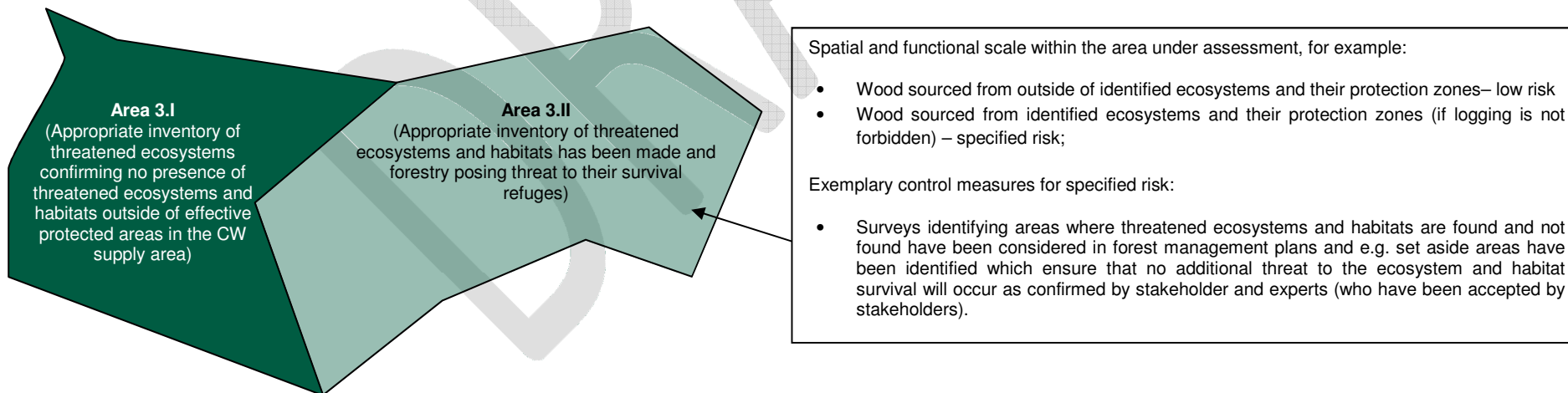
Example 1. HCV 1 - Species diversity. Concentrations of biological diversity including endemic species, and rare, threatened or endangered species that are significant at global, regional or national levels.



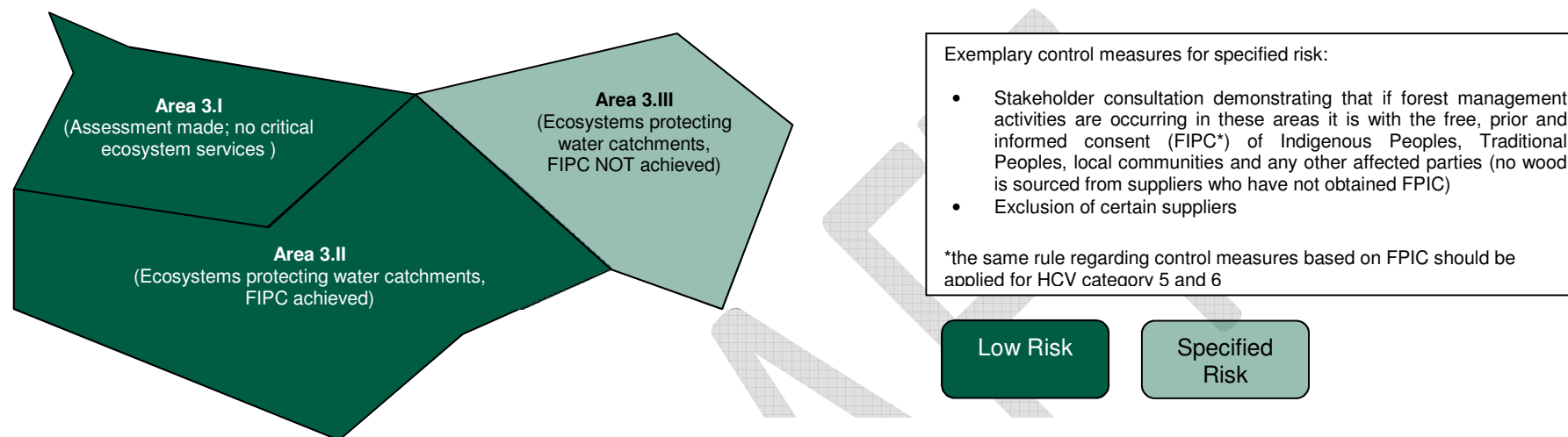
Example 2. HCV 2 - Landscape-level ecosystems and mosaics. Large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.



Example 3. HCV 3 - Ecosystems and habitats. Rare, threatened, or endangered ecosystems, habitats or refuges



Example 4. 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.



4. Evaluation of conformance

The area may be considered low risk in relation to threat of HCVs if all indicators and all the sub-indicators specified in table 3 are met. In the event that one or more indicators cannot be met within a given area, risk should be specified. In some cases, functional scale will be used for risk determination (e.g. plantations of species exotic to the region or country), rather than geographical locations within the district).

Thresholds for determining risk level and specifying risk

Determining the thresholds that are appropriate to national circumstances should be the responsibility of stakeholders and/or experts who have been approved by the stakeholders. A set of generic thresholds has been included in Table 3. Some examples of the application of these generic thresholds have also been provided. As part of the process of determining thresholds, NRAs should specify 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 to analyse 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 'specified'.

When determining the risk for 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 'Spatial scale determination' section). 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 'specified risk' and

control measures applied generally to plantations, without specifying their geographical location within the area under consideration. Such an approach may not be the case for HCV 4 - 6, for which plantations can potentially cause the threat and location of those values has to be known.

An example of a risk determination rule based on functional scale is provided below:

Example: low risk for HCV can be assigned to exotic plantation sources if the plantation occurs in an area where it does not play a role in erosion control or watershed protection, the plantation is not being used to meet the subsistence needs of a community and does not contain sites of significance to local communities and or indigenous peoples.

Separate HCVs frameworks developed for countries/regions may provide the scale determination (so far Australia and US have developed HCV Frameworks, which can serve as examples).

5. Risk specification

In areas designated as 'specified risk', the definition of the type and nature of the risk(s) shall be provided for establishment of effective control measures. When risk determination is not possible either by geographical or functional scale (due to e.g. insufficient resources or time), it shall be determined as 'specified' and no controlled wood can be sourced until risk specification can take place unless FSC certified. Also, when risk mitigation is not possible, products shall not be sourced as controlled material. Whenever possible, it is recommended to develop a HCV Framework that can serve as a base for risk specification under development/revision of a National Risk Assessment. Compare also information provided in section 'Evaluation of conformance'.

6. Establishment of Control Measures

A set of generic control measures has been identified in Table 3. However, as with thresholds, additional control measures specific to national circumstances and the silvicultural systems in use will often need to be identified.

Companies may identify additional control measures, provided that the control measures are accepted as appropriate by the stakeholders during the consultation process. In this case, the stakeholder consultation shall be designed as a mandatory control measure. Requirements for stakeholder consultation shall be determined by the National Risk Assessment (for stakeholders requirements compare section 'Additional specification', clause B: 'Control measures' in Part I).

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

1. Baseline assessment

Scope

This category addresses risk of conversion of natural or semi natural forests to plantations or non-forest use in the district or country under assessment, related to natural areas/activities e. g.: agriculture, pasture for cattle, settlements, urban development, residential development, mining, dams, energy extraction, etc. at a scale endangering the forests, and communities..

This category applies to wood coming from natural or semi natural forests that are being converted. Both legal and illegal conversion shall be considered. Plantation conversion to non-forest uses is not included in scope²¹.

Governance

In areas where conversion of natural forest is prohibited by law, overall effectiveness of the administration (national or sub national agencies) to oversee effective implementation of laws and regulations pertaining to conversion should be assessed.

2. Research

Risk Assessment Indicators for category 4

Table **Error! Reference source not found.**4 provides the indicators, guiding questions, examples of sources of information and thresholds to determine risks together with control measures for areas with specified risks.

²¹ Presented approach is under discussion within the FSC and will be aligned with the general FSC policy related to conversion.

Table 4. Conversion assessment

Indicator	Guidance	Sources of information	Thresholds	Control measures
<p>4.1. Conversion is illegal at national or regional level on public and private land²².</p>	<p>Is land use change for natural or semi natural vegetation effectively prohibited by legislation or binding public policy on public and private land?</p>	<p>National or subnational legislation.</p> <p>Related or independent (binding) public policy that prohibits conversion.</p> <p>Indicators regarding efficacy of the regulatory system e. g:</p> <p>Corruption Perception Index (www.transparency.org)</p> <p>World Bank governance indicators (info.worldbank.org/governance/wqi/sc_country.asp.)</p> <p>Remote sensing and other aerial geographic data.</p> <p>Data on land use change and observed trends.</p>	<p>There is a national or regional ban on conversion and it is effectively implemented.</p>	<p>Verification of permits for harvest from an appropriate authority that indicates non conversion.²³</p> <p>Company sourcing policy that commits to zero deforestation and requires 3rd party verification is communicated to suppliers and/or included in delivery agreements and/or verified in the field.</p> <p>Supplier agreement to be 3rd party verified²⁴ ensuring that material originates from areas that meet conversion thresholds.</p> <p>Change sourcing to only source species that are not related to conversion. Verify the species. Establishment of legal binding agreement with suppliers to exclude delivery of material from conversion of forest.</p> <p>Training the suppliers on requirements for excluding material from conversion of forest.</p> <p>Ensuring that suppliers have developed and implemented procedures to avoid sourcing of material from conversion areas.</p> <p>Verify that suppliers are following the</p>

²²Includes non-legislated national or regional Policy

²³Where a local authority effectively controls a national or regional ban on conversion via permit or licence conditions this may be considered a control measure.

²⁴A supplier approval process must be an operational, documented and recorded process that systematically checks all suppliers for compliance to these indicators.

				agreement and procedures related to conversion.
<p>4.2. Absence of significant economic drivers of forest and other wooded ecosystems conversion to plantation or non-forest use.</p>	<p>Is the economic environment favourable to conversion from native or semi natural vegetation and other wooded ecosystems to plantations or non-forest use?</p> <p>Are their direct or indirect incentives for conversion from native or semi natural vegetation to plantations or non-forest use?²⁵</p>	<p>Market conditions for conversion of wood or for alternative land use (e.g. palm oil, livestock etc.) economically favour conversion.</p> <p>Information on directly / indirectly paid incentives that favour conversion.</p> <p>Economic modelling.</p> <p>REDD data²⁶</p>	<p>No incentive is in place and as a result no conversion is practiced, except in circumstances where the conversion at:</p> <p><u>Management Unit level:</u></p> <p>a) Affects no more than 0.5% of the Management Unit in the current or any future year and does not result in a cumulative total area converted in excess of 5% of the Management Unit since November 1994;</p> <p>b) Does not damage or threaten High Conservation Values, nor any sites or resources necessary to maintain or enhance those High Conservation Values; and,</p> <p>c) Will produce clear, substantial, additional, secure long-term conservation benefits in the Management Unit.</p> <p><u>Example (using data sources):</u> Incentives are paid directly or indirectly. For indirect incentives, economic modelling show the impact of incentives</p>	<p>Verification of permits for harvest by an appropriate authority that indicates non conversion.²⁷</p> <p>Establishment of legal binding agreement with suppliers to exclude delivery of material from conversion of forest.</p> <p>Training the suppliers on requirements for excluding material from conversion of forest.</p> <p>Ensuring that suppliers have developed and implemented procedures to avoid sourcing of material from conversion areas.</p> <p>Verify that suppliers are following the agreement and procedures related to conversion.</p> <p>Stakeholder consultation. Consultation with experts. Field verification.</p>

²⁵E. g 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, cafe, as examples); policies which directly or indirectly provoke conversion such as extension of infrastructure, urbanization process.

²⁶E.g. http://www.terrestrialcarbon.org/Terrestrial_Carbon_Group_soil_%26_vegetation_in_climate_solution/Policy_Briefs_files/TCG%20Policy%20Brief%209%20Agricultural%20Expansion%20and%20REDD.pdf

²⁷Where a local authority effectively controls a national or regional ban on conversion via permit or licence conditions this may be considered a control measure.

			<p>on land use change from native or semi natural vegetation to plantations or non-forest use.</p> <p>It is also acceptable to support risk assessment by consideration of eco-regional trends in the land cover (e.g. based on an analysis of aerial materials). FAO data is not considered to be reliable enough for making determinations as to the impact of conversion at a regional or national level.</p>	
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3. Spatial scale determination

General rules of spatial scale determination apply, as specified in Part I. Risk assessments should be made at a sufficiently fine scale to differentiate between areas of low and specified risk. The spatial and functional scale of assessment should make it possible to differentiate where conversion is and is not legal. If such a differentiation is not possible (e.g. in large countries with decisions being made in highly variable ways at highly local scales), then it should be assumed that risk is present until demonstrated otherwise.

4. Evaluation of conformance

The area may be considered low risk in relation to conversion of forest to plantations or non-forest uses, when all the indicators are met.

5. Risk specification

Determination of the risk follows evaluation of conformance, and should return low and specified risk areas. In areas designated as 'specified risk', the definition of the type and nature of the risk(s) shall be provided in order to form the basis for establishment of effective control measures.

NOTE: In cases where mitigation is not possible through control measures or if there is not enough information to design control measures, the risk shall be 'specified' and therefore controlled material cannot be sourced from the area, unless FSC certified.

6. Establishment of Control Measures

A set of generic control measures has been identified in Table 4. See also Part I for further examples and general requirements for control measures. However, as with thresholds, National Risk Assessments (NRAs) need to identify control measures specific to national circumstances.

Organizations may identify additional control measures, provided that the control measures are accepted as appropriate by stakeholders during the consultation process. In this case, the stakeholder consultation shall be designed as a mandatory control measure. Requirements for stakeholder consultation shall be determined in the National Risk Assessment.

National Risk Assessments *should also* identify additional and/or more specific requirements for the specific types of conversion threats associated with specified risk designations in their countries.

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

1. Baseline assessment

Scope

The intent of category 5 is to assess the risk of sourcing wood or wood fiber from forests where Genetically Modified (GM) trees may occur. Genetically modified trees are genetically modified organisms derived from tree species. 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-combination¹. This category mainly applies to plantations²⁸. GM trees should not normally occur in a natural or semi natural forest. However, the risk assessment process requires analysis related to the areas under assessment.

²⁸To 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, Germany, Japan, New Zealand, Portugal, Spain, Sweden, the United Kingdom and the United States. In Latin America, Brazil and Chile are the countries most involved in GM engineering and research.

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 (*Betulapendula*), Spruce (*Picea* sp.) and Walnut (*Juglans* sp.).

Governance

In areas where GMO trees are allowed in commercial plantations, the systems for controlling the use of GMO shall be assessed. In countries or areas with poor governance or unclear governance on GMOs, the risk of finding GMO trees in the plantations/forests shall be assessed. The ability to locate plantations of GMO trees through official documents is also an important factor for determining risk and for companies to implement control measures.

2. Research

Risk Assessment Indicators for category 5

Table 5 provides a list of the scope covered by each of the indicators, guiding questions, examples of information sources and thresholds.

Table 5. Assessment of the GMO use

Indicator	Guidance	Sources of information	Thresholds	Control measures
5.1. There is no commercial use of genetically modified trees of the species concerned taking place in the country or district concerned.	<p>What are the laws and regulations that govern use of GM trees?</p> <p>Is there any commercial use of GM trees in the country or region?</p> <p>Are there any trials of GM trees in the country or region?</p> <p>Is there evidence of unauthorised use of GM trees?</p>	<p>GM Tree Watch: http://gmtreewatch.org/</p> <p>World Rainforest Movement: http://www.wrm.org.uy/subjects/GMTrees/Information_sheets.html</p> <p>UNFAO: www.fao.org</p> <p>National laws and regulations governing the use of GM trees in the country or region.</p>	<p>The following would support a low risk outcome for this indicator:</p> <ul style="list-style-type: none"> ▪ No commercial use of genetically modified trees of the species concerned taking place in the country or district concerned. ▪ No commercial use. Some small scale regulated trials. No substantial risk of commercial use. ▪ No evidence of unauthorised use of GMO trees. 	See section 6.
5.2. Licenses are required for commercial use of genetically modified trees.	<p>What are the laws and regulations that govern licensing of GM trees for commercial use?</p> <p>Are there any licenses issued for GM trees in the country or region?</p> <p>If so, in what regions, for what species and to which entities?</p>	<p>GM Tree Watch: http://gmtreewatch.org/</p> <p>World Rainforest Movement: http://www.wrm.org.uy/subjects/GMTrees/Information_sheets.html</p> <p>UNFAO: www.fao.org</p> <p>National laws and regulations governing the use of GM trees in the country or region.</p>	<p>The following would support a low risk outcome for this indicator:</p> <ul style="list-style-type: none"> ▪ No licences issued for commercial use of genetically modified trees in the country or district concerned. ▪ No known commercial use. Some small scale regulated trials. No substantial risk of commercial use. ▪ No evidence of unauthorised use of GM trees 	See section 6.

<p>5.3. It is forbidden to use genetically modified trees commercially in the country or district concerned.</p>	<p>What are the laws and regulations that govern use of GM trees?</p> <p>Is there any known or suspected use of GM trees in the country or region?</p> <p>If so, for what species and in what administrative regions?</p>	<p>GM Tree Watch: http://gmtreewatch.org/</p> <p>World Rainforest Movement: http://www.wrm.org.uy/subjects/GMTrees/Information_sheets.html</p> <p>UNFAO: www.fao.org</p> <p>National laws and regulations governing the use of GM trees in the country or region.</p>	<p>The following would support a low risk outcome for this indicator:</p> <ul style="list-style-type: none"> ▪ No known or suspected illegal use of genetically modified trees of the species concerned taking place in the country or district concerned. ▪ Some small scale regulated trials or in gardening. No substantial risk of commercial use. ▪ The species are not used commercially 	<p>See section 6.</p>
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3. Spatial scale determination

Assessments should be made at a sufficiently fine scale to differentiate between areas of low and specified risk. The scale of assessment should make it possible to determine areas where the use of GMOs is prohibited, where GMO trees are present and where there is a risk of sourcing from forests that may contain GMO trees being commercialized. If such a differentiation is not possible, (e.g. because of unclear permitting procedures, risk of GMOs being planted with permits, unavailable information on the location of GMO plantations), then the risk shall be assessed as 'specified' until demonstrated otherwise. In most cases, functional scale based on GMO species will apply.

4. Evaluation of conformance

The area may be considered low risk in relation to forests in which genetically modified trees may be planted, when one of the following indicators is met (see also table 5):

- a) There is no commercial use of genetically modified trees of the species concerned taking place in the country or district concerned;
- b) Licenses are required for commercial use of genetically modified trees and there are no licenses for commercial use; and/or
- c) It is forbidden to use genetically modified trees commercially in the country or district concerned.

During conformance evaluation, for areas where GMO presence is possible, the following guiding questions may be helpful:

- What GM 'species' are used?
- Can it be clearly determined which FMUs are using the GM trees?
- Is the use of GM trees limited to certain areas?

5. Risk specification

Once the evaluation of conformance is completed, the areas of “low risk” and “specified risk” shall be determined. In areas designated as ‘specified risk’, the definition of the type and nature of the risk(s) shall be provided for establishment of effective control measures.

6. Establishment of Control Measures

For examples of control measures, see Part I and Table 5. Further examples related to the category 5 are given below:

- Ensuring that the species sourced in the supply chain have not been identified as potential GM tree ‘species’ (e. g.: Avoid species identified as potential GM tree ‘species’ in the supply chain?);
- Ensuring that the wood does not come from FMUs or areas within the region where GM trees are used commercially;
- Regular testing for GMO wood at the point of reception; and/or
- Field testing/audits at supplying FMUs*.

*Field testing/audits and regular testing may include documentary evidence of plant material used at the FMU, inspection of plantation or lab testing (compare section ‘Additional specification’, clause B: ‘Control measures’ in Part I).

Stakeholder consultation note

At this stage there is no overall consensus on the concept of GMO among the members of the Controlled Wood Technical Committee, as well as on the contents of proposed indicators. Further discussion will be required both on the scope of the category and proposed indicators.

Stakeholders are kindly requested to express their opinion to support ongoing discussion and refinement of proposed contents.

Annex 1. Glossary of Terms Relevant to Traditional and Human rights

Terms from FSC-STD-01-001 V5-0 FSC Principles and Criteria for Forest Stewardship.

Affected stakeholder: Any person, group of persons or entity that is or is likely to be subject to the effects of the activities of a Management Unit. Examples include, but are not restricted to (for example in the case of downstream landowners), persons, groups of persons or entities located in the neighborhood of the Management Unit. The following are examples of affected stakeholders:

- Local communities
- Indigenous peoples
- Workers
- Forest dwellers
- Neighbors
- Downstream landowners
- Local processors
- Local businesses
- Tenure and use rights holders, including landowners
- Organizations authorized or known to act on behalf of affected stakeholders, for example social and environmental NGOs, labor unions, etc. (Source: FSC 2011).

Applicable law: Means applicable to The Organization as a legal person or business enterprise in or for the benefit of the Management Unit and those laws which affect the implementation of the *FSC Principles and Criteria*. This includes any combination of statutory law (Parliamentary-approved) and case law (court interpretations), subsidiary regulations, associated administrative procedures, and the national constitution (if present) which invariably takes legal precedence over all other legal instruments (Source: FSC 2011).

Conflicts between the Principles and Criteria and laws: Situations where it is not possible to comply with the Principles and Criteria and a law at the same time (Source: FSC 2011) [adapted for CW purposes].

Customary law: Interrelated sets of customary rights may be recognized as customary law. In some jurisdictions, customary law is equivalent to statutory law, within its defined area of competence and may replace the statutory law for defined ethnic or other social groups. In some jurisdictions customary law complements statutory law and is applied in specified circumstances (Source: Based on N.L. Peluso and P. Vandergeest. 2001. Genealogies of the political forest and customary rights in Indonesia, Malaysia and Thailand, *Journal of Asian Studies* 60(3):761–812).

Customary rights: Rights which result from a long series of habitual or customary actions, constantly repeated, which have, by such repetition and by uninterrupted acquiescence, acquired the force of a law within a geographical or sociological unit (Source: FSC 1994).

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

Gender equality: Gender equality or gender equity means that women and men have equal conditions for realizing their full human rights and for contributing to, and benefiting from, economic, social, cultural and political development (Source: Adapted from FAO, IFAD and ILO workshop on 'Gaps, trends and current research in gender dimensions of agricultural and rural employment: differentiated pathways out of poverty', Rome, 31 March to 2 April 2009.).

Indigenous peoples: People and groups of people that can be identified or characterized as follows:

- The key characteristic or criterion is self-identification as indigenous peoples at the individual level and acceptance by the community as their member
 - Historical continuity with pre-colonial and/or pre-settler societies
 - Strong link to territories and surrounding natural resources
 - Distinct social, economic or political systems
 - Distinct language, culture and beliefs
 - Form non-dominant groups of society
 - Resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities.
- (Source: Adapted from United Nations Permanent Forum on Indigenous, Factsheet 'Who are indigenous peoples' October 2007; United Nations Development Group, 'Guidelines on Indigenous Peoples' Issues' United Nations 2009, United Nations Declaration on the Rights of Indigenous Peoples, 13 September 2007).

Interested stakeholder: Any person, group of persons, or entity that has shown an interest, or is known to have an interest, in the activities of a Management Unit. The following are examples of interested stakeholders.

- Conservation organizations, for example environmental NGOs
- Labor (rights) organizations, for example labor unions
- Human rights organizations, for example social NGOs
- Local development projects
- Local governments
- National government departments functioning in the region
- FSC National Offices
- Experts on particular issues, for example High Conservation Values

(Source: FSC 2011)

Lands and territories: For the purposes of the Principles and Criteria these are lands or territories that indigenous peoples or local communities have traditionally owned, or customarily used or occupied, and where access to natural resources is vital to the sustainability of their cultures and livelihoods. (Source: Based on World Bank safeguard OP 4.10 Indigenous Peoples, section 16 (a). July 2005.)

Living wage: The level of wages sufficient to meet the basic living needs of an average- sized family in a particular economy (Source: International Labour Organization (ILO). Bureau of Library and Information Services. ILO Thesaurus as provided on ILO website).

Local communities: Communities of any size that are in or adjacent to the Management Unit, and also those that are close enough to have a significant impact on the economy or the environmental values of the Management Unit or to have their economies, rights or environments significantly affected by the management activities or the biophysical aspects of the Management Unit (Source: FSC 2011).

Local laws: The whole suite of primary and secondary laws (acts, ordinances, statutes, decrees) which is limited in application to a particular geographic district within a national territory, as well as secondary regulations, and tertiary administrative procedures (rules / requirements) that derive their authority directly and explicitly from these primary and secondary laws. Laws derive authority ultimately from the Westphalian concept of sovereignty of the Nation State (Source: FSC 2011).

National laws: The whole suite of primary and secondary laws (acts, ordinances, statutes, decrees), which is applicable to a national territory, as well as secondary regulations, and tertiary administrative procedures (rules / requirements) that derive their authority directly and explicitly from these primary and secondary laws (Source: FSC 2011).

Occupational accident: An occurrence arising out of, or in the course of, work which results in fatal or non-fatal injury (Source: International Labour Organization (ILO). Bureau of Library and Information Services. ILO Thesaurus as provided on ILO website).

Occupational disease: Any disease contracted as a result of an exposure to risk factors arising from work activity (Source: International Labour Organization (ILO). Bureau of Library and Information Services. ILO Thesaurus as provided on ILO website).

Occupational injuries: Any personal injury, disease or death resulting from an occupational accident (Source: International Labour Organization (ILO). Bureau of Library and Information Services. ILO Thesaurus as provided on ILO website).

Statutory law or statute law: The body of law contained in Acts of Parliament (national legislature) (Source: Oxford Dictionary of Law).

Tenure: Socially defined agreements held by individuals or groups, recognized by legal statutes or customary practice, regarding the 'bundle of rights and duties' of ownership, holding, access and/or usage of a particular land unit or the associated resources there within (such as individual trees, plant species, water, minerals, etc.) (Source: World Conservation Union (IUCN). Glossary definitions as provided on IUCN website).

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: Forest Peoples Programme (Marcus Colchester, 7 October 2009)).

Use rights: Rights for the use of resources of the Management Unit that can be defined by local custom, mutual agreements, or prescribed by other entities holding access rights. These rights may restrict the use of particular resources to specific levels of consumption or particular harvesting techniques (Source: FSC 2011).

Workers: All employed persons including public employees as well as 'self-employed' persons. This includes part-time and seasonal employees, of all ranks and categories, including laborers, administrators, supervisors, executives, contractor employees as well as self-employed contractors and sub-contractors (Source: ILO Convention C155 Occupational Safety and Health Convention, 1981).

Annex 2. Sources of Information Relevant to Traditional and Human Rights

Amnesty International Annual Report: The state of the world's human rights

Amnesty International's annual report contains 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>

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 monitoring. The Fragile States brief provide 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.

<http://www4.carleton.ca/cifp/ffs.htm>

Committee to Protect Journalists: Impunity Index

CPJ's annual Impunity Index, first published in 2008, identifies countries where journalists are murdered regularly and governments fail to solve the crimes. Only nations with five or more unsolved cases are included on the index (in 2011, there were 13 nations). The Index calculates unsolved journalist murders as a percentage of each country's population.

<http://www.cpj.org/reports/2011/06/2011-impunity-index-getting-away-murder.php>

Fair Labor Standard: SA8000

Social Accountability International is an international non-profit human rights organization focused on the ethical treatment of workers. SA8000 is SAI's social standard and is designed to ensure conformance with ethical sourcing standards based on the principles of thirteen international ILO and UN human rights conventions. Third party certification is offered via independent certifying bodies.

<http://www.sa-intl.org>

Freedom House

Freedom House is a U.S.-based NGO that conducts research and advocacy on democracy, political freedom and human rights, and produces several annual reports, including: the Freedom in the World report, which assesses each country's degree of political freedoms and civil liberties; and Freedom of the Press and Freedom of the Net, which monitor censorship, intimidation and violence against journalists, and public access to information.

Each country report begins with a section containing the following information: population, capital, political rights (numerical rating), civil liberties (numerical rating), status (Free, Partly Free, or Not Free), and a 10-year ratings timeline. The political rights and civil liberties categories contain numerical ratings between 1 and 7 for each country or territory, with 1 representing the most free and 7 the least free. The status designation of Free, Partly Free, or Not Free, which is determined by the combination of the political rights and civil liberties ratings, indicates the general state of freedom in a country or territory.

<http://www.freedomhouse.org/>

Fund for Peace - Failed States Index of Highest Alert

The Fund for Peace is a US-based non-profit research and educational organization that works to prevent violent conflict and promote security. The Failed States Index is an annual ranking, first published in 2005, of 177 nations based on their levels of stability and capacity.

<http://www.fundforpeace.org/global/?q=cr-10-99-fs>

The Guardian Observer

Human Rights Index: This index is based on tables compiled from the following sources: Amnesty International Annual Reports; Amnesty International Country Reports; US State Department Country Reports on Human Rights; and the United Nations Human Development Report (Human Development Index).

<http://www.guardian.co.uk/rightsindex/>

The Observer also publishes a list of the 'top 100 offenders' (http://www.guardian.co.uk/Tables/4_col_tables/0,,258330,00.html) and reports on human rights abuses by country (http://www.guardian.co.uk/Tables/4_col_tables/0,,258329,00.html).

ILO Core Conventions Database

This website contains a list of country ratifications of the fundamental human rights conventions, including:

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
C-111 Discrimination (Employment and Occupation) Convention, 1958
C-138 Minimum Age Convention, 1973
C-182 Worst Forms of Child Labour Convention, 1999
<http://www.ilo.org/ilolex/english/docs/declworld.htm>

Institute for Economics and Peace: Global Peace Index

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.
<http://www.visionofhumanity.org/info-center/global-peace-index-2011/>

Overseas Development Institute: World Governance Assessment

The ODI’s World Governance Assessment examines six main arenas of governance activity (Civil Society, Political Society, Government, Bureaucracy, Economic Society, and Judiciary). These arenas are assessed according to six principles for assessing governance: Participation (the degree to which affected stakeholders are able to sense ownership and involvement in the political process); Fairness (the degree to which rules are applied equally to everyone in society); Decency (the extent to which rules are handled without humiliating or harming people); Accountability (the extent to which political actors are perceived as responsible to the public for what they say and do); Transparency (the degree to which rules about openness and clarity are upheld in the public realm); and Efficiency (the extent to which rules enhance effective use of scarce resources without incurring waste or delay). One indicator has been developed for each of the 36 boxes within this 6x6 matrix (<http://www.odi.org.uk/work/projects/00-07-world-governance-assessment/Indicators.html>), and additional information is collected on separation of powers, gender issues, the role of ethnicity, poverty and government support for reform.
<http://www.odi.org.uk/work/projects/00-07-world-governance-assessment/Framework.html>

Reporters without Borders: Press Freedom Index:

Reporters without Borders defends journalists that are imprisoned or persecuted, exposes their mistreatment and torture, and fights against censorship and laws that undermine press freedom. The Press Freedom Index, issued each January, measures the degree of freedom journalists and media have in more than 170 countries.
<http://en.rsf.org/press-freedom-index-2010,1034.html>

World Bank: Worldwide Governance Indicators

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.
<http://info.worldbank.org/governance/wgi/index.asp>; http://info.worldbank.org/governance/wgi/sc_country.asp

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

World Resources Institute: Governance of Forests Initiative Indicator Framework (Version 1)

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.

http://pdf.wri.org/working_papers/gfi_tenure_indicators_sep09.pdf

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