

NATIONAL RISK ASSESSMENTS

We are conducting
**national & sub-national
risk assessments**

for over

70

countries
around the world



to **help evaluate**
the legal, social and environmental **risks**
for those who
source
forest commodities

16

CSR for Soy, Beef, Palm Oil

Offer an overview of the Corporate Social Responsibility (CSR) risks associated with trade in these commodities that impact the world's forests



20

FSC Controlled Wood - HCV (High Conservation Values)

Assess risks that HCVs are being threatened by forest management activities



62

Forest Legality

Provide a detailed picture of the legality risks in the country where timber is sourced; evaluation is mainly under FSC™'s national forest legality risk assessment



5

SBP (Sustainable Biomass Program)

Aim at identifying and mitigating risks associated with responsibly sourcing feedstock for biomass production



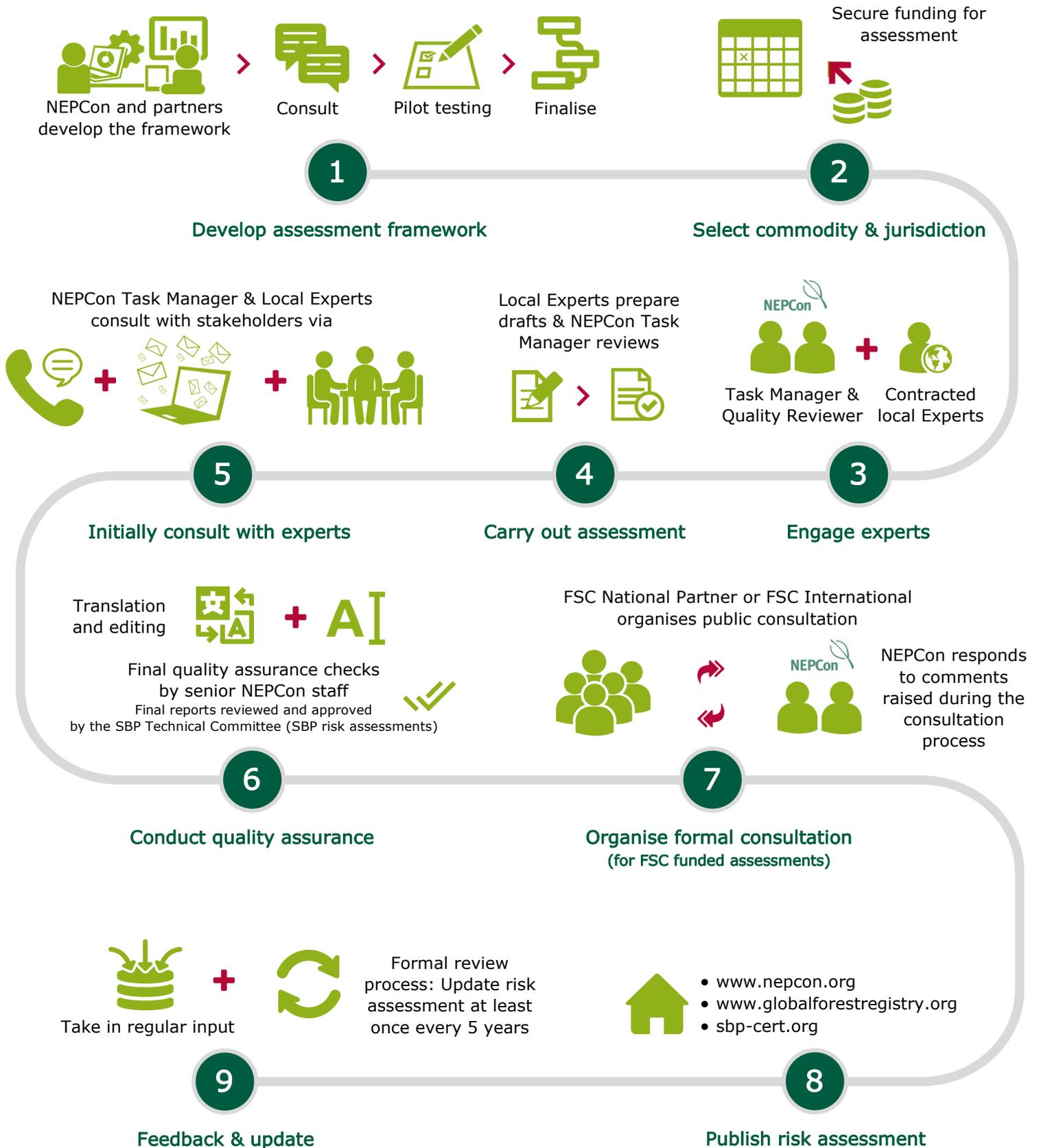
Number of risk assessments

With generous
support & sponsorship
from



NATIONAL RISK ASSESSMENTS

How risk assessment is conducted?



NATIONAL RISK ASSESSMENTS



Who can use it?

An **Operator** performing due diligence on his/her supply chain can **USE** the assessments to **evaluate the risks** in the country of harvest



How can it be used?



Evaluating the **level of risks**



Providing details about **cause of risks** and information on **control measures** and **verifiers**

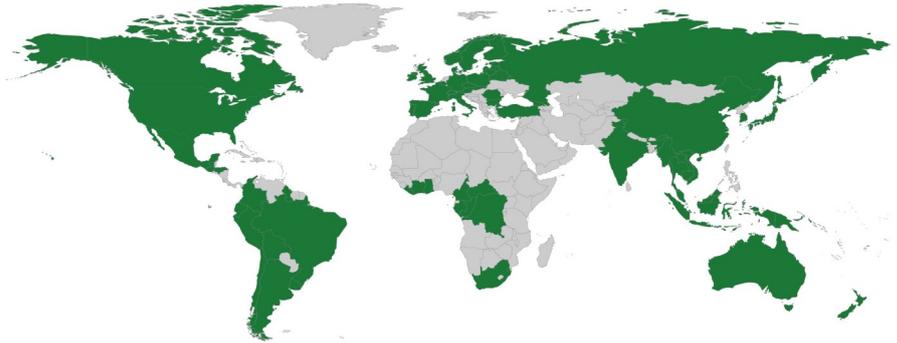


Form a clear basis to support the timber industry to **meet** their EU Timber Regulation obligation

Status



62 risk assessments from timber-exporting countries all over the world are **developed**



55 available to date



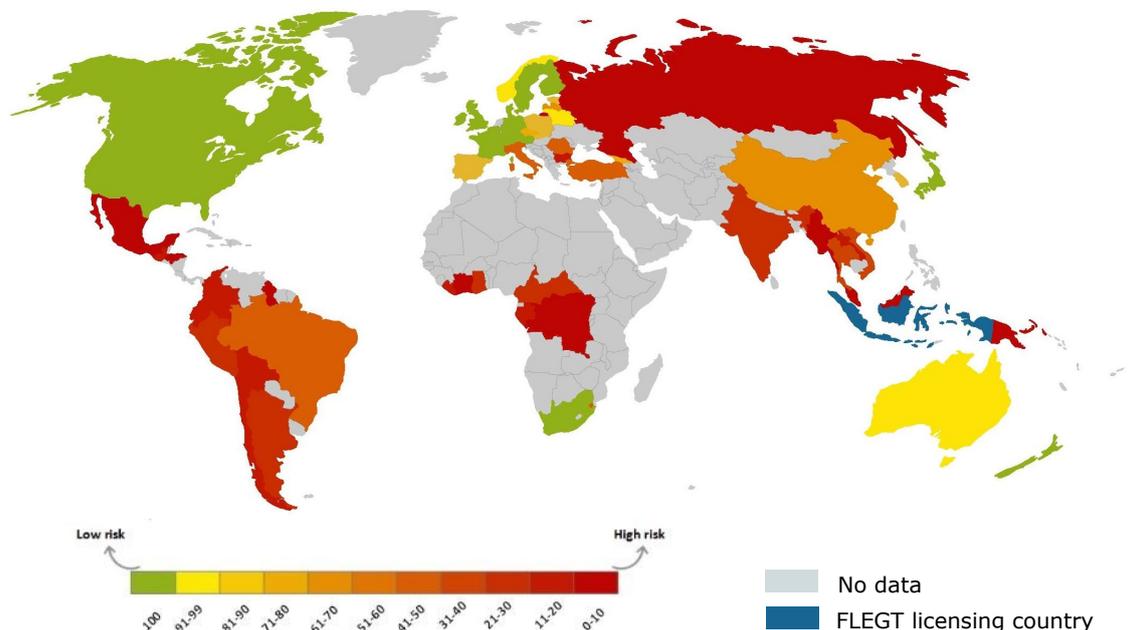
7 more will be ready by mid-2017

Results

Forest legality index by country

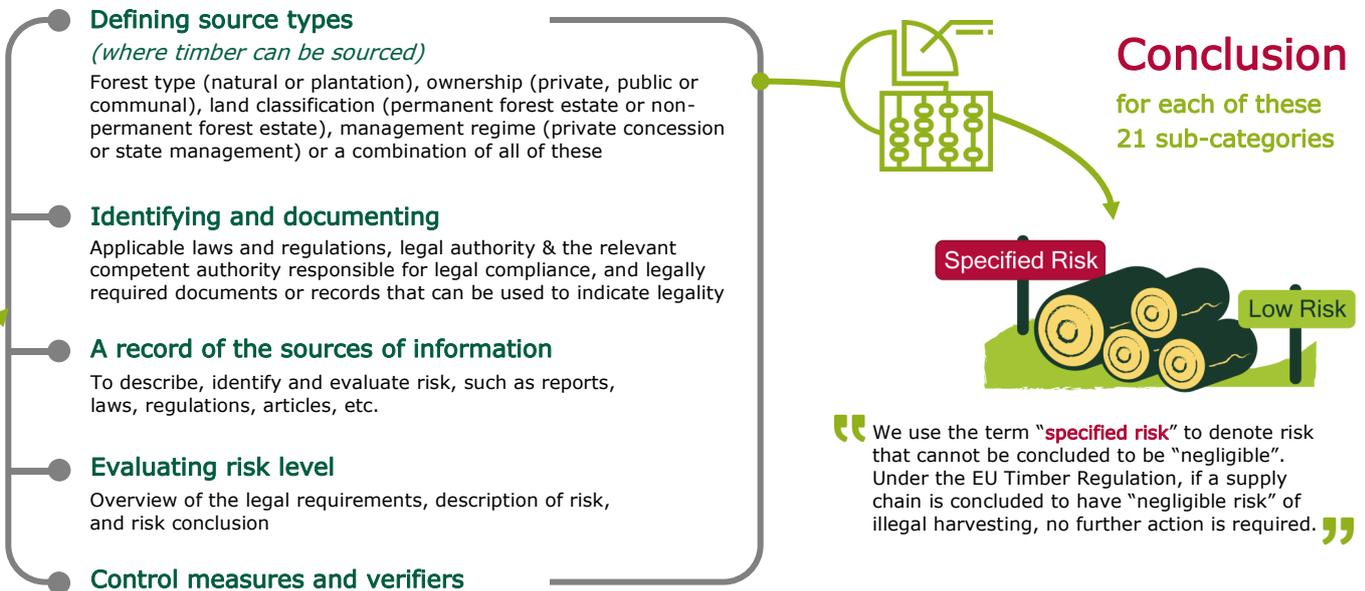
A **score** rates the countries on a scale from 1-100 **concluding the risk of national legislation being broken** for each particular country.

The closer to **100**, the **lower** the risk. The closer to **0**, the **higher** the risk.





Forest legality risk assessment process



Analysis of EACH of these 21 sub-categories



Taxes and fees

- Payment of royalties and harvesting fees
- Value added taxes and other sales taxes
- Income and profit taxes



Legal rights to harvest

- Land tenure and management rights
- Concession licenses
- Management and harvesting planning
- Harvesting permits

Timber harvesting activities



- Timber harvesting regulations
- Protected sites and species
- Environmental requirements
- Health and safety
- Legal employment

Trade and transport

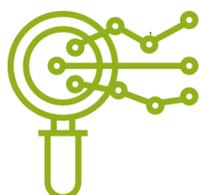


- Classification of species, quantities, qualities
- Trade and transport
- Offshore trading and transfer pricing
- Custom regulations
- CITES
- Due diligence and due care

Third parties' rights



- Customary rights
- Free prior and informed consent
- Indigenous/traditional peoples' rights



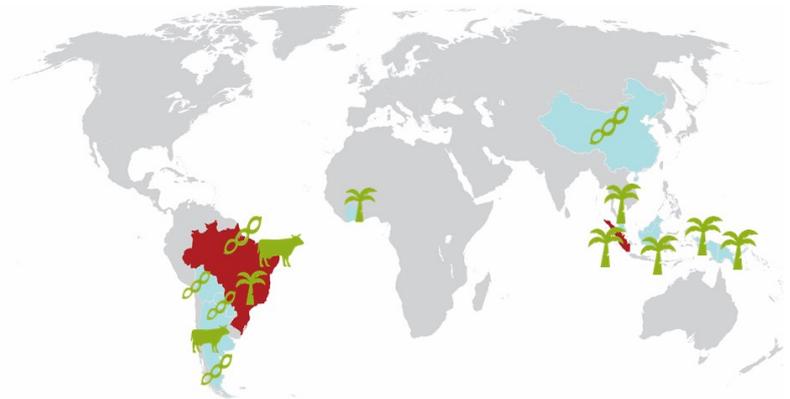
The **legality assessment considers** the risk of illegality across

5 categories and **21** sub-categories



USE the **risk based approach** for new and existing supply chain sources

FOCUS on **farm establishment** and **management issues**



8 risk assessments for responsible sourcing of soy, beef and palm oil from producer developing countries **available** to date

8 more are being developed



Environment

- Environmental regulations – air emissions, water use, chemical management, etc.
- Protected sites and species regulations
- High Conservation Values



Social issues

- Legal employment
- ILO fundamental conventions
- Health and safety
- Indigenous and traditional rights



Business issues

- Land tenure
- Farm registration & management rights
- Payment of royalties and required fees
- Value added taxes and other sales taxes
- Income and profit taxes
- Disclosure of information

Conversion



- No new farms established after November 2005 on natural forests or ecosystems
- Fire avoidance

GMOs



- There is no commercial use of genetically modified organisms (GMOs)

Animal welfare (Cattle sector)

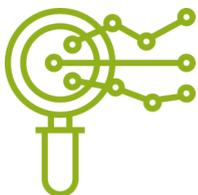


- Health (nutrition, safety, medicines, health programmes, etc.)
- Well-being (no mistreatment, minimising stress & suffering, reproduction quality care, etc.)

Traceability (Cattle sector)



- Animal movement amongst farms is transparent



The **risk assessment considers** the risk of sourcing these commodities from developing countries across

7 categories and **19** sub-categories



How this can be used?



The risk assessment **informs** Biomass Producer of risks related to **sourcing** feedstock from the region.



Based on this, Biomass Producer **develop plan to mitigate** any specified risk.



If Biomass Producer **properly implements** mitigation measures, the material can be sourced as **SBP-compliant**. This provides assurance that the material fulfils the UK and Danish requirements on sustainable biomass.

Status

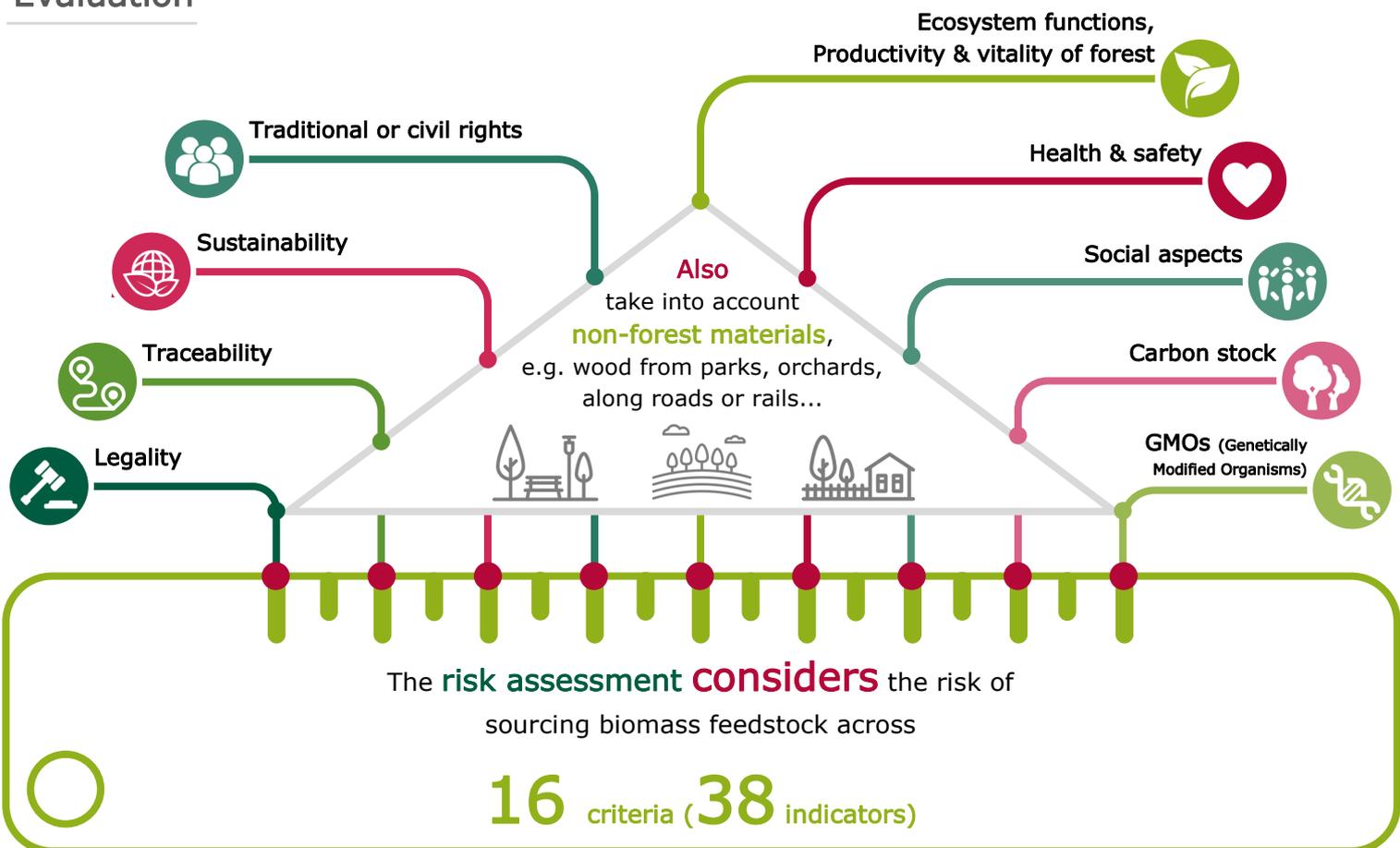


2 available to date



3 are being developed

Evaluation





FSC-mixed product



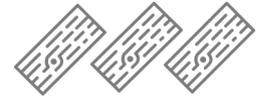
=

FSC-certified wood



+ or

FSC Controlled Wood



A **Manufacturer** needs to



KNOW where the wood they source comes from



EVALUATE the risk that they may source wood **in violation** with **5 unacceptable categories** of wood & the risk that such **wood gets mixed** into their supply chain



TAKE ACTION to **mitigate** any risk that they have sourced unacceptable wood



Wood harvested illegally



Wood harvested in violation of traditional and civil rights



Wood harvested from forests with a **High Conservation Value (HCV)** that is threatened by management activities

Wood from forests in which genetically modified trees are planted



Wood harvested from forests being converted to plantations or non-forest use



Concentrations of biological diversity including endemic species, and rare, threatened or endangered species that are significant at global, regional or national levels



HCV 1

Species diversity

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 2

Landscape-level ecosystems and mosaics

Rare, threatened, or endangered **ecosystems, habitats or refugia**



HCV 3

Ecosystems and habitats

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



HCV 6

Cultural values

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 5

Community needs

Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes



HCV 4

Critical ecosystem services

Evaluation categories