

# FSC CONTROLLED WOOD

## US NATIONAL RISK ASSESSMENT SUMMARY

### The Controlled Wood System

“Controlled Wood” is the term used by FSC to define forest products that are not FSC-certified, but that can be mixed with FSC-certified materials in mills and supply chains to produce a product with an FSC Mix label. Since these products are not FSC-certified they do not need to meet the Forest Management (FM) certification standard. Controlled Wood sourcing does need to avoid major controversial sources, however, since it is mixed with FSC-certified material and is included in products that bear the FSC trademark.

Potentially controversial material is identified in Controlled Wood sourcing via risk assessments of their supply areas. These risk assessments have heretofore been carried out by the companies sourcing uncertified materials and making Controlled Wood claims. FSC is now in the process of moving to national-level risk assessments developed by the FSC national offices. This United States National Risk Assessment (US NRA) is the first draft of this new risk assessment system in the US.

The US NRA is based on procedures and standards developed at the international level, which are intended to standardize how risk is assessed for Controlled Wood around the world. Using the “National Risk Assessment Framework” procedure (FSC-PRO-60-002), geographic areas are classified as either *specified risk* or *low risk* for particular categories of risk. In areas of *specified risk*, i.e. where there is a reasonable chance of controversial sources being present, additional precautions are established for those sources. Referred to as “*control measures*,” these precautions are intended to address the particular circumstances for which *specified risk* has been designated.

The FSC Controlled Wood Standard (FSC-STD-40-005) establishes five categories of potential risk associated with Controlled Wood. They are:

- Category 1: Legality
- Category 2: Traditional & Civil Rights
- Category 3: High Conservation Values (HCVs)
- Category 4: Forest Conversion
- Category 5: Genetically Modified Organisms (GMOs)

To date the US NRA has only proposed designation of *specified risk* for certain High Conservation Values (HCVs), but there may be risk associated with Legality or Traditional & Civil Rights, depending on the outcome of the international “Centralized National Risk Assessment” (see below).

## How the National Risk Assessment (NRA) Works

Companies (referred to in the US NRA as “The Organization”) that source uncertified materials and intend to make Controlled Wood claims for those materials will compare their supply area, based on geography and material type, to areas of *specified risk* established in the US NRA.

In some instances HCVs are identified with geographic boundaries that are shown in the webmap associated with this US NRA, which can be found here:

<http://foreststewardshipcouncil.s3.amazonaws.com/index.html> . Specifically, Critical Biodiversity Areas, Roadless Areas, and Intact Forest Landscapes are geographically defined. Other instances of *specified risk* are designated regionally, and are based on known instances of species or ecosystem occurrence.

For each *specified risk* designation there are associated *control measures* established to mitigate that risk. The manner in which *control measures* are implemented may differ depending on the nature of the forest material purchase (e.g. direct purchase or indirect purchase). Material purchased directly from the forest (“*direct purchases*”) has different implementation requirements than indirectly sourced material (“*indirect purchases*”). Furthermore, *indirect purchases* are subdivided depending on how many degrees of separation are between the company sourcing Controlled Wood and the source forest.

In all sourcing areas, including areas of *low risk*, a base level of due diligence is still required to avoid controversial sources where they are known to occur. This is established by the Controlled Wood Due Diligence System (CW DDS).

## The Centralized National Risk Assessments

Certain categories of risk are being assessed at the international level by the FSC International office (FSC-IC) under a “Centralized National Risk Assessment” (CNRA). Specifically, the CNRA covers Legality (Risk Category 1), Traditional and Civil Rights (Risk Category 2), and GMOs (Risk Category 5).

As a consequence, these three categories of risk are not included here in the US NRA. When available, the results of these assessments will also be released for public consultation, and provisions for *low risk* and *specified risk* as discussed above will apply. If *specified risk* is designated for any of these categories, corresponding *control measures* will still be established at the national level (i.e. by FSC-US and the Controlled Wood Working Group). These risk categories including any applicable *control measures* will be released for public consultation as an addendum to the NRA when they are available.

## Summary of the National Risk Assessment

This draft version of the National Risk Assessment (NRA) is comprised of three parts. Part 1 contains the programmatic requirements for companies implementing the US NRA, including the Controlled Wood Due Diligence System (CW DDS). Part 2 contains the High Conservation Value (HCV) risk assessment, risk designation, and *control measures*. Part 3 contains the Forest Conversion risk assessment, as well as supporting information for the conversion CW DDS elements contained in Part 1.

Part 1, the Company Controlled Wood Program & Due Diligence System, contains the US-specific programmatic elements necessary for implementing the Controlled Wood system. These elements have been established in addition to the elements in the international Controlled Wood Standard (STD-40-005). They include a company Controlled Wood policy, a process for documenting the Controlled Wood supply area, and the establishment of the US-specific due diligence system (CW-DDS). The CW-DDS establishes a baseline due care process for areas designated as *low risk*, including for conversion.

Part 1 also delineates Controlled Wood supply types in terms of *direct purchases*, *indirect purchases*, and *byproducts*. *Direct purchases* have the most thorough requirements for controlling risk. They include a company policy, supplier training, supplier agreements, and field verification subsampling. *Indirect purchases* generally do not require field verification, or supplier agreements where there is more than one link in the supply chain (i.e. Type 2 or Type 3 Indirect Purchases as defined in Part 1). *Byproducts*, in turn, only require a company policy. These different levels of sourcing requirements were established in recognition of the different levels of control over and insight into Controlled Wood sources that a company has within their supply chain.

Part 2 includes the risk assessment, risk designation, and *control measures* for High Conservation Values (HCVs) in the US. It is important to note that this is a separate process with separate thresholds from the HCV assessments that are part of the FM standard.

*Specified risk* is designated for the following HCVs:

- Intact Forest Landscapes (IFLs) on federal lands in the Western US
- Roadless Areas on federal lands in the Western US
- Old Growth forest on public lands in the Western US
- Primary forest on public lands in the Western US
- Habitats associated with high biodiversity areas (Critical Biodiversity Areas)
- Select threatened or endangered species that are vertebrates, regionally significant, and are directly affected by forest management (Priority T&E Species)
- Regionally significant forest types that are representative of that region (Priority Forest Types)

Intact Forest Landscapes and Roadless Areas have been mapped, and are shown in the webmap associated with the US NRA. The other instances of *specified risk* are defined regionally, and are based on likelihood within the supply area.

Part 3 contains the Forest Conversion risk assessment, and references the conversion-specific due diligence system elements contained in Part 1. No *specified risk* is designated for conversion, a conclusion based on two separate analyses which demonstrate that forest land cover change in the US is not distinguishable from zero net change.

Some additional due diligence elements are established in the CW-DDS, however, in recognition of concerns over potential localized forest conversion. Integral to this conversion section of the CW-DDS are a series of exemptions. Specifically, there is a *de minimus* threshold of 40 acres (20 acres for conversion to Plantations), an exemption for company mill expansions, an exemption for urban infill, and a public benefit exemption.