

CONTROLLED WOOD EXTENDED COMPANY RISK ASSESSMENT REPORT

DEVELOPED BASED ON THE STANDARD *FSC-STD-40-005 V3-1 Requirements
for Sourcing FSC Controlled Wood*

1. COMPANY DETAIL

Date of preparation: Date of the last review:	01 February 2023 01 February 2023
The organization Name: Responsible staff and email address: Entity developing risk assessment Name: Responsible staff and email address:	BSL Comércio Internacional, SA Cecilia Nolasco cecilianolasco@bsl.pt Forestry Solutions Africa Stu Valintine – stu@forestrysolutions.net
The certification body Name: Responsible staff and email address: Date of the last approval:	
Area(s) under assessment:	Portucel Plantations in Zambezia Province. Alto Molocué, Ile, Namarrói and Mulevala Districts Mozambique
Assessment done by:	Stu Valintine
Relation to the company:	Contracted Expert
Date:	01 February 2023
Signature	

Extended company risk assessment performed for supply area(s) or part thereof not covered by an approved FSC risk assessment

1. Extended company risk assessment

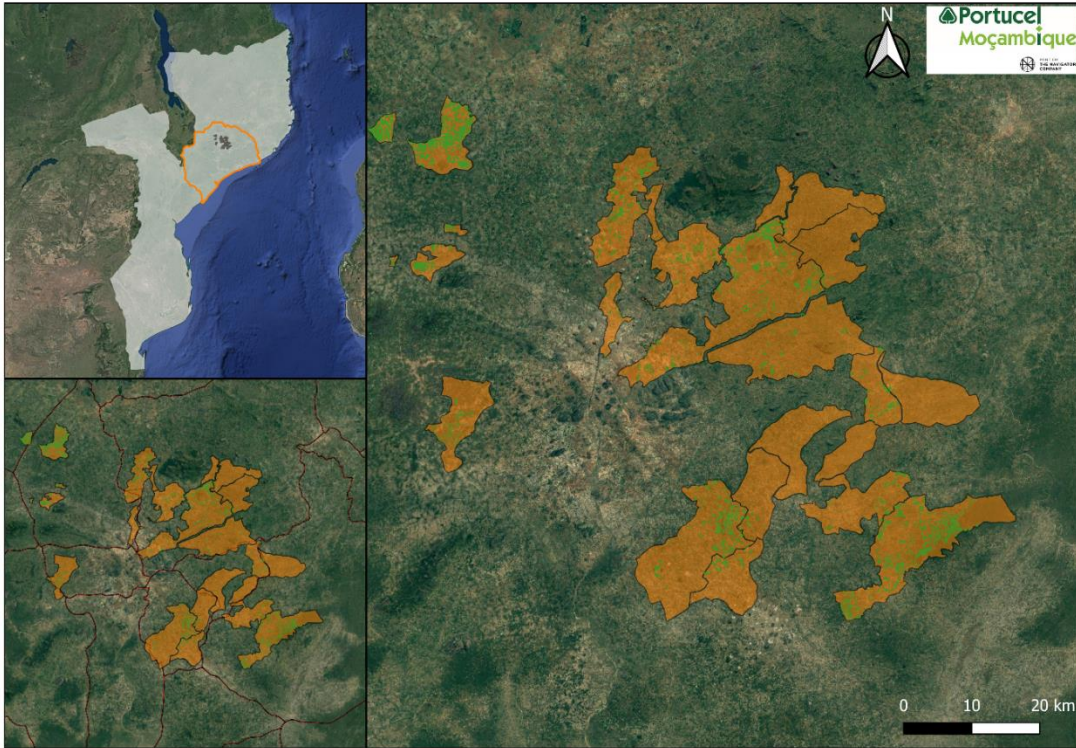
Area under assessment: Plantations owned by Portucel Moçambique in Zambezia Province in Mozambique. As part of this Risk Assessment the FSC Website: <https://info.fsc.org/certificate.php> was checked in regard to Mozambique, with both the FSC Controlled Wood and CW Risk Assessment search items checked, two previous risk assessments were found on the Website:

- 1) Mpingo Madeiras Lda., the summary of DDS on the FSC website for the supply areas of Nacololo and N'tola, Montepuez, Province of Cabo Delgado lists all categories as low. *(This organization is now FM certified, so the DDS no longer applies and has been removed from the website.)*
- 2) Sappi Southern Africa Ltd, the summary of the DDS *(2020, they have since removed Mozambique from their DDS)* on the FSC website for supply areas in Manica and Sofala Provinces lists all Controlled Wood categories as low risk designation.
- 3) Mozambique Fibra, the summary DDS on the FSC website for supply areas in Manica Province lists category 1,2,3 as specified risk and categories 4 and 5 as low risk.
- 4) BSL – Comércio Internacional, Porto da Beira, the summary of the DDS on the FSC website for supply areas in Mozambique (looking at Extended Company Risk Assessments, these are for Manica and Sofala Provinces) list all Controlled Wood Categories as low risk designation with control measures.

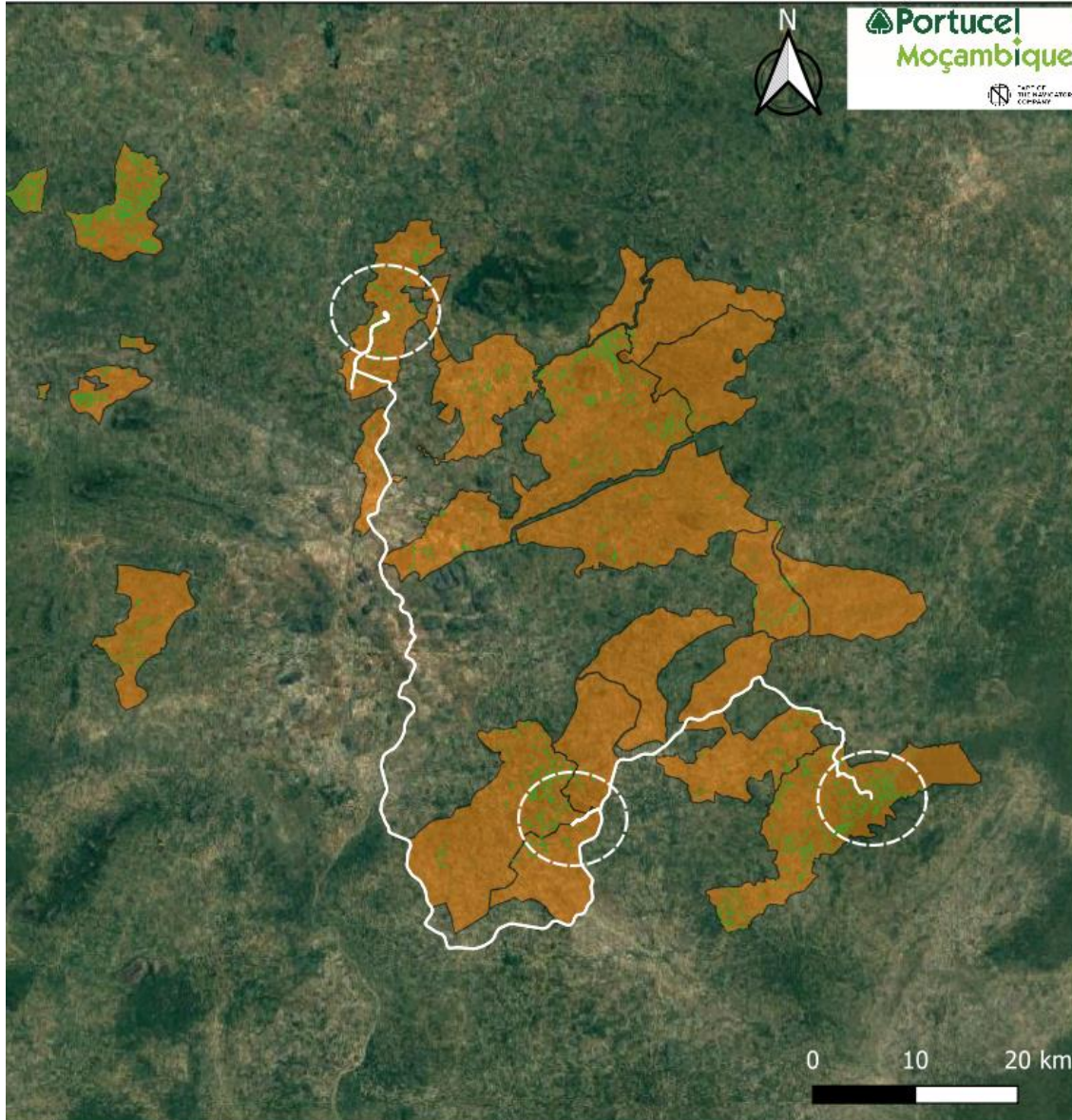
(Refer to Appendix folder for downloads of these summaries)

Geographic area covered by the assessment:

See below Google image with plantations identified where harvesting will be undertaken. Portucel has legal DUAT's for 173 721 hectares of land. Of this they have voluntary agreements ceding control to them for 30 694 hectares. Of this area 11 430 hectares has been planted as tree plantations, giving a total potential plantation supply area of 11 430 hectares:



The image below shows the layout of the DUAT's (black & orange outlines) that Portucel is able to acquire land in and the actual areas they have planted (green outlines). It should be noted that Portucel has not acquired land in contiguous blocks but rather smaller areas of land within a community land use landscape. The assessment only covers land within these DUAT's where Portucel has acquired land in agreement with community leaders and community members with land use rights. White lines indicate field verification trip routes.



For links to documentation provided by Portucel as evidence of their compliance with various requires please see: [here](#). For analysis done by the expert please see: <https://www.dropbox.com/sh/v0kmokkkitxsmbu/AAD6B04UxaHqUjZvhXB15uN7a?dl=0>

RESULT OF RISK ASSESSMENT

<p>Type of source e.g. natural forest or plantations and general description of the supplier</p>	<p>Eucalyptus plantations Portucel is a company growing their own plantations in Manica and Zambezia Provinces and may be considered as rurally based.</p>
<p>Results (Low or Specified Risk) and motivation:</p>	<p>At Country, Province and District there is specified risk across a number of criteria. Where this is taken down to the supply area (Portucel plantations in Zambezia Province) all risks can be considered as low due to either local conditions found within a plantation forest environment or management activity within the supply area.</p>

1. Controlled wood category 1: Illegally harvested wood

Identification of applicable legislation

Applicable legislation identified based on: <https://www.loc.gov/law/help/guide/nations/mozambique.php>,
<http://www.fao.org/faolex/country-profiles/general-profile/en/?iso3=MOZ> and
https://www.ilo.org/dyn/natlex/natlex4.countrySubjects?p_lang=en&p_country=MOZ

2. Describe how the list available on the GFR was reviewed to ensure it is complete and up-to-date: The GFR has been discontinued.

3. Applicable legislation identified using other sources

Provide the location of the list of applicable legislation developed based on *FSC-PRO-60-002a* and structured according to

Table 1 in *FSC-PRO-60-002a*: The list of legislation below was developed by the consultant expert in cooperation with some stakeholders. (Note: The Forest Law is currently under review with a draft revision under development)

Minimum List of applicable laws	Mozambique Law
1.01 Land tenure and management rights	<p><u>Constitution of the Republic of Mozambique</u> - The Constitution of Mozambique establishes the rights of citizens and the state to use, manage, and administer land and natural resources in the country. (https://www.portaldogoverno.gov.mz/por/content/download/194/1138/version/2/file/constituicao.pdf)</p> <p><u>Land Law (Lei de Terras) (19/97)</u> - The Land Law was enacted in 1997 and provides the legal framework for the use, occupation, and transfer of land in Mozambique. The law covers a wide range of issues related to land, including property rights, land registration, and dispute resolution. <i>Art.7 and 8 – Conservation Areas</i></p> <p><u>Land Act (66/98)</u> <i>Art.11 – DUAT / Art.30 – Demarcations / Art.41 – DUAT Taxes</i> <i>Anexo Técnico Reg. Terras (Ministerial Decision No. 29-A/2000 approving the Technical Annex to the Land Act.)</i> <i>Art.3 – Public Consultation / Art. 19, 20 e 21 – Demarcation</i> <i>Ministerial Decision No. 158/2011 establishing procedures for consultation with the local communities on the use and property rights of land.</i></p> <p><u>Forestry Law (Lei Florestal) (Lei 10/99)</u> - The Forestry Law provides the legal framework for the management, conservation, and use of forest resources in Mozambique. The law regulates the use of forest lands, and provides for the sustainable management of these lands, including the prevention of illegal harvesting of timber. (It's now Under revision)</p> <p>NUIT Export Card / Certidão de Registo Comercial</p>
1.02 Concession Licenses	<p><u>Commercial Activity Licensing Regulation (Dec 34/2013)</u> Art.10 – Alvará</p> <p>BR – Boletim da Republica</p> <p>DUAT Public Consultations / Demarcation Licenses / Inspections</p>
1.03 Management and harvesting planning	<p><u>Forest and Wildlife Law (10/99)</u> Not Applicable to plantation forests</p>
1.04 Harvesting permits	<p><u>Dec.12/2012</u> - Art.38 – Harvesting Permits and Field Visit from Government Forest Services This law is not designed to consider harvesting of plantations and currently applies to Natural Forest harvesting</p>

1.05 Payment of royalties and harvesting fees	<u>Forest Act - Dec.12/2002 - Art.38</u>
1.06 Value added taxes and other sales taxes	Approves the Value Added Tax Code – (<u>Law 32/2007</u>)
1.07 Income and profit taxes	Corporate Income Tax Code – (<u>Law 34/2007</u>)
1.08 Timber harvesting Regulations	Not Applicable to plantation forests
1.09 Protected sites and species	<p><u>Environmental Strategy for Sustainable Development - IX Sessão do Conselho de Ministros a 24 de Julho de 2007</u></p> <p>National Water Resources Management Strategy</p> <p>Strategy and Action Plan for the Conservation of Biological Diversity in Mozambique (approved by the Council of Ministers on 22 July 2003)</p> <p>African Convention for the Conservation of Nature and Natural Resources (Resolution no. 18/81, of 30 December)</p> <p>Ramsar Convention on Wetlands of International Importance (Resolution no. 45/2003, of 5 November)</p> <p>Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) - Mozambique acceded to and</p>

<p><u>1.10 Environmental Requirements</u></p>	<p><u>Act No. 20/97 approving the Environment Act.</u> <u>FAO identifies 18 subsidiary pieces of legislation associated with this Act.</u> <u>Land Law (19/97)</u> <u>Art.7 and 8 – Conservation Areas</u> <u>Forest and Wildlife Law (10/99)</u> <u>Art.3 – Cultural Values Protection / Art.10 – Protection Areas / Art.13 – Sociocultural areas</u> <u>Forest and Wildlife Act (12/2002)</u> <u>Art.2 – DUAT requirements</u> <u>Impact Assessment (45/2004 and 42/2008)</u> <u>Water Law (16/91)</u> <u>Art.7 – Water Management Principles / Art.13 – Water Protection</u> <u>Territorial Planning Law (19/2007)</u> <u>Art4.- Customary Rights</u> <u>Waste Management Law (13/2006)</u> <u>Art.7 – Waste Management Procedures</u> <u>Hazardous Waste Management (83/2014)</u> <u>Art.10 - Waste Operators</u> <u>Regulation on the Environmental Audit Process (Decreto nº 25/2011)</u></p>
<p>1.11 Health and Safety</p>	<p><u>Labour Law (Lei nº 23.2007) - The Labour Law provides the legal framework for working conditions in Mozambique, including health and safety regulations. The law establishes the rights and obligations of employers and employees with regards to health and safety in the workplace.</u> <u>Environmental Law (Lei n.º 20/97) - The Environmental Law provides the legal framework for the protection of the environment in Mozambique, including regulations related to health and safety. The law requires companies to carry out environmental assessments and to implement measures to prevent or mitigate environmental risks, including risks to health and safety.</u> <u>Regulation of Establishing the Regime Accident at Work and Professional Diseases (13/2006)</u> <u>Art.3 – Company Duties / Art.32 – Monitoring of Fire Extinguisher / Art.140 – Use of PPE</u> <u>Regulation Establishing the Regime Work accident and occupational diseases (62/2013)</u> <u>Art.8 – H&S insurance</u> <u>Regulation of management of portable fire extinguishers (Law 95/92)</u> <u>Labor Law – 23/2007 - The Labour Law provides the legal framework for working conditions in Mozambique, including health and safety regulations. The law establishes the rights and obligations of employers and employees with regards to health and safety in the workplace.</u> <u>Art.217 – H&S Commission</u> <u>ILO For Forest Activities</u> <u>List of Dangerous Works for Children in Combating the Worst</u> <u>Forms of Child Labor provided for in Convention 182 of the</u> <u>International Labor Organization - Dec. 68/2017</u></p>

1.12 Legal Employment	<p><u>Labour Law</u> (Lei nº 23.2007) Social Security Chapter 6 (all) <u>Social Security</u> - Law Number 5/89 Art.26 – Minimum age / Art.216 / Art.238 – Training Res.22/2017 – Forced Labor Regulates the exercise of trade union activity (Lei nº 23/1991)</p>
1.13 Customary Rights	<p>Land Law (19/97) Forestry Law (Lei Florestal) (Lei 10/99) – (under revision) Ministerial Order nº93/2005 of 4 May, the state protects the rights of local communities over natural resources, ensuring the implementation of local initiatives to improve the lives of local communities, supporting and encourages local development.</p>
1.14 Free, prior and informed consent	<p>These aspects are covered under the Land Law and Labour Laws.</p>
1.15 Indigenous Peoples' rights	<p>Not Applicable – No recognised Indigenous People in Mozambique</p>
1.16 Classification of species, quantities, qualities	<p><u>Decree No. 12/81</u> establishes the table of logging quota for precious tree species for 2016. <u>Decree 49/2004</u> regulates commercial activity and states in order to export, all exporters must be licensed by the Ministry of Industry and Commerce. <u>Ministerial Order No. 52-A/2004</u> on the classification of certain timber species. <u>Decree No. 12/2002</u> - list of the precious timber species. Article 12 of the 2002 Forest and Wildlife Regulation requires that all designated 1st class species are processed prior to being exported.</p>
1.17 Trade and Transport	<p><u>Customs Laws</u> (Link) <u>Trade Laws</u> (Link) <u>Commercial Activity Licensing Regulation (49/2004)</u> Documents required for any exporter <u>Forest and Wildlife Act (12/2002)</u> Art.10 – Transport Guides/Permits</p>
1.18 Offshore trading and transfer pricing	<p>Aspects of offshore trading are covered under The Law on Anti-Money Laundering and Combating the Financing of Terrorism – (Law Nr. 14/2013, of 12 of August) further developed by Decree no. 66/2014.</p>
1.19 Customs Regulations	<p><u>Decree 49/2004</u> regulates requirements to export timber.</p>
1.20 CITES	<p>While Mozambique has 110 species listed by CITES, these are not commercially valuable and there are no specific laws governing their control. <u>Decree No. 34/2016</u> - Regulation on International Trade in Endangered Species of Wild Fauna and Flora <u>Law No. 16/2014</u> - Biodiversity in conservation areas (not applicable) CITES – Mozambique (Link)</p>

1.21 Due diligence/due care procedures	There are no specific laws relating to Due diligence, but aspects of this are covered under: The Law on Anti-Money Laundering and Combating the Financing of Terrorism – (Law Nr. 14/2013, of 12 of August) Banking Act no. 15/99 (1 November), as amended by Law no. 9/2004 (21 July) Anti-Corruption Act no. 6/2004 (17 June)
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4. Specify sources of information used for identification:
Refer to Sources of Information in the tables below.

5. Assessment of enforcement of the applicable legislation;
Assessment for the indicators in the same sub-category of law may be jointly presented.

Indicators (1)	Sources of information (2)	Risk determination and specification (if not low risk) Provide numbers of thresholds that are met. JUSTIFY THE OUTCOME (for each threshold). (3)	Functional scale (4)	Control measures (5)
General approach: Risks according to indicators should be identified where systematic and/or large-scale non-compliance with applicable legislation takes place.				
1.1 Land tenure and management rights. Legislation covering land tenure rights, including customary rights as well as management rights that includes the use of legal methods to obtain tenure rights and management rights. It also covers legal business registration and tax registration, including relevant legally required licenses. (1.16)	FSC network partners and regional offices (contacts: https://ic.fsc.org/en). The Royal Institute of International Affairs (www.illegal-logging.org); Environmental Investigation Agency (www.eia-international.org); Global Witness: (www.globalwitness.org); Telapak (for Indonesia - www.telapak.org); UK Government's Department for International Development (DFID) EU FLEGT process: http://ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm	Risk Threshold achieved: At plantation FMU level Low Risk Threshold (1) The Land Act (66/98) and associated legislation covers the requirements of customary use rights, business registration, taxes and fees payable and the requirements for long term leases of land. (refer to 3. Above for Applicable legislation identified using other sources above) There have been reports of abuse of the legislation, and corruption in the legislative processes, particularly in relation to natural forest logging concessions. Portucel (as the relevant entity) can demonstrate compliance with the legislation as part of their management activities.	Portucel plantations in Zambezia Province level	Portucel have an internal procedure "Land Access Procedure" that they follow for acquiring lands within their DUAT areas. Based on a written agreement between the company and family/community to cede part of their land to the company. In the eyes of the company DUAT only gives them the allowance to speak with who lives inside that DUAT. Portucel also has in place H&S procedures

	<p>Transparency international index (www.transparency.org) Corruption perceptions</p> <p>WWF (www.panda.org);</p> <p>ELDIS (www.eldis.org) regional and country profiles</p> <p>www.cites.org</p> <p>Forest Legality Initiative: https://forestlegality.org/risk-tool/country/mozambique</p> <p>Forest Legality Alliance: https://forestlegality.org/</p> <p>Library of Congress Law: https://www.loc.gov/law/help/guidelines/mozambique.php</p> <p>FAOLEX database: http://www.fao.org/faolex/country-profiles/general-profile/en/?iso3=MOZ</p> <p>ILO NATLEX database: https://www.ilo.org/dyn/natlex/natlex4.countrySubjects?p_lang=en&p_country=MOZ</p> <p>Anti-Money Laundering Forum: https://www.anti-moneylaundering.org/Africa/Mozambique.aspx</p> <p>ILO LEGOSH: https://www.ilo.org/dyn/legosh/en/f?p=14100:1100:0::NO::P1100_ISO_CODE3,P1100_YEAR:MOZ,2014</p> <p>FAO Gender and Land Rights Database: General Introduction Gender and Land Rights Database Food and Agriculture Organization of the United Nations (fao.org)</p> <p>NGOs and involved stakeholders</p>	<p>The supply areas are plantation forests with purchase agreements to supply timber from forests that they can demonstrate ownership over.</p> <p>The land and environmental laws in Mozambique require a DUAT and EIAS licence for areas established to plantation forests (See attached DUAT Appendix folder for DUATs issued and maps of these DUATs)</p> <p>There is evidence of the DUAT, and Environmental and Social Impact Assessment Process having been followed, and legal compliance approvals having been issued for the plantation supply areas.</p> <p>Interviews with community leaders, community members who ceded land and Portucel community liaison staff also indicate that the legal processes were followed and land was ceded voluntarily.</p> <p>It should be noted that while a DUAT is the legal requirement, once this is issued there is a process that is followed to acquire land from communities and individuals within the DUAT area, this is based around FPIC processes, and only land this is willingly ceded is then developed. It should also be noted that the DUAT process gives a 50-year (with potential renewal for more 49 years) lease on lands, so as such land cannot be sold and or rented, but a 50 + 49 year lease is contracted.</p> <p>Further it should be noted (as can be seen on the map areas) that this type of land acquisitions results in a mosaic of plantation blocks, community lands and conservation areas in a landscape.</p> <p>In discussion with the District Director for Economic Activity for Ile District it was revealed that each district in Mozambique also has a strategic development plan that aligns with provincial and national strategic</p>	<p>based on ILO guidelines.</p> <p>Harvesting Permits are in place and correct for any harvesting in compliance with Decree: "Regulamento da Lei de Florestas e Fauna Bravia - Decreto n.º 12/2002".</p> <p>Timber Transport licenses (one sheet per transport), are in place for transport of timber from the supply area at Province Level in compliance with the "Serviços Florestais de Florestas e Fauna Bravia da Direção Provincial de Desenvolvimento Territorial e Ambiente de Manica"</p> <p>There are valid Model 14 / Assistance Reports from customs for the export of timber.</p> <p>Phytosanitary certificates are valid for timber exports</p>
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		<p>development plans. Portucel's activities are very well aligned with the district development plan that was updated in 2022.</p> <p>Evidence of legal documents such as Forest Permit, approved by the Council of Ministers, Fiscal Document, Social Security and exporter and importer card.</p> <p>Evidence of legal compliance for DUAT payments may be found in the Legal Payment Appendix</p> <p>Refer to Legal Folder for Concession Licences.</p> <p>(Refer to Environmental e Social folder for evidence of compliance with Environmental Laws)</p>		
<p>1.2 Concession licenses.</p> <p>Legislation regulating procedures for issuing forest concession licenses, including the use of legal methods to obtain concession licenses. Bribery, corruption and nepotism are particularly well-known issues that are connected with concession licenses. (1.2)</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>All listed websites under sources of information were checked with two articles on Mozambique found:</p> <p>the Royal Institute of International Affairs: Mozambique's (natural) forests are state-owned, and about half are allocated for production. The annual rate of deforestation for the period 2010-15 was 0.5% (FAO, 2015) or 0,79% (World Bank – here)</p> <p>There is widespread illegal logging in the country. In 2013, it was estimated that nearly half of the country's timber exports to China were illegal. The cross-border smuggling of illegal timber between Mozambique and Tanzania is also a problem. In 2012 the two countries signed a memorandum of understanding aimed at improving management of forest and wildlife resources, including through improved cooperation on</p>		

		<p>law enforcement to reduce the trade in illegal timber.</p> <p>Mozambique is also mentioned in an article “For the love of Money – corruption remains a key enabler in environmental crime” by Julian Newman dated 7 December 2018.</p> <p>FSC Controlled Wood website checked, currently no development of a National Risk Assessment for Controlled Wood. There is an FSC SDG in Mozambique. This is currently inactive after Covid-19, and the SDG has run out of Funds to undertaken stakeholder consultation (pers.comm. Mario Falcao). Soil Association has been appointed to develop an Interim standard to FSC Principles and Criterion V5 and the IGI’s (pers. comm. Vanessa Linforth).</p> <p>Transparency Corruption Perceptions Index for 2022 scores Mozambique 26 / 100 and its ranking improved to 142 of 180.</p> <p>The supply area under review is plantation forests, and therefore the process of acquiring concessions forms part of indicator 1.1, therefore this indicator is not applicable.</p>		<p>Stakeholders Consultation / Portucel DUAT’s concessions</p>
<p>1.3 Management and harvesting planning.</p> <p>Any national or sub-national legal requirements for Management Planning, including conducting forest inventories, having a forest Management Plan and related planning and monitoring, impact assessments, consultation with other entities, as well</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>The 1999 Forest and Wildlife law establishes two types of license for legal timber production: forest concessions and simple licenses. Concessions are granted to national or non-national operators for areas larger than 20,000 ha with an approved business management plan, and can be allocated for up to 50 years. Before the approval of a concession, an inventory has to be completed and a comprehensive Forest Management Plan (FMP) approved.</p>		

<p>as approval of these by legally competent authorities. (1.3)</p>		<p>The supply area is plantation forest areas, while the Forest and Wildlife law relates to natural logging concessions.</p> <p>Environmental laws require the development of Environmental Management Plans and the Investment laws require the development and approval of Business Plans. (refer to Appendix folder for evidence of compliance with these legal compliance requirements at supply area levels.)</p> <p>Annually, Portucel Mozambique does an environmental and social audit (external) through our Environment and Social Management plan.</p>		<p>External evaluations to Portucel (such as Audits and /or Field Visits) other documental or in site Verifications</p>
<p>1.4 Harvesting permits.</p> <p>National or sub-national laws and regulations regulating procedures for issuing of harvesting permits, licenses or other legal document required for specific harvesting operations. This includes the use of legal methods to obtain the permits. Corruption is a well-known issue that is connected with the issuing of harvesting permits. (1.4)</p>		<p>Specified Risk at National Level</p> <p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>The National Directorate of Land and Forests licenses loggers, providing them with a limited harvest quota. They set up strategic checkpoints in bottleneck roads leading out of forested areas verifying whether the transported timber tallies against the permitted quotas, thus in theory ensuring compliance. Decree No. 12/81 establishes the table of logging quota for precious tree species, specifying quotas by province and quantity to be allowed for license holders.</p> <p>There are acknowledged concerns with the current legislative process (refer: https://forestlegality.org/risk-tool/country/mozambique#tab-management)</p> <p>These concerns and the legal requirement for harvesting permits relates specifically to harvesting of natural species. Plantation owners in Mozambique currently either acquire harvesting permits for their plantations or are granted exemptions from</p>		<p>Verification of Harvesting Permits</p> <p>Verification of transport permits</p> <p>Portucel policies covering anti-corruption processes</p>

		<p>the legal requirements for the harvesting of plantation species.</p> <p>For Portucel supply areas:</p> <p>Harvesting Permits – Portucel have acquired previous harvesting permits to harvest areas damaged by Cyclone Ana. Permits to harvest future areas would be acquired as and when necessary. Evidence of previous acquisition of harvesting permits and compliance in other provinces indicates a high level of compliance by Portucel.</p> <p>Permits are in place and correct for any harvesting in compliance with Decree: “Regulamento da Lei de Florestas e Fauna Bravia - Decreto nº 12/2002”.</p> <p>Mozambique score remained at 26 in the Transparency International CPI ratings for 2022 and for Controlled Wood countries scoring less than 50 shall be considered as “Unspecified Risk”. Transparency International has a number of articles that indicate problems with corruption in sub-Saharan Africa.</p> <p>As the timber purchase is between private companies involving plantation forests owned by the one party.</p> <p>Portucel has policies covering anti-corruption processes in place (Refer to the Policies Appendix – Forest Policy). This can be seen in company website, in their Forest Policy and for Contractors and Service Providers.</p>		
<p>1.5 Payment of royalties and harvesting fees.</p> <p>Legislation covering payment of all legally required forest harvesting-specific fees such as</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>Natural Forest concessions do not pay any annual land tax. Under the 2002 Regulation of Wildlife and Forests, both concession and simple licenses holders are required to pay</p>		

<p>royalties, stumpage fees and other volume based fees. This includes payments of the fees based on the correct classification of quantities, qualities and species. Incorrect classification of forest products is a well-known issue that is often combined with bribery of officials in charge of controlling the classification. (2.1)</p>		<p>tax on the exploration of the different classes of timber species, 20% of which is to be handed over to local communities.</p> <p>Forest Act - Dec.12/2002 - Art.38 – item 3. The holder of the forest plantation shall be exempt from the payment of the forest operating fee, without prejudice to the fulfilment of other tax obligations under the applicable special legislation and shall bear the costs resulting from the inspection and issuance of the respective transit guides.</p>		
<p>1.6 Value added taxes and other sales taxes.</p> <p>Legislation covering different types of sales taxes which apply to the material being sold, including the sale of material as growing forest (standing stock sales). (2.2)</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>Timber VAT Law number 7/2010 requiring timber exporters to pay 20% on the f.o.b. price on log exports and 15% on sawn timber. The 2002 regulation was amended by the Ministerial Order No. 293 in 2012, updating the taxation amounts for each timber class and stating the tax per m3.</p> <p>Portucel has a letter from Forest National Direction N°562/MITADER/DINAF/GDN/001/17 advising that Wood valuation tax are not applicable to exotic species.</p>		<p>Portucel letter from Forest National Direction N°562/MITADER/DINAF/GDN/001/17 and other documental verification</p>
<p>1.7 Income and profit taxes.</p> <p>Legislation covering income and profit taxes related to profit derived from the sale</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>Corporate Income Tax Code – (Law 34/2007)</p>		

<p>of forest products and harvesting activities. This category is also related to income from the sale of timber and does not include other taxes generally applicable for companies and is not related to salary payments. (2.3)</p>		<p>Approves the Value Added Tax Code – (Law 32/2007)</p> <p>Timber companies must pay a 32% profit tax on enterprises and an annual concession tax determined by the Ministry of Agriculture. The 2002 regulation was amended by the Ministerial Order No. 293 in 2012, updating the taxation amounts for each timber class and stating the tax per m3.</p> <p>Portucel currently pays all relevant tax requirements (Refer to Legal Payments folders) as the relevant entity.</p>		<p>Verification of Portucel taxes payment's receipts</p>
<p>1.8 Timber harvesting regulations.</p> <p>Any legal requirements for harvesting techniques and technology, including selective cutting, shelter wood regenerations, clear felling, transport of timber from the felling site, seasonal limitations, etc. Typically this includes regulations on the size of felling areas, minimum age and/or diameter for felling activities, and elements that shall be preserved during felling, etc. Establishment of skidding or hauling trails, road construction,</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>For Natural Forest Concessions the 1999 Forest and Wildlife law establishes two types of license for legal timber production: forest concessions and simple licenses. Concessions are granted to national or non-national operators for areas larger than 20,000 ha with an approved management plan, and can be allocated for up to 50 years, while simple licenses offer harvesting quotas of 500 cubic meters or less, annually over five years and exclusively to national operators. The simple license system is the most problematic due to its inability to ensure any sustainability in forest resource exploitation. It is popular with forest operators because, unlike the forest concession system, it brings no obligation with respect to reforestation, no duties towards local communities, does not require the installation of a processing plant, and requires no detailed forest inventory, nor the approval of a management plan.</p>		<p>Stakeholders Consultation</p>

<p>drainage systems and bridges, etc., shall also be considered as well as the planning and monitoring of harvesting activities. Any legally binding codes for harvesting practices shall be considered. (3.1)</p>		<p>For plantation forests there is no defined laws in terms of harvesting regulations, there plantation forest organizations tend to implement their own policies and procedures based on best practice guidelines. (Refer to Portucel Polices Appendix).</p> <p>Mozambique forest law is currently under revision but is existing law is still referred to in this assessment as the revision is not yet finalised.</p> <p>As the timber is plantation timber that is privately owned the companies determine whether timber theft is resolved through community engagement or law enforcement depending on the nature of the theft.</p>		
<p>1.9 Protected sites and species.</p> <p>International, national, and sub-national treaties, laws, and regulations related to protected areas, allowable forest uses and activities, and/or rare, threatened, or endangered species, including their habitats and potential habitats. (3.2)</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>Environmental Strategy for Sustainable Development - IX Sessão do Conselho de Ministros a 24 de Julho de 2007</p> <p>National Water Resources Management Strategy</p> <p>Strategy and Action Plan for the Conservation of Biological Diversity in Mozambique (approved by the Council of Ministers on 22 July 2003)</p> <p>African Convention for the Conservation of Nature and Natural Resources (Resolution no. 18/81, of 30 December)</p> <p>Ramsar Convention on Wetlands of International Importance (Resolution no. 45/2003, of 5 November)</p> <p>Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) - Mozambique acceded to and ratified the Convention in 1981</p>		<p>Stakeholders Consultation</p>

		<p>Mozambique's 118 commercial timber species are categorized into 1st, 2nd, 3rd, 4th and "precious" classes, reflecting quality, uses, demand intensity, and establishing relevant taxes. Since 2002, the 22 "1st class" species have been banned from export in log form, and require processing within Mozambique before they can leave the country. All concession holders are obliged by law to have the capacity to process their raw timber, thus contributing value to the timber industry in-country. In November 2015 the government announced a two-year ban on all export of raw timber logs and suspended the logging of certain species including the ironwood tree. Legislation passed in 2012 resulted in simple licenses being extended from one year to five. By having forest area change hands less frequently, it was hoped that license holders would become incentivized to take up sustainable forest management.</p> <p>Law No. 16/2014 of 20 June 2014, establishing the basic principles and rules on the protection, conservation and sustainable use of biological diversity within conservation areas.</p> <p>The supply area is limited to commercial plantations, so these laws are not applicable to species and protected sites being harvested.</p>		
<p>1.10 Environmental requirements.</p> <p>National and sub-national laws and regulations related to the identification and/or protection of environmental values including but not limited to those relating to or affected</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>Environmental Law number 20/97 and associated regulations.</p> <p>The Land and environmental laws in Mozambique require a DUAT and EIAS licence for areas established to plantation forests (See attached Environmental e Social</p>		<p>Stakeholders Consultation</p> <p>Environmental Licences</p> <p>External Audits</p>

<p>by harvesting, acceptable levels for soil damage, establishment of buffer zones (e.g., along water courses, open areas and breeding sites), maintenance of retention trees on the felling site, seasonal limitations of harvesting time, environmental requirements for forest machineries, use of pesticides and other chemicals, biodiversity conservation, air quality, protection and restoration of water quality, operation of recreational equipment, development of non forestry infrastructure, mineral exploration and extraction, etc. (3.3)</p>		<p>folder for evidence of the relevant entities compliance with legislation).</p> <p>Environmental Audit Process · Decree nº 13/2006</p> <p>There is evidence of the DUAT, and Environmental and Social Impact Assessment Process having been followed, and legal compliance approvals having been issued for the plantation supply areas</p> <p>As can be seen on the map this type of management control results in a mosaic of plantation blocks, community lands and conservation areas in a mosaic landscape approach where Portucel is acquiring land in a patchwork mosaic of small land areas. Assessing these areas on Goggle Earth and using Global Forest Watch database layers there is evidence that Portucel only acquires management control over land that has been highly degraded by past human use, often dating back to colonial and pre-colonial land use. Therefore the risk of Portucel causing environmental damage to existing natural assets is extremely low. Management prescriptions in place prevent or mitigate any new environmental harm being caused or allow to perpetuate to an extent where significant harm is likely to be caused.</p>		
<p>1.11 Health and safety.</p> <p>Legally required personal protection equipment for persons involved in harvesting activities, implementation of safe felling and transport practices, establishment of</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>Primary legislation covering health and safety is covered in the:</p> <p>- The Labour Law No. 23/2007 of 1st August;</p>		

<p>protection zones around harvesting sites, safety requirements for machinery used, and legally required safety requirements in relation to chemical usage. The health and safety requirements that shall be considered relevant to operations in the forest (not office work, or other activities not related to actual forest operations). (3.4)</p>		<p>- The Decree No. 53/05 of 15 August on legal regime of accidents at work and occupational diseases.</p> <p>Dec 62_2013 - New Legal Regime for work incidents.</p> <p>DM 95/92 – Fire Extinguishers</p> <p>The ILO identifies a further 9 pieces of subsidiary legislation covering OHS.</p> <p>Portucel as the relevant entity has policies and procedures in place to demonstrate compliance with OHS legislation (Refer to the Policies Appendix)</p>		<p>Verification of Portucel Policies and procedures in place to ensure compliance with OHS legislation</p> <p>Documental verification</p> <p>Field Visits and/or External Audits</p>
<p>1.12 Legal employment.</p> <p>Legal requirements for employment of personnel involved in harvesting activities including requirements for contracts and working permits, requirements for obligatory insurance, requirements for competence certificates and other training requirements, and payment of social and income taxes withheld by the employer. Also covered are the observance of</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>The primary law relating to legal employment is the Labor Law – Res. 18/2016</p> <p>ILO NATLEX identifies 118 pieces of legislation in Mozambique applicable to ensuring compliance with ILO requirements for legal employment. This also includes compliance to ILO conventions. (Refer to the table of relevant legislation above for some of the key pieces of legislation)</p> <p>Portucel has Policies and procedures in place to ensure that, as the relevant entity, their forest management activities meet the legal requirements for employment in Mozambique. (Refer to Policies and Procedures Appendix).</p>		<p>Verification of Portucel Policies and procedures in place to ensure compliance to ILO conventions</p> <p>Documental verification</p> <p>Field Visits and/or External Audits</p>

<p>minimum working age and minimum age for personnel involved in hazardous work, legislation against forced and compulsory labor, and discrimination and freedom of association. (3.5)</p>				
<p>1.13 Customary rights. Legislation covering customary rights relevant to forest harvesting activities, including requirements covering the sharing of benefits and indigenous rights. (4.1)</p>		<p>Risk Threshold achieved: At plantation FMU level Low Risk Threshold (1)</p> <p>There are no indigenous peoples in Mozambique according to ACHPR (see list here).</p> <p>Ministerial Order n°93/2005 of 4 May, the state protects the rights of local communities over natural resources, ensuring the implementation of local initiatives to improve the lives of local communities, supporting and encourages local development.</p> <p>This is further covered under the land laws and verifiers raised in Indicator 1.1 above.</p>		<p>Stakeholders Consultation</p> <p>Field Visits and/or External Audits</p>
<p>1.14 Free, Prior and Informed Consent. Legislation covering 'free, prior and informed consent' in connection with the transfer of forest management rights, and customary rights to the organization in charge of the harvesting operation. (4.2)</p>		<p>Risk Threshold achieved: At plantation FMU level Low Risk Threshold (1)</p> <p>This does not apply to plantation forests in regard to their harvesting operations but does apply at the time they acquire land and there it is addressed under indicator 1.1 above with the primary law being the Land Law. Different tools are in place to have frequent stakeholder engagement (communities, local government, etc.) as part of the grievance mechanism, stakeholder</p>		<p>Stakeholders Consultation</p> <p>Field Visits and/or External Audits</p>

		engagement plan, social development program.		
<p>1.15 Indigenous peoples' rights.</p> <p>Legislation that regulates the rights of indigenous people as far as it is related to forestry activities. Possible aspects to consider are land tenure, and rights to use certain forest related resources and practice traditional activities, which may involve forest lands. (4.3)</p>		<p>Not Applicable</p> <p>There are no indigenous peoples in Mozambique according to ACHPR (see list here).</p>		
<p>1.16 Classification of species, quantities, qualities.</p> <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 or avoid payment of legally prescribed taxes and fees. (5.1)</p>		<p>Not Applicable to Plantation Forest Species</p> <p>Decree No. 12/81 establishes the table of logging quota for precious tree species for 2016.</p> <p>Decree 49/2004 regulates commercial activity and states in order to export, all exporters must be licensed by the Ministry of Industry and Commerce.</p> <p>Ministerial Order No. 52-A/2004 on the classification of certain timber species. Decree No. 12/2002 - list of the precious timber species.</p> <p>Article 12 of the 2002 Forest and Wildlife Regulation requires that all designated 1st class species are processed prior to being exported.</p> <p>For plantation forestry the harvesting permit is evidence of authorisation to harvest</p>		<p>Documental Verifications</p> <p>Stakeholders Consultation</p> <p>Field Visits and/or External Audits</p>

		<p>specific areas, species and volumes of timber from plantations.</p>		
<p>1.17 Trade and transport.</p> <p>All required trading and transport permits shall exist as well as legally required transport documents which accompany the transport of wood from forest operations. (5.2)</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>The Forest Legality Initiative Website states under Trade Laws:</p> <p>Decree 49/2004 regulates commercial activity and states in order to export, all exporters must be licensed by the Ministry of Industry and Commerce. Any exporter must require numerous documents prior to exporting:</p> <ul style="list-style-type: none"> Receipt of the exported goods; Bill of Lading; Certificate of Origin (from the Chamber of Commerce); Phytosanitary Certificate (from the National Directorate of Wildlife and Forests); Certificate of Quality; Manifest. The National Directorate of Wildlife and Forests must also provide exporters with an export permit and must inspect the loading of timber into containers tasked with exporting. <p>Order of the Ministry for Agriculture of 24 March 2004 on timber export. This Order, composed of one article, allows the maximum amount allowed for timber export of the species "Afzelia quanzensis", "Milletia Sthlumanii" and "Pterocarpus angolensis". Export is allowed only to operators with forestry license and forestry concessions. (Not Applicable to plantation forests)</p> <p>Ministerial Order No. 52-A/2004 on the classification of certain timber species. This Ministerial Order, composed of one article, includes the timber species "Afzelia quanzensis", "Milletia Sthlumanii" and "Pterocarpus angolensis" in the list of the</p>		<p>Operator's Document Verification and other mandatory legal Documentation verification for trade and transport of forest products.</p>

		<p>precious timber species provided in Decree No. 12/2002. (Not Applicable to plantation forests).</p> <p>The Forest Legality Initiative Website states under Transport Laws:</p> <p>Article 10 of the 2002 Forest and Wildlife Regulation requires that any forest products being transported have a transit guide accompanying it. The Provincial Services of Forests and Wildlife are tasked with providing transit guides, but the Governor of the Province may exempt some forest products from needing guides.</p> <p>Portucel would ensure legal compliance documents for trade and transport are legally acquired prior to transport or export of any forest product. These would be available for auditing as part of any Chain of Custody requirements.</p> <p>Timber Transport licenses (one sheet per transport) will be acquired for transport of timber from the supply area at Province Level in compliance with the “Serviços Florestais de Florestas e Fauna Bravia da Direcção Provincial de Desenvolvimento Territorial e Ambiente de Zambezia”.</p> <p>Valid Model 14 / Assistance Reports from customs for the export of timber will be acquired prior to any export of timber.</p> <p>Evidence of the timber transport licences being acquired and Model 14 / Assistance reports are available for Portucel supply areas in Manica.</p> <p>Phytosanitary certificates are valid for timber exports (Refer to Phytosanitary Appendix).</p>		
<p>1.18 Offshore trading and transfer pricing.</p> <p>Legislation regulating offshore</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p>		

<p>trading. Offshore trading with related companies placed in tax havens, combined with artificial transfer prices is a well-known way to avoid payment of legally prescribed taxes and fees to the country of harvest and is considered to be an important source of funds that can be used for payment of bribery to the forest operations and personnel involved in the harvesting operation.</p> <p>Many countries have established legislation covering transfer pricing and offshore trading. It should be noted that only transfer pricing and offshore trading, as far as it is legally prohibited in the country, can be included here. (5.3)</p>		<p>Refer to applicable legislation listed in the table of applicable legislation above. Portucel has Policies and procedures applicable to fiscal management and compliance with due diligence requirements applicable to their supply area.</p>	<p>Portucel Policies and procedures applicable to fiscal management</p> <p>Documental Verification</p>
<p>1.19 Custom regulations.</p> <p>Custom legislation covering areas such as export/import licenses and product classification (codes, quantities, qualities and species). (5.4)</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>The Forest Legality Initiative Website states under Trade Laws:</p> <p>Decree 49/2004 regulates commercial activity and states in order to export, all exporters must be licensed by the Ministry of</p>	

		<p>Industry and Commerce. Any exporter must require numerous documents prior to exporting: Receipt of the exported goods; Bill of Lading; Certificate of Origin (from the Chamber of Commerce); Phytosanitary Certificate (from the National Directorate of Wildlife and Forests); Certificate of Quality; Manifest. The National Directorate of Wildlife and Forests must also provide exporters with an export permit and must inspect the loading of timber into containers tasked with exporting.</p> <p>Order of the Ministry for Agriculture of 24 March 2004 on timber export. This Order, composed of one article, allows the maximum amount allowed for timber export of the species "Afzelia quanzensis", "Millettia Sthlumanii" and "Pterocarpus angolensis". Export is allowed only to operators with forestry license and forestry concessions. (Not Applicable to plantation forests)</p> <p>Ministerial Order No. 52-A/2004 on the classification of certain timber species. This Ministerial Order, composed of one article, includes the timber species "Afzelia quanzensis", "Millettia Sthlumanii" and "Pterocarpus angolensis" in the list of the precious timber species provided in Decree No. 12/2002. (Not Applicable to plantation forests).</p> <p>Portucel would ensure legal compliance documents for trade and transport are legally acquired prior to transport or export of any forest product. These would be available for auditing as part of any Chain of Custody requirements.</p>		<p>Legal compliance Document Verification for transport and export of forest products</p>
1.20 CITES.		Risk Threshold achieved:		

<p>CITES permits (the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention). (5.5)</p>		<p>At plantation FMU level Low Risk Threshold (1)</p> <p>Mozambique acceded to and ratified the Convention in 1981 and has 110 species listed.</p> <p>As the supply area is plantation forests of exotic species this indicator would not be directly applicable to the organizations trade in forest products.</p> <p>Portucel Policies and procedures would be applicable for any illegal activities by third parties in regard to this indicator.</p>		<p>Portucel Policies and procedures</p>
<p>1.21 Legislation requiring due diligence/due care procedures. (6.1)</p>		<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1)</p> <p>Identified laws are upheld. Cases where law/regulations are violated are efficiently followed up via preventive actions taken by the authorities and/or by the relevant entities.</p> <p>Refer to applicable legislation listed in the table of applicable legislation above. Portucel has Policies and procedures applicable to fiscal management and compliance with due diligence requirements applicable to their supply area.</p>		<p>Portucel Policies and procedures</p> <p>Documental Verification</p>

2 WOOD HARVESTED IN VIOLATION OF TRADITIONAL OR CIVIL RIGHTS

Indicators (1)	Sources of information (2)	Risk determination and specification (if not low risk) Provide numbers of thresholds that are met. JUSTIFY THE OUTCOME (for each threshold). (3)	Functional scale (4)	Control measures (5)
<p>2.1. The forest sector is not associated with violent armed conflict, including</p>	<p>E.g. This has applied to Liberia, as of July 2003 https://rmportal.net/library/content/confli</p>	<p>Unspecified Risk at National level</p> <p>Risk Threshold achieved:</p>	<p>Portucel plantations in Zambezia Province level</p>	<p>Field Visits</p>

<p>that which threatens national or regional security and/or is linked to military control.</p>	<p>ct/ARD-ConflictTimber-Vol3-Asia-Africa-PNACT464.pdf/view</p> <p>Global Witness www.globalwitness.org</p> <p>The final report of the expert panel on illegal exploitation of natural resources and other forms of wealth in Democratic Republic of Congo, 2002, Annexes I and III (S/2002/1146) www.naturalresources.org/minerals/CD/docs/other/N0262179.pdf</p> <p>Conflict Timber: Dimensions of the Problem in Asia and Africa. Volume I. Synthesis report. June 2003, available at: www.usaid.gov/hum_response/oti/pubs/vol1synth.pdf</p> <p>Human Rights Watch: https://www.hrw.org/news/2020/12/11/submition-universal-periodic-review-mozambique</p> <p>UNDP Human Development Reports: Specific country data Human Development Reports (undp.org)</p>	<p>At plantation FMU level Low Risk Threshold (1), (2), (3), (4) and (5)</p> <p>https://news.un.org/en/search/Mozambique & Global Witness website checked. There is no UN Security Council export ban in the country</p> <p>Liberia, DRC are listed in reference material as sources of conflict timber. Mozambique is not associated with or designated as a source of conflict timber according to latest available research.</p> <p>Submission to the Universal Periodic Review of Mozambique Human Rights Watch (hrw.org) Human Rights Watch does highlight violations of human rights by some key officials and the security sector. These incidents are not associated with the areas where Portucel or areas under its management.</p> <p>Mozambique is not covered by any International Timber ban.</p> <p>No individuals in Mozambique in the forestry sector are facing UN Sanctions</p> <p>Conflict timber is in no way associated with the supply areas. There has been a resurgence of conflict in the Casa Delgado region of Mozambique, this conflict does not extend into the Zambezia province at this time and Portucel is in no way associated or linked to the conflict areas.</p> <p>The UNDP report for Mozambique indicates a stagnation or slight drop in Human Development Index, however this report is generic to Mozambique and evidence was found of improvements in human development in the areas where Portucel operates, these improvements were confirmed in the meeting with the Ile District Director for Economic Activity. (Refer to Stakeholder consultation records)</p>		
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<p>2.2. Labor rights are upheld including rights as specified in ILO Fundamental Principles and Rights at Work.</p>	<p>FSC Network Partners and Regional Offices contacts www.fsc.org</p> <p>ILO country offices http://www.ilo.org/ipeinfo/product/viewProduct.do?productId=2299</p> <p>ILO Natlex Database: https://www.ilo.org/dyn/natlex/natlex4.countrySubjects?p_lang=en&p_country=MOZ</p> <p>Indigenous Peoples Organizations</p> <p>Local community associations in the district</p> <p>National Sources (e.g. records of land claims negotiation concluded or in progress, summaries of court decisions)</p> <p>EU Commission: Portugal: Investing in jobs during COVID-19 in Mozambique (europa.eu)</p>	<p>Specified Risk at National and District Level</p> <p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (10) and (12)</p> <p>https://www.ilo.org/ipe/Regionsandcountries/Africa/Mozambique/lang--en/index.htm website was checked, Mozambique</p> <p>Lei num. 7/2008 de Promoção e Proteção dos Direitos da Criança. (Elimination of child labour, protection of children and young persons).</p> <p>And</p> <p>Decree. 68/2017, de 17 de Oct, Approves the Hazardous jobs List for Children.</p> <p>The ILO Natlex website was checked and indicates that Mozambique has legislation covering all ILO Fundamental Principles and Rights of Workers. (Refer https://www.ilo.org/dyn/natlex/natlex4.countrySubjects?p_lang=en&p_country=MOZ)</p> <p>There are 123 pieces of legislation identified on the website covering ILO requirements.</p> <p>FSC Africa Office was also contacted because there is currently no Regional Officer, no reply was received.</p> <p>The company has policies (Forest Policy) and procedures in place to ensure compliance with national laws and ILO conventions.</p> <p>The company checks Identify Cards at the time of employment to verify several attributes including age at time of employment.</p> <p>The Portugal Policies and procedures cover non-discrimination in the workplace and there is no evidence or concerns regarding</p>	<p>National Laws and Portugal plantations in Zambezia Province level</p>	<p>Document verification and available information:</p> <ul style="list-style-type: none"> - BSL Contract Agreement for Forest Operations - Supplier and contractors must provide to BSL a list of all workers involved in forest operations - Verification of contractor Policies and procedures in place, namely regarding employees identification cards / birth certificate or other valid form of identification verifications and other employees information, as well work labour compliance of each. <p>Field Visits</p> <p>Expert Consultation</p>
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		<p>compliance. Portucel has defined policies and procedures in place for the resolution of Grievances that is open to all stakeholders. (Refer to the Policies Appendix in the Appendix folder).</p> <p>The company communicates information (in community meetings), does trainings to field human resources and in cases of concern checks identify cards (or voter card) at the time of employment.</p> <p>Although there is some evidence of non-compliance in Mozambique with ILO labour rights, these are not sector specific and there is no evidence of such non-compliance with ILO Fundamental Principles within the supply areas.</p> <p>There is no evidence of compulsory or forced labour within the supply area.</p> <p>The EU Commission reports on Portucel investing in employment during Covid-19 indicates that during the global pandemic Portucel was active in protecting its employees and supporting the communities in which they operate.</p> <p>Interviews with Portucel labour, communities and local government indicates compliance with legislation and ILO Fundamental principles.</p>		
<p>2.3. The rights of indigenous and traditional peoples are upheld.</p>	<p>FSC Network Partners and Regional Offices contacts www.fsc.org</p> <p>ILO country offices http://www.ilo.org/ipeinfo/product/viewProduct.do?productId=2299</p> <p>Indigenous Peoples Organizations</p> <p>Local community associations in the district</p>	<p>Specified Risk at National and District Level</p> <p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (17), (19) and (21)</p> <p>Currently there are no indigenous peoples registered in any of the supply areas where timber is purchased. All timber purchased is from private companies. GFW was used to</p>	<p>National Level does not show any Indigenous or Tribal people as defined by UNDRIP.</p> <p>Portucel plantations in Zambezia Province level</p>	<p>Stakeholder consultation verification</p> <p>Document verification and available information:</p> <p>- Supplier and contractor's Procedures and Policies regarding treatment of complaints</p>

	<p>National Sources (e.g. records of land claims negotiation concluded or in progress, summaries of court decisions)</p> <p>Global Forest Watch Data on Indigenous and Community Rights and Resource Rights layers: https://www.globalforestwatch.org/map/</p> <p>Amnesty International: https://www.amnesty.org/en/search/?q=&sort=date&country=38618&documentType=Annual+Report</p> <p>Country Indicators for Foreign Policy: https://carleton.ca/cifp/?s=Mozambique</p> <p>CIFPR: https://www.cifor.org/knowledge/publication/5759/?pub=5759</p> <p>Global Witness: https://www.globalwitness.org/en/all-countries-and-regions/</p> <p>FAO Gender and Land Rights Database: General Introduction Gender and Land Rights Database Food and Agriculture Organization of the United Nations (fao.org)</p> <p>USAID: What Corporations and Smallholder Farmers Have in Common: Addressing the Challenge of Land Rights in Emerging Markets LandLinks (land-links.org)</p>	<p>remotely assess the presence of indigenous people and traditional community rights, with none evident with the supply areas. (Refer to PMZ population and rights image in Appendix 1 and Communities Appendix folder), GFW does indicate traditional communities along the coast around Inhumbane.</p> <p>There are no indigenous peoples in Mozambique according to the FSC definition.</p> <p>There are no indigenous peoples in Mozambique according to ACHPR (see list here).</p> <p>Local communities do exist in association with the plantation management units, These communities have land use rights and all land acquired by Portucel is done through a voluntary process where community members cede land for Portucel long term lease purposes.(Refer to the Communities Appendix for maps and lists. (Refer to the Community consultations folder in the DUAT Appendix folder for consultations with these communities.) While these communities do not fit within the definitions of Indigenous Peoples or Traditional Peoples, using a precautionary approach this risk assessment has considered that their presence may be considered as Traditional People regarding the specific Threshold 17.</p> <p>CIFOR undertook a study in 2015 that found the reforms to legislation particularly the DUAT and EIA processes enhanced public participation in sustainable land-use investments, but noted 4 key weaknesses:</p> <ol style="list-style-type: none"> 1)Weak enforcement of environmental and social safeguards; 2)Lack of incentives in the legal framework; 3)Insecure land tenure; 4)Low public awareness and limited access to information. 	<p>and Social Responsibility</p> <ul style="list-style-type: none"> - DUATs have been obtained for all areas included in the RA - Portucel has a programme with community appointed mediators to address any impact on local communities - Portucel conducts regular meetings with representatives from local communities. - Field Visits
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		<p>Mozambique has systems in place for resolving conflicts that may cumulate in the countries courts.</p> <p>Current land tenure practices require that DUATs for land are acquired and EIA's completed (See DUAT Appendix and Environmental Appendix for relevant DUATs and EIA licences). During these processes consultation with communities is undertaken and only land that is uncontested is supposed to be granted DUATs and EIA licences. (Refer to the Community consultations folder in the DUAT Appendix folder for consultations with these communities). There are known incidences in Mozambique where this process has not been followed and there are areas that are contested. However, there is no evidence that these are within the supply areas covered by this risk assessment. There is evidence of historical concerns from communities that were raised with the assistance of NGO's. One of these communities was a part of interviews conducted during the in field verification of this risk assessment. Stakeholders indicated that Portucel had responded to concerns raised and improved their processes for community engagement and participation in ceding landing for their plantation development.</p> <p>Also refer to the USAID article on Landlinks highlighting developments to assist both local communities and organizations like Portucel. (here)</p> <p>Portucel has procedures in place to investigate and resolve complaints (Refer to Polices Appendix in the Appendix folder). There is no evidence that these processes may not be culturally appropriate or that there are any significant outstanding concerns of local communities.</p>		
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		<p>Portucel land acquisition policies and processes specifically attempt to acquire land that is not inhabited or to identify and resolve land conflict prior to acquisition. Other procedures outline conflict resolution mechanisms. A set of procedures has been established to ensure transparency and equal treatment; examples of these may be found in the Policy Appendix. The dialogue is extensive to government entities at all levels.</p> <p>FSC Regional Office was also contacted and Category 2 Land Tenure and Conflict Resolution was highlighted as needing more verification (Refer to Appendix 2)</p> <p>There is no evidence of violations or current concerns within the supply areas.</p> <p>There is no evidence of significant unresolved conflicts at FMU Plantation level. There were two articles relating to Portucel found during an internet search (Refer to the Civil Society and Contractor Appendix) Portucel have indicated their response to these articles and are actively encouraging discussion with these parties, evidence of this is also contained in the same Appendix.</p> <p>Portucel Mozambique's land acquisition policies and processes seek to acquire land free from any conflicts. The existence of a DUAT and a land access procedure where any area is given to the company by the family and / or community is legitimized through an agreement (with witnesses: a family member, the traditional leader and the local government) reduces potential conflicts. Portucel Mozambique has a set of procedures - Stakeholder Engagement Plan and Grievance Mechanism, which allows transparency and inclusive forms of resolution. (Refer to the Communities Appendix for identified communities and the Environmental Appendix folder for evidence of stakeholder consultations undertaken).</p>		
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		The International Finance Corporation (IFC) is also one of the investors and shareholders in the project and therefore IFC standards are also enforced by the company. (here)		
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3 WOOD HARVESTED FROM FOREST IN WHICH HIGH CONSERVATION VALUES ARE THREATENED BY MANAGEMENT ACTIVITIES

Indicators (1)	Sources of information (2)	Risk determination and specification (if not low risk) Provide numbers of thresholds ²⁶ that are met. JUSTIFY THE OUTCOME (for each threshold). (3)	Functional scale (4)	Control measures (5)
<p>3.0 Data available are sufficient for:</p> <p>a) Determination of HCV presence for each HCV,</p> <p>AND</p> <p>b) The assessment of the threats to HCVs from forest management activities</p>	<p>FSC documentation on HCVs: www.fsc.org</p> <p>FSC Network Partners and Regional Offices contacts www.fsc.org</p> <p>Eco-region definition and information: http://www.worldwildlife.org/science/ecoregions.cfm (outdated, replaced with One Earth data as per below link)</p> <p>Afrotropics One Earth</p> <p>Signatory to the Convention on Biological Diversity https://www.biodiv.org and demonstrable progress towards completing a network of protected areas, such as an overall positive analysis of the latest country thematic report on Forest Ecosystems (www.cbd.int)</p> <p>Those regions identified by Conservation International as a Biodiversity Hotspot</p> <p>(or) Those ecosystems and communities that are explicitly identified by Conservation International as a key component of a <i>Biodiversity Hotspot</i></p>	<p>Specified Risk at National Level</p> <p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1) and (2)</p> <p>The World Bank “Rule of Law” index for 2021 shows that while there have been overall declines across most indicators there have been recent improvements (last 3 years) (See https://databank.worldbank.org/source/worldwide-governance-indicators)</p> <p>Currently WWF (Coastal East Africa Places WWF (worldwildlife.org)) indicates Coastal East Africa as an area of concern, this does not indicate any areas within the supply areas</p> <p>The organization undertook EIA’s across their land holdings and have received approval for these through the issuance of EIA certificates between 2017 and 2018. (Refer to Appendix 6 through 8 and 33 through 37). These provide data and expert input sufficient to identify HCV areas and threats to these HCV areas from management activities.</p>	<p>Portucel plantations in Zambezia Province level</p>	<p>Please see control measures applied to HCV 1-6</p>

	<p>Those forest, woodland, or mangrove eco-regions identified by World Wildlife Fund as a <i>Global 200 Eco-region</i> and assessed by WWF as having a conservation status of <i>endangered</i> or <i>critical</i>. If the Global 200 Eco-region comprises more than a single terrestrial eco-region, an eco-region within the Global 200 Eco-region can be considered low risk if the sub-eco-region is assessed with a Conservation Status other than “<i>critical/endangered</i>.” (www.worldwildlife.org/science/wildfinder)</p> <p>Those regions identified by the World Conservation Union (IUCN) as a Centre of Plant Diversity</p> <p>Those regions identified by Conservation International as a High Biodiversity Wilderness Area that are forests and contain contiguous forest ecosystems greater than 500 km².</p> <p>Those regions identified by the World Resources Institute as a Frontier Forest Intact Forests Landscapes, as identified by Greenpeace (www.intactforests.org)</p> <p>Legal Compliance Company Environmental Impact Assessments</p> <p>Global Forest Watch Data on Biodiversity and Land Cover layers: https://www.globalforestwatch.org/map/</p>	<p>GFW data for primary forest, biodiversity significance and intensity, biodiversity Hotspots, Key Biodiversity Areas, Endemic Bird Areas, Intact Forest Landscapes and Tree Cover where assessed (Refer Appendix 3 through 8). There is no evidence to indicate concern within the areas of supply. Part of the plantations fall within a GFW Intact Biodiversity area, although the intactness is indicated at a lower level of intactness. Checking this against the Intact Forest Landscapes, protected areas, and hotspot layers, nothing is evident near the plantations. Checking the Google Earth Search Engine Time lapse for the area, it would appear many of these areas are old colonial farms that have since been put under a slash and burn / shifting agriculture, with many of the areas having been farmed for many years. There is some biodiversity significance in the area, however this would not be threatened during the establishment and harvesting of exotic plantation species, particularly considering the landscape approach being used by Portucel.</p> <p>This same website was used to check for intact forest landscapes with none being found at district level.</p> <p>WWF and Biofund, in “Mozambique habitats mapping” states that these plantations areas are established on modified habitats.</p> <p>During infield assessment of the area, it was noted the area is heavily transformed, with very little remaining natural habitat and most of this consists of what local communities refer to as “farm bush”, this is woodland areas that have been used for many years for forest products and periodic clearing as part of shifting cultivation. While a limited number of these areas have potential to recover, it is highly unlikely in most cases as many of the key attributes of natural ecosystems are missing, this particularly applies to fauna</p>		
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		<p>species but also many flora species, especially where complexity and structure is considered.</p> <p>During the desk top review and in stakeholder consultations two areas within the province that might be considered as close to the supply areas were highlighted, these are Mount Lico and Mount Mabu. While Mount Mabu is not considered to be in close proximity to the supply areas Mount Lico is within Portucel DUAT areas. As this area is on top of a Inselberg with steep cliff faces (+125 metres in height) that make it almost impossible assess, therefore there is no risk of degradation due to Portucel activities. While this forest is within Portucel DUAT areas Portucel has not acquired any land use rights to the area. Emerging anecdotal evidence presented to the expert from other regions in Africa may suggest that plantation development in these highly degraded landscapes benefits Micro Climate providing cooler conditions and more stable rainfall. If this anecdotal evidence has any grounding there is potential that Portucel plantations may help mitigate climate change impact on this unique forest.</p> <p>In the ESIAR (E&S Impact Assessment Report) specialists found that these areas are "heavily transformed due to agricultural practices".</p> <p>Further to the above all supply areas have had legislated ESIA's completed with Environmental Management Plans (EMP's) put in place to manage any areas that may be considered as meeting FSC and IFC definitions of HCV. As part of the company's policies and procedures any areas found with a high biodiversity, cultural values will not be allowed to be transformed to plantations. This will either be left with the communities or</p>		
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		<p>acquired as conservation areas. (Refer to the Policies folder in the Appendix)</p> <p>Portucel have developed a Technical Manual for the Assessment of HCV in their areas (See attached Appendix 23)</p>		
3.1 HCV 1	<p>Legal Compliance Company Environmental Impact Assessments</p> <p>Global Forest Watch Data on Biodiversity and Land Cover layers: https://www.globalforestwatch.org/map/</p>	<p>Specified Risk at National and District Level</p> <p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (6)</p> <p>According to FSC-PRO-60-002a Annex B HCV assessment guidance (informative) under HCV 1 “In addition, risk for this HCV can be assessed using functional scale. An example of functional scale might be plantations of exotic tree species (see above), where the risk of finding either species or concentrations of species would be low.”</p> <p>Through the company EIA’s there are no areas identified as HCV 1. The supply area does not contain critical temporal, seasonal, or ephemeral habitats/resources such as sites for roosting, breeding, hibernation, shelter and migration. (Refer Environmental Appendix in the Appendix folder)</p> <p>In the ESIAR (E&S Impact Assessment Report) specialists found that these two areas are “heavily transformed due to agricultural practices”.</p> <p>Mozambique is a signatory to the CBD (Refer to Appendix 21 and 22 for CBD report and Strategy and Action Plan). The next report on achieving CBD Targets is currently due, but Mozambique has currently set aside 26% of its area for conversation.</p> <p>Portucel has policies and procedures in place to manage areas identified as having</p>	<p>Portucel plantations in Zambezia Province level</p>	<p>Stakeholder consultation verification</p> <p>Expert Consultation</p> <ul style="list-style-type: none"> - Logging is only performed on plantations of exotic species - Timber tracking system to be used by supplier - Supplier’s EIA must identify any relevant impact to HCV <p>Field Visits</p>

		<p>conservation or cultural significance. To date no areas of conservation significance have been identified within their Forest Management Units. Environmental Management Plans (EMP's) have put in place to manage any areas that may be considered as meeting FSC definitions of HCV. (Refer to Policies Appendix folder in the Appendix folder)</p> <p>Portucel have developed a Technical Manual for the Assessment of HCV in their areas (See attached Appendix 23)</p> <p>Infield observations indicate that natural ecosystems with the supply area are highly degraded.</p>		
3.2 HCV 2	<p>Intact Forests Landscapes, as identified by Greenpeace (www.intactforests.org)</p> <p>Global Forest Watch Data on Intact Forest Landscapes layer: https://www.globalforestwatch.org/map/</p>	<p>Specified risk at National Level</p> <p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (9)</p> <p>Both the IFL and GFW databases were checked, there are no IFL's within the area under assessment.</p> <p>According to FSC-PRO-60-002a Annex B HCV assessment guidance (informative) under HCV 2 "Functional scale can be used to identify areas of 'low risk' for these HCVs, for example large areas of industrial forests or plantations will be 'low risk'."</p>	<p>Portucel plantations in Zambezia Province level</p>	<p>Stakeholder consultation verification</p> <p>Expert Consultation</p> <p>Control of the IFL and GFW databases</p> <p>Field Visits</p>
3.3 HCV 3	<p>Endemism - Simple English Wikipedia, the free encyclopedia</p> <p>Global Forest Watch Data on Biodiversity and Land Cover layers: https://www.globalforestwatch.org/map/</p> <p>Legal Compliance Company Environmental Impact Assessments</p>	<p>Specified Risk at National Level</p> <p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (14)</p> <p>According to FSC-PRO-60-002a Annex B HCV assessment guidance (informative) under HCV 3 "An example of functional scale might be plantations of exotic tree species,</p>	<p>Portucel plantations in Zambezia Province level</p>	<p>Stakeholder consultation verification</p> <p>Expert Consultation</p> <p>Ensure that Supplier Environmental Management plans addresses the</p>

		<p>where the risk would be low of finding rare forest communities or old-growth native trees. In some cases plantations can contain native vegetation ecosystems remnants within in them. If these remnants are protected or not harvested then plantations will be 'low risk' for these HCVs."</p> <p>Mozambique is not listed for endemism.</p> <p>There are a number of National Parks and protected areas in Mozambique, to link these specifically to FSC HCV classifications is not possible, but some of these protected areas would fit the FSC classification. (Refer Appendix 22 and the Environmental Appendix folder in the Appendix folder)</p> <p>Mozambique has set targets to achieve the Aichi targets and progress towards these is reported in the CBD reports, primarily Mozambique increased its area under protection from 11% to 26%. (Refer Appendix 21). To date Mozambique has not yet secured all these areas as "secure" conservation areas, but this is part of their current Strategy and action plan. There are no nationally protected areas within the surrounding landscapes of directly linked to the supply areas. (Refer to https://www.globalforestwatch.org/map/)</p> <p>Portucel has policies and procedures in place to manage areas identified as having conservation or cultural significance. To date no areas of conservation significance have been identified within their Forest Management Units. (refer to the Policies folder in the Appendix folder) Environmental Management Plans (EMP's) have put in place to manage any areas that may be considered as meeting FSC definitions of HCV. (refer to the Environmental Appendix in the Appendix folder)</p> <p>Portucel has also acquired and set aside areas specifically to ensure any areas that</p>		<p>protection of any relevant HCV</p> <p>Field Visits</p>
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		<p>might be considered as HCV 3 have been protected as part of the company's commitment to biodiversity conservation. Field observations confirm that the chance of finding any such areas within the landscapes in the supply area are extremely low, therefore potential to cause damage to any such area would also be considered as low. (Refer to statements in section 3.1)</p> <p>Portucel have developed a Technical Manual for the Assessment of HCV in their areas (See attached Appendix 23)</p>		
3.4 HCV 4	<p>Global Forest Watch Data on Biodiversity and Land Cover layers: https://www.globalforestwatch.org/map/</p> <p>Google Earth Imagery of the area with shapefiles of the supply area loaded</p> <p>Legal Compliance Company Environmental Impact Assessments</p>	<p>Specified Risk at National and District Level</p> <p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (19)</p> <p>There are no HCV 4 areas within the supply areas. Forests within the region would be considered as influencing floods and erosion and regulating stream flow and quality. However, these forests are far from the area under assessment and the management activities within the supply area will not impact on these forests. (Refer to Environmental Appendix folder and shapefiles in the Appendix folder).</p> <p>Portucel has policies and procedures in place to manage areas identified as having conservation or cultural significance. To date no areas of conservation significance have been identified within their Forest Management Units. Environmental Management Plans (EMP's) have put in place to manage any areas that may be considered as meeting FSC definitions of HCV.</p> <p>In order to prevent any impact on water quantity and quality Portucel follow legal</p>	<p>Portucel plantations in Zambezia Province level</p>	<p>Establishment of buffer zones, equipment exclusions, improved road building including stream crossing, harvesting systems consider soil types to mitigate damage to sensitive soils.</p> <p>Ensure that Supplier Environmental Management plans addresses the protection of any relevant HCV</p> <p>Field Visits</p>

		<p>compliance recommendations in the Law nº 20/97: Environment Law and subsidiary legislation governing riparian buffer zones.</p> <p>Portucel have developed a Technical Manual for the Assessment of HCV in their areas (See attached Appendix 23)</p> <p>During field observations riparian zones were noted as potential to meet this criterion for water flow and quality. However, it should be noted that Portucel buffer all these areas from their plantations, but does not have any legal control over these areas. Due to the close proximity to water and high nutrient and soil fertility in these riparian zones these area highly valued by the local communities and never considered for ceding to Portucel. While socio-economic conditions persist in the districts at survival livelihoods, these areas are unlikely to ceded even where high levels of environmental and social awareness might be achieved.</p>		
3.5 HCV 5	<p>Legal Compliance Company Environmental Impact Assessments Company Policies and procedures</p>	<p>Specified Risk at National Level</p> <p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (23)</p> <p>Land Acquisition processes include voluntary land assessment by individuals, families and communities, and considers resources that should be retained as essential for their subsistence, in this way land that is acquired is generally the most highly degraded areas. It helps facilitate the assessment for values that may be considered as HCV 5, if these were identified they would not form part of any Portucel land acquisition. (Refer the Policies Appendix folder in the Appendix folder), this means that forest management activities within the supply area will not impact on these types of HCV.</p>	<p>Portucel plantations in Zambezia Province level</p>	<p>Stakeholder consultation provides evidence that local communities with rights in the sourcing area has been undertaken.</p> <p>Portucel Mozambique has a policy of employing people from local communities.</p> <p>Expert consultation</p> <p>Ensure that Supplier Environmental Management plans addresses the</p>

		<p>As part of Portucel's Stakeholder Engagement Plan requires that communication, operational and land teams from Portucel ensure that community leaders are directly involved in land agreements and check that land that may have social or cultural values does not form part of the company's land acquisition.</p> <p>Portucel's Environmental and Social Impact Assessment covered almost 7000 people including numerous meetings in the villages and districts in terms of measures that are in place in their Environmental and Social Action Plan.</p> <p>Portucel has policies and procedures in place to manage areas identified as having conservation or cultural significance. To date no areas of cultural significance have been identified within their Forest Management Units. Environmental Management Plans (EMP's) have put in place to manage any areas that may be considered as meeting FSC definitions of HCV.</p> <p>This means the requirement for Local Community engagement is met through the compliance with Mozambique legal requirements.</p> <p>Portucel have developed a Technical Manual for the Assessment of HCV in their areas (See attached Appendix 23)</p>		<p>protection of any relevant HCV</p> <p>Field Visits</p>
3.6 HCV 6	<p>Legal Compliance Company Environmental Impact Assessments Company Policies and procedures</p>	<p>Specified Risk at National and District Level</p> <p>Risk Threshold achieved: At plantation FMU level Low Risk Threshold (27)</p> <p>There are no areas that may be considered as HCV 6 identified within the supply areas. (Refer to the Environmental Appendix in the</p>	<p>Portucel plantations in Zambezia Province level</p>	<p>Stakeholder consultation provides evidence that local communities with rights in the sourcing area has been undertaken</p> <p>Expert consultation</p>

		<p>Appendix folder and the Community Appendix folder in the Appendix folder)</p> <p>Land Acquisition processes assess for values that may be considered as HCV 6, if these were identified they would not form part of any Portucel land acquisition. (Refer to the Environmental Appendix in the Appendix folder and the Community Appendix folder in the Appendix folder), this means that forest management activities with the supply area will not impact on these types of HCV.</p> <p>Portucel's Environmental and Social Impact Assessment covered almost 7000 people including numerous meetings in the villages and districts in terms of measures that are in place in their Environmental and Social Action Plan.</p> <p>Portucel has policies and procedures in place to manage areas identified as having cultural significance. To date no areas of cultural significance have been identified within their Forest Management Units. Environmental Management Plans (EMP's) have put in place to manage any areas that may be considered as meeting FSC definitions of HCV (Refer to the Policies Appendix folder in the Appendix folder)</p> <p>This means the requirement for Local Community engagement is met through the compliance with Mozambique legal requirements.</p> <p>Portucel have developed a Technical Manual for the Assessment of HCV in their areas (See attached Appendix 23)</p> <p>As part of this assessment Portucel has identified some cultural sites (many graves), these sites would not meet thresholds for consideration as HCV, despite this Portucel has designated these areas as HCV and</p>		<p>Ensure that Supplier Environmental Management plans addresses the protection of any relevant HCV</p> <p>Field Visits</p>
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		developed management plans in consultation with local communities.		
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4 WOOD HARVESTED FROM AREAS BEING CONVERTED FROM FORESTS AND OTHER WOODED ECOSYSTEMS TO PLANTATIONS OR NON-FOREST USES

Indicators (1)	Sources of information (2)	Risk determination and specification (if not low risk) Provide numbers of thresholds that are met. JUSTIFY THE OUTCOME (for each threshold). (3)	Functional scale ²⁷ (4)	Control measures (5)
<p>4.1 Conversion of natural forests to plantations or non-forest use in the area under assessment is less than 0.02% or 5000 hectares average net annual loss for the past 5 years (whichever is less),</p> <p>OR</p> <p>Conversion is illegal at the national or regional level on public and private land</p> <p>Note: The following changes are not considered applicable conversion according to the indicator: (legal) road construction, logging landings and infrastructure development to support forestry operations.</p>	<p>FAO GOFC-GOLD Global Observation of Forest and Land Cover Dynamics</p> <p>FAO Global Forest Resources Assessment</p> <p>Conservation International Regional Analysis Program</p> <p>University of Maryland Department of Geography</p> <p>UNEP/GRID – Division of Early Warning and Assessment</p> <p>SERVIR – Regional Monitoring and Visualization System for Mesoamerica</p> <p>Congo Basin Forest Partnership and CARPE</p> <p>CEC Joint Research Centre</p> <p>INPE-PRODES – Brazil’s National Institute for Space Research</p> <p>Hansen, M., DeFries, R., Townshend, J.R., Carroll, M., Dimiceli, C., Sohlberg, R. 2003. 500 m MODIS Vegetation Continuous Fields. College Park, Maryland: The Global Land Cover Facility.</p> <p>National data sources</p>	<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1) and (3)</p> <p>The primary drivers of conversion are subsistence agriculture and urbanisation and sources of energy (in rural areas).</p> <p>The primary laws governing the legality of conversion (land use change) are:</p> <p>Law n° 19/97: Land Law, and</p> <p>Law n° 20/97: Environment Law</p> <p>Decree n° 54/2015: Regulation on the Process of Environmental Impact Assessment</p> <p>According to last FAO report (See attached Appendix 10 FAO Report)</p> <p>http://www.fao.org/countryprofiles/index/en/?iso3=MOZ Mozambique is one of the southern African countries that still has a considerable area of native forest and other woody formations, composed mainly by Miombo, Mecrusse and Mopane ecosystems. These dry tropical forests are subject to a high rate of deforestation and forest degradation, due to their fragility and the high demand for goods and services to which they are subject</p>	<p>Portucel ceded land in Zambezia Province level</p>	

	<p>FSC Network Partners and Regional Offices contacts www.fsc.org</p> <p>Google Earth Engine – Timelapse: https://earthengine.google.com/timelapse/</p> <p>Global Forest Watch: Interactive World Forest Map & Tree Cover Change Data GFW (globalforestwatch.org)</p> <p>Google Earth Imagery</p>	<p>and the fact that they are the main livelihood of the rural population.</p> <p>The forest in Mozambique is defined considering 1 hectare of minimum mapping area, 30% of minimum canopy cover and 3 meters of minimum tree height on maturity. According to data from the national forest inventory carried out in 2017, the country has about 32 million hectares of natural forests, which cover 40% of the national territory. Miombo is the dominant forest formation, with about 21 million hectares, representing 62% of the forest area. Miombo growth is slow, estimated at 0.5 to 1 m³/ha/year. Forestry is selective and covers 20% of the 119 forest species identified and the remaining 80% are secondary, with little market demand.</p> <p>However, there is no recent data related to forest loss in the FAO FRA 2020. The rates of deforestation represented in the report reflect extrapolation for prior to 2013.</p> <p>Global Forest Watch Assessment shows from 2001 to 2021, Mozambique lost 27mha of natural forest, equivalent to 13% of its total tree cover loss in the same time period. While tree cover loss in 2021 was 0,96%. For the period 2017 to 2021 (5 years) tree cover loss was 4,4% of the 2000 forest area.</p> <p>Image Zambezia tree loss in the folder PMZ Analysis shows from 2001 to 2021, Zambezia lost 1,04Mha of tree cover, equivalent to a 16% decrease since 2000, with a 1,3% loss in 2021. For the period 2017 to 2021 (5 years) tree cover loss was 5,3% of the 2000 forest area.</p> <p>Image Ile tree cover loss in the PMZ Analysis folder shows from 2001 to 2021, Ile lost 54kha of tree cover, equivalent to a 21% decrease since 2000, with a 0.94% loss in 2021. For the period 2017 to 2021 (5 years) tree cover loss was 4,7% of the 2000 forest area.</p>		
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		<p>Analysis of the individual DUAT areas where Portucel may negotiate to lease land indicates that tree cover loss for the period 2017 to 2021 ranges from 0,64 through to 11%. It was not practical to access every single plantation block using Global Forest Watch. Rather each DUAT was access on Goggle Earth Checking imagery close to the 2017 (5 year cut off period). What was observed during this analysis was clear evidence that Portucel land holdings where either in a deforested state or had already been planted by Portucel. (Refer to Imagery in the PMZ Analysis folder)</p> <p>GFW forest integrity data shows that the forests within the DUAT areas of Portucel are in a low integrity state or non-forest. Analysis of tree loss drivers indicates that primary causes are shifting agriculture and urbanisation. However, FAO in their 2020 Forest Resource Assessment highlights that much of the shifting agriculture classification is now permanent and identifies this loss driver as subsistence agriculture.</p> <p>All plantation areas were checked on Goggle Earth with each area being assessed, imagery indicates that all areas where in a highly degraded state prior to Portucel developing the land. Further to this plantation development across all plantations have had set aside areas of natural ecosystems and linking corridors set aside prior to the plantation compartment establishment. (Refer to imagery in the PMZ Analysis folder).</p> <p>All supply areas were also checked using the Google Earth Engine – Time-lapse to assess land use changes since 1984.</p> <p>Also refer to Appendix giving examples of land use classifications used by Portucel.</p>		<p>Portucel images data base/Spacial or Google analyses and other available resources</p> <p>Prior assessments to plantation areas</p>
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		<p>Plantations have been fully established for a number of years with natural areas set asides.</p> <p>The mosaic model implemented by Portucel, results in a spatial organization in a landscape with different land uses, also having protection areas (both from an environmental and social point of view).</p> <p>Portucel halted land development activities in Zambezia prior to 2018, therefore the threshold of less than 5000 hectares in the last 5 years is also met.</p> <p>Portucel undertake procedures prior to establishment to identify any existing forests / woodlands / areas needing to be set aside for conversation. (Refer to the Polices folder in the Appendix folder)</p> <p>Portucel has policies and procedures in place to protect natural area set asides.</p>		<p>Prior procedures undertaken + policies and procedures to protect natural areas aside</p>
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5 WOOD FROM FORESTS IN WHICH GENETICALLY MODIFIED TREES ARE PLANTED

Indicators (1)	Sources of information (2)	Risk determination and specification (if not low risk) Provide numbers of thresholds that are met. JUSTIFY THE OUTCOME (for each threshold). (3)	Functional scale (4)	Control measures (5)
5.1. There is no commercial use of genetically modified trees.	<p>FAO, 2004. Preliminary review of biotechnology in forestry, including genetic modification. Forest Genetic Resources Working Paper FGR/59E. Forest Resources Development Service, Forest Resources Division, Rome, Italy. Available online:</p> <p>http://www.fao.org/docrep/008/ae574e/AE574E00.HTM</p> <p>National and regional data sources</p>	<p>Risk Threshold achieved:</p> <p>At plantation FMU level Low Risk Threshold (1) or (2) and (3)</p> <p>Countries currently involved in GM Tree research according to this site</p> <p>Italy, Belgium, Sweden, UK, Finland, New Zealand, Japan, China, Germany, Canada, France, South Africa, United States, Brazil, Indonesia, Uruguay, Chile, Ireland, Norway, Australia, Malaysia, Vietnam, Thailand,</p>	<p>Portucel plantations in Zambezia Province level</p>	

	https://allianceforscience.cornell.edu/blog/2018/05/mozambique-ready-gmo-crops-already-eating/	<p>India, Spain, Portugal, Lithuania, Russia, Kenya.</p> <p>According to the latest available FAO study ("Preliminary review of biotechnology in forestry, including genetic modification", 2004. (available at http://www.fao.org/docrep/008/ae574e/ae574e00.htm)) there is no commercial usage of any GM trees in the country. Commercial usage of GM trees is only taking place in China according to the FAO data.</p> <p>Decree No 71/2014 and Decree No 6/2007 govern GMO use in Mozambique.</p> <p>There is no evidence of unauthorised use of GMO's in Mozambique.</p> <p>Alliance for science reported in 2018 that Mozambique had begun trials on Water Efficient Maize for Africa (WEMA). However, there are no trials on GMO trees.</p> <p>Also refer to the GMO Appendix.</p> <p>All seedlings bought by the company have a non-GMO's certificate.</p>		
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6 GENERAL

Indicators (1)	Sources of information (2)	Risk determination and specification (if not low risk) Provide numbers of thresholds that are met. JUSTIFY THE OUTCOME (for each threshold). (3)	Functional scale (4)	Control measures (5)
General search on the company	Web search of companies	<p>Initial assessment is specified risk based on several reports available online.</p> <p>Following review of Portucel responses, Low Risk was concluded for Portucel plantations in Zambezia Province level</p> <p>Google searches were done on:</p>	Portucel plantations in Zambezia Province level	

		<p>Portucel, Mozambique</p> <p>Navigator, Mozambique</p> <p>There were adverse reports found, primarily the Environmental Paper Network report for 2017.</p> <p>Portucel has provided documentary evidence of having engaged with the parties concerned in the reports. In these responses Portucel have indicated a clear desire to engage with stakeholders and to find resolution to any concern's stakeholders have. Further to this Portucel have a complaints mechanism in place to handle any future concerns raised by Stakeholders.</p> <p>Refer to Civil Society and Contractor Appendix for details of online reports and Portucel's responses.</p> <p>Portucel has a complaints / grievance mechanism in place</p>		
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7. List and contact details of experts involved in the risk assessment

Name of Expert	Contact Details	Area Under Assessment
Stuart Valintine	svalintine@zol.co.zw	Mozambique

Stuart Valintine was used as the expert to undertake this risk assessment. Mário Paulo Falcão mariopaulofalcao1@hotmail.com was also consulted as an expert for some of the indicators and findings. See the consultations in Zambezia document and Mario's CV in the folder link: <https://www.dropbox.com/sh/v0kmokkkitxsmbu/AAD6B04UxaHqUjZvhXB15uN7a?dl=0>

Expert Qualifications:

I attained a Diploma in Forestry from the Zimbabwe College of Forestry in 1983 and have worked in forestry since then. I passed the Criterion Referenced Instruction course in 1994, then the Advanced Environmental Management System Auditing course in 1997 and the Integrated Environmental Management course in 1997 run by University of Cape Town. I have also completed numerous FSC / FSC auditor courses since the first one in 1997. I started working on international certification standards in the mid-90's where I developed management systems and assisted Border Timbers Limited to attain certification to FSC Forest Management Standards and ISO 14001 in a single audit. I acquired a Bachelor of Technology (Forestry) from Nelson Mandela Metropolitan University in 1998. I continued managing Border Timbers certification and SHEQA systems until 2006. During this time, I completed numerous courses relating to risk assessment across several fields of work. I have completed both ISO auditor and FSC training courses, conducting many internal (2nd Party) audits, I do not do 3rd party audits. Following this I have assisted organizations across 12 African countries and Papua New Guinea to developing management systems for International Forest Stewardship standards.

I have been contracted by Assurance Services International (ASI) as a local specialist during a Certification Body assessment in South Africa, primarily focusing on local legal and social requirements for FSC Forest Stewardship standards, this indicates expertise acknowledged for CW

Category 1 and 2. I was contracted by NEPCo (now Preferred By Nature) in 2017 to undertake a Centralised National Risk Assessment (CNRA) for Swaziland (now Eswatini) for Controlled Wood Categories 1, 2, 4 and 5. This gives an indication of both a Certification Body and FSC acknowledgement of expertise in the categories of the CNRA undertaken. (Refer to the General requirements for FSC accredited certification bodies FSC-STD-20-001 V4-0 EN, Box 2: Key considerations for selection of audit team members for forest management audits (refers to auditors and technical experts) (normative) on page 44 of 46). I have also conducted either Company Risk Assessments (CRA) or Extended Company Risk Assessments (ECRA) across 6 African countries, with some of these being approved by at least three different Certification Bodies.

I have been directly involved in conducting High Conservation Value Assessments across 10 African countries, either as the lead assessor, assessor or in other direct ways. Refer to the Environmental Evaluation Unit, University of Cape Town Course passed in 1997 for qualifications. This has included work for both forest clients and NGO's in non-certification assessments.

Among my clients I was contracted to FSC as Chairman and drafter of their Motion 7 Working Group and Technical Working Groups that developed the FSC Policy, procedures and normative framework documents to address how FSC manages conversion among their certification standards. I have been involved with FSC in this regard since 2015. I have also conducted numerous conversion assessments across the sub-Saharan Africa.

Considering the requirements as listed in Annex C Minimum requirements for expert qualifications of Requirements for Sourcing FSC® Controlled Wood FSC-STD-40-005 V3-1 EN:

- 1) For all categories I refer to experience in previously approved Company and Extended Company Risk Assessments;
- 2) For Category 1 refer to experience with ASI and the conducting of a CNRA where expertise was required at national/regional levels;
- 3) For Category 2 refer to experience with ASI and the conducting of a CNRA where expertise and knowledge of Indigenous People and/or Traditional People was required at national/regional levels;
- 4) For Category 3 refer to qualifications in forestry, experience working in forestry in Africa and experience undertaking High Conservation Value Assessments;
- 5) For Category 4 refer to qualifications in forestry, experience working in forestry in Africa and expertise acknowledged by FSC; and,
- 6) For Category 5 no specific expert knowledge is required.

End of report