

## Environmental and Social Completion Sheet (ESCS)

### Overview

Project Name:	Portucel <sup>1</sup> Cacia Mill Optimisation
Project Number:	2015-0061
Country:	Portugal
Project Description:	The project is a modernisation and expansion of the existing Cacia (Aveiro) pulp mill to increase its efficiency and production from current 310,000 to 353,000 tonnes per annum.

### Summary of Environmental and Social Assessment at Completion

EIB notes the following key Environmental and Social outcomes at Project Completion:

No significant environment or social issues were noted.

The original project undertakings concerning the environment were as follows:

- The project was based on forest biomass from forests that were certified by internationally accredited forest certification systems, such as FSC and PEFC. The sourcing areas that were not certified, complied with the same standards so as to be certifiable.

- o Compliance:

As stated in the Promoter's Sustainability Report 2014/2015 (page 77)<sup>2</sup>, the company has committed itself to supplying all its mills exclusively with certified wood (FSC or PEFC) or controlled-origin wood. The latter is not formally certified, but its compliance with sustainability standards required for certification is controlled by the buyer.

To this end, the Group has had its chain of custody systems certified by the FSC or PEFC, in order to demonstrate to clients and other stakeholders its concrete steps to meet high standards in sourcing its wood and manufacturing forest-based products. In addition, it implemented responsible management of the forestry resources incorporated in its products, enabling it to sell certified pulp and paper, thanks to processes ensuring traceability throughout the supply chain.

A significant part of the round wood processed by the Group was sourced from the Iberian Peninsula, where most suppliers had implemented certification for their forests. As certification is a complex and lengthy process – and in view of the importance of providing encouragement – The Navigator Company has, since 2007, allocated a financial incentive for all the certified wood it acquires, and was the first company in the world to implement such a measure.

In a decade (2005/2015), increased supplies of certified wood allowed the Company to progress from 0% to 44% in its sales of office and printing industry paper with the

<sup>1</sup> The name of Portucel has been changed to The Navigator Company.

<sup>2</sup> Available at

[http://en.thenavigatorcompany.com/var/ezdemo\\_site/storage/original/application/5a37858a2f99c820291d7b887ee2eddc.pdf](http://en.thenavigatorcompany.com/var/ezdemo_site/storage/original/application/5a37858a2f99c820291d7b887ee2eddc.pdf)

FSC, PEFC or Ecolabel environmental labels. More recently (2012/2016) the company was able to increase the level of certified wood from 30% up to 48%, with the remaining 52% being all controlled-origin wood.

An inspection programme is in place for non-certified wood purchased by The Navigator Company. It involves two procedures:

- Documentary audits of suppliers, for low-risk supplies without FSC and/or PEFC certification;
- Verification programme, in unspecified risk situations in FSC risk categories, or in PEFC high-risk situations.

In view of the risks, all wood sourced from South America in 2014/2015 (and 2016) and used in producing pulp and paper was certified. Long fibre and recycled fibre pulp was also certified.

Wood fibrous materials, mostly sourced from the Iberian Peninsula, was considered low risk as regards source and supply chain in accordance with FSC and PEFC criteria, meaning that the type of inspections conducted consisted of documentary audits of uncertified suppliers.

- The project excluded sourcing biomass from areas with natural forest conversion and logging from primary moist and tropical forests.

- o Compliance:

Complying with company's commitment, stated by the Management Systems Policy, whereby only certified material or material from controlled origin will be incorporated in the production process, The Navigator Company guarantees through its internal chain of custody procedures, that the wood supplied is not associated with the following activities:

- Illegal logging or the trade in illegal wood or forest products;
- Violation of traditional and human rights in forestry operations;
- Destruction of high conservation values in forestry operations;
- Significant conversion of forests to plantations or non-forest use;
- Introduction of genetically modified organisms in forestry operations;
- Violation of any of the ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work (1998).

- Sourcing of biomass shall comply with the EU Forest Law Enforcement Governance and Trade (FLEGT) Regulation.

- o Compliance:

In order to conform with the European Union Timber Regulation (EUTR), the Navigator Company undertakes periodic analysis and surveys of risks relating to purchases of wood and/or wood products, and verifies information relating to the following:

- The source of material, tracing the chain of supply from the operator back to the forest;
- Certification, validating the information from the certification body with information from the supplier, in particular concerning product certification and claims, and the validity of the certificate;
- Compliance with legislation in the country of extraction, confirmed by documentary evidence;

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- Absence of disputes or sanctions and that illegal logging is not prevalent.

**Summary opinion of Environmental and Social aspects at completion:**

Based on reports from the Promoter, the EIB is of the opinion that the Project has been implemented in line with EIB Environmental and Social Standards.