



“VRIKSH” TIMBER LEGALITY ASSESSMENT AND VERIFICATION STANDARD- INDIA

Title: VRIKSH- Timber Legality Assessment and Verification Standard - India

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Contact: Executive Director, Export Promotion Council for Handicrafts

Email for comments: vriksh@epch.com

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The following document is the standard for evaluation of organizations/factories/firms against the requirements of the various international timber legality agreements and requirements. The aim of the standard is to identify potential and present non-conformities within the existing operational framework as well as within the supply chain. The “Vriksh” Timber Legality Assessment and Verification Standard have been developed by Export Promotion Council for Handicrafts (EPCH). This document shall not be reproduced in any form without the consent of Export Promotion Council for Handicrafts (EPCH).

Foreword:

Illegal logging is a pervasive problem of major international concern, posing a significant threat to forests around the world. Illegal logging contributes to the process of deforestation and forest degradation, which is responsible for about 20% of global CO₂ emissions. It also threatens biodiversity, and undermines sustainable forest management and development including the commercial viability of operators acting in accordance with applicable legislation. Regulatory and market requirements place increasing demands on companies to avoid illegally sourced forest products.

This standard has been designed to allow organizations to avoid trading in illegally harvested Wood. Compliance with this standard allows organizations to demonstrate that they are implementing best efforts to avoid the trade in illegally harvested timber, in support of the international Forest Law Enforcement, Governance and Trade (FLEGT) program, the European Union Timber Regulations (EUTR), The US Lacey Act Amendment 2008, The Australian Illegal Logging Prohibition Act 2012 and other such Global Timber Legality Verification Programs. It allows companies to start implementing their own responsible sourcing policies.

Four aspects of legality to be covered under the ambit of this standard are,

- Legal right to harvest and trade within legally gazetted boundaries
- Compliance with legislation related to forest management, environment, labour and welfare, health and safety
- Compliance with legislation related to taxes and royalties
- Compliance with requirements for trade and export procedures.

Major areas of assessment will resolve to address the following issues viz.

1. Information about raw material origin and sourcing including supply chain and status in transit.
2. Risk Assessment for probability of illegally harvested or transported wood fibre entering the supply chain.
3. Risk Mitigation: Devising steps to ensure that Illegal material does not enter the supply chain even inadvertently and sufficient checks and balances are developed to enable proper identification of non –conforming material and subsequent segregation.

Risk Mitigation would include the principles of supply chain control, principally:

- Effective mechanisms for tracing timber throughout the supply chain from harvesting to the point of export
- Effective mechanisms for measuring and recording the quantities of timber or timber products at each stage of the supply chain

- If mixing of logs or timber from verified sources with logs or timber from other sources is allowed, there are sufficient controls in place to exclude material which is from unknown sources or which was harvested without legal harvesting rights.
- Adequate controls to ensure that all imported wood products have been legally imported.

This document describes the requirements of the “Vriksh” Timber Legality Assessment and Verification Standard. While this normative Standard is intended to be recognized by the various regulatory authorities, it is not intended, and should not be construed as legal advice. Conformity to this Standard demonstrates a measure of the user’s Due Diligence as defined by the European Union Timber Regulations as well as other international timber legality regulations. Organizations seeking legal advice on compliance with any law, regulation or requirement should consult with a qualified legal professional.

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Principle 2: *The necessary authorization to conduct all forest and forest product related activities, including felling, sawing, conversion and/or transport at all locations under its operation shall be available with the organization.*

Principle 3: *The organization shall be paying all associated taxes, royalties or fees relevant to the industry and shall be maintaining all applicable and necessary registers as required by the industry*

Principle 4: *The organization complies with all local and national laws and regulations governing the harvesting, processing and transport of timber*

Principle 5: *The organization complies with all environmental and social laws, regulations and other relevant national and international requirements as are applicable to it.*

Principle 6: *The organization shall employ a clear and verifiable identification and classification system for logs, stumps, planks and wood pieces and shall comply with all applicable timber transport and export regulations.*

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A. Scope:

The EPCH “Vriksh” Timber Legality Assessment and Verification Standard for verification of legality and legal origin of wood and wood products is intended for organizations who want to accurately track and make claims about the legal origin and transport of their products. It is intended to track “Vriksh” timber products but can also be used to track timber products verified to other legal origin standards, under mutual recognition. The transformation of timber from a standing tree to a final product will often involve several types of organizations who take legal ownership of a product through a supply chain. Each legal owner who makes a “Vriksh” legality claim about their product shall be assessed by EPCH and/or its authorized certification body on their conformance to the principles of this Standard. Types of organizations that would be interested in utilizing this Standard include:

- Forest/Harvest site manager
- Harvester/Logger
- Consolidator/Concentration Yard
- Primary manufacturer Timber Supply Chain
- Secondary manufacturer
- Broker/Importer/Exporter
- Retailer

Fulfilment of the Chain of Custody requirements included in this standard will demonstrate the ability of organizations to accurately track “Vriksh” verified timber products received from recognized supply chain participants through their internal processes in order to make accurate claims to their customers about the products’ legal origins.

B. Notes on use of this standard

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

The requirements laid down in this standard constitute the minimum requirements for Chain of Custody operations to comply with in order to demonstrate that materials and products purchased, labelled and sold as “Vriksh” certified are authentic and any associated claims are truthful and correct. It is the responsibility of the certification body to raise any additional evidence in order to substantiate its corresponding certification decisions, if this is deemed necessary.

C. Standard Effective Date

This standard shall be effective from the date of the approved final version. The standard may be updated annually, replacing outdated versions as revised. All verified operations shall be required to comply with revised versions of this standard within 3 months of the new version date.

D. References

- FSC-STD-40-004 V2-0; FSC Standard for Chain of Custody Certification
- FSC-STD-40-005 V2-1; Standard for Evaluation of FSC Controlled Wood
- FSC-STD-30-010 V2-0; FSC Controlled Wood Standard for Forestry Management Enterprises
- VL-01; Smart Wood Generic Standard for Verification of Legal Origin (October 15, 2009)
- AD-TLTV-33-02; SGS Timber Legality and Traceability Verification (TLTV) Draft Generic Standard (January 15, 2008)
- Bureau Veritas Standards for the control of timber origin and legality – Forestry Companies - RF03 OLB FC - version 3.2, December 2009
- SCS Legal Harvest Verification (LHV) Chain of Custody Standard, Version 1.0, 19 July 2010
- Certisource Legality Assessment Criteria. Principles, Criteria and Indicators “Verified Legal Timber” Indonesia, 1st June 2009
- The Lacey Act - Chapter 53 of Title 16, United States Code (including May 2008 amendments)
- *FSC-STD-01-003 SLIMF eligibility criteria.*
- *FSC-POL-30-401 FSC Certification and ILO Conventions*
- Generic Indian Forest Act 1927 with its state adaptations and updates; rules and regulations there under.
- The Wildlife (Protection) Act 1972 and updates; rules and regulations there under pertaining to protected area network and allied matters.
- Forest (Conservation) act 1980 and updates; rules and regulations there under
- The Biological Diversity Act 2002 to identify species of plants and animals that are on verge of extinction and prohibit/regulate the collection thereof, subject to specified conditions in consultation with the respective state governments.
- The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006”
- Panchayats (Extension to the Scheduled Areas) Act, 1996.
- Forest Working Plan Codes; Government of India Guidelines and state working plan codes.

- Foreign trade policy, procedures thereof, fixation of tariffs and duties, and exim negative lists.
- State specific Sawmills regulation act and rules (like Bihar Saw mills {Regulation} Act 1990)
- State specific establishment of timber depot acts and rules
- The Haryana Forest Development Act, 1983 to provide for the establishment of a board for undertaking development of forest resources, utilization of, processing of and trade of forest products in Haryana.
- State specific act and rules for preservation of trees growing on private and revenue (common property) lands (like The Delhi Preservation of Trees Act, 1994, Himachal Pradesh Land Preservation, Act 1968, The Madhya Pradesh Lok Vaniki Adhinyam, 2001, et al.)
- State specific Private Forest Acts for conservation of private forests, their vesting in the state and acquisition et al.
- National Forest Policy 1988.
- Rules and regulations for management of forests in scheduled and tribal areas, including autonomous district councils, recognized in Schedule V and Schedule VI of the Constitution of India.
- Plant Quarantine (Regulation of Import into India) Order, 2003.

E. Legal sources of timber in India:

- **State Forest Divisions:** A forest division is a territorially well-defined administrative unit of the state forest department and the government owned forests therein are managed under approved working plans that are revised/updated periodically. It is placed in the charge of a professionally qualified Divisional Forest Officer (DFO), who exercises statutory powers for management of forests under his jurisdiction. The commercial harvesting of the trees/forest products is generally entrusted to SFDCs. The trees for harvesting are enumerated and measured (for girth/diameter) by the forest officials and expected normative yield/outturns are worked out from the marking list. Further transit of the converted timber, against Transit Permits (TP), is regulated against the species wise volumes computed in the marking list. Sales of timber occur through open auctions through forest depots.
- **State Forest Development Corporation (SFDC):** SFDCs are state owned legally registered entities. The SFDC harvest the forest areas through a long term MoU (Memorandum of Understanding) with State Forest Department. In certain cases, the SFDCs also raise their own plantations. The annual plan of harvesting is prepared according to the prescribed working plan. The SFDCs prepare the detailed list for transportation of timber and get these checked at various forest gates reroute, if any. The sale of the timber is carried out from authorized central depots through open auctions.

- **Individual Tree Owners:** Growing trees on farmlands has been an integral part of the traditional agriculture practices in India. The farm owners may be growing the trees as block plantations, windbreaks and shelterbelts or as bund/boundary planting. The farmers generally resort to selling farm grown trees on the farmlands themselves, or through agents (contractors), as per regulatory regime, if any. Of late agro-forestry has gained commercial prominence due to dwindling supplies from the natural forests due reduction in felling of the natural forests.
- **Private Plantations:** Timber may also be grown on private plantations by individuals/corporate either alone or as an intercrop. There are practices of cultivation of tree crops as intercrops in coffee and tea fields etc. For private plantations also, the owners may resort to sales of timber either themselves or through private contractors as per the prevailing regulatory regime in the locality. Legal requirements for felling and transport differ from state to state and from species to species as well.
- **Imported Timber:** Imported timber is an important source of meeting the huge short fall in supply of wood/ timber to meet the growing requirements in the country. Government of India has been encouraging import of timber through affirmative fiscal and tariff policies. The import documents provide for foolproof check and verification of the source of imported wood. Import of timber requires the importer to make available documents w.r.t. source of origin and a phytosanitary certificate, in addition to other regulatory documents.

F. Terms and Definitions

Assembled products: Products that are constructed from two or more solid wood and/or chip and fibre components, assembled together to form another product. Examples include furniture, shelving units, musical instruments, plywood, block board, laminated veneer lumber, laminated flooring, laminated particle board, and printed materials containing different paper components.

Chain of custody: The succession of ownership of timber products from the forest through each stage of manufacturing and distribution to the final consumer.

Claim: A statement made on invoices and shipping documents that asserts that the product being bought/sold/transported complies with the various Standards.

Company: The entity complying with this standard.

Conversion factor: The ratio between material quantity entering and leaving a given transformation process employed by the organization. The conversion factor is calculated by dividing the output (volume or weight) by the input (volume or weight) and is applied to each individual component of a product group.

Country of origin: The country from which the wood was originally harvested, which is not necessarily the country where the product was manufactured or traded.

Credible certification and verification programs: Vriksh recognizes FSC/PEFC as credible forest certification programs. Other certification and legal verification programs will be considered if they were designed through an ISEAL compliant standard development process and are regularly monitored by an independent third party certification body with ISO Guide 65 certification.

Due Care: A concept often used in US law that refers to the level of judgment, care, prudence, determination and activity that a person (or company) would reasonably be expected to do under particular circumstances. Often seen as equivalent to the concept of due diligence.

Due Diligence: See “Due Care” above.

Entity: A legally recognized company, non-profit organization, government or other organization that procures and distributes timber products in the market.

EUTR: The EU Timber Regulation is part of the European Union’s policy to fight illegal timber logging and associated trade, which was defined in 2003 under the Forest Law Enforcement Governance and Trade (FLEGT) Action Plan. As of 3rd March 2013, the EU Timber Regulation prohibits the first placing of illegally harvested timber and products obtained out of such timber on the EU market. The regulation obliges operators on the EU market to have systems in place that ensure that the timber is from legal origin.

FSC (Forest Stewardship Council): FSC is an independent, non-governmental, not-for-profit organization established to promote responsible management of the world’s forests. It provides standard setting, trademark assurance and accreditation services for companies and organizations interested in responsible forestry.

FSC certified wood: Wood derived from a well-managed forest, or recycled and controlled sources, as defined by the FSC. Certified wood is only considered as such if it is delivered and duly noted on an invoice as “FSC Pure,” “FSC Mixed,” “FSC Recycled,” or “FSC Controlled” material from an entity holding a valid FSC Chain-of-Custody certificate per www.info.fsc.org

FSC Controlled Wood: Wood supply that has been screened to exclude all of five controversial sources: 1. Illegally harvested wood; 2. Wood harvested in violation of traditional and civil rights; 3. Wood harvested in forests where high conservation values are threatened by management activities; 4. Wood harvested in forests being converted to plantations or non-forest use; and 5. Wood from forests in which genetically modified trees are planted.

Illegally harvested wood: Wood that has been harvested in violation of any laws applicable to harvesting in that location or jurisdiction including the acquisition of the harvesting rights from the rightful owner; the harvesting methods used and the payment of all relevant fees and royalties.

Lacey Act: The United States of America’s oldest environmental statute, enacted in 1900. Amendments adopted in 2008 prohibit trade in plants that have been illegally taken, possessed, transported or sold. Thus, the act underscores other federal, state and foreign laws protecting wildlife by making it a separate offense to take, possess, transport or sell wildlife that has been taken in violation of those laws.

Multi-site: An organization that has an identified central office and a network of at least two participating sites included in the scope of the audit. Products from sets of sites covered by a multi-site verification statement must be substantially of the same kind, and must be produced, or processed using fundamentally similar processes and procedures, or managed according to fundamentally similar goals.

Non-timber forest product: All forest products except timber, including other materials obtained from trees such as resins and leaves, as well as any other plant and animal products.

Examples include, but are not limited to seeds, fruits, nuts, honey, palm trees, ornamental plants and other forest products originating from a forest matrix.

Organization: Entity which seeks certification from EPCH accredited certification body and is responsible for ensuring that certification requirements are fulfilled. It includes applicant as well as the certificate holder. It may be in any form, such as company, corporation, firm, institution, government department, association or parts or combinations thereof. It can be a sole trader, proprietorship, partnership, private limited, public limited, NGO (nongovernment organization) etc. In some context, organization may be called “client” or “licensee” of the certification body.

Program participant: An entity that has been audited approved and provided with a unique verification code according to this Standard.

Procedure: A specified way to carry out an activity or a process. Procedures may be documented or not.

Promotional use: Term applied to all statements, claims, trademarks and such like used to promote products, companies or organizations; involving advertising, publicity, sales or public relation activities, excluding elements falling in the on-product definition category.

Sales and shipping documentation: Documents used in commercial transactions between sellers and purchasers where specification and descriptions of products are included. Sales and shipping documentation may include order confirmations, invoices, delivery notes and packing lists.

Sales document: Physical or electronic commercial instrument issued by a seller to a buyer. Also called invoice, bill of sale, contract of sale, it identifies both the trading parties and lists, describes, and quantifies the items sold, shows the date of sale, prices and delivery and payment terms. It serves as a demand for payment and becomes a document of title when paid in full.

Supply Chain: An identified set of organizations that participate in the sale, delivery and production of a product. In the case of timber products, a complete chain will include the forest, harvester/logger, broker, mill, exporter/importer, secondary manufacturer, distributor and retailer.

Timber product: Materials derived from trees/wood, which includes wood-based components of products.

Tracking system: A fully integrated and documented procedure for identifying and accounting for verified products that are purchased, processed, stored, sold and shipped.

Verbal forms for the expression of provisions

[Adapted from *ISO/IEC Directives Part 2: Rules for the structure and drafting of International Standards*]

“shall”: indicates requirements strictly to be followed in order to conform to the standard.

“should”: indicates that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required. A certification body can meet these requirements in an equivalent way provided this can be demonstrated and justified.

“may”: indicates a course of action permissible within the limits of the document.

“can”: is used for statements of possibility and capability, whether material, physical or causal.

The “Vriksh” Timber Legality and Assessment and Verification Standard consists of 5 Parts each dealing with a separate section of the standard. Part 2 of the standard is constituted of Principles which are further divided into Criteria. For the purpose of evaluation, the each Criterion would be assessed based on its performance as adduced from the responses to indicators that would be further developed for each criterion. The responses to each indicator, and hence onwards to each criteria could fall under three major categories viz., Major Non-compliances, minor non-compliances and Observations. Similarly, for Parts 1, 3, 4 and 5, the responses will be assessed as either conformance or non conformance to each clause and accordingly, based on the severity of the non-conformance, may be classified as a major or a minor non-conformance.

PART 1: QUALITY SYSTEM REQUIREMENTS

1. Organization policy

1.1 The organization shall have a publicly available written policy commitment, endorsed by the most senior management of the organization, which states that all purchases and sales of timber products to be of known origin (district of harvest) and legally harvested and to implement all efforts to prevent trading and sourcing wood or wood fibre (herein referred to as wood) from the following categories: a) Illegally harvested wood;

b) Illegally sourced wood

c) Illegally transported wood

d) Wood without proper documentation and/or of vague origin

e) Wood whose origins are in doubt

f) Wood and wood products having import/export restriction- in India or from country of harvest.

2. Procedures

2.1. The organization shall have procedures and/or work instructions covering all the applicable elements specified in this standard. It shall also ensure all applicable requirements of this Standard are addressed in documented procedures and/or work instructions

a) Including examples of forms, records and documents along with instructions for completing and filing them.

b) Including a process for annually reviewing and updating procedures to current practices.

2.2 The organization shall identify the person (or position) responsible for implementing each procedure and/or work instruction and shall assign one person in the organization as having overall responsibility for compliance to this standard.

3. Training

The organization shall ensure that the relevant staffs are trained on how to maintain the integrity of the legally verified material throughout the production and/or distribution process.

3.1 The organization shall specify the training requirements for all relevant staff as required to implement this standard. The training shall be provided to all staff as specified and appropriate.

3.2 The organization shall keep records of the training provided to staff in relation to implementation of this standard. The records may be in print or in electronic form, but they should be made accessible to the assessment agency on request.

4. Records

4.1 The organization shall maintain records that demonstrate compliance with the applicable requirements of this standard. Retention time for all records and reports, including purchase and sales documents, training records, production records, volume summaries, and trademark approvals, shall be specified by the organization and shall be at least five (5) years or as per Indian Govt. guidelines.

5. Complaints Mechanism

5.1 The organization shall have a documented mechanism for processing internal and external complaints regarding its wood purchasing program and policies. Minimum elements shall include

a) Procedures for;

- Acknowledging the receipt of complaint within 3 working days
- Taking cognizant of complaint
- Fair and judicious evaluation and resolution of the complaint within 60 days of receipt
- Correction and preventive measures

b) A policy by which orders may be cancelled, or products already received may be returned, when there is evidence that the product or wood components were procured in violation of applicable provisions of this standard.

5.2 The details of any complaints received and action taken there of shall be documented and made available to the Vriksh certification /assessment body on request.

PART 2: LEGALITY COMPLIANCE

Principle 1: *The organization shall be a legitimate body and is authorized to conduct business in accordance with the legal requirements of the country and the legally gazetted locality boundaries in which it operates.*

- Criterion 1.1: The organization shall be registered as a business and shall have all authorized documentation showing that the organization legally exists and meets national/state legal requirements.
- Criterion 1.2: The organization shall have tax registration number (Goods and Services Tax)
- Criterion 1.3: In case of any dispute regarding the legal status and rights of the organization, the organization shall have resorted to legal processes to solve the dispute.

- Criterion 1.4: Subsidiary entities, contractors and sub- contractors involved on behalf of the organization shall be registered according to the national/local legislation and regulations.
- Criterion 1.5: The unregistered subsidiary entities, contractors and sub- contractors involved on behalf of the organization shall have the legal identification document such as Aadhar Card, Artisan Card, etc.

Principle 2: *The necessary authorization to conduct all forest and forest product related activities, including felling, sawing, conversion and/or transport at all locations under its operation shall be available with the organization.*

- Criterion 2.1: The organization shall have obtained the necessary approvals for its forest and related operations.
- Criterion 2.2: The organization should be able to demonstrate that its approvals (permits/licenses and transportation/export documents) were properly obtained, contain up to date information and are accurate. All approvals/licenses and permits shall be valid at the date of assessment.

Principle 3: *The organization shall be paying all associated taxes, royalties or fees relevant to the industry and shall be maintaining all applicable and necessary registers as required by the industry*

- Criterion 3.1: The organization maintains a current summary of relevant acts, regulations and codes of practice and communicates such summary of regulations within the organization.
- Criterion 3.2: The organization consistently submits its official declarations to the appropriate authorities in a timely manner
- Criterion 3.3: All applicable and required taxes, fees, royalties and other charges shall be paid within the prescribed time period.
- Criterion 3.4: Documents related to payments of taxes and fees shall be maintained and made available to the auditors.
- Criterion 3.5: The organization's data, registers, accounts and official declarations accurately reflect its operations

Principle 4: *The organization complies with all local and national laws and regulations governing the harvesting, processing and transport of timber*

- Criterion 4.1: Harvesting of specific trees and species shall be conducted in compliance with national or local regulations, as well as international conventions to which India is a signatory.
- Criterion 4.2: The organization ensures that the processing, transport, and delivery of products to customers comply with relevant legal requirements.

Principle 5: *The organization complies with all environmental and social laws, regulations and other relevant national and international requirements as are applicable to it*

- Criterion 5.1: The Organization minimizes negative environmental impacts and complies with relevant Environmental laws/Pollution Control laws.
- Criterion 5.2: The Organization respects the rights of workers as derived from relevant national or international regulations. Workers have access to all legally available workers' rights w.r.t. conditions of employment, minimum wages, working conditions, other benefits as applicable legally to the industry.
- Criterion 5.3: The Organization shall adhere to all applicable requirements related to Occupational Health and Safety of its workers as per national and local regulations.
- Criterion 5.4: The organization shall maintain all applicable health and safety equipment for its workers as per national and local regulations in this regard. All health and safety equipment should be inspected periodically for functionality and should be easily accessible in times of emergency.

Principle 6: *The organization shall employ a viable identification and classification system for trees, stumps and logs and shall comply with all applicable timber transport and export regulations*

- Criterion 6.1: The organization shall have a documented system of identification of trees, stumps or wooden parts. The identification system is for the purpose of classification of material and identification to match with transport documents. The system should be in congruence with the incoming invoice references and the material accounting system.

- Criterion 6.2: Each item of produce within the organization, either input or output, should be identified and marked as per the system and any material not included in the system should be removed and kept isolated.
- Criterion 6.3: In case the organization is procuring CITES listed species, it shall specify the procedures for taking permission/exemptions when dealing with material that originates from CITES listed species.
- Criterion 6.4: At mill gate entry as well as exit, concerned personnel shall be verifying the material for all applicable and available documents and material not accompanied by proper documentation shall be kept in quarantine till proper documents are either procured or made available.

Principle 7: Traceability of legally verified wood is maintained either by means of physical separation or by proper accounting methods

- Criterion 7.1: Differently classified wood, based on legal origin shall be traceable through the manufacturing process and identifiable separately.
- Criterion 7.2: In holding areas for either raw materials or for finished goods, separate physical segregation areas shall be identified and clearly demarcated to prevent mixing between materials of varied legal origin.
- Criterion 7.3: In cases where physical segregation is not possible or viable, the organization shall have proper accounts for species with raw material in stock as well as quantities under WIP (Work in Progress), finished goods and ready for dispatch. The organization should also have a provision for verification of physical stock with book stock value at predetermined intervals.
- Criterion 7.4: Material of ambiguous legality shall be kept in a separate holding area till clarity on legal origin is obtained.

Principle 8: The organization maintains up to date records of all input and output quantities of wood or wood based products as well as records of all material that is sold/distributed/transferred

- Criterion 8.1: The organization maintains detailed records of input materials, including supplier name, contact details, type and nature of material and quantity supplied. Details shall be collected and maintained for a period of 5 years.

- Criterion 8.2: The organization maintains detailed records of all output material including invoices and transport documents clearly stating material type, quantity and quality of goods. Origin of material shall be clearly stated and copy of certificate issued by competent authority for export permission for the material shall accompany the material during transit.

PART 3: RAW MATERIAL SUPPLY AND PRODUCTION

1. Supplier identification

1.1 The organization shall categorize its supplies as follows:

- FSC Certified Wood
- FSC Controlled Wood
- PEFC Certified Wood
- PEFC Controlled Sources
- “Vriksh” Certified Wood
- Wood included in the organization's own “Vriksh” Timber Legality Verification program (See Part 4);
- Wood with approved CITES License
- Wood with FLEGT License from VPA countries
- Unspecified Wood

1.2 The Organization shall maintain an up to date list of all its suppliers of wood or wood Products. For each supplier the Organization shall record:

- The name and address of the supplier;
- Description of the wood supplied;
- The species and volume of wood supplied;
- The relevant purchasing documentation;
- The area of origin – specified to district/division of origin for material from India and certificate or origin for imported materials.
- Mode of transportation

1.3 The Organization shall maintain an up to date Product list of all the items being manufactured by the company. The organization shall record the following information in its Product Group List (PGL):

- Product Type
- Trade name of the product
- Common name of the input species
- Scientific name of the input species
- Area of procurement
- Type of raw material procured such as planks, round logs, wooden blocks, etc.

g) Conversion factor for each product

2. Supplier Documentation

2.1. For FSC certified wood/FSC Controlled Wood supplies the organization shall ensure that:

- a) All wood supplied as FSC certified/FSC Controlled Wood is clearly identifiable and is accompanied by documentation which includes reference to each product's batch and/or to related shipping documentation, sufficient to link the invoice to the products supplied;
- b) The transport documentation and invoices issued for the material shall quote the supplying organization's FSC certificate number/FSC Controlled Wood code.
- c) The organization shall verify that the supplier holds a valid FSC certificate and check the same on the FSC database (<http://info.fsc.org/certificate.php>).
- d) For FSC Controlled Wood supplies, the organization shall verify that the supplier holds a valid FSC Controlled Wood certificate (<https://ic.fsc.org/en/certification/types-ofcertification/controlled-wood-02>).

2.2 For PEFC certified or controlled wood supplies the organization shall ensure that:

- a) All wood supplied as PEFC certified by PEFC certified suppliers is clearly identifiable;
- b) All wood supplied as PEFC certified/controlled is accompanied by documentation which includes reference to each product's batch and/or to related shipping documentation, sufficient to link the invoice to the products supplied
- c) The transport documentation and invoices issued for the material shall quote the supplying organization's PEFC certificate number.
- d) The organization shall verify that the supplier holds a valid PEFC certificate which is verified on the PEFC database (<http://www.pefc.org/find-certified/certifiedcertificates>)

2.3 For "Vriksh" certified wood supplies, the organization shall ensure that

- a) All wood supplied as "Vriksh" by EPCH certified suppliers is clearly identified as such.
- b) The invoices and transport documents accompanying the "Vriksh" certified material clearly identifies the material as "Vriksh" certified and carries a valid "Vriksh" Code as issued by EPCH
- c) The invoices for "Vriksh" material contain references to the Batch Numbers of the originating material to the supplier.

d) The organization shall verify the “Vriksh” code of the supplier on the Vriksh website (http://vrikshindia.in/index.php/user/certifi_user).

2.4. For CITES Licensed material, the organization shall keep records of the material quantity, species and the CITES License number. All supplies of wood for export from any species listed in Annex 1, 2 or 3 of the Convention on International shall be accompanied by the applicable licenses and/or export permits.

2.4.1. For material being exported from India on Vriksh Shipment Certificate or CITES Comparable Document, issued by the other competent authorities, the organization shall keep record of the quantity, species and the Unique Number of their Vriksh shipment Certificate/CITES comparable Document.

2.5. For FLEGT Licensed materials, the organization shall keep records of the material quantity, species and FLEGT License number.

2.6. For wood supplies included in the organization's own “Vriksh” legality verification program, the organization shall record and keep:

- a) The supplier contacts details including name and address
- b) Species, quantity and type of wood supplied
- c) Origin of wood specified to at least the revenue district/forest division level
- d) All accompanying harvest and transit documents
- e) If wood supplies are imported, then the organization needs to keep details of all import declarations, including, at the minimum – the common and scientific names of the species, country of origin, valuation of the imported quantity and quantity of plant along with unit of measurement.

2.7. For supplies of unspecified wood that do not fall under any of the above categories, the organization shall establish a system to ensure that this wood is not mixed with wood which is verified in accordance with the requirements outlined in this standard or wood that is FSC/PEFC/Controlled Wood/Vriksh certified. The unspecified wood needs to be physically segregated and kept distinct from legally verified wood and the organization needs to ensure that at no point in the manufacturing process would there be a possibility of mixing of these two categories of wood.

3. Volume control

3.1 Conversion factors

- a) For each product group the organization shall identify the main processing steps involving a change of material volume or weight and specify the conversion factor(s) for each processing step or, if not feasible, for the total processing steps.
- b) The organization shall specify the methodology for calculating the conversion factor(s) and ensure that conversion factors are kept up to date.

3.2 Material accounting record

For each product the organization shall establish a material accounting record to ensure that at all times the quantities produced and/or sold are compatible with the quantities of inputs. The accounting record shall include at least the following information:

- a) Invoice references – inputs as well as outputs;
- b) Quantities (by volume or weight) of inputs received, inputs used for production, inputs still in stock, outputs still in stock and outputs sold.
- c) The applicable conversion factors
- d) Wastage/damage details

3.3 Batch Accounting

- a) For each supplier, the organization shall undertake raw material accounting in batches, with a unique batch number/code for each batch.
- b) The organization shall assign separate batch numbers/codes for each distinct supply line viz., separate batch numbers for supplier wise/ species wise from various states. Each batch number shall be specific for a particular supplier/a particular species / place of origin i.e. the organization can maintain batch number for either an individual supplier or for an individual species. Further, these should be distinct for each area of procurement, at least to the State level
- c) The organization shall ensure that the batch numbers are referenced to the incoming supplier invoices as well as to the outgoing product invoices. It should be possible to trace the record of all the supplier invoices that have contributed raw material to the particular batch as well as each outbound product invoice that has finished goods constituted from material from that batch.
- d) The organization shall be maintaining separate account summaries for each batch. The account summaries should detail the receipts, material consumed, balance material in stock, Work in Progress, finished goods (unsold), finished goods (sold) etc. along with the conversion factors.

e) The batch summaries need to be updated monthly and material quantities should tally with inputs, outputs and conversion factors.

f) Batch summaries shall reference the incoming supplier invoices as well as the accompanying documentation. For each particular batch, the supplier invoices as well as accompanying documentation should be similar.

g) Batch summaries shall reference the outgoing invoices as well as the accompanying documentation for that particular month.

4. Outsourcing

4.1 Pre-conditions for outsourcing

4.1.1 Organizations which wish to include outsourcing within the scope of their chain of custody certificate shall ensure the following:

- a) The organization has legal ownership of all input material to be included in outsourced processes; Legal ownership must be established prior to physical transfer of material to the outsourcing contractor.
- b) The organization does not relinquish legal ownership of the materials during outsourced processing;
- c) The organization has an agreement or contract covering the outsourced process with each contractor. This agreement or contract shall include a clause reserving the right of the EPCH accredited certification body to assess the outsourcing contractor or operation
- d) The organization has a documented control system with explicit procedures for the outsourced process which are shared with the relevant contractor.

4.2 Maintaining traceability and paper trails

4.2.1 The organization's control system for the outsourced process shall ensure that:

- a) The material used for the production of "Vriksh" verified material can be tracked and controlled and cannot be mixed or contaminated with any other material during outsourced processing;
- b) The contractor keeps records of inputs, outputs and delivery documentation associated with all "Vriksh" verified material which is processed or produced under the outsourcing contract or agreement.

4.3 Records

4.3.1 The organization shall record the names and contact details of all contractors used for the processing or production of “Vriksh” verified materials.

4.3.2 The organization shall inform its certification body about the names and contact details of any new contractor used for the processing or production of “Vriksh” verified materials prior to outsourcing. Prior approval from the EPCH authorized Certification body is necessary before the new contractor can start processing “Vriksh” material.

4.4 Invoicing

4.4.1 The organization shall issue the final invoice for the processed or produced “Vriksh” verified material following outsourcing. The invoice shall state the certificate holder’s “Vriksh” certificate number and batch references. Under no condition can the outsourcing contractor issue invoices on behalf of the organization under assessment.

4.5 Preclusion of subcontracting

4.5.1 The organization shall ensure that contractors do not themselves outsource processing, i.e. the material may not pass from one outsourcing contractor to another under the outsourcing agreement.

PART 4: SALE OF “VRIKSH” LEGALLY VERIFIED WOOD

1. Supplying “Vriksh” legally verified Wood and/or wood products

1.1 The Organization shall include the following information on all invoices issued for sales of its “Vriksh” legally verified products:

- a) The name and address of the buyer;
- b) The date on which the invoice was issued;
- c) Description of the product(s);
- d) Species of wood utilized; if more than one species is used, then names of all species used in the product
- e) Country of origin of the material; if material origin from within India, then state of origin also should be mentioned
- f) The quantity of the products sold;
- g) The “Vriksh” Certification code issued by an EPCH authorized Certification Body.

h) Statement “Vriksh certified material”.

PART 5: RISK ASSESSMENT AND MITIGATION PROGRAM

This part of -VRIKSH-01-01V1.5 EN is applicable to organizations that buy wood from non FSC/PEFC/“Vriksh” certified/CITES/FLEGT Licensed suppliers and wish to develop and implement their own legality verification program.

1. Risk Assessment

1.1 For suppliers included in the organization's own “Vriksh” legality verification program the organization shall determine if the supply chain for the species from each particular state is a confirmed low risk w.r.t. the legality of the material.

NOTE: The risk assessment performed by the organization shall be reviewed by an EPCH authorized certification body as to its technical sufficiency and/or adequacy.

1.2 The results of the organization’s risk assessment shall be made publicly available.

1.3 In case of doubt as to whether a risk assessment results for the particular supply chain is ‘low risk’, the same shall be classified as unspecified risk.

2. Determination of Risk

2.1 All wood and wood product supplies that are being directly purchased from Government auctions/tenders by the organization may be classified as “low risk”.

2.2 Indirect purchase from government auctions does not automatically constitute “low risk”.

2.3. All purchases of wood which can show traceability back to origin of the wood through government records may be classified as ‘low risk’. Any wood purchase accompanied by the TP (Transfer Permit) along with a cutting permit issued by the competent authority in the State Forest Department may be considered as ‘Low risk’.

2.4 All FSC/PEFC certified wood/FSC Controlled Wood/CITES licensed wood/FLEGT licensed wood would be considered as “low risk” provided the supplier is able to provide details of administrative district/forest division of origin as well as records of harvesting permits/transit permits.

2.5 All other wood sources and supplies (such as from armed conflict areas) would be considered as “unspecified risk”/ “high risk” unless otherwise specified. The organization shall utilize a precautionary approach while classifying it as “low risk”.

2.6 For any wood source or supply line that cannot be supported by documentation w.r.t. harvesting permits/transit permits and/or sales records, or any documentation that can conclusively prove the administrative district/forest division of origin of the particular wood consignment, the wood source would need to be considered as “high risk” and excluded from the legality verification program. Till such time that the risk assessment of the area can be, without reasonable doubt, reassigned a ‘unspecified risk’ categorization, the material would need to be segregated from material obtained from other wood sources and identified separately.

2.7 For any wood being harvested from the areas of armed conflict, will be considered as, “high risk”, as it is very difficult for the relevant authorities to control forest resources and to ensure legal management of timber extraction from such areas.

3. Verification program for wood supplies from sources with ‘unspecified risk’

3.1 For all wood from sources that cannot be confirmed as being ‘low risk’, the organization shall include the forest management unit of origin in the verification program and confirm that it complies with the requirements as specified.

NOTE: The organization verification program shall be assessed by an EPCH authorized certification body at least annually.

4. Requirements for an organization verification program

Organizations implementing an EPCH “Vriksh” Legality verification program sourcing from areas that have been classified as “unspecified risk” shall ensure that it is in compliance with the requirements specified below.

4.1 The organization shall specify the minimum documents that shall accompany the supply of the wood and shall identify and provide the rationale for documents and other evidence needed to demonstrate that wood complies with the requirements for EPCH “Vriksh” Legality verification program.

4.2 The documents shall be in line with the regulatory requirements of the state of operation. The organization needs to maintain a species wise list of documents that are required for legality verification from each state. The list shall include all documentation that is required for harvesting/transport and needs to accompany the material.

4.3 The organization shall ensure that each shipment of material is accompanied by the documents as stated above.

4.4 The organization shall undertake verification of at least 10% of the material supplied to verify the authenticity of the supplied documentation. The document verification is w.r.t 10%

of total individual supplier invoices selected through random sampling. Verification of the accompanying documents would include field level verification. The field level verification shall be at the Farm/Forest Management Unit level. Results of this verification process shall be made available to the EPCH authorized certification body as and when required. The certification body should be permitted by the organization to verify the genuineness of the verification process by means of cross verification in the field if it deems fit.

4.5 Verification shall be conducted by personnel who have sufficient expertise and knowledge to be able to fulfil inspection in accordance with the outline given below. The qualifications of the personnel engaged for verification shall be specified by the organization and documented.

4.6. The number of verification audits that take place shall be determined by sampling in accordance with 4.7 below.

4.7. The organization shall classify the Farm/Forest Management Units as sets of 'similar' units for the purpose of sampling. The sets shall be selected to minimize variability within each set.

"Similarity" in the contents of this standard is meant in terms of:

- a) Forest type (e.g. natural forest, plantation),
- b) Geographical location (district/division)
- c) Size of operation
- d) Supplier

4.8 Samples for field verification shall be defined randomly.

4.9 All reports or records of verification audits shall be maintained for at least 5 years and shall include the findings of the verification, the extent to which it was possible to conduct the verifications in the manner described above, and the experience and qualifications of the personnel conducting the verification.

4.10. Reports or records of verification audits shall be accessible to the EPCH authorized Certification body and personnel on request.

4.11. The Certification body shall reserve the right to cross verify the field level verification records.

4.12. The organization shall conduct field level verifications for selected samples at a quarterly interval and only those samples of a 'similar' set that have passed the field verification may be considered as 'eligible material' for that particular quarter. The organization should ensure that the suppliers selected randomly for field verification are not repeated for sampling before all other suppliers have been verified at least once, unless there are mitigating factors which require further verification.

Appendix 1: List of multilateral environmental agreements and ILO Conventions that India has ratified

Convention on Wetlands of International importance (Ramsar Convention), 1971

Convention for the Protection of World Cultural and Natural Heritage 1972

Convention on International Trade in Endangered Species 1973

Convention on Migratory Species of Wild Animals (CMS) 1979

Convention on Substances that Deplete the Ozone Layer (Vienna) 1985

Protocol on Substances that Deplete the Ozone Layer (Montreal) 1987

Convention on Transboundary Movements of Hazardous Wastes and their Disposal (Basel) 1989

United Nations Framework Convention on Climate Change (UNFCCC) 1992

Protocol to the UNFCCC (Kyoto) 1997

Convention on Biological Diversity (CBD) 1992

Protocol on Bio safety to the CBD (Cartagena) 2000

United Nations Convention to Combat Desertification UNCCD 1994

Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and

Pesticides in International Trade 1998

Stockholm Convention on Persistent Organic Pollutants 2001 ILO Conventions: Link

http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO::P11200_COUNTRY_ID:102691