



# “VRIKSH” INDIAN TIMBER LEGALITY ASSESSMENT AND VERIFICATION STANDARD

**Title:** EPCH Chain of Custody standard – “ Vriksh”

**Document reference Code:** EPCH-VRSH-01-001 V1.0 EN

**Scope:** Within Legal Boundaries of India

**Approval:** Pending approval after stakeholder consultation

**Contact:** Executive Director, Export Promotion Council for Handicrafts

**Email for comments:**.....

No part of this work covered by the publisher’s copyright may be reproduced or copied in any form or by any means (graphic, electronic or mechanical, including photocopying, recording, recording taping, or information retrieval systems) without the written permission of the publisher.

**The following document is a draft 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 draft document for the “Vriksh” Indian Timber Legality and Assessment Standard has been developed Scientific Certification Systems (India) Pvt. Ltd. for and on behalf of Export Promotion Council for Handicrafts (EPCH). This document is subject to revision/amendment/modification based on the results of the stakeholder consultation process and shall not be reproduced in any form without the consent of Scientific Certification Systems (India) Pvt. Ltd. and Export Promotion Council for Handicrafts.**

## 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 companies to avoid trading in illegally harvested Wood. Compliance with this standard allows companies 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.

Five 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.
4. 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 Regulation. Companies seeking legal advice on compliance with any law, regulation or requirement should consult with a qualified legal professional.

## CONTENTS

- A. Scope
- B. Notes on the use of this standard
- C. Standard Effective Date
- D. References
- E. Nominally legal sources and tenure in India
- F. Terms and Definitions

### **PART 1      QUALITY SYSTEM REQUIREMENTS**

- 1. Organization Policy
- 2. Procedures
- 3. Training
- 4. Records
- 5. Complaints Mechanism

### **PART 2      LEGALITY COMPLIANCE**

- Principle 1
- Principle 2
- Principle 3
- Principle 4
- Principle 5
- Principle 6
- Principle 7
- Principle 8
- Principle 9

### **PART 3      RAW MATERIAL SUPPLY AND PRODUCTION**

- 1. Supplier Identification
- 2. Supplier Documentation
- 3. Volume Control
- 4. Outsourcing

### **PART 4      SALE OF “VRIKSH” LEGALLY VERIFIED WOOD**

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

### **PART 5      RISK ASSESSMENT AND MITIGATION PROGRAM**

1. Risk Assessment
2. Determination of Risk
3. Verification program for Wood Suppliers from sources with unspecified risk
4. Requirements for Organization Verification Program

**APPENDIX 1 LIST OF MULTINATIONAL ENVIRONMENTAL AGREEMENTS AND ILO CONVENTIONS THAT INDIA HAS RATIFIED**

## **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 entities 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” business to business legality claim about their product shall be assessed by EPCH and/or its authorised 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 6 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; SmartWood 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 LegalHarvest 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, utilisation 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 Adhiniyam, 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, recognised in Schedule V and Schedule VI of the Constitution of India.
- Plant Quarantine (Regulation of Import into India) Order, 2003.

## **E. Nominally legal sources and tenure in India:**

**State Forest Divisions:** FMU is a territorially well-defined administrative unit of the state government 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.

**State Forest Development Corporation (SFDC):** SFDCs are state owned legally registered entities. The SFDC harvest the FMU areas through a long term MoU with State Forest Department. 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 en route, if any. The sale of the timber is carried out from authorised central depots through open auctions.

**Joint Forest Management committees (JFMC):** JFMC are unique civil society organizations in the forest areas that have been given direct economic stakes in management of state forests through revenue sharing arrangements from the sale of forest produce from the identified areas as per MOU. These are generally registered bodies under relevant statutes.

**Individual Tree Owners** Growing trees on farmlands have been an integral part of the traditional agriculture practices in India. 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.

**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. Govt. 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.

## 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, blockboard, laminated veneer lumber, laminated flooring, laminated particle board, and printed materials containing different paper components.

*Biodiversity hotspot:* Conservation International's 25 richest and most threatened reservoirs of plant and animal life on Earth.

*Business to business communication:* A claim made about a product only on sale and shipping documentation, where the information given about the product is exclusively directed to other businesses interested in using the product in further manufacturing processes or trade. Business to business communications exclude websites, sample folders, swatch books, flyers, brochures, catalogues, posters, advertisements, technical specification sheets, price lists, trade press advertisements, trade exhibitions and fairs and other material created with promotional purposes, claims made to final consumers and stationery templates.

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

*Chip and fibre products:* All products that use input-wood that has been chipped or defibrillated. Such products include, for example, pulp, paper (including print materials), cardboard, particleboard, fibreboard and orientated strand board (OSB).

*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:* SCS recognizes FSC as a credible forest certification program. 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. SCS will evaluate and formally recognize programs through a formal process of mutual recognition.

*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, nonprofit 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 3<sup>rd</sup> 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 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.fsc-info.org](http://www.fsc-info.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.

*Group:* a collection of forest management units or forest product factories or manufacturing sites owned and/or managed by group members, all included under the same group verification statement held by the Group Administrator. Groups may have different structures – individually owned, collectively owned, managed as a community or in association. Under the SCS group verification protocols, a group verification structure assumes two things: the Group Administrator manages an internal audit system for group members in line with protocols dictated by the standard, and a sampling method is employed by the certification body for evaluation and surveillance audits, in line with sampling requirements in the standard.

*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. Multi-site clients may apply for CoC or forest legality assessment, but under both standards must have an internal audit system if sets of sites are to be identified and sampled. 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.

*Non-forest based material:* Material that comes from outside a forest matrix. Examples are nonwood plant fibres (e.g. flax used in the manufacture of a board classified as a wood-based panel, or of a composite product), synthesized or inorganic materials (e.g. glass, metal, plastics, fillers, brighteners, etc.), but do not include non-timber forest products or salvaged wood. Non-forest based materials used in FSC product groups are exempt from Chain of Custody control requirements.

*Primary manufacturing:* Any processing that transforms roundwood into materials other than roundwood. For chip and fibre products, primary manufacturing includes the pulp mill as well as the paper mill stage.

*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.

*Supply Chain Map*: A diagram of all participating organizations in a supply chain. A complete map will include the name and activities of each organization and demonstrate the flow of product between each up to the point that it is sold by the entity undergoing evaluation.

*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. Each of the 5 Parts are 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.

# **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 level of the organization, that states the preference for all purchases and sales of timber products to be of known origin (country of harvest) and legally harvested and to implement its best efforts to avoid trading and sourcing wood or wood fiber (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 vague origin
- e) Wood whose origins are in doubt
- f) Wood and wood products which are restricted for export from other countries

## **2. Procedures**

2.1. The organization shall have procedures and/or work instructions covering all the applicable elements specified in this standard.

2.2 The organization shall identify the person (or position) responsible for implementing each procedure and/or work instruction.

2.3 Assign one person in the organization as having overall responsibility for compliance to this Standard;

2.4. Ensure all applicable requirements of this Standard are addressed in documented (written) 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.

## **3. Training**

All relevant staff is trained on how to maintain the integrity of 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.

3.2 Training shall be provided to all staff as specified and appropriate.

3.3 The organization shall keep records of the training provided to staff in relation to implementation of this standard.

## **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.

## **5. Complaints Mechanism**

5.1 The entity shall have a publicly available mechanism for processing internal and external complaints and recommendations regarding its wood purchasing program and policies. Minimum elements shall include:

a. Procedures for evaluating and responding to complaints and making recommendations within 30 days of receipt.

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 standards and/or legal harvest and transportation laws.

## **PART 2: LEGALITY COMPLIANCE**

**Principle 1: The organization shall be a legitimate body and is authorised 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 authorised documentation showing that the company legally exists and meets national legal requirements.
- Criterion 1.2: The organization is a legitimate operator in the forestry business
- Criterion 1.3: The organization shall have tax registration number
- Criterion 1.4: The registration of the organization shall be as per a legally proscribed process
- Criterion 1.5: In case of any dispute regarding the legal status and rights of the company, the organization shall have resorted to legal processes to solve the issues.
- Criterion 1.6: Subsidiary entities, contractors and sub- contractors involved on behalf of the organization shall be registered according to the national/local legislation and regulations.

**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 register of relevant acts, regulations and codes of practice and communicates such registers within the company
- 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 proscribed 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 the India country is a signatory to.
- 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 local communities

Criterion 5.3: The Organization respects the rights of workers as derived from relevant national or international regulations

Criterion 5.4: The Organization only uses legally constituted contractors or subcontractors in its operations and protects the rights of its contractors' or subcontractors' workers

Criterion 5.5: The Organization shall adhere to all applicable requirements related to Occupational Health and Safety of its workers as per national and local regulations.

Criterion 5.6: The organization shall maintain all applicable health and safety equipment for its workers as per national and local regulations in this regard.

**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 written 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
- 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: The organization shall maintain a list of species that cannot be harvested.
- Criterion 6.4: The organization shall specify the procedures for taking permission/exemptions when dealing with material that originates from CITES Listed species.

**Principle 7: The organization correctly classifies all timber products upon purchase and receipt**

- Criterion 7.1: All timber products are classified based on origin and future use and classification system is kept visible for all personnel
- Criterion 7.2: Proper training is given to concerned personnel for timber classification based on accompanying documents, including, but not limited to sales invoices
- Criterion 7.3: 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 8: Traceability is maintained either by means of physical separation or by proper accounting methods**

- Criterion 8.1: Differently classified wood, based on legal origin shall be traceable through the manufacturing process and identifiable separately.
- Criterion 8.2: 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 material of varied legal origin. Material of ambiguous legality shall be kept in a separate holding area till clarity on legal origin is obtained.

**Principle 9: 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 9.1: 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 9.2: 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:

- a) FSC certified wood;
- b) FSC Controlled Wood;
- c) PEFC Certified Wood
- d) “Vriksh” certified wood
- e) Wood included in the organization's own “Vriksh” Timber Legality Verification program ( See Part 4);
- f) Wood with approved CITES License
- g) Wood with FLEGT License from VPA countries
- h) 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:

- a) The name and address of the supplier;
- b) Description of the wood supplied;
- c) The species and volume of wood supplied;
- d) The relevant purchasing documentation;
- e) The area of origin
- f) Mode of transportation.

### **2. Supplier Documentation**

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

- a) All wood supplied as FSC certified by FSC certified suppliers is clearly identifiable;
- b) All wood supplied as FSC certified 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 FSC certificate number.
- d) The organization shall verify that the supplier holds a valid FSC certificate.

2.2. For FSC Controlled Wood supplies the organization shall ensure that:

- a) All wood supplied as FSC Controlled Wood by FSC Controlled Wood certified suppliers is clearly identifiable as such;
- b) All wood supplied as FSC Controlled Wood is accompanied by documentation which clearly identifies each products' 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 FSC Controlled Wood code.
- d) The organization shall verify that the supplier holds a valid FSC chain of custody certificate with Controlled Wood included in its scope, or a valid FSC Controlled Wood certificate.

2.3 For PEFC certified 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 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.

2.4 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 EPCH website.

2.5. 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.

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

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

- a) The supplier contact details including address
- b) Species, quantity and type of wood supplied
- c) Origin of wood specified to atleast the revenue district/forest Division level
- d) All accompanying harvest and transit documents as specified by the EPCH Master List

2.8. 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.

### **3. Volume control**

#### **3.1 Conversion factors**

3.1.1 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.

3.1.2 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 balances**

3.2.1 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;
- 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**

3.3.1 For each supplier, the organization shall undertake raw material accounting in batches, with a unique batch number/code for each batch.

3.3.2 The organization shall assign separate batch numbers/codes for each distinct supply line viz., separate batch numbers for supplier wise species from various states. Each batch number shall be specific for a particular supplier, a particular species and place of origin.

3.3.3 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.

3.3.4 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.

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

3.3.6 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.

3.3.7 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;
- 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 audit 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.

#### **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" Chain of Custody certificate number.

#### **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 company 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) The quantity of the products sold;
- e) The concerned batch numbers of the material contributing to the production of the goods stated in the invoice.
- f) The "Vriksh" Legality Verification code issued by an EPCH notified Certification Body.

## **PART 5: RISK ASSESSMENT AND MITIGATION PROGRAM**

This part of EPCH-VRSH-01-001 V1.0 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 empowered 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". However, this does not include any wood that had been harvested illegally and was confiscated by the government sources and is later being disposed off through auctions.

2.2 Indirect purchase from government auctions **does not** automatically constitute "low risk"

2.3 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

2.4 All other wood sources and supplies would be considered as "unspecified risk" unless otherwise specified.

2.5 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 region 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.

### **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 organization verification program and confirm that it complies with the requirements as specified.

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

#### **4. Requirements for 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 EPCH Master List of documents. The Master List contains the species wise list of documents that are required for legality verification from each state as determined by the EPCH Legality Verification team or any authority/competent body authorised by it. The list includes 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. Verification of the accompanying documents would include field level verification. The field level verification shall be at the FMU (Farm/Forest Management Unit) level. Results of this verification process shall be made available to the EPCH authorised Certification Body as and when required.

4.5 Verification shall be conducted by personnel who have sufficient expertise and knowledge to be able to fulfill inspection in accordance with the outline given below.

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 FMUs 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)
- c) Size of operation (e.g. SLIMF)

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 authorised certification body and personnel on request.

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



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