

Control Union Timber Legality Verification (TLV) Standard for Timber and Timber Products



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Introduction and Scope

This Standard is applicable to all Organisations aiming to reduce or mitigate risks of illegal harvesting and trading of these products. It is closely following the requirements of the EU Timber Regulation.

The scope of this standard is threefold:

1. It provides independent third-party verification of the Organisation's Due Diligence System (DDS) throughout the entire supply chain(s), from the Forest Management Unit(s) where the timber was harvested until the moment that the timber or timber products are placed on the market. In the case of using the standard to support an Organisation's effort to demonstrate conformance with the EUTR, all timber and timber products covered by the EUTR shall be included in the TLV certification scope. For this purpose, the **entire standard** is applicable.
2. It provides independent third-party verification of Forest Management Enterprises with respect to the legality of forest product sources. For this purpose **Sections 2 and 3 of this standard, as well as Clause 3 of Section 1** are applicable. Since Section 3 of the standard is generic, it shall be adapted to incorporate all legal requirements of the country or sub-region where the timber is harvested and the standard is applied as well as other relevant country-specific information (permit and licensing systems, potential problems at sub-regional level, risk species/products, etc.).
3. The standard provides independent third-party verification for processing, manufacturing or trading entities/companies of timber and timber products within the supply chain from TLV forest sources until it is placed on the EU market. For this purpose **Section 2 and Principle 5 of Section 3 of this standard** are applicable, verifying conformance that a documented Chain of Custody system is in place tracing the timber or timber products from point to point to the forest of origin.

Control Union will issue a certificate to any Organisation (company or other entity) who has demonstrated compliance to the parts of this standard relevant to their business activities. This will include the following as appropriate:

- Company name and contact details;
- Scope;
- Period of validity (maximum of 5 years);
- Timber or Timber product types;
- Location and jurisdiction of suppliers;
- Verification code: CU-TLV-XXXXXX.

Surveillance audits will be conducted at least annually or at a higher frequency determined by Control Union Certifications. The purpose of the surveillance audits is to assess continuing compliance to this standard.

All aspects of this Standard are considered to be normative unless otherwise stated.

Standard effective date

This Standard is effective from the date of the approved final version. Control Union Certifications will consider all public comments and will review and update this Standard either as appropriate or on an annual basis. As a standard practice it will be reviewed at least every 5 years.

This Standard is publicly available at our website: <http://certification.controlunion.com/>.

References

- Regulation (EU) No 995/2010 of the European parliament and of the council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market.
- Commission delegated Regulation of 23.2.2012 on the procedural rules for the recognition and withdrawal of recognition of monitoring organisations as provided for in Regulation (EU) No 995/2010
- Commission implementing Regulation (EU) No 607/2012 of 6 July 2012 on the detailed rules concerning the due diligence system and the frequency and nature of the checks on monitoring organisations as provided for in Regulation (EU) No 995/2010.
- EUTR Guidance Document to EU Regulation 995/2010 as published on 12-2-2016
http://ec.europa.eu/environment/forests/pdf/eutr_guidance.zip
- ISO/IEC 17065

Acronyms

CITES	Convention on International Trade in Endangered Species
CoC	Chain of Custody
CPI	Corruption Perception Index
CUC	Control Union Certifications
DDS	Due Diligence System
EU	European Union
EUTR	European Timber Regulation
FLEGT	Forest Law Enforcement, Governance and Trade
FME	Forest Management Enterprise
FMP	Forest Management Plan
FMU	Forest Management Unit
FPIC	Free, Prior and Informed Consent
FSC [®]	Forest Stewardship Council
ILO	International Labour Organisation
IUCN	International Union for Conservation of Nature
MO	Monitoring Organisation
NGO	Non-Governmental Organisation
PEFC [™]	Programme for the Endorsement of Forest Certification
TLV	Timber Legality Verification
UN	United Nations
VPA	Voluntary Partnership Agreement

Section 1: Requirements for Operators placing timber or timber products on the EU market

1	Quality management requirements	Guidance
1.1	<p>The Organisation shall have a written, publicly available policy, endorsed at the highest level of authority, indicating the Organisation's commitment to sourcing legally, avoiding the trade of timber products harvested, traded or processed in violation with applicable national legislation and ratified international treaties.</p> <p>Additionally this policy will include that upon request information will be provided on volumes, species (scientific name) and origin (at FMU/concession level).</p>	<p><i>To be verified through document review, verification on the Organisation's website and interviews with staff and employees. The interviews shall confirm that the commitment is communicated</i></p> <p><i>This commitment shall at least include legal sourcing for all the timber or timber products, i.e. not only those that are for the first time placed on the EU market.</i></p> <p><i>The commitment shall be published on the Organisation's website. In case the Organisation has not a website, the publicly available policy shall be readily provided upon request.</i></p>
1.2	<p>The Organisation's policy shall be implemented accordingly.</p>	<p><i>Through records and interviews with Organisation's staff and employees it must be verified that the commitment is shared and communicated to all employees, and that the Organisation is taking immediate action when it becomes aware that material it is using is of illegal origin, even if this material is not included in the scope of their certification.</i></p>
1.3	<p>The Organisation shall appoint one overall person with sufficient authority and access to information who is responsible for the conformance with all applicable requirements in this standard.</p>	
1.4	<p>The Organisation shall designate individual responsible staff for all applicable elements of this standard.</p>	
1.5	<p>The Organisation shall ensure that all responsible staff has been trained according to their responsibilities.</p>	
1.6	<p>The Organisation shall monitor its performance of the Due Diligence System (DDS) at least annually.</p>	<p><i>In order to check the Organisation's system on implementation as planned, an internal audit is expected to be carried out at least annually. If applicable, this also includes all multi-sites as well as all suppliers that are included in the Organisation's own verification system.</i></p> <p><i>This can be carried out by using a Monitoring Organisation's DDS, who is verifying the proper use of its DDS annually, or through a third party verification audit.</i></p>
1.7	<p>There shall be up-to-date procedures and/or work instruction to ensure</p>	<p><i>This information can be held in whatever form and place, as long as it is available on request by</i></p>

	implementation of all applicable elements of this standard.	<i>CUC or the applicable Competent Authority.</i>
1.8	The Organisation shall maintain records demonstrating conformance with this TLV standard for a minimum of 5 years	
1.9	<p>The Organisation shall have a complaint mechanism in order to respond to complaints received related to non-compliance with EUTR requirements and other requirements as mentioned in this Standard, containing as a minimum:</p> <ul style="list-style-type: none"> a) Evaluation of the evidence received within a timeframe not longer than 2 weeks after reception of the complaint; b) Verification of evidence received through the supply chain, and, if necessary, field verification in the FMU where the timber was harvested, within a period of 2 months after reception of the complaint; c) Procedures to mitigate or further mitigate the non-negligible risk (if detected through verification) or stop supplying from the supplier where non-negligible risk was detected; d) Complaint registry, including all actions taken. 	<i>See also under 2.3.2. Complaint mechanism shall be applicable in all cases for which complaints are received, irrespective of whether its supplies come from sources that were initially identified as negligible risk</i>
1.10	The Organisation shall ensure that the records demonstrating conformance and non-conformance are available to CUC auditors and the applicable Competent Authority.	
1.11	The Organisation shall have procedures for addressing and documenting non-conformances and observations identified during the audits.	<i>This concerns non-conformances and corrective actions identified by the Organisation, a Monitoring Organisation or other third party external auditors. Procedures also need to indicate clear deadlines for the correction of non-conformances.</i>
1.12	The Organisation shall make all monitoring reports available to CUC and the applicable Competent Authority.	
1.13	In case audits indicate that not all legal requirements as mentioned in this standard are complied with or insufficient mitigation measures have been taken on the non-negligible risks identified, the Organisation shall not place the timber or timber products on the market.	<i>Reference is made to both internal and external third part audit.</i>

2.	Due Diligence Systems (DDS) The Organisation is required to exercise due diligence when placing timber or timber products on the market to determine that these are not illegally harvested. To that end, it is required to use a system of procedures and measures (DDS)	Guidance
2.1	General requirements and scope	
2.1.1	The Organisation shall clearly define and document the scope of their DDS in terms of supply chains, products and species covered, including timber and timber products covered by FLEGT and CITES licenses.	<p><i>It is important to note that not all timber and timber products are included in the EU Timber Regulation (see http://ec.europa.eu/environment/forests/timber_regulation.htm#products). The DDS can of course be applied to all timber and timber species, but under the scope of this standard are at a minimum those products that are mentioned under in the Annex of the EU Regulations No 995/2010 (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:295:0023:0034:EN:PDF), with the exception of timber products or components manufactured from timber or timber products that have completed their lifecycle and would otherwise dispose of as waste, as defined in Article 3(1) of Directive 2008/98/EC (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:312:0003:0030:en:PDF). Specific guidance on the product scope regarding packaging materials as well as on waste and recovered products can be found under the following link (http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf)</i></p> <p>NOTE: Timber and timber products that have a CITES and/or a FLEGT license are the only cases considered directly as negligible risk under the EUTR and therefore require no further risk assessment or mitigation once these licenses have been obtained. This implies that those species and products for which this can be confirmed, can be considered as having been legally harvested for the purpose of the EU Timber Regulation, and therefore all following requirements of this standard are becoming Not Applicable.</p> <p><i>Regarding CITES, all timber species listed in Annex A, B or C to Regulation (EC) No 338/97 and which comply with that Regulation and its implementing provisions(http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CON</i></p>

		<p>SLEG:1997R0338:20050822:EN:PDF shall be considered as having been legally harvested for the purpose of the EU Timber Regulation. The Organisation is required to check and verify:</p> <ol style="list-style-type: none"> 1. the CITES species databases http://www.cites.org/eng/resources/species.html and http://www.cites.org/eng/app/appendices.php to identify if the species that it intends to place on the market is listed under any of the relevant Appendices (I-III). If the species is listed in these Appendices, a permit is required from the relevant CITES Management Authority. Such a permit contains details of the species, the exporter and importer, the quantity and the relevant management authorities' details. 2. Whether the material is accompanied by the correct CITES license and documents (export and customs license). For a list of CITES managing authorities, see: http://www.cites.org/cms/index.php/component/cp. <p>Further information on the enforcement of CITES in the EU can be found under: http://ec.europa.eu/environment/cites/legislation/en.htm.</p> <p>Regarding FLEGT, the Organisation can obtain information on all partner countries where agreements have been made or are in progress to ratification and implementation under the FLEGT website http://www.euflegt.efi.int. Under Commission Regulation (EC) No. 2173/2005 (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:347:0001:0006:EN:PDF) it is established that OrganisationOrganisations that are importing timber from a country with which the EU has signed and ratified a VPA (Voluntary Partnership Agreement) are required to present their FLEGT license, issued by the exporting VPA country to the applicable competent authority of the importing country for verification. However, please note that signing of a VPA does not necessarily imply that the country is already in a position to issue FLEGT licenses. <u>Each country might have a different set of product categories within the agreement.</u> Furthermore, it must be checked whether a Timber Legality Assurance System (TLAS) is in place. Further information on products categories can be found in the annexes of the specific VPA agreements</p>
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		<p>(http://www.euflegt.efi.int/portal/home/vpa_countries/) and on http://cpet.org.uk/flegt-regulation/vpa-partner-countries.</p> <p>See also EU Guidance Document: http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf</p>
2.1.2	<p>If the Organisation is also handling timber and timber products which are not under the scope of the DDS with respect to the EU Timber Regulations and this standard, it shall ensure that these products are not mixed with any other products that are under the scope of this standard, through complying with the requirements as mentioned under Section 2 of this standard.</p>	<p><i>Organisations may exclude from the scope those products that are not in the scope of the EUTR, or that are purchased from other Organisations within the EU. However, these products need to be physically separated, and no TLV claim can be used in relation to these products.</i></p>
2.1.3	<p>In case the Organisation is not able to work with all supplying entities/ Organisations (suppliers) within the supply chain(s), through a signed agreement with the supplier the Organisation shall ensure that it meets all legal requirements regarding evaluation of legal conformance at forest management level and throughout its supply chain(s), at least covering the following elements:</p> <ol style="list-style-type: none"> Information about the Organisation's policy and about the requirements according to this standard; Request its suppliers to provide the requirements further down to their suppliers throughout the entire supply chain until the origin of the timber; Information on species, volumes and origin of the relevant timber products; Request that each supplier in the supply chain to notify the Organisation when changes occur in the supply chain or origin of the timber; Request its supplier(s) to appoint a responsible person for compliance with applicable requirements of this standard and for communication with the Organisation; Include a clause reserving the right of an external third party Certification Body with whom the Organisation has signed a 	<p><i>Since it may not be possible for the Organisation to work with all suppliers within the supply chains (especially sub-suppliers), it is acceptable if the Organisation has clear agreements with its suppliers. Please note that this requirement is only met if through document review the Organisation is able to demonstrate that this signed agreement is existing throughout the entire supply chain back to the Forest management enterprise (FME) where the timber is sourced from, i.e. signed agreements between Organisation and suppliers, between suppliers and sub-suppliers, etc.</i></p> <p><i>Regarding a):direct reference may be made to the requirements as mentioned in the EU Timber Regulations (Regulation (EU) No 995/2010) of the European Parliament and of the Council of 20 October 2010).</i></p> <p><i>This requirement cannot automatically be considered as covered for supplied material that is certified under legality licenses and/or a recognized certification/verification scheme that is confirmed to meet the EUTR requirements (see also comments under Annex 1), and, none of the certification/verification standards are or will be endorsed by the EU.</i></p> <p><i>NOTE: Only FLEGT and CITES licenses provide legality certainty in terms of meeting EUTR requirements. In terms of the EUTR, FSC® and PEFC™ certified material and material certified under other legality verification systems (see under 2.3.2.1) such as the CUC TLV Standard do play a role in risk mitigation, but are not automatically considered by the EU as fully</i></p>

	<p>confidentiality agreement to audit the suppliers for the purpose of verifying compliance with the applicable requirements of this standard throughout the entire supply chain up to the forest level where the timber is sourced from;</p> <p>g) Include a clause which is signed by the supplier has read, understood and agreed with the contents of the agreement.</p>	<p><i>compliant. The same refers to the recognition of an Organisation as an MO under the EUTR: this does not in any way imply a confirmation by the EU that the DDS provided by the MO ensures an automatic compliance with the EUTR.</i></p>
2.2	Supply chain and material information of timber or timber products placed on the market	
2.2.1	<p>The Organisation shall have and maintain up-to-date information about the timber and timber products placed on the market, regarding:</p>	<p><i>Special attention needs to be paid to composite products. According to the EUTR the Operator needs to get information on all virgin material in the composition, including the species, the location where each component was harvested, and the legality of origin of those components. It is often difficult to identify the precise origin of all components of composite timber products, especially for reconstituted products such as paper, fibre-board and particle board, where also the identification of species may result to be difficult. Chapter 8 of the latest Guidance document of the EUTR, mentions the following requirements with respect to composite products (http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf):</i></p> <ul style="list-style-type: none"> <i>If the species of wood used to produce the product varies, the Operator will have to <u>provide a list of each species of wood that may have been used to produce the wood product</u>. The species should be listed in accordance with internationally accepted timber nomenclatures (e.g. DIN EN 13556 "Nomenclature of timbers used in Europe", GRIN database (http://www.ars-grin.gov/npgs/searchgrin.html) or http://www.fpl.fs.fed.us/documnts/pdf1989/ross89a.pdf).</i> <i>Where it can be established that a component in a composite product has already been placed on the market prior to its incorporation in the product, or it is made from material which has completed its lifecycle and would otherwise have been discarded as waste, a risk assessment is not required for that component. For example, where an</i>

		<p><i>Operator manufactures and sells a product that contains a mix of wood chips part of which originates from timber products already placed on the market in the EU and part from virgin timber he has imported into the EU, a risk assessment is only required for the imported portion.</i></p> <p><i>Examples descriptions of Operator's Supplies are mentioned in Annex II of the latest Guidance document of the EUTR:</i> http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf.</p> <p><i>NOTE: In the Final Guidance document, Chapter 4 the EUTR indicates (with reference to Art. 6(1)(a) last indent) that documents or other information indicating compliance with applicable legislation in the country of harvest must be collected as part of the due diligence obligation. It should be stressed from the outset that collecting documentation must be done for the purposes of the risk assessment and should not be viewed as a self-standing requirement. It is not required that every shipment be accompanied by documentation on legality.</i></p>
2.2.1.1	A description of the product, including trade name and product type.	<p><i>This could consist of common information like sawn logs, furniture, wood pellets, particleboard, pulp, paper, etc., as long as this information helps to clearly define the type of product placed on the market and can be directly matched to the products affected by the EUTR. As a guidance, the CN codes</i> http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/combined_nomenclature/index_en.htm) can be used for this purpose.</p> <p><i>As mentioned under Requirement 2.1.2, it is important to note that not all timber and timber products are included in the EU Timber Regulation. The DDS can of course be applied to all timber and timber species, but under the scope of this standard are at a minimum those products that are mentioned under the following link:</i> http://ec.europa.eu/environment/forests/timber_regulation.htm#products as well as mentioned in the Annex of Regulation No 995/2010 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:295:0023:0034:EN:PDF) in combination with http://www.environ.ie/en/Legislation/Community/RuralDevelopment/FileDownload,26507,en.pdf</p>

<p>2.2.1.2</p>	<p>Common and, where applicable, full scientific name of tree species.</p>	<p><i>The species or pool of species shall always be available. Supplier reference such as “softwood pulp”, “tropical hardwoods” or “mixed softwood” are not specific enough.</i></p> <p><i>When multiple species are involved (e.g. paper or plywood), it might be possible that the species used would change from batch to batch. In this case a list of all the species the supplier uses shall be requested in order to demonstrate that controls are in place to establish the species.</i></p> <p><i>The full scientific name shall be provided where ambiguity in the use of the common name exists.</i></p>
<p>2.2.1.3</p>	<p>The country of harvest, and where applicable sub-national region where the timber (or by-products) were harvested and concession of harvest.</p>	<p><i>Also placing timber from EU countries on the EU market is subject to the EUTR due diligence requirements.</i></p> <p><i>The place of purchase might not necessarily be the country of harvest. In those cases a strong traceability system and supply chain controls are required.</i></p> <p><i>Where the risk of illegal harvesting varies between sub-national regions, i.e. when different laws apply for sub-national regions (e.g. due to decentralization of the administration) and/or when other important differences occur that might influence in a higher level of risk of illegal timber, the sub-national region or the concession of harvest should be identified. In some cases this may be combined with sub-national variations in applicable laws and regulations and conflicting laws between national and sub-national laws. These considerations are particularly important in countries where administrative decentralization processes have occurred or are underway.</i></p> <p><i>Information on the concession shall be provided where the risk of illegal harvesting between concessions of harvest in a country or sub-national region varies.</i></p> <p><i>Additional criteria that need to be considered in order to define the level of detail of the district of origin (country, subnational region, concession) are:</i></p> <ul style="list-style-type: none"> <i>• The district of origin must be as homogeneous as possible.</i> <p><i>Heterogeneous factors that could lead to a higher risk of illegal logging can be caused by size, degree of fragmentation (due to lack of infrastructure and/or</i></p>

		<p><i>geographical features), and by government capacity to enforce laws;</i></p> <ul style="list-style-type: none"> • <i>There is more than one permit system (more than one type of concession). For example, the level of oversight in the allocation and use of the different permit types, and the social and environmental stringency and complexity of accompanying regulations, varies widely, resulting in significant variability in risk depending on the permit type.</i> • <i>Evidence of variability in the performance and capacity of companies holding logging rights within a country due to uneven enforcement of laws, corruption, and political economy issues, even among different companies holding the same type of permit.</i> • <i>Specific evidence of illegal logging from Independent Forest Monitoring (IFM – see also http://www.globalwitness.org/campaign/environment/forests/independent-monitoring) or other field research and investigative work that indicates a high degree of variability in legality risks.</i> • <i>Sub-national areas border other countries or sub-national areas with non-negligible risk of illegal logging.</i> • <i>Claims to ownership of or rights to forest land and resources by local communities and/or indigenous peoples living in and around forests that have not been resolved and may conflict with the allocation of logging rights.</i> <p><i>Clause 2.2.1.5 gives more guidance on how to trace back all products to the country, sub-national region or concession of harvest.</i></p> <p><i>If the country of harvest is not clear, mitigation measures must be taken (see under section 2.4), which may require third party verification.</i></p>
2.2.1.4	Volumes, weight or number of units purchased and sold.	<i>This may be recorded in any unit, as long as the equivalents are unambiguous.</i>
2.2.1.5	The name and address of suppliers.	<p><i>This may be identified through shipping or other transport documents (bill of lading, customs and export documents), purchase orders, contracts, delivery documents and/or invoices. In case the supply chain(s) is (are) complex or insufficiently known, the “Quick Scan” service can be used in order to identify, map and demonstrate the links between the suppliers.</i></p> <p><i>If the suppliers cannot be traced back to the</i></p>

		<p><i>origin where the timber was harvested, mitigation measures must be taken (see under section 2.4), which may require third party verification.</i></p>
2.2.1.6	<p>The name and address of the trader (buyer or customer) to whom the timber and timber products have been supplied.</p>	<p><i>This requirement is applicable in case of business to business trade or sale. If the product is sold to a final consumer, this requirement is not applicable.</i></p> <p><i>Operators and traders need to have access to information that identifies any traders to whom they have supplied their timber and timber products.</i></p> <p><i>This may be demonstrated through pro-formas, offers, sales contracts, delivery notes or invoices.</i></p>
2.2.1.7	<p>The Organisation shall have and maintain up-to-date information on the verification and/or certification status of the timber and timber products.</p>	<p><i>Timber or timber products that comply with the requirements as mentioned under Annex 1 regarding legality licenses and recognised certification/ verification schemes can be considered in the risk assessment and risk mitigation procedures (see under 2.3 and 2.4). Although certification does not give a guarantee of legality, it can significantly reduce the risk of illegality. Therefore both sourcing of certified material and switching to certified material can be considered as an important measure for risk mitigation.</i></p> <p><i>For that reason, some of the requirements in this standard can be considered as covered by the recognized certification or verification schemes, and therefore are not applicable for further inspection/verification.</i></p>
2.2.1.8	<p>The Organisation shall have and maintain up-to-date documents or other information indicating compliance of those timber and timber products with the applicable legislation, to a level that allows the Organisation to analyse and evaluate the risk of illegally harvested timber or timber products derived from such timber placed on the market.</p>	<p><i>“Applicable legislation” refers to the legislation in force in the country of harvest (See Glossary). This also includes relevant trade and customs laws.</i></p> <p><i>No generic guidance exists as to what documents are required per country. To that end, this should be determined on a case by case basis, and country or sub-regional specific legal requirements will be provided as an Annex to this standard. Documented evidence needs to be detailed enough to serve as an input for the Risk assessment (see under 2.3) in order to conclude negligible risk or to identify meaningful risk mitigation actions. This may concern evidence like documentation of ownership/rights to land use, concession licenses, environmental impact assessments, reports on tenure and right claims and conflicts, harvesting and felling permits issued and approved by the competent authority, approved management plans or equivalent</i></p>

		<p><i>documentation by the competent authority, trade and customs documents such as contracts, bank notes, trade notes, import and export licenses or export ban lists, and an up-to-date list of Appendices I to III of the CITES and/or national permits for harvest, trade and export and import, transport or sales permits, etc.</i></p> <p><i>NOTE: This requirement is not applicable when it concerns timber sold with CITES and with FLEGT license. FSC® and PEFC™ certified material and other legality verification systems such as the CUC TLV Standard cannot automatically be considered as meeting the EU requirements (see Annex 1 and requirement 2.3.2.1). Since these are NOT considered as a “green lane”, this requirement is applicable for timber or timber products sold under any of these schemes.</i></p> <p><i>Timber or timber products supplied as FLEGT licensed timber is considered as negligible risk, although the Voluntary Partnership Agreements (VPA’s) need to be well analysed on its contents, given that differences exist between VPA’s regarding the scope regarding the timber and timber products that are included.</i></p> <p><i>See also EU Guidance Document: http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf</i></p>
2.2.1.9	The Operator shall apply the due diligence system to each specific type of timber or timber product supplied by a particular supplier <u>within a period of 12 months</u> , provided that the tree species, the country or countries of harvest, or, where applicable, the sub-national region(s) and concession(s) of harvest remain unchanged	<p><i>This is a requirement under Article 2 of the EU Commission Implementing Regulations (607/2012).</i></p>
2.2.2	The Organisation shall have access to information and maintain up-to-date documentation and records about all supply chain(s), including products and species covered, in such a way that it provides acceptable assurance of legal origin, processing, transportation and trade, as inputs for the risk assessment (see under 2) and effective risk mitigation measures (see under 3).	<p><i>“Acceptable assurance of ...” refers to sufficient information about the supply chain(s) to make reasonable judgements on risks, i.e. it must allow to make a well-considered judgement on the risk.</i></p> <p><i>This implies that the Organisation shall have sufficient information to either confirm negligible risk or that risks already have been mitigated, or make it possible to clearly identify, assess and mitigate risks in case of non-negligible risk.</i></p> <p><i>In case the timber or timber products are certified under a by CUC recognized certification or legality verification scheme (see under Annex 1), this requirement is not applicable.</i></p>

2.3	Risk Assessment	<p><i>The risk assessment is a tool to determine whether the risk identified is negligible. It is one of the most challenging aspects of the due diligence system. If risk is non-negligible, the EUTR requires the Organisation to establish mitigation procedures to minimize the risk (see under 2.4).</i></p>
2.3.1	<p>The Organisation shall have and implement risk assessment procedures, taking into account information requirements as mentioned under 2.2 of this standard as well as relevant risk assessment criteria related to:</p> <ol style="list-style-type: none"> a) Conclusive risks (2.3.2.1 – 2.3.2.2) b) District of origin (2.3.2.3); c) Species risk (2.3.2.4) d) the supply chains in relation to transport and trade of the products (2.3.2.5); e) the risk that the material is mixed with other material of illegal or unknown origin somewhere in the supply chain during transport, processing or storage (2.3.2.6). 	<p><i>In general terms, procedures should put emphasis on the following three steps for each of the five risk categories a) to e):</i></p> <ol style="list-style-type: none"> 1. <i>The supplier information as collected under 2.2 must be analysed and evaluated;</i> 2. <i>The supplier information must be sorted.</i> <ol style="list-style-type: none"> a. <i>Timber imported under the FLEGT license shall be considered to have been legally harvested. The scope of the FLEGT must be verified under Regulation (EC) No 2173/2005 through Annex I (partner countries complying with the that Regulation and its implementing provisions) and through timber products listed in Annexes II and III.</i> b. <i>Timber imported under CITES license shall be considered to have been legally harvested. The scope of the CITES must be verified under Regulation (EC) No 338/97 and its implementing provisions through checking the species listed in Annex A, B or C.</i> 3. <i>Risk assessment must be carried out for all other timber and timber products that cannot be automatically considered as negligible risk. Any timber or timber product that is certified against a credible standard (meeting the requirements as mentioned under Annex 1), may be used in the risk assessment procedure;</i> 4. <i>Risk assessment conclusions must be recorded.</i> <p><i>Regarding the risk categories:</i></p> <ol style="list-style-type: none"> 1. <u><i>Conclusive risks:</i></u> <i>Timber originating from countries with sanctions imposed by the UN Security Council or the Council of the European Union on timber imports and exports shall always be considered as non-negligible. In fact also the verification of FLEGT and CITES licenses</i>

		<p>are part of the analysis of conclusive risks, but this assessment is already carried out under Requirement 2.1.2 of this standard when defining the scope of the DDS;</p> <ol style="list-style-type: none"> 2. <i>Risks regarding the <u>District of origin</u>;</i> 3. <i><u>Species risks</u>: although this cannot be separated from the District of origin, certain species are more often connected to illegal harvesting than others;</i> 4. <i><u>Supply chain risks</u>;</i> 5. <i><u>Material mixing risk</u>; the risk that the material is mixed with other material of illegal or unknown origin somewhere in the supply chain during transport, processing or storage.</i>
2.3.2	<p>The Organisation shall assure compliance with applicable legislation in all countries through the entire supply chain starting from the country where the timber was harvested, which may include certification or other third-party-verified schemes which cover compliance with applicable legislation under the following specific requirements:</p>	<p><i>“Applicable legislation” refers to the definition used under EU Regulation No 995/2010, article 2 (h) with respect to the legislation in force in the country of harvest.</i></p> <p><i>As mentioned under Requirement 2.1.2, timber and timber products that have a CITES and/or a FLEGT license are the only cases considered directly as negligible risk under the EUTR and therefore require no further risk assessment or mitigation once these licenses have been obtained.</i></p> <p><i>NOTE: In the Final Guidance document, Chapter 4 the EUTR indicates (with reference to Art. 6(1)(a) last indent) that documents or other information indicating compliance with applicable legislation in the country of harvest must be collected as part of the due diligence obligation. It should be stressed from the outset that collecting documentation must be done for the purposes of the risk assessment and should not be viewed as a self-standing requirement. It is <u>not</u> required that every shipment must be accompanied by documentation on legality. Therefore the requirements and checks under this section must be considered in this context.</i></p>
	Conclusive risk	
2.3.2.1	<p>The Organisation shall assess and specify the level of risk of timber and timber products certified against third-party verified schemes</p>	<p><i>This requires to check the following 2 aspects:</i></p> <ol style="list-style-type: none"> 1. <i><u>Do timber and timber products have a certification status against a credible verification scheme?</u></i> <i>Article 4 of the Commission Implementing Regulation (EU) No 607/2012 of 6 July 2012 indicates that certification or other third-party verified</i>

		<p>schemes (e.g. other legality verification systems such as the CUC TLV Standard) may be taken into account in the risk assessment and risk mitigation procedures where they meet certain criteria. Only FLEGT and CITES licenses provide legality certainty in terms of meeting EUTR requirements (see under 2.1.2). In terms of the EUTR, both FSC® and PEFC™ certified material and material certified under other legality verification systems such as the CUC TLV Standard do play a role in risk mitigation, but are not automatically considered by the EU as fully compliant. For that reason it is important to follow the below steps on risk analysis in order to verify compliance of the schemes and identify whether it can be considered as negligible (low) risk.</p> <p><u>Sources of information:</u> CUC's WoodTrack™ will have updated information on the schemes, but additional information can be found on the following links:</p> <ul style="list-style-type: none"> • EU Guidance Document under the following link: http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf ; Chapter 6; • Certification/verification organisations will normally be able to provide information on coverage of the certification and how it was applied in the country where the timber was harvested, including such details as the nature and frequency of field audits. <p><u>References:</u></p> <ul style="list-style-type: none"> ○ FSC: fsc@fsc.org ○ PEFC: info@pefc.org ○ Control Union (CU): certification@controlunion.com ○ Bureau Veritas (BV): http://finance.bureauveritas.com/phoenix.zhtml?c=216209&p=irol-inforeg ○ Certisource: http://www.certisource.co.uk/contact-us/ ○ GFS: gfs@gfsinc.biz ○ NEPCon: info@nepcon.net ○ Rainforest Alliance:
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		<p> raceet@ra.org </p> <ul style="list-style-type: none"> ○ SCS: info@SCSglobalservices.com ○ SGS: http://www.sgs.com/en/Service-by-Type-Path/Certification.aspx ○ Soil Association: wmtimberlegality@soilassociation.org <ul style="list-style-type: none"> • www.proforest.net/publication/bibliog.2012-12-11.9951964156. This report can be used as an independent assessment to verify compliance of the most common certification and legality verification schemes, but is NOT up-to-date. E.g. CUC's TLV standard is missing and several other schemes have been adapted since then. <p><u>Risk analysis:</u> At least the following questions must be answered in order to identify as to whether the third parties verified schemes can be considered as providing sufficient assurance that the timber in a product had been legally harvested and therefore the risk can be classified as negligible:</p> <ul style="list-style-type: none"> ⇒ Are all the requirements in Article 4 of the Commission implementing Regulation (EU) No 607/2012 fulfilled? ⇒ Is the certification or other third party verified schemes compliant with international or European standards (e.g. the relevant ISO-guides, ISEAL Codes)? ⇒ Are there substantiated reports about possible shortcomings or problems of the third party verified schemes in the specific countries from which the timber or timber products are imported? ⇒ Are the third parties that are making the checks and verifications referred to in Article 4 (b)(c) and (d) of the Commission implementing Regulation (EU) No 607/2012 independent accredited organisations? <p>2. Do the certified timber and timber</p>
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		<p><i>products carry a valid certificate?</i></p> <p>In order to verify whether the certified material really carries a valid certificate, the following needs to be verified:</p> <p>⇒ <i>Accompanying documentation about the certified material (e.g. invoices and/or transport documents with certified claim meeting the requirements of the certified scheme)</i></p> <p><i>NOTE: an on-product label on the certified material is not considered as sufficient evidence that the material is carrying a valid certificate.</i></p> <p>⇒ <i>Based on the information mentioned on the accompanying documentation, you need to verify as to whether:</i></p> <ul style="list-style-type: none"> ○ <i>the certificate is issued on the name of the supplier as mentioned on the accompanying documentation;</i> ○ <i>the certificate is valid;</i> ○ <i>the product falls under the scope of the certificate.</i> <p>Depending on the scheme against which the material is certified, the following websites should be able to provide information on validity of the certificate:</p> <p><u><i>Certification systems:</i></u></p> <ul style="list-style-type: none"> ○ FSC: www.fsc-info.org ○ PEFC: www.pefcregs.info <p><u><i>Legal Verification systems:</i></u></p> <ul style="list-style-type: none"> ○ Control Union (CU) Timber Legality Verification (TLV): http://certification.controlunion.com/certified_companies_and_products.aspx ○ Bureau Veritas (BV) Origin and Legality of Wood (OLB): www.bureauveritas.com/wps/wcm/connect/bv_com/group/services+sheet/olb-certification_14483
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		<ul style="list-style-type: none"> ○ Certisource Legality Assurance System (CLAS): www.certisource.co.uk ○ GFS Wood Tracking Programme (WTP): www.gfsinc.biz/programmes/wood-tracking-program ○ NEPCon LegalSource™ Standard (LS): www.nepcon.net/258/English/certification/Certification_systems/Verification_intro ○ Rainforest Alliance Verification of Legal Compliance (VLC): www.rainforest-alliance.org/forestry/verification/transparency/verification-clients ○ SCS Legal Harvest Verification (LHV): www.scs-certified.com/legal-harvest-verified-clients.php ○ SGS Timber legality and Traceability Verification (TLTV): www.sgs.com/en/Public-Sector/Monitoring-services/Timber-Traceability-and-Legality.aspx ○ Soil Association Forest Verification of legal Compliance (FVLC): www.sacert.org/woodmark/verificationoflegalcompliance <p>Also the CPET website can be consulted regarding legality verification systems: http://www.cpet.org.uk/uk-government-timber-procurement-policy/evidence-of-compliance/other-evidence-as-assurance/verification-systems/voluntary-legality-verification-systems</p>
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		If the timber or timber products do not comply with these 2 aspects as mentioned above, further risk assessment shall be carried out (2.3.2.2-2.3.2.7).
2.3.2.2	The Organisation shall not source any timber or timber products from countries with sanctions imposed by the UN Security Council or the Council of the European Union on timber imports and exports, and therefore shall identify and document any sanctions imposed for the country or region of harvest.	<p><i>The Organisation is required to verify whether there are no sanctions or embargoes on the country or region of origin of the products they wish to place on the EU market. Latest information can be found on:</i></p> <p>http://www.un.org/sc/committees/list_compens.shtml http://eeas.europa.eu/cfsp/sanctions/index_en.htm http://www.globalforestryregistry.org</p>
2.3.2.3	The Organisation shall not source timber from countries with prevalence of armed conflicts.	<p><i>Timber may be produced and sold to finance armed conflicts (“conflict timber”). The Organisation should be aware of timber that might be traded at some points in the chain of custody by (regional) armed groups like rebel factions, regular soldiers, or the civilian administration, either to perpetuate conflict or to take advantage of conflict situations for personal gain. A possible source of information is:</i></p> <p>http://www.globalwitness.org, but also for instance (local) NGOs and other stakeholders might have information, as well as the UN in the form of embargoes</p>
	Risks regarding District of origin	
2.3.2.4	The Organisation shall assess and specify the level of risk of legal violations related to the forest management activities.	<p><i>This requirement concerns issues like possible illegal practices in the country of origin such as illegal harvesting procedures, corrupt means to gain access to the forests, extraction without permission from a protected area, the harvesting of protected species, the extraction of timber in excess of agreed limits (e.g. annual allowable cut and/or production quota), illegalities during transport, processing and export, fraudulent declaration to customs, avoidance of taxes and other charges.</i></p> <p><i>The Corruption Perception Index (CPI) of Transparency International (http://www.transparency.org) can be used as a starting point of risk at country level. However, a high score on the CPI does not directly imply legality. Where risks are identified (CPI < 50), further investigation need to be carried out to determine the non-negligible risk in order to effectively identify appropriate risk mitigation measures. Further, the CPI is not always appropriate for forestry.</i></p> <p><i>For some countries a detailed, by FSC approved</i></p>

		<p>risk evaluation exists within the FSC Controlled Wood framework (see http://ic.fsc.org/national-risk-assessments.310.htm).</p> <p>The Global Forestry Registry (http://www.globalforestryregistry.org) covers information on the risk of sourcing controversial timber of over 150 countries worldwide. However, for many countries the information is still rather limited. Where “unspecified risk” is indicated, this equals to countries with non-negligible risk regarding legality.</p> <p>Possible other sources of information: http://www.foresttransparency.info/ http://illegal-logging.info/index.php http://www.forestlegality.org/risk-tool http://info.worldbank.org/governance/wqi/index.asp http://www.panda.org http://www.interpol.int/Crime-areas/Environmental-crime/Projects/Project-Leaf</p> <p>The risk assessment shall begin at the broadest relevant scale. The broadest level would typically begin at country, but shall be continued at decreasing scales until conditions are sufficiently homogeneous.</p> <p>In case the prevalence of illegal logging in the country of harvest is identified, the sub-national region where the timber was harvested and/or the concession of harvest should be identified, which may include third-party verification of the legality of the concession of harvest and chain of custody measures to ensure that the material is traceable throughout the supply chain.</p> <p>NOTE: The precautionary approach shall be followed, i.e. any area worldwide is considered non-negligible risk and are treated as such until a risk assessment is conducted and confirms a negligible risk designation.</p>
	Species risk	
2.3.2.5	<p>The Organisation shall determine and document the prevalence of illegal harvesting of tree species at least through checking the IUCN Red List of Threatened Species™ (http://www.iucnredlist.org) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES - http://www.cites.org/eng/resources/species.html)</p>	<p>This requirement refers to the risk that species are sourced that legally are prohibited to harvest in the country or sub-national district of origin, or that are commonly associated with illegal harvesting. The species can be used as an indicator of risk.</p> <p>Regarding the IUCN Red List of Threatened Species™, the list is a good indicator for evaluating if the species is threatened, vulnerable or endangered, and to that end it constitutes a</p>

		<p><i>good indicator of the level of risk involved for the Organisation and the due diligence required to risk assess the species and mitigate that risk.</i></p> <p><i>Regarding CITES; see also under 2.1.2.</i></p>
	Supply chain risk	<p><i>There may be illegal activities occurring in the supply chain that relate to the handling of the material.</i></p>
2.3.2.6	The Organisation shall assess and specify the level of risk of legal violations related to the complexity of the supply chain of timber products.	<p><i>In order to comply with this requirement, supply chain mapping (e.g. through CUC's "Quick Scan", in combination with the "WoodTrack™" traceability system) is important in order to demonstrate the links between the material being placed on the market and the forest of origin (see also clause 2.2.1.5). Once the supply chain has been identified, the Organisation must establish the credibility of the information through assessing each element of the supply chain, and if the information it receives from its supply chain genuinely relates to the products it intends to place on the EU market. The more complex a supply chain becomes, the higher the risk of a breakdown in the due diligence system through illegal timber entering the supply chain, requiring more mitigation measures.</i></p> <p><i>The following questions need to be asked in order to assess whether the supply chain risk is negligible:</i></p> <ul style="list-style-type: none"> <i>⇒ Are all documents indicating compliance with applicable legislation made available by the supplier, and are verifiable? If all possible documents are readily available, there is a stronger likelihood that the product's supply chain has been established. There should be well founded confidence that the documents are genuine and reliable;</i> <i>⇒ Are there indications of involvement of any company in the supply chain in practices related to illegal logging? There is a greater risk that timber purchased from a company that has been involved in practices related to illegal logging will have been illegally harvested;</i> <i>⇒ Is the supply chain complex? The more complex the supply chain the harder it may be to trace the origins of the wood in a product back to the logging source. Failure to establish necessary information at any point in the supply chain may increase the</i>

		<p><i>possibility of illegally harvested timber entering the chain.</i></p> <p><i>The complexity of the supply chain increases with the number of processors and middlemen between the place of harvest and the operator. Complexity may also increase when more than one species or timber sources are used in the product (see also information on Composite products under 2.2.1).</i></p> <p><i>In order to assess the complexity of the supply chain operators at least the following questions need to be answered:</i></p> <ul style="list-style-type: none"> ⇒ <i>Are there several processors and steps in the supply chain before the placing of a particular timber product on the EU market?</i> ⇒ <i>Have timber and timber products been traded in more than one country before placing on the EU market?</i> ⇒ <i>Does the timber in the product to be placed on the market consist of more than one tree species?</i> ⇒ <i>Does the timber in the product to be placed on the market come from different sources?</i> <p><i>Additional guidance on the complexity of the supply chain can be found in the EU Guidance Document:</i></p> <p>http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf</p>
	Risk related to material mixing	
2.3.2.7	<p>The Organisation shall assess and specify the level of risk of legal violations related to the risk that timber or timber products are mixed or substituted with non-negligible risk products during transport, processing and storage.</p>	<p><i>This relates to the risk of legal material being mixed with material with unknown or illegal origin. The types of material being handled and the risk of mixing shall be evaluated for each entity/ Organisation in the supply chain. E.g. it may occur that timber or timber products received do not correspond to the information accompanying shipping documents, which may imply that the timber or timber products have been mixed or substituted with material from illegal origin, or that trade and/or custom regulations have been violated.</i></p>
2.3.3	<p>The Organisation shall document the risk assessment process and provide justification for the correctness of risk assessment and the corresponding risk designations associated with the timber or timber products for each of the 5 risk categories as mentioned under Requirement 2.3.1 and 2.3.2.</p>	<p><i>The justification for the degree of risk identified (negligible or non-negligible) for the 5 risk categories of the timber and timber products within the supply chain(s) as mentioned under 2.3.1 and 2.3.2.</i></p> <p><i>In case the material can be classified as negligible risk, the Organisation is not required to take any risk mitigation (see 2.4).</i></p> <p><i>On the other hand, for supply chains or products where risks are categorized as non-negligible,</i></p>

		<i>they need to be further specified in such a way that it allows the Organisation to effectively mitigate the risks identified (according to requirements in 2.4).</i>
2.3.4	The risk assessment shall be revised whenever changes occur to the supply chain that could alter the risk characteristics of that supply chain, but at least annually a review the risk assessments shall take place to verify the continued correctness of risk assessment and the corresponding risk designations.	<i>This is related to requirement 2.1.4c, requiring all suppliers to notify the Organisation when there are changes in the supply chain. If this is the case, the Organisation shall review its risk assessment and verify the continued correctness of the risk assessment and risk designation (negligible or non-negligible).</i>
	Risks related to third party comments, allegations and/or complaints	
2.3.5	The Organisation shall classify as non-negligible risk those supplies of timber and timber products which are related to comments, allegation or complaints from customers, or any external party or stakeholder with respect to controversial sources, supported by reliable evidence and which have not been disproved by the Organisation's own investigation.	<i>This also implies that the Organisation has to implement a mechanism to deal with complaints, irrespective of whether its supplies come from sources that were initially identified as negligible risk.</i>
2.4	Risk mitigation	<i>This Section is not applicable in case the risk identified under 2.3 is negligible.</i>
2.4.1	The Organization shall develop and implement measures and procedures for the five areas as mentioned under 2.3.1 and 2.3.2, which shall be adequate and proportionate to minimize effectively the non-negligible risks identified through the following requirements:	<i>Another option is to stop sourcing from a country, region, specific supplier, sub-supplier or forest management unit (see also 2.4.4), especially when risk mitigation is not possible as is the case for non-negligible conclusive risks as mentioned under Requirements 2.3.2.2 and 2.3.2.3.</i>
2.4.1.1	For non-negligible risk of legal violations identified in the risk assessment process related conclusive risks, the Organisation shall ensure that adequate and proportionate measures are taken to effectively minimize the non-negligible risks.	<ul style="list-style-type: none"> • <i>In case of compliance with the 2 aspects as mentioned under the guidance regarding requirement 2.3.2.1, the risk of the material can be considered as negligible. However, if there is no full compliance with these aspects, the timber or timber product cannot be placed, mitigation measures must be taken according to the results of further risk analysis as mentioned under 2.3.2.2-2.3.2.7</i> • <i>In case of sanctions or embargoes on the country or region of origin, (see under 2.3.2.2), the product cannot be placed on the EU market and the supplier shall be replaced to a supplier from another country without sanctions imposed by the UN Security council or the Council of the EU;</i> <p><i>In case armed conflicts are identified in country of harvest (see under 2.3.2.3), the product cannot be placed on the EU market and the supplier shall be replaced to a supplier from another country</i></p>

<p>2.4.1.2</p>	<p>The Organisation shall ensure having taken strong and effective mitigation measures to address the non-negligible risk of legal violations identified in the risk assessment process related to timber harvesting activities in the country/countries of origin.</p>	<p><i>without identified armed conflicts.</i></p> <ul style="list-style-type: none"> • See also under 2.3.2.4 • This implies that in case of non-negligible risk, the supplier should take sufficiently strong and effective mitigation measures. This has to be identified on a case to case basis. In some cases a review (including translation) of documentation like legal ownership documents, concession rights, harvesting permits, tax payments, invoices and/or export permits may be considered as sufficiently strong in cases where the timber is harvested in countries with a CPI index higher than 50 and where no other indication of non-negligible risk is found (see under 2.3.2.4). However, in general it can be stated that this is still a rather weak mitigation measure. Stronger measures that must be considered are on-site FMU audits (possibly in combination with analysis satellite images), or requesting suppliers to get certified under certification and verification schemes that meet the requirements under Annex I. The most drastic mitigation measures that may be considered is replacing the supplier by another supplier with negligible risks in case that the risks identified cannot be addressed through other mitigation measures.
<p>2.4.1.3</p>	<p>The Organisation shall ensure having taken strong and effective mitigation measures to address the non-negligible risk of legal violations identified in the risk assessment process related to species harvested.</p>	<ul style="list-style-type: none"> • See also under 2.3.2.5 • This implies that in case of non-negligible risk, the supplier should take sufficiently strong and effective mitigation measures. This has to be identified on a case to case basis. In some cases a review (including translation) of documentation like legal ownership documents, concession rights, harvesting permits, tax payments, invoices and/or export permits may be considered as sufficiently strong in cases where the timber is harvested in countries with a CPI index higher than 50 and where no other indication of non-negligible risk is found (see under 2.3.2.4). However, in general it can be stated that this is still a rather weak mitigation measure. Stronger measures that must be considered are on-site FMU audits (possibly in combination with analysis satellite images), or requesting suppliers to get certified under

		<p><i>certification and verification schemes that meet the requirements under Annex I. The most drastic mitigation measures that may be considered is replacing the supplier by another supplier with negligible risks in case that the risks identified cannot be addressed through other mitigation measures.</i></p>
2.4.1.4	<p>The Organisation shall ensure having taken strong and effective mitigation measures to address the non-negligible risk of legal violations identified in the risk assessment process within the supply chains in relation to transport and trade of the products, including declaration and classification of the material for customs.</p>	<ul style="list-style-type: none"> • See also under 2.3.2.6 • <i>This implies that in case of non-negligible risk, the supplier should take sufficiently strong and effective mitigation measures. This has to be identified on a case to case basis. In some cases a review (including translation) of documentation like tax payments, invoices and/or export permits may be considered as sufficiently strong, especially in cases where it concerns countries with a CPI index higher than 50 and where no other indication of non-negligible risk is found (see under 2.3.2.4). However, in general it can be stated that this is relatively a rather weak mitigation measure. Stronger measures that must be considered are on-site verification of suppliers (CoC system documents, volume summaries, sales documents, custom declarations, transport, import and export permits), or requesting suppliers to get certified under certification and verification schemes that meet the requirements under Annex I. The most drastic mitigation measures that may be considered is replacing the supplier by another supplier with negligible risks in case that the risks identified cannot be addressed through other mitigation measures.</i>
2.4.1.5	<p>The Organisation shall ensure having taken strong and effective mitigation measures to address the non-negligible risk of legal violations identified in the risk assessment process for material mixing with other material of illegal or unknown origin somewhere in the supply chain during transport, processing or storage.</p>	<ul style="list-style-type: none"> • See also 2.3.2.7; • <i>This implies that in case of non-negligible risk, the supplier should take sufficiently strong and effective mitigation measures. This has to be identified on a case to case basis. In some cases a review (including translation) of documentation like tax payments, invoices and/or export permits may be considered as sufficiently strong, especially in cases where it concerns countries with a CPI index higher than 50 and where no other indication of non-negligible risk is found (see under 2.3.2.4). However, in general</i>

		<p><i>it can be stated that this is relatively a rather weak mitigation measure. Stronger measures that must be considered are on-site verification of suppliers (CoC system documents, volume summaries, sales documents, custom declarations, transport, import and export permits), or requesting suppliers to get certified under certification and verification schemes that meet the requirements under Annex I. The most drastic mitigation measures that may be considered is replacing the supplier by another supplier with negligible risks in case that the risks identified cannot be addressed through other mitigation measures.</i></p>
2.4.1.6	The Organisation shall ensure having taken strong and effective mitigation measures to address the non-negligible risk of third party complaints, allegations and/or comments.	<ul style="list-style-type: none"> • See risk category 2.3.5.
2.4.2	In case of need of field verification, the Organisation shall have access and sufficient knowledge of all applicable legislation concerning timber harvesting at national and/or sub-national level of the country of harvest.	<p><i>“Applicable legislation” refers to the definition used under EU Regulation No 995/2010, article 2 (h) with respect to the legislation in force in the country of harvest.</i></p>
2.4.3	The Organisation shall document the risk mitigation measures and justify its effectiveness.	
2.4.4	The Organisation shall either implement risk mitigation actions before such timber or timber products can be placed on the market and can be accepted under the EUTR and this standard, or stop sourcing from a country, region, specific supplier, sub-supplier or forest management unit.	<p><i>If risk mitigation is not possible as is the case for non-negligible conclusive risks as mentioned under Requirements 2.3.2.1 and 2.3.2.2, the supplier(s) need to be replaced.</i></p>
3	Claims	<p>This Section is only applicable for companies holding a valid CUC TLV certificate and who want to sell products under a CUC TLV claim.</p>
3.1	The Organisation shall not use on-product labelling with a CUC TLV claim	
3.2	The Organisation shall only use promotional claims of CUC TLV when accompanied with a description of the scope of the TLV certification.	<p><i>If only some timber products are in the scope of the TLV standard, the promotional claim shall clearly state what products are following the TLV requirements.</i></p>
3.3	The Organisation shall submit all claims to CUC for review and approval prior to its use.	

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Section 2: Chain of Custody requirements

<p>Chain of Custody: Chain of Custody of forest products is required to ensure traceability from the forest source to ensure that products with Legal Timber Verification (TLV) are identifiable and kept separate from non TLV products.</p> <p>It applies to organisations in the supply chain handling material that complies with or without the TLV Standard or other recognised certification schemes.</p> <p>The TLV certified Organisation shall comply with these requirements if not all the timber or timber products they are handling is covered by the scope of this standard.</p>		<p><i>Additional Verifiers and Guidance</i></p>
1	Commitment to legal sourcing	
1.1	The Organisation shall have a written, publicly available policy, endorsed at the highest level of authority, indicating the Organisation's commitment to sourcing legally, avoiding the trade of timber products harvested, traded or processed in violation with applicable national legislation and ratified international treaties.	<p><i>This commitment shall include legal sourcing for all the timber or timber products.</i></p> <p><i>The commitment shall be published on the Organisation's website. In case the Organisation does not have a website, the publicly available policy shall be readily provided upon request.</i></p>
1.2	The Organisation's policy shall be implemented accordingly	
2	Quality system requirements	
2.1	One overall person with sufficient authority and access to information shall be responsible for the Chain of Custody (CoC) system and conformance with all applicable requirements	
2.2	Individual responsible staff shall be designated for each part of the CoC control system (e.g. sourcing and input check, reception and storage, volume control, recordkeeping, etc.)	
2.3	The Organisation shall implement training to all relevant staff and workers in order to guarantee sufficient skills, awareness and competence in implementing the Organisation's CoC procedures	
2.4	Records of training shall be maintained for a minimum of 5 years	
2.5	There shall be an up to date documented CoC control system, with measures, procedures and/or work instruction to ensure implementation of all applicable elements of this standard.	<p><i>This information can be held in whatever form and place, as long as it is available on request by CUC or Competent Authority.</i></p>
2.6	If TLV endorsed schemes are included in	<p><i>These procedures shall sufficiently cover the</i></p>

	the scope of supplies and sold with a TLV- Controlled claim then The Organisation shall have documented procedures that explicitly cover this aspect covering purchase, delivery and sale.	<i>required level of control to ensure that only schemes meeting the TLV requirements are purchased and sold accordingly.</i>
2.7	The Organisation shall maintain records demonstrating conformance with this standard for a minimum of 5 years	
2.8	The Organisation shall ensure that the records are available to CUC auditors and Competent Authorities.	
2.9	There shall be procedures for addressing non-conformances and observations identified by the audit .	
3	Material accounting	
3.1	Product groups shall be established covering the scope of the TLV certificate. For each product group the following shall be determined: <ul style="list-style-type: none"> • Product group description • Identification of the TLV claims • HS-codes • Species • Sites and locations involved 	<i>The products included in one product group shall share common characteristics in both quality and application. The HS-codes are applied by EU customs. The combined nomenclature of the European Union provides a full list (2015/C 076/01) Listed species shall always include their scientific name.</i>
3.2	The Organisation shall maintain material balance records to ensure that inputs and outputs can be traced and are compatible. These records shall at a minimum include (for both inputs and outputs): <ul style="list-style-type: none"> • Product groups • Quantities • TLV claims • Invoice references • Delivery references 	
3.3	The Organisation shall prepare annual summaries based on the material balance.	
3.4	For each product group the main processing steps shall be identified and shall specify the conversion(s) in volume or weight. These conversion factors shall be kept up-to-date.	<i>The conversion factors are an important part of ensuring inputs and output are verifiable and must therefore be realistic and up-to-date.</i>
4	Supply Requirements	
4.1	The Organisation shall verify that the material purchased meets at a minimum the TLV requirements.	
4.2	The Organisation shall use distinguishing marks to identify TLV material.	
4.3	Material sourced under the TLV scheme, including endorsed schemes, shall be reviewed and assessed against both the TLV and the applicable scheme's requirements, including but not limited to: <ul style="list-style-type: none"> • Verification if the scheme's certificate has been issued by an 	<i>Under Annex III a list of TLV endorsed schemes can be found. The listed schemes have been benchmarked against the EUTR requirements (EU Regulation 607/2012 Article 4 and guidance document to EU Regulation 995/2010).</i>

	approved and accredited party; <ul style="list-style-type: none"> • If the certificate is valid and issued against the correct scope; • If applicable, online check of validity of certificate. 	
5	Segregation and Processing Requirements	
5.1	<p>The Organisation shall store all TLV material under the scope of the TLV certificate securely and physically separated from other material.</p> <p><i>NOTE: a virtual separation is allowed if it can be verified that the computer system is sufficiently credible and detailed.</i></p>	<p><i>Through audit sampling it shall be verified if the virtual (computer) separation system is sufficiently credible, and gives sufficiently detailed information.</i></p>
5.2	The Organisation shall keep all products that cannot be identified as TLV physically separate from TLV products until documented evidence confirms the TLV claim.	
5.3	The Organisation shall process TLV products separately to non-TLV products at all stages.	
5.4	The Organisation shall use a tracking system or production records to document production of TLV material.	
5.5	The Organisation shall cover all outsourced work by a signed outsourcing agreement which includes CoC control systems to ensure compliance with this standard.	
6	Shipping and Sales Requirements	
6.1	The Organisation shall store final TLV products securely and separately.	
6.2	The Organisation shall use TLV distinguishing marks on final products.	
6.3	<p>The Organisation's sales and invoices and shipping and other transport documents for full TLV certified products shall include:</p> <ol style="list-style-type: none"> Description of each product as TLV-Certified; The quantity / volume for each product; and The TLV verification code CU-TLV-XXXXXX 	<p><i>Only timber originating from TLV certified FMU's and accompanying TLV certified COC supply chain(s) can be sold as 'TLV-Certified'.</i></p>
6.4	<p>The Organisation's sales and invoices and shipping and other transport documents for TLV endorsed schemes shall include:</p> <ol style="list-style-type: none"> Description of each product as TLV-Controlled; The quantity / volume for each product; and <p>The TLV verification code CU-TLV-XXXXXX</p>	<p><i>Timber originating from TLV endorsed FMU's and accompanying TLV endorsed COC supply chain(s) can be sold as 'TLV-Controlled'.</i></p>
7	Timber legality / DDS information	
7.1	For each TLV-certified purchase and	<i>This requirement is to ensure that the TLV-certified</i>

	<p>delivery the following information shall be accessible:</p> <ul style="list-style-type: none"> • Species (scientific name) • Product description and trade name • FMU/concession of harvest shall be ensured • Information indicating compliance of the timber products with the relevant laws and regulations regarding its legal origin. 	<p><i>Organisation has <u>access</u> to information that might be required further up the chain to fulfil legal requirements as the EUTR, Lacey Act. and others. The Organisation is not required to be in physical possession of the information as long as access is guaranteed. For example by means of an agreement with the supplier(s). For other similar requirements in this standard it <u>is required</u> to have the information physically available, this only applies to Organisations certified for Section 1 of this standard (Due Diligence System).</i></p>
7.2	<p>For each TLV-certified sale and delivery the following information shall be provided to the client upon request if required to fulfil timber legality / DDS requirements:</p> <ul style="list-style-type: none"> • Species (scientific name) • Product description and trade name • FMU/concession of harvest shall be ensured • Information indicating compliance of the timber products with the relevant laws and regulations regarding its legal origin. 	
8	Claims	
8.1	The Organisation shall not use on-product labelling with a CUC TLV claim	
8.2	The Organisation shall only use promotional claims of CUC TLV when accompanied with a description of the scope of the TLV certification.	<i>If only some timber products are in the scope of the TLV standard, the promotional claim shall clearly state what products are following the TLV requirements.</i>
8.3	The Organisation shall submit all claims to CUC for review and approval prior to its use.	

Section 3: Requirements for evaluating legal conformance at forest management level and at supply chain level

This section describes each Principle and its associated requirements (Criteria) with their required verifiers and additional guidance (where applicable). The entity/Organisation (Forest Management Enterprise or Company) shall comply with all requirements. In the case of Forest Management Enterprises (FME's) the requirements of all 5 Principles shall be audited in every verification audit or when chosen as a risk mitigation action or measure in the framework of the EU Timber Regulation. The requirements of Principle 5 shall be audited for all Entities/Organisations, i.e. both FME and other Organisations taking legal ownership of the timber and timber products until it reaches the Operator placing the products for the first time on the EU market, as well as by the Operator itself.

The Principles and Criteria in this Standard are generic. Although the standard is designed to be applicable in any country, because of country-specific legislation this standard will be adapted to be in agreement with the applicable legislation in the country or sub-region where the timber is harvested prior to the first TLV audit in a particular country. A first basis for such a local adaptation is the most actual information on www.globalforestregistry.org, before a stakeholder consultation process is started.

Principle 1: Legal Right to Harvest timber within legally gazetted boundaries The legal status of the Forest Management Unit (FMU) shall be clearly defined and boundaries delineated. The Forest Management Enterprise (FME) shall prove that it has validly obtained the legal right to operate and to harvest timber from within the defined FMU(s).	<i>Additional Verifiers and Guidance</i>
	<i>Land tenure and management rights</i> <i>This concerns legal methods to be followed by the FME to obtain:</i> <ul style="list-style-type: none"> • <i>land tenure rights</i> • <i>management rights</i>
1.1	The FME shall demonstrate that they are a legally registered Organisation or company, authorized to conduct timber harvesting practices in accordance with legal requirements at national or sub-national level.
	<p><i>At local, sub-national or national level, the legal authorities issuing legal land tenure rights and forest management permits (usually the centralized or decentralized Forestry or Agriculture Department) shall be contacted in order to confirm through interview and review of registered documentation (land registry and land-use permits) that:</i></p> <ul style="list-style-type: none"> • <i>the FME is legally registered;</i> • <i>they have authorization to carry out timber harvesting activities in the FMU(s) from which the timber is sourced.</i> <p><i>If legally required, the FME shall have tax registration number / forms and valid business licence to operate within the jurisdiction.</i></p> <p><i>Tax authorities and national or sub-national level shall be contacted to confirm such a valid tax registration.</i></p>

		<p><i>It shall also be verified at the FME has documented these evidences of legal registration and authorization.</i></p>
1.2	<p>The FME shall demonstrate that the legal status of the FMU where the timber is harvested, including tenure and use rights, and its boundaries, are clearly defined.</p>	<p><i>The FME shall be able to provide clear evidence of legal tenure and/or use rights to manage the land and forest resources of the FMU(s), and of the duration of tenure/use rights.</i></p> <p><i>The FME shall be able to provide a map (or maps) of the FMU(s) showing legal boundaries, at a scale to permit identification of proposed harvest areas; relevant information such as ownership, customary or consuetudinary rights and legal restrictions shall be clearly indicated.</i></p> <p><i>At local, sub-national or national level, the legal authorities shall be contacted in order to confirm through interview and review of registered documentation that the information provided by the FME is fully compatible with the documentation and registers available at the legal authorities.</i></p>
1.3	<p>Legal ownership status of the FMU and rights for conducting the established activity shall not be subject to any legal challenge</p>	<p><i>In areas with land ownership conflicts, consultation with local authorities, local communities, neighbours, etc. shall confirm the existence of (potential) legal conflicts.</i></p> <p><i>If there is a legal challenge, then a legal process is underway to resolve the challenges.</i></p>
1.4	<p>The FME shall be able to demonstrate that the area of the FMU where timber harvesting takes place is following the legally established land-use classification, and that no conflict exists with any other land-use classification.</p>	<p><i>At local, sub-national or national level, the legal authorities shall be contacted in order to confirm through interview and review of registered documentation that:</i></p> <ul style="list-style-type: none"> <i>• the forest harvesting activities correspond to the legal land use classification for the FMU;</i> <i>• in no cases the (gazetted) boundaries of the FMU conflict with any other land-use classification.</i> <p><i>Stakeholder consultation shall be carried out to confirm that no conflict exists with any other land-use classification.</i></p>
	<p>Concession rights</p>	<p><i>This concerns legal procedures to be followed by the FME regarding the harvesting permits, licenses or rights for the FMU(s) where the timber is harvested, awarded by the owner of the resource.</i></p>
1.5	<p>FME shall have documented permission from the owner of the resource, including any communities or indigenous people with rights held according to customary laws and consuetudinary rights where legally recognised, to demonstrate authorisation to harvest in the FMU(s)</p>	<p><i>Where applicable, at local, sub-national or national level, the legal authorities shall be contacted in order to confirm through interview and review of registered documentation that established legal procedures have been followed and that valid concession licenses are up-to-date.</i></p> <p><i>In case of doubts, stakeholder consultation must</i></p>

	under evaluation.	<p><i>confirm that legal procedures have been followed to obtain the concession licenses.</i></p> <p><i>In case of legally recognized customary laws and consuetudinary rights for indigenous people, or local communities it shall be confirmed through interviews, local stakeholder consultation and field verification that the authorization to timber harvest has been based on an open and transparent process, and that the harvesting is taking place within the agreed limits.</i></p>
	Harvesting permits	Legislation regulating the issuance of legal documents (permits, licenses or other documents) required for specific harvesting operations.
1.6	The FME shall be covered by harvesting permits that have been issued by a recognised administrative authority and, if legally required, through a transparent public consultation procedure.	<p><i>The FME shall be able to show the approved harvesting permits, licenses or any other harvesting approval document (including permitted annual allowable cut and/or production quotas) issued by the recognized administrative authority for the area where the FMU is situated.</i></p> <p><i>At local, sub-national or national level, the legal authorities shall be contacted in order to confirm through interview and review of registered documentation that valid harvesting permits exist for the FMU where harvesting is taking place.</i></p>
	Management and harvesting planning	This concerns all legal requirements for management planning as required by competent authorities in the country where the timber is harvested, including carrying out forest inventories, having a long-term forest management plan (FMP), and an annual operating harvesting plan
1.7	The FME shall be covered by a <u>long term forest management plan (FMP)</u> or other strategic document that has been approved by a recognised administrative authority according through the legally prescribed process and, if legally required, through a transparent public consultation procedure.	<p><i>The FME shall be able to show the approved FMP or other strategic document (e.g. in case of timber coming from conversion forest) issued by the recognized administrative authority for the area where the FMU is situated. If applicable, the document and related documentation shall contain all legally required information (including clear maps with verifiable boundaries indicating that the area of forest management planning is within the approved FMU, legally protected timber species, legally protected areas, international conventions of which the country of harvest is a signatory, environmental restrictions, monitoring requirements), and procedures.</i></p> <p><i>At local, sub-national or national level, the recognized administrative authority shall be contacted in order to confirm through interview and review of registered documentation that valid management plans are approved for the FMU where harvesting is taking place.</i></p>

		<p><i>If legally required, through stakeholder consultation it must be verified if the FMP has been subject to public consultation, that legal, customary and consuetudinary rights are recognized and if follow-up has been given by the FME to any comments or objections received.</i></p>
1.8	<p>The FME shall be covered by <u>annual operating or harvesting plans</u> that have been approved by a recognised administrative authority.</p>	<p><i>The FME shall be able to show approved annual operating or harvesting plans issued by the recognized administrative authority for the area where the FMU is situated. These operating and harvesting plans shall:</i></p> <ul style="list-style-type: none"> • <i>be consistent with the approved FMP;</i> • <i>be based on harvesting inventories according to legal requirements;</i> • <i>adhere to harvest only those timber species that are legally approved for harvesting;</i> • <i>adhere to any other restrictions that have been identified in the FMP;</i> • <i>adhere to legally prescribed annual allowable cuts and/or production quota;</i> • <i>Contain sufficiently detailed information (including maps) to identify the operational harvesting limits;</i> • <i>Contain maps with a scale to permit the identification of all boundaries between different land-use classifications.</i> <p><i>At local, sub-national or national level, the recognized administrative authority shall be contacted in order to confirm through interview and review of registered documentation that valid operating and harvesting plans are approved for the FMU where harvesting is taking place.</i></p>

<p>Principle 2: Payment for harvest rights and timber including duties related to timber harvesting</p> <p>The Forest Management Enterprise (FME) shall maintain forest harvesting rights by paying all applicable and legally prescribed taxes, fees and/or royalty payments related to the harvest of timber and the management of the forest resources.</p>		<p><i>Additional Instructions and Guidance</i></p>
2.1	<p>The FME shall pay all applicable and legally required taxes, including sales taxes, and income and profit taxes (in so far as the forest sector is concerned), as well as harvesting fees, royalties, penalties or other charges concerning the FMU, its use and trade of the timber until point of sale</p>	<p><i>In several countries legal violations regarding the payment of taxes, fees are common practices and subject to fraud. E.g. incorrect classification of timber products, incorrect volumes, species and qualities in order to pay less taxes, and related bribery of officials are common risks regarding the compliance with the applicable legality</i></p>

	within the required timelines.	<p><i>requirements of the timber-producing country.</i></p> <p><i>No financial auditing is expected, but through records it shall be verified that (in so far the forest sector is concerned):</i></p> <ul style="list-style-type: none"> • <i>sales documents include the applicable sales taxes;</i> • <i>receipts of payment of sales taxes exist;</i> • <i>receipts of income and timber-sales related profit taxes exist;</i> • <i>sales prices are in line with common and generally accepted market prices;</i> • <i>receipts exist regarding all payments of harvesting related taxes, royalties, concession rights, harvesting fees and other applicable charges;</i> • <i>harvested species, volumes and qualities match between sales and transport documents and paid fees;</i> • <i>declared revenues to tax authorities are in line with the annual volumes harvested.</i> <p><i>At local, sub-national or national level, the legal authorities shall be contacted in order to confirm through interview and review of registered documentation that the FME is up-to-date in payments of applicable sales taxes, income and profit taxes, royalties and harvesting fees, and penalties.</i></p>
2.2	The FME shall keep records of tax, royalties and harvesting payments with official and dated receipts, and revenues from all timber harvests accurate and up-to-date.	<i>It shall be verified through records that all receipts are up-to-date, accurate and directly available to the auditor.</i>
2.3	Where legally recognized, the FME shall keep payments for harvest rights to communities or indigenous people based on customary laws and consuetudinary rights up-to date, in line with the agreed amounts, and covered by receipts or any other mutually agreed evidence of payment.	<i>Where payments for harvest rights are agreed between communities or indigenous people and FMEs, a risk exists that these agreements are not (fully) met by the FME in terms of timeframes and agreed amounts. To that end correct payments must be covered by up-to-date receipts and/or any other agreed evidence of payments, and local stakeholder consultation should confirm this. This must be verified through records and interviews with FME staff and local stakeholders.</i>

Principle 3: Timber harvesting, including environmental and forest legislation including forest management and biodiversity conservation, where directly related to timber harvesting

The FME shall comply with all legal

Additional Verifiers and Guidance

requirements related to the harvesting of timber products, including environmental, forest management, biodiversity, social and health and safety obligations.		
	<i>Forest Management and timber harvesting regulations</i>	<i>This concerns any legal requirements for timber harvesting restrictions such as the harvesting limits in terms of area and boundaries (marked, maintained and mapped), legally prohibited areas for harvesting or where harvesting shall be limited (e.g. parks, forest reserves, or any other officially protected areas or logging exclusion zones), silvicultural and tree-felling practices, species and minimum diameters approved, and annual allowable cut, etc.</i>
3.1	The FME shall respect all national and local laws and administrative requirements related to timber harvesting (see also, but not limited to those mentioned under 1.7 and 1.8).	<p><i>It must be verified that the FME:</i></p> <ul style="list-style-type: none"> • <i>has copies of texts of all relevant legislative and regulatory requirements directly available;</i> • <i>is able to show a record of compliance with all applicable legal requirements;</i> <p><i>This must be verified through:</i></p> <ul style="list-style-type: none"> • <i>the revision of legal documents, FMP and additional documentation, and procedures indicating the legal restrictions on harvesting;</i> • <i>the review of records;</i> • <i>interviews with FME staff, regulatory authorities and stakeholders.</i>
3.2	Harvesting by the FME shall implement all relevant legal requirements and legally binding codes of practice, including planning and monitoring requirements, as mentioned in the approved FMP as well as in the operating or harvesting plans (see also, but not limited to those mentioned under 1.7 and 1.8).	<p><i>Through field verification it must be verified whether:</i></p> <ul style="list-style-type: none"> • <i>the legal requirements as mentioned in the FMP are adhered to;</i> • <i>the contents of the operating or harvesting plans are adhered to in the FMU where the timber is harvested, such as the harvesting limits in terms of area and boundaries (marked, maintained and mapped), legally prohibited areas for harvesting or where harvesting shall be limited (e.g. parks, forest reserves, or any other officially protected areas or logging exclusion zones), silvicultural and tree-felling practices, species and minimum diameters approved, and annual allowable cut are correctly following the harvesting plans and accompanying maps, as well as the harvesting permits.</i> <p><i>Through documentation and records it must be verified whether reports on harvesting are compiled and up-to-date (if legally required), and also include monitoring issues.</i></p>

		<p><i>If legally required, through document review and interviews with local stakeholders it shall be verified that notification to stakeholders directly affected by the timber harvesting has taken place in a clear and timely manner.</i></p>
3.3	<p>The FME has effective procedures in place to ensure that FME staff, forest workers and contractors working within the FMU are familiar with and comply with all applicable legal requirements.</p>	<p><i>Through revision of registers, training records, interviews with technical staff and workers and field observations it must be checked as to whether sufficient knowledge exists regarding the satisfactory follow-up of applicable legislation and the timber harvesting requirements.</i></p> <p><i>This also implies that the legality of all contractors must be documented and registered (including approved registration to carry out timber harvesting activities)</i></p>
3.4	<p>The FME shall take concrete measures to prevent from illegal harvesting, settlements and other unauthorized activities within the FMU.</p>	<p><i>It must be verified through document review if procedures and/or policies exist with respect to preventing illegal activities within the FMU by non-authorized persons.</i></p> <p><i>Through field verification and records it must be verified as to whether the FME has taken all possible measures to prevent from illegal activities by non-authorized persons, such as gates at high risk forest roads and regular surveillance visits.</i></p>
	<p>Biodiversity obligations</p>	<p><i>This covers all legislation related to protected areas as well as protected, rare and endangered species, including their habitats and potential habitats.</i></p>
3.5	<p>The FME shall respect and follow all applicable national and local laws, administrative requirements, and for the country of timber harvest applicable Convention on Biological Diversity and CITES with respect to biodiversity obligations related to timber harvesting, including protected areas and protected, rare and endangered species, their habitats and potential habitats.</p>	<p><i>Through interviews with FME staff and through documentation review (FMP and related documentation) it must be verified that the FME:</i></p> <ul style="list-style-type: none"> <i>• has copies of texts of all relevant legislative and regulatory requirements with respect to biodiversity obligations directly available;</i> <i>• is able to demonstrate descriptions, procedures, guidelines, and maps with respect to legally protected areas and protected, rare and endangered species, their habitats and potential habitats, and other management safeguards related to biodiversity obligations within the FMU where timber harvesting takes place (if legally required).</i> <i>• implements all legally required and in the FMP identified biodiversity protection regulations for protected areas and species, set-aside areas and other management safeguards related</i>
3.6	<p>The FME shall implement and demonstrate conformance with all relevant legal requirements and</p>	<p><i>During field verification and through interviews with (local) stakeholders it must be verified that:</i></p> <ul style="list-style-type: none"> <i>• Management safeguards and protection</i>

	<p>regulations, including biodiversity monitoring requirements (if applicable) as mentioned in the approved FMP and operating or harvesting plans with respect to biodiversity obligations related to timber harvesting, including but not limited to protected areas and protected, rare and endangered species, their habitats and potential habitats.</p>	<p><i>of specific areas and species are conducted in compliance with the FME and operational plans;</i></p> <ul style="list-style-type: none"> • <i>The FME complies with legally required procedures for surveying, management and protecting rare, threatened and endangered species or habitats in the FMU as mentioned in the FMP, related documentation and operational or harvest plans;</i> • <i>FME staff, workers and contractors of the FME are not hunting, fishing, trapping, collecting and trading in wildlife, unless legally permitted.</i> • <i>that the FME is in compliance with the applicable provisions and requirements of CITES where CITES ratified, including possession of permits for harvest or trade in any CITES-listed species, if applicable.</i> <p><i>If applicable, it must be verified through documented review if biodiversity monitoring activities (on composition and observed changes in flora and fauna) are in place, and if the data collected during pre- and post-harvest inventories are sufficient to identify and describe significant environmental impacts of timber harvesting over time.</i></p>
	<p>Environmental requirements</p>	<p><i>This covers all legislation related to environmental impact assessment related to timber harvesting, such as seasonal limitations of harvesting time, weather conditions, equipment to be used, protected trees (e.g. marked according to operational plans), logging trails, riparian areas, buffer zones, slopes exceeding maximum permitted gradients, and post-harvesting activities.</i></p>
<p>3.7</p>	<p>The FME shall respect and follow all local and national legislation relating to the environmental requirements of timber harvesting, in addition to the requirements as mentioned under 3.5.</p>	<p><i>Through interviews with FME staff and through documentation review (FMP and related documentation) it must be verified as to whether the FME:</i></p> <ul style="list-style-type: none"> • <i>Is up-to-date with respect to the knowledge of all legislation related to environmental obligations;</i> • <i>Has included all legal environmental obligations in its FMP and related documentation, such as those related to soil erosion, seasonal restrictions, etc..</i>
<p>3.8</p>	<p>If legally required, the FME shall prepare Environmental Impact Assessments, approved by the legally recognized administrative authority, carry it out, and shall assure that the results are adopted in the FMP and related documentation by means of specific measures.</p>	<p><i>Environmental and Social impact studies must be available (if legally required), and through key stakeholder consultation it must be assessed if these studies are sufficiently solid.</i></p> <p><i>The FMP must be verified on the insertion of the results of the impact assessment studies in the planning, and the translation of the results in</i></p>

		<i>specific environmental and social measures.</i>
3.9	The FME shall implement and demonstrate conformance with all legal requirements and regulations, including environmental monitoring requirements (if applicable) as mentioned in the approved FMP, operating and harvesting plans and harvesting permits with respect to environmental obligations related to timber harvesting, in addition to the requirements as mentioned under 3.5.	<p><i>Through field verification and interviews with (local) stakeholders it must be demonstrated that environmental precautions and mitigations required as a result of the impacts identified in the environmental assessment are implemented, such as:</i></p> <ul style="list-style-type: none"> • <i>seasonal limitations;</i> • <i>weather conditions;</i> • <i>equipment to be used;</i> • <i>protected trees (e.g. marked according to operational plans));</i> • <i>logging trails;</i> • <i>riparian areas;</i> • <i>buffer zones;</i> • <i>slopes exceeding maximum permitted gradients;</i> • <i>post-harvesting activities.</i> <p><i>If applicable, it must be verified through documented review if environmental monitoring activities are in place, and if the data collected during pre- and post-harvest inventories are sufficient to identify and describe significant environmental impacts of timber harvesting over time.</i></p>
	Social and health and safety requirements	<i>(additional to the basic EUTR requirements)</i>
3.10	Social Impact Assessment shall be in place and approved by the legally competent authority	<i>If applicable, it must be verified through documented review if environmental monitoring activities are in place, and if the data collected during pre- and post-harvest inventories are sufficient to identify and describe significant environmental impacts of timber harvesting over time.</i>
3.11	Payments and conditions for workers or contractors shall be covered under legally established contracts with the FME, and always meet at least legal standards regarding minimum wages and obligatory insurances.	<p><i>Records of contracts must be revised and workers must be interviewed on meeting legally minimum requirements, e.g. regarding:</i></p> <ul style="list-style-type: none"> • <i>working hours;</i> • <i>deductions;</i> • <i>overtime;</i> • <i>sickness;</i> • <i>holiday entitlement;</i> • <i>reasons for dismissal;</i> • <i>period of notice;</i> • <i>insurances.</i>
3.12	The FME shall follow legal requirements with respect to minimum age.	<i>Through sampling contracts and related documentation, as well as through interviewing workers it must be verified that the FME is following legal requirements regarding minimum age in timber harvesting activities.</i>

3.13	The FME shall demonstrate its commitment to occupational health and safety.	<p><i>Through document review it shall be verified if the FME has made any statement regarding their commitment to occupational health and safety.</i></p> <p><i>This shall be further verified through interviews with company staff and workers, and through field visit observations.</i></p>
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Principle 4: Third parties' legal rights concerning use and tenure that are affected by timber harvesting Legally recognized customary and consuetudinary rights shall be taken into account in management of forest resources.		<i>Additional Verifiers and Guidance</i>
4.1	If applicable and legally recognized, the FME shall respect local communities' and indigenous people's legal, customary and consuetudinary tenure and use rights within the FMU(s) under evaluation.	<p><i>If applicable and legally recognized (e.g. in case the country of timber harvest has ratified ILO Convention 169), a documented review at the FME must be carried out in order to verify that:</i></p> <ul style="list-style-type: none"> <i>• all legal, customary and consuetudinary tenure and use rights within the FMU(s) under evaluation are documented and mapped prior to harvesting;</i> <i>• evidence is present that local communities or indigenous people either have a clear and direct control over those areas within the FMU(s) where their tenure and use rights apply, or that they have delegated such control with free and informed consent (see also under 4.3).</i> <p><i>Local stakeholder consultation and interviews need to be carried out to confirm compliance of the FME with this requirement.</i></p>
4.2	Where applicable and legally recognized, the FME shall be up-to date with the agreed payments for harvest rights to communities or indigenous people based on customary laws and consuetudinary rights, in line with the agreed amounts, and covered by receipts or any other mutually agreed evidence of payment.	<p><i>Where payments for harvest rights are agreed between communities or indigenous people and FMEs, a risk exists that these agreements are not (fully) met by the FME in terms of timeframes and agreed amounts. To that end correct payments must be covered by up-to-date receipts and/or any other agreed evidence of payments, and local stakeholder consultation should confirm this.</i></p>
4.3	Where applicable, the FME shall give Free Prior and Informed Consent where third parties' rights have been relinquished to a third party.	<p><i>NOTE: in the framework of the EUTR, this is only applicable in case Free, Prior and Informed Consent is defined in the applicable (national) legislation.</i></p> <p><i>The principle that indigenous people and local communities have a right to give or withhold their Free, Prior and Informed Consent (FPIC) to developments affecting their resources is not new. However, through the adoption of the United Nations Declaration on the Rights of Indigenous Peoples (2008) the legal status of this right has been strengthened.</i></p> <p><i>Free implies no coercion, intimidation or</i></p>

		<p><i>manipulation;</i> <i>Prior implies that consent has been sought sufficiently in advance of any authorization or commencement of activities and respect of time requirements of indigenous consultation/consensus processes;</i> <i>An <u>informed consent</u> can be said to have been given based upon a clear appreciation and understanding of the facts, implications, and future consequences of an action. In order to give informed consent, the individual, community or indigenous group concerned must have adequate reasoning faculties and be in possession of all relevant facts at the time consent is given.</i></p> <p><i>Through a documentation review and interviews with FME staff and (local) stakeholders it shall be verified that clear informed consent has taken place with sufficient anticipation before the timber harvesting has taken place, based on voluntary participation of all parties involved.</i></p>
4.4	<p>The FME shall employ and implement appropriate mechanisms and procedures to mitigate and resolve conflicts and grievances related to third party land and user's rights.</p>	<p><i>Procedures shall exist about how to deal with conflicts and complaints (dispute resolution mechanism), making provision for the requirement that where tenure or use rights of local communities or indigenous people may be comprised, timber harvest that are or may be the direct cause of the dispute shall not be initiated or shall be suspended until the dispute has been resolved.</i></p> <p><i>The FME shall maintain an up-to-date and complete record of all disputes relating to tenure claims and use rights.</i></p>

<p>Principle 5: Trade and customs The FME and - if applicable in case of the EUTR¹ - other Organisations taking legal ownership of the timber and timber products until it reaches the Operator placing the products for the first time on the EU market, shall comply with all national and local legal requirements, ratified international conventions and obligatory codes of practice related to trade, transport, import and export, in so far as the forest sector is concerned.</p>	<p><i>Additional Verifiers and Guidance</i></p>
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¹ Only in case this Principle is applicable for Operators this falls under the scope of CUC as a Monitoring Organisation. In all other cases the verification of requirements under Principle 5 can be applied on a voluntary basis.

5.1	<p>The entity/ Organisation (FME or company) shall demonstrate that they are a legally registered Organisation or company, authorized to conduct the defined business activities in accordance with legal requirements at national or sub-national level (in case of FME: see also 1.1)</p>	<p><i>Through document review it shall be verified that the entity/ Organisation (FME or company) has documented all evidence that demonstrates that they are a legally registered Organisation or company, and authorized to conduct the defined business activities (timber logger, sawmill, trader, etc).</i></p> <p><i>If legally required, the entity/ Organisation (FME or company) shall have tax registration number / forms and valid business licence to operate within the jurisdiction. Tax authorities and national or sub-national level shall be contacted to confirm such a valid tax registration.</i></p> <p><i>For FME: see all verification requirements as mentioned under 1.1.</i></p>
5.2	<p>The entity/ Organisation (FME or company) shall adhere to applicable timber and timber products trade and transport regulations, based on correct identification and classification.</p>	<p><i>Through review of sales documents and custom declarations it shall be verified if species are correctly identified and classified, and if quantities and qualities are correctly classified.</i></p>
5.3	<p>The entity/ Organisation (FME or company) shall adhere to applicable timber and timber products trade and transport regulations and/or restrictions.</p>	<p><i>Through document review it shall be verified that all legally required trade and transport permits exist.</i></p> <p><i>Additionally it shall be verified that no illegal manipulation in relation to transfer pricing has occurred (through prices significant under market prices, which might be an indicator for tax laundry).</i></p>
5.4	<p>The entity/ Organisation (FME or company) shall have all applicable official documents of timber and timber products for import and export available in accordance with relevant laws and customs regulations.</p>	<p><i>Through document review and records it shall be verified that:</i></p> <ul style="list-style-type: none"> <i>• all required import and exports permits are in place;</i> <i>• products are correctly classified according to applicable requirements in terms of product-type, custom code, species, quantities, qualities, etc.</i>
5.5	<p>The entity/ Organisation (FME or company) shall demonstrate compliance with the applicable provisions and requirements of the Convention on International trade in endangered Species of Wild Fauna and Flora (CITES).</p>	<p><i>Through document review and records it shall be verified that all trade of CITES-listed species is documented and accompanied by required export, import and re-export certificates issued by competent authorities.</i></p>

ANNEX 1: Criteria for legality licenses and recognised certification/ verification Schemes

- *This list of criteria is based on the EU Implementing Regulation (EU) No 607/2012, Article 4 and guidance document to Regulation 995/2010 (February 2016). Applicable for timber and timber products placed on the market which is bought or (due to be) supplied as certified.*
- *CUC keeps a list of certification and verification systems that are considered to meet the TLV requirements.*
- *“Applicable legislation” refers to the definition used under EU Regulation No 995/2010, article 2 (h) with respect to the legislation in force in the country of harvest (see Section 3 of this standard).*
- *If in doubt, assurance shall be sought by the certification scheme itself.*
- *For certain certificates an online certificate database can be consulted.*

[Name of certification/verification scheme]
[Scope of certification/verification scheme]
[Date benchmarked]

	YES	NO	Source(s) of information and findings
1. <i>A publicly available system of requirements is accessible, including at least all relevant requirements of the applicable legislation?</i>	<input type="checkbox"/>	<input type="checkbox"/>	
2. <i>Appropriate checks, including field-visits, are made by a third party at regular intervals no longer than 12 months to verify that the applicable legislation is complied with</i>	<input type="checkbox"/>	<input type="checkbox"/>	
3. <i>they include means, verified by</i>	<input type="checkbox"/>	<input type="checkbox"/>	

<i>a third party, to trace timber harvested in accordance with applicable legislation, and timber products derived from such timber, at any point in the supply chain before such timber or timber products are placed on the market;</i>			
4. <i>they include controls, verified by a third party, to ensure that timber or timber products of unknown origin, or timber or timber products which have not been harvested in accordance with applicable legislation, do not enter the supply chain.</i>	<input type="checkbox"/>	<input type="checkbox"/>	
5. <i>substantiated reports about possible shortcomings or problems of the third party verified schemes in the specific countries from which the timber or timber products are imported</i>	<input type="checkbox"/>	<input type="checkbox"/>	
6. <i>Is the certification or other third party verified scheme compliant with international or European standards (e.g. the relevant ISO-guides, ISEAL Codes)?</i>	<input type="checkbox"/>	<input type="checkbox"/>	
7. <i>Third parties that are making the checks and verifications referred to in Article 4 (b)(c) and (d) of the Commission implementing Regulation (EU) No 607/2012 independent accredited organisations?</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Credible certification/ verification Scheme?</i>	<input type="checkbox"/> Yes (if ALL above questions have been answered with “yes”, including verifiable sources of information) <input type="checkbox"/> No (if one or more questions above have been answered with “No”)		

ANNEX 2: Glossary of terms

'Applicable legislation' (EU definition): the legislation in force in the country of harvest covering the following matters:

- rights to harvest timber within legally gazetted boundaries,
- payments for harvest rights and timber including duties related to timber harvesting,
- timber harvesting, including environmental and forest legislation including forest management and biodiversity conservation, where directly related to timber harvesting,
- third parties' legal rights concerning use and tenure that are affected by timber harvesting, and
- trade and customs, in so far as the forest sector is concerned.

Regarding the meaning of "forest sector", see EU Guidance Document:

<http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf>

CITES: the Convention on International Trade in Endangered Species of Wild Fauna and Flora aims to ensure that international trade in specimens of wild animals and plants does not threaten their survival.

Composite product: products made from two or more constituent products with significantly different physical or chemical properties, that when combined, produce a material with characteristics different from the individual components. The individual components remain separate and distinct within the finished structure.

For further guidance under the EUTR, see EU Guidance Document:

<http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf>

Corruption Perception Index (CPI): A global index of the perceived level of corruption in individual countries, as developed by Transparency International (<http://www.transparency.org>).

Due diligence: the actions taken by Organisations to reduce the risk of sourcing illegally harvested material. A general definition of the term is "reasonable steps taken by a person in order to satisfy a legal requirement"

Due diligence system: means the set of steps or actions taken in order to ensure that due diligence is exercised. The due diligence system may consist of written guidelines and procedures that describes the due process in detail.

FLEGT: Forest Law Enforcement, Governance and Trade Action Plan of the European Union. The EU FLEGT Action Plan provides a number of measures to exclude illegal timber from markets, to improve the supply of legal timber and to increase the demand for responsible wood products. A central element of the EU's strategy to combat illegal logging are trade accords with timber exporting countries, known as Voluntary Partnership Agreements, to ensure legal timber trade and support good forest governance in the partner countries. As a second element, the EU created legislation to ban illegally-produced wood products from the EU market, known as the EU Timber Regulation.

Forest products: Any forest product or material an Organisation handles. This includes round wood, lumber, processed wood-based intermediate and final products, pulp, paper, non-timber forest products etc.

Mitigation measures: Any action undertaken to reduce the adverse impacts that an activity may have on placing illegal timber on the EU market.

Monitoring Organisation (MO): Organisation recognized by the EU, maintaining and regularly evaluating a due diligence system as set out by the EU, and granting Operators the right to use it, verifying the proper use of its due diligence system by such Operators, and taking appropriate action in the event of failure by an Operator to properly use its due diligence system, including notification of competent authorities in the event of significant or repeated failure by the Operator.

Negligible risk: Where no cause for concern can be discerned for a supply chain, following full assessment of both the product-specific and the general information, at least regarding to:

- prevalence of illegal logging in the country, or sub-region, or concession form where the timber originates;
- involvement of tree species particularly at risk of illegal logging;
- sanctions imposed by the UN Council or the Council of the European Union on timber imports and exports, . No risk mitigation actions are required for forest products with negligible risk designation. Low risk equates to “low risk”;
- the level of governance that might undermine the reliability of some documents indicating compliance with applicable legislation (e.g. corruption level, business risk indices, or other governance indicators);
- failure to establish necessary information at any point in the supply chain, especially where it concerns complex supply chains;
- insufficient confidence that documents indicating compliance with applicable legislation are genuine and reliable;
- involvement of any company in the supply chain in illegal practices.

See also EU Guidance Document

<http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf>

Non-negligible risk: Where it has been identified that illegal forest products may be sourced or enter the supply chain and risk mitigation is required.

Non-negligible timber or timber products: refers to products that have NOT been confirmed to originate from a legal source and have been processed and transported in a legal fashion according to the requirements of this Standard.

Organisation: Individual, company or other legal entity responsible for the implementation of this standard. In the case of Group certification, one certificate is issued to several certified organisations that operate under the administration and control of a Group Manager.

“Placing on the market” (EU definition): The supply by any means, irrespective of the selling technique used, of timber or timber products for the first time on the internal market for distribution or use in the course of a commercial activity, whether in return for payment or free of charge. It also includes the supply by means of distance communication as defined in Directive 97/7/EC of the European Parliament and of the Council of 20 May 1997 on the protection of consumers in respect of distance contracts. The supply on the internal market of timber products derived from timber or timber products already placed on the internal market shall not constitute ‘placing on the market’. Therefore this applies to:

- Companies or individuals which harvest timber within the EU, for the purpose of processing or for distribution to commercial or non-commercial consumers;
- Companies or individuals which import timber or timber products into the EU, for the purpose of processing or for distribution to commercial or non-commercial consumers; and
- Companies or individuals which harvest timber within the EU or import timber or timber products into the EU exclusively for use in their own business.

See also EU Guidance document:

<http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf>

Sub-supplier: Any entities further down the supply chain, who are supplying material to the suppliers or other sub-suppliers.

Supplier: The entity who is supplying material to the certified organisation.

Supply chain: The entities that take legal ownership of the forest products from the forest, where the material is harvested, to the certified organisation takes final ownership of the material.

TLV endorsed scheme: A certification scheme that meets the requirements from EU Regulation 607/2012 Article 4 and guidance document to EU Regulation 995/2010. After being benchmarked and approved by Control Union is approved to be included in the TLV scheme.

ANNEX 3: List of TLV endorsed schemes

Endorsed scheme	Date endorsed	Scope	Comments
Forest Stewardship Council® (FSC®)	6-9-2016	Full	Includes FSC Controlled Wood
Programme for the Endorsement of Forest Certification (PEFC™)	6-9-2016	Full	SFI Fiber Sourcing is not included
LegalSource	12-9-2016	Full	/
OLB (Origine et Légalité des Bois)	16-9-16	Limited	<p>Only fully OLB certified timber (originating from OLB certified forests) are considered endorsed.</p> <p>The OLB <i>credit system</i> and the <i>supplier assessment programme</i> are not considered endorsed. When OLB certified materials are purchased The Organisation shall ensure that the timber products originate from the OLB physical separation system and shall request information from its supplier to determine if the timber originates from an OLB certified forest area / FMU.</p>

ANNEX 4: TLV Country sheets / local adaptations

List of adapted TLV country sheets are to be included.