



FOREST
STEWARDSHIP
COUNCIL
INTERNATIONAL CENTER

BECAUSE
FORESTS
MATTER

FSC STANDARD

STANDARD FOR COMPANY EVALUATION OF FSC CONTROLLED WOOD

FSC-STD-40-005 (Version 2-1) EN

©2006 Forest Stewardship Council A.C.
All rights reserved



Charles-de-Gaulle-Str. 5
53113 Bonn, Germany
Tel : +49 - 228 - 367 66 28
Fax : +49 - 228 - 367 66 30
policy.standards@fsc.org
www.fsc.org

STANDARD FOR COMPANY EVALUATION OF FSC CONTROLLED WOOD

FSC-STD-40-005 (V2-1) EN

Approved October 4th, 2006
By the FSC Board of Directors

Minor amendments approved April, 2007
FSC Executive Director

©2006 Forest Stewardship Council, A.C. All rights reserved. No part of this work covered by the publisher's copyright may be reproduced or copied in any form or by any means (graphic, electronic or mechanical, including photocopying, recording, recording taping, or information retrieval systems) without the written permission of the publisher.

The Forest Stewardship Council (FSC) is an independent, not for profit, non-government organisation based in Bonn, Germany.

The mission of the Forest Stewardship Council is to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC develops, supports and promotes international, national and regional standards in line with its mission; evaluates, accredits and monitors certification bodies which verify the use of FSC standards; provides training and information; and promotes the use of products that carry the FSC logo.

Foreword

This standard has been designed to allow companies to avoid trading in illegally harvested wood, wood harvested in violation of traditional and civil rights, wood harvested in forests where high conservation values are threatened by management activities, wood harvested in forests being converted to plantations or non-forest use, wood from forests in which genetically modified trees are planted.

Compliance with this standard allows companies to supply FSC Controlled Wood to FSC certified chain of custody companies for the purpose of mixing with FSC certified material. It allows companies to demonstrate that they are implementing best efforts to avoid the trade in illegally harvested timber, in support of the international Forest Law Enforcement, Governance and Trade (FLEGT) program. It allows companies to start implementing their own responsible sourcing policies.

The *FSC-STD-40-005 FSC standard for company evaluation of FSC Controlled Wood* is designed only to allow manufacturers to avoid the categories of wood considered unacceptable to be mixed with FSC certified wood. This standard allows companies to greatly reduce the risk that they are trading in wood from unacceptable sources.

Forest management enterprises wishing to supply FSC Controlled Wood to FSC certified companies or companies complying with this standard shall themselves comply with the requirements of *FSC-STD-30-010 FSC Controlled Wood standard for forest management enterprises*.

Notes on this version

In September 2004, the FSC Board of Directors endorsed a new set of standards aimed at allowing FSC certified companies to buy and supply for the purpose of mixing with FSC certified product non-FSC certified wood which had been controlled (*FSC STD 40-005 Standard for company evaluation of FSC Controlled Wood* and *FSC STD-30-010 FSC Controlled Wood standard for forest management enterprises*).

The term 'controlled wood' was created by FSC in 2004 to define these criteria of 'unacceptable' wood. During 2005, the FSC International Center had been mandated to monitor the uptake of and review the new 'FSC Controlled Wood' standards taking into account experience with practical implementation and to resolve outstanding issues.

Version 2-0 of *FSC STD 40-005 FSC standard for company evaluation of FSC Controlled Wood* has been developed following consideration of the feedback from public consultation in July 2005, April-May 2006 and August-September 2006 and review by the FSC Technical Working Group during four meetings in 2005 and 2006.

Intent boxes have been included to describe ways of interpreting the standard and help users to understand the rationale of the requirements.

This Version 2-1 includes amendments to clarify minor inconsistencies in the previous version 2-0, which were approved by the FSC Executive Director in April 2007.

Note on use of this standard

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

Please send any comments or suggestions regarding this standard to:

FSC International Center
– Policy and Standards Unit –
Charles-de-Gaulle Str. 5
53113 Bonn, Germany
Phone: +49-228 / 367-6628
Fax: +49-228 / 367-6630
E-Mail: policy.standards@fsc.org

Contents

- A Scope
- B Standard effective date
- C References
- D Terms and definitions

Part 1: Quality system requirements

- 1. Company policy
- 2. Procedures
- 3. Training
- 4. Records

Part 2: FSC Controlled Wood Supply Requirements

- 5. Supplier identification
- 6. FSC Certified inputs from FSC certified suppliers
- 7. FSC Controlled Wood inputs from FSC certified suppliers
- 8. FSC Controlled Wood inputs from non FSC certified suppliers
- 9. Uncontrolled wood inputs
- 10. Species listed on CITES

Part 3: Risk assessment and verification program

- 11. Risk assessment
- 12. Verification program for wood supplies identified as coming from low risk sources
- 13. Verification program for wood supplies from sources with unspecified risk
- 14. Complaints mechanism

Part 4: Sale of FSC Controlled Wood

- 15. Supplying FSC Controlled Wood

Annexes

- Annex 1 Glossary of terms
- Annex 2 Criteria for assessing risk
- Annex 3 Requirements for company verification program
- Annex 4 Provisions for claims related to FSC Controlled Wood

A Scope

This standard is for use by FSC certified companies aiming to avoid sourcing illegally harvested wood, wood harvested in violation of traditional and civil rights, wood harvested in forests where high conservation values are threatened by management activities, wood harvested in forests being converted to plantations or non-forest use, wood from forests in which genetically modified trees are planted. The standard shall be applied to the uncertified part of a product group (herein referred to as wood) in the manufacturing, processing, transformation and trade of forest products carrying the FSC label for mixed products. It shall also be applied by FSC chain of custody certified traders who wish to supply FSC Controlled Wood to FSC chain of custody certified operations for the purpose of mixing with FSC certified materials. The standard may also be applied to non-timber forest products (herein referred to as wood).

The standard specifies comprehensive requirements for companies purchasing from non-FSC certified suppliers through a company verification program.

NOTE: Compliance with this standard is required for all FSC Chain of Custody certified operations that want to include non-certified material in FSC-certified products or product groups, irrespective whether these companies are certified against *FSC-POL-40-001 FSC Policy on Percentage Based Claims* or against *FSC-STD-40-004 FSC chain of custody standard for manufacturing companies*.

B Standard effective date

This standard Version 2-0 of *FSC-STD-40-005* has been approved by the FSC Board of Directors. It has been drafted following consideration by the FSC Technical Working Group at four meetings in 2005 and 2006 and stakeholder comments from public consultation in July 2005, April-May 2006 and August-September 2006.

The standard effective date is the 1st of January 2007 for primary manufacturers and 1st of January 2008 for secondary manufacturers as well as small enterprises.

Effective date

The 'effective date' of a normative document specifies from which date onwards the new (version of a) norm shall be used by the certification body for evaluations of compliance of target users specified by the 'scope' of the standard. This means that a primary manufacturer which is currently COC certified and produces FSC-mixed products, will be assessed against this standard during its annual audit in 2007.

Primary manufacturers

For the purposes of this standard, primary manufacturers are processing operations that transform roundwood into materials other than roundwood. Such companies include sawmills, pulp mills, veneer producers and others.

NOTE: A log yard which is still supplying roundwood as output material is not considered a primary manufacturer.

C References

FSC-STD-40-004 FSC chain of custody standard for manufacturing companies.

FSC-STD-30-010 FSC Controlled Wood standard for forest management enterprises.

FSC-STD-01-003 SLIMF eligibility criteria.

FSC-POL-30-401 FSC Certification and ILO Conventions

D Terms and Definitions

Terms and definitions are provided in *FSC-STD-01-002 FSC glossary of terms*. Key definitions relating to this standard are provided in Annex 1.

Part 1: Quality system requirements

1. Company policy

1.1 The company shall have a publicly available written policy commitment, endorsed by the most senior management level of the company, to implement its best efforts to avoid trading and sourcing wood or wood fiber (herein referred to as wood) from the following categories:

- a) Illegally harvested wood;
- b) Wood harvested in violation of traditional and civil rights;
- c) Wood harvested in forests where high conservation values are threatened by management activities;
- d) Wood harvested in forests being converted to plantations or non- forest use;
- e) Wood from forests in which genetically modified trees are planted.

2. Procedures

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

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

3. Training

3.1 The company shall specify the training requirements for all relevant staff as required to implement this standard.

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

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

4. Records

4.1 The company shall maintain records that demonstrate compliance with the applicable requirements of this standard. Records shall be retained for a minimum of 5 years.

Part 2: FSC Controlled Wood supply requirements

5. Supplier identification

- 5.1 The company shall categorize its supplies as follows:
- a) FSC certified wood (see section 6);
 - b) FSC Controlled Wood from companies certified according to *FSC-STD-30-010* or *FSC-STD-40-005* (see section 7);
 - c) Wood included in the company's own FSC Controlled Wood verification program (see sections 8 and 11 to 13);
 - d) Uncontrolled wood.
- 5.2 The Company shall maintain an up to date list of all its suppliers of wood or wood products that are included in the company's own FSC Controlled Wood verification program. For each supplier the Company shall record:
- a) the name and address of the supplier;
 - b) description of the wood supplied;
 - c) the species and volume of wood supplied and the relevant purchasing documentation.

6. FSC Certified inputs from FSC certified suppliers

- 6.1 For FSC certified wood supplies the company shall ensure that:
- a) all wood supplied as FSC certified (FSC-pure, FSC-mixed or FSC-recycled) by FSC certified suppliers is clearly identifiable;
 - b) all wood supplied as FSC certified is accompanied by documentation which includes reference to each product's batch and/or to related shipping documentation, sufficient to link the invoice to the products supplied;
 - c) the transport documentation and invoices issued for the material shall quote the supplying company's FSC certificate number.
- 6.2. The company shall verify that the supplier holds a valid FSC certificate.

7. FSC Controlled Wood inputs from suppliers certified to deliver FSC Controlled Wood

- 7.1 For FSC Controlled Wood supplies the company shall ensure that:
- a) all wood supplied as FSC Controlled Wood by FSC Controlled Wood certified suppliers is clearly identifiable as such;
 - b) all wood supplied as FSC Controlled Wood is accompanied by documentation which clearly identifies each products' batch and/or to related shipping documentation, sufficient to link the invoice to the products supplied.

- c) the transport documentation and invoices issued for the material shall quote the supplying company's FSC Controlled Wood code.

7.2 The company shall verify that the supplier holds a valid FSC chain of custody certificate with Controlled Wood included in its scope, or a valid FSC Controlled Wood certificate.

NOTE: The suppliers' Controlled Wood code shall be stated on purchase documents for FSC Controlled Wood.

8. FSC Controlled Wood inputs from non FSC certified suppliers

8.1 For wood supplies included in the company's own FSC Controlled Wood verification program, the company shall:

- a) determine and keep records of country and district of origin of wood supplied;

District

The concept of district is central to this standard (see Annex 1: Glossary of Terms). The Company shall clarify the operational definition of district it has chosen, based on interaction with the closest FSC official entity (in order: National Initiative, FSC Regional Office, FSC International Center) and/or on a technically viable basis upon which the categories relevant to FSC Controlled Wood can be consistently monitored. This is necessary to ensure consistency amongst companies implementing *FSC-STD-40-005 FSC Standard for Company Evaluation of Controlled Wood* at a national or regional (supra-national) level.

- b) ensure that the documentation required to demonstrate the district of origin of the wood supplied is maintained. This should include legally required transport documents and proof of purchase from the forest management unit of origin.
- c) specify and implement a regular audit process to verify the authenticity of the specified documentation to confirm the country and district of origin of the wood.

As conditions will vary between different regions, countries and even inside countries, and also according to the size and number of suppliers, it is not adequate for the standard to establish a specific period for verifying the authenticity of the documents considered in 8.1 c). The company shall establish this period based on its conditions. The company shall present to the certification body the rationale considered for adopting a certain period.

9. Uncontrolled wood inputs

9.1 For supplies of uncontrolled wood the company shall establish a system to ensure that this wood is not mixed with wood which is controlled in accordance with the requirements outlined in this standard or wood that is FSC certified.

10. Species listed on CITES

10.1 Irrespective of whether the supplier is FSC certified or not, all supplies of wood for export from any species listed in Annex 1, 2 or 3 of the Convention on International

Trade in Endangered Species of Wild Fauna and Flora (CITES), shall be accompanied by the applicable licenses and/or export permits¹.

Part 3: Risk assessment and verification program

This part of *FSC-STD-40-005* is applicable to companies that buy wood from non FSC certified suppliers and wish to develop and implement their own FSC Controlled Wood verification program.

11. Risk Assessment

11.1 For suppliers included in the company's own FSC Controlled Wood verification program the company shall determine if the district of origin is a confirmed low risk area for unacceptable sources outlined in section 1.1 in accordance with the approach and criteria specified in Annex 2 of this standard..

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

11.2 The results of the company's risk assessment shall be made publicly available.

NOTE: The FSC will publish all risk assessment results of companies certified against *FSC-STD-40-005* on the FSC Risk Register.

11.3 In case of doubt as to whether a district is low risk, the district shall be classified as unspecified risk.

12. Verification program for wood supplies identified as coming from low risk sources

12.1 Wood coming from sources which have been identified as low risk for all the categories specified in section 1.1 above, and which is included in the company's verification program may be treated by the company as FSC Controlled Wood.

12.2 All other wood in the company verification program which has not been identified as coming from low risk sources shall be evaluated for compliance with the requirements specified in Section 13 of this standard.

13. Verification program for wood supplies from sources with unspecified risk

13.1 For all wood from sources that can not be confirmed as being low risk, the company shall include the forest management unit of origin in the company verification program and confirm that it complies with the requirements specified in Annex 3.

NOTE: The company verification program shall be audited by an FSC accredited certification body at least annually.

¹ See www.cites.org

13.2 The results of the field evaluations of the company verification program shall be available to FSC-accredited certification bodies on request. This shall include specification of any non-compliances and/or corrective actions identified as a result of the company's evaluation.

13.3 Where guidance and/or interpretation is provided by the FSC International Center, FSC Regional Offices and/or by FSC accredited National Initiatives, this guidance and/or interpretation shall be used by the company in relation to wood supply from sources that can not be confirmed as being low risk.

14. Complaints mechanism

14.1 The Company shall implement a mechanism to deal with complaints supported by evidence related to supplies of controlled wood, irrespective of whether its supplies come from areas considered low risk or not. This mechanism shall include, as a minimum:

- a) assessment of the evidence provided in the complaint within 2 weeks of its receipt;
- b) field verification for cases in which evidence is considered relevant, within 2 months after its receipt;
- c) procedures to exclude supply and supplier from the company's FSC Controlled Wood category if any non compliance with the FSC Controlled Wood requirements is found;
- d) procedures to ensure that the supplier will only be able to supply FSC Controlled Wood once it has proven that it complies with FSC Controlled Wood requirements;
- e) records of all complaints received and actions taken

14.2 The Company shall inform the relevant FSC National Initiative or FSC Regional Office and the relevant FSC accredited Certification Body when there is a non compliance with FSC Controlled Wood requirements in areas considered as low risk.

14.3 If there are frequent non compliances with FSC Controlled Wood requirements in areas deemed to be low risk, the company shall review their risk assessment.

Part 4: Sale of FSC Controlled Wood

15. Supplying FSC Controlled Wood

15.1 Any company supplying FSC Controlled Wood shall hold a valid FSC Chain of custody certificate duly issued by an FSC accredited Certification Body.

15.2 The company shall include the following information on all invoices issued for sales of its FSC Controlled Wood products:

- a) the name and address of the buyer;
- b) the date on which the invoice was issued;
- c) description of the product;
- d) the quantity of the products sold;

- e) reference to the product's batch and/or to related shipping documentation, sufficient to link the invoice to the goods received by the customer;
 - f) the FSC Controlled Wood code issued by an FSC accredited Certification Body.
- 15.3 All invoices and transport documents issued for the sale of FSC Controlled Wood shall include a clear product description "FSC Controlled Wood" for all applicable products.

Annex 1: Glossary of terms

Business to business communication. A claim made about a product where the information given about the product is exclusively directed to other businesses interested in using the product in further manufacturing processes or trade. Business to business communications exclude claims made to final consumers and trademark use on companies' stationery templates.

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

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

Civil rights. Right or rights belonging to a person by reason of citizenship. The rights that every person in a society has, for example to be treated equally, to be able to vote, work, etc.

Civil Rights Violations. Infringement of the right or rights belonging to a person by reason of citizenship.

Company. The entity complying with this standard.

District. Generic geographical definition within a country, which has similar features and similar risk for controlled wood categories and from which wood is sourced. It can be a county, locality or watershed, and is normally a sub-set of an eco-region.

Ecoregion. A large area of land or water that contains a geographically distinct assemblage of natural communities that

(a) share a large majority of their species and ecological dynamics;

(b) share similar environmental conditions, and;

(c) interact ecologically in ways that are critical for their long-term persistence.

(WWF - <http://www.worldwildlife.org/science/ecoregions.cfm>)

FSC Controlled Wood. Wood which is identified by a company for avoidance of the wood categories outlined in section 1.1 of *FSC-STD-40-005: FSC standard for company evaluation of Controlled Wood*.

Genetically modified organism (GMO). Biological organism which has been induced by various means to consist of genetic structural changes (FSC Principles and Criteria, Feb 2000).

Genetically modified (GM) tree. GMO derived from a tree species².

²Clones, hybrids formed by natural processes, or the products of traditional tree breeding, selection, grafting, vegetative propagation or tissue culture are not GMOs, unless produced by GMO techniques (FSC POL-30-602).

Global 200 Ecoregion. A region identified on the basis of species richness; endemism; higher taxonomic uniqueness; extraordinary ecological or evolutionary phenomena and global rarity of the major habitat type (WWF International, The Global 200 Ecoregions).

HCVF - High Conservation Value Forests. High conservation Value Forests are those that have one or more of the following attributes:

- a) forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia); and/or large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance
- b) forest areas that are in or contain rare; threatened or endangered ecosystems
- c) forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control)
- d) forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health) and/or critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities)

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

Indigenous peoples. "The existing descendants of the peoples who inhabited the present territory of a country wholly or partially at the time when persons of a different culture or ethnic origin arrived there from other parts of the world, overcame them and, by conquest, settlement, or other means reduced them to a non-dominant or colonial situation; who today live more in conformity with their particular social, economic and cultural customs and traditions than with the institutions of the country of which they now form a part, under State structure which incorporates mainly the national, social and cultural characteristics of other segments of the population which are predominant." (Working definition adopted by the UN Working Group on Indigenous Peoples) (FSC Principles and Criteria, February 2000). Convention 169 of the International Labour Office relates to Indigenous and Tribal peoples and is applicable to the definitions and provisions of this standard.

Intact Forest Landscape. An intact forest landscape is a territory within the forest zone, which contains minimally disturbed by human economic activity forest and non-forest ecosystems with an area of at least 500 sq. km and with a minimal width (diameter of the inscribed circle) of 10 km.

Low-risk forest area. Forest areas classified as having a low risk of supplying wood from the categories as outlined in section 1.1 of *FSC-STD-40-005: Standard for company evaluation of FSC Controlled Wood*.

On-product. Term applied to any label, packaging or marking attached or applied to a product. Examples of on-product labels or marks include product tags, stencils, heat brands, retail packaging for small loose product (such as pencils), protective packaging and plastic wrap.

Origin. Forest area where the trees for the wood or fiber were harvested.

Point of sale material. Advertising and promotional material displayed in stores, shop floors, exhibition floors, etc. In the specific location where products are offered for sale to final consumers.

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

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

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

Segregation and identification marks. Marks or labels used for identification of raw or semi-finished material during transportation and storage prior to subsequent manufacturing processes. These marks do not reach the final point of sale and are not used for representation of the product at its point of sale (physical location where the products are offered for sale) or used for promotional exhibitions of products to customers and public.

SLIMF (small or low intensity managed forest). A forest management unit which meets specific FSC requirements related to size and/or intensity of timber harvesting, and can therefore be evaluated by certification bodies using streamlined evaluation procedures. The applicable FSC requirements are defined in *FSC-STD-01-003 SLIMF Eligibility Criteria*.

Small enterprises. Companies that:

- i. have no more than 15 employees (including full time, part time, and seasonal staff), OR
- ii. have no more than 25 employees and an annual turnover of less than US\$1,000,000.

Source. See “Origin”.

Supplier. The company or operator providing a good or service.

Supplying company. See “Supplier”.

Threatened. Having an uncertain chance of continued survival. In this standard, it should be considered at the ecoregion level for HCVF.

Traditional rights. Rights which result from a long series of habitual or customary actions, constantly repeated, which have, by such repetition and by uninterrupted acquiescence, acquired the force of a law within a geographical or sociological unit. Also known as customary rights (FSC Principles and Criteria, February 2000).

Traditional rights violations. Infringement on local customary rights.

Very limited portion. The area affected shall not exceed 0.5% of the area of the FMU in any one year, nor affect a total of more than 5% of the area of the FMU.

Annex 2: Approach and criteria for assessing risk

For the purpose of this standard, the Risk Assessment requires to take a precautionary approach. Any area worldwide is therefore considered high risk until low risk can be determined in line with the requirements of Section 1.1 of this standard through a proper risk assessment. The Risk Assessment shall begin at the broadest relevant scale. If conditions at a given scale are not sufficiently homogeneous to establish low risk in line with all requirements outlined in Section 1.1 of this standard, the scale shall be further decreased. The Risk Assessment shall be continued at decreasing scales until conditions are sufficiently homogeneous. Risk designation may be possible at a national level under certain homogeneous conditions, whereas under more heterogeneous conditions risk designation may be only possible at a district or local level and/or at the level of subsets of eco-regions.

The following criteria and indicators shall be used by companies to determine if the district of origin can be considered as low risk in line with the requirements outlined in Section 1.1 of this standard. Companies employing these criteria shall also consider the information available in the FSC Risk Register as guidance. Companies can also seek assistance from the FSC accredited National Initiative in their country or FSC Regional Offices to establish whether a district of origin is low risk.

The FSC Risk Register will constitute a central information point on risk assessment for FSC Controlled Wood. It will contribute to the transparency and credibility of FSC Controlled Wood certificates by making publicly available all the results of risk assessments of companies certified against *FSC-STD-40-005*. Furthermore, the FSC Risk Register will be a resource center on information relevant to risk assessments, including tools to implement risk assessment.

A General requirements

1. For each FSC Controlled Wood category, as outlined in Part 1 Section 1.1 of this standard, a risk assessment should start at the broadest relevant scale. This will generally mean at the national or state level. If a credible “low-risk” determination can be made at the national or state level there is no need to do another assessment at a lower (i.e., district) level. A lower level (e.g. district level) risk assessment is only needed if no credible low-risk designation at a larger (i.e. national or state) scale can be conducted.
2. Where national or regional interpretation or guidance relating to Annex 2 has been provided by a FSC accredited National Initiative, this interpretation shall prevail. For a list of FSC National Initiatives please check: www.fsc.org
3. Where the company can justify a low-risk designation (at whatever scale, whether district or national), no need exist to implement the procedures of Annex 3 (at the FMU level), unless there is sufficient evidence that a particular source fails to meet the requirements for FSC Controlled Wood, as outlined in Part 1, section 1.1 of this standard.

The category headings given to each FSC Controlled Wood category are not normative within the standard. The criteria within each category are the normative statements which define the requirements for FSC Controlled Wood within the bounds of these broad category headings (e.g. 'Wood harvested in violation of traditional and civil rights') is the category heading, whereas the criteria cover subsets of such rights specific to forestry and within the scope of influence of an FMU such as workers rights and traditional and indigenous peoples rights.

B. Specific requirements for each FSC Controlled Wood category
1. Illegally Harvested Wood

Illegal harvesting is a potentially broad term that is difficult to define. For the purposes of evaluating risk in a given district, the term needs to be interpreted in a way that is measurable and meaningful. An area shall be considered with unspecified risk when illegal harvesting is a threat to the forest, people and communities. Minor infractions and issues such as minor geographical deviations from the allotted area of harvesting, filing of paperwork late or small infractions related to transport should not make an operation or district with unspecified risk.

Illegal harvesting is unlikely to occur systematically in areas where there is good forest related governance. Governance-related criteria are therefore used to assess risk for illegal harvesting for a given district. These criteria will initially include:

- Perceived level of corruption related to forest activities
- Degree of transparency about information that is likely to reveal or reduce illegal harvesting if made public
- Degree to which key data and documents relevant to illegal harvesting exist and are of satisfactory quality
- Independent reports about illegal harvesting.

Requirements related to illegally harvested wood	Examples of sources of information ³
1. The district of origin may be considered low risk in relation to illegal harvesting when all the following indicators related to forest governance are present:	
1.1 Evidence of enforcement of logging related laws in the district	FSC National Initiatives (contacts from www.fsc.org); The Royal Institute of International Affairs (www.illegal-logging.org);
1.2 There is evidence in the district demonstrating the legality of harvests and wood purchases that includes robust and effective systems for granting licenses and harvest permits.	Environmental Investigation Agency (www.eia-international.org); Global Witness: (www.globalwitness.org); Telapak (for Indonesia - www.telapak.org); UK Government's Department for International Development (DFID)
1.3 There is little or no evidence or reporting of illegal harvesting in the district of origin.	EU FLEGT process: http://ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm
1.4 There is a low perception of corruption related to the granting or issuing of harvesting permits and other areas of law enforcement related to harvesting and wood trade.	Transparency international index (www.transparency.org) Corruption perceptions WWF (www.panda.org); ELDIS (www.eldis.org) regional and country profiles www.cites.org NGOs and involved stakeholders

³ The sources of information are only included as examples. The content of these sources has not been assessed by FSC and companies also should feel free to use other sources of information.

2. Wood harvested in violation of traditional or civil rights

Civil rights are the rights that every person in a society has, for example to be treated equally, to be able to vote and work. These rights are usually outlined in the country's constitution.

Tradition rights are rights which result from a long series of habitual or customary actions, constantly repeated, which have, by such repetition and by uninterrupted acquiescence, acquired the force of a law within a geographical or sociological unit. An example of a traditional right related to forests is access by local communities to forest areas to visit sacred and ritual sites.

Requirements related to wood harvested in violation of traditional or civil rights	Examples of sources of information ⁴
2. The district of origin may be considered low risk in relation to the violation of traditional, civil and collective rights when all the following indicators are present:	
2.1 There is no UN Security Council ban on timber exports from the country concerned;	E.g. This has applied to Liberia, as of July 2003 (www.un.org/esa/africa/UNNews_Africa/timber.htm) Global Witness www.globalwitness.org
2.2 The country or district is not designated a source of conflict timber (e.g. USAID Type 1 conflict timber);	The final report of the expert panel on illegal exploitation of natural resources and other forms of wealth in Democratic Republic of Congo, 2002, Annexes I and III (S/2002/1146) www.naturalresources.org/minerals/CD/docs/other/N0262179.pdf Conflict Timber: Dimensions of the Problem in Asia and Africa. Volume I. Synthesis report. June 2003, available at: www.usaid.gov/hum_response/oti/pubs/vol1synth.pdf
2.3 There is no evidence of child labor or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned	FSC National Initiatives and Regional Offices contacts www.fsc.org ILO country offices
2.4 There are recognized and equitable processes ⁵ in place to resolve conflicts of substantial magnitude pertaining to traditional	FSC National Initiatives and Regional Offices contacts www.fsc.org Indigenous Peoples Organizations

⁴ The sources of information are only included as examples. The content of these sources has not been assessed by FSC and companies also should feel free to use other sources of information.

⁵ A process in which there are functioning means of recourse and/or there are not overwhelming structural imbalances or inherent unfairness. Examples of processes include land claims negotiations, judicial procedures and treaty negotiations

rights including use rights, cultural interests or traditional cultural identity in the district concerned ⁶ ;	Local community associations in the district Risk register National Sources (e.g. records of land claims negotiation concluded or in progress, summaries of court decisions)
2.5 There is no evidence of violation of the ILO Convention 169 on Indigenous and Tribal Peoples taking place in the forest areas in the district concerned.	FSC National Initiatives and Regional Offices contacts www.fsc.org ILO country offices

3. Wood harvested from forest in which high conservation values are threatened by management activities

For the risk assessment of this category, the company shall first assess if there is any high conservation values threatened at the ecoregion level. If there is any High Conservation Values (HCVs) threatened at the ecoregion level, the company shall assess how forest management activities relate to these HCVs at a district level.

NOTE: Threat in the context of this standard means having an uncertain chance of continued survival or presence of High Conservation Values (HCVs) at ecoregion level.

The risk that forest management operations will threaten High Conservation Values (HCVs) in a forest will be higher if a) there is an abundance of high conservation values (such as genetic diversity, species diversity, intactness, endemism and habitat and ecosystem diversity) in the ecoregion, and/or b) High Conservation Values (HCVs) in the ecoregion are already under threat. Many organizations have spent considerable efforts in identifying those areas of the planet (ecoregions or complexes of ecoregions) that are a priority for conservation due to abundance of the above mentioned High Conservation Values (HCVs) and the threats to them.

Two indicators are offered in this section to determine the risk related to High Conservation Values (HCVs). For the first, ecoregions that are threatened can be identified through the supporting information that references, but is not limited to, the work of WWF, Conservation International, IUCN and WRI and Greenpeace. The second indicator (the presence of a strong system of protection) is included to identify areas that can be considered low risk because protection schemes, such as protected areas, legal systems and enforcement which ensure the continued presence of High Conservation Values (HCVs) in the ecoregion.

High Conservation Values (HCVs) that provide basic services of nature in critical situations and those that are fundamental to meeting basic needs of local communities can be considered low risk, if indicators 3.1 and/or 3.2 are met and indicator 2.4 of this annex is met. That is, there are recognizable and equitable processes in place to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the district concerned.

⁶ Indigenous people, workers, communities and government within the district accept and endorse the structure for addressing and resolving these issues; and communities and/or indigenous peoples have recognized power to mitigate any threats of harvesting through legal systems or other authority.

Requirements related to wood harvested from forest in which high conservation values are threatened by management activities	Examples of sources of information ⁷
<p>3. The district of origin may be considered low risk in relation to <u>threat</u> to high conservation values if:</p> <p>a) indicator 3.1 is met; or</p> <p>b) indicator 3.2 eliminates (or greatly mitigates) the threat posed to the district of origin by non-compliance with 3.1.</p>	
<p>3.1 Forest management activities in the relevant level (eco-region, sub-eco-region, local) do not threaten eco-regionally significant high conservation values.</p>	<p>FSC documentation on HCVFs: www.fsc.org</p> <p>Ecoregion definition and information: http://www.worldwildlife.org/science/ecoregions.cfm</p> <p>Those regions identified by Conservation International as a Biodiversity Hotspot (or) Those ecosystems and communities that are explicitly identified by Conservation International as a key component of a <i>Biodiversity Hotspot</i></p> <p>Those forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a <i>Global 200 Ecoregion</i> and assessed by WWF as having a conservation status of <i>endangered</i> or <i>critical</i>. If the Global 200 Ecoregion comprises more than a single terrestrial ecoregion, an ecoregion within the Global 200 Ecoregion can be considered low risk if the sub-ecoregion is assessed with a Conservation Status other than “<i>critical/endangered</i>.”</p> <p>Those regions identified by the World Conservation Union (IUCN) as a <i>Centre of Plant Diversity</i></p> <p>Those regions identified by Conservation International as a <i>High Biodiversity Wilderness Area</i> that are forests and contain contiguous forest ecosystems greater than 500 km².</p> <p>Those regions identified by the World Resources Institute as a <i>Frontier Forest Intact Forests Landscapes</i>, as identified by Greenpeace (www.intactforests.org)</p>

⁷The sources of information are only included as examples. The content of these sources has not been assessed by FSC and companies also should feel free to use other sources of information.

Requirements related to wood harvested from forest in which high conservation values are threatened by management activities	Examples of sources of information ⁷
3.2 A strong system of protection (effective protected areas and legislation) is in place that ensures survival of the HCVs in the ecoregion.	FSC National Initiatives Signatory to the Convention on Biological Diversity https://www.biodiv.org/world/parties.asp and demonstrable progress towards completing a network of protected areas, such as an overall positive analysis of the latest country thematic report on Forest Ecosystems https://www.biodiv.org/reports/list.aspx?type=for

4. Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest uses

The intent of this category is to avoid wood coming from regions where there is a significant occurrence of deforestation of natural and semi-natural forests. FSC National Initiatives and FSC Regional Offices are encouraged to provide additional guidance on the interpretation of “significant rate of loss” for forests in their countries and regions.

Requirements related to wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest uses	Examples of sources of information
4. The district of origin may be considered low risk in relation to conversion of forest to plantations or non-forest uses when the following indicator is present: [NOTE: the change from plantations to other land uses is not considered as conversion].	
4.1 There is no net loss AND no significant rate of loss (> 0.5% per year) ⁸ of natural forests and other naturally wooded ecosystems such as savannahs taking place in the eco-region in question.	FAO GOF-C-GOLD Global Observation of Forest and Land Cover Dynamics ⁹ FAO Global Forest Resources Assessment ⁹ Conservation International Regional Analysis Program University of Maryland Department of Geography UNEP/GRID – Division of Early Warning and Assessment SERVIR – Regional Monitoring and

⁸ The rate (i.e. > 0.5%) may be adjusted as additional information becomes available

⁹ Note: FAO forest cover data and statistics may not consider forest conversion to plantation as loss of forest cover. Thus in an area with extensive conversion of natural forest to plantation the data might not show a significant rate of forest loss and could thus be misleading in the context of this standard.

	<p>Visualization System for Mesoamerica Congo Basin Forest Partnership and CARPE CEC Joint Research Centre INPE-PRODES – Brazil’s National Institute for Space Research Hansen, M., DeFries, R., Townshend, J.R., Carroll, M., Dimiceli, C., Sohlberg, R. 2003. 500 m MODIS Vegetation Continuous Fields. College Park, Maryland: The Global Land Cover Facility. National data sources FSC National Initiatives and Regional Offices contacts www.fsc.org</p>
--	---

5. Wood from forests in which genetically modified trees are planted

Requirements related to wood from forests in which genetically modified trees are planted	Examples of sources of information¹⁰
<p>5. The district of origin may be considered low risk in relation to wood from genetically modified trees when one of the following indicators is complied with:</p> <p>a) There is no commercial use of genetically modified trees of the species concerned taking place in the country or district concerned. OR</p> <p>b) Licenses are required for commercial use of genetically modified trees and there are no licenses for commercial use OR</p> <p>c) It is forbidden to use genetically modified trees commercially in the country concerned.</p>	<p>FAO, 2004. Preliminary review of biotechnology in forestry, including genetic modification. Forest Genetic Resources Working Paper FGR/59E. Forest Resources Development Service, Forest Resources Division, Rome, Italy. Available online: http://www.fao.org/docrep/008/ae574e/AE574E00.HTM</p> <p>National and regional data sources</p>

¹⁰ Sources of information include but are not restricted to those outlined below

Annex 3: Requirements for company verification program

Companies implementing an FSC Controlled Wood verification program sourcing from areas that cannot be classified as low risk shall ensure that it is in compliance with the requirements specified below.

NOTE: The Company can choose to develop its own verification program or authorize another organization to do it.

A General requirements

1. Company verification program

- 1.1. Company verification shall provide evidence that wood/fibre coming from a particular supplier has been controlled for the category or categories of wood outlined in Part 1, Section 1.1 of this standard.
- 1.2. Verification shall be conducted by personnel who have sufficient expertise and knowledge to be able to fulfill inspection in accordance with the outline given below.
- 1.3. For each of the five categories that cannot be considered low risk, the company shall identify and provide the rationale for documents and other evidence needed to demonstrate that wood complies with the requirements for FSC Controlled Wood for that specific category.
- 1.4. The company shall ensure that the required documents and other evidence as required under Section B (below) are available for verification by the FSC accredited Certification Body.
- 1.5. The company shall specify and implement a regular (at least annual) verification audit process to confirm the authenticity of the specified documentation and other evidence. The audit process shall include consultation with relevant stakeholders, staff interview and field visits to harvesting sites.
- 1.6. The number of verification audits that take place shall be determined by sampling in accordance with 1.8 below.
- 1.7. The company shall classify the FMUs as sets of 'similar' units for the purpose of sampling. The sets shall be selected to minimize variability within each set. "Similarity" in the contents of this standard is meant in terms of:
 - a) forest type (e.g. natural forest, plantation),
 - b) geographical location (district)
 - c) size of operation (e.g. SLIMF)
- 1.8. For each set of 'similar' FMUs the company shall select at least 0.8 times the square root of the number of units for evaluation per annum. For sets that consist entirely of FMUs that qualify as Small or Low Intensity Managed Forests (SLIMFs), the number of units selected shall be at least 0.6 times the square root of the number of units (y) within that group (i.e. $x = 0.6\sqrt{y}$), rounded to the upper whole number. The table below provides some examples of sampling intensities:

y (total number of FMUs in set for sampling)	X (sample)=$0.8\sqrt{y}$	X (sample for sets of SLIMFS)=$0.6\sqrt{y}$
1	1	1
2-7	2	1
8-11	3	2
12-24	3	3
25-39	4	3
40-44	5	4
45-56	5	5
n	$0.8\sqrt{n}$	$0.6\sqrt{n}$

- 1.9. Samples for field verification shall be defined randomly.
- 1.10. Verification audits should be conducted timely after receipt of the wood.
- 1.11. Any consultation with staff and workers shall take place unaccompanied by management representatives from the company.
- 1.12. All reports or records of verification audits shall be maintained for at least 5 years and shall include the findings of the verification, the extent to which it was possible to conduct the verifications in the manner described above, and the experience and qualifications of the personnel conducting the verification.
- 1.13. Reports or records of verification audits shall be accessible to the FSC accredited certification body and FSC-authorized personnel on request.

NOTE: Field verification of performance by the FSC accredited Certification Body shall be required.

B Specific requirements

This part establishes the specific requirements that a company verification program shall evaluate for compliance in the categories not considered as low risk in its risk assessment.

NOTE: The company may develop alternate measures in its verification program to ensure the compliance with the intent of this standard, which is, to avoid wood coming from the five categories listed in Part 1, Section 1.1 of this standard.

1. Illegally harvested wood

- 1.1. The Company shall demonstrate that the wood it sources was harvested in compliance with all laws applicable to harvesting in the jurisdiction in accordance with the requirements outlined in Table 1 below.

NOTE: When looking for documentation in table 1 the company shall verify that legal procedures have been used by their suppliers to gain permits and licenses.

Table 1

	Requirements	Potential means of verification NOTE: Means of verification is included as guidance. Company may use other evidence to document compliance with the requirements.
a)	Evidence of legal authority to harvest	Concession license and/or harvesting permit (approved by the appropriate authority)
b)	Evidence of compliance with applicable management planning requirements	Approved management plan or equivalent documentation, as required by local authorities
c)	Specification of applicable harvesting restrictions	Documentation specifying legal restrictions on harvesting (e.g. diameter limits, species restrictions, volume restrictions)
d)	Evidence that timber is harvested from areas designated to harvesting (e.g. not from protected areas where harvesting is not allowed)	Maps and/or records showing the area in which harvesting has taken place
e)	Evidence that harvesting rate is within the applicable limits	Records showing yield figures, volumes and species harvested
g)	Evidence of timber purchases	Purchasing contracts, invoices
h)	Evidence of payment of royalties or other fees (i.e. fees on harvesting rights)	Official records confirming payments
i)	Evidence of compliance with applicable CITES requirements	An up to date list of tree species harvested and sold in the FMU. An up to date list of tree species that are listed in Appendices I to III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) National permits for harvest or trade of any CITES-listed species, if applicable
j)	Evidence of compliance with timber transportation documents	Copies of transport or sales permits with specification of species and volumes as applicable

1.2 The Company shall demonstrate that species and qualities harvested are classified correctly.

2. Wood harvested in violation of traditional and civil rights

2.1. The Company shall demonstrate that there are no conflicts relating to land tenure or land use rights of traditional or indigenous peoples groups in the FMUs from which it is sourcing wood, which are of substantial magnitude; which involve a significant number of interests; and for which a resolution process has not been agreed by the main parties to the dispute (See Section 2.3 below).

2.2. The Company shall demonstrate that there is no evidence of violation of the International Labor Office Fundamental Principles and Rights at Work in the FMU nor of the International Labor Office Convention 169 on Indigenous and Tribal Peoples.

The ILO Declaration on Fundamental Principles and Rights at Work is an expression of commitment by governments, employers' and workers' organizations to uphold basic human values - values that are vital to our social and economic lives.

The Declaration covers the following four areas:

Freedom of association and the right to collective bargaining;
The elimination of forced and compulsory labour;
The abolition of child labour, and;
The elimination of discrimination in the workplace.

2.3. In cases where a resolution process is in place (See Section 2.1 above), the Company shall provide documented evidence of the process by which any disputes are being resolved, which demonstrates the broad support of the parties to the dispute, and which outlines an agreed interim process for addressing the dispute and for the management of the forest area concerned.

3. Wood harvested in forests in which high conservation values are threatened by management activities

3.1. The Company shall demonstrate that forest management activities in the FMU do not threaten high conservation values in accordance with Section 3.2 below.

If local conditions or relationship with suppliers do not allow FMU level assessment to happen, the Company shall demonstrate that forest management activities in the areas being harvested do not threaten high conservation values in these areas. The decision of looking at HCV only at the areas being harvested has to be adequately justified. If there is evidence of threats to HCV elsewhere in the FMU the Company shall assess HCVs at the FMU level.

3.2. The Company shall keep records of evidence to demonstrate compliance with Section 3.1 above for minimum period of 5 years. Evidence shall include but is not restricted to:

- a) records of an assessment (e.g. rapid ecological assessment, environmental or social impact assessment or wildlife census) appropriate to the size of the FMU and intensity of management to identify the presence of high conservation values;
- b) evidence¹¹ of consultation with stakeholders, including NGOs and parties that are involved with or have an interest in the forest area, in relation to identifying HCVs and threats to them, with respect to social or environmental aspects. Where relevant, the assessment shall include consultation with representatives and members of communities and indigenous peoples living in or adjacent to the FMU;
- c) a list of the high conservation values thus identified in the FMUs, together with evidence indicating that these high conservation values are not threatened in the FMUs.

¹¹ For example minutes of meetings, letters of invitation, photographs

4. Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest uses

- 4.1. The Company shall demonstrate that all types of natural and semi-natural forests and other wooded ecosystems such as woodlands and savannahs in the FMUs are not being converted to plantations or non-forest uses in accordance with the requirements outlined in Section 4.2 below, except as permitted by Section 4.3 below.
- 4.2. The Company shall keep records of evidence to demonstrate compliance with Section 4.1 above for a minimum period of 5 years.
- 4.3. Forest conversion to plantations or non-forest land uses shall not occur, except in circumstances where conversion:
 - a. entails a very limited portion of the forest management unit;
 - b. does not occur on high conservation value forest areas; and
 - c. will enable clear, substantial, additional, secure long term environmental and social benefits across the forest management unit.

Intent Box: This category is only for wood from natural and semi natural forests that are being converted to plantations or non forest uses.

5. Wood from forest management units in which genetically modified trees are planted

- 5.1. The Company shall ensure that no genetically modified trees are present in the FMUs from which it sources FSC Controlled Wood.
- 5.2. The Company shall keep records of evidence to demonstrate compliance with Section 5.1 above for a minimum period of 5 years.

Annex 4: Provisions for claims related to FSC Controlled Wood

- 1.1 Companies supplying FSC Controlled Wood shall not use the statement 'FSC Controlled Wood' or the FSC trademarks associated with controlled wood for on-product labeling or off-product labeling, advertising promotion or reporting.
- 1.2 Companies supplying FSC Controlled Wood may use the statement 'Controlled Wood' without any references to the FSC trademarks in segregation marks during manufacturing or transportation processes or storage. The segregation marks shall always be accompanied by the FSC Controlled Wood code issued by the FSC accredited certification body. Segregation marks with the statement 'Controlled Wood' shall be removed/deleted if products are reaching final points of sale and/or when the segregation marks could be interpreted as commercial labels.
- 1.3 The FSC label shall not be used on products sold or sourced exclusively as 'FSC Controlled Wood'.
- 1.4 Companies supplying FSC Controlled Wood shall make claims regarding FSC Controlled Wood or use the statement 'FSC Controlled Wood' only in sales and shipping documentation (i.e. invoices, delivery notes and shipping documentation) between FSC certified Chain-of-Custody operations commercializing FSC Controlled Wood for the purpose of mixing with FSC certified material in products certified against the FSC policy for percentage based claims or against FSC-STD-40-004 FSC chain of custody standard for companies supplying and manufacturing FSC-certified products or against FSC-STD-40-006 FSC chain of custody standard for project certification.

NOTE: FSC Controlled Wood can be sold to Traders in possession of a valid FSC Chain of Custody certificate without the need to comply with the requirement related to mixing with FSC certified material, established in section 1.4 above.

- 1.5 The statement "FSC Controlled Wood" shall be written in the English language in sales and shipping documentation. Any translation to other languages can be included in the respective documentation.
- 1.6 Companies supplying FSC Controlled Wood shall not make corporate promotion or product promotion regarding FSC Controlled Wood or use the statement 'FSC Controlled Wood' or the FSC Trademarks associated with Controlled Wood on promotional or advertising material.
- 1.7 Companies supplying FSC Controlled Wood shall clearly link the statement 'FSC Controlled Wood' to the products being sold as FSC Controlled Wood in the respective sales and shipping documentation.
- 1.8 The statement 'FSC Controlled Wood' in sales and shipping documentation shall always be referenced to the FSC Controlled Wood code issued by the FSC accredited certification body.
- 1.9 The FSC label shall not be used for promotional purposes associated with claims about products sold or sourced exclusively as 'FSC Controlled Wood' or in reference to Controlled Wood certificates.
- 1.10 FSC chain of custody or forest management certificate registration codes shall not be associated with claims about products sold or sourced exclusively as 'FSC Controlled Wood'.