1 Scope

The SCS LegalHarvest Verification (LHV) Chain of Custody Standard is intended for entities who want to accurately track and make claims about the legal origin and transport of their products. It is intended to track LHV timber products but can also be used to track timber products verified to other legal origin standards, under mutual recognition. The transformation of timber from a standing tree to a final product will often involve several types of organizations who take legal ownership of a product through a supply chain. Each legal owner who makes an LHV business to business legality claim about their product shall be assessed by Scientific Certification Systems on their conformance to the principles of this Standard. Types of organizations that would be interested in utilizing this Standard include:

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

Fulfillment of the Chain of Custody requirements included in this Standard will demonstrate the ability of organizations to accurately track LegalHarvest Verified timber products received from recognized supply chain participants through their internal processes in order to make accurate claims to their customers about the products’ legal origins.

2 Effective Date of Standard

This Standard is effective from the date of final approval, July 19, 2010. All Entities verified to previous versions of this standard shall be evaluated against this version at their next surveillance audit.

3 References

- FSC-STD-40-004 V2-0; FSC Standard for Chain of Custody Certification
- FSC-STD-40-005 V2-1; Standard for Evaluation of FSC Controlled Wood
- FSC-STD-30-010 V2-0; FSC Controlled Wood Standard for Forestry Management Enterprises
- VL-01; SmartWood Generic Standard for Verification of Legal Origin (November 15, 2007)
- AD-TLTV-33-02; SGS Timber Legality and Traceability Verification (TLTV) Draft Generic Standard (January 15, 2008)
- The Lacey Act - Chapter 53 of Title 16, United States Code (including May 2008 amendments)

4 Terms and Definitions

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

**Claim:** A statement made on invoices and shipping documents (in the case of LegalHarvest Verification this is “LHV”) that asserts that the product being bought/sold/transported complies with the LHV Standards.

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

**Credible certification and verification programs:** SCS recognizes FSC as a credible forest certification program. Other certification and legal verification programs will be considered if they were designed through an ISEAL compliant standard development process and are regularly monitored by an independent third party certification body with ISO Guide 65 certification. SCS will evaluate and formally recognize programs through a formal process of mutual recognition. Approved programs shall be made available on the SCS website (www.SCSglobalServices.com).

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

**Due Diligence:** See “Due Care” above.

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

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

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

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

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

**Group Administrator:** the entity representing the forest or manufacturing sites that constitute a group for the purpose of LegalHarvest Verification. The group administrator applies for group verification and holds the group verification statement. The group administrator is responsible to the certification body for ensuring that the requirements of the applicable SCS LegalHarvest Verification Standard are met in all participating sites in the group. The group administrator may be an individual (e.g. a ‘resource manager’), a cooperative body, an owner association, or other similar legal entity.

**Group Member:** a site manager or owner who participates in a group scheme for the purpose of SCS LegalHarvest forest or chain of custody verification. Group members are responsible for implementing any requirements of group membership. Group members do not hold individual LegalHarvest verification statements, but as long as they comply with all the requirements of group membership, their forest or manufacturing properties are covered by the verification statement issued to the group entity.

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

**Legal Harvest:** Operations in which a forest management entity has the legal right to harvest within a defined forest management unit. The legal right will include operations under a valid permit, license or
similar instrument issued pursuant to and in full conformance with the laws and regulations governing the harvesting of forest resources. Legal Harvest can be considered equivalent to Legal Origin.¹

**Multi-site:** An organization that has an identified central office and a network of at least two participating sites included in the scope of the audit. Multi-site clients may apply for CoC or forest legality assessment, but under both standards must have an internal audit system if sets of sites are to be identified and sampled. Products from sets of sites covered by a multi-site verification statement must be substantially of the same kind, and must be produced, or processed using fundamentally similar processes and procedures, or managed according to fundamentally similar goals.

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

**SCS Stepwise:** A time-bound tiered approach to forest certification whereby a company receives recognition for compliance to progressively higher standards for forest management. The SCS Program ultimately leads to attainment of Forest Stewardship Council (FSC)-endorsed forest management (FM) certification.

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

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

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

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

**Verified Material:** Timber tracked through an unbroken chain where the forest and each supply chain participant has a valid LegalHarvest Verification Statement in place.

5 **Principles and Criteria for LegalHarvest Verification Chain of Custody (CoC)**

**Principle 1: The entity shall have a system for maintaining and improving quality.**

1.1 The entity shall maintain up-to-date procedures that clearly delegate responsibilities by:

---

¹ Similar definition to Verified Legal Origin from the SmartWood Generic Standard for Verification of Legal Origin (November 15, 2007)
a. Assigning one person overall responsibility for compliance to this Standard;

b. Ensuring all applicable requirements of this Standard are addressed in documented (written) procedures and/or work instructions;

c. Designating responsible positions or individuals for each component of the CoC system;

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

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

1.2 All relevant staff are trained on how to maintain the integrity of verified material throughout the production and or distribution process.

1.3 The entity shall have a publicly-posted policy endorsed by top management, that states the preference for all purchases and sales of timber products to be of known origin (country of harvest) and legally harvested.

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

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

b. A policy by which orders may be canceled, or products already received may be returned, when there is evidence that the product or wood components were procured in violation of applicable standards and/or legal harvest and transportation laws.

1.5 The entity shall keep an up-to-date register of all applicable business registration, tax, transport, and export laws and maintain records of their compliance.

1.6 The entity maintains complete and organized documents and records demonstrating compliance to all sections of this Standard for at least 5 years.

**Principle 2: The entity correctly classifies timber products upon purchase and receipt.**

2.1 All timber/wood products to be claimed as LHV shall be identifiable on supplier invoices and shipping documents and contain a valid chain of custody code linked to the product description.²

2.2 The validity of chain of custody codes shall be regularly confirmed with the certification body.³

---

² See Appendix 1 for a description of the LHV chain of custody verification code
³ Verification statements for SCS LegalHarvest Verification Statements can be validated through the SCS website (www.SCSglobalServices.com).
Principle 3: The entity shall employ a secure system of physical separation for all verified products to be sold as SCS LegalHarvest Verified (LHV).

3.1 The entity shall clearly identify LHV wood staged or stored on-site by:
   a. Marking secure units with a unique distinguishing mark; and/or
   b. Keeping LHV wood in a demarcated area physically separate from non-LHV material.

3.2 The entity clearly identifies LHV wood throughout manufacturing and/or processing by:
   a. Physically separating lines of production; and/or
   b. Planning and implementing production activities at clearly distinct times.

Principle 4: The entity shall maintain up-to-date records on timber products distributed and/or sold with an LHV claim.

4.1 The entity shall maintain a general description of the product and of each wood-based component contained within it.

4.2 For each product, the entity shall record the scientific name (genus and species) of each wood-based component.

4.3 For each product, the entity shall record the country of harvest of each wood-based component.

4.4 For each product, the entity shall maintain all applicable records demonstrating the legal sale, transport and/or export of each wood-based component.4

Principle 5: The entity maintains an up-to-date account of all input and output quantities of LHV products.

5.1 All LHV timber products or wood component purchases, inventory in stock, and final sales to customers shall be calculated on a monthly basis.

5.2 The entity shall provide conversion factors for all LHV products to demonstrate how input volumes are converted to output volumes during any process of transformation.

Principle 6: The entity shall have a system for identifying LHV wood components and products that are sold, shipped and/or transferred to other entities.

6.1 The entity shall mark LHV verified products with its unique verification code.

6.2 The entity shall clearly and correctly identify each verified product on invoices and shipping documents by including its unique verification code and linking it to the product line item description.

6.3 The entity shall ensure that labels or marks referring to the legality of the product are removed from products prior to shipment (other than the entity’s verification code).

4 Evidence may include: Tax/duty receipts, CITES Certificates, Lacey Act Declarations, Phytosanitary Certificates, etc.
Appendix 1: Communication of SCS Legality Claims and Off-Product Promotion

Participation within or verification under the SCS LegalHarvest™ Verification Program allows companies to make off-product legality claims according to this Appendix. On-product claims or labeling in reference to LegalHarvest or Legal Origin is strictly prohibited except for the use of a participant’s unique verification code to link a product or invoice to a participant’s verified products. The following provides the terms of use.

A. General promotion of LegalHarvest™ Verification Program

Promotional claims in advertisements, brochures, media releases, websites and other general promotional outlets regarding the entity’s participation in the SCS LegalHarvest Program shall:

a. Not mislead the public that the program provides any guarantees of legality. Instead it can be conveyed that participation demonstrates a systematic approach towards significantly lowering the risk of trading in illegally harvested timber products.

b. Always include the entity’s unique verification code, which will be provided by SCS upon acceptance into the program.

c. Adhere to the SCS Licensing Agreement when making any claim associated with the SCS name or trademarks.

d. Receive prior approval from SCS before printing or posting promotional material with SCS trademarked (SCS and LegalHarvest) names and logos by submitting a proof or example of the claim or statement to SCS and maintaining a record of the approval.

B. On-product, transport, and invoice use of verification codes

a. SCS verification codes shall read: SCS-LHV-XXXX where:

i. “LHV” signifies that the product has come from a verified forest and through an unbroken verified supply chain under the SCS LegalHarvest Verification Standard; and

ii. “XXXX” signifies a unique, four-digit code supplied by SCS to the LHV program participant.

b. Verified products that are part of the entity’s chain of custody segregation system under this program may be marked with its unique verification code.

c. Invoices and shipping documents that include verified products that are part of the entity’s tracking system under this program shall contain its unique verification code and ensure it is linked to the line item description per Principle 6 of this Standard.