

SCS LegalHarvest™ Verification (LHV) Standard for the Assessment of Forests

1 Scope

This SCS LegalHarvest Verification (LHV) Standard for the Assessment of Forests contains four (4) primary source verification principles for assessing an organization's legal right to harvest.

Note: For timber product organizations not involved with forest harvesting and management activities, please see the complementary SCS LegalHarvest Verification (LHV) Standard for Chain-of-Custody.

The principles and criteria laid out in this Standard are generic and are designed to be applicable in any country. However, because laws and regulations related to the harvesting of timber vary from country to country SCS takes added measures to ensure that the LHV Standard for the Assessment of Forests and local laws are in agreement through a process of stakeholder outreach. Prior to conducting an initial assessment in a specific country, SCS identifies and consults with local stakeholders for a period of at least 30 days for the purpose of cross-referencing this generic standard with local laws and regulations, and identifying the relevant indicators and verifiers for the assessment. Generic LHV criteria that are not legally required at the national and/or local level will not have indicators for that specific country (except for relevant traceability indicators under criteria 4.6).

Alternatively, if a country has already undergone an extensive and open process of stakeholder consultation and has clearly identified local indicators from which to assess an entity's legal right to harvest, SCS reserves the right to adapt or wholly replace the SCS LHV Standard with the locally recognized standard. Modifications to the SCS LHV Standard through the use of locally adapted versions or national standards shall not reduce its rigorousness directly or indirectly. Additionally, if through the process of stakeholder outreach it is determined that there are legal conflicts which cannot be resolved or that high levels of corruption and a lack of credible licensing and enforcement make the validation of documents impossible, SCS reserves the right to not offer services in the region.

2 Effective Date of Standard

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

3 References

- FSC-STD-01-001 V4-0; FSC Principles and Criteria for Forest Stewardship
- 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)

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

Forest Management Entity (FME): A legally recognized company, nonprofit organization, government or other organization that is engaged in forest management, timber extraction and/or logging and provides these products to the market.

Forest Management Unit (FMU): A clearly defined and demarcated area of land covered by forests, and usually managed to a set of explicit objectives and according to a long-term forest management plan.

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 may include the forest, harvester/logger, broker, mill, exporter/importer, secondary manufacturer, distributor and retailer.

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

Tracking system/traceability: 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.

¹ Similar definition to Verified Legal Origin from the SmartWood Generic Standard for Verification of Legal Origin (November 15, 2007)

5 Principles and Criteria for the Assessment of Forests

Principle 1: The Forest Management Entity (FME) shall be a legitimate organization and is authorized to conduct business in accordance with legal requirements of the country and locality where it operates.

- 1.1 The FME shall be registered with all relevant government authorities.
 - 1.1.1 The FME shall be formally registered as a business and shall provide properly authorized documentation showing that the FME legally exists and meets national legal requirements.
 - 1.1.2 The FME shall have a tax registration number and/or form if required.
- 1.2 The FME shall operate as a legitimate forest management organization in accordance with local government requirements.
 - 1.2.1 The FME shall have clear, documented rights to operate in the forestry sector and on the lands from which the subject timber products are sourced.
 - 1.2.2 The FME shall have a documented history of legal compliance and is not associated with criminal activities related to the management, transportation, export or sale of timber products.
 - 1.2.3 The FME's activities shall not have been suspended as a result of administrative or judiciary action by the government of the country in which it operates.
 - 1.2.4 Any current legal challenges by any recognized legal authority as to the forestry operations of the FME shall have been resolved or shall be in the process of being resolved through a binding resolution process.
- 1.3 Subsidiary entities, companies, contractors and subcontractors involved in the harvesting and transportation of timber on behalf of the FME shall be registered according to national/local legislation and regulations and have a valid license to operate.
 - 1.3.1 The FME shall provide authorized documentation showing that all contracting bodies legally exist and meet the legal requirements to undertake harvesting activities.

Principle 2: The FME shall have the necessary authorizations to conduct forest harvesting-related activities at all locations under operation.

- 2.1 The FME shall have legal access and harvesting rights to the forest management unit according to national legislation and regulations.

- 2.1.1 The FME shall provide a map (or maps) of the forest management area at a scale to permit identification of proposed harvest areas; relevant information such as ownership, customary rights and legal restrictions shall be clearly indicated.
- 2.1.2 The FME shall have a legal title or documented authorization from the resource owner (including persons with customary resources rights where legally recognized) to the lands on which it operates and to the timber resource.
- 2.1.3 The FME shall hold a legal harvesting document (permit or license) issued in concurrence with the laws and regulations governing forest management and harvesting of forest resources.
- 2.1.4 If the country in which the FME operates is a signatory to The Convention on International Trade in Endangered Species (CITES), permission to harvest CITES-listed species shall be documented.
- 2.2 The FME shall demonstrate that its approvals (e.g., permits, licenses and transportation/export documents) for forestry and other related operations were properly obtained, contain accurate information, and are maintained and up to date.
 - 2.2.1 The FME shall document the process and procedures involved in obtaining forest harvesting approvals.
 - 2.2.2 Documents submitted for approval shall be factually correct – documents for approval shall not present conflicting information.
 - 2.2.3 The FME shall keep records of all its approvals for a minimum of 5 years.

Principle 3: The FME shall maintain forest harvesting rights by paying associated taxes, royalties or fees relevant to the harvest of timber and the management of the forest resource.

- 3.1 All applicable and required taxes, fees, royalties, or other charges shall be paid within the prescribed time period.
 - 3.1.1 Written acknowledgement of receipt of royalties, fees, or dues by beneficiaries shall exist.
 - 3.1.2 Documents relating to payments of fees and taxes from relevant agencies and the FME shall be in agreement.
 - 3.1.3 Records of revenue from all timber harvests shall be kept accurate and made available to the audit team.

Principle 4: The FME complies with all relevant local and national laws and regulations governing the harvesting of timber.

- 4.1 If legally required, locally or nationally, a forest management plan and annual operating plans shall be officially approved and followed.

- 4.1.1 The FME shall hold a current management plan approved by the relevant authorities.
- 4.1.2 The FME shall hold a current annual operating or harvesting plan approved by the relevant authorities.
- 4.1.3 Permitted annual allowable cut or production quotas shall be clearly documented in the relevant plan. The FME shall be able to demonstrate that actual harvested volumes are within legal limits.
- 4.1.4 The FME shall have carried out forest inventories.
- 4.1.5 Harvest and management boundaries within the FMU shall be clearly marked both in the field and on maps in accordance with relevant local or national laws.
- 4.1.6 The FME shall be able to demonstrate, both on maps and in the field, that all harvesting activities are implemented in accordance (spatially and temporally) with plans, permits and regulatory requirements.
- 4.2 The FME shall demonstrate compliance with national and local laws and legally binding codes of practice relating to harvesting operations.
 - 4.2.1 The FME shall adhere to the terms of timber sale contracts or agreements - unless written evidence demonstrates all relevant parties agree to revisions.
 - 4.2.2 The FME shall comply with all legally required specifications on harvesting restrictions such as those on timing, weather, equipment, harvest layout, harvest close-out.
 - 4.2.3 When legally required, all necessary notifications shall be made prior to the start of harvesting, and done so according to required timeframes.
 - 4.2.4 Harvesting shall be conducted within the authorized boundaries and shall not occur in designated parks, forest reserves, or any other officially protected areas or logging exclusion zones.
- 4.3 The FME shall provide evidence of compliance with any required laws regulating the environmental or social impacts of timber harvesting.
 - 4.3.1 The FME shall complete environmental impact assessments and, if legally required, implement the findings in accordance with relevant laws and regulations.
 - 4.3.2 The FME shall complete social impact assessments and, if legally required, implement the findings in accordance with relevant laws and regulations.
- 4.4 Harvesting of specific species or trees shall be conducted in compliance with national or local regulations, as well as international conventions of which the host country is a signatory.

- 4.4.1 Dimensions of harvested timber shall conform to the relevant license or permit and harvesting regulations.
- 4.4.2 The FME shall harvest only legally permitted species.
- 4.4.3 The FME shall comply with legal restrictions on other tree-specific characteristics, such as trees necessary for wildlife habitat.
- 4.4.4 The FME shall comply with all timber utilization regulations where they exist.
- 4.5 The FME shall employ an identification system for trees, stumps and logs and comply with all applicable timber transport and export regulations.
 - 4.5.1 The FME shall have in place an identification system for trees, stumps and logs that permits traceability both pre and post harvest, from the cutting site to the forest gate.
 - 4.5.2 The FME shall provide evidence of all required transport documents from the cutting site to the forest gate, and if applicable, from forest gate to mill. Log transport documents shall be authorized by the required official.
 - 4.5.3 Invoices and transport documents (load tickets, etc.) shall include an LHV claim and the unique LHV statement number of the verified forest (see Appendix 1).

Appendix 1: Communication of SCS Legality Claims and Off-Product Promotion

Verification under the SCS LegalHarvest™ Verification Standard allows the approved organization to make off-product legality claims according to this Appendix. On-product claims or labeling in reference to LegalHarvest 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 on the document.