

Annex II Category B evidence (*separate*)

User Manual
for providing and evaluating
Category B evidence

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Appendices (separately provided):

- Appendix 1 Checklist supply chain information
- Appendix 2 Checklist legal timber source information
- Appendix 3 Checklist sustainable forest management

1. Introduction

1.1 Scope

This User Manual has been developed to provide support to Dutch procurement personnel and suppliers on the provision and assessment of category B evidence for sustainably or legally sourced timber and wood products.

Category B evidence is any credible documentary evidence, other than a Category A certificate, that provides assurance that the timber and wood based products meet the Dutch Timber Procurement Criteria. Please note that the User Manual for Category B is not part of the Timber Procurement Assessment System. The assessment procedures and objection and appeal procedures are not applicable for Category B evidence. This user manual for Category B evidence provides the information what evidence should be presented to the Dutch Government Procurement Officer.

The evidence shows traceability through the supply chain, and compliance with the sustainability and legality procurement requirements. Requirements are equivalent to the requirements for Category A evidence. Category B evidence can vary greatly and needs to be judged on a case by case basis.

Category B evidence is needed in case of:

1. Broken chain of custody; the supply chain is partly certified but not to the end use.
2. Uncertified forests.

1.2 Challenging task

Using Category B evidence to show compliance with the Dutch Timber Procurement Criteria will often be a complex and challenging task.

For example, complexity may be the result of:

- a single final product has a supply chain with many suppliers.
- the final product is composed of various wooden components, as may be the case in, for instance, floors
- a Government project includes different products e.g. pallets and construction timber.

Category B evidence on compliance with the Dutch Timber Procurement Criteria must be provided for each wooden component of the product and for each wooden product used in a Government project. The timber or wood product provided by the contractor may come from various forests. At each stage in the supply chain there may be several suppliers. This is shown in figure 1. Category B evidence must be provided for each single link in the supply chain which has supplied the timber in question without a Category A certificate.

In case the timber comes from various forests, also including **uncertified forests**, the provision of adequate information may become difficult to achieve.

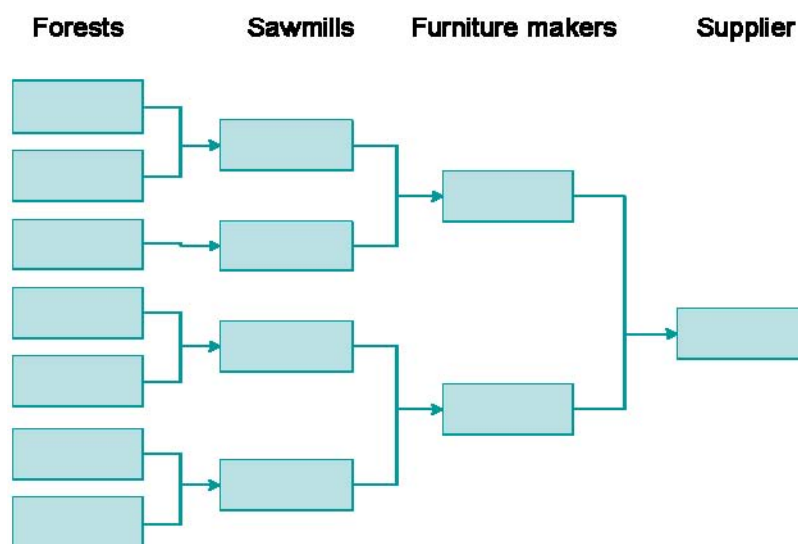


Figure 1 Schematic complex supply chain. (source: CPET, Practical Guide Supply chain information January 2007)

Making claims

As indicated above, Category B evidence can particularly be useful in case of a broken chain of custody. This means that the original supplier (i.e., the forest manager) is certified, but that there is a break in certification of the chain of custody. The break point in the chain of custody is the stage where the timber or wood product in question is no longer supplied with a certificate. Then credible category B evidence can be used to bridge this break. It should be noted however that in that case claims that certified products have been purchased can not be made. Any such claim would be a trademark infringement because as soon as ownership of products is taken by a non-CoC-certificate holder, the products cease to be 'certified'. However, if the provided evidence is credible, a claim of sustainably or legally sourced products can be made.

1.3 Framework for Category B evidence

The Dutch Government Procurement Officer will make the final decision when it comes to deciding whether the evidence submitted is adequate. This officer can send a request for advice to the TPAC secretariat.

In order to assist the procurement officer, a table with general criteria and guidance has been set up for assessing the completeness and quality of information which is submitted as Category B evidence (refer to table 1 in section 2). The same checklist will be used by TPAC or its secretariat in case the procurement officer seeks assistance from TPAC.

Likewise, forest managers and suppliers down the chain of custody are supported by checklists to provide the required information (see Appendices 1, 2 and 3). There are three checklists for submission of information and evidence of compliance:

- Checklist 1: supply chain
- Checklist 2: legal timber source
- Checklist 3: sustainable forest management

1.4 Objections and appeals

If a stakeholder does not agree with a decision of the Government Procurement Officer about Category B, he has the opportunity to file an objection, directed to this officer, or to go to court.

2. Guidance for evaluating the quality of Category B information

Evidence on compliance should be provided using the relevant checklists for respectively the chain of custody, legality and sustainable forest management. In order to assist with the evaluation of the provided information a list of general evaluation criteria has been established (Table 1). Verification of compliance can be executed at three levels:

- First party verification: Suppliers check them selves.
- Second party verification: Customers, including procurement officers, check their suppliers.
- Third party verification: Independent auditor checks the supplier.

Third party verification

In the context of Category B evidence, in particular third party verification is at stake. Thus, where the Government Procurement Officer is not satisfied with the evidence presented, he/she can request third party verification as evidence of compliance with the Dutch Government's timber procurement policy. In this case, it must be undertaken by a body whose organisation, systems and procedures conform to ISO Guide 65 or equivalent and who is accredited to audit against timber production standards by a national or international body whose organisation, systems and procedures conform to ISO 17011 or equivalent.

Criteria	Guidance on interpretation
1. Is the supply chain for each wood component clearly described and complete from point of delivering back to the link where the CoC was broken or to the forest source?	Accepted SFM and legality certificates are valid up until the chain of custody is broken. From there onwards Category B evidence must show that the timber in question is administratively traceable and physically identifiable in order to justify the claim that it would come from a sustainable or legal source. If the timber or wood products are sourced from different forests than for each forest a separate Supply chain check list and a separate checklist of the relevant Forest source is required. One checklist for each broken chain of custody must be completed, starting at the stage the chain was broken, and including all following stages in the supply chain.
2. Has information on compliance been provided for each criterion in the relevant checklist?	All elements of the check lists must be completed, except for the legality checklist in case of forest sources in low risk countries.
3. Has information been provided on how compliance with each criterion is verified and is the approach used adequate to confirm the criteria are being met?	For each stage it must be clear how the information on control has been verified. This might include a range of different approaches such as: <ul style="list-style-type: none"> • Statements from the organisation implementing the control (1st party checks) • Checks made by the supplier to government of their suppliers (2nd party verification) • Verification by an independent third party (3rd party audits)
4. Is the evidence provided or available adequate to confirm that the information provided is accurate?	Suppliers can either supply copies of evidence, or describe where it is available. <p>Evidence provided might include:</p> <ul style="list-style-type: none"> • Supplier declarations • 2nd party verification reports • 3rd party audit reports • Information on the location of important documents and how long they are kept. <p>All documents provided as evidence must be in English or with an English translation of relevant parts.</p> <p>If there is any concern about the adequacy, robustness or veracity of the evidence provided then independent verification of the evidence will be required by the Government Procurement Officer. In these instances, independent verification must be undertaken by an individual or body whose organisation, systems and procedures conform to ISO Guide 65 or equivalent and who is accredited to audit against timber production standards by a national or international body whose organisation, systems and procedures conform to ISO 17011 or equivalent.</p>

3. Guidance for submission of Category B information

The Guidance for submission of Category B information will be subsequently given for the supply chain information, the information for the legality of forest sources and the information for the sustainability of forest sources.

3.1 Supply chain information

The crucial information on the supply chain is:

- compliance of each link in the supply chain with the CoC criteria (mainly preventing uncontrolled mixing or substitution at each stage in the supply chain).

For the requirements on the chain of custody it is relevant to know whether the timber in question has been supplied from the forest to the next link in the supply chain with an accepted SFM certificate or with an accepted certificate for legality, or without any such certificate.

Broken chain of custody

Accepted SFM and legality certificates are valid up until the **chain of custody is broken**. The break point in the chain of custody is the stage where the timber or wood product in question is no longer supplied with a certificate. From there onwards Category B evidence must show that the timber in question is administratively traceable and where relevant also physically identifiable in order to justify the claim that it comes from a sustainable or legal source. That is to say, it must be possible to trace the actual flow of the timber in question through the entire supply chain back from the final point of delivering to the stage where the supply chain was broken.

In case the timber was not sourced from a certified forest, Category B evidence must show that the timber in question is administratively traceable and physically identifiable, from the very beginning of the chain of custody, that is, the forest source itself. Information on **the management of the source** will be provided through checklist 2 (legality) and checklist 3 (sustainable forest management).

Compliance with Principles and Criteria

For the assessment of certification systems, principles and criteria have been developed. They are provided in Annex 1 on Category A evidence. The relevant principles and criteria for the chain of custody, in case of a broken chain of custody or a non-certified forest source, are listed in the *CoC assessment matrix*. This matrix is an integral part of Checklist 1, *Supply chain information*. The relevant principles and criteria for the sustainable forest management are listed in the *Sustainable Forest Management* matrix. For both matrices the relevant principles and criteria have the same numbers as in the Category A standard and have, where appropriate, been slightly modified to be applicable to non-certified timber and wood products.

Evidence must be provided that at each stage of the supply chain these criteria are adequately being met for the timber or wood product in question from the first stage where it is being supplied without a Category A certificate. Checklist 1 provides the necessary information on the entire supply chain (see Appendix 1). If timber is supplied through broken chains of custody, **one checklist for each broken chain of custody** must be completed, starting at the stage the chain was broken and including all following stages in the supply chain.

If timber is (in part) supplied from forests which have not been certified for the claim that is being made, that is, a sustainable or legal source, **one checklist for each uncertified forest source** must be completed, including all the stages in the supply chain.

The 4th column of **Checklist 1** *Indication of compliance for each criterion* must be **complemented by the CoC assessment matrix** for each link in the supply chain which has supplied the timber without a Category A certificate.

3.2 Forest source information for legality

The Dutch Government has decided to follow the UK Government acceptance of Category A certificates as evidence for legal timber. Criterion for qualifying as Category A evidence for legal timber is a certificate issued by a SFM or legality certification scheme which has been positively assessed by the *Central Point of Expertise on Timber Procurement* (CPET) (www.cpet.uk).

CPET assesses the SFM and legality certification schemes against a set of 4 legality criteria pertaining to:

1. legal use rights
2. compliance with local and national legal requirements.
3. payment of royalties and taxes
4. compliance with the requirements of CITES.

The relevant local and national requirements refer to the legislation in the country of origin.

Category B evidence must show compliance with the same set of criteria. The full formulation of each criterion is included in Checklist 2 *Forest source information for legality*. This checklist shall be completed to provide Category B evidence of legal timber or wood products for any forest source from which the timber originates. However, for a low risk forest source, which is located in a country where forest governance is considered to be robust, it may be adequate to base the evidence on the absence of any substantive claim of non-compliance.

Low and high risk forest sources¹

If the possibility of illegal forest management practices in the locality of the forest source is known to be little, then the risk is categorised as low. If there is a realistic possibility of the forest source being illegally or unsustainably managed, then the risk is categorised as high.

Robust forest governance, meaning that levels of illegality are low, is necessary for a forest source to be categorised as low risk for illegality. This is defined as the following:

1. the existence of national forestry legislation
2. clear legal use rights for forest areas
3. evidence that the law is effectively enforced (e.g., evidence that fines or prosecutions are carried out)
4. no substantive claims of corruption against local, regional or national forestry officials.

Correspondingly, forest sources may be considered high risk if:

1. the country of origin has forest sector laws that are unclear or conflicting
2. the country of origin has a reported significant incidence of illegal practices in the forest sector, or where is a significant level of trade with countries where illegal practices are reported as likely
3. the country of origin is currently or has recently been politically unstable; political instability includes civil war, military coups, failure of democratic elections, areas with guerrilla conflict, and states only recognised by some governments
4. the country of origin has substantive claims of corruption against local, regional or national forestry officials. There are no or inadequate mechanisms for monitoring of compliance or public reporting of non-compliance. The reliability of official documentation can therefore be very low.

¹ Source of this section is CPET Practical Guides Category B evidence

Suppliers have to take account of the level of risk, in terms of the information and evidence that is available to demonstrate that the forest source meets the Dutch government requirements for legality.

For claims of legality, the approach to verification depends on the level of risk of illegality. For a low risk forest source, a forest owner or forest management organisation which has been asked to submit Category B evidence on the legality of their forest source, may not need to provide detailed information for each criterion in Checklist 2. Provided the sawmill or the merchant purchased all timber directly from areas where forest governance is robust, and was able to provide supply chain documentation to support this, no further evidence on the legality of the timber will be required.

Where it is not possible to demonstrate that the risk of illegally harvested timber is low, information must be provided for each criterion. Evidence must be provided that for each forest source of the timber each of the criteria is adequately being met.

EU Directives

At the EU level a Directive is in preparation which obliges timber buyers to have a due diligence system in place to assure that the timber they import or directly buy from local forests comes from legally managed sources. Implementation of this Directive may have implications for the requirements for Category B evidence. Availability of sufficient Category A timber will help to enlighten the due diligence task.

3.3 Forest source information for sustainability

In June 2008 the Minister of Environment established the Dutch government procurement requirements for timber and wood based products. Part of the requirements concerns compliance with a set of principles and criteria for sustainable forest management. These principles and criteria have been formulated in a way that they enable to assess the quality and credibility of certification systems for sustainable forest management.

Contractors providing Category B evidence should demonstrate that the management of the forest source of the timber or wood products complies with essentially the same set of principles and criteria. Where appropriate, the principles and criteria have been slightly modified to be applicable for non-certified timber and wood products.

Evidence must be provided that for each forest source of the timber each of the principles is adequately being met by showing the extent of compliance for each relevant criterion. More precise decision rules for compliance assessment are to be given by TPAC.

The set of principles and criteria are included in Checklist 3 on *sustainable forest management information* (see Appendix 3). This checklist shall be completed to provide Category B evidence of sustainably produced timber for any forest source from which the timber in question originates.

National standards

Timber or wood products may come from a forest source which is managed against a national standard or forest code. In that case evidence could be provided that the requirements of this national standard or forest code are equivalent to the sustainable forest management criteria of the Dutch timber procurement policy and that the management of the forest fulfils these criteria.