

FSC TOOLKIT FOR HARDWOOD SAWMILLS

GUIDANCE ON FSC CONTROLLED WOOD CERTIFICATION

Offered by:

Appalachian Hardwood
Manufacturers, Inc.

National Wood
Flooring Association



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Association

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Appalachian Hardwood Manufacturers, Inc. (AHMI) is a trade association of hardwood sawmills, concentration yards, wholesalers and secondary manufacturers who offer logs, lumber and products from the Appalachian Hardwood Forest. www.appalachianhardwood.org

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Important Note

Standards change with time, and FSC is no exception. The contents of this toolkit are current with FSC standards and policy as of September 1, 2011.

GUIDANCE ON CERTIFICATION TO THE FSC CONTROLLED WOOD STANDARD

THE BASICS

FSC's Standard for Company Evaluation of FSC Controlled Wood (FSC-STD-40-005v2-1) is basically a risk management system so that companies avoid mixing wood from 'unacceptable' sources with FSC-certified material in the manufacture of FSC Mix products. Companies must demonstrate that they are avoiding sources from the following five categories:

- 1) Illegally harvested wood;
- 2) Wood harvested in violation of traditional and civil rights;
- 3) Wood harvested from forests in which high conservation values are threatened by management activities;
- 4) Wood harvested from areas being converted from forests and other wooded ecosystems to plantations or non-forest use; and
- 5) Wood from forests in which genetically modified trees are planted.

Getting certified to the FSC Controlled Wood standard allows hardwood sawmills both to classify non-certified logs as Controlled Wood for use in their own production processes and to sell FSC Controlled Wood lumber or chips to FSC CoC certified companies further down the value chain, whether those companies are themselves distributors or manufacturers.

AUDIT PREP

Here are critical steps in preparing for a successful audit to the FSC Controlled Wood standard:

STEP 1: Have the most senior management of your company execute a Controlled Wood Policy like the one included as part of this toolkit and make this document publicly available, e.g. by posting to your website.

STEP 2: Develop written procedures to comply with FSC-STD-40-005 v2-1. This toolkit contains sample language that addresses most relevant sections of the FSC Controlled Wood standard and that you may wish to incorporate into your FSC CoC written procedures. In addition, [FSC-accredited certifiers](#) generally offer guidance documents on complying with the requirements of the Controlled Wood standard. It is a good idea to contact one or more of the certifiers that you are considering working with and asking for such guidance documents.

STEP 3: Develop a list of the non-certified suppliers that you wish to include in your Controlled Wood Verification Program. Your list should include:

- a) Name and address of the supplier
- b) Description of the wood supplied
- c) The species and volume of wood supplied and the relevant purchasing documentation¹

STEP 4: Gather evidence of the District of Origin to the forest level for the wood that you wish to control (see below for detail). If necessary, obtain supplier declarations from the suppliers that you wish to include in your Controlled Wood Verification Program. A sample declaration is included as part of this toolkit.

STEP 5: Draw from the sample state-level Controlled Wood Risk Assessments provided as part of this toolkit and supplement with your own research to develop a Controlled Wood Risk Assessment covering all the states from which your suppliers procure logs.

- a) FSC certifiers and FSC-US provide guidance on developing Controlled Wood Risk Assessments. It is a good idea to seek out the guidance that exists.
- b) As long as there are no forest management units, counties or other designated areas within a state from which your suppliers source logs that violate one or more of the five Controlled Wood categories, you can keep the District of Origin (see below) for your Risk Assessment at the state level.
- c) As of the time this toolkit was produced, there is ample evidence to support the conclusion that all of the major hardwood-producing states in the Central and Eastern U.S. are “low risk” for violations of the Controlled Wood categories. This may change in the future, and if it does the process for assessing and managing risk outlined in this step will become a good deal more complicated. *Double-check that the information provided here is current, and proceed with caution!*

STEP 6: Train relevant employees on your Controlled Wood procedures and keep a record on hand for the auditor. This can be part of the larger annual training that you need to do in any case for your FSC CoC program.

PROVIDING EVIDENCE OF DISTRICT OF ORIGIN

One of the key requirements of the FSC Controlled Wood standard is obtaining and maintaining documented evidence of the geographical source of that material to the forest level, per step 4 above. In FSC terminology, the geographical source of the wood to be controlled is known as the

¹ Your auditor will look at your supplier list every year so volumes should be tallied annually and supplier invoices should be accessible so that they can be sampled.

“District of Origin.”² As of January 2011, there are multiple options for FSC CoC certified companies sourcing wood from the United States and/or Canada to demonstrate district of origin to the forest of level. What follows is a simplification of these options – for more complete information, contact an FSC certifier.

Option 1

Maintain invoices, transportation documents, and/or purchase contracts from the forest of origin OR identify timber marks (or other origin marks) on the input materials that confirm the forest of origin.

Option 2

*Demonstrate the physical location of the **original log buyer(s)** (e.g. primary manufacturers and log concentration yards that sourced the material from the forest) through invoices or transportation documents³ issued by the original log buyer AND demonstrate that all wood received by the original log buyer is from an area within the district of origin associated with an approved Controlled Wood Risk Assessment.*

Option 1 above is relevant where a hardwood sawmill purchases logs directly from landowners through purchase contracts. A common business practice for loggers in the Appalachian forest region is to deliver logs to a mill before the logs are scaled, so no invoice or packing slip accompanies the load. The invoice is replaced by a mill or yard scale ticket received at the mill after the load is scaled. This scale ticket is the basis for payment and is therefore considered the invoice from the logger’s perspective. For material that a company wants to control per option 1, this scale ticket should include the logger’s (seller’s) name and contact information and the name of the tract or county where the logs originated.

Option 2 is relevant where a sawmill purchases logs from independent loggers, log suppliers, and/or other mills and thus cannot identify the tract where the logs were harvested. The critical term in option 2 is that of the **original log buyer** -- the first company to take legal and physical possession of the logs after they are removed from the woods.

If you are a sawmill buying logs directly from loggers, then you are the original log buyer. In this case, you can exercise this option by documenting the supply area for all wood received at your

² The definition of “district” provided in FSC-STD-40-005v2-1 is a “[g]eneric geographical definition within a country, which has similar risk for controlled wood categories and from which wood is sourced.”

³ Some companies do not issue invoices or transportation documents that include a physical address, using, for example, a P.O. Box instead. In this case, the physical address can be included in a supplier declaration.

facility in terms of a defined sourcing area (e.g. counties). You must also assess the logical supply area for all the wood you receive into your mill.

However, if you also buy logs from other sawmills, log yards, and/or log suppliers, then these companies are likely to be the original log buyers. Where your suppliers are the original log buyers, you can exercise this option by securing a signed declaration from them that specifies the supply area for all wood received at the log buyer facility in terms of a defined sourcing area from the facility.⁴

This declaration must be backed by an assessment of the logical supply area of the log buyer. The assessment should provide sound evidence for why there is no chance that the original log buyer is sourcing wood from outside the district of covered by the Controlled Wood Risk Assessment. It must include considerations of the value of the product/species and how this bears on the logical supply area (i.e. high-value veneer and saw logs may be shipped longer distances, while low-value logs and pulpwood will likely be shipped shorter distances).

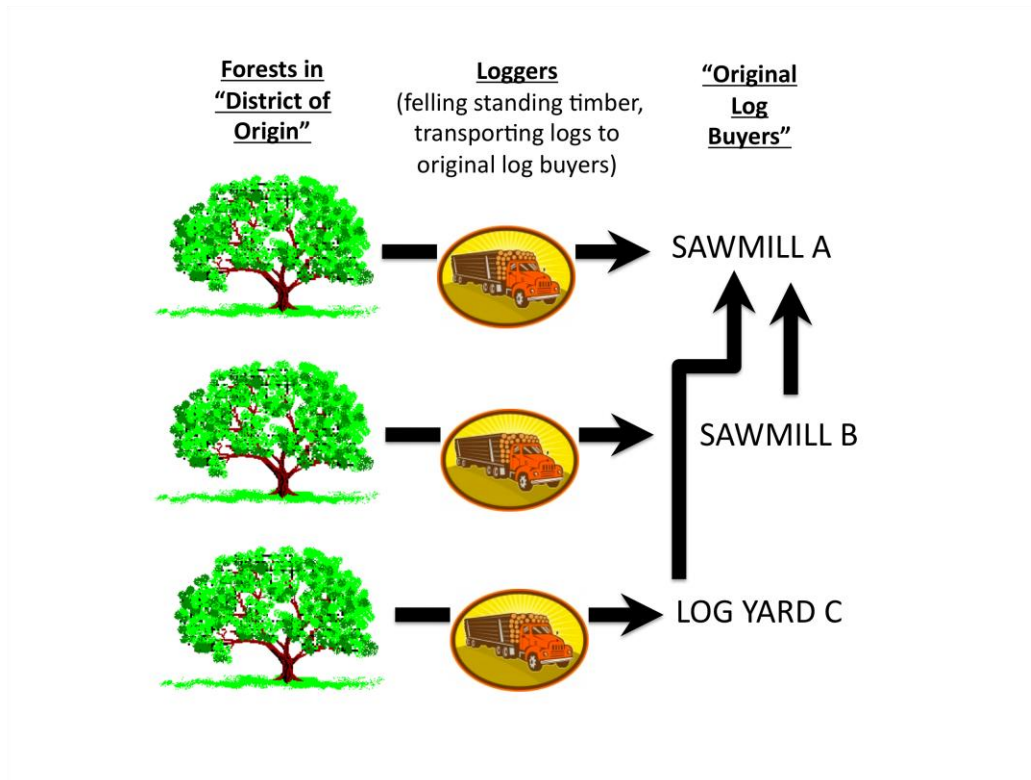
In the US hardwood industry, it is not uncommon for a company to be the original buyer for some but not all of the logs they procure. For example, suppose a hardwood sawmill, SAWMILL A, buys logs both through purchase contracts with landowners and by buying some gatewood from independent loggers. Here, SAWMILL A is the original log buyer. SAWMILL A could use option 1 to control the logs it buys through purchase contracts. It could then use option 2 to control the gatewood by indentifying itself as the original log buyer and conducting an assessment of the logical supply area for all the logs that it sources that shows that they originate in forests covered by SAWMILL A's Controlled Wood Risk Assessment.

Suppose, however, that SAWMILL A also sometimes buys logs from another sawmill, SAWMILL B, as well as a log yard, LOG YARD C, both located in the vicinity.

As illustrated in the graphic below, if SAWMILL A wishes to exercise option 2 to control the logs it purchases from SAWMILL B and LOG YARD C, it will need to:

- 1) obtain signed declarations for SAWMILL B and LOG YARD C where they affirm that they are themselves the original log buyers (if they are not, then this option is closed);
- 2) assess the logical supply area for both SAWMILL B and LOG YARD C and demonstrate that all of the logs originate in forests covered by SAWMILL A's Controlled Wood Risk Assessment.

⁴ The declaration must state the geographical region (e.g. the U.S. states and/or counties) from which all wood received at the facility is sourced, not just that which is supplied to the purchaser.



- 3) keep records of all invoices/shipping documents from both SAWMILL B and LOG YARD C and make available to auditors on request.

A sample supplier declaration is included as part of this toolkit and contains:

- A statement that the supplier is the “original log buyer” for the timber they process and provide to your company;
- Where the supplier is not the original log buyer, a list of all the companies from which they procure logs that themselves are “original log buyers”⁵
- A list of all the states from which the original log buyer procures logs

⁵ Separate supplier declarations will need to be secured for all of these companies, and assessments of the logical supply area for each conducted. Also, the auditor will need to have access to invoices/shipping documents back to the original log buyer.

- d) Suggested language (a starting point only) for an assessment of the logical supply area of each original log buyer, including the economically feasible hauling radius of the log buyer, and incorporating the value of the material.