

SGS TIMBER LEGALITY AND TRACEABILITY VERIFICATION PROGRAMME

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SGS has designed a service geared to assist both forestry and wood processing companies achieve market recognition for their efforts to improve forest management standards under their control and at assisting companies trading in “legal” timber products. The service is called Timber Legality and Traceability Verification (TLTV). TLTV is an independent verification service designed to ensure that timber has been legally acquired/produced and sold by a particular forestry company. Legally verified wood products are traced throughout the supply chain. This voluntary approach is of particular relevance for companies operating in countries without an internationally credible legality verification system required by buyers and importing countries.

BACKGROUND

The Need for TLTV

There is a growing awareness and widespread concern over increased illegal timber trade activities, mainly due to active campaigning by environmental NGOs. It is clear that a need exists for a credible independent third-party verification service. In fact, organized timber markets and individual buyers are increasingly requiring a credible proof of legal origin and compliance for timber products, especially from countries with weak government control.

The variety of initiatives designed to address this issue is confusing for customers. They would like to be able to rely on experienced and reputable (independent third-party) verification/certification company to audit their wood production and tracking information system. In an effort to bar illegal timber, various Governments are enacting legislation and procurement policies that incorporate specific requirements to prove the legality of timber. Parallel to these governmental efforts, industry associations and civil society groups are also working on mechanisms to ensure that products purchased are “legal forest products”.

In a number of countries, SGS is contracted to run national schemes that are geared to legality, whether on a mandatory or voluntary basis. Complementary to these schemes, TLTV is a service that is offered to individual companies outside any national scheme – i.e. for situations where no such scheme exists. TLTV provides companies with an opportunity to obtain voluntary verification of operations in accordance with a pre-defined set of requirements. This demonstrates to relevant stakeholders that a company participating in the TLTV service has a commitment to eliminating both the production of and trade in illegal forest products.

Buyers in importing countries can assist their producers and suppliers to enter an SGS TLTV service that is tailor made to meet the requirements of their customers and other stakeholders e.g. Government and environmental NGOs.

GENERAL OVERVIEW OF VERIFICATION

Party responsible for issuing verification

The TLTV service was developed and is run by Société Générale de Surveillance (SGS) of Geneva, Switzerland. SGS group is the world's largest verification, testing and certification company. With its headquarters in Geneva and 48,000 staff world-wide, it operates a network of 1180 offices and 321 laboratories in 145 countries. The Forestry Monitoring Programme of SGS offers services to governments, companies and international institutions aimed at revenue protection, trade facilitation, legal and sustainable use of natural resources.

Outline of verification process

The scope of TLTV activities includes verification of the legal origin of forest products and the legal compliance of a particular company's forest operations, its timber processing activities and its products.

Preliminary work is needed to adjust the legal standard checklist to suit local laws and regulations. Then the audit team conducts the verification through a series of field and documentary checks. The company's tracking system is also audited to test the traceability of wood products from the port back to stump in legitimate forest concessions. An audit team checks compliance against defined and externally verifiable criteria and compiles a verification report. A “TLTV-Legal Production” Statement is issued after positive evaluation of the forestry company. This SGS Statement is intended to be a public document which a company can provide to all interested stakeholders

SCHEME TO CHECK FOR LEGALITY AT THE TIME OF LOGGING

Definition of legality

Prior to the verification audit a set of requirements (e.g. laws, regulations, codes of practice) to be retained for implementation of a TLTV service must be agreed with the applicant. It is likely to include environmental, forest, tax and customs legislation, depending on the company's scope of activities.

Generic principles have been developed by SGS for defining 'Legality'. These are basic requirements that should be covered to ensure a consistent approach. However the precise definition to be used will be based on the laws of the country in which the company is operating.

The generic SGS principles are:

1. Legal right of the company to conduct business.
2. Rights of workers and local communities.
3. Approval for forestry activities.
4. Payment of all forest related charges and taxes.
5. Forest Harvesting Regulations.
6. Marketing and Timber processing Regulations.
7. Registrations maintained by the company.

The definition of legality that these principles form can be modified over time, its scope can be broadened or it can, for example, incorporate further social and environmental requirements.

In order to make clear which laws are being complied with, all SGS TLTV Statements include a list of the principles and criteria used for verification.

Procedures for retaining and verifying the evidence

TLTV activities include:

1. verification of documentation, including production permits and declarations,
2. verification of log tracking from the forest to the processing mill or point of log sale,
3. verification of timber product tracking from the point of primary processing to the final use or point of sale,
4. field inspections, including checks on logging areas, truck loads and sawmills to ensure the accuracy of documented records,
5. verification of payment of royalties and other duties.

The results of the verification activities are presented to the company with an independent third-party audit/verification report, a verification schedule, and the verification statement itself, including terms and conditions of use.

All verification procedures are managed and executed by the third party verification company, SGS under SGS General Conditions of Services that ensure reliability and international credibility.

CHAIN OF CUSTODY

TLTV requirements

The objective of these requirements is to ensure that any product bearing a TLTV label or sold as TLTV-verified is produced from material that originates from legal timber production.

Chain-of-custody controls must therefore be implemented at all critical control points in the process under evaluation. Critical control points are those

where there is a significant risk of verified materials becoming mixed with unverified materials, under either normal or abnormal operating conditions.

Chain of custody verification

The company's tracking system is audited at a site visit which examines production records and monitoring procedures. The audit scope must cover the Chain-of-Custody from where the company takes ownership (start-point) to where ownership is transferred (end-point). The scope should be a clear description of the verified inputs (verified raw material or product), ownership or physical possession status, transportation, processing, manufacturing, labelling and sale or dispatch covered by the evaluation.

Records and traceability will be checked under the TLTV-Legal Production program for companies with no on-site processing sites.

Companies with on-site processing sites under TLTV-Legal Production must be TLTV-CoC verified and get a TLTV-LP statement that lists the processing sites.

Companies processing, manufacturing, trading or selling timber from TLTV-Legal Production must be TLTV-CoC verified and issued a TLTV-CoC Statement to support their claims that they sell 'legal timber'.

FUTURE TASK AND PERSPECTIVES

Future perspectives

Sustainability must remain as the ultimate objective of forest management and verification of legal timber under TLTV can be regarded as a first step to certification of sustainable forest management, for example under FSC or PEFC. An ideal combination is probably when forest certification is undertaken after thorough verification of legality. This is an approach widely supported by parties involved in the policy dialogue regarding certification, particularly in countries where law enforcement and governance is weak, and where the technical capacity of companies to achieve certification under a scheme such as the FSC is a limiting factor.