

STANDARDS AUSTRALIA

Amendment No. 1 to AS 4707—2006 Chain of custody for certified wood and forest products

REVISED TEXT

The 2006 edition of AS 4707 is amended as follows; the amendments should be inserted in the appropriate places.

SUMMARY: This amendment applies to the Table of Contents (Page 3); Section 1.5, Definitions (Page 9); Section 2, Chain of custody requirements – Clause 2.2.3 (Page 13) and Clause 2.2.4.3 (Page 15); Section 3 Implementation, Certification bodies - Clause 3.1 (page 17); Appendix A, Inventory Control and Accounting of Raw Material Flow Clause A6 (Page 20); Appendix D, Table 1 Example of Rolling Average Method; Appendix F (Page 33) and inclusion of Appendix G (Pages 34 to yy).

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1.5 Definitions

Output batch

Delete

Wood or forest product output from a processing stream for which the percentage is calculated. The batch is defined by:

- The time period over which the batch is produced (or traded) up to a maximum batch period of three months;
- Content of the batch; and
- Production site at which the products covered by the batch has been produced (or traded) (term is applicable to the rolling average percentage system)

and replace with

Wood or forest product output from a processing stream for which the percentage is calculated. The batch is defined by:

- The time period over which the batch is produced (or traded) up to a maximum batch period of three months;
 - Content of the batch consisting of the same/similar raw material; and
 - A single production site at which the products covered by the batch has been produced (or traded) (term is applicable to the percentage systems)
-

2.2.3 Personnel training and development

Delete

- written instructions/guidelines or an accessible electronic system covering
 - instructions/guidelines on the CoC system handling and presentation procedures and policies for certified wood or forest products and non-certified products; and
and *replace with*
 - written instructions/guidelines or an accessible electronic system covering instructions/guidelines on the CoC system handling and presentation procedures and policies for certified wood or forest products and non-certified products; and
-

Clause 2.2.4.3

Insert below paragraph 4

The organisation shall also demonstrate its compliance with *Appendix G* in conjunction with the above four requirements.

Clause 3.1

Delete

- advice on the issuance and withdrawal of CoC certificates to Australian Forestry Standard Limited; and
and *replace with*
 - advice on the issuance and withdrawal of CoC certificates to Australian Forestry Standard Limited; and
-

Appendix A – Percentage Input/Output system

Clause A6, *add below paragraph 1*

When an organisation is not able to define:

- i) a single measurement unit for all output products of the output batch; or
- ii) input batch products with different ratios between input wood raw material volume and output product volume,

the organisation shall transfer the certification percentage separately for the products with different measurement units or the input/output ratio.¹

¹ An example would be for input wood raw material into a sawmill of 1 000 cubic metres, which contains 80 per cent certified content, provides a certification percentage on the output batch, which can have products in cubic metres (sawn timber) or tonnes (woodchips, sawdust) of 80 per cent on each of the products.

Appendix D – Table 1 Example of Rolling Average Method

Delete

231.9 from Column 4 [Sum cert. raw material for prev 12 months ('000t)], Row 14 [Month 13]

and *replace with*

231.8

Delete

218.8 from Column 4 [Sum cert. raw material for prev 12 months ('000t)], Row 16 [Month 15]

and *replace with*

218.0

Appendix F – paragraph below Table 2

Delete

An organization shall elect to use either the average percentage based method (Appendix A) or physical separation (Appendix B) when Tables 1 or 2 define the specifications of the wood raw materials

and *replace with*

An organization shall elect to use either the percentage systems (Appendix A) or physical separation (Appendix B) when Tables 1 or 2 define the specifications of the wood raw materials.

Insert Appendix G on page 34 to follow Appendix F

APPENDIX G

AVOIDANCE OF THE PROCUREMENT OF RAW MATERIAL FROM CONTROVERSIAL SOURCES

(Normative)

1. Objective and Scope

The objective of this appendix is to provide structured requirements which elaborate on those requirements of clause 2.2.4.3 of AS 4707—2006 relating to the avoidance of procurement of wood raw material from illegal operation or sources or from controversial sources.

Note 1: The term controversial sources is defined as illegal or unauthorised harvesting².

Note 2: Although the document has been developed for the purposes of avoidance of procuring raw material from controversial sources as defined by the above, the basic concept of suppliers' self-declaration³, risk analysis and 2nd or 3rd party verification programme could also be utilised for other issues identified by the organisation, outside the scope of the above definition.

2. Self-declaration of suppliers

2.1 The organisation shall require from all suppliers of forest based products, which do not include raw material classified as certified raw material, a signed self declaration that the supplied raw material does not originate from a controversial source.

Note: Suppliers of certified products using a percentage based method, which includes both certified and uncertified raw material, are excluded from the requirement of the self-declaration because the controversial sources issue of the uncertified raw material has already been verified by the supplier's chain of custody.

2.2 The supplier's self-declaration shall include:

- (a) a written statement that to the best of the supplier's knowledge the supplied raw material does not originate from controversial sources;
- (b) a written commitment to provide information on the geographical origin (country / region) of the supplied raw material which is necessary information for the organisation's risk assessment;
- (c) a written commitment that, in a case where the supplier's supplies are considered as "high" risk, the supplier will provide the organisation with necessary information to identify the forest management unit(s) of the origin of the raw material origin and the whole supply chain relating to the "high" risk supply;
- (d) a written commitment, where the supplier's supplies are considered as "high" risk, the supplier will enable the organisation to carry out a second party or a third party inspection of the supplier's operation as well as operations of the previous suppliers in the chain.

Note: The term "region" used throughout the document refers to a sub-national level.

2.3 Where the organisation has signed contracts with its suppliers, it shall include the requirements of clause 2.2 in the contract documentation.

² Examples of the illegal and unauthorised harvesting include harvesting in forest areas protected by law as well as in forest areas officially published by government authorities (or body with the legal authority to do so) as planned to become strictly protected by law; without the government authorities (or the body with the legal authority to do so) giving permission to harvest.

³ An example of a supplier's self-declaration could be through the implementation of AS ISO/IEC 17050.1—2005 Conformity assessment – Supplier's declaration of conformity. Part 1: General requirements and AS ISO/IEC 17050.2—2005 Conformity assessment – Supplier's declaration of conformity. Part 2: Supporting documentation

3. Risk assessment

3.1 The organisation shall carry out the risk assessment of procuring raw material from controversial source for all supplies of forest based products which do not include raw material classified as certified raw material.

3.2 The organisation’s risk assessment shall result in the classification of supplies into the “low” or “high” risk category.

3.3 The organisation’s risk assessment shall be carried out based on an evaluation of:
(a) the likelihood that activities defined under the definition of controversial sources happen in the country / region of the supply (hereinafter referred to as the likelihood at country / region level); and
(b) the likelihood that the supply chain has not been able to identify a potential controversial source of supply (hereinafter referred to as the likelihood at the supply chain level).

3.4 The organisation shall determine the risk, based on the combination of the likelihood at country / region level and the likelihood at the supply chain level and classify all supplies as “high” risk where both the likelihood at the country / region level and the likelihood at the supply chain are assessed as “high” (See Diagram 1).

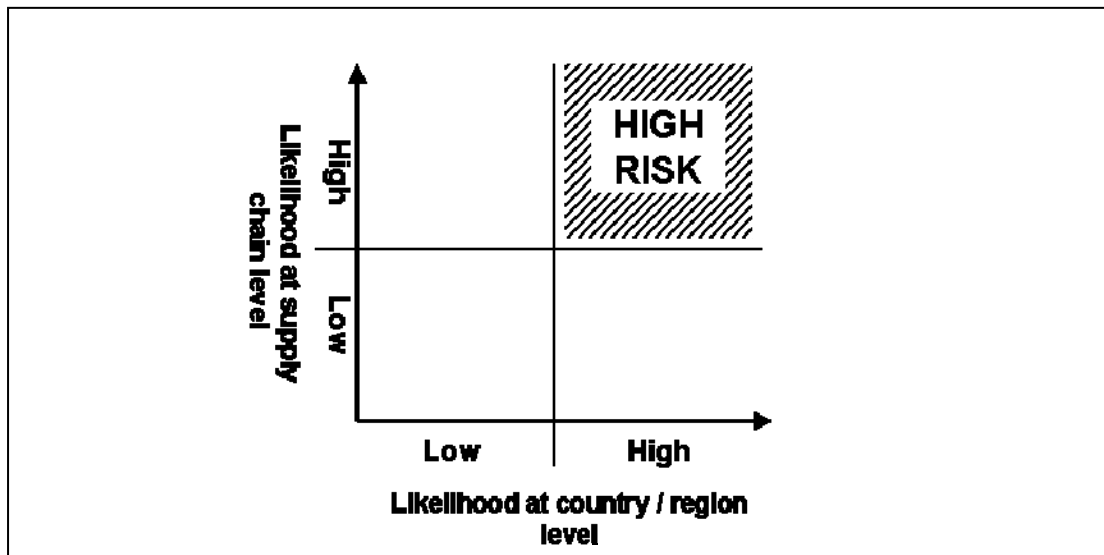


Diagram 1: Determination of “high” risk supplies by combination of likelihood at country / region level and supply chain level

3.5 The organisation shall classify the likelihood at country / region level as “high” for all supplies where any of the following indicators in Table 1 apply.

Table 1: List of indicators for “high” likelihood at country / region level

Indicators	Examples of external reference sources)
The country / region is covered by a UN Security Council ban on timber exports.	Currently applied to Liberia since July 2003 (UN Security Council resolution 1521 (2003) http://www.un.org/docs/sc/unsc_resolutions03.html)
The country / region is known as a country with low level of forest law enforcement and high level of corruption.	In defining this indicator, the organisation can use its internal surveys or results of surveys of external governmental or non-governmental organisations active in monitoring forest law enforcement and corruption such as the World Bank (http://info.worldbank.org/governance/kkz2004/sc_country.asp); the UK based Chatham House, (www.illegal-logging.info); Environmental Investigation Agency (www.eia-international.org); Global Witness (www.globalwitness.org); Transparency International (www.transparency.org); etc.
The country is one where official FAO statistics show a decrease in forest area ⁴	FAO Global Forest Resources Assessment 2005 (ftp://ftp.fao.org/docrep/fao/008/A0400E/A0400E14.pdf)
The organisation has received comments supported by reliable evidence from their customers or other external parties, relating to its supplies with respect to controversial sources, which have not been disproved by the organisation’s own investigation.	

3.6 The organisation shall classify as “high” the likelihood at the supply chain level for all supplies where **none** of the indicators in Table 2 (below) apply.

Table 2: List of indicators for “low” likelihood at supply chain level

Indicators	Evidence and/or reference to external sources
Supplies declared as certified against a forest certification scheme (other than PEFC Council endorsed) supported by a forest management or chain of custody certificate issued by a third party certification body.	The organisation shall be able to provide evidence that the certification scheme includes: <ul style="list-style-type: none"> - third party certification of forest management which covers activities defined by the term controversial sources, - third party certification of chain of custody, - a verification mechanism that non-certified raw

⁴ Whilst the FAO Global Forest Resources Assessment is currently the best data available globally, the FAO statistics may change over time due to improvements in data capture and accuracy, definitions, etc that may not reflect on-ground changes.

	material does not originate from controversial sources where percentage based claims apply. Examples of PEFC Council non-endorsed forest certification schemes: Forest Stewardship Council, LEI, etc.
Supplies verified by governmental or non-governmental verification or licensing mechanisms other than forest certification schemes focused on activities covered by the term controversial sources.	The organisation shall be able to provide evidence on the scope of the verification or licensing mechanism. Examples of verification and licensing mechanisms: EU FLEGT (http://ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm) Tropical Forest Trust (www.tropicalforesttrust.com),
Supplies supported by verifiable documentation which clearly identifies all suppliers within the supply chain, forest management unit of the supply origin and provides sufficient evidence on compliance with legal requirements.	Evidence on compliance with legal requirements can be a statement from the law enforcement authority on legal compliance or absence of non-compliance, harvest permit issued or forest management plan approved by the relevant law enforcement authority.

4. Second or third party verification programme

4.1 General

4.1.1 The organisation shall establish a second or third party verification programme for supplies classified as “high” risk. The verification programme shall cover:

- (a) identification of the whole supply chain and forest management unit(s) of the supply’s origin;
- (b) on-site inspection; and
- (c) corrective and preventive measures.

4.2 Identification of the supply chain

4.2.1 The organisation shall require, from all suppliers of “high” risk supplies, detailed information on the whole supply chain and forest management unit(s) of the supply’s origin. The information submitted shall allow the organisation to plan and execute on-site inspections.

4.3 On-site inspections

4.3.1 The organisation’s verification programme shall include on-site inspections of suppliers delivering “high risk” supplies. The on-site inspections can be carried out by the organisation itself (second party inspection) or by a third party on behalf of the organisation.

4.3.2 The organisation shall determine a sample to be taken of suppliers for annual on-site inspections. The size of the sample should be at least the square root of the number of

direct suppliers of “high” risk supplies: ($y = \sqrt{x}$), rounded to the nearest whole number.
Where the previous on-site inspections proved to be effective in fulfilling the objective of this document, the size of the sample may be reduced by a factor of 0.8, i.e.:
($y = 0.8 \sqrt{x}$), rounded up to the next whole number.

4.3.3 The on-site inspections shall cover:

- (a) the direct supplier and all previous suppliers in the supply chain in order to assess compliance with the supplier claims on the origin of the raw material; and
- (b) the forest owner / manager of the forest management unit of the supply origin or any other party responsible for management activities on that forest management unit in order to assess their compliance with legal requirements.

4.4 Corrective and preventive measures

4.4.1 The organisation shall define written procedures for implementing corrective measures for non-compliance for suppliers identified by the organisation’s verification programme.

4.4.2 The range of corrective measures shall be based on the scale and seriousness of the non-compliance to include the following:

- (a) communication of the non-compliance with a request for improvements;
- (b) requiring suppliers to define corrective measures relating to forest management unit’s compliance with legal requirements or efficiency of the information flow in the supply chain;
- (c) cancellation of use of the supplier’s supplies.

4.4.3 The organisation shall cancel the supply from those suppliers which have not provided a self-declaration as required by Section 2 **Self-declaration of suppliers** or have not provided information on the supply chain as required by clause 4.2.