

Record management factsheet

INF.12 Ver 2.0

The Vietnam-EU Voluntary Partnership Agreement (VPA) is a legally binding bilateral trade agreement that aims to improve forest governance and promote trade in legal timber from Vietnam to the EU. Among other things, the VPA describes a timber legality assurance system capable of verifying the legality of timber products. With that, domestic materials of your business sources will be evaluated to meet Vietnamese legality requirements. However, as a large portion of materials processed in Vietnam originates from other countries, the legality of these materials will also be accessed to make sure no illegal harvested timber can enter the supply chain in Vietnam.

More specifically, the Vietnamese Timber Legality Assurance System - VNTLAS (stipulated in Decree no. 102/2020/ND-CP) requires timber importers to conduct due diligence to ensure that imported timber has been legally harvested, produced and exported in accordance with the legislation in the country of harvest.

A Due Diligence System (DDS)

includes the following three elements to minimise the risk that timber products come from illegal harvesting:

Information

Companies must have access to information specifying the timber and timber products, country of harvest, species, quantity, details of the supplier and information on compliance with legislation in the country of harvest.

Risk assessment

Based on the information, companies must assess the risk of illegal timber in their supply chain. Supplies with “negligible” risk may be traded further.

Risk mitigation

In case of “non-negligible” risk of timber products being illegal, risk mitigation measures can minimise the risk effectively. Measures may range from requiring additional information from suppliers and/or requesting the supplier to obtain certification for example.



Under the same EU Action Plan, known as Forest Law Enforcement Governance and Trade (FLEGT), European Union Timber Regulation (EUTR) prohibits the placing of illegally harvested timber on the European market in an effort to tackle the problem of illegal logging across the world. It sets out requirements that companies within the European Union (EU) must meet to minimise the risk of illegal timber being traded. Specifically, the Regulation requires companies placing timber or timber products on the European market (both imported and domestic) to implement a Due Diligence System (DDS).

To comply with these requirements, timber importers in Vietnam and European customers will need access to the following information about the timber:

- the country (and, where applicable, region) of harvest;
- the species (including full scientific name in most cases);
- details of the company who supplied the product to you (where relevant);
- and information on compliance with national legislation (i.e. information that shows that the timber is legal).

To ensure that you can access the relevant information and can provide those to your customers, you will need to ensure that you are carrying out good Records Management.



? What is Records Management?

Records management is the systematic control of an organisation's records throughout their life cycle, from creation or receipt, through to archive and destruction. Effective management of information allows fast, accurate and reliable access to records, ensuring the timely destruction of redundant information and the identification and preservation of vital and historically important records. Everyone in business must keep records. Keeping good records is very important to your business. In addition to helping you customers in Europe meet their due diligence requirement, good records management will help you do the following:

- Monitor the progress of your business
- Prepare your financial statements
- Identify source of receipts
- Keep track of deductible expenses
- Keep good track of your tax expenses

? How do you ensure good Records Management?

There are some rules to adhere to when managing a recordkeeping system. Any approach should ensure that records can be located efficiently when needed. The system should be simple enough to easily understand and easy to operate, but comprehensive enough to ensure you have fully recorded your business dealings.

You can choose any record keeping system that works for you. You can choose to use an electronic system of record keeping (on your computer) or a manual system (using paper files and a filing cabinet). When you choose a recordkeeping system, keep in mind the following:

Cost

What are the ongoing costs of the system you have chosen and are they suitable for your business? For example, there are many sophisticated and expensive electronic record keeping systems available for purchase, but your business needs may be better met by a simple filing cabinet and paper filing system.

Space

Does the system fit in the available space you have?

Safety

Are your records being protected from things like fire and damage from dust, dirt and loss? Are there security systems in place to secure confidential documents and prevent theft?

Flexibility

Does the system allow you to expand in the future in case you need to keep a larger number of records?

We recommend keeping thorough files for each of your suppliers. Within each of these files, you should store all the orders placed with this supplier in chronological order. We also recommend that all the paperwork for each order is kept together. Each of these supplier files can then be stored in a filing cabinet alphabetically.

Physical storage



A metal filing cabinet keeps your records safe from fire, dust and dirt and are lockable so documents can also be secured. Many are water resistant too.



These plastic filing boxes are useful in humid climates, protecting records from damp. Some are lockable and stackable.

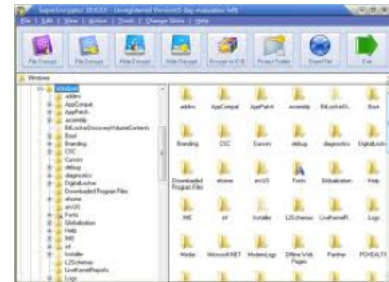


These hanging files sit inside the filing cabinet or box and are used to organise documents into categories. The tabs can be labelled so it is easy to locate files.



These expandable plastic files can be used to transport documents or be used to store the documents of 'live orders' before archiving on job completion.

Electronic storage



Documents can be saved electronically in a system of folders and subfolders on a computer but be sure to back them up to prevent them being lost if the computer breaks down or is stolen (see below).



Documents received can be scanned and stored electronically, they can then be easily emailed to your customers.



External hard drives can be used to back up computer files.



There are also options for backing up computer files in 'the cloud', using storage space provided by other companies over the internet.



? Which records should I keep?

Your record keeping should include the storage of the following information:

Raw material orders, these should include information about the species, and country and/or region of harvest of the timber

Information on the legality of timber purchased, this may include harvesting permits, transport documents, export and import documentation and certification status



Purchase waybill

Purchase invoice

List of suppliers, including their names and addresses

Production orders

Production work sheets

Stock inventory

Sales invoices

Sales waybills

Occupational Health and Safety

§ Creating Records

You will need to create some of the records yourself, such as production worksheets, sales invoices and waybills. You can either purchase receipt and log books or you can create and print your own templates if you have access to a computer.

Supplier List

It is good practice to keep a list of your suppliers, with their contact details and information on the material you are buying from them, such as the type of the material (e.g. sawn timber, MDF, plywood, etc...) and the species with both common and scientific name (e.g. white oak, *Quercus alba*). For certified suppliers you should also record the 'material category' or 'claim' of the material being purchased (e.g. FSC 100%, FSC Mix Credit, etc...) and the supplier's relevant certificate code.

This document has been produced for educational and informational purposes only. Preferred by Nature is not liable for any reliance placed on this document, or any financial or other loss caused as a result of reliance on information contained herein.

The European Union support for the production of this publication does not constitute endorsement of the contents which reflect the views only of the authors, and the Union cannot be held responsible for any use which may be made of the information contained therein.