How to use forest certification in a EUTR compliant Due Diligence System

A step by step introduction to best practice in conducting due diligence on certified wood and wood products as required by the EUTR

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Introduction

There are plenty of certification schemes relevant to the forest and timber industry, each with their own unique requirements.

The Schemes are developed by private entities and are voluntary mechanisms for their participants.

The EU Timber Regulation **does not exempt** certified products from its due diligence requirements, and it **does not endorse** any forest certification schemes. Purchasing certified material does not make you automatically compliant with the EUTR, and certification **is not a green lane** to place timber on the EU market.

- *This means* that companies must include certified material in the scope of their EUTR due diligence system.

- *This does not mean* that certification has no benefits when assessing and mitigating risks of illegality within timber supply chains.

Follow these few steps to use certification to your advantage by correctly implementing it in your due diligence system!

STEP 1

Make sure you understand what certification means

What is certification?

The act of attesting that a system or a product meets specific requirements.

What are the requirements?

A Standard comprises explicit and written requirements applicable to its users. A set of complementary Standards form a **certification scheme**.
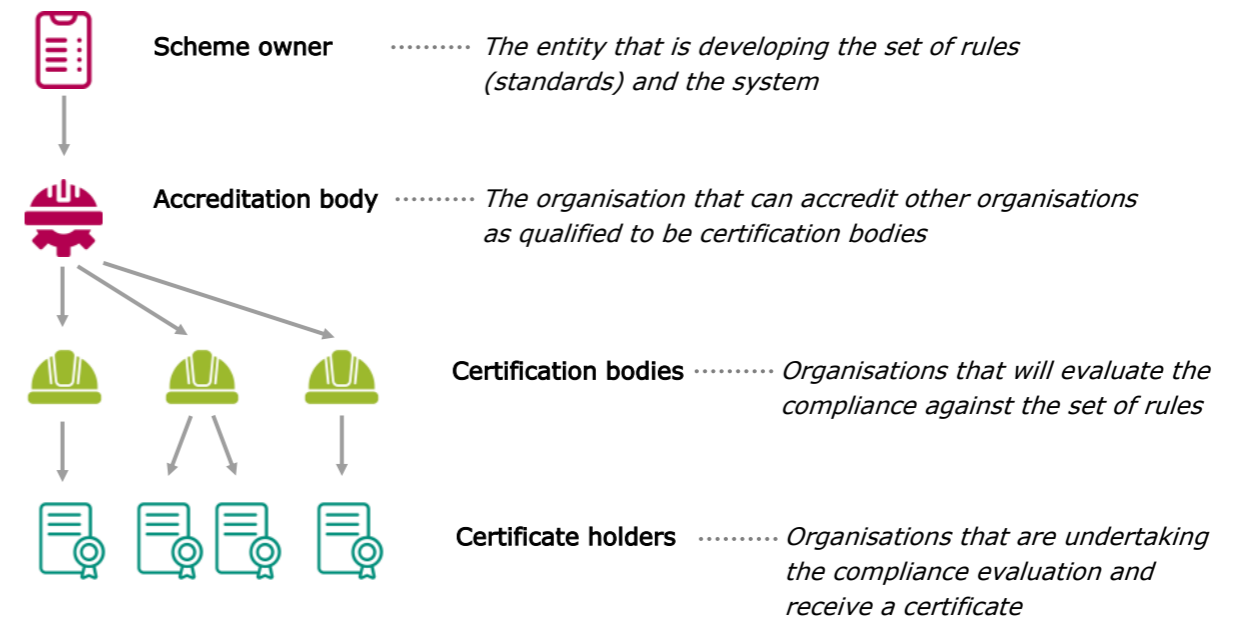
- The entity developing a Standard (or a set of complementary standards) is the scheme owner.

- Standard development may be more or less open to stakeholders.

- Standards may be publicly available or not.

Who is certifying?

An independent third party usually performs auditing.

- **Certification bodies** contract individual auditors.

- Several different certification bodies may offer certification services for the same scheme.

- A single certification body may offer certification services for several different schemes.

- Scheme owners act in some cases as their own certification body. - They are however usually separate entities.

- Scheme owners may require certification bodies to be accredited by an accreditation body, which approves the **certifeion bodies** and controls their performance.

The usual actors of certification schemes

Scheme owner .... *The entity that is developing the set of rules (standards) and the system*

Accreditation body .... *The organisation that can accredit other organisations as qualified to be certification bodies*

Certification bodies .... *Organisations that will evaluate the compliance against the set of rules*

Certificate holders .... *Organisations that are undertaking the compliance evaluation and receive a certificate*

What can get certified?

Certification can apply to:

- A **system** (its performance and/ or its components) → Companies will hold a certificate in their name.

- A **product** (its individual qualities or its connection to a system) → Products carry claims/labels.

In most forestry schemes, companies usually hold a certificate related to their system of forest management or their system for handling timber products, and the products linked to those systems carry a certification claim.

Which products are linked to the certified forests and certified trading entities?

How is the forest managed

How is the timber material handled in the supply chain?

STEP

2

Make sure to incorporate certification procedures within your due diligence system (DDS) in the right way

| 1 | Access to information | 2 | Risk assessment | 3 | Risk mitigation |

1. Access to information

It is a EUTR requirement always to record **species** and **country** of harvest for timber products placed on the EU market.

> *Even if your product is certified, you will have to ensure a certain level of traceability: It might not need to be all the way back to the forest, but at least to the country of harvest.*

Certification can **ease** information gathering as certified entities are usually required and accustomed to maintaining records relating to trading and product documentation.

2. Risk assessment

If a certification scheme already includes a credible verification of legality, it may not be necessary to further assess the risk of illegality in the country of harvest for certified material.

- Someone else is already checking conformance to

forestry legislation in place.

- But you need to know **which laws** are specifically covered by these checks (see Step 3).

If a certification scheme comprises a credible chain of custody requirements applicable to all entities in the supply chain, it may not be necessary to assess supply chain complexity further to determine the potential risk of mixing products.

With robust traceability/ segregation systems in place for all entities handling the material, it is not likely that the product will get mixed with unknown/illegal material.

3. Risk mitigation

If the assessment of a non-certified product reveals a risk of illegality, a **possible risk mitigation action** is to source certified products instead.

- Encourage all suppliers in your supply chain to get certified, beginning with the forest of harvest.

- If some of your suppliers are already certified, start excluding non-certified material from your orders and identify new sources of certified material if necessary.

Moreover, you **might need to conduct additional risk mitigation on a certified product:**

- If you are unsure about the identification of the species and country of harvest.

- If there is a legal category not covered by the certification scheme and if those legal requirements are not consistently implemented in the country of harvest.

- If you have identified a specific weakness in the system in place (E.g., a systematic lack of enforcement of certain certification requirements).

Caution

Even a very robust certification scheme might not succeed in addressing systematic and widespread corruption and governance issues within a country of harvest.
- False certification claims can occur.

You need to consider this risk and, if necessary, strengthen validation even if the product is certified:
- Trace your product to the forest of harvest.
- Work closely with your suppliers to achieve this.
- Engage with scheme owners to strengthen the systems in place.

STEP 3

Make sure that the certification schemes that you are using within your DDS are credible. Both in terms of coverage and assurance system.

The EUTR covers five areas of relevant forestry legislation

- Rights to harvest
- Payments for harvest rights and timber
- Timber harvesting
- Third parties' legal rights
- Trade and customs

You must make sure that the certification system that you are using:

- Requires certificate holders to comply with applicable legislation.
- Covers the same categories of applicable legislation as the EUTR.

If any legal categories are **not considered** during the auditing process – you need to assess them yourself using a risk-based approach.

Make sure that the certification system in place is robust and credible

EUTR requirements related to the credibility of certification schemes include:

- A publicly available system of requirements (standards)
- Regular field audits by an independent third party conducted at least annually
- Means to trace the timber at any point in the supply chain (chain of custody requirements)

Other elements of quality assurance indicative of the scheme's robustness/weakness are:

- Governance structure
- Oversight mechanism
- The overall degree of transparency
- Public availability of information on certified entities
- Process for auditing and delivering certificates
- Conflict of interest management
- Mechanisms to handle complaints

Make sure that you can **justify that the scope of legality and the assurance system** of the certification scheme that you choose to use is robust enough.

Make use of existing assessments of certification schemes against EUTR requirements.

- Assessment frameworks to guide you through a robust evaluation process

- Scheme holders' self-evaluations

- Available third-party evaluations

Note

Do not forget to clearly state which certification schemes you are using in your due diligence procedure and how you have evaluated their compliance with the EUTR requirements.

STEP 4

Confirm that your supply chains are indeed certified

Check the validity of the certificate of entities involved in your supply chain.

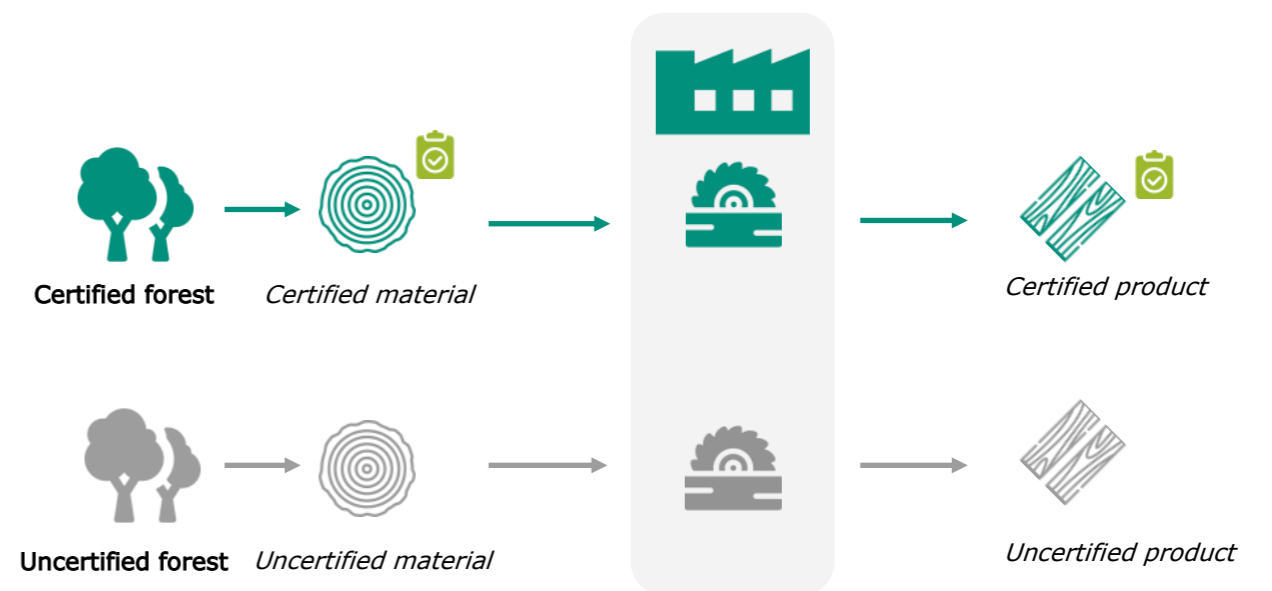The certificate shall not be terminated or outdated.

The scope of the certificate shall be relevant to your product (product category, species, claims, etc.).

Always use public databases when possible.

- A certificate issued four years ago may have been terminated in the meantime due to severe violations of requirements. A certificate holder may also choose to withdraw from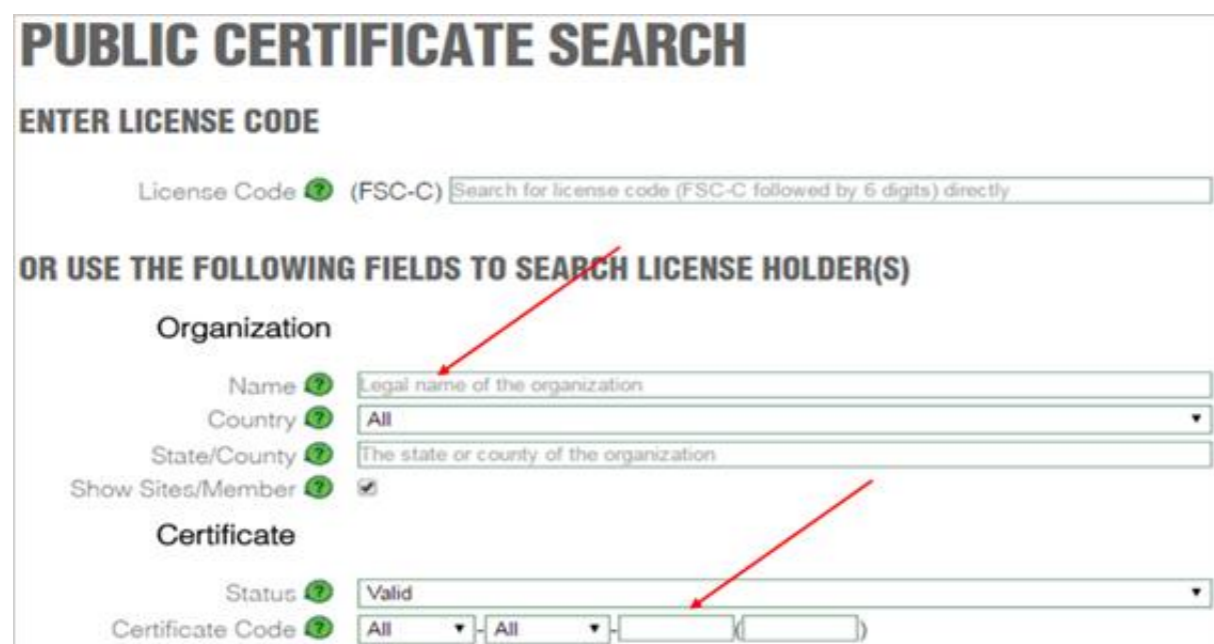 a certification scheme. This cannot be detected by simply reviewing the certificate. Instead, you need to **verify the validity of the certificate** in the database of the certification scheme in question.

- Check that the **products** you purchase originate from certified sources.

- Be aware that a certificate holder can also be trading **non-certified material**. Suppliers can have multiple production lines and handle certified as well as non-certified material in their operations. The non-certified material does not originate from a certified forest.

- Non-certified material is usually not included in the scope of audits carried out by a certification body.

Certified forest   *Certified material*   Certified product

Uncertified forest   *Uncertified material*   Uncertified product

Claims on products are generally visible on sales and transport documents, and sometimes also with on-product labelling.

Claims typically contain the certification code of the certified entity that sells the product.

PUBLIC CERTIFICATE SEARCH

ENTER LICENSE CODE

License Code ❓ (FSC-C) | Search for license code (FSC-C followed by 6 digits) directly

OR USE THE FOLLOWING FIELDS TO SEARCH LICENSE HOLDER(S)

Organization

Name ❓ | Legal name of the organization
Country ❓ | All ▾
State/County ❓ | The state or county of the organization
Show Sites/Member ❓ | ☑

Certificate

Status ❓ | Valid ▾
Certificate Code ❓ | All ▾ - All ▾ - ( )

Claims can also provide details on:

The share of wooden material originating from certified forests as opposed to uncertified forests:

- 100% usually means that all wood in the product is sourced from a certified forest

- "Mix" or a percentage less than 100 (e.g. 70%) usually means that a part of the wood is sourced from a non-certified forest

The system in place to control the certified input and output

- Credit system (also called a mass balance system) vs Percentage system (also called a threshold system)

Additional resources

EUTR references:

Regulation (EU) No 995/2010, art. 6.1.b (EUTR)

Regulation (EU) No 607/2012, art. 4 (Implementing Regulation)

Commission Notice C(2016) 755 – Guidance document for the EUTR – Section 6

Guidance documents from Scheme owners:

- FSC webpage on EUTR and Implementation guide for companies trading FSC certified materials
- FSC webpage and factsheet on FSC labels
- PEFC response to the EUTR review
- PEFC webpage on labels

Existing certification assessment frameworks and tools:

- Preferred by Nature Certification System Evaluation Standard (LS-18)
- WWF Certification Assessment Tool (CAT).
- The Confederation of European paper industries "Comparative Matrix of Forest Certification Schemes".

Academic literature on forest certification schemes:

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About
LIFE Legal Wood

LIFE Legal Wood is an international project committed to providing professionals with all the information they need to understand the European Timber Regulation (EUTR) through free risk assessments, stakeholder networks and seminars, and online due diligence tools. The project is led by Preferred by Nature, an NGO, and is supported by Amfori, Baskegur, Cesefor, Conlegno, Etifor, Foresna, GD Holz, Le Commerce du Bois, Probos, and the Competent Authorities of Belgium, Germany and Spain.

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We engage in development projects and initiatives that drive and support nature conservation and sustainable land management, responsible trade of forest and climate impact commodities around the world.

These activities range from donor-financed, international projects, to capacity building, demonstration of new and innovative approaches, and self-financed non-profit activities.

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