

Chain of Custody Policy of Sustainable Biotrade Group-2004

Preamble:

Whereas the chain of custody policy of Sustainable Biotrade Group-2004 is formulated in the spirit of ensuring the rights of local communities on the resources; contributing to manage forest in sustainable basis; to maintain quality and integrity while operating business and enterprise (identification of the resources, collection, protection, and processing and semi-processing); promoting responsible business practices national and international level through certification process.

Chapter 1

Vision: International trade promotion through sustainable resource management and responsible business practices

Mission: The resources which come from good forest management practices of local communities process locally and promote national and international market by the combined efforts.

Chapter 2

Requirements to be a member of the certified group

Entry into the “Sustainable Biotrade Group”

To enter the “Sustainable Biotrade Group” we ask that you:

- Acknowledge your acceptance of these terms and conditions of being a member of the certified group by signing this document.
- Operate in conformance with the SmartWood/Sustainable Biotrade Group Chain of Custody guidelines.
- Develop a documented control system and procedures document according to the outline provided by the group manager of the “Sustainable Biotrade Group”
- Adhere to the documented control system approved by the group manager.
- Allow the Group Manager and/or the SmartWood certification auditors to visit your business to review your certified product control practices and review documents pertaining to the purchases, processing, storage, sales and shipping during the certification period with due notice.
- Comply with Corrective Action Request by the Group Manager and/or SmartWood.
- Notify the organization if there are any changes in the ownership or management of your business during the certification period.
- Pay a membership fee of Rs 500 annually.
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Leaving the certified Group of “Sustainable Biotrade Group”

Leaving the group of chain of custody certified businesses will be precipitated if you:

- Request that you be removed from the “Sustainable Biotrade Group” giving 30 days notice (it is a voluntary program).
- Do not comply with the SmartWood/Sustainable Biotrade Group chain of custody guidelines.
- Do not comply with corrective action requests requested by “Sustainable Biotrade Group”/Smartwood.
- Refuse to allow the Group Manager and/or SmartWood access to your business for auditing or monitoring.
- Sell the business and the new owners do not want to remain a member.
- Do not pay your membership fee.

Responsibilities of the group manager of “Sustainable Biotrade Group” and member businesses in the “Sustainable Biotrade Group” Member Business responsibilities

- Follow the SmartWood/Sustainable Biotrade Group Chain of Custody guidelines and procedures
- Follow the documented control system and procedures developed for your business
- Train your employees and contractors about the certification procedures
- Provide an annual summary of certified material purchases and product sales to the group manager at the time of the SmartWood annual audit.

- Allow the Group Manager and SmartWood to audit your business.
- Communicate any issues to the Group Manager regarding certification procedures.
- Communicate any changes in the management or ownership of your business.

“Sustainable Biotrade Group” Group Manager’s responsibilities

- Provide an orientation/training to members on FSC certification including:
 - The complete CoC standards as provided by SmartWood,
 - An overview of FSC CoC certification,
 - The certification process,
 - Explanation of assessment and annual audit information that is verified by SmartWood,
 - FSC requirements regarding use of their name and trademark in public information.
- Provide members with the Group Manager Procedural Document
- Provide a documented control system and certification procedures template for you to develop.
- Monitor your business annually for maintaining consistency in certification procedures.
- Represent the members as the contact for communications an certification issues with the SmartWood and the FSC.
- Maintain the records of the Group
- Communicate changes to the members in FSC requirements.
- Notify you of any changes the group’s or individual member’s certification status.

[] Yes, I agree to the above requirements and want to be included group of Chain of Custody certified businesses.

[] No, I do not want to be included.

[] I have questions and want you to call me.

Phone: _____
 Name: _____
 Address: _____

Signed: _____

 Member Business Date

Signed: _____

 Group Manager Date

Chapter 3

Group Manager Procedural Document for group Chain-of-Custody

1. Procedures for adding in new members to the “Sustainable Biotrade Group” group certificate:
 - New member signs the member letter that outlines responsibilities of member and group manager and provides rules for entry and exit from the membership
 - New member develops a documented control system and COC procedures document in conformance with the group manager’s requirements before being accepted.
 - New Member will train their employees and contractors on the CoC procedures.
 - The Group Manager will do an onsite review of the new member’s systems before adding them to the group certificate
 - The Group Manager provides members with the SmartWood/“Sustainable Biotrade Group” guidelines, FSC brochures and all assessment and audit reports concerning the groups certification.
 - The Group Manager will report to SmartWood within 30 days of the inclusion date of new members.

2. The Group Manager will provide to new group member its FSC certification code and subcode designation i.e., SW-COC-0102

3. Procedures for group manager performing monitoring of group members.
 - The group manager will monitor all members onsite at least annually.
 - Certification records and procedures will be monitored.
 - A record of monitoring visits including dates of visits, member visited and general findings will be kept.
 - A report of findings and corrective actions will be provided to the member if there are any non-compliances.
 - Corrective action compliance will be verified either by onsite visit or document review as appropriate. A verification report will be prepared and be part of the group manager records.
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4. The procedure for members voluntarily or involuntarily leaving the group:.
 - Member requests to be removed from the group giving 30 days notice (it is a voluntary program).
 - Member does not adhere to the SmartWood/“Sustainable Biotrade Group” chain of custody guidelines or do not comply with corrective action requests.
 - Member refuses to allow Group Manager and/or SmartWood access for auditing or monitoring.
 - Member sells the business and the new owners do not want to remain a member.
 - Group Manager will provide the member a written explanation for their removal from the group
 - Group Manager will provide the member with a 10 day notice prior to removing them from the group.

- Group Manager has a grievance procedure for members involuntarily removed from the group. The grievance procedure includes:
 - Member provides written reasons why they should not be removed,
 - The group manager and at least two other members considers the grievance,
 - Two votes of the three entities are required to accept the grievance
 - Member is informed of grievance decision within 20days of the receipt of written grievance
 - Members vote for the grievance committee membership
 - SmartWood will be informed within 30 days that a group member has been removed from the group certificate.
5. Procedures for keeping and/or verifying records of group members' certified transactions:
- The Group Manager requires that each member provide summaries of certified product purchases and sales to the Group Manager annually
 - The group manager will have a copy of the members documented control system and procedures
 - The group manager will visit each member at least annually for monitoring purposes (see 3 above).
6. Additional group manager responsibilities:
- Provide a documented control system and certification procedures template to the members of "Sustainable Biotrade Group".
 - Represent the members as the contact for communications a certification issues with the SmartWood and the FSC.
 - Communicate changes to the members of "Sustainable Biotrade Group" in FSC requirements.
 - Notify members of any changes in the group's or individual member's certification status.
 - Provide an orientation/training to members on FSC certification including:
 - The complete CoC standards as provided by SmartWood,
 - An overview of FSC CoC certification,
 - The certification process,
 - Explanation of assessment and annual audit information that is verified by SmartWood,
 - FSC requirements regarding use of their name and trademark in public information.

Company Letterhead

Company SmartWood/“Sustainable Biotrade Group” Chain-of-Custody
Documented Control System:
FSC-certified Products

Company:

Location:

Certification Contact:

I. Purchasing and Receiving

A. Procedures for purchasing FSC-certified material.

All purchase orders for FSC certified products will specifically identify the certified product to be provided and will request that the supplier provide their FSC Certification number on the transportation documents, harvesting permits, receipts, payment invoices and on product packaging, binding or container.

B. Procedures for verifying the FSC-certified status of material purchased.

Harvesters' tally sheet (and/or receipt) identifies the FSC certified CF land, harvesters name, CFUG and the date it was delivered to the processing plant. The FSC certification code number will be required on all delivery documents.

C. Procedures for maintaining the separate identity of certified materials upon receiving.

At delivery, all certified products will be given a physical mark (single colored ribbon, cloth or paint) and will be placed in separate area marked “FSC certified only”.

D. Procedures for recording quantities of certified materials received.

A record book of certified purchases will be kept. The book will state harvester, CFUG, CF, product, quantity and species

For purposes of tracking, the system is able to summarize all certified products received by species over a specified date range.

E. Responsible personnel for purchasing and receiving.

The receiving clerk is responsible for all certified product deliveries including weights and measures.

The general manager is responsible for purchasing contracts.

The office manager is responsible for recording delivery information and maintenance of inventory records.

F. Forms/records used for purchasing and receiving.

Forms used in certified products purchasing and tracking are: Purchase contract, Delivery tickets, Periodic (monthly/weekly) record of purchased product receipts, Product Inventory ledger. All appropriate documents will contain the FSC certification code number.

II. Production

A. Procedures for separate production and identity of certified material.

- All certified products will be run in separate batches.
- Non-certified products will be cleared from the production area prior to the certified run.
- Certified products will be identified by a color-coded ribbon (mark, pallet, barrel, basket, etc.) throughout the process. Green ribbon will be placed

B. Procedures for tracking certified materials within production.

- The production supervisor will note “certified” on the daily production report and note the concurrent production of certified material.
- At the end of the certified run, the manufactured product to be kept as certified will be visually marked. A color-coded production card indicating date of manufacture, species, etc., and the certified status, will be affixed to the product.

C. Responsible personnel for production.

The production supervisor is responsible for identifying the raw material as certified, noting certified on the daily production report, for insuring the processing plant is cleared of non-certified materials and that all certified products are labeled as such.

D. Forms/records used for production.

- The daily production report is labeled as certified.
- The weekly/monthly production report will show certified products as separate entries.
- The inventory report will show certified products as separate categories.

III. Finished Product Handling and Sales

A. Procedures for maintaining the separate identity of finished certified products.

Products sold as certified will be labeled with the processor’s name, the FSC logo (see IV below) and FSC Certification code number.

B. Procedures for recording quantities of finished certified products in inventory and sales.

FSC product sales are recorded separately in the Company sales reports. They will be available in summary format by species and customer. Only customers requiring certified lumber will be reported.

C. Procedures for invoicing and shipping of FSC-certified products.

All invoice and transportation documents for certified materials will include FSC Certification code number and certified status of each product. Invoices, as usual, will include species, quantities and product numbers.

D. Responsible personnel for finished product handling and sales.

- The sales manager is responsible for certified sales and will record the certified products sold for each order.
- The shipping clerk will be responsible for verifying the certified products making up the certified order and recording those on the transportation document
- The office manager will insure invoices are stamped as certified and documents for certified sales are kept together.
- The accounting clerk will enter all of the sales data into a sales ledger by date sold, date shipped, purchasing company (companies FSC code number if applicable), transporter, product, species and quantity.

E. Forms/records used for finished product handling and sales.

- Sales invoices will show certified products and status.
- Customer Orders will show certified products supplied.
- Transportation documents will show products and certified status.

IV. Labeling / Logo Use

A. Types of labels or other marks that will be used on finished certified products.

Certified products will be marked with the FSC logo and the FSC Certification code number. Color-coded labels will be stapled to the products as well and show certified status, FSC Certification number, and species information.

B. Procedures for use of the SmartWood and/or FSC logos.

The design of labels, websites, brochures and other uses of the FSC logo will be submitted to SmartWood for approval prior to their use.

C. Responsible personnel for labels and logo use.

The general manager is responsible for all label/logo approval.

V. Record Keeping

- A. Procedures for maintaining records pertaining to certification.**
All records for certified product purchases, production, sales, and public information will be kept in the files for a period of **five years**.

- B. Procedures for compiling annual audit data for SmartWood auditors.**
Summaries will be prepared for certified product purchases, inventory, and sales for SmartWood/“Sustainable Biotrade Group” annual audits.

EMPLOYEE/CONTRACTOR PROCEDURE MANUAL

I. RECEIVING OF RAW MATERIAL

A. Handling Steps

- 1) Products arrive from the certified forest. The transportation/harvest document is checked by the receiving person to make sure that it has the FSC certification code number.
- 2) Products are given color-code tags green ribbon to designate it as certified.
- 3) Products are put in the FSC-designated storage area.
- 4) The inputs are recorded on a tally sheet and sent to the office.

B. Documents

- 1) Transportation/harvesting documents with FSC code number
- 2) Color-coded tag
- 3) Raw material tally sheet
- 4) General ledger shows inputs

II. PRODUCTION/PROCESSING

A. Handling Steps

- 1) All non certified materials are purged from the processing area
- 2) Certified material is brought to the processing area
- 3) The production supervisor tallies the materials to be processed.
- 4) The materials go from point A to point B to point C in color-coded containers
- 5) The materials are tracked through the process by processing documents
- 6) The manufactured product is tallied.

B. Documents

- 1) Tallies for each stage of production

III. SHIPPING/STORAGE

A. Handling Steps

- 1) Final FSC products have the FSC/SmartWood trademarks and certification code put on labels.
- 2) They are also identified with a color-coded work order.
- 3) They are put in an FSC-designated storage area.
- 4) The finished product tallies are recorded and sent to the office
- 5) The office produces transportation documents and invoices using the FSC code number

1) B. Documents

- 1) Work order
- 2) Tallies
- 3) General ledger shows the sales
- 4) Invoice

5) Transportation documents

A sample of cover letter to the potential members by the group manager

Date

Logo
“Sustainable Biotrade Group”
Kathmandu

Dear

Address

Dear Potential Group Member:

We are inviting you to join our FSC/SmartWood-“Sustainable Biotrade Group” group of certified forest product manufacturers, wholesalers and retailers. SmartWood is a program of the Rainforest Alliance and is accredited by the Forest Stewardship Council (FSC). Recently, SmartWood certified a group of FECOFUN members for FSC forest management certification. Raw materials from those community forests will be FSC certified and companies that are Chain of Custody certified could label the products manufactured products from those forests as FSC certified.

FSC/SmartWood-“Sustainable Biotrade Group” is a voluntary program whereby our the forestland owners/managers submit to a third party assessment of the environmental, economic, and social performance of their forest management system and practices against a set of international forestry standards. Companies get certified to: improve and verify the quality of their management and to provide the consuming public with certified products that acknowledge their commitment to the environment and community.

Members of the “Sustainable Biotrade Group” group of certified businesses will undergo audits and assessments. The SmartWood assessment team selects the members in our certified group to review. They review a sample of documents and/or visit a number of businesses. If you participate in the group your documents and business may be selected. We are asking our members who may be interested in participating in this program to review the following terms and conditions and sign this document if you wish to be included in our certified group.

Sincerely yours,

Parbat Gurung
Chairperson