

Responsible Procurement Program Guidance Document

Guidance for companies that manufacture wood flooring or other hardwood products domestically, that import wood flooring or other hardwood products made from raw materials that originate from the U.S., and/or that import wood flooring or other hardwood products that originate outside of the U.S.

3/30/10

Administered by

National Wood Flooring Association (NWFA)

The goal of this document is to provide companies with clear, step-by-step guidance for complying with the requirements of the Responsible Procurement Program (RPP). In the action steps below, the word “shall” indicates that an action is obligatory, while the word “should” indicates that an action is recommended but not required.

This document is divided into two parts. Part 1 outlines the steps a company should follow after enrollment to prepare for and undergo an initial assessment within the first year to establish compliance with the RPP. Part 2 outlines the steps a company should follow in the years after a successful initial assessment.

The RPP requires that companies designate an RPP Administrator who has overall responsibility for managing compliance. It is assumed that, in many cases, the Administrator may wish to delegate certain RPP tasks to other personnel according to their job description or function in the company. To facilitate this process, the action steps below are classified by function as follows:

RPP Administrator – No highlighting
Procurement – Yellow highlighting
Marketing – Green highlighting
Operations*** – Blue highlighting

*** includes receiving, storage, inventory control, manufacturing, shipping & invoicing

PART 1

Enrollment

- 1) Company shall enroll in the RPP by:
 - a) Completing an application
 - b) Paying NWFA the program enrollment fee

- 2) NWFA will send the company an RPP Application Package, which includes:
 - a) Guidance Documents, including sample forms and templates
 - b) RPP Program Document
 - c) RPP Standard
 - d) RPP Chain of Custody (CoC) application
 - e) Scientific Certification Systems (SCS) assessment services agreement

- 3) Company shall complete the RPP CoC application and SCS assessment services agreement and submit them to SCS, attn. Neil Mendenhall (fax - 510-452-8001; email - nmendenhall@scscertified.com)

Initial Assessment Preparation

Note: Steps 1-11 below are intended to provide guidance in establishing systems and documenting procedures in accordance with the requirements of the RPP. Once these systems and documented procedures are in place, your company will need to undergo an initial assessment by SCS to determine compliance.

- 1) Company shall establish a procurement policy and a complaints mechanism (templates are available) and shall post them publicly, e.g. on the company website.

- 2) Company shall develop and document a procedure (a template of written procedures for RPP compliance is available) for evaluating suppliers and origins of wood supplied, and shall begin to evaluate suppliers according to that procedure.

- 3) Based on this evaluation, Company shall broadly classify each of its product lines (based on raw materials origins) into one (and only one) of the following Source Types as applicable:
 - a. Unknown/Unacceptable
 - i. Wood whose origin is unknown
 - ii. Wood sourced from countries not considered low risk for

illegal logging¹ and that

1. have not undergone VLO by an NWFA-approved legality verifier
 2. are not FSC Certified
 3. are not FSC Controlled Wood
- b. FSC Certified
- i. Company and at least some of its vendors must have FSC chain of custody (CoC) certification
- c. U.S. Renewing Forests
- i. Wood sourced from U.S. states where hardwood growth exceeds loss and that avoid controversial sources
- d. Legal
- i. Imported FSC Controlled Wood
 - ii. Wood sources that have undergone VLO by an NWFA-approved legality verifier
 - iii. Wood sourced from countries considered low risk for illegal logging
 - iv. Wood sourced from U.S. states where hardwood growth does not exceed loss and/or that do not avoid controversial sources, and that therefore do not qualify as U.S. Renewing Forests.
- e. Other Acceptable
- i. Post-consumer recycled / reclaimed wood
 - ii. Pre-consumer recycled wood
 - iii. Salvaged wood

Engineered products must contain 100% acceptable sources (b, c, d & e above) or they default to unknown/unacceptable

4) Company shall develop and document a procedure for obtaining supplier declarations (a template is available) for all wood purchases. Company should circulate declarations to its suppliers at this time, and notify them of their procurement policy. **At the time of its initial assessment, Company shall have supplier declarations available covering purchases in the 30 days prior to the assessment.** After a successful RPP CoC assessment, there must be a supplier declaration that covers each wood purchase.

5) If any of the company's products are from countries not considered low risk for illegal logging and are classified as unknown/unacceptable

¹ Note that all underlined terms in this document are defined in the RPP Glossary.

sources, within 3 years of the initial RPP COC audit, the company shall either cease trading in these products or shall undergo an audit for Verified Legal Origin, conducted by an NWFA approved legality verifier, for these products. Companies must establish and document a strategy for dealing with products classified as *unknown/unacceptable*.

- 6) Company shall develop and document a procedure for maintaining a month-by-month Accounting System (a template is available) for tracking **volumes** of wood products **purchased** and **sold**. The Accounting System shall be organized into as many of the Source Types above as are applicable. It shall also contain the following minimum elements:
 - a. Type of product purchased (i.e. veneer, lumber, HDF, flooring) and unit measure
 - b. Conversion factor, if applicable (e.g. board feet to square feet, NOTE: this is only applicable if raw materials are being manufactured into flooring)
 - c. Invoice numbers for sales of products of that Source Type
- 7) Company shall establish a Master List of products (a template is available) whose Source Type is U.S. Renewing Forests and that therefore qualify for use of the U.S. Renewing Forests label. Company shall also establish a master list of products whose Source Type is Legal Import and that therefore qualify for use of the Legal label.
- 8) Company shall develop and document a procedure for identifying and segregating acceptable from unknown/unacceptable sources through purchasing & receiving (based on supplier declarations), storage, manufacturing, and shipping.
- 9) Company shall develop and document a procedure for invoicing products that qualify for the U.S. Renewing Forests and Legal labels, and produce a mock invoice and shipping documents demonstrating compliance with RPP Standard requirements.
- 10) Company shall develop and document a procedure for training employees in compliance with the RPP.
- 11) Company shall develop and document a procedure for maintaining records that demonstrate compliance with the RPP (for example: supplier declarations, purchase orders, invoices, shipping documents, training logs, etc). Records can be maintained electronically or in hard copy and shall be kept for at least 5 years.

Schedule Initial Assessment

- 1) Within 12 months of enrolling in the Program, Company shall schedule and undergo an initial RPP CoC assessment with SCS. This audit will be conducted on-site by SCS. If the Company has multiple facilities, SCS will audit a sample of those facilities (see RPP Standard). SCS will submit an audit report to NWFA with recommendations for certification.
- 2) If the recommendation is positive and NWFA approves it, then NWFA will send the Company the RPP Certification Package which includes:
 - a. RPP licensing agreement for use of the logos
 - b. RPP CoC code(s)
 - c. U.S. Renewing Forests and/or Legal label packages
- 3) If the audit reveals problems with the Company's procedures or systems for complying with the RPP, SCS shall issue Corrective Action Requests. Corrective Action Requests shall be resolved in the manner and in timeframe established by SCS. If they are not, SCS will notify NWFA of the non-compliance and, depending on its severity, may recommend that NWFA suspend the Company from the RPP.
- 4) The date that the RPP CoC certificate is issued shall represent the official start date on which all time-bound RPP requirements are based.

PART 2

First Year (after initial assessment)

- 1) Company shall follow its documented procedures and implement its Accounting System.
- 2) Approximately on the anniversary of its initial RPP COC assessment, the Company shall schedule an RPP COC surveillance audit. Unless the Company has unresolved complaints against it (see procurement policy/complaints mechanism referenced above) or unresolved Corrective Action Requests, the certifier shall conduct a desk audit rather than an on-site audit.
- 3) Near the end of the first year and in preparation for the first surveillance audit, the Company shall use its Accounting System to establish a Baseline for setting future Objectives and measuring progress. The Baseline shall take the Company's sales (on a volume basis) by applicable Source Type and divide by the total volume of all products sold to arrive at a series of percentages. Company shall report Baseline to NWFA.
- 4) Company shall set Objectives for the second year. These Objectives shall represent both a percentage increase in sales of products from acceptable Source Types and a percentage decrease in sales of products whose Source Type is *unknown/unacceptable*. Objectives should be ambitious but achievable and should be explained and justified to the auditor at the time of the surveillance audit. The auditor will include the justification in his/her report.
 - a. If Company is already FSC-certified for Chain of Custody and already sells FSC-certified products, then the second year objective for the FSC Certified Source Type shall represent an increase over the baseline.

SAMPLE 1st YEAR BASELINE & 2nd YEAR OBJECTIVES					
	<i>Unknown/ Unacceptable</i>	<i>FSC Certified</i>	<i>US Renewing Forests</i>	<i>Legal</i>	<i>Other Acceptable</i>
1st Year Baseline (Percentage of total sales)	40%	0%	40%	10%	10%
2nd Year Objectives	10%	0%	60%	20%	10%

Second Year (after initial assessment)

- 1) Company shall resolve any outstanding Corrective Action Requests from the previous surveillance audit.
- 2) Company shall continue to follow its documented procedures and to maintain its Accounting System.
- 3) Near the end of the second year and in preparation for the second surveillance audit, Company shall use its Accounting System to establish a Second Year Baseline and shall set new objectives for the third year.
 - a. The objective set for the *unknown/unacceptable* Source Type should be working toward zero because by the end of the Third Year the RPP requires that ALL products made from raw materials originating in countries not considered low risk for illegal logging undergo VLO by an NWFA-approved legality verifier; alternatively, the participant can cease trading in such products.
 - b. If Company is already FSC-certified for Chain of Custody and already sells FSC-certified products, then the third year objective for the FSC Certified Source Type shall represent an increase over the baseline.
- 4) Company shall report to the auditor on how the Second Year Baseline compared to its prior year Objectives and shall present its Objectives for the coming year. As before, these Objectives shall represent both a percentage increase in sales of products from acceptable Source Types and a percentage decrease in sales of products whose Source Type is *unknown/unacceptable* (objective should be zero, per the above). Objectives should be ambitious but achievable based on an analysis of what happened in the previous year. As before, Objectives should be explained and justified to the auditor at the time of the surveillance audit. The auditor will include the justification in his/her report.

SAMPLE 2nd YEAR BASELINE & 3rd YEAR OBJECTIVES					
	<i>Unknown/ Unacceptable</i>	<i>FSC Certified</i>	<i>US Renewing Forests</i>	<i>Legal</i>	<i>Other Acceptable</i>
1st Year Baseline	40%	0%	40%	10%	10%
2nd Year Objectives	10%	0%	60%	20%	10%
Actual 2nd Year Results/2nd Year Baseline	20%	0%	55%	15%	10%
3rd Year Objectives	0%	0%	70%	20%	10%

Third Year (after initial assessment)

- 1) Company shall resolve any outstanding Corrective Action Requests from the previous surveillance audit.
- 2) Company shall continue to follow their documented procedures and to maintain their Accounting System.
- 3) Near the end of the third year and in preparation for the third surveillance audit, Company shall establish a third year baseline and objectives for the fourth year, per the above.
 - a. Objective for the *FSC Certified* Source Type must be greater than zero. If Company is already FSC-certified for Chain of Custody and already sells FSC-certified products, then the fourth year objective for the FSC Certified Source Type shall represent an increase over the baseline.
- 4) By the time of the third surveillance audit:
 - a. Company shall provide auditor with a signed declaration from top management that ALL products made from raw materials originating in countries that are not considered to be at low risk for illegal logging have been certified for Verified Legal Origin by an NWFA-approved organization.
 - b. The company shall no longer trade products whose Source Type is *unknown/unacceptable*.
 - c. Company shall submit report on progress toward FSC Controlled Wood to auditor. NWFA will provide guidance and resources for developing this report at least one year before it is due.

SAMPLE 3rd YEAR BASELINE & 4th Year OBJECTIVES					
	<i>Unknown/ Unacceptable</i>	<i>FSC Certified</i>	<i>US Renewing Forests</i>	<i>Legal</i>	<i>Other Acceptable</i>
2nd Year Baseline	20%	0%	55%	15%	10%
3rd Year Objectives	0%	0%	70%	20%	10%
Actual 3rd Year Results/3rd Year Baseline	0%	0%	65%	25%	10%
4th Year Objectives	0%	10%	60%	20%	10%

5) At the end of this year Company shall undergo an FSC CoC audit. This requires an annual on-site audit conducted by an FSC-accredited Certification Body. RPP CoC audits do not have to be conducted separately once FSC CoC certification audits have started, provided that the FSC-accredited certifier expands the scope of the certification audits to include all applicable RPP requirements. Note that it is fine if a Company already has FSC CoC certification or wishes to seek it earlier than the end of year 3.

6) **Congratulations! If you have completed all of the preceding steps, you have now achieved Tier 2 of the RPP.**

Fourth Year (after initial assessment)

- 1) At the beginning of the fourth year, Company shall join the FSC Procurement Group . Note that a Company is welcome to join the FSC Procurement Group earlier than the beginning of the fourth year, but must do so no later than this time.
- 2) Near the end of the fourth year and in preparation for the fourth surveillance audit, Company shall establish a fourth year baseline and objectives for the fifth year.
 - a. The fifth year objective for the FSC Certified Source Type shall represent an increase over the baseline.

SAMPLE 4th YEAR BASELINE & 5th YEAR OBJECTIVES					
	<i>Unknown/ Unacceptable</i>	<i>FSC Certified</i>	<i>US Renewing Forests</i>	<i>Legal</i>	<i>Other Acceptable</i>
3rd Year Baseline	0%	0%	65%	25%	10%
4th Year Objectives	0%	10%	60%	20%	10%
Actual 4th Year Results/4th Year Baseline	0%	5%	60%	25%	10%
5th Year Objectives	0%	15%	55%	20%	10%

Fifth Year (after initial assessment)

- 1) By the time of this year’s FSC CoC audit, Company shall demonstrate that all non-FSC-certified products EITHER meet minimum requirements for use in FSC Mixed products, which currently include the following:

- a. FSC Controlled Wood
- b. Post-consumer recycled wood
- c. Pre-consumer reclaimed wood

OR Company shall demonstrate that non-FSC-certified products come from other acceptable sources.

RPP Implementation Timeline

