



Framework for Assessing Legality of Forestry Operations, Timber Processing and Trade Annex

CHINA

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Framework for Assessing Legality of Forestry Operations, Timber Processing and Trade - Principles, Criteria and Indicators for China

<i>Indicator</i>	<i>Guidance note/Verifier</i>
PRINCIPLE 1: ACCESS, USE RIGHTS AND TENURE	
Criterion 1.1: Use, access and tenure rights application are subject to stated conditions within the laws and regulations	
Indicator 1.1.1: “The long-term forestry operating plan” should be approved by the relevant Forestry Administration.	Verify that the company provides relevant documents that are in line with “the long term forestry operation plan”
	Legal references: <ul style="list-style-type: none"> • Article 16 of the “Forestry Law Amended” 1998
Indicator 1.1.2: Company should conduct activities as defined in the Forest Authority Certificate.	Verify adherence to the points below as appropriate. 1) A certificate for use right of forestland issued by the relevant Forestry Administration, indicating detailed activities in the forestland. 2) For conversion into deforested land for construction the companies should have official approval document issued by relevant Forestry Administration as well as forest use right document.
	Legal references: <ul style="list-style-type: none"> • Article 18 of the “Forestry Law Amended in 1998” • Article 18 of the Regulation on the Implementation of the Forestry Law • Articles 2 & 7 of the Regulations Governing Examination and Approval of Occupation and Requisition of Forest Land • Articles 16 & 17 of the Regulation on the Implementation of the Forestry Law of the People’s Republic of China
Criterion 1.2: Clear evidence of forest and/or land use, access and tenure rights shall be demonstrated in accordance with laws and regulations	
Indicator 1.2.1: Company must hold a valid Forest Authority Certificate.	Forest Authority Certificate includes both ownership and land use rights. Verify that the applicant for a Forest Authority Certificate can provide the

	<p>following materials:</p> <ol style="list-style-type: none"> 1) Certificate stating that there is no dispute over rights to forest, trees and forestland; adjacent parties agree with boundary definition or land allocation and boundaries are clearly indicated 2) Registration document and map showing coverage and boundaries conform to the situation in the field 3) Full set of related charts and tables 4) Evidence on right to use or own <p>Note: The Forest Authority Certificate is issued by the Forestry Administration authority under the State Council.</p>
	<p>Legal references:</p> <ul style="list-style-type: none"> • Paragraph 2, Article 3 of the Regulation on the Implementation of the Forestry Law • Paragraph 2, Article 3 of the Forestry Law of the People’s Republic of China (Passed on September 20, 1984 and Revised on April 29, 1998, hereinafter referred to as “Forestry Law revised in 1998”) • Article 16 of the Regulation on Registration and Management of Right to Trees and Forestland passed on Nov 2nd, 2000 and issued on Dec 31st, 2000 and hereinafter referred to as “Regulation on Right Registration and Management”). • Regulation on Rights, Registration & Management, Articles 5 & 11
<p>Indicator 1.2.2: Company transfers the use rights of forestland and trees should provide relevant documents.</p>	<p>Note: Use rights of forest are allowed to be transferred only for timber standing stock, economic forest and firewood forest, which is defined by the State Council.</p> <p>Legal references:</p> <ul style="list-style-type: none"> • Article 15 of the “Forestry Law Revised in 1998”.
<p>Criterion 1.3 Conversion of forest land to non-forest land must apply for approval according to the relevant laws.</p>	
<p>Indicator 1.3.1 :The occupation of forest land by, Direct engineering facilities for forestry production purpose by forest management unit must have certificate of approve of</p>	<p>1 Direct engineering facilities for forestry production includes: cultivation, production of seeds, and saplings facilities; storage facilities of seeds, saplings and timber; the skid trails, log transportation road; forestry research, experimentation, demonstration base; Wildlife Conservation, forest protection,</p>

<p>the use of forest land by forestry management department.</p>	<p>forest pest control, forest fire prevention, quarantine facilities; water supply, power supply, heat supply, gas supply, and communications infrastructure. 2) Application shall be made to forestry department. Using of the forest land must be in line with the proved area, the scope of the project, purpose. Neither forest vegetation recovery payments nor approval of land for construction is needed.</p>
	<p>Legal references:</p> <ul style="list-style-type: none"> • Article 18 of the “Forestry Law Revised in 1998”. • Article 18 of "Regulations for the Implementation of the Forestry Law of the People's Republic of China", released on January 29, 2000 into effect.
<p>Indicator 1.3.2: Forest management unit builds other engineering facilities which will occupy forest land must have permission certificate for the use of forest land and approval of land for construction.</p>	<p>Verify adherence to the point below as appropriate. Construction of engineering facilities for other purposes which need convert forest land to non-forest land. In addition to examination and approval by forestry department, approval for land for construction must be obtained from land administration department at the same level base on the possession of permission certificate for the use of forest land.</p>
	<p>Legal references:</p> <ul style="list-style-type: none"> • Article 18 of the “Forestry Law Revised in 1998”. • Article 16 and 18 of "Regulations for the Implementation of the Forestry Law of the People's Republic of China", released on January 29, 2000 into effect.

PRINCIPLE 2: TIMBER FELLING	
Criterion 2.1: Felling/timber licence with stated conditions in accordance with government policies, guidelines and regulatory requirements, approved by the relevant authority	
Indicator 2.1.1: The timber felling company should have a Timber Felling Licence, except when felling small amounts of timber owned by farmers in their home garden.	<p>Note: for different company/harvester should offer different documents which is stated in the laws and regulations.</p> <ol style="list-style-type: none"> 1) State-owned forestry enterprises must have investigation and design documents for felling areas and signed acceptance of forest regeneration for felling areas in the previous year by the relevant Forestry Administration. 2) Other felling entities must have documents that describe the purpose, area, species, forest situation, coverage, reserve, felling means and regeneration measures; 3) Individuals must have documents that describe the area, coverage, species, volume, reserve and regeneration time etc. 4) A Forest harvester may ask for the nearest forestry station to assist with a Timber Felling Licence. The county forestry department provides "one-stop " service such as audit of forest right, design of the felling area and certificate issuance, etc. Harvester self-management is applicable. The forestry authorities provide guidance services, supervision and management.
	<p>Legal references:</p> <ul style="list-style-type: none"> • Article 32 of the “Forestry Law Amended in 1998” • Articles 30 & 31 of the Regulation on the Implementation of the Forestry Law of the People’s Republic of China • Article 9 of the “Opinions on reform and improvement on management of collective forest felling by the State Forestry Administration”, Jul 15th, 2009

Criterion 2.2: The company implements felling operations in accordance with the legally prescribed silvicultural system and relevant regulations	
Indicator 2.2.1: The felling volume should not exceed approved annual felling quota approved by the State Council.	<p>1) Annual felling quota is defined based on the forest management plan; The logging quota is only subject to the stocking volume; Clear-cutting is subject to the size of the area; Check that annual timber production plan has been submitted to the forestry administration agencies at propitiate level.</p> <p>2) Timbers on non- forestry land are not subject to the felling quota management They are managed and felled by the business proprietor independently.</p> <p>3) Commercial forest felling is of the following types: the main felling, tending felling and other types of felling.¹ Tending and other types of felling can use the quota of main felling if the quota of its type is not enough, but tending felling quota shall not be used for other types of felling. All types of quota can be carried forward to subsequent years;</p> <p>Note: The auditor should check the licence and plan against the allowable quota and verify on the ground from felling records of the company and records from the government agencies.</p>
	<p>Legal references:</p> <ul style="list-style-type: none"> Articles 11 and 12 of the “Opinions on reform and improvement on management of collective forest felling by the State Forestry Administration”, Jul 15th, 2009Regulation on Credentials Used in Law Enforcement of Forestry Administration Authority (Circular No. 12 of the Ministry of Forest of the People’s Republic of China, passed by minister-held conference on Dec 27th, 1996 and promulgated on Jan 6th, 1997) Articles 29, 30 & 34 of the “Forestry Law Amended in 1998” Article 33 of the Regulation on the Implementation of the Forestry Law of the People’s Republic of China Regulation on Management of Forest Cutting and Regeneration (Approved by the State Council on Aug 25th, 1987 and promulgated on Sep 10th, 1987)

¹ “Regulation on Management of Forest Cutting and Regeneration” stipulates four types of felling: main felling, tending felling, regeneration felling, and optimal felling for low yielding and low efficiency forest.

<p>Indicator 2.2.2: Felling operations must be in accordance with the regulated requirements</p>	<p>Verify that the company’s felling operations comply with official procedures and requirements:</p> <ol style="list-style-type: none"> 1) Company’s felling activities must comply with the felling license. For felling operations which do not comply with the laws and regulations, felling license issuing authorities have the right to confiscate the felling license and terminate the felling operations. 2) Felling operations must comply with the details of the regulations and shall be checked through documentation verification and field survey. Felling units should improve the cutting area survey design and the accuracy of the cutting area survey design. Each stationed SFA oversight bodies should strictly control issuance of felling permit, Permit shall not be issued to felling units whose cutting area survey design does not comply with the laws and regulations or who fails in sampling test. 3) For matured commercial forest, different felling regimes, including selective, clear or progressive felling shall be adapted according to the real situation and approved by the relevant agencies; Clear cutting should be strictly controlled and forest regeneration shall be done in the same year or the following year after felling 4) In exceptional circumstances that the forestry enterprises need to carry out cross-year felling, the cross-year period shall not exceed 10 days, and should be identified by the provincial forest industry (forestry) department in collaboration with forest resources supervision body accredited by the State Forestry Administration.
	<p>Legal references:</p> <ul style="list-style-type: none"> • Paragraph 1, Article 31 of the “Forestry Law Amended in 1998” • Paragraph 2, Article 34 of the “Forestry Law Amended in 1998” • “Circular of the State Council’s approval of the audit opinions on the national annual forest felling quota during the" 12th Five-Year" " the State Forestry Administration, 2011 March 28, implemented from the date of its promulgation.

<p>Indicator 2.2.3: The company should acquire the certificate for forest regeneration from relevant Forestry Administration</p>	<p>Verify the regeneration certificate for area, species, quality and period of the restoration activities against the plan, and with approval by the relevant Forestry Administration.</p>
	<p>Legal references:</p> <ul style="list-style-type: none"> • Article 35 of the “Forestry Law Amended in 1998” • Article 30 of the Regulation on the Implementation of the Forestry Law of the People’s Republic of China
<p>PRINCIPLE 3: TRANSPORTATION OF LOGS AND WOOD PRODUCTS</p>	
<p>Criterion 3.1: Clear evidence of documents and licences for companies and carriers involved in timber product transportation shall be demonstrated in accordance with the laws and regulations</p>	
<p>Indicator 3.1.1: Timber transporters/carriers must have a valid “timber transportation certificate”</p>	<p>Verify with the relevant authorities on the validity and approval of the certificate. Note: Carriers transporting timber not belonging to State management timber sources should have a valid “timber transportation certificate” issued by a Forestry Administration at or above county level.</p>
	<p>Legal references:</p> <ul style="list-style-type: none"> • Paragraphs 1 & 4, Article 35 of the Regulation on the Implementation of the Forestry Law of the People’s Republic of China
	<p>Verify that all conditions and documents for the application of the timber transportation certificate are followed:</p> <ol style="list-style-type: none"> 1) “The timber felling licence” or other certificates verify the legal source of the timber; 2) “The Quarantine Certificate”, which is a precondition for application for “the transport certificate” and should be used together with “the transportation certificate” in the course of transportation.
	<p>Legal references:</p> <ul style="list-style-type: none"> • Article 36 of the Regulation on the Implementation of the Forestry Law of the People’s Republic of China • Article 4 of the Detailed Regulations on the Implementation of Plant Quarantine Rules (Forest Part) (Circular No. 4 the Ministry of Forest of the

	<p>People’s Republic of China, passed by minister-held conference on Jun 30th, 1994 and promulgated and effective on July 26th, 1994)</p> <ul style="list-style-type: none"> • Article 22 of the “Forestry Law Amended in 1998” • Article 2 of the Regulations for the Implementation of the Law of the People’s Republic of China on the Entry and Exit Animal and Plant Quarantine (Decree No. 206 of the State Council promulgated on Dec 2nd, 1996 and effective as of the day Jan 1st, 1997)
<p>Indicator 3.1.2: Timber transporters/carriers must have a valid “timber quarantine certificate”</p>	<p>Check that the following conditions and documents are complied with:</p> <p>“The Quarantine Certificate”, which is a precondition for application for “the transport certificate” and should be used together with “the transportation certificate” in the course of transportation. For the issuance of Quarantine Certificate, the forest quarantine institution shall conduct quarantine inspection upon application and issue Quarantine Certificate to units who pass the inspection or issue Quarantine Treatment Notice to units who fails to pass quarantine inspection to make adjustment within a certain deadline. Forest quarantine institution shall conduct quarantine inspection in accordance with the provisions of the domestic forest and plants quarantine procedures.</p> <p>Legal references:</p> <ul style="list-style-type: none"> • Article 4 of the Detailed Regulations on the Implementation of Plant Quarantine Rules (Forest Part) (Circular No. 4 the Ministry of Forest of the People’s Republic of China, passed by minister-held conference on Jun 30th, 1994 and promulgated and effective on July 26th, 1994) • Article 2 of the Regulations for the Implementation of the Law of the People’s Republic of China on the Entry and Exit Animal and Plant Quarantine (Decree No. 206 of the State Council promulgated on Dec 2nd, 1996 and effective as of the day Jan 1st, 1997)
<p>PRINCIPLE 4: PROCESSING REGULATIONS</p>	
<p>Criterion 4.1: Clear evidence of documents and licences for companies involved in timber processing shall be demonstrated in accordance with the laws and regulations.</p>	
<p>Indicator 4.1.1: The timber processing company is legally</p>	<p>Verify that the timber processing company holds a business registration certificate</p>

<p>registered in accordance with the laws</p>	<p>issued by the Industry and Commerce Administration Authority.</p> <p>Legal references:</p> <ul style="list-style-type: none"> • Article 3 of the Regulations of the People's Republic of China for Controlling the Registration of Enterprises as Legal Persons (amended as per Decision of the State Council on Amending the Regulations of the People's Republic of China for Controlling the Registration of Companies and effective on Jan. 1st, 2006)
<p>Indicator 4.1.2: The timber processing Company must hold a valid Timber Processing Certificate.</p>	<p>Verify the following conditions and documents:</p> <ol style="list-style-type: none"> 1) The timber processing industry holds a timber processing certificate issued by the Forestry Administration above county level. Timber processing certificate is pre-license, and cannot used as a substitute for a business license issued by the industrial and commercial administrative departments. 2) The companies with yearly consumption of forest reserves reaches more than 100,000 cubic meters shall be approved by provincial forestry department and recorded by the State Forestry Administration. <p>Note: according to the law timber processing certificate is only required for timber processing companies in forest areas, not for companies outside of forest areas.</p> <p>Legal references:</p> <ul style="list-style-type: none"> • Article 34 of the Regulation on the Implementation of the Forestry Law of the People's Republic of China • "Circular of the State Council's approval of the audit opinions on the national annual forest felling quota during the" 12th Five-Year" " the State Forestry Administration, 2011 March 28, implemented from the date of its promulgation.

PRINCIPLE 5: IMPORT AND EXPORT REGULATIONS	
Criterion 5.1: Clear evidence of licence/permit of company involved in import and export shall be demonstrated in accordance with the laws and regulations	
Indicator 5.1.1: The company should be registered with the Industry and Commerce Administration.	<p>Verify that the company holds the following:</p> <ol style="list-style-type: none"> 1) A business license: Trading companies engaged in import and export need to register with the administrative department for industry and commerce and obtain a "business license. Two kinds of companies can be established: a) A limited liability company, funded by less than fifty shareholders. b) A joint stock limited company. Founders should be two or more than two but less than two hundred persons, In addition, more than half of the founders who are domiciled in the territory of China. 2) The import/export operating licence if the business is involved itself in import and export
	<p>Legal references:</p> <ul style="list-style-type: none"> • Articles 23, 24, 27, 77 & 79 of the Company Law of the People’s Republic of China (It was passed by the 5th conference of the Standing Committee of the 8th on Dec 29th, 1993. The first modification was made according to Decision on Modifying the Company Law of the People’s Republic of China made by the 13th conference of the Standing Committee of the 9th People’s Congress of the People’s Republic of China on Dec 25th, 1999. The second modification was made according to Decision on Modifying the Company Law of the People’s Republic of China made by the 11th conference of the Standing Committee of the 10th People’s Congress of the People’s Republic of China on Aug 28th, 2004. The latest amendment was made by the 18th conference of the Standing Committee of the 10th People’s Congress of the People’s Republic of China on Oct 27th, 2005 and effective on Jan 1st, 2006, which is to be referred to as “Company Law Amended in 2005”)

Criterion 5.2: Clear evidence of official documents of timber products for import and export shall be demonstrated by companies and carriers in accordance with the laws and regulations	
Indicator 5.2.1: Related documents and certificates should be submitted by the import and export company as per pertinent laws and regulations	<p>Check on validity and endorsement of the documents and certificates by relevant authorities as appropriate:</p> <p>1) Invoices</p> <ul style="list-style-type: none"> • Pro Forma Invoice • Commercial Invoice • Consular Invoice • Customs Invoice <p>2) Certificates</p> <ul style="list-style-type: none"> • Inspection Certificate • Insurance Policy/Certificate • Product Testing Certificate • Health Certificate • Phytosanitary Certificate • Fumigation Certificate • (IIC) International Import Certificate • (DVC) Delivery Verification Certificate • Landing Certificate • Certificate of Origin • Certificate of Origin Generalised Systems of Preferences (GSP) Form A (or as Form A) <p>3) Bills</p> <ul style="list-style-type: none"> • (B/L) Bill of Lading • House Bill of Lading (Group age) • Sea Waybill • (B/E) Bill of Exchange, or Draft (B/E)

4) Credits

- (D/C) Documentary Credit
- Standby Credit

5) Receipts

- (D/R) Dock Receipt or Mate's Receipt
- (T/R) Trust Receipt

6) Others

- Quotation
- Sales Contract
- ATA Carnet
- (S/O) Shipper Order
- Shipping Guarantee
- Packing List (some times as packing note)
- Collection Instruction
- Promissory Note
- Import/Export Declaration
- Import/Export License

Legal references:

- Article 12 of the "Company Law Amended in 2005"
- Article 24 of the Customs Law of the People's Republic of China (passed by the 19th conference of the Standing Committee of the 6th People's Congress on Jan 22nd, 1987 and amended in Line with the Decision on the Revision of the Customs Law of the People's Republic of China by the 16th conference of the Standing Committee of the Ninth People's Congress on July 8th, 2000)

Criterion 5.3: Timber products import and export companies are subject to stated conditions within the laws and regulations	
Indicator 5.3.1: Stated conditions on CITES-listed species and tree species under state protecting catalogue (and their products and/or derivatives) with special requirement are adhered to	Verify by checking the import and export certificate from the local provincial level authority in charge of wild animals and plants with the following documents: <ul style="list-style-type: none"> 1) Import or export contract 2) Name of products, species, quantity and purpose for import or export of the endangered plant (and its product and/or derivative) 3) Description of transport facilities for living endangered wild animal or plant
	<p>Legal references:</p> <ul style="list-style-type: none"> • Article 38 of the “Forestry Law Amended in 1998” • Articles 4, 6, 8, 9, 10 & 12 of the Regulations of the People's Republic of China on Administration of Import and Export of Endangered Wild Animals and Plants (Decree No. 465 of the State Council passed by 131st Standing Conference of the State Council held on Apr 12th, 2006, and effective on Sep 1st, 2006) • Convention on International Trade in Endangered Species of Wild Fauna and Flora (signed on Mar 3rd, 1973 in Washington and effective on July 1st, 1975; China becomes a formal member since Apr 8th, 1981)
Indicator 5.3.2: All Import and Export Quarantine Inspection documents and procedures are followed	Verify the Quarantine Certificate for both import and export forestry products which are issued by The Entry and Exit Inspection and Quarantine Agency at each port.
	<p>Legal references:</p> <ul style="list-style-type: none"> • Paragraph1, Article 2 of the Regulations for the Implementation of the Law of the People’s Republic of China on the Entry and Exit Animal and Plant Quarantine (Decree No. 206 of the State Council promulgated on Dec 2nd, 1996 and effective on Jan 1st, 1997)

PRINCIPLE 6: ENVIRONMENTAL AND CONSERVATION REGULATIONS	
Criterion 6.1:	State/Company conducts environmental impact assessments or other required assessments within the laws and regulations
Indicator 6.1.1: The State manages the influence of felling to the nature by felling quota control	<ol style="list-style-type: none"> 1) National forest resources are divided into the following categories: shelterbelts, timber, economic forest, firewood forest and special use forests. 2) The State strictly controls the annual forest felling volume in accordance with the principle that the volume of consumption is lower than the volume of growth. 3) The State formulates a unified annual timber production plan. The annual timber production volume must not exceed the approved annual quota for felling. The scope of production plan shall be specified by the State Council.
	<p>Legal references:</p> <ul style="list-style-type: none"> • Article 29 & 30 of the “Forestry Law Amended in 1998”
Indicator 6.1.2: The state divides the forest into five categories in order to control the impact of timber production on the environment and society.	The state forest resources are divided into the following categories: shelterbelts, timber, economic forest, firewood forest and special use forests. Only timber forest is for production of timber
	<p>Legal references:</p> <ul style="list-style-type: none"> • Article 4, “Forest Law of the People's Republic of China ”, implemented on July 1, 1998.

<p>Indicator 6.1.3: The State manages the influence of timber felling to environment and society by conducting NEPP (Natural Forest Protection Project)</p>	<ol style="list-style-type: none"> 1) Commercial logging of the natural forests is strictly forbidden for forest at the NFPP (Natural Forest Protection Project) sites at the Upper Reaches of the Yangtze River, the Middle and Upper Reaches of the Yellow River. On the NFPP sites in North-eastern China and Inner Mongolia, complete logging ban shall be applied to the areas that are listed as the logging-forbidden zones; As to the areas listed as the controlled zones, both the means of felling and volumes shall be strictly observed. 2) According to “Ecological Protection and Economic Transformation Plan (2010-2020) in the Forest Areas in the Daxinganling and Xiaoxinganling Mountains”, felling on the forest areas described in the Plan will be stopped completely.
<p>Indicator 6.1.4: Non-natural forest protection areas</p>	<p>Legal references:</p> <ul style="list-style-type: none"> • Notice on organization and implementation of the NFPP Plan at the Upper Reaches of the Yangtze River, the Middle and Upper Reaches of the Yellow River, the Northeast Inner Mongolia and other key state-owned forest areas, by the State Forestry Administration, State Planning Commission (now known as National Development and Reform Commission), Ministry of Finance, Labor and Social Security Ministry, 2000 Oct., implemented from the date of its promulgation. • The NFPP Plan at the Upper Reaches of the Yangtze River, the Middle and Upper Reaches of the Yellow River is promulgated by the State Council on July 7th, 2000, and implemented from the date of its promulgation. The NFPP Plan at the Northeast Inner Mongolia and other key state-owned forest areas is promulgated by the State Council on July 7th, 2000, and implemented from the date of its promulgation. • "Circular of the State Council’s approval of the audit opinions on the national annual forest felling quota during the" 12th Five-Year" " the State Forestry Administration, 2011 March 28, implemented from the date of its promulgation. <p>Legal references:</p> <p>Logging of commodity forest at non-natural forest protection areas must be conducted under the precondition of protection of ecological forest resources. The logging volume shall not exceed the logging quota approved. Logging quota for plantation shall not be used for logging natural forests when conduct logging of</p>

	<p>fast growing forest. The natural forest logging quota can be used for logging of plantations when plantation quota is insufficient.</p>
	<ul style="list-style-type: none"> • Notice on the protection of natural forest resources of the upper reaches of the Yangtze River, the mid and upper region of Huanghe River, and northeastern Inner Mongolia and other key state-owned forest areas ", the State Forestry Administration, the State Development Planning Commission, Ministry of Finance, Ministry of Labour and Social Security Ministry (Ministry of Development and Reform), (SFA [2000 No. 661), effective as of the date of promulgation. • Implementation Plan for Protection of Natural Forest Resource at the Upstream of the Yangtze River and the middle and upstream of the Yellow River (promulgated and effective on July 7th, 2000 by the State Council) • Implementation Plan for Protection of Natural Forest Resource in the state-owned natural forest resource protection zone in Northeast China and Inner Mongolia (Promulgated and effective on July 7th, 2000 by the State Council)
<p>Indicator 6.1.5: The company must have approval from the relevant government authority confirming felling activities are not impacting the environment.</p>	<p>A formal letter is required from the relevant Forestry Administration. Note: Felling activities are forbidden in natural conservation area or natural forest.</p> <p>Legal references:</p> <ul style="list-style-type: none"> • Article 4 of the "Forestry Law Amended in 1998" • Implementation Plan for Protection of Natural Forest Resource at the Upstream of the Yangtze River and the middle and upstream of the Yellow River (promulgated and effective on July 7th, 2000 by the State Council) • Implementation Plan for Protection of Natural Forest Resource in the state-owned natural forest resource protection zone in Northeast China and Inner Mongolia (Promulgated and effective on July 7th, 2000 by the State Council) • "Circular of the State Council's approval of the audit opinions on the national annual forest felling quota during the" 12th Five-Year" " the State Forestry Administration, 2011 March 28, implemented from the date of its

	promulgation.
Criterion 6.2: State/Company takes mitigation measures on negative conservation value in accordance with the laws and regulations	
<p>Indicator 6.2.1: Hunting or collecting wild animals and plants protected by the State require approval from the relevant Forestry Administration.</p>	<p>Verify that company/ collector holds a collection licence for protected wild plants:</p> <ol style="list-style-type: none"> 1) The collection of wild plants under first class of state protection shall be prohibited. Where the collection of wild plants under first class state protection is necessary for some special purposes such as scientific research, cultivation or cultural exchanges, the collection entity must seek comments from the local authority in charge of wild plants administration under the government of the province, or autonomous region, or municipality directly under the central government at the collecting place, and then apply for permit to the department of wild plants administration under the State Council or an agency authorized thereby. 2) For collection of wild plants under second class of state protection, the collection entity must seek comments from the local authority in charge of wild plants administration under the government at the county level at the collecting place, and then apply for a collecting permit to the department of wild plants administration under the government of the province, or autonomous region or municipality directly under the central government or an agency authorized thereby. 3) For collection of wild plants under first or second class of state protection within urban gardens or scenic spots, the collection entity must ask for approval from the administrative department of the urban garden or scenic spot, and then apply for a collection permit in accordance with the provisions of Paragraph 1 or 2 of this Article. 4) Collection of precious wild trees or wild plants within forest zones or grasslands shall be handled in accordance with the provisions of the Forest Law and Grassland Law. Note: After issuing the collection permit, the authority in charge of wild plants should copy the permit to the Environment Protection Administration for record.
	<p>Legal references:</p> <ul style="list-style-type: none"> • Article 16 of the Regulation on Wild Plants Protection of the People’s Republic of China (Decree No. 204 of the State Council promulgated on Sep

	30th, 1996 and effective on Jan 1st, 1997)
PRINCIPLE 7: SOCIAL REGULATIONS	
Criterion 7.1: Company maintains or strengthens socio-economic welfare of local communities/indigenous people in accordance with the laws and regulations	
Indicator 7.1.1: The company should give equal opportunity of employment to labourers including non-discrimination to the employment of people from special groups	Verify through meetings with employees, review of documents to verify: <ol style="list-style-type: none"> 1) Employment of labourers should not be discriminated against on the grounds of ethnic group, race, gender and religion. 2) Special stipulations for employment of the disabled, people belonging to minority ethnic group and retired servicemen should be observed, if any. 3) Companies are forbidden to employ juveniles and children below the age of 16 as labourers; exceptional cases are subject to relevant laws and regulations.
	Legal references: <ul style="list-style-type: none"> • Article 12 of the Labour Law of the People’s Republic of China (Decree No. 28 of the Chairman of the People’s Republic of China, passed by the 8th conference of the Standing Committee of the Eighth People’s Congress on July 5th, 1994 and effective on Jan 1st, 1995, hereinafter referred to as the “Labour Law effective in 1995”). Articles 14 and 15 of the “Labour Law effective in 1995”
Criterion 7.2: Company complies with the laws and regulations on its employees’ and workers’ rights and welfare	
Indicator 7.2.1: The company must ensure work time, rest and holiday for the employee	<ul style="list-style-type: none"> • Verify that labourers shall work for no more than eight hours a day and or more than 40 hours a week on average. The employer shall allow holiday leave for laborers during the statutory holidays.
	Legal references: <ul style="list-style-type: none"> • Articles 1, 36 to 45 of the “Labour Law effective in 1995”
Indicator 7.2.2: Remuneration for working hours on statutory holidays	<ul style="list-style-type: none"> • Verify payroll that no less than 300 per cent of the normal wages shall be paid if the extended hours are arranged on statutory holidays.
	Legal references:

	<ul style="list-style-type: none"> Article 44 of the “Labour Law effective in 1995”
Indicator 7.2.3: The company pays its employee’s salary and benefits commensurate to hours worked and related performance	<ul style="list-style-type: none"> Verify payroll that the salary should be paid according to the volume and quality of work, with the same wage to all paid for same work undertaken.
	<p>Legal references:</p> <ul style="list-style-type: none"> Article 46 of the “Labour Law effective in 1995”
Indicator 7.2.4: The company should implement clearly defined safety procedures, and ensure labour sanitation as prescribed by regulations	<p>Verify that government policies are implemented:</p> <ol style="list-style-type: none"> 1) The company should establish a set of labour safety and sanitary systems and implement them strictly according to the instructions and standards prescribed by the State. 2) The employer shall, according to law, compile statistics, report of accidents of injuries and deaths that occurred in the process of work and cases of occupational diseases, and take proper measures to deal with the accidents and diseases.
	<p>Legal references:</p> <ul style="list-style-type: none"> Articles 52 to 57 of the “Labour Law effective in 1995”
Indicator 7.2.5: The company should offer special protection for women and minor employees	<ul style="list-style-type: none"> Verify through payroll, observations and interview that the State offers special protection of female employees and minor employees. Minor employees are defined as aged between 16 and 18.
	<p>Legal references:</p> <ul style="list-style-type: none"> Articles 58 to 65 of the “Labour Law effective in 1995”
Indicator 7.2.6: The company should offer professional training as appropriate	<ul style="list-style-type: none"> Verify that the employer should establish a professional training system, and train all technical labourers before commencing the position.
	<p>Legal references:</p> <ul style="list-style-type: none"> Articles 66 to 69 of the “Labour Law effective in 1995”
PRINCIPLE 8: TAXES, FEES AND ROYALTIES	
Criterion 8.1: Clear evidence of current paid taxes, fees and royalties in a timely manner shall be demonstrated by the companies	

engaging in felling in accordance with the laws and regulations	
Indicator 8.1.1: All forest related taxes such as Value Added Tax (VAT), is paid and on time	<p>The company should pay value-added tax.</p> <ol style="list-style-type: none"> 1) VAT 13% levied on the log 2) VAT on forestry products produced by forest owners are exempt 3) 4% VAT should be levied on small commercial entities. <p>Note: These VAT rates are applicable under current taxation regulations.</p>
	<p>Legal references:</p> <ul style="list-style-type: none"> • Notice of the Ministry of Finance and the State Administration of Taxation on reduction and exemption of Tax on Special Agriculture Levied on Entity Cutting State-owned Forest (Finance and Taxation No. 2001-200, promulgated on Dec 24th, 2001 and effective on Jan 1st, 2002) • Notice of the Ministry of Finance and the State Administration of Taxation on Taxation Policy towards Entity Implementing Natural Forest Protection Project (Finance and Taxation No. 2004-37, promulgated on May 19th, 2004 and valid from Jan 1st, 2004 to Dec 31st, 2010).
Indicator 8.1.2: reforestation fee is paid and on time	<ul style="list-style-type: none"> • Verify receipt that the reforestation fee is collected by the government and used for reforestation and trees' cultivation.
	<p>Legal references:</p> <ul style="list-style-type: none"> • Clause 4, Article 8 of the "Forestry Law Amended in 1998"

<p>Indicator 8.1.2: Special Agriculture fee is paid and on time</p>	<p>1) The tax on special agriculture could be reduced or exempted for log felling companies</p> <p>2) The company which fells logs in state-owned forest in Northeast and Inner Mongolia should be levied 5% of tax on special agriculture products.</p> <p>3) No special agriculture tax for small-diameter timber (length shorter than 2 meters and diameter less than 8 centimetres).</p> <p>Note: The rate of tax will be adjusted timely according to the pertinent laws and regulations.</p> <p>Receipts from the relevant agencies provide proof.</p> <p>Legal references:</p> <ul style="list-style-type: none"> • Notice of the Ministry of Finance and the State Administration of Taxation on reduction and exemption of Tax on Special Agriculture Levied on Entity Cutting State-owned Forest (Finance and Taxation No. 2001-200, promulgated on Dec 24th, 2001 and effective on Jan 1st, 2002) • Notice of the Ministry of Finance and the State Administration of Taxation on policy towards Tax on Special Agriculture in Rural Areas where Reform to Tax and Levy is Performed in 2003 (Finance and Taxation No. 2003-136, promulgated and effective on June 3rd, 2003) • Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Taxation Preferential Treatments to Great Western China Development (Finance and Taxation No. 2001-202, promulgated on Dec 30th, 2001 and effective on Jan 1st, 2002)
<p>Criterion 8.2: Clear evidence of current paid taxes, fees and royalties in a timely manner shall be demonstrated by the companies engaging in timber processing in accordance with the laws and regulations</p>	
<p>Indicator 8.2.1: All taxes linked to timber processing operations are paid on time</p>	<p>Verify the company official tax payment</p> <p>1) 17% of VAT for processed timber products.</p> <p>2) Three Surplusages and inferior log VAT: From January 1, 2006 until December 31st 2008, the comprehensive utilization of three remains and the secondary, small wood and fuelwood enjoy the preferential policy of instant VAT refunding. Three Surplusages are: felling remains, logging remains and</p>

	<p>processing remains. Inferior logs are: Secondary wood (the quality below the the minimum processing level of needle and broadleaf species, but with a certain use value secondary logs. Criterion LY/T1505-1999 applicable to materials in the northeast, Inner Mongolia, and Criterion LY/T1369-1999 applicable to materials in the South and the other regions); smallwood (referring to material with a length of less than 2 meters or 8 cm diameter such as small logs Articles, pine rod, scaffold rods, miscellaneous wood, short logs, etc.); fuelwood.</p> <p>3) Products applicable to the policy of instant VAT refunding: fibreboard of wood (bamboo), wood (bamboo) particleboard, blockboard, activated carbon, tannin extract, hydrolyzed alcohol, carbon rods.</p> <p>4) VAT at rate of 4% only for small-sized commercial entities. Commercial Entities with annual taxable sales volumes of less than 1.8 million Yuan are considered as ‘small-sized commercial entities’</p> <p>Legal references:</p> <ul style="list-style-type: none"> • Notice of the Ministry of Finance and the State Administration of Taxation on Immediate Reimbursement of VAT after Collection Levied on Comprehensive Utilization Product Manufactured by Three Surplusages and inferior log.(Finance and Taxation No. 2006-102, promulgated on Aug 3rd, 2006 and effective on Jan 1st, 2006) • Notice of the Ministry of Finance and the State Administration of Taxation on Issues about Taxation on Reimbursement (Exemption) of VAT on Exported Goods (Finance and Taxation No. 1998-116, promulgated and effective on August 14th, 1998) • Notice of the Ministry of Finance and the State Administration of Taxation on Enforcement of Decision of the State Council on Fulfilling VAT Policies towards Small-sized Commercial Entity (Finance and Taxation No. 1998-113 promulgated on June 12th, 1998 and effective on June 12th, 1998)
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Criterion 8.3: Clear evidence of current paid taxes, fees and royalties in a timely manner shall be demonstrated by the companies engaging in timber import and export in accordance with the laws and regulations

Indicator 8.3.1: All taxes linked to the exportation and importation of forest products are paid on time

Official receipts should be available for audit.

- 1) The import and export company should demonstrate payments of Export VAT and Consumption Tax for Wood. The Export VAT and Consumer Tax on Wooden Flooring Boards effects. Item code: 44122910901, Commodity Name: Wooden Flooring Boards, the consumer tax and VAT rate shall be respectively 13%. For products with Item Code 44122910902 and Commodity Name of Multi-layer Wooden-surfaced Board, the VAT rate is 0.
- 2) 10% of temporary export tax is levied for solid wood flooring and disposable wooden chopsticks
- 3) For forestry products imported from neighbouring countries by small trading companies on the border, the import tariff and VAT should be levied 50%.

Legal references:

- Notice of the State Administration of Taxation on Reimbursement of Tax Levied on Exported Wood Compound Parquet (National Taxation No. 2006-1263, promulgated and effective on Dec 26th, 2006)
- Notice of the Customs Tariff Commission of the State Council on Adjusting Temporary Import and Export Tax Rates on Part of the Commodities (Tariff Commission No. 2006-30, promulgated on Oct 27th, 2006 and effective on Nov 1st, 2006)
- Notice of the Ministry of Finance and the State Administration of Taxation on Taxation Policy towards Entity Implementing Natural Forest Protection Project (Finance and Taxation No. 2004-37, promulgated on May 19th, 2004 and valid from Jan 1st, 2004 to Dec 31st, 2010)

Summary explanation of the legal system in China

The legal hierarchy is divided into three tiers:

The first tier: the People's Congress legislates and amends the basic laws of the nation, and the People's Congress and its Standing Committee legislates and amends laws other than those basic laws to be legislated and amended by the People's Congress. The People's Congress and its Standing Committee execute the legislative power of the nation, and based upon this power, the regulatory documents written are called laws.

The second tier: the State Council legislates administrative regulations according to the constitution and laws, or forerunning administrative regulations for certain events by authorization of the People's Congress and its Standing Committee.

The third tier is divided into two sub-tiers. The first sub-tier is local regulation, the People's Congress of a province, autonomous region, or municipality directly under the Central Government and the Standing Committee thereof may, according to the specific circumstances and actual needs of the jurisdiction, enact local regulations provided that such enactment does not contravene any provision of the Constitution, laws or administrative regulations. The second sub-tier is the ministries, commissions and organs with administrative that functions directly under the State Council may, enact administrative regulations within the scope of its authority according to laws and administrative regulations, decisions and decrees of the State Council. Regulatory documents formulated by this legislative power are called administrative regulations.

Regulatory document enacted by the People's Congress and its Standing Committee according to the constitution is regarded as the first tier; administrative regulations enacted by the State Council is regarded as the second tier; and local regulations enacted by the People's congress of province, autonomous region and municipality directly under the central government and its standing committee, as well as the administrative rules enacted by Tariff Commission of the State Council, the Ministry of Finance, the State Administration of Taxation, the General Administration of Customs and the State Forest Administration are regarded as the third tier.

Legend:

Government level

-SFA: State Forestry Administration;

-MOA: Ministry of Agriculture;

-SDPC: State Development and Planning Committee;

-MoFI: Ministry of Finance;

-MoC: Ministry of Commerce;
-SEPA: State Environmental Protection Administration;
-STA: State Taxation Administration;
-MoLSS: Ministry of Labour and Social Security;
-SAIC: State Administration of Industry and Commerce;
-GeDC: General Department of Customs;

Province Level

-FIGB: Forestry Industry General Bureau;
-FD: Forestry Department;
-AD: Agriculture Department;
-PSDPC: Provincial Development and Planning Commerce;
-FID: Finance Department;
-CD: Commerce Department;
-EPD: Environmental Protection Department;
-PTD: Provincial Taxation Department;
-LSSD: Labour and Social Security Department;
-PAIC: Provincial Administration of Industry and Commerce;
-PDC: Provincial Department of Customs;

City Level

-CFB: City Forestry Bureau;
-CAB: City Agricultural Bureau;
-CDPC: City Development and Planning Committee;
-CFIB: City Financial Bureau;
-CCB: City Commerce Bureau;
-CEPB: City Environmental Protection Bureau;
-CTB: City Taxation Bureau;

- CLSSB: *City Labour and Social Security Bureau;*
- CAIC: *City Administration for Industry and Commerce;*

County Level

- CoFB: *County Forestry Bureau;*
- CoAB: *County Agricultural Bureau;*
- CoDPC: *County Development and Planning Committee;*
- CoFIB: *County Financial Bureau;*
- CoCB: *County Commerce Bureau;*
- CoEPB: *County Environmental Protection Bureau;*
- CoTB: *County Taxation Bureau;*
- CoLSSB: *County Labour and Social Security Bureau;*
- CoAIC: *County Administration for Industry and Commerce;*

II. Laws and Regulations Related to the Principles:

Principle 1: Access, use rights and tenure

1. Paragraph 2, Article 3 of the *Regulation on the Implementation of the Forestry Law of the People's Republic of China* (Decree No 278 of the State Council, promulgated and effective on Jan 29th, 2000).
2. Paragraph 2, Article 3 of the *Forestry Law of the People's Republic of China* (passed by 7th conference of the Standing Committee of the Sixth People's Congress on Sep 20th, 1984, and amended in line with *Decision on Amending the Forestry Law of the People's Republic of China* on Apr 29th, 1998 passed by 2nd conference of the Standing Committee of the 9th People's Congress).
3. Article 16 of the *Regulation on Registration and Management of Right to Trees and Forestland* (passed by 3rd conference of the State Forest Administration on Nov 2nd, 2000 and promulgated and effective on Dec 31st, 2000).
4. Article 5 and 11 of the *Regulation on Registration and Management of Right to Trees and Forestland* (passed by 3rd conference of the State Forest Administration on Nov 2nd, 2000 and promulgated and effective on Dec 31st, 2000).
5. Article 15 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
6. Article 18 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
7. Article 18 of the *Regulation on the Implementation of the Forestry Law of the People's Republic of China*.

8. Article 2 and 7 of the *Regulations Governing Examination and Approval of Occupation and Requisition of Forest Land* as passed by the 3rd conference of the State Forest Administration on Nov 2nd, 2000 and promulgated and effective on Jan 4th, 2001 (Decree No. 2 of the State Forest Administration).
9. Article 18 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
10. Article 16 and 17 of the *Regulation on the Implementation of the Forestry Law of the People's Republic of China* (promulgated and effective on Jan 29th, 2000).
11. Article 16 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).

Principle 2: Felling regulations

1. Article 32 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
2. Article 30 and 31 of the *Regulation on the Implementation of the Forestry Law of the People's Republic of China* (promulgated and effective on Jan 29th, 2000).
3. Paragraph 2, Article 31 of the *Regulation on the Implementation of the Forestry Law of the People's Republic of China* (promulgated and effective on Jan 29th, 2000).
4. Article 32 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
5. *Regulation on Credentials Used in Law Enforcement of Forestry Administration Authority* (Circular No. 12 of the Ministry of Forest of the People's Republic of China, passed by minister-held conference on Dec 27th, 1996 and promulgated and effective on Jan 6th, 1997).
6. Article 34 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
7. Article 33 of the *Regulation on the Implementation of the Forestry Law of the People's Republic of China* (effective on Jan 29th, 2000).
8. *Regulation on Management of Forest Cutting and Regeneration* (Approved by the State Council on Aug 25th, 1987 and promulgated on Sep 10th, 1987).
9. Paragraph 1, Article 31 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
10. Paragraph 2, Article 34 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
11. Article 35 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
12. Article 30 of the *Regulation on the Implementation of the Forestry Law of the People's Republic of China* (promulgated and effective on Jan 29th, 2000).
13. "Circular of the State Council's approval of the audit opinions on the national annual forest felling quota during the" 12th Five-Year" " the State Forestry Administration, 2011 March 28, implemented from the date of its promulgation.

Principle 3: Transport of logs, wood products

1. Paragraph 1 and 4, Article 35 of the Regulation on the Implementation of the Forestry Law of the People's Republic of China (effective on Jan 29th, 2000).
2. Article 36 of the *Regulation on the Implementation of the Forestry Law of the People's Republic of China* (effective on Jan 29th, 2000).
3. Article 4 of the *Detailed Regulations on the Implementation of Plant Quarantine Rules (Forest Part)* (Circular No. 4 the Ministry of Forest of the People's Republic of China, passed by minister-held conference on Jun 30th, 1994 and promulgated and effective on July 26th, 1994).
4. Article 22 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
5. Article 2 of *Regulations for The Implementation of the Law of the People's Republic of China on the Entry and Exit Animal and Plant Quarantine* (Decree No. 206 of the State Council promulgated on Dec 2nd, 1996 and effective on Jan 1st, 1997).
6. Article 35 and 36 of the *Regulation on the Implementation of the Forestry Law of the People's Republic of China*.

Principle 4: Processing regulations

1. Article 3 of the *Regulations of the People's Republic of China for Controlling the Registration of Enterprises as Legal Persons* (amended as per *Decision of the State Council on Amending the Regulations of the People's Republic of China for Controlling the Registration of Companies* and effective on Jan 1st, 2006).
2. Article 34 of the *Regulation on the Implementation of the Forestry Law of the People's Republic of China*.

Principle 5: Import and Export regulations

1. Article 23, 24, 27, 77 and 79 of the *Company Law of the People's Republic of China* (passed by the 5th conference of the Standing Committee of the 8th People's Congress on Dec 29th, 1993. The first modification was made according to Decision on Modifying the *Company Law of the People's Republic of China* made by the 13th conference of the Standing Committee of the 9th People's Congress on Dec 25th, 1999. The second modification was made according to Decision on Modifying the *Company Law of the People's Republic of China* made by the 11th conference of the Standing Committee of the 10th People's Congress on Aug 28th, 2004. The latest amendment was made by the 18th conference of the Standing Committee of the 10th People's Congress on Oct 27th, 2005 and effective on Jan 1st, 2006, hereinafter referred to as "Company Law Amended in 2005").
2. Article 12 of the *Company Law of the People's Republic of China*.
3. Article 24 of the *Customs Law of the People's Republic of China* (passed by the 19th conference of the Standing Committee of the 6th People's Congress on Jan 22nd, 1987 and amended by the 16th conference of the Standing Committee of the 9th People's Congress on July 8th, 2000).
4. Article 38 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).

5. Articles 4, 6, 8, 9, 10 and 12 of the *Regulations of the People's Republic of China on Administration of Import and Export of Endangered Wild Animals and Plants* (Decree No. 465 of the State Council passed by 131st Standing Conference of the State Council held on Apr 12th, 2006, and effective on Sep 1st, 2006).
6. *Convention on International Trade in Endangered Species of Wild Fauna and Flora* (signed on Mar 3rd, 1973 in Washington and effective on July 1st, 1975; China becomes a formal member since Apr 8th, 1981).
7. Paragraph 1, Article 2 of the *Regulations for the Implementation of the Law of the People's Republic of China on the Entry and Exit Animal and Plant Quarantine* (Decree No. 206 of the State Council promulgated on Dec 2nd, 1996 and effective on Jan 1st, 1997).

Principle 6: Environmental Regulations

1. Article 29 of the Forestry Law of the People's Republic of China (effective on July 1st, 1998).
2. Article 30 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
3. Article 4 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
4. *Implementation Plan for Protection of Natural Forest Resource at the Upstream of the Yangtze River and the middle and up stream of the Yellow River* (promulgated and effective on July 7th, 2000 by the State Council).
5. *Implementation Plan for Protection of Natural Forest Resource in the state-owned natural forest resource protection zone in Northeast China and Inner Mongolia* (Promulgated and effective on July 7th, 2000 by the State Council).
6. Article 16 of the *Regulation on Wild Plants Protection of the People's Republic of China* (Decree No. 204 of the State Council promulgated on Sep 30th, 1996 and effective on Jan 1st, 1997).
7. Notice on the protection of natural forest resources of the upper reaches of the Yangtze River, the mid and upper region of Huanghe River, and northeastern Inner Mongolia and other key state-owned forest areas ", the State Forestry Administration, the State Development Planning Commission, Ministry of Finance, Ministry of Labour and Social Security Ministry (Ministry of Development and Reform), (SFA [2000 No. 661), effective as of the date of promulgation.
- 8.

Principle 7: Social regulations

1. Article 12 of the *Labour Law of the People's Republic of China* (Decree No. 28 of the Chairman of the People's Republic of China, passed by the 8th conference of the Standing Committee of the Eighth People's Congress on July 5th, 1994 and effective on Jan 1st, 1995).
2. Articles 14 and 15 ; 36 and 45 of the *Labour Law of the People's Republic of China* (effective on Jan 1st, 1995).
3. Article 44 and 46; 52 to 57; 58 to 65 and 66 to 69 of the *Labour Law of the People's Republic of China* (effective on Jan 1st, 1995).

Principle 8: Taxes, fees and royalties

1. *Notice of the Ministry of Finance and the State Administration of Taxation on reduction and exemption of Tax on Special Agriculture Levied on Entity Cutting State-owned Forest* (Finance and Taxation No. 2001-200, promulgated on Dec 24th, 2001 and effective on Jan 1st, 2002).
2. *Notice of the Ministry of Finance and the State Administration of Taxation on Taxation Policy towards Entity Implementing Natural Forest Protection Project* (Finance and Taxation No. 2004-37, promulgated on May 19th, 2004 and valid from Jan 1st, 2004 to Dec 31st, 2010).
3. Item 4, Article 8 of the *Forestry Law of the People's Republic of China* (effective on July 1st, 1998).
4. *Notice of the Ministry of Finance and the State Administration of Taxation on Reduction and Exemption of Tax on Special Agriculture Levied on Entity Cutting State-owned Forest* (Finance and Taxation No. 2001-200, promulgated on December 24th, 2001 and effective on Jan 1st, 2002).
5. Notice of the Ministry of Finance and the State Administration of Taxation on policy towards Tax on Special Agriculture in Rural Areas where Reform to Tax and levy is Performed in 2003 (Finance and Taxation No. 2003-136, promulgated and effective on June 3rd, 2003)
6. *Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Taxation Preferential Treatments to Great Western China Development* (Finance and Taxation No. 2001-202, promulgated on Dec 30th, 2001 and effective on Jan 1st, 2002).
7. Notice of the Ministry of Finance and the State Administration of Taxation on Immediate Reimbursement of VAT after Collection Levied on Comprehensive Utilization Product Manufactured by Three Surplusages and Hypofirewood (Finance and Taxation No. 2006-102, promulgated on Aug 3rd, 2006 and effective on Jan 1st, 2006).
8. *Notice of the Ministry of Finance and the State Administration of Taxation on Issues about Taxation on Reimbursement (Exemption) of VAT on Exported Goods* (Finance and Taxation No. 1998-116, promulgated on August 14th, 1998).
9. *Notice of the Ministry of Finance and the State Administration of Taxation on Enforcement of Decision of the State Council on Fulfilling VAT Policies towards Small-sized Commercial Entity* (Finance and Taxation No. 1998-113 promulgated on June 12th, 1998 and effective on June 12th, 1998).
10. *Notice of the State Administration of Taxation on Reimbursement of Tax Levied on Exported Wood Compound Parquet (National Taxation No. 2006-1263, promulgated and effective on Dec 26th, 2006).*
11. *Notice of the Customs Tariff Commission of the State Council on Adjusting Temporary Import and Export Tax Rates on Part of the Commodities* (Tariff Commission No. 2006-30, promulgated on Oct 27th, 2006 and effective on Nov 1st, 2006).
12. *Notice of the Ministry of Finance and the State Administration of Taxation on Taxation Policy towards Entity Implementing Natural Forest Protection Project* (Finance and Taxation No. 2004-37, promulgated on May 19th, 2004 and valid from Jan 1st, 2004 to Dec 31st, 2010).
13. *Notice of the State Administration of Taxation on Reimbursement of Tax Levied on Exported Wood Compound Parquet* (National Taxation No. 2006-1263, promulgated and effective on Dec 26th, 2006).