

**QUEBEC WOOD EXPORT BUREAU (Q-WEB)**  
**AUDITING AND TRACEABILITY SYSTEM**  
**INTERNATIONAL SEMINAR IN TOKYO FOR TACKLING ILLEGAL LOGGING, 2007**  
**Response of the world to the Procurement Policies of Japan**

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The Quebec Wood Export Bureau (Q-WEB) is committed to representing more than 200 wood product manufacturers and producers that conduct their business with integrity and in a manner consistent with relevant professional standards. Consequently, Q-WEB has established a Code of Conduct which includes a *Policy on Wood Origin and Legality*. As a prerequisite for membership, members will be requested to have all their suppliers sign the *Policy* to demonstrate the legality of their wood supply. Q-WEB will audit its members to make sure their suppliers have signed the *Policy*.

**Keywords:** code of conduct, illegal logging, wood products, audit, traceability

## INTRODUCTION

### The Quebec Wood Export Bureau (Q-WEB)

The Quebec Wood Export Bureau (Q-WEB) is a non-profit organization established to promote the export of wood products from the province of Quebec (Canada). Q-WEB represents more than 200 member companies that manufacture wood products in one or more of the following sectors: Construction Grade Softwood Lumber, Appearance Grade Softwood Lumber, Hardwood Lumber and Components, Hardwood Flooring, Engineered Wood and Products and Prefabricated Wood Frame Housing.

Q-WEB member companies vary in size ranging from small family owned companies to multinational corporations. Multinational corporations only operate in softwood sectors. In the softwood and hardwood lumber sectors, members can source their timber from crown lands (public lands) under a CAAF<sup>1</sup> obtained from the Quebec government and/or from small woodlot owners (also called non-industrial private forests) and in a few cases, from their own private lands. Supplies can also come from other Canadian provinces as well as the United States. For the other sectors, members buy their sawn wood and other wood products on the open market be it local, regional, provincial or national, as well as from the United States.

### Q-WEB Code of Conduct

Q-WEB is committed to representing wood product manufacturers and producers that conduct their business with integrity and in a manner consistent with relevant professional standards. Consequently, Q-WEB adopted a Code of Conduct <sup>(1)</sup> during the fall of 2006. For

Q-WEB members, adhering to a Code of Conduct means striving to do what is right, being a good corporate citizen in the community, and integrating social and environmental priorities into business practices and relationships with suppliers and business partners. Adherence to the Code of Conduct is now a prerequisite for Q-WEB membership.

In the Code of Conduct, members recognize that forests are a renewable resource that can provide a continuous flow of goods and services for current and future generations when managed responsibly. Therefore, Q-WEB members are committed to sourcing their wood products from companies that can provide evidence that their supply sources are known and legal, and that forests are managed according to the legislation in effect.

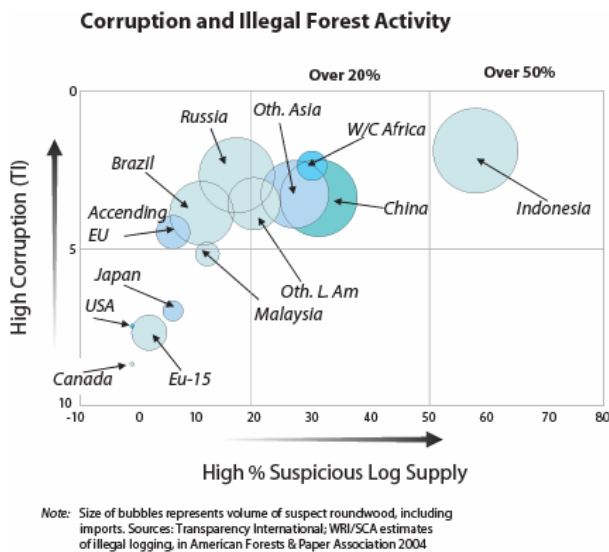
### Q-WEB Policy on Wood Origin and Legality

In Canada, governance, or the lack of ability to enforce laws is not an issue because of its strict laws and regulations in the forestry sector. What's more is the efficient compliance monitoring systems that are implemented and the fines being charged to companies that do not comply. There are also a number of well-structured planning processes and policies in place. It is for these reasons that there is no suspicious log supply in Canada as shown in the figure 1.

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<sup>1</sup> CAAF : Timber Supply and Forest Management Agreement

Figure 1 : Corruption and Illegal Forest Activity<sup>(2)</sup>



Still Q-WEB adopted a *Policy on Wood Origin and Legality* to respond to market demands (private and public procurement policies). The *Policy* was instigated to foster awareness on forestry and timber trade and to demonstrate best practices for the benefit of the forest sector, our communities and the environment. Suppliers are requested to sign the *Policy* which lists responsible wood supply practices described here after:

1. Wood that is sourced from areas where logging is authorized by legislation.
2. Wood that is procured or purchased in a legal way.
3. Wood where harvesting operations are legal.
4. Wood whose origin can be verified through proper documentation.
5. All relevant documents, if required, to demonstrate that stumpage fees, taxes or any other fees related to the harvested timber have been paid or shall be paid according to legal requirements.
6. The location of the forest and legislation in effect, if required, for the areas where the wood has been harvested, and also the management plans or any other documents proving the wood's origin and legality.

#### Q-WEB AUDITING AND TRACEABILITY SYSTEM

In order to meet market demands, i.e. private and public procurement policies, and more specifically the Japan Forest Agency "*Guidelines for Verification on Legality and Sustainability of Wood and Wood Products*", Q-WEB developed an

auditing and traceability system. This system could fall under *Reference II – Certification by companies Approved by industry*. The system is solely intended to verify legality.

#### Working with suppliers

Since the issue of demonstrating legality is a fairly new concept in North America, Q-WEB members are encouraged to have a standardized and coherent approach towards their suppliers whether they are from Canada, the United-States or overseas. A four-step approach is proposed and members need to document every step for auditing purposes:

1. Each member will inform its suppliers of the current approach and make known that they will have to sign the *Policy on Wood Origin and Legality*. A deadline is set to have all the policies signed. Members may also ask if their suppliers have certified forests under a specific sustainable forest management standard or if they have a certified chain of custody (Canadian Standards Association (CSA), Forest Stewardship Council (FSC) or Sustainable Forestry Initiative (SFI)).
2. Follow-ups will be undertaken with every supplier to make sure they received the *Policy*, discuss any matter related to the policy and remind them of the *Policy* signing deadline.
3. If, following the first two steps, a supplier has not signed the *Policy*, a registered letter will be sent whereby the previous measures that were taken will be highlighted. Again, the deadline will be mentioned as a last reminder.
4. If, following these 3 steps, a supplier still does not sign the *Policy*, he will be removed from the preferred suppliers' list or tagged as a high risk supplier.

#### Demonstrating the origin and legality of wood

Q-WEB members are requested to have all their suppliers sign the *Policy on Wood Origin and Legality*. For North American suppliers, who supply North American wood species, it is not mandatory to provide all the documents described in points 5 and 6 of the *Policy*. However, if in a given situation a member is not confident about one of his North American suppliers, this member should request the appropriate documentation listed in points 5 and 6 as proof of origin and legality.

In rare cases, where members import exotic species, all documents listed in points 5 and 6 will be requested. For some specific countries, members are encouraged to ask for the documentation identified by the World Wildlife Fund in their publication *Keep it Legal* (Appendix 7 – Country Legal Documentation Lists).

#### Auditing

Once a year, a third party hired by Q-WEB will audit member companies to make sure that all their suppliers have signed the *Policy on Wood Origin and Legality*. In cases where suppliers have not

signed the policy, members will have to demonstrate, through proper documentation, that they followed the four-step approach described above in the “Working with suppliers” section.

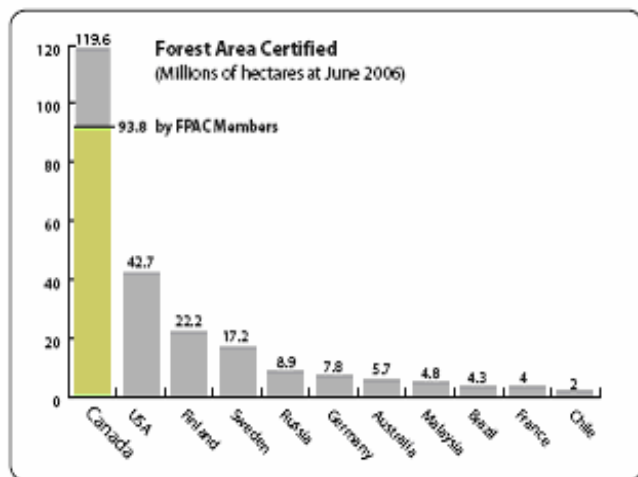
Upon receiving audit results, Q-WEB will issue a certificate to members that have met the requirements of the auditing and traceability system.

### AN OTHER EXAMPLE OF CANADIAN COMMITMENT

It is worth mentioning that in Canada there is another example of a trade association committed to sustainability and traceability. In 2002, FPAC committed its membership to achieve SFM certification (CSA, FSC, SFI) on all lands under their management by the end of 2006<sup>(3)</sup>. FPAC is the only trade association in the world with this type of a commitment regarding third party SFM certification as a condition of membership. As of June 2006, FPAC members have achieved approximately 95% of their commitment to have all lands under their management certified by the end of 2006. By the end of 2006, an area equivalent to Sweden, Finland and Norway combined will be certified, accounting for some 3/4 of Canada's working forest. As of June 2006, almost 120 million hectares were certified in Canada as shown in figure 2.

Figure 2

### Canadian Certification Status in a Global Context



Source: Canadian Sustainable Forestry Certification Coalition

In addition, FPAC members are committed to tracing their fibre supplies back to the forest area of origin by the end of 2008 to assure customers that the wood fibre they are using comes from legal sources<sup>2(4)</sup>.

FPAC will track its member progress against its commitment on an annual basis. Each FPAC member will ensure appropriate mechanisms are in place to deliver on this commitment, such as, but not limited to:

- supplier evidence of legal right to harvest through tenure or ownership; or
- a chain-of-custody certificate; or
- an auditable supply chain management system; or
- relevant audit results from suppliers or customers; or
- supplier SFM certification

### CONCLUSION

The traceability of wood products throughout the supply chain is very complex for small and medium sized companies. This is especially true when there are numerous suppliers from both public and private lands as well as from different provinces and countries. Traceability also gets noticeably harder as we move along the supply chain and wood products have undergone many transformations. By introducing its auditing and traceability system, Q-WEB and its member companies have taken a major step to demonstrate their commitment to counter illegal logging and illegal trade. As private and public market expectations evolve, so will the Q-WEB's auditing and traceability system. In the future, the next step will be to identify, for various provinces and countries, all the documentation suggested in points 5 and 6 of the *Policy on Wood Origin and Legality*. Members could also decide to eventually trace their wood all the way back to the forest of origin.

Some member companies already have SFM certifications and/or chains of custody under CSA, FSC or SFI. As more and more certified wood enters the market, more members will implement chains of custody. The lack of certified wood on the market is a limiting factor at the moment for member companies.

Finally, Q-WEB and its member companies are ready to collaborate with suppliers, customers and any organisation who wish to improve this new auditing and traceability system.

<sup>2</sup> Given tenure arrangements in Canada, it is often the fibre suppliers that hold the legal right to harvest whether through tenure or ownership. Therefore, in the Canadian context, knowing the fibre supplier is often the equivalent of knowing the

forest area of origin. The source is considered legal if it is certified, recycled, or originates from a forest where the supplier is the owner and/or has evidence of the legal right to harvest.

## References

(1) Q-WEB, 2006, Code of Conduct, 16 p.

[www.quebecwoodexport.com/codeofconduct/index.htm](http://www.quebecwoodexport.com/codeofconduct/index.htm)

(2) *Illegal Logging and Global Wood Markets: The Competitive Impacts on the U.S. Wood Products Industry*. Prepared for the American Forest & Paper Association by Seneca Creek Associates, LLC and Wood Resources International, LLC. October, 2004.

(3) FPAC, 2006, *Market Acceptance Customer Briefing Note – Forest Certification*, 1p.

(4) FPAC 2006, *Traceability Commitment*. 1p.,