

Timber Trade Federation

Growing the Use of Wood



Responsible Sourcing of Timber

UK Industry Experience tackling illegal logging

Andy Roby

Head of Environment and CSR



Presentation

1. Good wood and bad wood
2. Managing risk as a trader
3. UK Market for Certified Timber
4. Illegal Logging
5. Responsible Timber Purchasing



Who am I?

- Andy Roby
 - Tropical forester (Bangor, Oxford), Henley MBA, 22 years working in international development (Africa, Latin America, Asia)
 - 5 years in the timber trade: Corporate Social Responsibility (CSR), illegal logging and stakeholder relations.



10 year old Framire Plantation, Mbalmayo, Cameroon



1. Wood is “Good”

- Forests cover 1/3rd of the land surface
- Forests perform many useful environmental functions:
 - Carbon sequestration
 - 1m³ of timber stores 0.9 tonnes of CO₂,
 - Substituting timber for concrete saves 1.1 tonnes of CO₂.
 - Reduce your carbon footprint
 - Clean Water
 - Forests reduce soil erosion and water run off
 - NY City paid \$1.4 billion for watershed services
 - Biodiversity – e.g. new medicine, compounds, genes,
 - Food, oils, condiments, textiles, medicine
 - Recreation and aesthetics



What is Good Wood?

- Definitions of Good:
 - ✓ Fit for purpose; technical qualities, aesthetics, price
 - ✓ Sustainable = renewable
 - ✓ Social benefit
 - ✓ Economic benefit
 - ✓ Environmental benefit
 - ✓ But sustainable can also mean recyclable, thermal efficiency (timber is 15x better than concrete, 400x steel, 1770 aluminium), low embodied energy, low pollution,
 - ✓ Legal
 - ✓ Climate change –
 - ✓ trees absorb 25% of global CO₂ from fossil fuels
 - ✓ Europe's forests = 20 billion tonnes of fixed carbon
- “Use it or lose it”



Badly Logged Forest



Well managed logging (reduced impact)



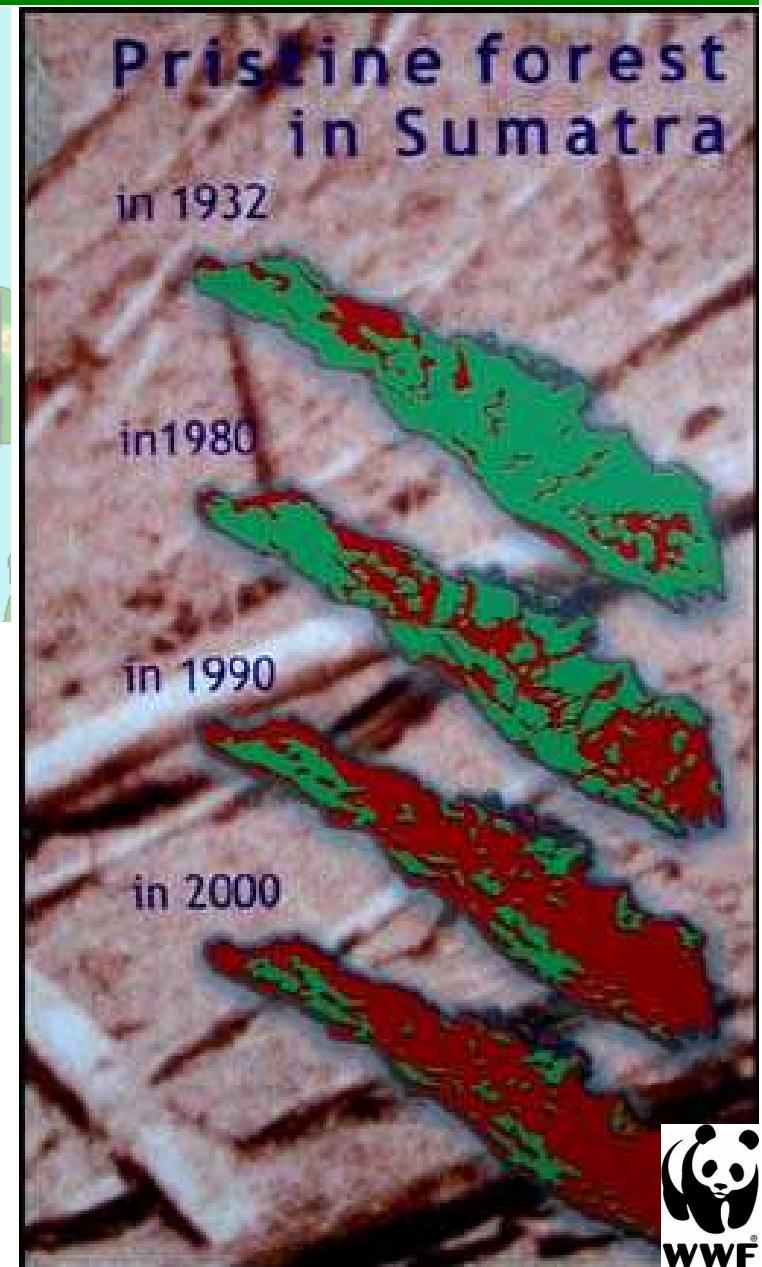
... but some wood is bad

- Illegal logging
- Deforestation in Indonesia, Brazil, Philippines, Africa
- Conflict Timber
 - Liberia
 - Congo-Kinshasa
 - Cambodia
 - Burma
- Collapse of society.....





Sumatra's lowland forests below 500m are almost gone !









Reputation matters





Greenpeace International Press Release

“London, International — A criminal trail of illegally logged timber from the world's last rainforests, which is 'laundered' in China before arriving in Europe, the USA and other consumer countries, has been uncovered by a major Greenpeace investigation.



Admiralty Arch, Nelson's Column, House of Commons....



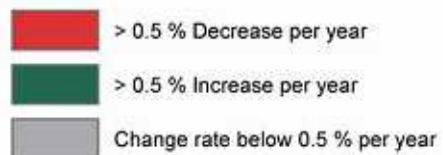
2. Managing Risk as a Trader



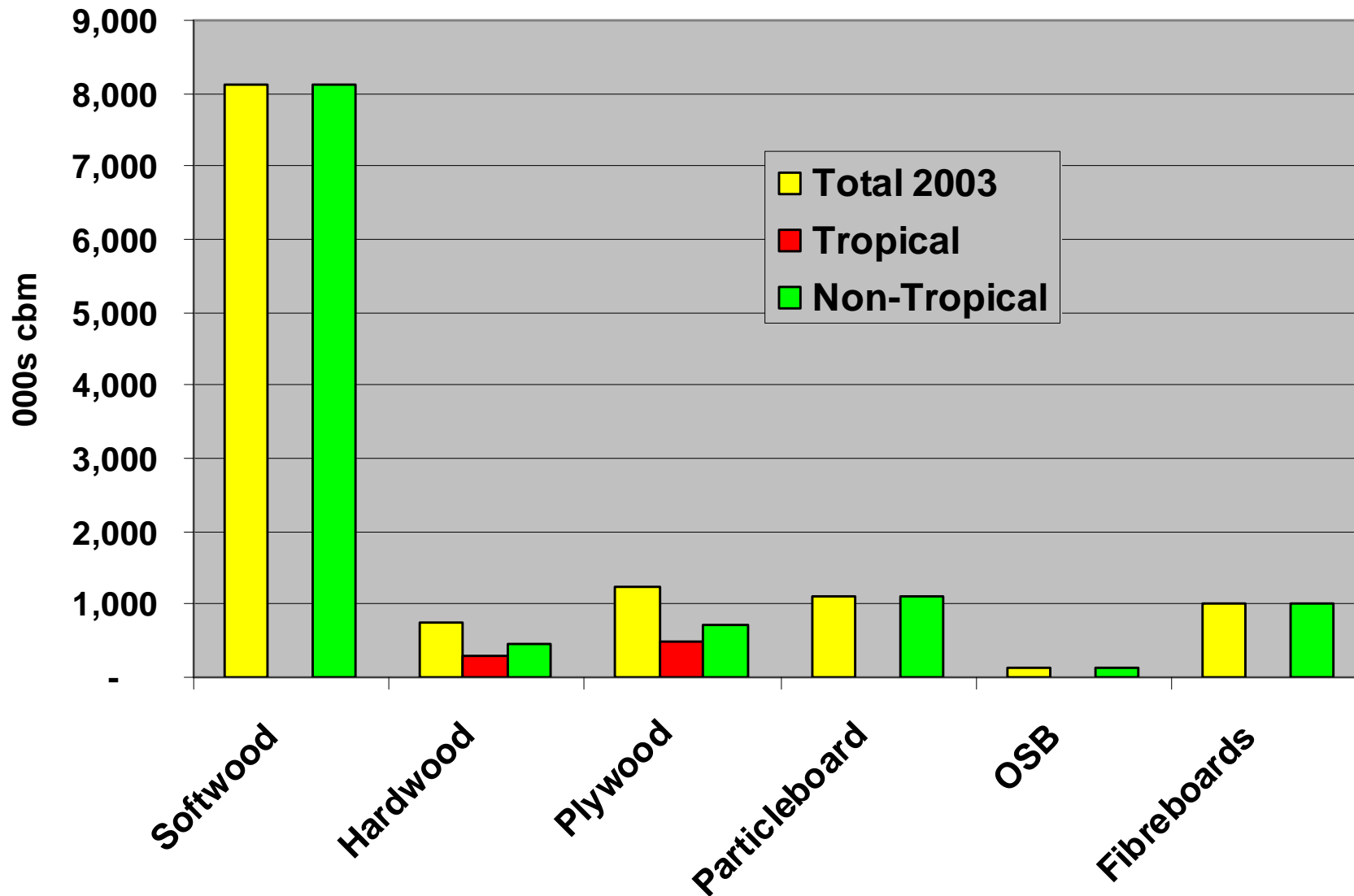
Where is the risk greatest?



Where the forest is going fastest!



UK Consumption by Volume of Imported Tropical/Non-Tropical Timber & Panels 2003



What can traders do about risk?

Ask for:

- ✓ sustainable timber with chain of custody



The main ones



What can traders do about risk?

Ask for:

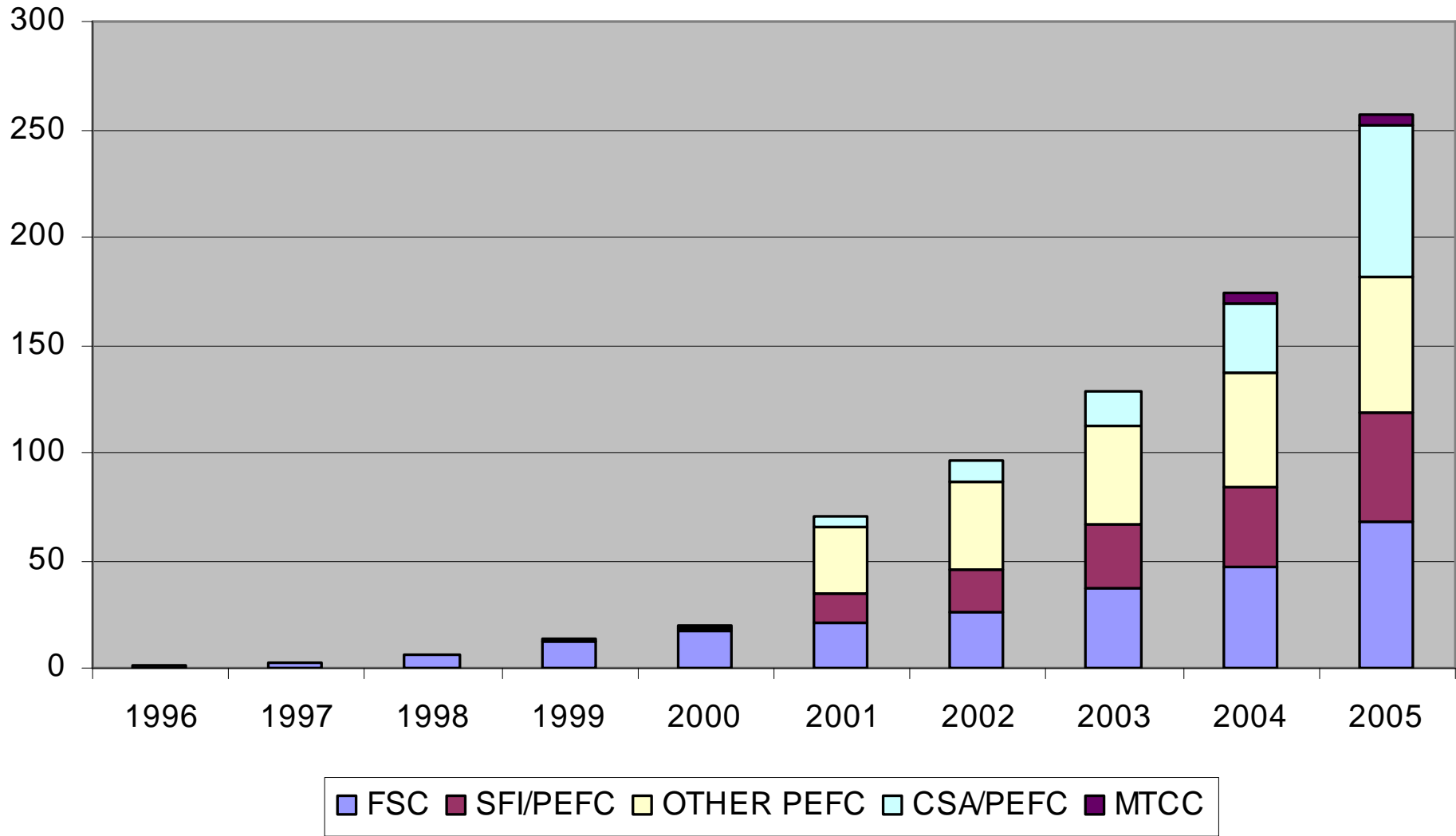
- ✓ sustainable (certified) timber with chain of custody
- ✓ legal timber
- ✓ suppliers to be members of a scheme progressing towards verified legal and sustainable timber, e.g. Timber Trade Action Plan, Tropical Forest Trust, Smartwood, Tropical Forest Foundation, WWF GFTN
 - Need to know where the wood came from
 - Provide a framework for continuous improvement leading to legal or sustainable timber
 - Get hold of objective evidence about the timber



3. UK Market for Certified Timber



**Chart 1: Change in certified forest area December 1996-2005
(million hectares)**

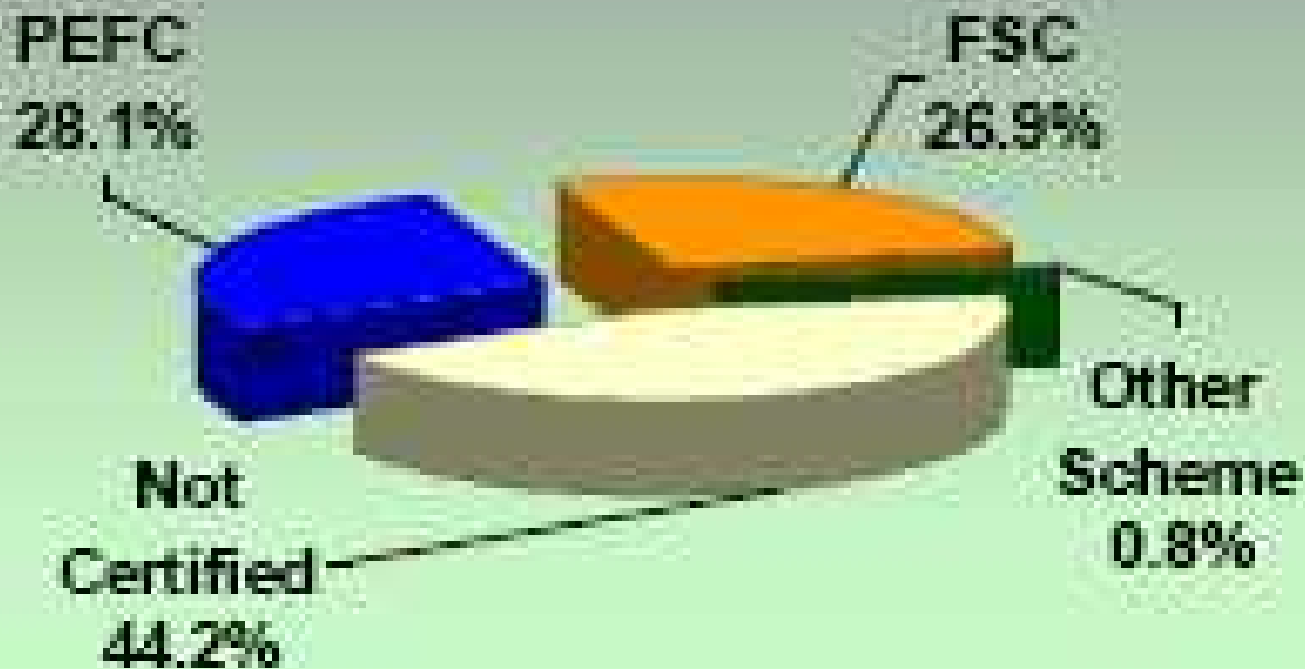


- Certified supply is increasing
- UK imports;
 - 60% certified
 - rising by 5% p.a.



Supply and Demand

Proportion of Certified Imports to the UK by Scheme, 2005

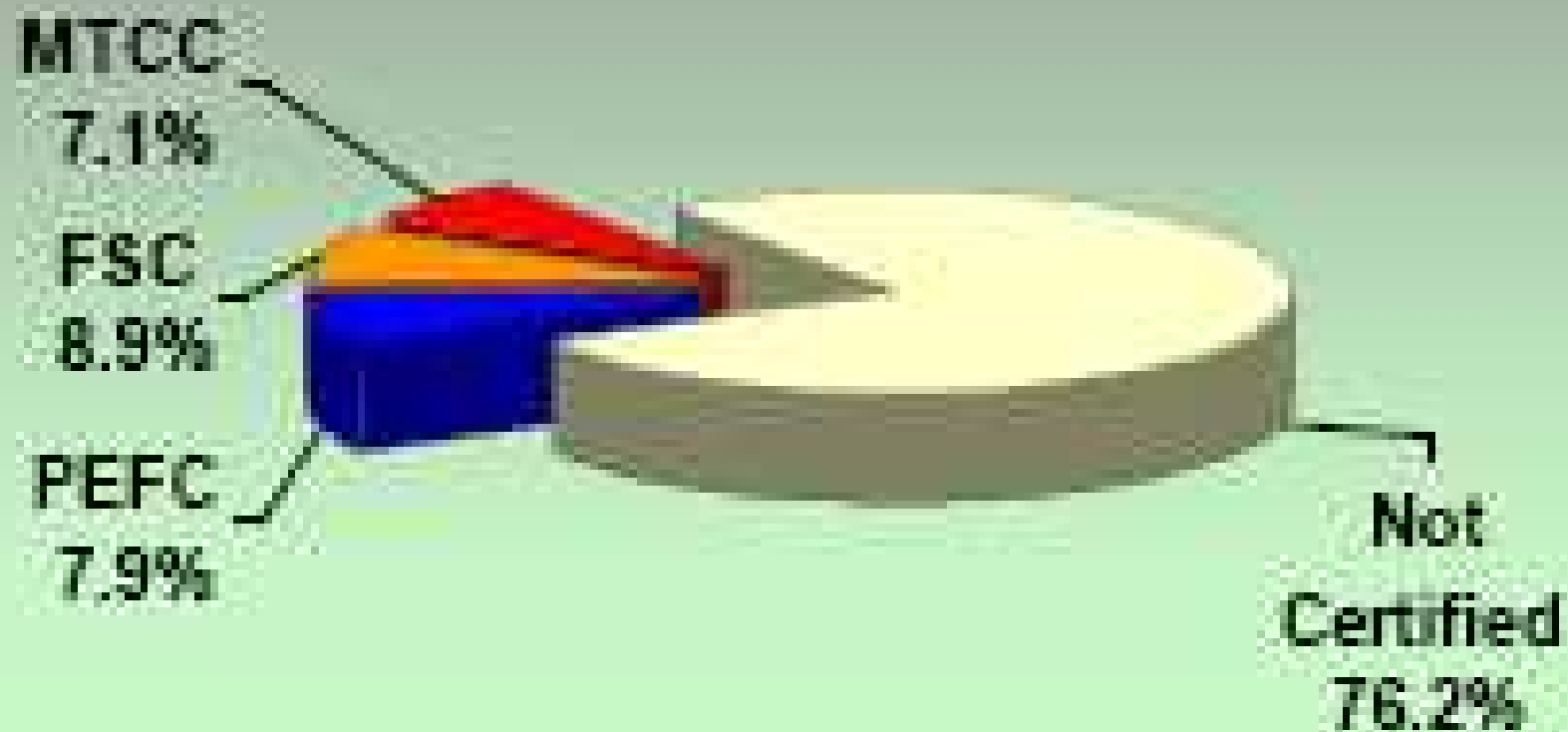


Is certified timber available in all product categories?

- Plenty of certified softwood in PEFC and FSC, but some structural timber is only available in PEFC
- Temperate Hardwood – more limited PEFC, CSA, SFI and FSC
- Tropical Hardwood – growing quantities of FSC (Bolivia, Brazil, Cameroon, Congo Brazzaville, Indonesia, Malaysia...) and MTCC from Peninsular Malaysia

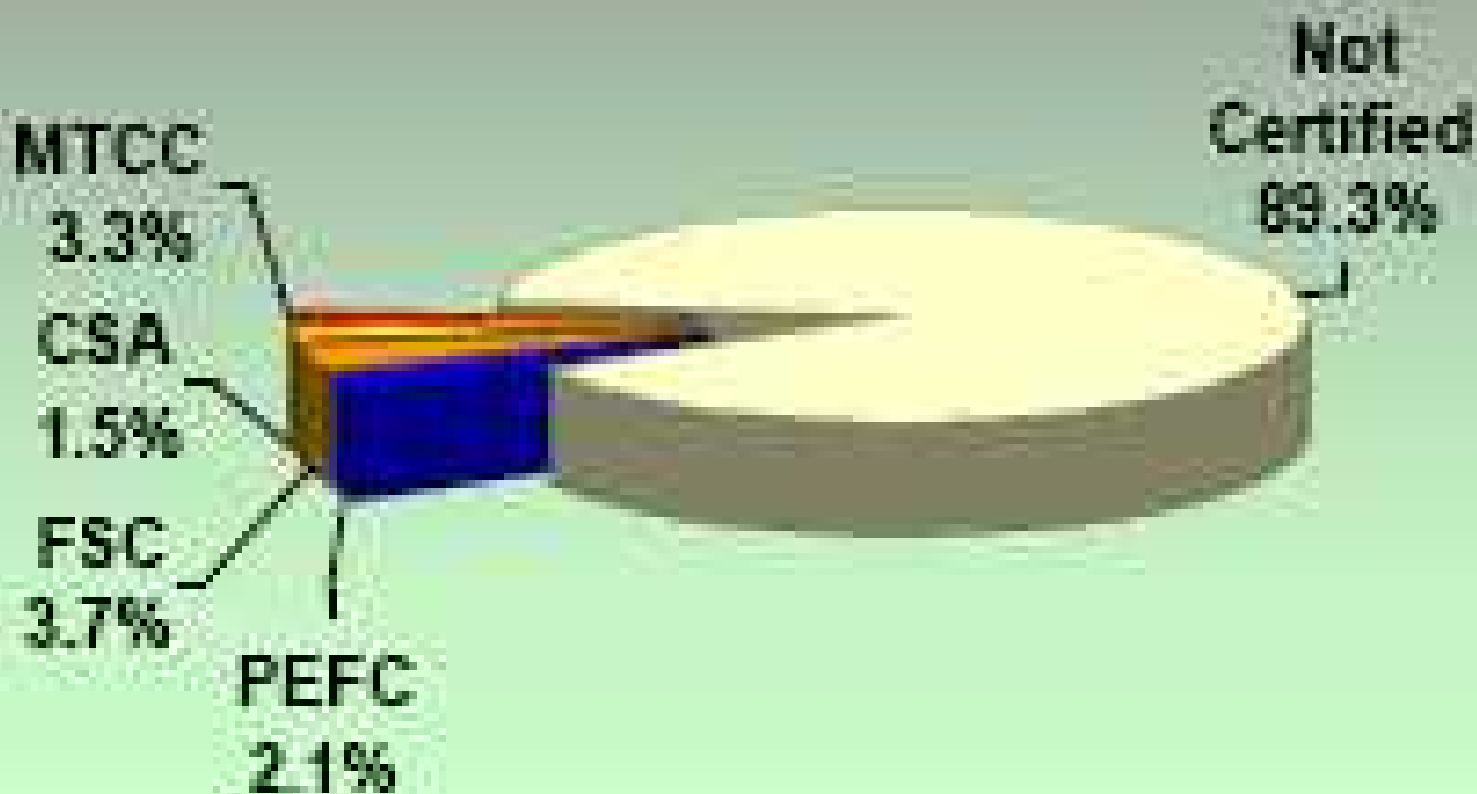


Proportion of Certified Hardwood Plywood Imports by Scheme, 2005



23.8% of hardwood plywood imports certified.

Proportion of Certified Hardwood Imports by Scheme, 2005



10.7% of sawn hardwood imports are certified.



UK Market Demand

- New reports by Rupert Oliver and Nick Moore
- Overall demand for certified timber = 10%
- Oversupply of certified timber
- Key segments have a small (2-7%) premium:
 - Hardwood plywood
 - Hardwood sawntimber
- Steady but low demand for verified legal timber
- It should be rising!
- Suppliers are responding



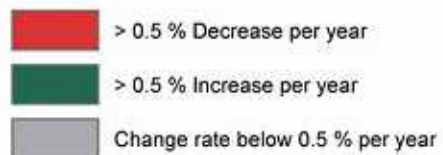
4. Illegal Logging



Where is Illegal Logging Greatest?



Where the forest is going fastest!



What is the trade doing about
it?



TTF ACTION

A. Code of Conduct



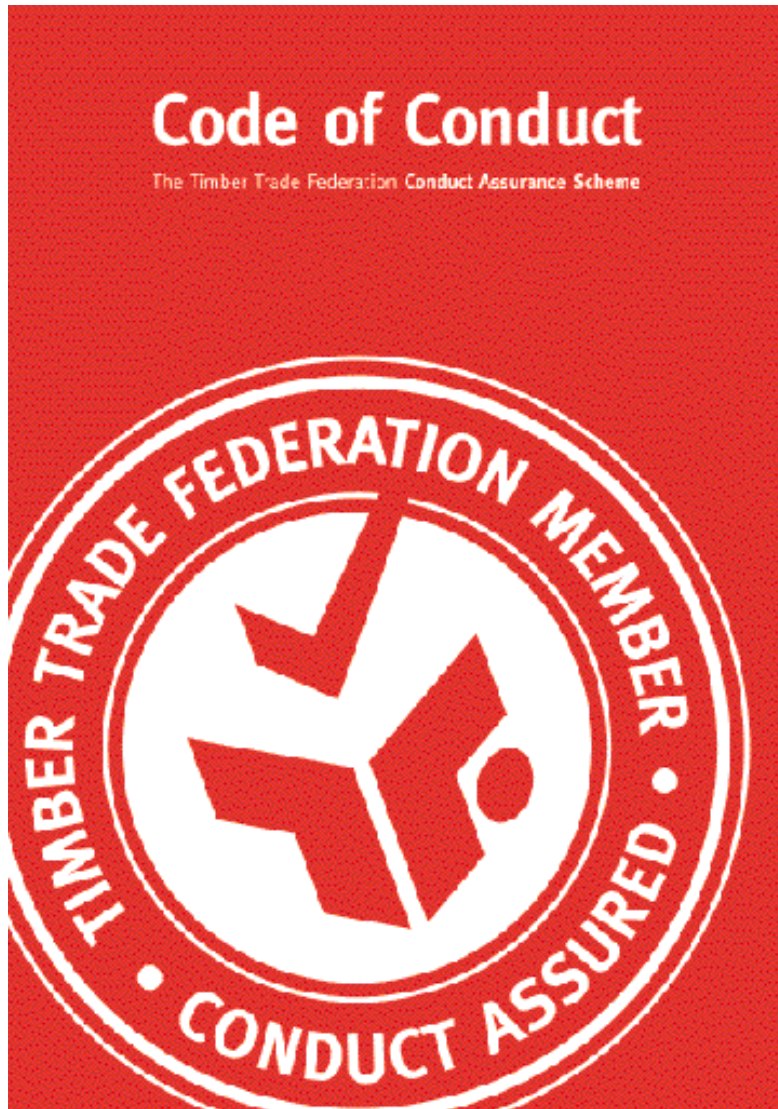


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TTF Code of Conduct



New: TTF will issue specific guidance on buying complying with the Code of Conduct for purchases from high risk countries



TTF Country Guidance

- Brazil, Ghana Guyana, Indonesia Malaysia, Russia
- Documentary evidence of legality
- Overall reliability of documentary evidence depends on Corruption Perception Index rating from Transparency International
- Lower rating means independent verification by 3rd party auditors is recommended.



Example Country

	DOCUMENT & DESCRIPTION
Use rights	'SFP' - State Forest Permission (harvesting license <8,094 ha / 2 years)
	'WCL' - Wood Cutting Lease (harvesting license -8,094-24,281 ha / 3-10 years)
	'TSA' - Timber Sales Agreement (harvesting license >24,281 ha / 15-25 years)
Forest management	Annual Plan of Operations
	Forest Management Plan
Fees & Taxes	'Removal Permit' - GFC Permit to Remove Forest Products
	Customs Declaration form
Transport & CoC	'Removal Permit' - GFC Permit to Remove Forest Products
	'Transshipment Permit' - GFC Transshipment Permit to Remove Forest Products
	GFC Declaration of Forest Products Removed from Private Property



TTF ACTION

- A. Code of Conduct
- B. €7m EU Timber Trade Action Plan –
verified legal timber from 150 mills and
forests in Indonesia, Malaysia, Gabon,
Congo-Brazzaville, Cameroon, China,
Brazil, Guyana, Bolivia



TTAP – Supply Chain Management

Long and complex

A verified legal supply chain



TTF ACTION

- A. Code of Conduct
- B. €7m EU Timber Trade Action Plan – verified legal timber from 150 mills and forests in Indonesia, Malaysia, Gabon, Congo-Brazzaville, Cameroon, China, Brazil, Guyana, Bolivia
- C. Responsible Purchasing Policy



If a trader can't get certified timber with Chain of Custody?

- Use the Responsible Purchasing Policy to assess your supplier
- Ask for legal timber
- Look for suppliers partnered up with credible organisations such as: Tropical Forest Trust, Tropical Forest Foundation, Smartwood, WWF's Global Forest Trade Network, etc.
- Follow the Code of Conduct guidance on buying legal timber



5. Responsible Timber Purchasing



Responsible purchasing by a timber trader means:

- You know where your timber came from
- You are managing your risk of using illegal or unsustainable timber
- You are managing your customer's risk



The TTF Responsible Purchasing Policy (RPP)

- A business tool to help you manage your timber stocks:
 - Gathering and reporting objective evidence of legality/sustainability
 - Monitoring continuous progress towards 100% sustainability
 - Identifying and eliminating high risk potentially suppliers
 - Advice and support to suppliers
- Independently audited for credibility



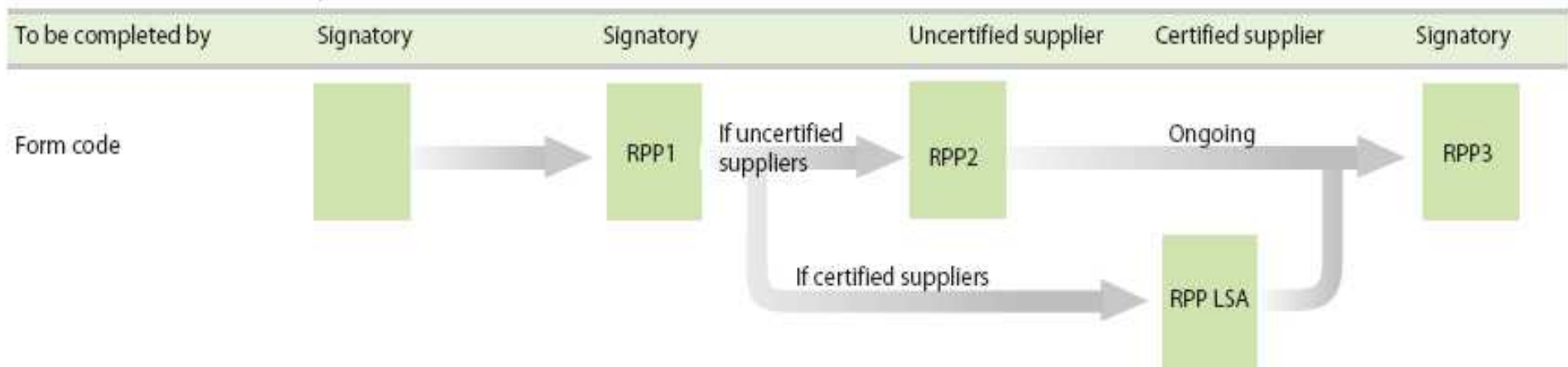
RPP in a Nutshell

1. Sign up
2. List suppliers by country and volume
3. Ignore certified suppliers
4. Take top 50% of high risk countries
5. Ask suppliers some questions
6. Give product and supplier a risk rating
7. Decide how to lower the risk rating
8. Submit Annual Management Report for audit

In Year 2, repeat with remaining 50% of suppliers



It's got a lot easier!



Continuous Improvement

Company performance must improve every year





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RPP1

GUIDANCE NOTES

To be completed by the RPP Signatory on ALL their Suppliers.

Please complete the form referring to the instructions in this column.

This is the first form to be completed in the RPP assessment. The purpose is to risk assess ALL your suppliers. Suppliers you consider to be low risk (for example, have CPET Cat A- see below) do not need to be contacted directly or sent the RPP2 form (Supplier Questionnaire).

A product may refer to a single item OR a group of products that come from the same supply chain and forest origin. This form should cover all wood products sourced during 2007.

Please note that as long as this information is covered, an alternative format can be used by the signatory.

Category A Evidence includes CSA, FSC, PEFC, SFI and MTCC certificated products with Chain of Custody. For more information on CPET categories please see <http://www.proforest.net/cpet>

In case of difficulties please contact: RPP Manager
Tel: +44 (0)20 7839 1891
Email: Rppmanager@ttf.co.uk

On completion please send this form to: the auditor
to be announced

www.ttf.co.uk

Responsible Purchasing Policy

Initial timber supply review



Completed by _____ company _____ date _____

type of business ie. agent/importer etc. _____ contact details _____

Supplier	Location of Supplier Country	Products	Forest Certificate Scheme & No.	Chain of Custody CoC No.	Forest Origin Country	Annual Vol m ³ supplied	Certified Cat A CPET*	Cat B CPET* or 3rd party legal verified	Send RPP2 Yes-No	Send RPP2A Yes-No





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RPP2

GUIDANCE NOTES

Please complete the form referring to the instructions in this column.

Collating your objective documentary evidence before you begin will help speed completion.

If you have any queries regarding this form, please contact RPP Manager
tel +44 (0)203 206 0067
email: rppmanager@ttf.co.uk

To list additional products please photocopy the Product template sheet at the back of this form or if filing online use appendix overflow sheets on later pages.

Certified Products Insert Certificate scheme and Number. Check COC (and scope).

Verified legal by a third party tick box and attach verification document.

RPP Audited. insert appropriate Assessment rating. VH = very high, H=high, M=medium, L=low. Only answer if an audited RPP member.

GFTN. Only answer if a GFTN member. Insert rated category.

If you have any products which are not included under the above categories, please complete the risk assessment overleaf.

If all your timber products are included on this page, you have completed this form.

www.ttf.co.uk

Responsible Purchasing Policy

Supplier status form 2007



completed by _____ position _____

supplier company _____ date _____

address _____ tel _____ fax _____

_____ mobile _____ email _____

_____ website www _____

Supplier details

Type of business agent manufacturer importer other (please specify) _____

Contacts: Managing Director _____ Environmental/Social _____

I can confirm that to the best of my knowledge, all the information provided in these forms is correct

signed _____ date _____

Product list for certified, verified third party legal, RPP audited or GFTN only. If none, proceed to part C.

product	volume m ³	species	country of origin	certified products		verified third party legal	supplier	RPP audited products		GFTN products rating	comments
				forest certification	chain of custody			chain of custody	reason for risk rating		

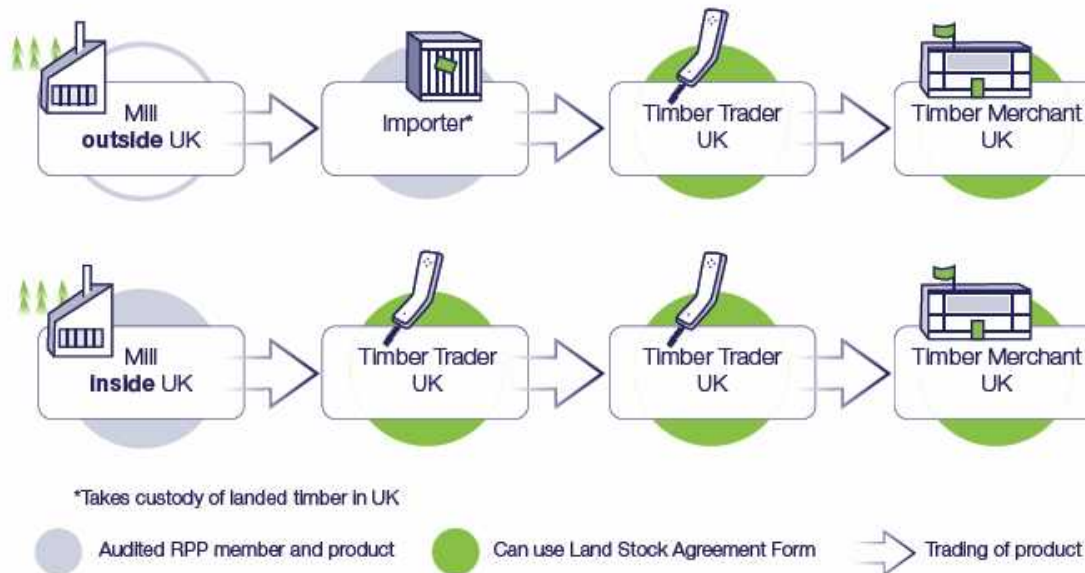




RPP LSA Landed Stock Agreement 2008

This form is designed to avoid unnecessary duplication of form RPP2.
 It is a simple environmental procurement agreement between RPP members in the UK at the final stages of the supply chain when they are the second (or subsequent) customer to have custody of timber in the UK.

Sample circumstances for use of the Landed Stock Agreement



36 successful in 2007

- AW Champion Ltd,
- Arnold Laver & Co Ltd,
- Brooks Brothers
- BSW Timber plc
- Caledonian Plywood
- Capricorn Timber
- Channel Woodcraft Ltd
- Crown Timber
- Danzer
- DLH
- Finnforest UK Ltd
- Finnish Fibreboard
- Flatau Dick (UK) Ltd
- Frank Gresham
- Gill & Robinson Ltd
- Hanson Plywood
- Hollanden Timber Ltd
- Hoppings Softwood Products
- Howarth Timber
- International Plywood
- James Donaldson
- James Latham plc
- John Boddy
- John Robertson
- John Wright
- Howie
- Medite (Coillte)
- Morgan & Co
- Premier Forest Products
- PT Agencies Ltd
- SCA Timber Supply Ltd
- Snows Timber
- T Brewer & Co Ltd
- Timber Connection Ltd
- Wolseley UK
- Wood International (Far East)



What RPP companies will be getting for their trouble

- Listing on TTF and other websites
- Publicity in trade journals
- Easier access to public contracts
- Recognition in pre-screening to supply construction companies
- Certificate and logo
- International recognition
- Easier compliance with the Code of Conduct
- Access for their suppliers to a 72% subsidy for Chain of Custody work under the Timber Trade Action Plan with the Tropical Forest Trust



What next for the RPP?

- Presentations and training for construction companies and the Major Contractors Group
- Promotion of RPP companies to other customers, banks, investors, government, NGO's.
- More members – target is 80 by 2008, currently there are 42
- Get the TTF and WWF schemes to converge more
- International recognition – EU, Japan, China, North America



The RPP still helps meet government (CPET) requirements

- Objective evidence of the legality and sustainability of their timber
- The RPP timber trader can provide the evidence quickly and easily
- Because the RPP is audited the govt buyer can be confident the evidence is credible





An orangutan is sitting on a dark wooden platform in a lush green forest. The orangutan is holding a banana in its mouth and eating it. The background consists of large tree trunks and dense foliage. The text "Responsible Purchasing saves forests" is overlaid in green with a black outline. A speech bubble containing the text "Thank You" is also overlaid in green with a black outline, pointing towards the orangutan.

Responsible Purchasing
saves forests

Thank You