Responsible Wood Sourcing in China

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World Wildlife Fund

Working to conserve nature and reduce the most pressing threats to the diversity of life on Earth
Our work is global and focused on critical regions. We concentrate our efforts on protecting the world’s most important natural places.

1. Amazon
2. Amur-Heilong
3. Arctic
4. Borneo & Sumatra
5. Chihuahuan Desert
6. Coastal East Africa
7. Congo Basin
8. Coral Triangle
9. Eastern Himalayas
10. Galapagos
11. Gulf of California
12. Madagascar
13. Mekong
14. Mesoamerican Reef
15. Namibia
16. Northern Great Plains
17. Southern Chile
18. Yangtze
We focus our resources on supporting the following areas:

- Species
- Marine
- Forests
- Fresh Water
- Food & Agriculture
- Climate
- Communities & People
Local forests. Global markets.
Engaging with companies committed to responsible forest products

WILLIAMS-SONOMA, INC

Sainsbury’s  IKEA

Power Dekor

SCA

AVON

B&Q

Kingfisher

HOMEBASE

P&G

Office DEPOT

Kimberly-Clark
Illegal logging a threat to forests, biodiversity and responsible businesses
Forest Stewardship Council (FSC) certification

- Tracks products from forest to shelf
- Responsibly produced forest products are identified with the FSC logo

1) Forest management certification
2) Chain of custody certification
3) Product labeling
ensures ecosystem functions

why FSC?
why FSC?

protects biodiversity & old growth
why FSC?

expands protection of water bodies
integrates social concerns

why

FSC?
avoids forest conversion

why FSC?
Key Sourcing Issues in China
Key Issues in China’s Timber Trade

• No laws or legislation similar to Lacey Act or EUTR
• Some requirements for legal timber in government procurement systems but no capacity yet
• Import heavily from Russia and tropical countries
• Largest country in importing illegal timber
• Businesses have limited awareness about sustainability and capacity for compliance
FSC FM and CoC Certificates in China

FSC FM in China
2,714,811 Ha. (May 2012)

FSC-CoC in China
2001 (May 2012)
Chinese Stakeholder Progress in Responsible Timber Trade

• FSA launched development of “Guidelines for Sustainable Trade of Forest Products and Investment for Chinese Overseas Enterprises” on June 8, 2013

• MOFCOM issued “Procurement Code for Environmentally-friendly Wood-based Panels” on June 14, 2013

• MoU with Indonesia (2002), Myanmar (2006), US (2008), and a Bilateral Coordination Mechanism on Forest Law Enforcement & Governance with EU (2009)

• CFCC

• Legality verification
Guidance for Responsible Wood Sourcing in China
What is Responsible Wood Sourcing?

Practicing “Due Care” using a system and with your suppliers – supply chain management

1. Origins of the wood are traceable
2. Risks are identified and managed
3. Legality of the wood is verified
4. FSC-certified or recycled materials is preferred
How to Trace the Origin of the Wood

• Map supply chains
• Work with your suppliers and their suppliers
• Develop/maintain a supply chain database
• Record evidence from supply chains
How to Identify Risks

- Develop a clear supply chain map that shows from which supplier and from where the wood is sourced.
- Identify sources from high risk regions (i.e., Russian Far East, Borneo and Sumatra, Congo Basin). Check risk tools (i.e., NepCon Global Forest Risk Registry, Forest Legality Alliance Risk Tool).
- Identify any at-risk species (i.e., endangered or threatened). Check species databases and other NGO sources (CITES, IUCN Redlist).
- Identify sources from natural forests.
- Identify sources from plantations that are result of natural forest conversion.
- Identify plantations from GMO.
- Consult with NGOs or certification bodies, etc.
How to Manage Risks

• Develop action plans with key suppliers
• Keep active databases of supply chains with evidence if risk is low
• Seek third party verification and reports if risk is high
• Apply FSC certification if risk is high and for branding/sustainability
• Build partnerships, for example, seek assistance from NGOs, universities, certification bodies, etc.
The Lacey Act Amendment and Illegal Logging

The amended Lacey Act does three main things:

1) Prohibits trade in illegally sourced plants and plant products
2) Requires importers to declare country of origin, species, value and volume of all plants contained in their products
3) Establishes penalties for violations of the Act, including forfeiture of goods and vessels, fines and jail time
4) Means that companies must exercise **due care**
Due Care in Lacey Act

Exercising Due Care

- “Due care means that degree of care which a reasonably prudent person would exercise under the same or similar circumstances.”

- Due care “is applied differently to different categories of persons with varying degrees of knowledge and responsibility.”
Common-sense Red Flags

✔ Goods significantly below market rate
✔ Cash only for goods without paperwork
✔ Paperwork invalid or otherwise suspect
✔ Unusual sales methods or practices
✔ Transactions fit the description of illegal transactions discussed in trade/industry publications
✔ Inability of suppliers to provide rational answers to routine questions
Tools to Demonstrate Due Care

– Develop a compliance policy, plan and system
– Document how you follow compliance plan in business transactions
– Train employees—they are your agents
– Visit suppliers
– Ask questions
– Develop and follow industry standards
How to Verify Timber Legality

• Low risk
  – First party verification
  – Collect key documents

• High risk
  – Second or third party legality verification
  – Other existing certification schemes
  – FSC (highly recommended)
Seek legality verification for high risk countries/species if FSC is not available

- Rainforest Alliance Verified Legal Origin
- SCS Verified Legal Harvest
- SGS TLTV Legality-Verified
- Tropical Forest Foundation RIL Verified (Reduced Impact Logging)
- Bureau Veritas - Origin and Legality of Forest Products (OLB)
- NEPCon Legal Source
Why is FSC certified or recycled materials preferred?

- They are more than legal
- Credibly certified – not all schemes are credible
- Availability in China

But:
- Not zero risk – misused claim or false FSC labels in China
  – check CoC number online to verify legitimacy of claims/labels
Sustainable Supply Chain Management

Key components of sustainable supply chain management

• Responsible Timber Purchasing Policy
• Timber Origin Tracking System
• Action Plan for Risk Assessment and Mitigation
• Keep key documents for traceability and legality verification
Timber Origin Tracking System

• Who does what?
• Map the supply chains together with business partners to the forests
• Risk assessment and mitigation
• Collect documents to verify timber’s environmental status (legality or sustainability)
• In-company tracking system with labels and storage sites classified
• Database for each order sheet, recording the timber origin and environmental status
• Environmental status on package with tracking code
• Record vendor management (including visits) and staff training
Sustainable Supply Chain Management

Supply Chain Mapping

- From your company to forests
- M2 is much better than M1
- Each point should have vendor contact information
Risk Assessment

- Full supply chain map, focusing on locations and the species of harvesting
- Consult GFTN or other NGOs regarding illegal logging and related risk
- Prevalence of illegal harvesting of specific tree species
- Prevalence of illegal harvest or other illegal practices in country of harvest and/or sub-national region where timber was harvested, including any armed conflict
- Sanctions imposed by the UN Security Council or the Council of the European Union on timber imports or exports
- Assess the system and capacity for built in compliance with applicable legislation, which may include certification or other third-party-verified schemes that address compliance
- Complexity of the supply chain
Sustainable Supply Chain Management

Risk Mitigation

Measures and procedures to minimize risk effectively

1. Require additional information or documents and/or third party verification
2. Establish long-term development strategy of raw material forest base in accordance with corporate capability
3. Communication, selection, and management of suppliers
4. Third party verification/certification
Key Documents for Legality Verification in China

Timber mixed in log yard
- Key documents: Conveyance certificate, Invoice
- Supporting documents: Contract, Quarantine certificate

Timber not mixed
- Key documents: Harvesting certificate, Conveyance certificate, Invoice
- Supporting documents: Contract, Quarantine certificate

Timber from small farm lands
- Key documents: Harvesting certification document issued by village committee
How can WWF/GFTN help?

Group purchase from principal suppliers

- Identify materials purchased by large number of small mills
- Identify principal suppliers, especially FSC-certified
How can GFTN help?

Training
Deliver training to raise awareness and build capacity along supply chains
Thousands of companies trained in last few years

Case study on verification
Support to analyze and mitigate risk in supply chains, including site surveys with certification bodies

Advisory services for market and resources
Provide insights about Chinese markets and responsible sources
How can GFTN multiply?

Promoting responsible consumption and production in China

- China Green Wood Initiative
- China Green in Home
- Campaign for sustainable forest products
GFTN Tools and Trainings
Resources for risk assessment/mitigation

www.gftn.panda.org/sourcing
Lacey Act Online Training

gftn.panda.org/resources/gftn_online_courses/
National Legality Frameworks

Developed & Published
• CAR
• China
• Rep. of Congo
• Gabon
• Malaysia
• Vietnam

Plans for 2013-14
• China (update)
• Indonesia
• Russia
• Cameroon
• Brazil
• Ghana
• India
• Peru
• Bolivia
• Colombia
Legality Guidance

PAS 2021:2012
Exercising due diligence in establishing the legal origin of timber and timber products --

WWF
GLOBAL FOREST TRADE NETWORK

Exporting in a Shifting Legal Landscape
Additional resources
http://www.globalforestregistry.org/map
Additional resources

http://www.forestlegality.org/risk-tool
谢谢！
Thanks!

GFTN
http://gftn.panda.org

WWF - China Green Wood Initiative
http://www.chinagreenwood.org/

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