Overview of Responsible Purchasing Policies

Joyce Lam, ProForest

International Workshop on Forest Products Trade Policies
6-7 December 2008, Beijing

www.proforest.net
Presentation outline

• Introduction to ProForest
• Responsible timber purchasing
  – What is responsible sourcing?
  – What should be considered?
  – What should be included?
  – Implementation process
  – Examples of responsible sourcing policies
• Summary
ProForest’s experience

- An independent company working with natural resource management
- Work with public and private sectors, and NGO communities
  - Public sector: UK, Denmark, Belgium
  - Private sector clients in the timber and paper sectors such as Tetra Pak, DLH, B&Q, John Lewis Partnership and Marks & Spencer
  - Provision of advice to banks and other investment institutions including HSBC, ABN Amro and Citigroup
  - NGOs: WWF Global Forest and Trade Network (GFTN)
What is responsible sourcing?

- **Why?**
  - Manage your risk
  - Respond to clients’ requirements
- **Improve your timber supply by:**
  - Excluding unwanted and unknown sources
  - Gradually increasing the portion of timber from certified sources
- **Usually implement through a stepwise approach:**
What should be considered?

- Policy development should be based on
  - Understanding the issues (e.g., legality and certification)
  - Current level of performance
- Involvement of key parties in development, e.g. senior management, buyers and stakeholders
- Allocation of responsibilities
- Provision of guidance and training
- Reporting and monitoring
What should be included?

• Public document:
  – Overall statement of corporate responsibility
  – Exclusion of unwanted sources
  – Approaches
  – Scope

• Internal document: e.g. guidance on implementation, status of supply base
Implementation process

• Collect information from suppliers
  – Questionnaire, documentation
  – Supplier visit

• Carry out risk assessment from suppliers
  – Illegality
  – Species
  – Complexity of supply chain
Implementation process

• Types of verification: depends on risk
• Action plans for suppliers:
  – reduce high risk sources
  – identify opportunities to get certified materials
• Monitoring of suppliers performance
Examples of policies

• 3 companies:
  – Shadbolt International: manufacturer of doors and wall-panels
  – Tetra Pak: Manufacturer of liquid food and beverage packaging systems
  – Timbmet: timber importer

• Looking at the four aspects mentioned above

• Policies can be downloaded at their websites
Shadbolt International’s responsible forest products purchasing policy - August 2004

Shadbolt International is committed to the responsible purchasing of forest materials used in the manufacture of its products. Our long-term intention is to source all forest materials that we purchase to specify from well-managed forests which have been certified to credible certification standards.

This commitment will be realised through a stepwise approach to responsible purchasing which utilises best available techniques and information.

Shadbolt International will not source forest products from:

- Forests material suppliers that do not comply with all relevant national and international legislation relating to the trade in forest materials
- High Conservation Value Forests where these are recognised nationally or regionally unless it forests are progressing towards credible forest certification in a time-bound, stepwise and transparent manner
- Protected areas where harvesting operations are not complementary to responsible forest management
- Forests which are currently being converted to other land uses, or forests that have been clear cut since 1994
- Forests which are in areas of armed conflict or civil unrest where there is a direct relationship between the forest products trade and the funding of such conflicts

To ensure that these goals are achieved Shadbolt International will:

- Continue to scrutinise its suppliers of forest products
- Continue to gather information as to the sustainability of its suppliers
- Continuously improve the level of compliance and actions agreed with its suppliers
- Continue working with and encouraging its suppliers to progress a process of time-bound, transparent, step-by-step improvement of their systems (a process of “out of the box” thinking)
- Work with key stakeholders to ensure they continue to support these aims
- Set annual, publicly communicated targets

Shadbolt International will abide by all local, state (including but not limited to Convention on International Trade in Endangered Species (CITES), World Heritage Convention (WHC) and initiatives on logging, declarations of provenance, etc)

It is Tetra Pak’s ultimate goal that all the wood fibre in our liquid packaging board shall come from forests independently certified as managed in accordance with the principles of sustainable forest management.

Tetra Pak does not purchase any raw material directly from forests. The company purchases liquid packaging board (LPB) from a range of specialized suppliers around the world. Therefore, to achieve our ultimate goal we have to work with our suppliers focusing on two key aspects:

- Traceability: our suppliers must have in place reliable systems to trace wood fibre back to the forest of origin. All unacceptable sources must be avoided. Ultimately, these systems should be independently certified.
- Forest management: our suppliers need to ensure that the forests supplying the wood fibre are well managed and ultimately are independently certified as managed in accordance with the principles of sustainable forest management.

Timber purchasing policy

Timber production can have a significant impact on the sustainability of the source forests that provide our wood products. Supporting sustainable forest management is essential to Timbertex's business but also to protecting the wide range of ecosystem goods and services that fully functional forests provide, both locally and globally.

Our goal is that all our wood products will derive from sustainably managed forests. To achieve this goal we are committed to:

- Progressively increase the proportion of the wood products we purchase which come from credibly certified legal and well-managed forests;
- For the remainder of our uncertified wood products, we will progressively increase the proportion we purchase from Low Risk sources, as defined in our externally audited Timber Purchasing Risk Management System;
- The continuous improvement of our performance against annual targets set within our Environmental Management System;
- Complete transparency of our practices through the regular reporting of our performance.

This policy commitment was approved and endorsed by the Group Management Board of Directors of Timbertex Group in December 2007.

Independent checks on our policy performance

Timbertex is a member of the WWF-UK Forest and Trade Network (WWF-UK FTN). The UK FTN is an innovative partnership between WWF and businesses involved in timber or paper products. As a member company, Timbertex is required to report annually on performance against its timber purchasing policy commitments. Performance is assessed by WWF and subject to an independent audit. Timbertex was last audited in 2006.
Overall statement

Shadbolt International

Shadbolt International is committed to the responsible purchasing of forest materials used in the manufacture of its products. Our long-term intention is to source all forest materials that we purchase or specify from well-managed forests which have been certified to credible certification standards.

Tetra Pak

It is Tetra Pak’s ultimate goal that all the wood fibre in our liquid packaging board shall come from forests independently certified as managed in accordance with the principles of sustainable forest management.

Timbmet

Timber production can have a significant impact on the sustainability of the source forests that provide our wood products. Supporting sustainable forest management is essential to Timbmet’s business but also to protecting the wide range of ecosystem goods and services that fully functional forests provide, both locally and globally.

Our goal is that all our wood products will derive from sustainably managed forests.
Exclusion of unwanted sources

Tetra Pak

Step 1. Known origin and avoidance of unacceptable sources

A verifiable system for tracing, monitoring and reporting the origin (region within a country) of all wood fibre must be established. Illegal and unacceptable sources, including areas with social conflict or inadequately managed high conservation value forests, must be excluded.

Unacceptable sources include:

- Wood that has been illegally harvested.
  Wood is considered as legal when:
  a. The wood was harvested by an organization, which had legal rights to do so.
  b. In forest operations there is no evidence of serious sustained non-compliance with national laws, including forestry, environmental, labor and health and safety regulation.
  c. There is no evidence of non-payment of taxes and other legally prescribed fees.
  d. There is no credible evidence of corrupt practices.

- Wood from sources that are being actively converted from natural forest to other land use, unless the conversion is justified on grounds of net social and environmental gain.

- Wood from genetically modified trees.

- Wood from areas where there is a clear demonstration of violation of traditional, customary or civil rights, or of serious extant disputes with indigenous peoples or other social stakeholders, involving confrontation or violence.

- Wood from protected areas, intact natural forests and high conservation value forests unless these have been verified as being certified or in progress to certification against (one of) the preferred certification scheme(s).
Approaches

Shadbolt International

To ensure that these goals are achieved Shadbolt International will:

- Continue to scrutinise its suppliers of forest materials
- Continue to gather information as to the source of all forest materials
- Continue to evaluate this information against our stated purchasing policy
- Continuously improve the level of compliance against this policy, with annual reviews, reports and actions agreed with our suppliers
- Continue working with and encouraging suppliers and forest sources who are actively engaged in a process of time-bound, transparent, stepwise commitment to credible certification (such as WWF Producer Group members)
- Work with key stakeholders to ensure that best practice is followed
- Set annual, publicly communicated targets regarding our performance
Scope

- Shadbolt: ‘forest materials used in the manufacture of its products’
- Tetra Pak: ‘all wood fibre in our liquid packaging board’
- Timbmet: ‘all our wood products’
Summary

• Usually the long term goal is to buy timber from certified/well-managed forests

• Key to implementation is to work with suppliers
  - Gather and evaluate information
  - Regular review of performance
Summary

• Responsible purchasing policy:
  – Should reflect what the organisation is actually planning to do
  – Should be clear about who are the policy driver
  – Should be realistic and achievable
  – Should include targets with timeframe
Contact details

Tel: +44 (0)1865 243 439
Email: joyce@proforest.net
Website: www.proforest.net