

Timber Trade Federation

Growing the Use of Wood



The UK Experience with Due Diligence: a changed perception?

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1. Who are the Timber Trade Federation

Timber Trade Federation

- Founded in 1892 to grow the use of wood and wood products!
- Over 200 members representing 70% timber volume either produced or imported into the UK
- **UK 4th largest importer in the world**
 - *Volume equates to 170,000 double decker buses spanning the length of the UK!*
- Less than 5% is tropical, vast majority is certified softwood
- UK is sensitive to NGO pressure



TTF support from the UK Government



- Agreement for nearly £400,000 to be funded by the UK's Department for International Development.
- The fund is spread over 3 years and is focused on trade activities to help address illegal logging.
- Recent agreement to focus on timber & climate change

Number of activities funded;

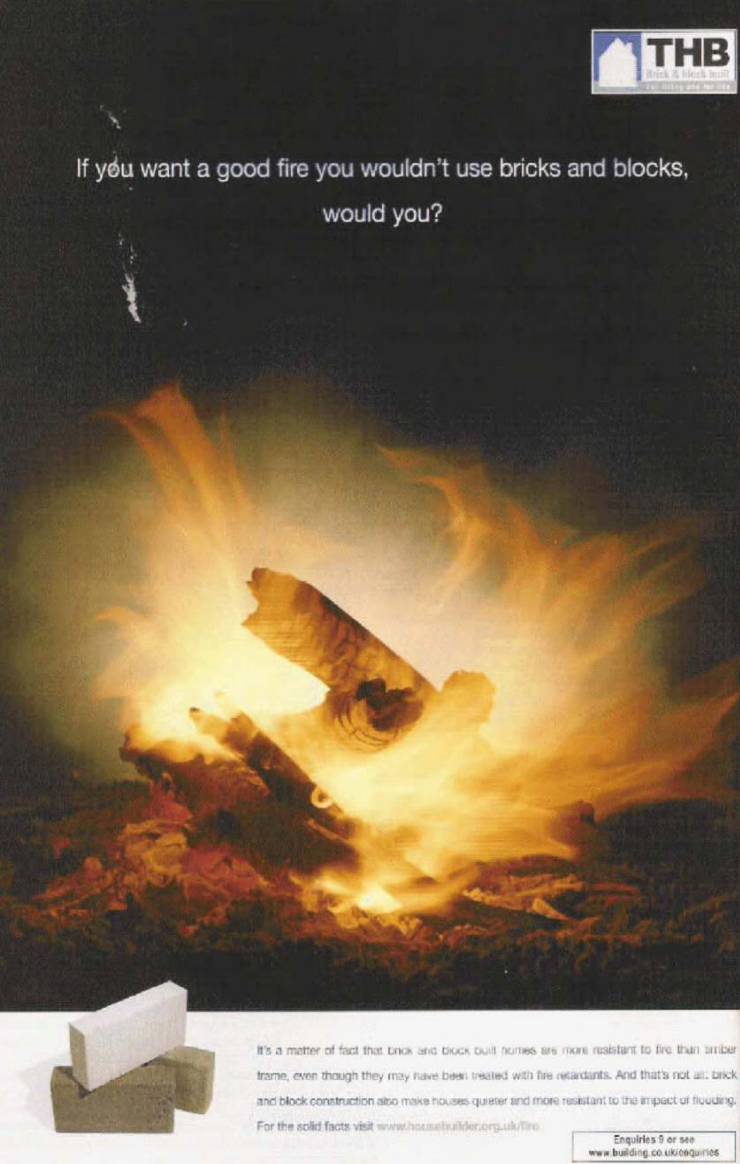
- *Roadshows with trade – Indonesia & Brazil in 2009*
- *Market reports*
- *Country guidance reports*
- *Supporting FLEGT*
- *Advising on EU legislation*



2. Issues facing the UK timber industry

Threats to timber

- Timber – good story to tell!!!!!!
- Market demanding proof of lower environmental impact through methods such as LCA
- Other sectors wanting to badge products as “responsibly sourced”
- **Other materials use “illegality” against us!!!**



THB
Brick & Block Builders

If you want a good fire you wouldn't use bricks and blocks, would you?

It's a matter of fact that brick and block built homes are more resistant to fire than timber frame, even though they may have been treated with fire retardants. And that's not all: brick and block construction also make houses quieter and more resistant to the impact of flooding. For the solid facts visit www.housebuilder.org.uk/fire

Enquiries 0 or see www.building.co.uk/enquires

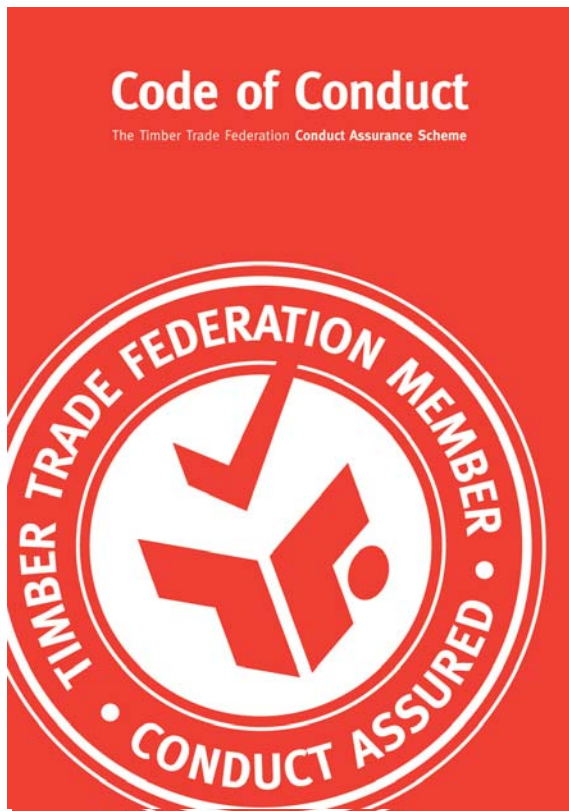


Increasing Passport requirements!!

- Legislation & Govt policies
 - US Lacey Act & proposed EU legislation
 - Forest Law Enforcement, Governance & Trade (FLEGT) – numerous initiatives
 - Government Timber Procurement Policies
 - Government adoption of schemes developed to measure & rate the environmental impact of buildings or developments e.g. BREEAM (UK), LEED (US)
- End users sustainability policies – managing “reputational risk”
- EU Timber Trade Federations introducing Code of Conducts

3. UK TTF Action on Due Diligence

TTF New Code of Conduct Commitment



- Code of Conduct from June 08 commits all members to implement a system of “due diligence” – ahead of new EU legislation option!!!!
- Members can develop their own system but must meet the agreed criteria



Criteria for Code of Conduct “Due Diligence” systems (UK, Fr & NL)

1. **Independent auditing – TTF receives no paperwork**
2. 100% screening including country risk
3. Standard questionnaire and objective assessment system
4. Continuous improvement & target setting
5. Supplier feedback
6. Product claims can be verified, objective evidence
7. Public commitment to legal/sustainable
8. Director level responsibility
9. Excluding CITES
10. Annual reporting
11. Corrective actions



Why do we need Due Diligence?

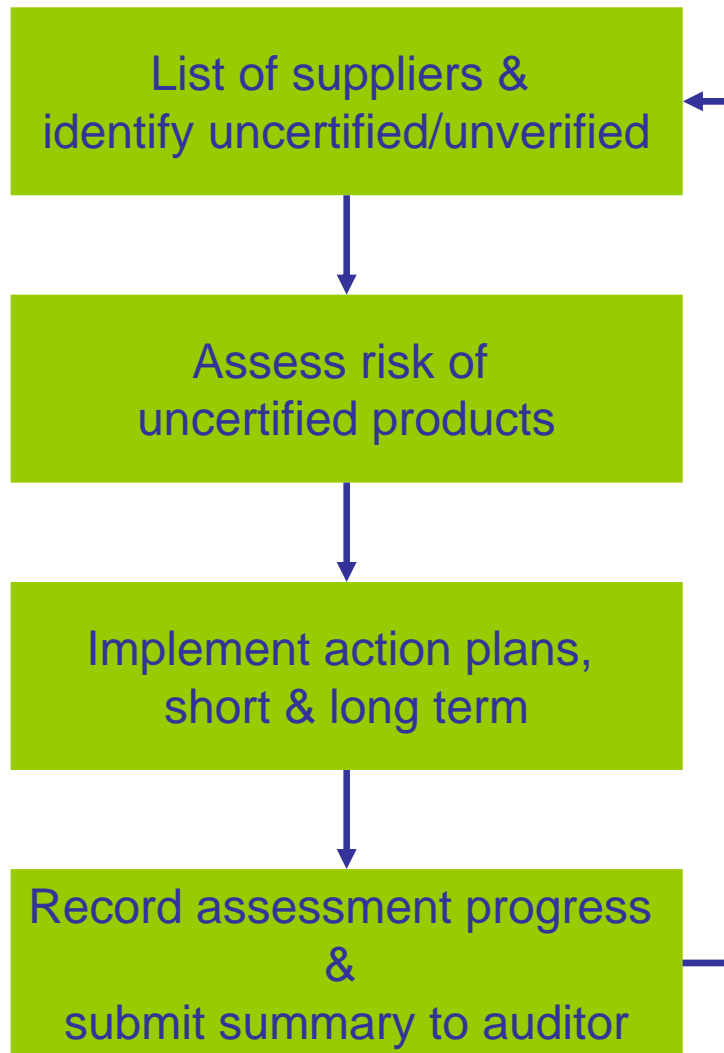
- Proving legality is troublesome as matching documents to shipments is difficult but is a contract requirement, particularly products such as plywood
- UK TTF support the VPA's and the subsequent legal licensing – make it easier to buy timber!

Due Diligence Tool Responsible Purchasing Policy (RPP) Overview

- A voluntary tool introduced in 2004 RPP gives members
 - An “off the shelf” due diligence tool to assess the risk of timber products
 - Supports business in promoting good practice to customers and/or meeting policy requirements
 - Focus on uncertified products – certified or verified legal simply recorded
 - A stepwise approach to source legal & sustainable timber products
 - Preparing members to meet proposed future legislation

DOES NOT GUARANTEE LEGALITY

Responsible Purchasing Policy: Process



RPP: Information requirements

We need to know

- Where it comes from
- Species
- What legality documents exist

Information on Uncertified Products & Product Groups

Guidance Notes			Product or Product Group Details			Forest Details		
Product or Product Group	Type of Product: Hardwood, Softwood, Panel or please state	Species (Separate entry for all species in composite products)	Country	State which region or concession number or unknown	Natural Forest (NF) or Plantation (P) or from areas cleared for other uses (C) or unknown (U)	Is there a management plan in place & if so has the relevant national body approved it?	Do you have documents to prove legality & origin (if yes please attach)?	What % of the timber products you supply comes from forests you own or manage?
<p>Please complete the form referring to the instructions in this column. Collating your objective documentary evidence before you begin will help speed completion.</p> <p>1) Documents could include legally required transport and shipping documents, proof of purchase from the forest of origin, maps/records showing the harvested area, concession and felling licences, official records confirming the payment of royalties and other fees. Regional reports showing compliance to local laws would also be acceptable. Please provide as many of these as possible.</p> <p>If you have any queries regarding this form, please contact the RPP Helpline Tel +44 (0)20 7291 5373 email: gbruford@ttf.co.uk www.ttf.co.uk</p>								
Pine Cladding	S	Scots pine	Russia	Siberia	NF	Yes	Yes	70-80
Hardwood	S	Western Red Cedar	Canada	Bella Coola, BC	NF	Yes	Yes	100
Poplar ply	H	Red Oak	USA	Virginia	NF	No	No	100
Combi ply	P	Poplar core & face	China		P	Yes	No	100
Combi ply	P	Poplar core	China		P	Yes	No	100
Combi ply	P	Red-faced tropical	??					0
S/W ply	P	Elliottis pine core & face	Brazil	Santa Catarina	P	Yes	No	100

Responsible Purchasing Policy - Supplier Return

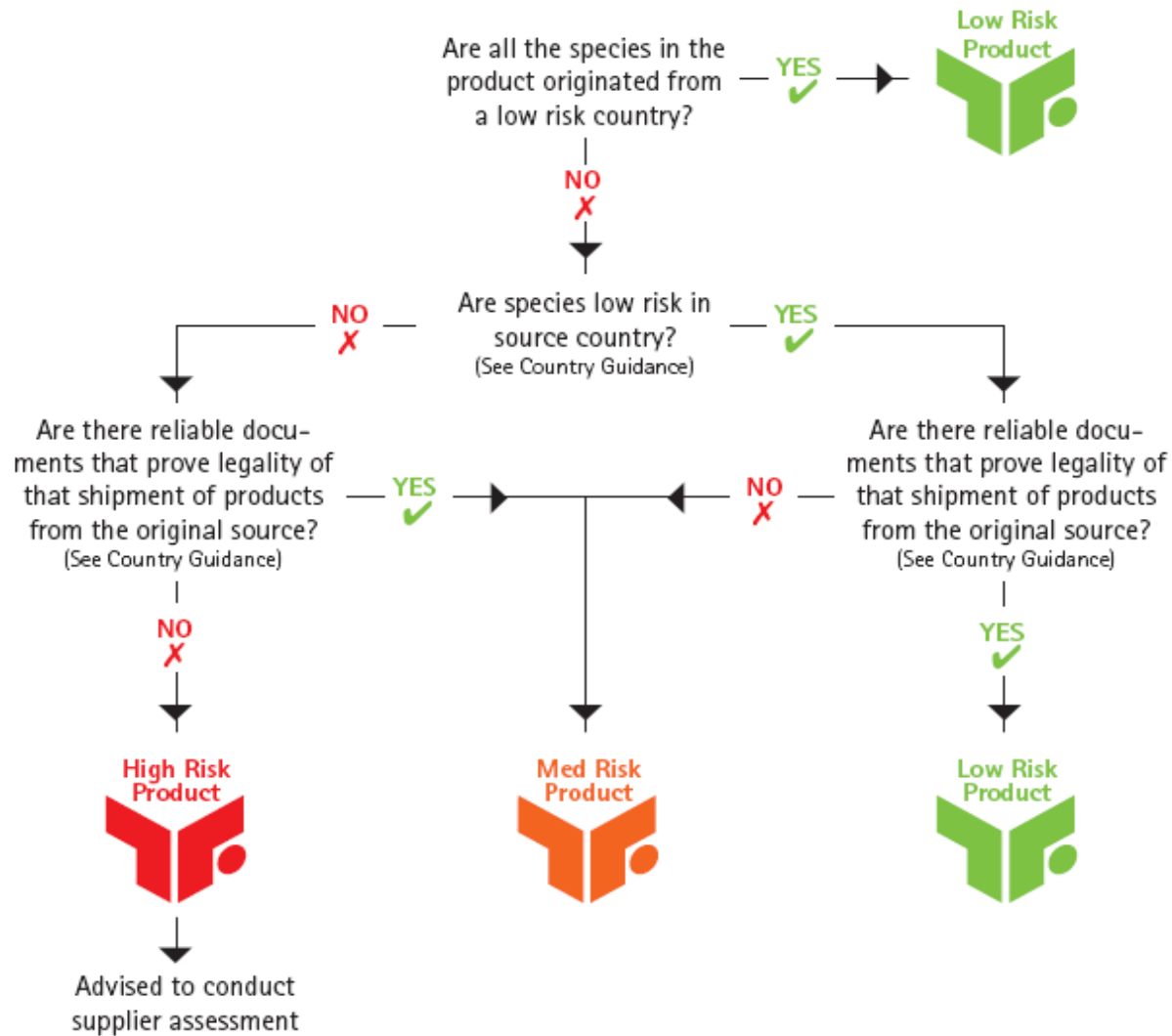
RPP - Product Risk Rating



- RPP is encouraged to be done on each shipment – in reality doesn't happen
- Use the appropriate decision tree to risk rate products as high, medium or low
- Using country guidance trying to make it more objective rather than subjective – can be difficult!!!!!!
- County guidance also provides advice on solutions e.g. EU funded Timber Trade Action Plan

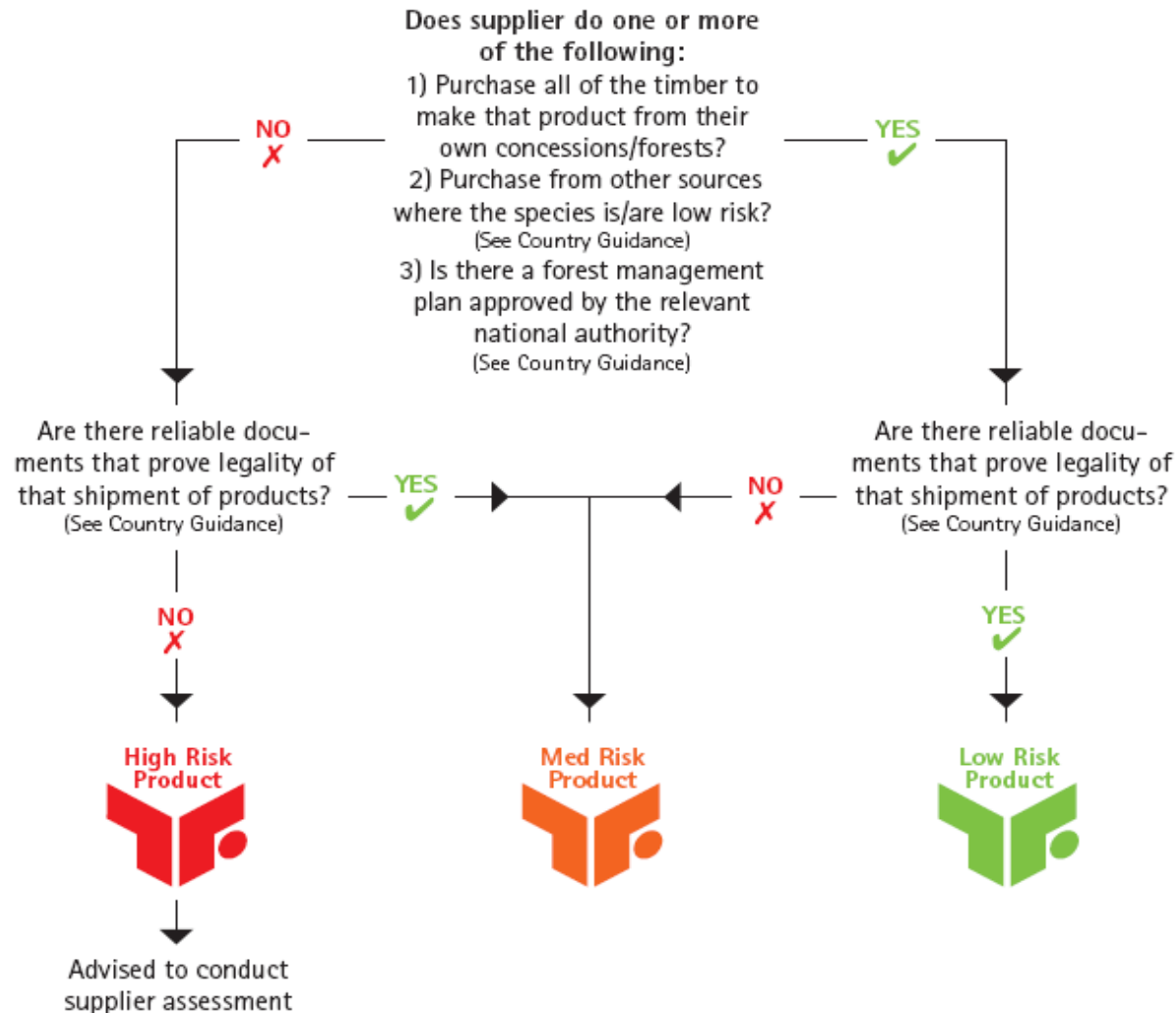
RPP - Product Risk Rating

Low Risk Countries (rated 6.6 or more)



RPP – Product Risk Rating

High Risk Countries (rated 6.5 or less)





Responsible
Purchaser

RPP Experiences

- Many lessons learned along the journey
 - Lack of resource for smaller members
 - Lack of understanding & acceptance
 - Lack of knowledge for risk rating products (trade & forestry)
 - Lack of market demand for due diligence
 - Lack of “real time value” – declarations per shipment difficult
- We are still learning...even after several years!!!

Due diligence, an accepted concept....the brussels effect?



- Fear Factor of change is very real
- 10 years ago certification was not an accepted concept!
- Yes – changing trend in last year!

4. UK experience and global challenges

UK Market Experience on Implementation of Market Drivers



- UK market as a net importer is very sensitive to NGO attacks
- Evidence that the drivers are raising awareness & thus demand
- Certification has enabled companies to win business
- In the UK small (2-7%) price premium on certified **hardwood** products – not softwood.

Common Global Challenges for timber...

- *Improving the timber trade global image..*
- *Promoting timber as mitigating climate change and the most sustainable building material...*
- *Ensuring requirements and guidance for legislation and policies are the same..*
- *Helping suppliers and customers to understand and meet those requirements..*



Thank you

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