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Procurement Rules African Timber

-Supporting Sustainable Forest Management and Development -

The Environmental and Safety Management System (ESMS) for Procurement Africa

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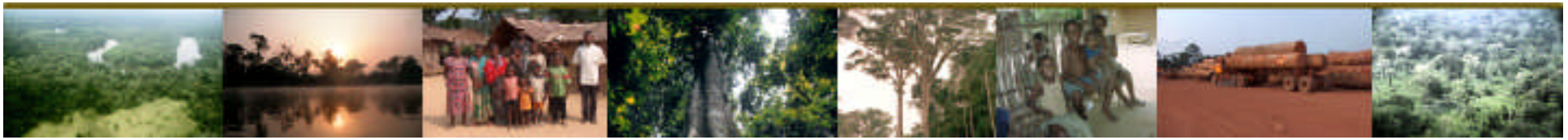
- SIFORCO – Progress towards certified sustainable forest management
  - Forest Management Plan
  - Gap analysis
- Trading



Danzer Group's Commitment

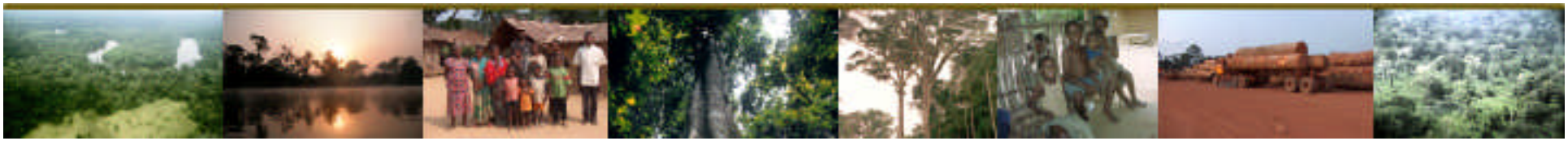
The Danzer Group's Commitment
to Your Safety,
to Our Health, and
the Habitat We Share

The environmental and safety commitment of the Danzer Group is consistent with our motivation to be acknowledged as a leader in the wood products industry. Our Environmental and Safety Management (ESM) system seeks to protect all employees, the general public, and our ecosystem by establishing its foundation on the principles of:

- Continual Improvement
- Management through Teamwork
- Leadership by Involvement
- Prevention through Planning
- Compliance with Regulations and Standards

In particular for Procurement Africa:

We commit to gradually, credibly and independently demonstrate that the forests in our control and those from where we are also sourcing timber are managed legally and responsibly.

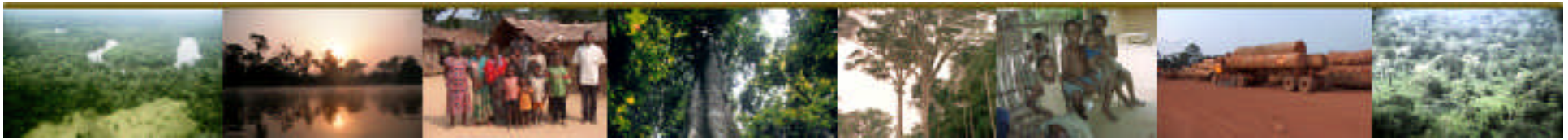


Danzer Group's Commitments for the WWF – GFTN (Global Forest & Trade Network)

Membership of WWF-GFTN with following commitments for responsible forest management and trading:

- Target to reach FSC certification for Danzer Group companies (3.2 million ha, 7.9 million acres): IFO (2008) and SIFORCO (starting 2010)
- Exclude timber from unwanted sources and make suppliers conform with FSC Controlled Wood standard: detailed time schedule and action plan to be developed with WWF
- The « Procurement Rules African Timber », following the ISO 14001 standard, form the basis for reaching these targets
- Chain of Custody (FSC) certification of Trade Offices of African Timber (within 5 years)

See also www.panda.org/gftn



Danzer Group's path to responsible procurement

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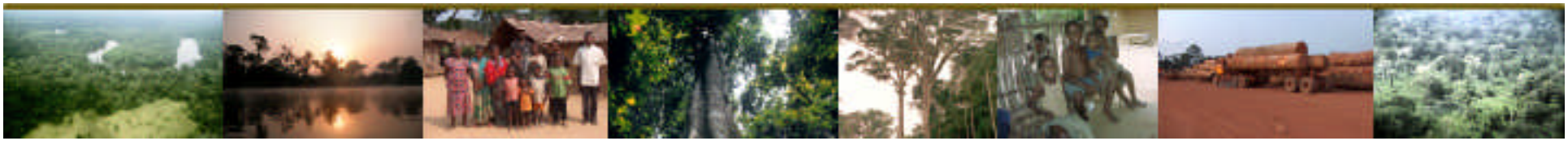
Implemented using ISO 14001, WWF-Global Forest Trade Network, Certified Timber

3 Wood from sustainable / well managed forests

2 Progressing towards sustainable / well-managed forest

1 a) Known source: Known origin up to source forest (Traceability);
b) Legality: Right to harvest forest sources and legal trading / manufacturing

Inacceptable: timber of illegal origin



Danzer Group's requirements from its suppliers in Africa (high risk countries)

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Preferred

4 Certified Wood: from sustainable/well managed forests, e.g. ISO 14001, FSC, PEFC/PAFC, SFI,

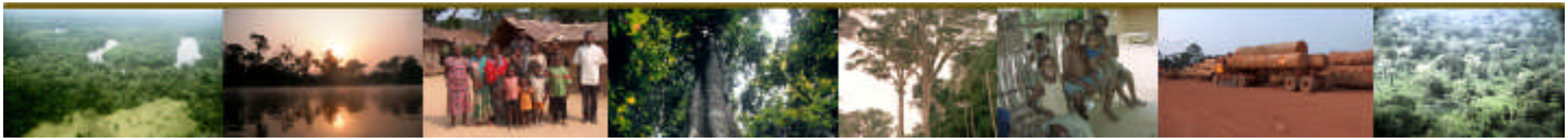
3 Progress towards sustainable/ well-managed forest sources; no threat to virgin or high conservation value forests; e.g. FSC-Controlled Wood, joining WWF Global Forest Trade Network

2 Independent legality verified wood: compliant to forest legislation, respecting civil, local communities & workers rights e.g. LVT by SGS, OLB by Bureau Veritas, Keurhout-Legality

Acceptable

1 a) Known source: Known origin up to source forest (Traceability);
b) Legality: Right to harvest forest sources and legal trading/manufacturing

Inacceptable: timber of illegal origin

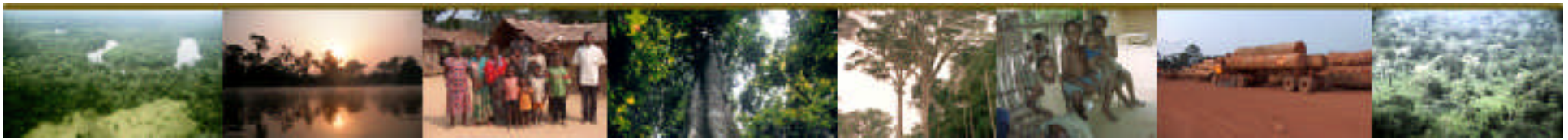


Scope of Procurement Africa

Procurement of African Timber, supporting 1) Legal & 2) Sustainable management for:

- Forests from DanzerGroup companies
- Third party suppliers

Trade and Sales of timber originating from Africa



Scope of Procurement Africa (continued)

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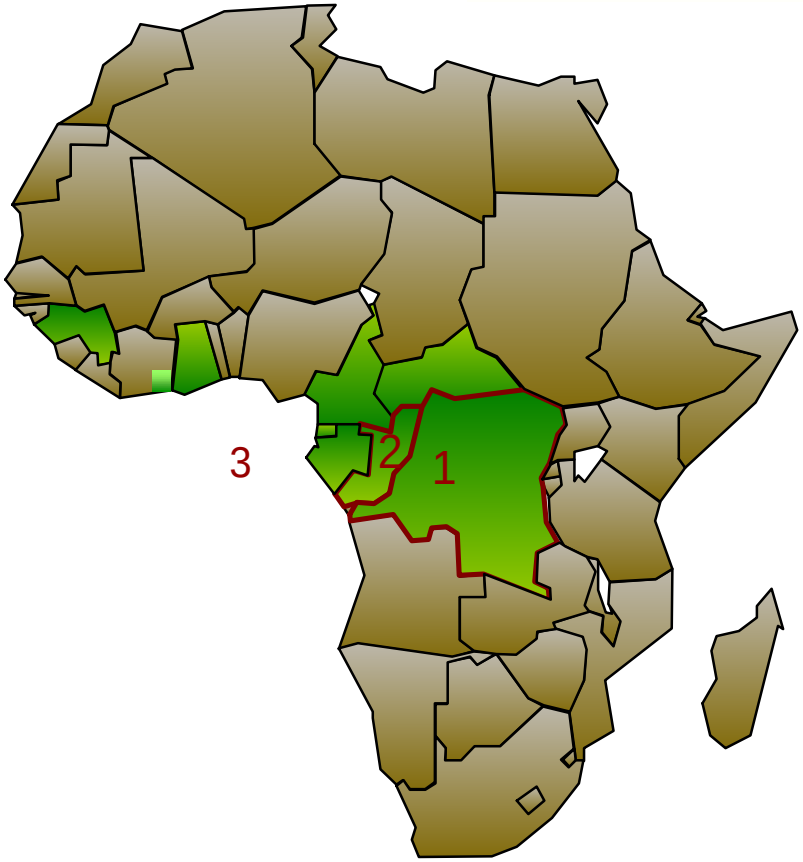
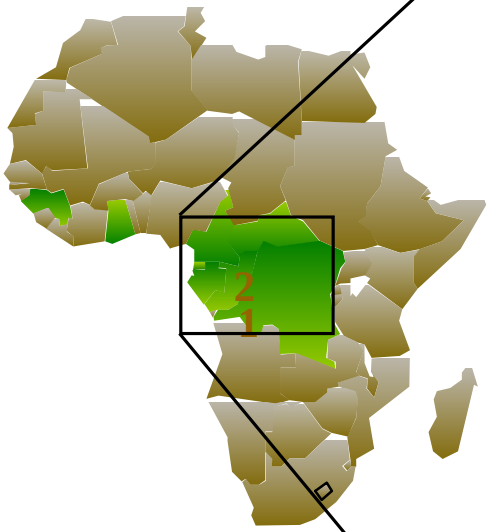
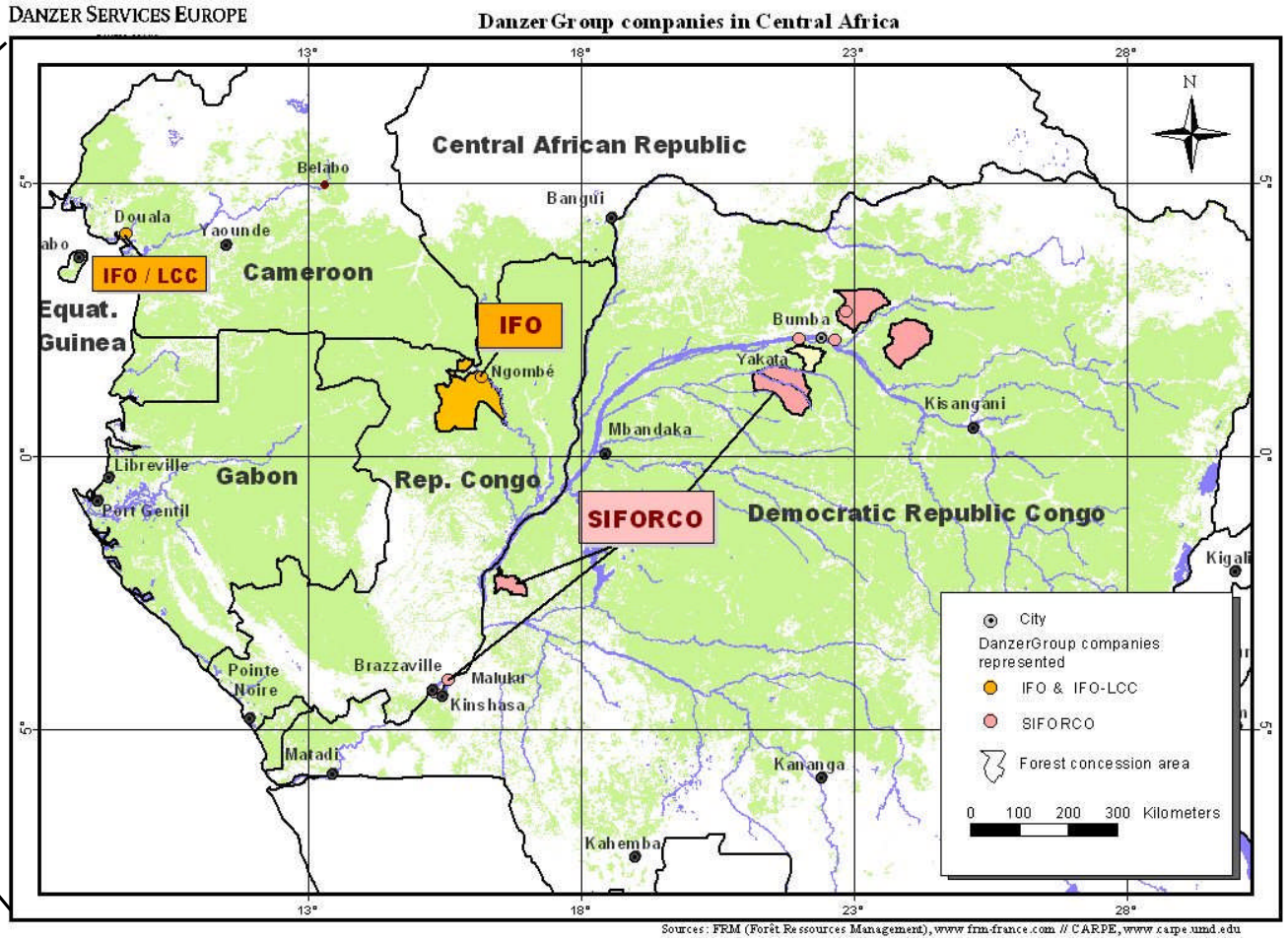
- Forest attributed to DanzerGroup companies:
  - SIFORCO (1.)
    (DRC – Democratic Republic of Congo)
  - IFO (2.)
    (Republic of Congo)
- Third party suppliers (3.)
  (Central and West Africa)

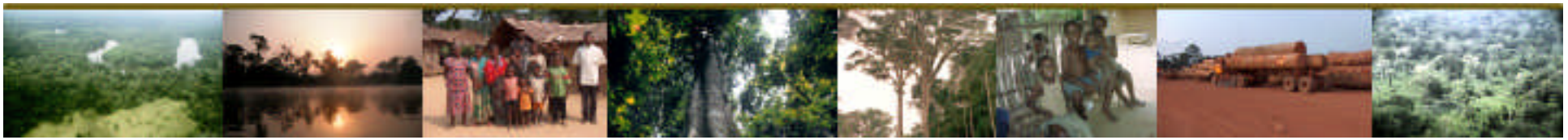


Scope of Procurement Africa (continued)

Danzer Group's concessions in Africa 3.2 million ha (7.9 m. acres)







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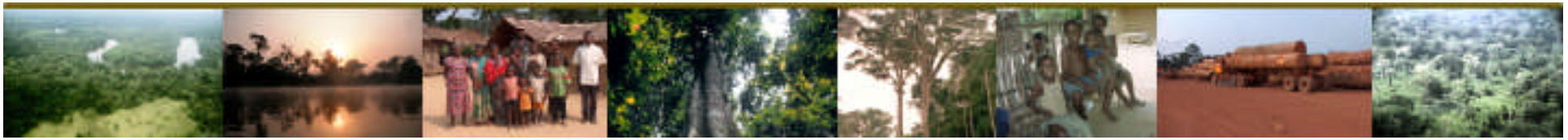
Progress & Program Procurement Africa

Activity	IFO Rep.Congo	SIFORCO D.R.C.	Trading
LVT - Legality Verified Timber certification by SGS-TLTV	✓Dec.05	✓Sept. 06	-
Chain of Custody certification (LVT (1), FSC & PEFC (2)): 5 of 10 trading offices	✓Feb. 06 (2)	✓Sept. 06 (2)	✓Febr.06 & Febr. 07 (1,2)
Field visits of WWF to Danzer Group companies	✓Jun. 06	✓Dec. 05	-
Field test for FSC Controlled Wood Standard with FSC & WWF	✓Jun. 06	-	-
Commitment to become a member of WWF – GFTN	✓Sep. 2006		
ISO 14001 certification of the Environmental & Safety Management System "Procurement Rules African Timber"	✓Nov. 06: as suppliers that are evaluated by the system		✓Nov. 06
Pre-audit ISO 14001 & FSC	✓Nov.06	2009	-
"FSC Controlled Wood" certification	✓May 07	2009	-
Member of WWF – GFTN (Global Forest & Trade Network)	✓July 07	After conversion of forest titles	✓July 07
FSC audit, ISO 14001 audit Production & Forest Management	2008	2010	-



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IFO – Progress to Certified Sustainable Forest Management

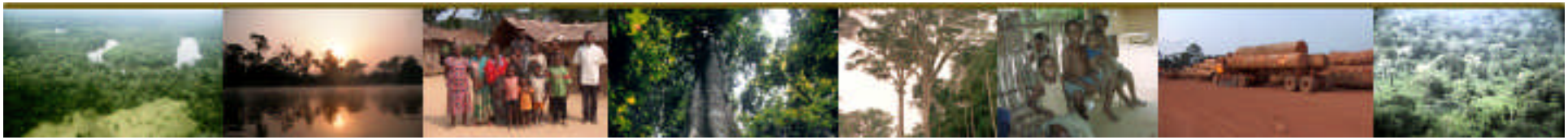
1. Forest Management Plan IFO

Forest Management Inventory

Socio-economic study

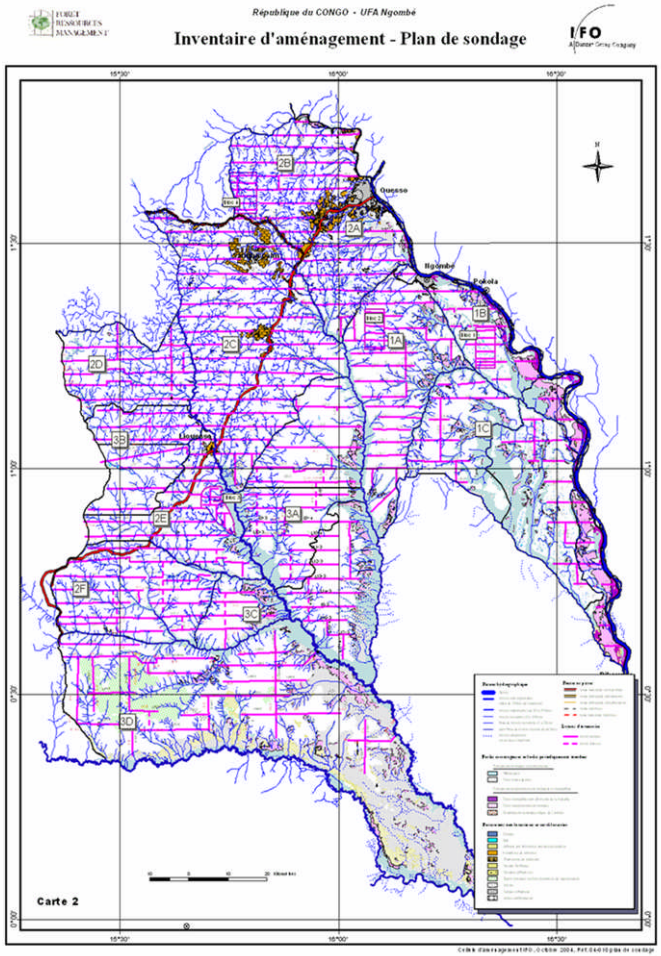
Wildlife inventory

Forest Management Plan



1. Forest Management Plan IFO

Inventory of flora, fauna, non-timber forest products & human presence

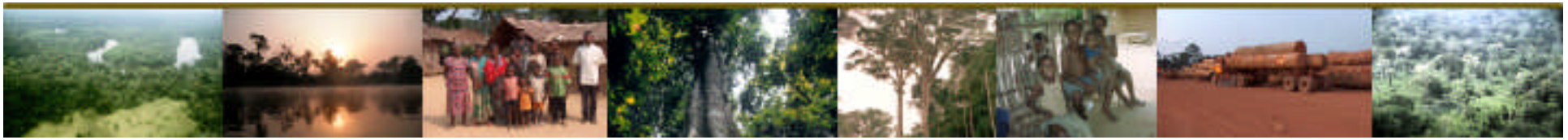


Activities:

- 3000 km of line transects
- 0,8 % inventory rate
- 3,5 years
- ~75 people

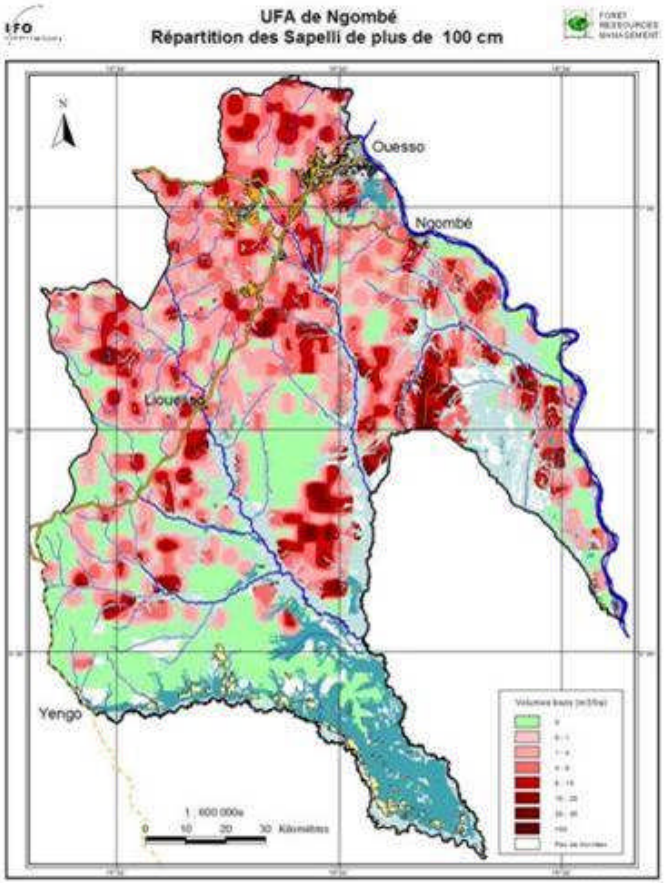
Inventory of:

- 297 tree species from 20 cm diameter
- NTFP (Non Timber Forest Products)
- Wildlife (especially large mammals)
- Human presence and influence

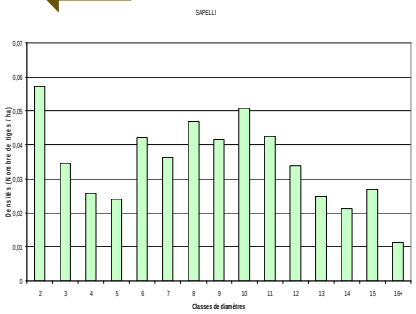


1. Forest Management Plan IFO

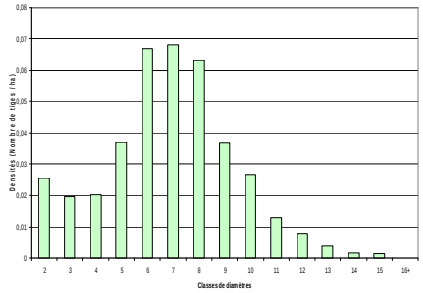
Spatial distribution of tree species, diameter histogram & reconstitution

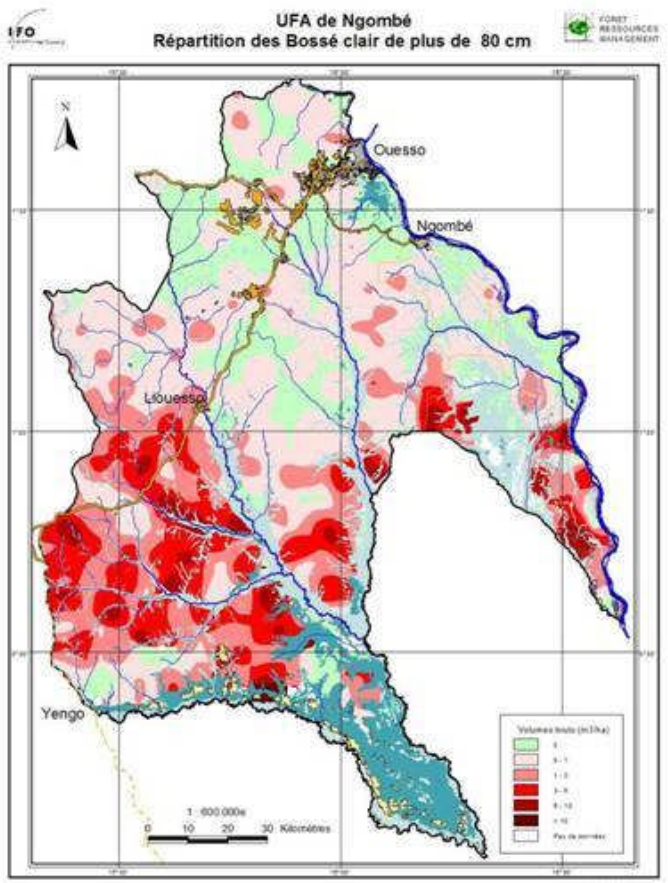


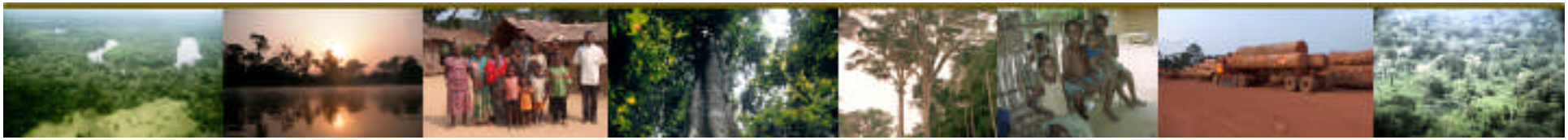
Sapelli



Bosse clair

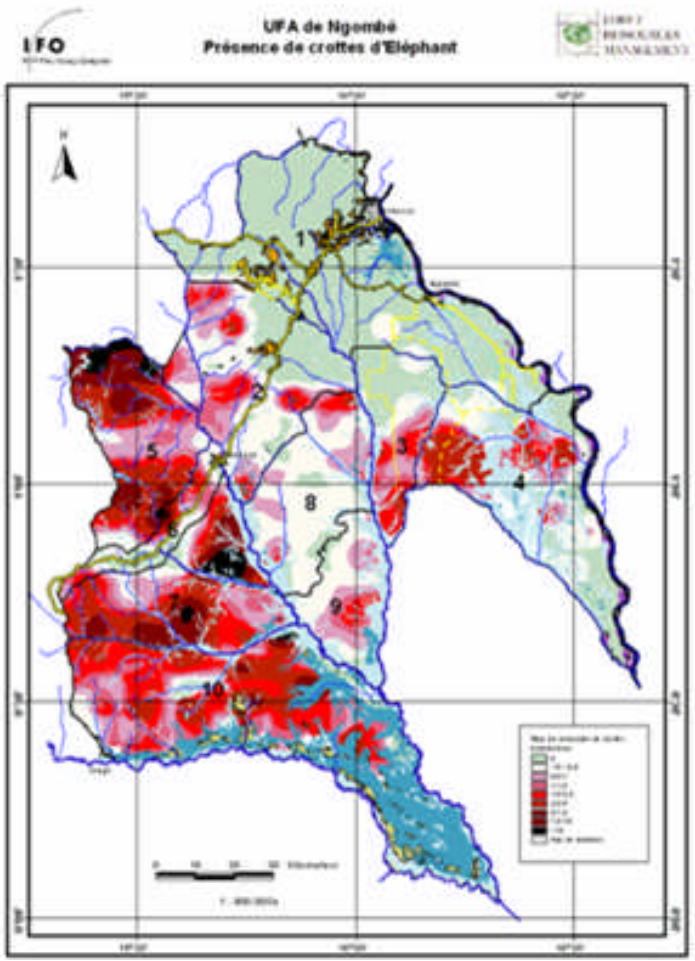






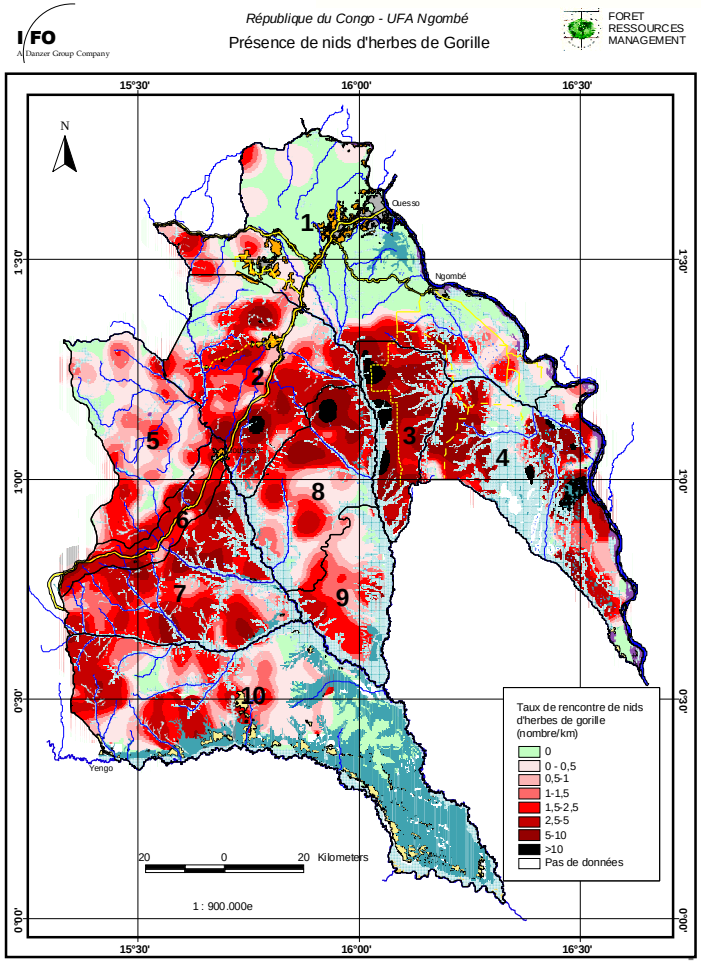
1. Forest Management Plan IFO

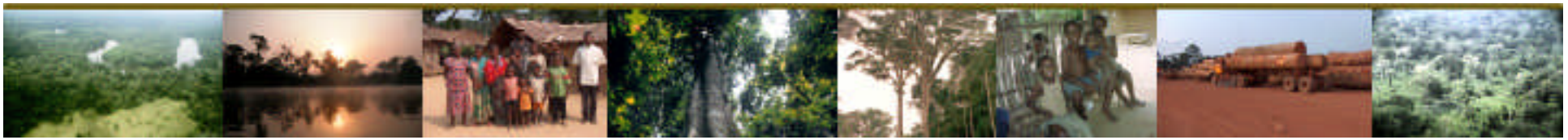
Wildlife distribution: high density of Gorilla and Elephant



Elephant

Gorilla





1. Forest Management Plan IFO: Socio-Economic Study

Forest products used by the local & indigenous population

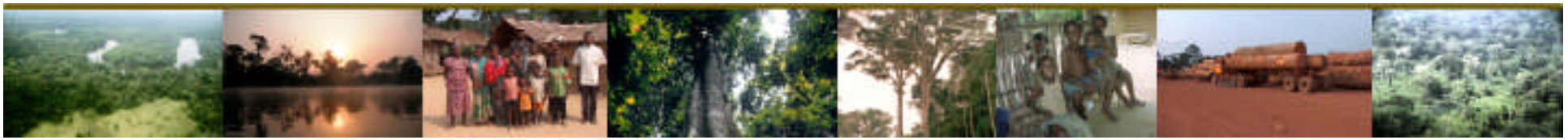
- Hunting: important for subsistence; poaching present

- Fishing: a valid alternative to hunting

- Lianas and rotan (for baskets, fishing, houses)

- Charcoal & Fire wood

- Péké et payo (wild mango)
- Palm & Raphia wine
- Honey
- Caterpillars (especially on Sapelli)
- Pharmaceutical products



1. Forest Management Plan IFO: Socio-Economic Study

General indication and cartography of sacred sites, areas with particular importance

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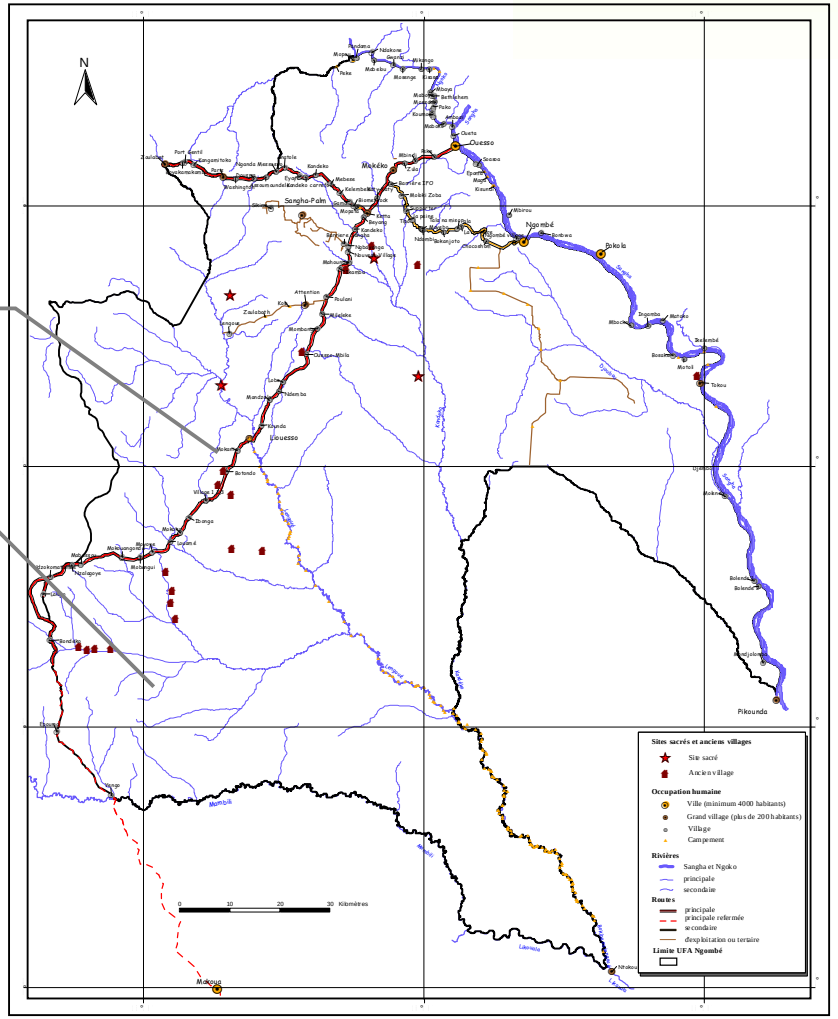
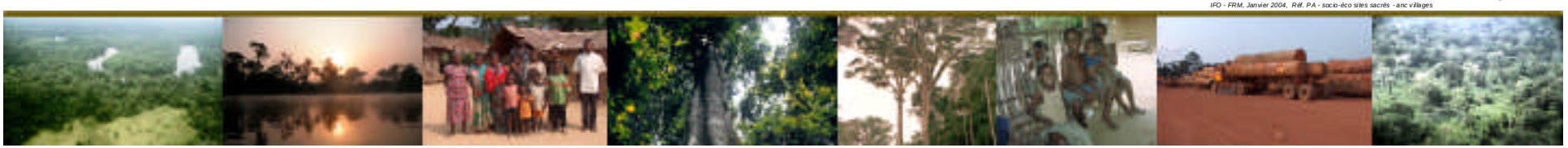
Sacred sites (sites of spiritual importance), old tombs

Ancient villages



IFO - FRM, Janvier 2004, Réf. PA - socio-éco sites sacrés - anc villages



1. Forest Management Plan IFO: Socio-Economic Study

Social infrastructure (schools, clinics, roads, electricity)

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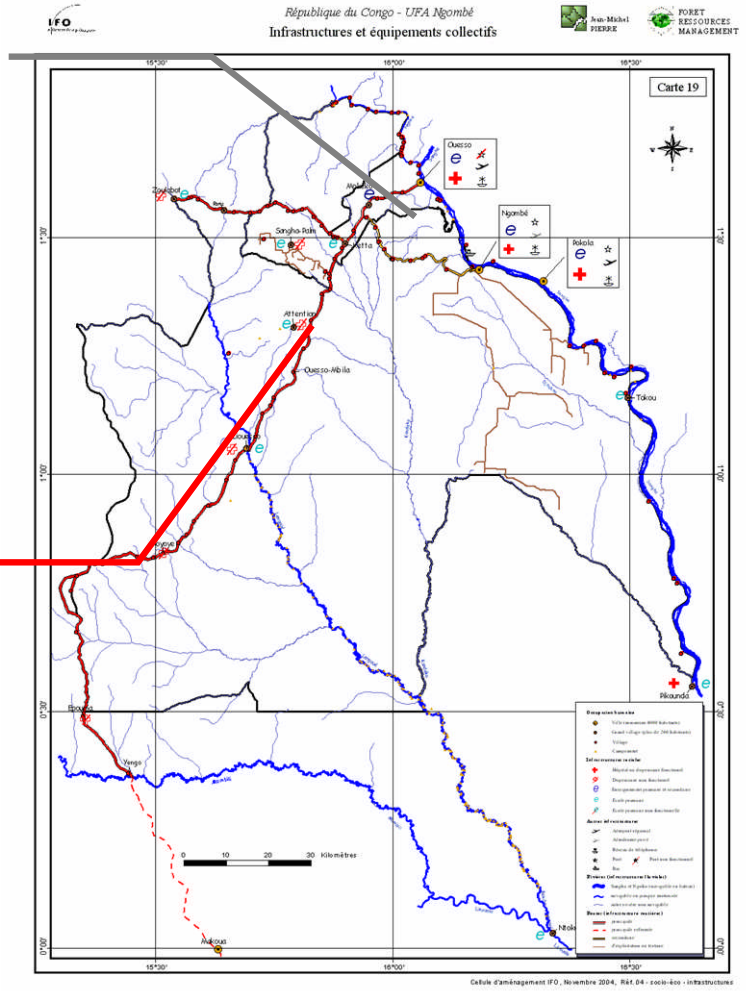
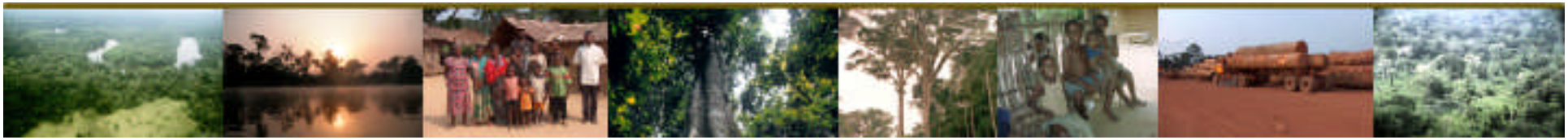
Social infrastructure concentrated in the north (provided by IFO and the provincial city)

Abandoned clinics and mal functioning schools in the rural area (no medical centre for 200 km distance)





1. Forest Management Plan IFO

Long term planning of all forest management aspects

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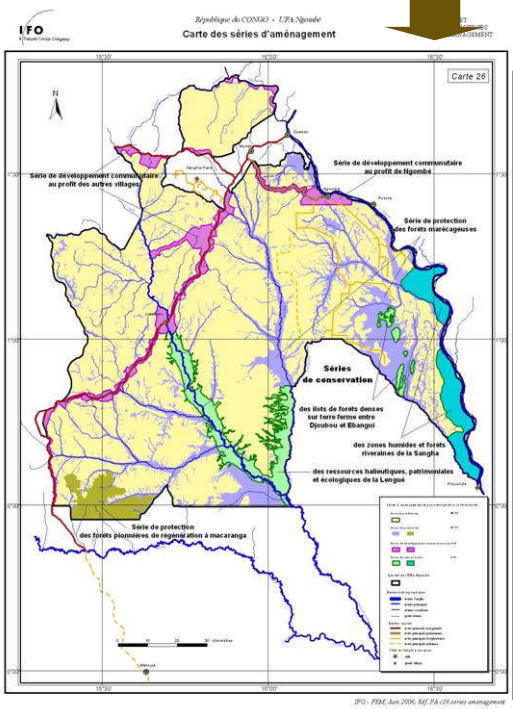
Analysis of sylvicultural, ecological, social & economical data

Definition of objectives & targets

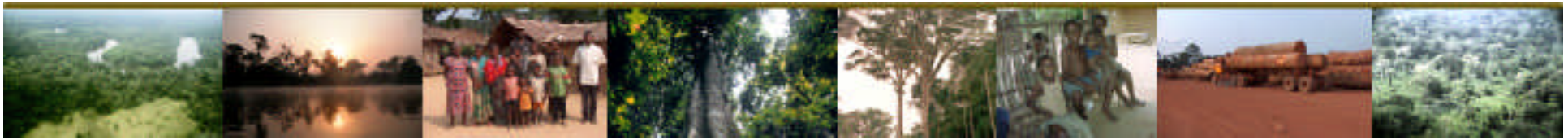


- Spatial planning of land-use: production forest, agricultural areas, conservation areas,...)
- Planning of the timber production in time and space

Define actions to reach silvicultural, ecological, social & economical objectives

Examples

- Wildlife: Zoning (non-hunting zones, village hunting zones,...); Wildlife management with eco-guards
- Social: Map & protect sites important for pygmies and local communities; Improve social infrastructures
- Ecological: Define and protect conservation areas; Research on Rare & protected species
- Silvicultural: Research on regeneration in Open woodland (Marantaceae Forest), Install permanent sample plots to monitor forest dynamics, Research on growth of major tree species



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IFO - Progress to certified sustainable forest management

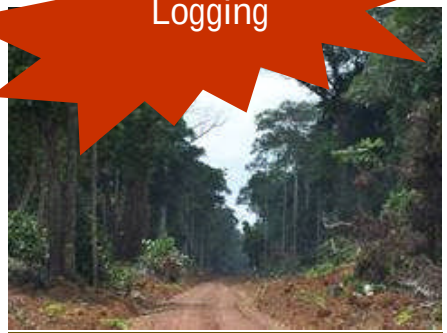
2. Reduced Impact Logging IFO

Improved logging and Safety

Precise prospecting & skid trail planning

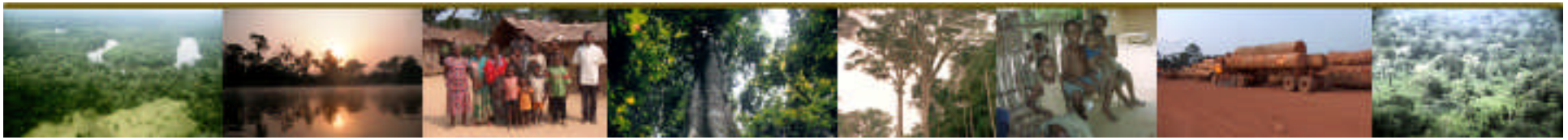
RIL - Reduced Impact Logging

Wildlife management with eco guards



Reduce Road width

Reduce impact of skidding



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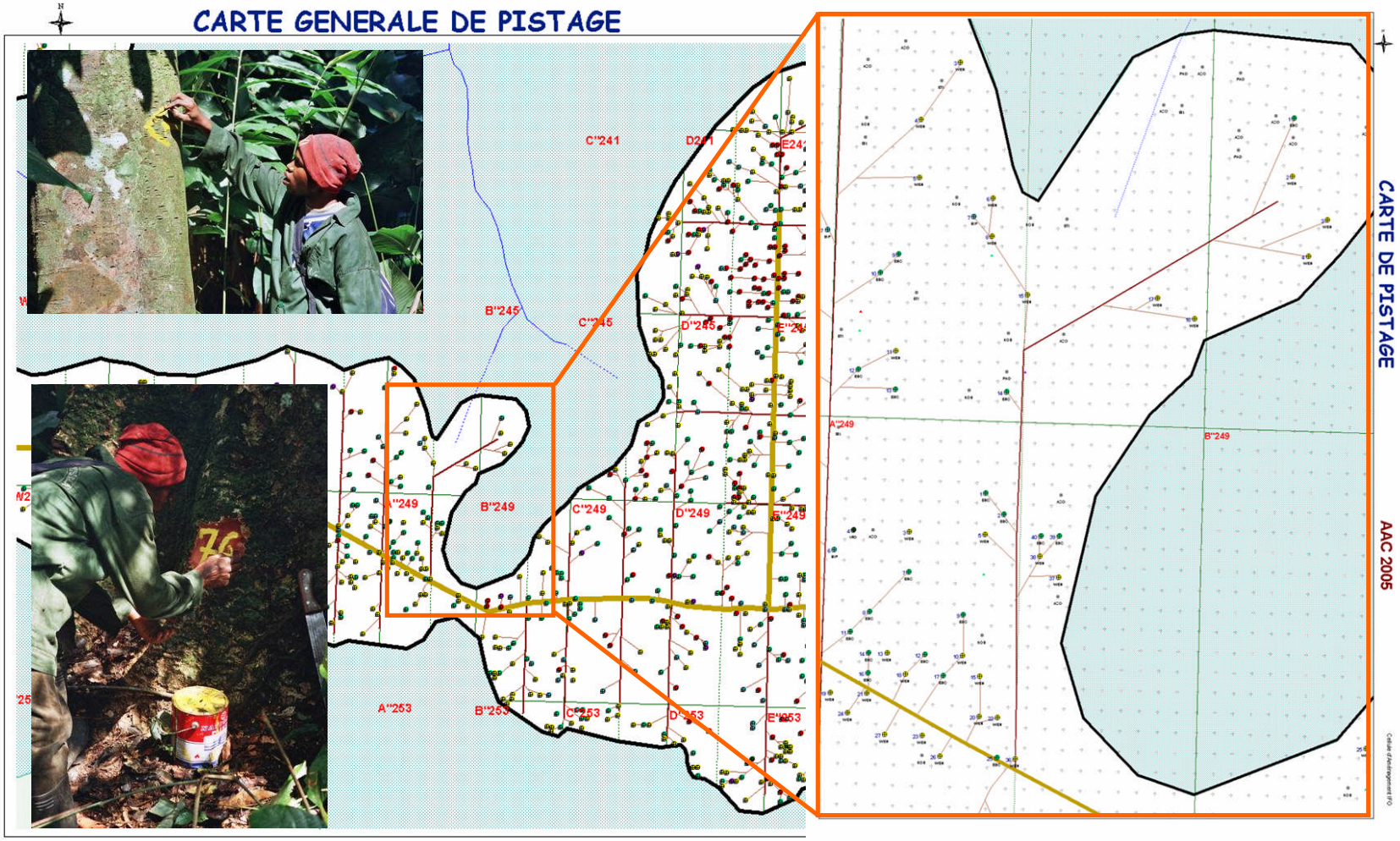
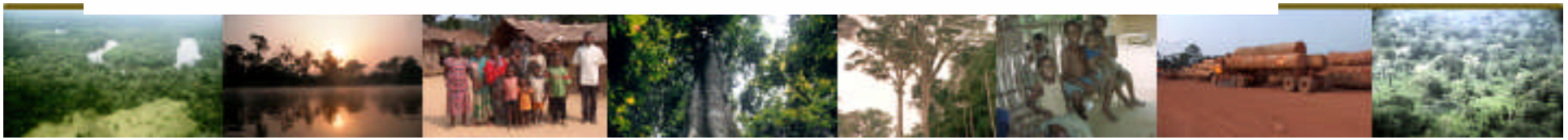
2. Reduced Impact Logging IFO

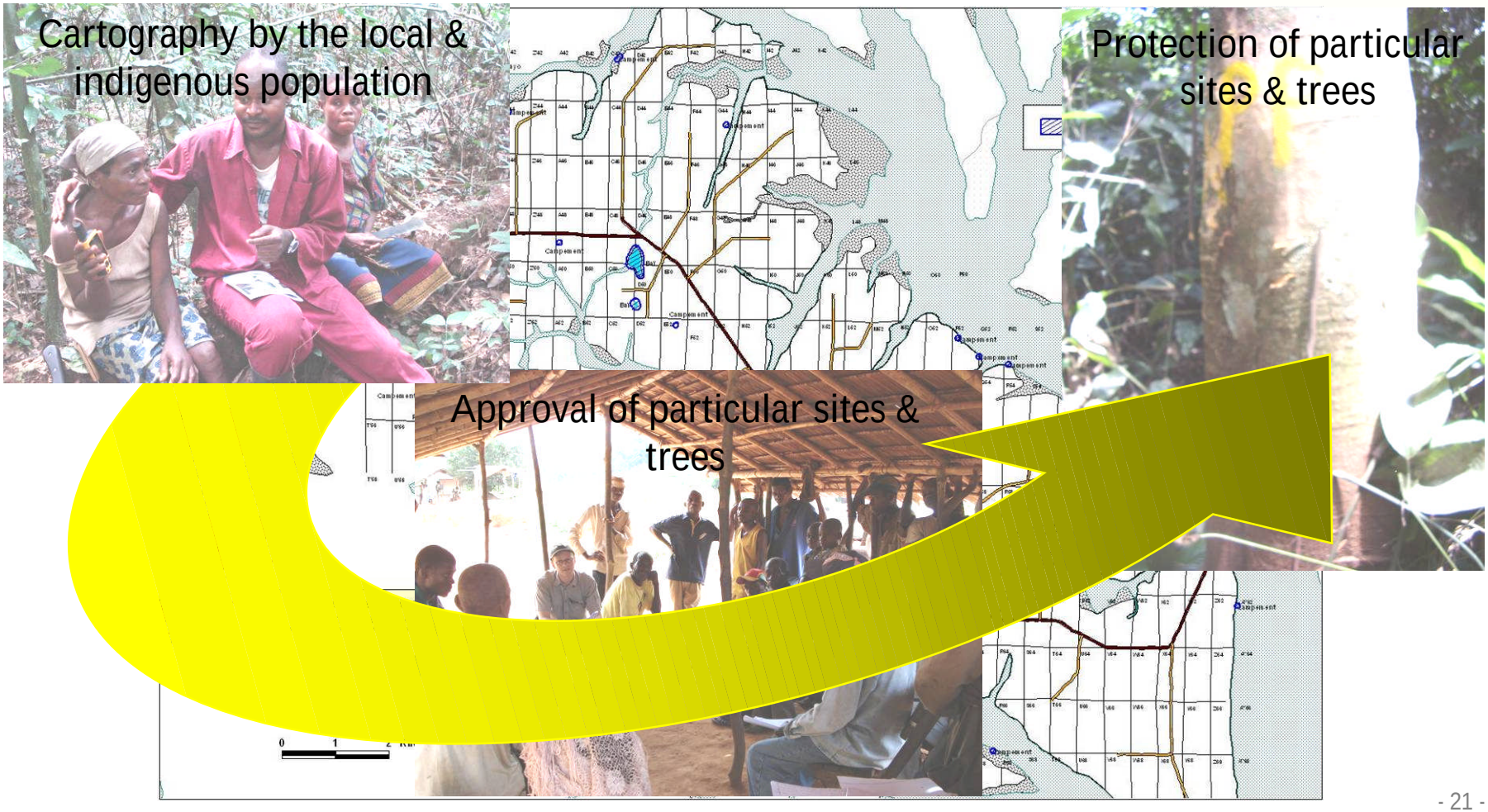
Precise prospection & skidtrail planning

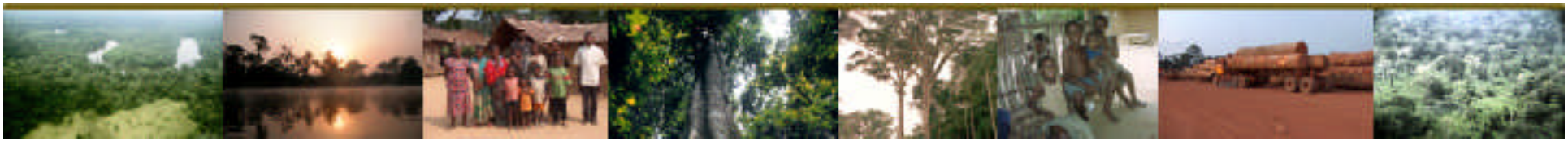




IFO – Progress to certified sustainable forest management

3. Social : Cartography & protection of trees & sites with particular importance for the local and indigenous population





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IFO – Gap analysis for certified sustainable forest management

Silviculture

- Approval of the Forest Management Plan by the Ministry and the Local Population;
- Data analysis of permanent sample plots; study on forest regeneration;

Social

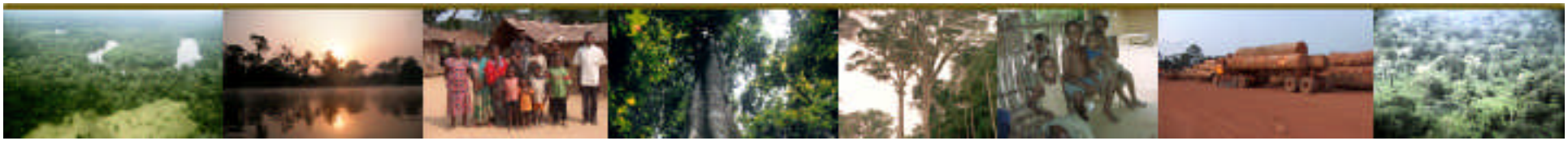
- General Social Impact Assessment for the Forest Management Unit, based on socio-economic study and ongoing studies;
- Continue house construction Program;
- Management of village of Ngombé, outside the workers' camp;
- Install a dialogue platforme;
- Institute a development fund and provide social benefits for the villages;

Environment

- Finalise Environmental Program cf. ISO 14001 (oil retention areas, waste management,...);

Wildlife

- Continue the cooperation with WCS for social & wildlife studies;
- Sign agreement with Ministry, WCS & IFO for wildlife management by eco-guards



SIFORCO (DRC)

Progress towards certified Sustainable Forest Management

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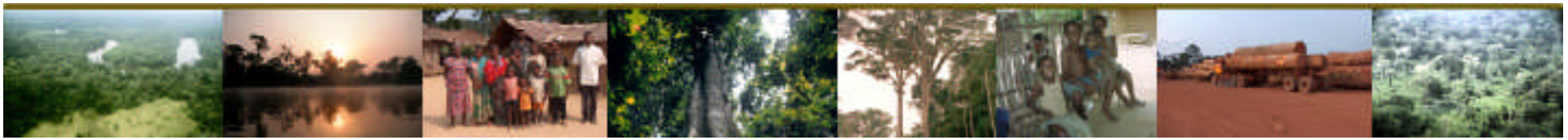
Reduced Impact Logging training

Traceability of veneer by barcode / software

Provision of proteines as alternative to bush meat – pig farm

Social infra-structure: schools, health care centres



SIFORCO – Gap analysis for certified sustainable forest management

Silviculture

- Preparation of the Forest Management Plans (3 forest blocs, 5 concessions);
- Reduced Impact Logging by GIS (Geographic Information System)

Social

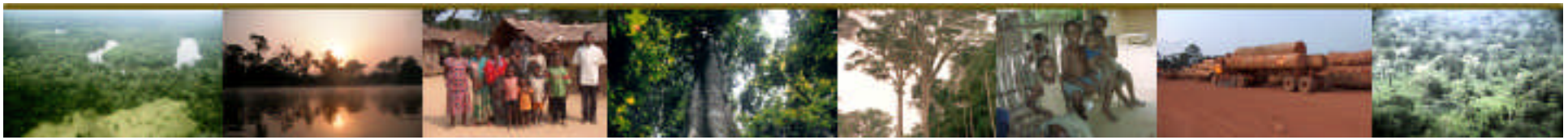
- Social Impact Assessment and Socio-economic study for the Forest Management Units;
- Social Impact Assessment: cartography of particular sites for local and indigenous population
- Install a dialogue platform;
- Institute a development fund (if possible in cooperation with the Forestry union, aided by donors) and continue the provision of social benefits for the villages

Environment

- Environmental Impact assessment and Environmental Program cf. ISO 14001 (oil retention areas, waste management,...);

Wildlife

- Cooperate with Env. NGO's for wildlife management (WWF, AWF)



Trading: Procurement Procedures

How to distinguish?

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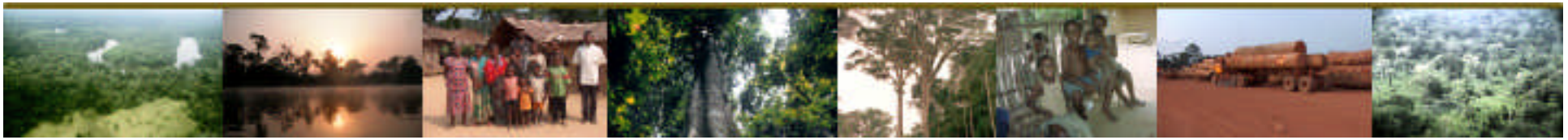
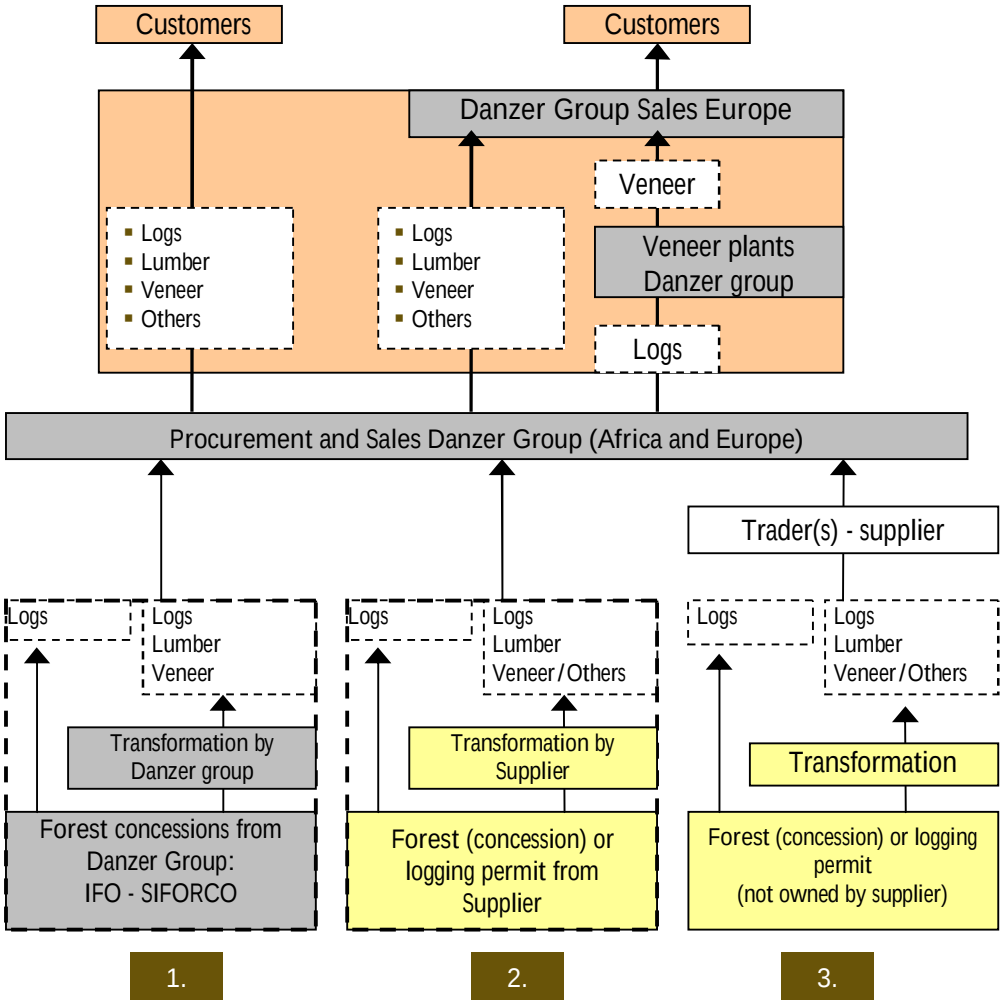
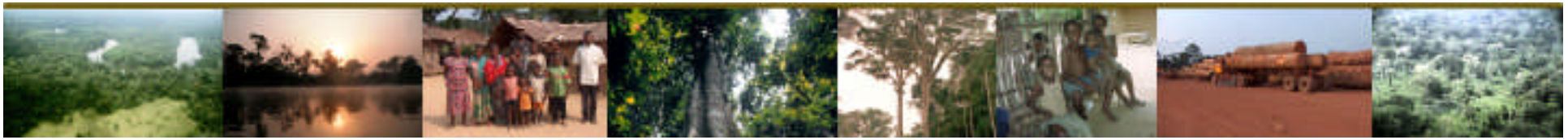


Trading: Procurement Procedures

Immediate Objectives



- Reduce to a minimum the risk that illegal, unsustainable or otherwise undesirable timber enters our supply chain.
- Progressively reach a proof of legal origin for all timber procurement



Trading: Procurement procedures

Steps for Implementation

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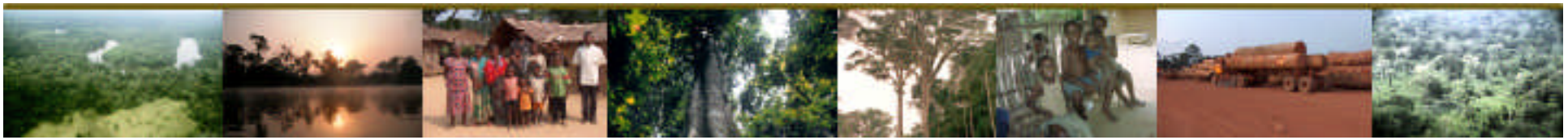
1. Preliminary risk assessment based on spatial risk rating and killing factors
2. Suppliers sign a Declaration of Legality
3. Identify legal requirements for each country
4. Risk assessment of suppliers and collection of legal documentation of the origin of timber – Questionnaire
5. Targeted 2nd party (or 3rd party) audits/visits of suppliers based on the risk assessment
6. External audit of procurement policy and procedures to verify consistency and effectiveness



Trading: Procurement procedures

Decision and Communication Flow Chart

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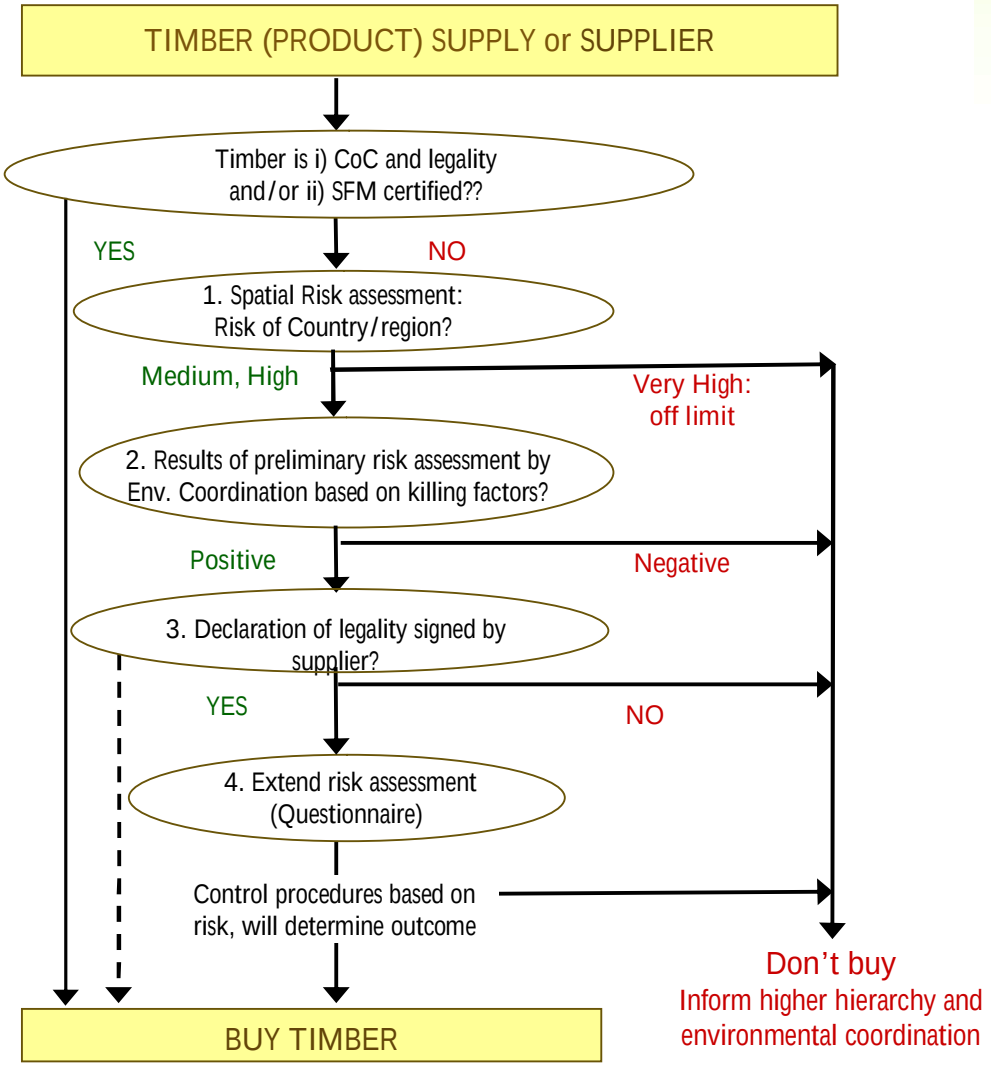

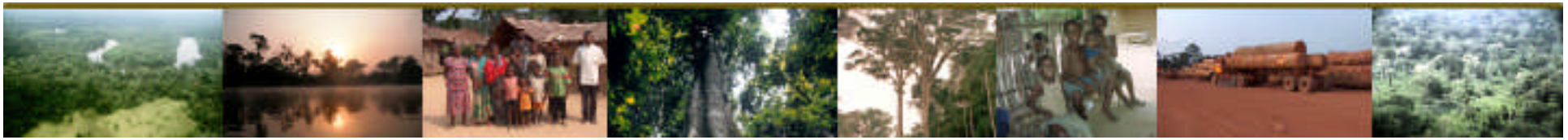

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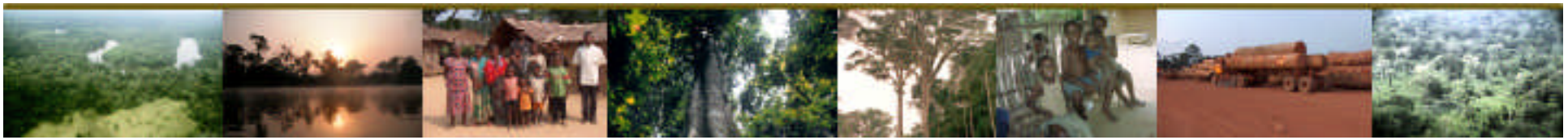
Annexes

Annex 1: Explanation of different certification schemes

Annex 2: Forest Management (Silviculture) based on natural regeneration



The Danzer Proof of Environmental Management:

ISO 14001 Standard

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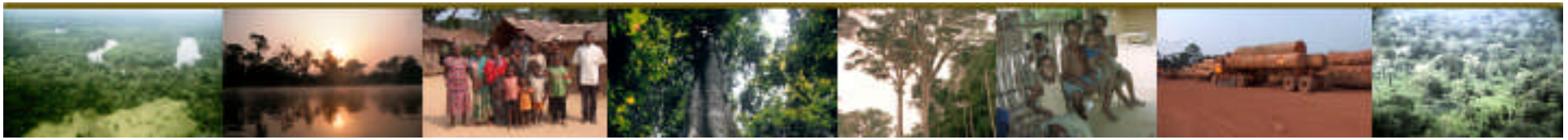
ISO 14001 is an internationally recognized standard for Environmental Management to achieve environmental objectives. It helps to reduce the negative impacts of the companies activities on the environment.

It comprises:

Environmental commitment

- Compliance to applicable environmental regulation
- Analysis of the environmental impacts & Procedures to reduce them
- Continual improvement by setting and achieving environmental objectives
- Environmental control of day-to-day operations
- Checking and monitoring progress & compliance
- Involvement of the business management
- Environmental communication & documentation

See also www.iso.org .



The Danzer Proof of Responsible Forest Management:

FSC & PEFC / PAFC Certification

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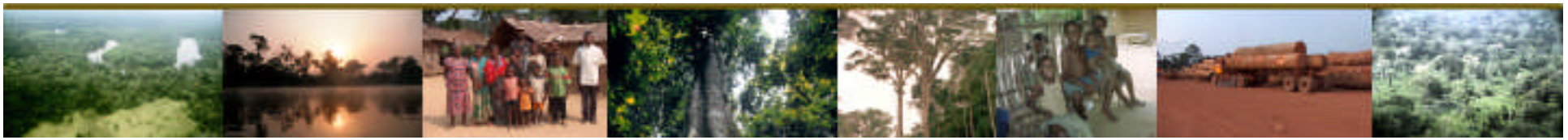
FSC (Forest Stewardship Council) promotes well managed forests, i.e. environmentally responsible, socially beneficial and economically viable forest management (www.fsc.org).

FSC certification is based on the following principles:

- Compliance with laws, FSC Principles, Tenure and use rights and responsibilities
- Respect of Indigenous peoples' rights, Community relations and worker's rights
- Gaining benefits from the forest while Reducing Environmental impact
- Sound Forest Management through Planning, Monitoring and Assessment
- Rules for Maintenance of high conservation value forests and for Plantations

PEFC (Programme for the Endorsement of Forest Certification) is an other international standard for sustainable forest management. PAFC (Pan African Forest Certification), developed specifically for Africa is in the process of being endorsed by PEFC for Gabon.

See also www.pefc.org .



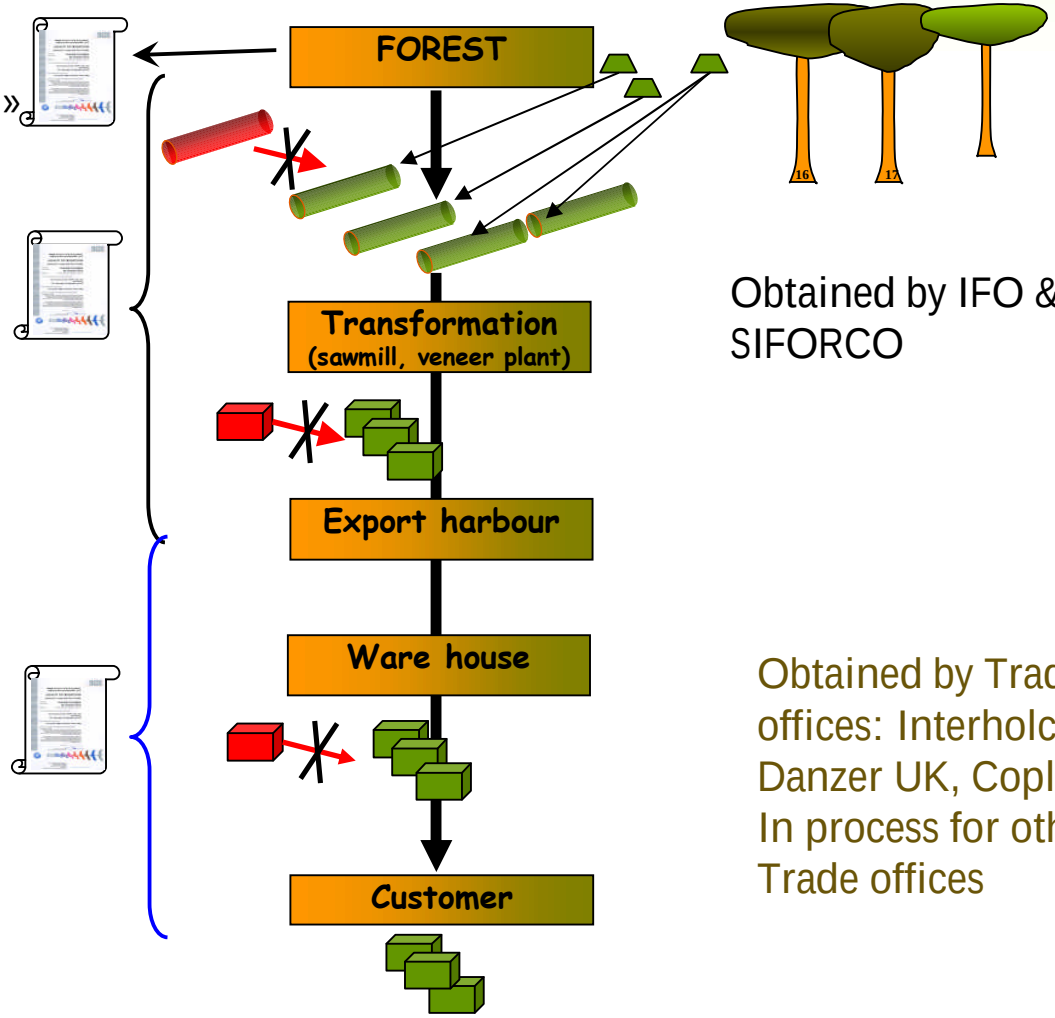
The Danzer Proof of Origin:

Chain of Custody Certification: from stump to customer

Forest certificate:
« Legality Verified Timber »

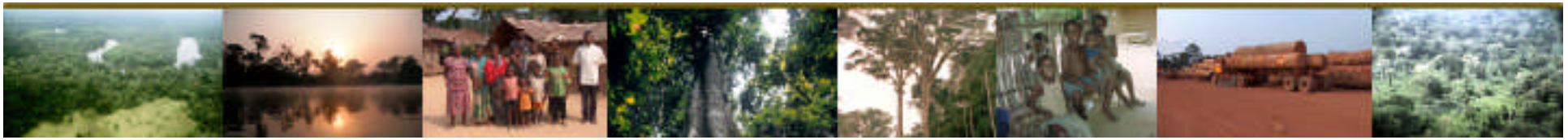
CoC Certificate 1,
Producer

CoC Certificate 2:
Sales office



Obtained by IFO & SIFORCO

Obtained by Trade offices: Interholco, Danzer UK, Coplac
In process for other Trade offices



The Danzer Proof of Legality:
LVT- Legality Verified Timber by SGS – TLTV and OLB by Bureau Veritas

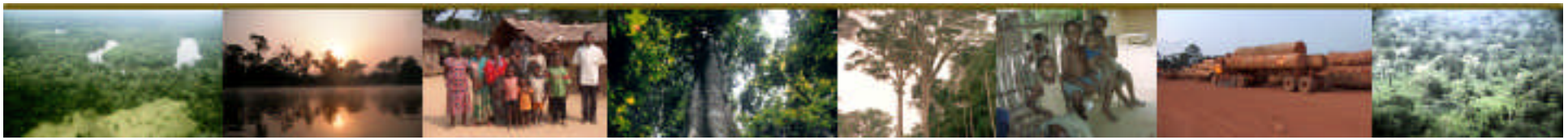
The "TLTV" (Timber Legality and Traceability Verification) standard developed by the certification body SGS to assure origin of the timber (Chain of custody) and legal compliance of forest management:

- Authorization to exercise an economic & forest activity
- Respected right of workers and local communities
- Payment of forest taxes and declarations
- Regulated forest exploitation
- Authorization of commercialization and transformation of wood
- Records maintenance by the company
- Traceability (Chain of Custody)

See also www.sgs.com/forestry-monitoring

"OLB" (Origine et Légalité des Bois) is a similar standard developed by Bureau Veritas.

See also www.bvqi.fr



The Danzer Proof for excluding undesirable sources:

FSC Controlled Wood

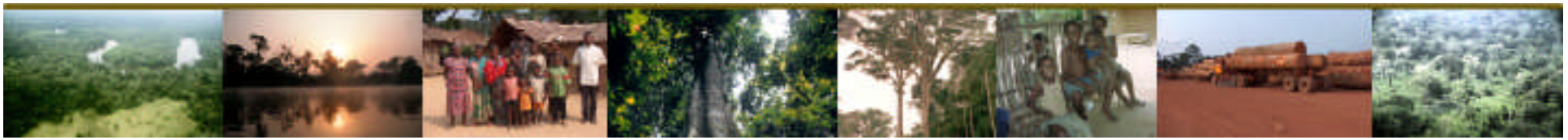
FSC Controlled wood has been evaluated to exclude wood from:

1. Forest areas where traditional or civil rights are violated
2. Uncertified forests with threatened High Conservation Values
3. Genetically modified (GM) trees
4. Forest areas which have been illegally harvested
5. Natural forests cleared for plantation or other use

FSC has developed the controlled wood standards to allow companies and forest managers to avoid wood from undesirable sources from their supply chain in order to:

- Avoid the risk of purchasing non FSC-certified wood from environmentally and socially damaging forestry sources when FSC certified wood is not available.
- Communicate business-to-business about the source of their uncertified wood.
- Meet procurement specifications for legal timber harvesting.
- Meet FSC chain of custody requirements for mixing uncertified wood in FSC product groups.

See also www.fsc.org



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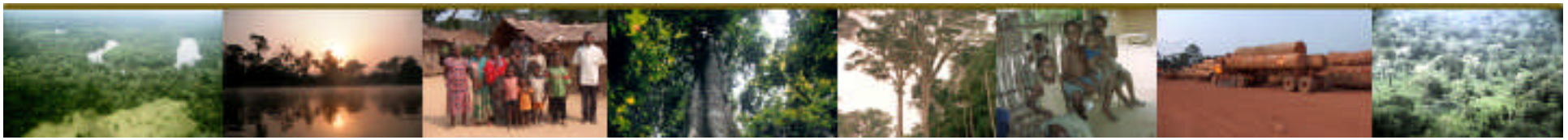
Annex 2: Forest Management (Silviculture) based on natural regeneration

Why natural regeneration instead of planting trees?

- In natural tropical forest, the silvicultural system is based on natural regeneration of seedlings and ingrowth of juvenile trees. Only the largest trees (above a minimum diameter) are logged. In Africa on average less than one tree per ha is being logged. The minimum diameter and the rotation period (the time between two harvests, usually around 30 years) is determined by a large forest management inventory or based on a preliminary inventory in order to assure a sustained yield.
- Planting trees in natural forest implies an intensive sivicultural system, including thinning, and is only useful when forests are degraded or there is a specific regeneration problem. Planting trees means a long term (5 to 10 y.) maintenance, where other herbs and trees that naturally establish have to be removed. This can also have a negative impact on the diversity of the forest.
- The scheme in next slight explains the natural reconstition of the forest after logging.



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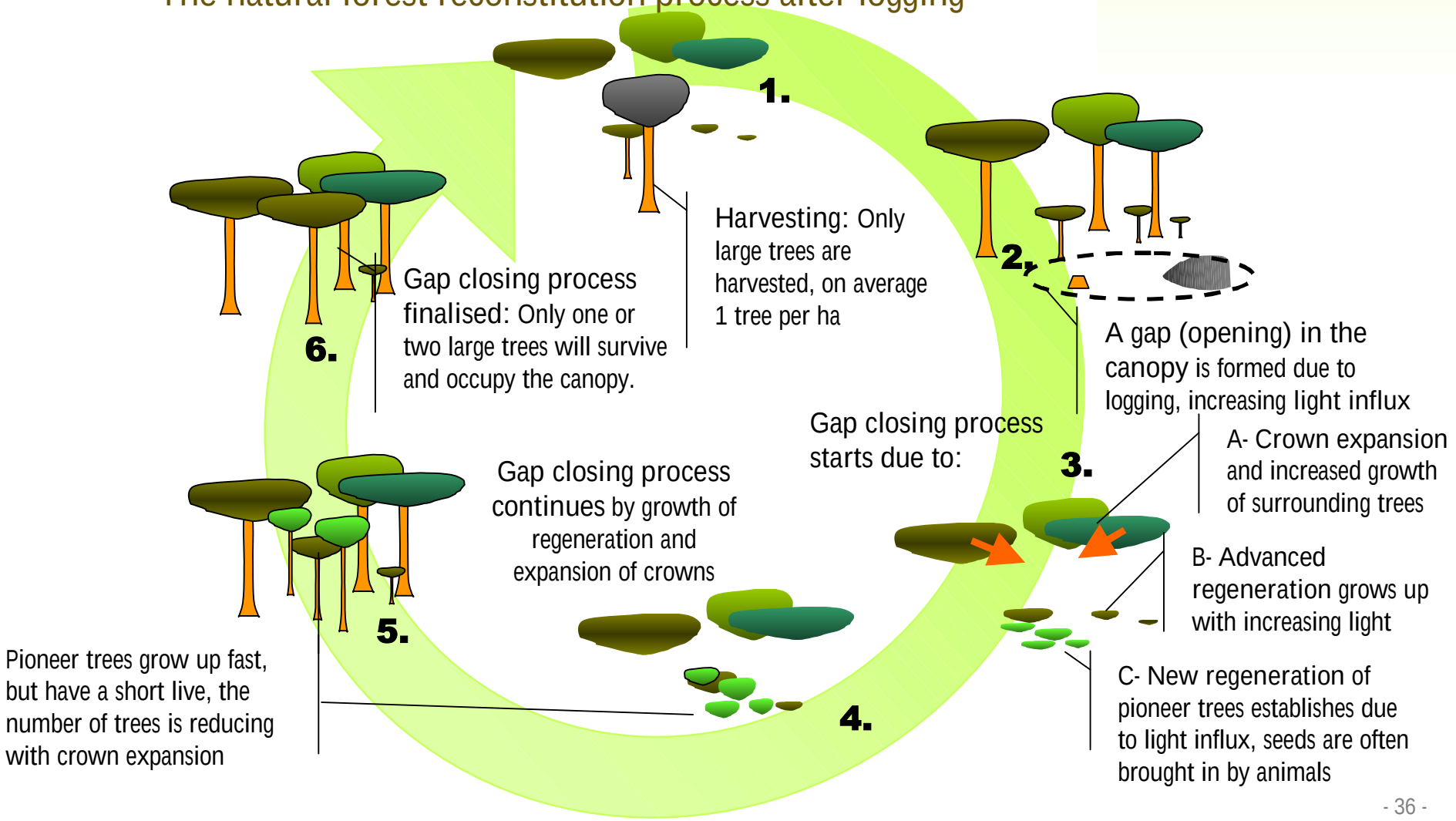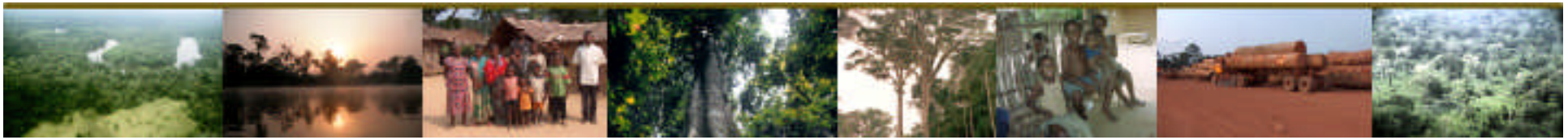
The natural forest reconstitution process after logging