Procurement Rules African Timber
-Supporting Sustainable Forest Management and Development-

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

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

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

2. Progressing towards sustainable/well-managed forest

3. Wood from sustainable/well-managed forests

**Inacceptable:** timber of illegal origin
Danzer Group’s requirements from its suppliers in Africa (high risk countries)

**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
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)
### Progress & Program Procurement Africa

<table>
<thead>
<tr>
<th>Activity</th>
<th>IFO Rep.Congo</th>
<th>SIFORCO D.R.C.</th>
<th>Trading</th>
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<tbody>
<tr>
<td>LVT - Legality Verified Timber certification by SGS-TLTV</td>
<td>✓ Dec. 05</td>
<td>✓ Sept. 06</td>
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<tr>
<td><strong>Chain of Custody</strong> certification (LVT (1), FSC &amp; PEFC (2)): 5 of 10 trading offices</td>
<td>✓ Feb. 06 (2)</td>
<td>✓ Sept. 06 (2)</td>
<td>✓ Feb. 06 &amp; Feb. 07 (1,2)</td>
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<td>Field visits of WWF to Danzer Group companies</td>
<td>✓ Jun. 06</td>
<td>✓ Dec. 05</td>
<td>-</td>
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<td>Field test for FSC Controlled Wood Standard with FSC &amp; WWF</td>
<td>✓ Jun. 06</td>
<td>-</td>
<td>-</td>
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<td>Commitment to become a member of WWF – GFTN</td>
<td></td>
<td>✓ Sep. 2006</td>
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<td><strong>ISO 14001 certification of the Environmental &amp; Safety Management System “Procurement Rules African Timber”</strong></td>
<td>✓ Nov. 06: as suppliers that are evaluated by the system</td>
<td>✓ Nov. 06</td>
<td></td>
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<td>Preaudit ISO 14001 &amp; FSC</td>
<td>✓ Nov. 06</td>
<td>2009</td>
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<td>“FSC Controlled Wood” certification</td>
<td>✓ May 07</td>
<td>2009</td>
<td>-</td>
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<td>Member of WWF – GFTN (Global Forest &amp; Trade Network)</td>
<td>✓ July 07</td>
<td>After conversion of forest titles</td>
<td>✓ July 07</td>
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<td>FSC audit, ISO 14001 audit Production &amp; Forest Management</td>
<td>2008</td>
<td>2010</td>
<td>-</td>
</tr>
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</table>
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
1. Forest Management Plan IFO
Wildlife distribution: high density of Gorilla and Elephant
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
- **Charcoal & Firewood**
- **Péké et payo (wild mango)**
- **Palm & Raphia wine**
- **Honey**
- **Caterpillars (especially on Sapelli)**
- **Pharmaceutical products**
- **Lianas and rotan** (for baskets, fishing, houses)
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1. Forest Management Plan IFO: Socio-Economic Study

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

Sacred sites (sites of spiritual importance), old tombs

Ancient villages
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

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 sylvicultural, 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
IFO - Progress to certified sustainable forest management

2. Reduced Impact Logging IFO

- Improved logging and Safety
- Precise prospecting & skid trail planning
- Wildlife management with eco guards
- Reduce impact of skidding
- Reduce Road width

RIL - Reduced Impact Logging
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

- Cartography by the local & indigenous population
- Approval of particular sites & trees
- Protection of particular sites & trees
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 platform;
- 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

- Reduced Impact Logging training
- Traceability of veneer by barcode/software
- Social infrastructure: schools, health care centres
- Provision of proteins as alternative to bush meat – pig farm
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;
- Institute 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?
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.

1. Forest concessions from Danzer Group: IFO - SIFORCO
2. Forest (concession) or logging permit from Supplier
3. Transformation by Supplier

Danzer Group

Illegal timber

[Diagram showing the flow of timber from forest concessions to transformation by Danzer Group or Supplier]
Trading: Procurement procedures
Steps for Implementation

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

TIMBER (PRODUCT) SUPPLY or SUPPLIER

Timber is i) CoC and legality and/or ii) SFM certified?

YES

1. Spatial Risk assessment:
   Risk of Country/region?
   - Medium, High
   - Very High: off limit

2. Results of preliminary risk assessment by Env. Coordination based on killing factors?
   - Positive
   - Negative

3. Declaration of legality signed by supplier?
   - YES
   - NO

4. Extend risk assessment (Questionnaire)
   Control procedures based on risk, will determine outcome

BUY TIMBER

Don't buy
Inform higher hierarchy and environmental coordination
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

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

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
- Transformation (sawmill, veneer plant)
- Export harbour
- Ware house
- Customer

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

Obtained by IFO & SIFORCO
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](http://www.fsc.org)
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 silvicultural 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 reconstitution of the forest after logging.
Annex 2: Forest Management (Silviculture) based on natural regeneration

The natural forest reconstitution process after logging

1. A gap (opening) in the canopy is formed due to logging, increasing light influx
   - A- Crown expansion and increased growth of surrounding trees
   - B- Advanced regeneration grows up with increasing light
   - C- New regeneration of pioneer trees establishes due to light influx, seeds are often brought in by animals

2. Gap closing process starts due to:
   - A- Crown expansion and increased growth of surrounding trees

3. Gap closing process continues by growth of regeneration and expansion of crowns

4. New regeneration of pioneer trees establishes due to light influx, seeds are often brought in by animals

5. Pioneer trees grow up fast, but have a short live, the number of trees is reducing with crown expansion

6. Gap closing process finalised: Only one or two large trees will survive and occupy the canopy.

Harvesting: Only large trees are harvested, on average 1 tree per ha