The Danzer Sustainability Agenda and the EU Timber Regulation

Danzer Procurement Rules as part of the Danzer Sustainability Agenda

Since 2006, Danzer has operated a system independently certified to ISO 14001:2004 to verify and audit the legality of African wood products. Within this system Danzer progressively increases the volume of 3rd party verified timber sources.

Certificates include LEGALITY VERIFICATION programs such as OLB, Smartwood VLC, TLTV. According to our set goals we prefer certificates which confirm legality and responsible forest management because they prove, by third-party audit forest sustainability and/or legality. Responsible forest management comprises aspects of sustainable forest management, adequate measures to protect flora and fauna, human rights and social issues. Relevant certificates are PEFC™, FSC® or SFI.

To be compliant with the EU Timber Regulation and other national regulations such as the US Lacey Act, Danzer rolled-out this system to the procurement of all wood products world-wide.

Ahead of any procurement commitment, a risk assessment establishes the level of potential legality risks that may arise from the respective wood species, country of origin, forest of origin, or supplier.

In case of potential risks, Danzer gives preference to goods supplied with an internationally acknowledged certificate confirming legality as a minimum requirement (such as TLTV, OLB or Smartwood VLC) or preferably a confirmation of both legality and responsible forest management (such as PEFC™, FSC®, or SFI certification).

Danzer verifies the correctness of all certificates.

If such certificates cannot be obtained, Danzer will either initiate its own audit procedures to verify legality or forego the proposed procurement.

As a matter of principle, Danzer has decided to avoid controversial sources (based on the FSC Controlled Wood categories) and progressively increase procurement volumes PEFC™, FSC® or SFI certified timber.

Currently more than 85% of all timber and wood products (in volume round wood equivalent) sourced are 3rd party verified, FSC® or PEFC™ certified.

Today, many customers rely on us for legally sourced timber.

Please find Danzer’s “Responsible Forestry and Procurement” policy attached.

The EU TIMBER REGULATION

Effective March 3, 2013 EU member states have brought into force national legislation to implement the EU Timber Regulation (EU No 995/2010 (1) and implementing Regulation EU No 607/2012) (1). The purpose of this regulation is to prohibit the importation of illegally sourced wood products into the EU.

Any company that imports wood products from any country outside of the EU is responsible for ensuring the legal origin of such wood by operating a robust due diligence process.

EU member states are expected to randomly test imports on a regular basis and follow up where concerns regarding possible illegality exist.

Member states will also be obliged to actively investigate the legality of any imports where “whistle-blowers” have raised concerns. It can be expected that civil society organizations will make use of this option.
Frequently asked Questions and Answers to the EU Timber Regulation

What does Danzer ensure with reference to the EU Timber Regulation?

Any wood product that Danzer imports into the EU is subject to the Danzer Due diligence Process to assure legality based on all information available.

Following the EU Timber Regulation, Art. 6(1), Danzer obtains and evaluates:

- all necessary information concerning the wood and wood products, such as country of harvest, species, quantity, details of the supplier and documentation or other information indicating compliance with the national legislation;
- systematic assessment of the risk of illegal timber in the supply chain based on information identified above and taking into account all relevant criteria set out in the regulation;
- implementation of risk mitigation measures and procedures if high risk is identified, including requiring additional information or documents and/or requiring 3rd party verification. This specifically includes measures to exclude with a high probability the risks of falsified documents and certificates.

Note: The EU Timber Regulation, in article 3, considers timber and timber products covered by a FLEGT license or CITES permit compliant with the Regulation.

How do we provide “access to information” for our customers?

Our customers will find on the invoice the following information:

- the Danzer company that has supplied the timber or timber products;
- the species name (including the botanical name if requested),
- the quantity (volume or surface), type of wood product and price,
- the country of harvest (and if applicable, the sub-national region or the forest of harvest),
- the certification information if applicable (TLTV, OLBA,...),
- the following declaration: “Danzer confirms that the wood products contained herein have undergone the Danzer Due Diligence Process. Taking into consideration the specific risks of the country of harvest, the supplier and species we have obtained the necessary information and documentation in order to satisfy ourselves to a high level of confidence that the products are compliant with the national laws and regulations of the country of harvest.”

How does Danzer assess risk?

Danzer analyses & evaluates the risk of illegally harvested timber in our supply chain based on:

- the prevalence of illegal harvest of specific tree species;
- the prevalence of illegal harvesting in the country or smaller region of harvest, including consideration of the prevalence of armed conflict or human rights violations;
- sanctions imposed by the UN Security Council or the Council of the EU, or other bodies;
- the complexity of the supply chain;
- assurance of compliance with legislation, which may include certification.
How does Danzer arrive at an assessment “negligible risk”?

“Documentation or other information indicating compliance with applicable legislation in the country of harvest” must be collected as part of the due diligence obligation, for the purposes of the risk assessment. However, collection of documents should not be viewed as a self-standing requirement. 1

Documentation of local origin is sufficient in countries of harvest such as the USA2 and Canada, considered to have a negligible risk of illegality.

What procedures are in place when high risk has been identified and why does Danzer rely on 3rd party legality verification and certification for its risk determination?

Legal documentation issued from high-risk countries, normally is not considered to be sufficient to prove legal compliance.

In particular for non-certified wood or wood products considered to be high risk we assess in detail the risk of each supplier and undertake a detailed audit. For timber from high-risk countries or high-risk species, we rely as much as possible on independent verification and forest certification.

The best proof for compliance with the EU TR, particularly for high-risk sources, is 3rd party legality verified or certified timber3. We therefore also recommend to our customers to buy legality verified timber products4.

In particular, the EU Timber Regulation recognizes certification as a risk mitigation measure. The “Commission Implementing Regulation (EU) No 607/2012” of 6 July 2012 mentions in article 4 (Risk assessment and mitigation): “Certification or other third-party verified schemes referred to in the first indent of the second paragraph of Article 6(1)(b) and in Article 6(1)(c) of Regulation (EU) No 995/2010 may be taken into account in the risk assessment and risk mitigation procedures where they meet the following criteria: ....”, FSC® or PEFC™ or 3rd party legality verification like TLTV, OLB, etc. that Danzer provides comply with these requirements.

When certain aspects of the EU Timber Regulation have not been verified by a certification system, Danzer will consider these aspects in its Due Diligence Process.

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1 The EU “Guidance document for the EU Timber Regulation” indicates in chapter 4, Clarification of the requirement for documents indicating compliance of timber with applicable legislation: “The EUTR provides in Art. 6(1)(a) last indent that ‘documents or other information indicating compliance with applicable legislation in the country of harvest’ must be collected as part of the due diligence obligation. It should be stressed from the outset that collecting documentation must be done for the purposes of the risk assessment and should not be viewed as a self-standing requirement.”

2 The Seneca Creek Associates, LLC study in 2008 on “Assessment of Lawful Harvesting & Sustainability of US Hardwood Exports” concludes that “Based on the data compiled and analyzed, the weight of evidence strongly indicates that there is very low risk that US hardwood exports contain wood from illegal sources.”

3 The EU Timber Regulation recognizes certification for risk mitigation. The “Commission implementing Regulation (EU) No 607/2012” of 6 July 2012 mentions in article 4 (Risk assessment and mitigation): “Certification or other third party verified schemes referred to in the first indent of the second paragraph of Article 6(1)(b) and in Article 6(1)(c) of Regulation (EU) No 995/2010 may be taken into account in the risk assessment and risk mitigation procedures where they meet the following criteria: ....”, PEFC™ or 3rd party legality verification like TLTV, OLB, etc. that Danzer provides comply with the criteria stipulated under Article 6(1)(c).
Where can I find more information?

You can find more information on our website or below websites.

If you have any questions or want to know more about the Danzer Sustainability Agenda or the EU Timber Regulation, please do not hesitate to contact us: tom_van_loon@danzer.ch (EU) or kamil ervin@danzer veneer.com (North America).

- Danzer, Corporate Social Responsibility (CSR): www.danzer.com

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