The EU Timber Regulation: Fighting Illegal Wood in Forest Industry Supply Chains

Presentation at 8th ISCC Technical Committee Solid Biomass

Katharina Vehring, 29 November 2017

We create confidence!
Content of presentation.

- Introduction of DIN CERTCO
- EUTR Basics
- Requirements and Participants
- Challenges and Possibilities
- Conclusion
Our milestones.

1972
Foundation of DGWK (Deutsche Gesellschaft für Warenkennzeichnung mbH)

1995
Renamed DIN CERTCO

2005
Fusion with TÜV Rheinland. DIN retains 20 % of shares.

For over 40 years customers and companies have placed their confidence in us. Our marks stands for safety and quality.
Our customers and locations worldwide.

<table>
<thead>
<tr>
<th>Facts</th>
<th>2016</th>
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<tbody>
<tr>
<td>Employees</td>
<td>56</td>
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<tr>
<td>Locations</td>
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<tr>
<td>Customer</td>
<td>5,200</td>
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<td>Certificates</td>
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</tbody>
</table>
We create confidence.
In harmony with people, technology and environment.

- We document the safety and quality of new as well as certified products, persons, services and systems.
- We refer to DIN, DIN EN and DIN EN ISO-standards and other publicly available specifications, e.g. DIN SPEC.
- Our customers rely on our neutrality, independence and competence.

Our credentials

- Recognized by DIBt as “ÜZ-Stelle”
- Notified Body of EC (0196)
- KEYMARK Management Organization
- Empowered as certification body to grant the KEYMARK

Our credentials

- QM-system EN ISO 9001
- Information security management system ISO/IEC 27001
- Environmental management system EN ISO 14001
- Occupational safety and health management system OHSAS 18001
Product Certification – Main Areas of Activity.

![Heating- and Air Conditioning Engineering](image1)

![Environment](image2)

![Solid Fuels / Barbecues](image3)

![Eye Protection](image4)

![Construction products](image5)

![International approvals](image6)

![Persons and Services](image7)

![Registrations](image8)

We create confidence for your market success!
Certification in the environmental field.

- Biobased Products
- Biodegradable in Soil
- Home and garden composting
- Industrial compostable products

- Additives
- Sustainable Biomass
  ISCC and REDcert
- PEFC CoC,
  PEFC FM
- FSC CoC, FSC FM

We separate the wheat from the chaff!
EU Timber Regulation – Basics.

- Since March 2013 all operators of timber and timber products
  - have to fulfil the requirements of the EU Timber Regulation (Regulation (EU) No 995/2010
  - are forbidden to place illegally logged timber and timber products in the EU market
  - are required to create a Due Diligence System (DDS) to be applied to all timber and timber products (listed in the Annex to the EUTR)

- Systems purpose: operators placing timber and timber products for the first time on the internal market should take the appropriate steps in order to ascertain that illegally harvested timber and timber products derived from such timber are not placed on the internal market
EU Timber Regulation – Scope.

Timber and timber products

- as defined in the Annex to the EUTR timber and timber products include:
  - Fuel logs, briquettes, pellets, etc.
  - Wood in the rough
  - Boards, veneers, fibreboards, plywood, densified wood, etc.
  - Furniture, prefabricated buildings
  - Cases, pallets
  - Paper and pulp
  - …
  - Exemptions: recovered material, bamboo-based paper, packaging

- Timber and timber products with valid FLEGT licenses or CITES permits are seen as legally logged
EU Timber Regulation – Players and their Roles.

- **Operators**
  - Place timber and timber products on the market
  - Have to implement DDS (maintain and regularly evaluate)
  - Can use services of Monitoring Organisations
  - Are checked by Competent Authorities

- **Traders**
  - Sell or buy products already placed on the market
  - Have to document and maintain documentation of suppliers and customers

- **Monitoring Organisations (MO)** (e.g. DIN CERTCO, NepCon, …)
  - Provide services to operators
  - Are notified by European Commission
  - Are checked by Competent Authorities

- **Competent Authorities (CA)** (e.g. BLE, Federal Public Service, …)
  - Visit operators to inspect DDS functions
  - Carry out checks on MOs to inspect correct application of notified services
EU Timber Regulation – Requirements.

**DDS has to include three steps:**

- **Gaining of Information**
  - Species, quantity
  - Supply chain
  - Origin, region of harvest

- **Risk Assessment**
  - Country level
  - Supply chain level

- **Risk Mitigation/Reduction**
  - Additional information
  - Supplier audits

- **Outcome:**
  - Negligible Risk
  - Significant Risk

**Flowchart DDS**

1. **INFORMATION-INPUT**
   - Product, species, region of harvest, supply chain, certification (e.g. FSC, PEFC)

2. **RISK Assessment**
   - Supplier self-declaration, proof of legality, exclusion of illegal harvesting, indices

3. **RISK REDUCTION**
   - based on additional information, independent review

**Outcome:**
- **Negligible risk**
- **Significant risk**
EU Timber Regulation – Evidence.

- Fulfillment of requirements and successful due diligence have to be documented by the operators.
- Documentation has to be complete throughout the supply chain.
- Documentation has to go all the way to the harvesting site.

Documents include:
- Business registration and concession licenses (of FME for FMU)
- Harvesting permits
- Sales documents
- Customs declarations
- Trade permits
- Sustainability certificates (PEFC, FSC)
EU Timber Regulation – Challenges - Documents.

- **Availability**
  - Who are the participants in the supply chain
  - How to receive information of the supplier of my supplier (no contractual relations)
  - Who contacts all participants of the supply chain

- **Readability**
  - Which language is used in documents including sales documents
  - How to know the appropriate documents in the countries along the supply chain

- **Correctness**
  - How probable is validity/correctness of documentation
  - How to verify validity/correctness
EU Timber Regulation – Harvesting sites - Assessment.

- **Origin**
  - Which level to chose (e.g. country, region, forest)
  - What risk level is applicable (e.g. sanctions, conflict timber)
  - What are appropriate documents
  - Where are protected sites
  - How probable is illegal logging

- **Company (Forest Management, Logging Company)**
  - Reported illegal logging activities in the past
  - Reported corruption incidents

- **Timber product**
  - How probable is species origin (e.g. plantation)
  - How probable is quantity of timber
EU Timber Regulation – Chain of custody - Assessment.

- Company (Processor, Trader, Manufacturer)
  - Have illegal activities been reported in the past
  - Have corruption incidents been reported in the past
  - How high is the level of knowledge of the supplier (sub-supplier)

- Country
  - What risk level is applicable (e.g. sanctions)
  - What are appropriate documents

- Timber product
  - How probable is species content (e.g. paper, plywood)
  - How probable is mix up of timber units within chain (transportation or processing)
EU Timber Regulation – Challenges - Specific.

On Chain-of-custody level:
- **Product information:**
  - Unbroken upstream traceability
  - Mix
  - Availability
  - Verifiability
- **Country information:**
  - Legal system
  - Documentation system
  - Corruption level

On Harvesting site level:
- **Product information:**
  - Availability
  - Verifiability
- **Country information:**
  - Legal system
  - Documentation system
  - Corruption level
EU Timber Regulation – Possibilities.

- On harvesting site level:
  - How to know whether sites have low risk of illegal logging?
  - Available tools: websites of GOs and NGOs (e.g. transparency.org, globalforestregistry.org)
  - How to verify actual logging activity?
  - Available tool: **GRAS**

- On chain-of-custody level:
  - How to maintain complete and reliable information?
  - Available tools: Databases that are designed to contain all information by each member of supply chain (e.g. sustainabill.de, ocp-info.fsc.org)
Many operators need support/services to fulfil EUTR requirements

- 1. Step: Knowledge of pertinence
- 2. Step: Knowledge of requirements for operators
- 3. Step: Access to information
- 4. Step: Access to tools for verification of information
More information under www.dincertco.de_en.
Finally ...

... thank you very much for your attention!

At your Service.

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