



INTERNATIONAL TROPICAL TIMBER ORGANISATION / FLEGT INDEPENDENT MARKET MONITOR (IMM)

# EU voluntary private sector timber procurement policies & the role of FLEGT licensing

AN IMM STUDY – DECEMBER 2018



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*The views expressed herein are those of the consultant and the IMM and do not necessarily reflect the official opinion of the European Commission*

# Executive Summary

Since the early 1990s, private sector actors have been taking steps to ensure that they exclude unsustainable and illegal wood from their supply chains. Private sector procurement policies are now more prominent in the global North and among companies with global reach. With time, these purchasing practices are becoming more widely integrated in corporate business practices and contained within a larger sustainability and/or corporate responsibility policy often covering several other aspects.

Responsible purchasing policies are influenced by a vast array of organisations. The literature review identified over 100 organisations, tools, initiatives, templates and sets of guidance which might have an influence on a private sector company policy. From this sample 65 potential sources of influence have been assessed. The sample has been assessed in detail to identify attitudes and support for key indicators such as certification, legal compliance, and support for FLEGT licensing.

In addition, the responsible purchasing policies of 20 large EU based companies from across a range of sectors, from retail to timber importing have been assessed in detail to identify the contents of their policies and the levels of support for FLEGT licensing.

A small number of interviews were conducted with trade associations, timber distributors and civil society organisations to further explore their view on FLEGT licensing.

The analysis indicated that support for FLEGT licensing has yet to reach the levels of forest certification. Over 70% of the influential sources analysed are positive and explicit in their support of some or all forms of forest certification, compared to around 40% supporting FLEGT licensing or the VPA process.

FLEGT licensing, when considered as a brand has less of the advantages of forest certification and for many of the companies and organisations interviewed or analysed remains an unproven (in terms of value or performance on the ground) or often an unobtainable commodity.

The nature of the EU Timber Regulation and its universal application across all EU Member States should ensure that it carries status and meaning in the market regardless of whether a corporate “paper policy” confers some additional status upon it. The reality is though that licensed timber remains very much in a niche and that even those working within the niche have varying levels of support, belief and trust in the “FLEGT brand” and what it actually stands for.

The report makes number of recommendations to boost the value of FLEGT-licensed material within the EU market:

- Communicate relevant results of independent monitoring and evaluation of systems underlying FLEGT-licenses in a timely manner and in a format that is appealing to the private sector.
- Actively engage those civil society organisations and private sector organisations that seek to influence private sector procurement policies.
- Support the efforts of the private sector within FLEGT countries, especially those with active TLAS systems, to promote the benefits and positive impacts of these systems.
- Speed up the introduction of FLEGT-licensed timber supplies from other VPA countries.

## ACKNOWLEDGEMENTS

The author thanks the companies and organisations across Europe who gave their time to provide some of the insights presented in this report.

## ACRONYMS AND ABBREVIATIONS

<b>CSO</b>	civil society organisation
<b>DIY</b>	do-it-yourself
<b>EU</b>	European Union
<b>EUTR</b>	European Union Timber Regulation
<b>FOE</b>	Friends of the Earth
<b>FLEGT</b>	Forest Law Enforcement, Governance and Trade
<b>FSC</b>	Forest Stewardship Council
<b>GMO</b>	genetically modified organism
<b>IMM</b>	Independent Market Monitor
<b>ITTA</b>	International Tropical Timber Agreement
<b>ITTO</b>	International Tropical Timber Organization
<b>NGO</b>	non-governmental organisation
<b>PEFC</b>	Programme for the Endorsement of Forest Certification
<b>TNC</b>	The Nature Conservancy
<b>VPA</b>	Voluntary Partnership Agreement
<b>WRI</b>	World Resources Institute

## ABOUT IMM

Independent Market Monitoring (IMM) is a multi-year programme funded by the European Union (EU) and managed by the International Tropical Timber Organisation (ITTO). IMM's role is to use trade flow analysis and market research to independently assess trade and market impacts of FLEGT Voluntary Partnership Agreements (VPAs).

## ABOUT ITTO

The International Tropical Timber Organization (ITTO) is an intergovernmental organization promoting the conservation and sustainable management, use and trade of tropical forest resources. Its members represent the bulk of the world's tropical forests and of the global tropical timber trade. ITTO develops internationally agreed policy documents to promote sustainable forest management and forest conservation and assists tropical member countries to adapt such policies to local circumstances and to implement them in the field through projects. In addition, ITTO collects, analyzes and disseminates data on the production and trade of tropical timber and funds projects and other actions aimed at developing sustainable forest industries at both the community and industrial scales. Since it became operational in 1987, ITTO has funded more than 1000 projects, pre-projects and activities valued at more than US\$400 million. All projects are funded by voluntary contributions, the major donors to date being the governments of Japan and the United States of America.

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# 1 Introduction

Today many companies recognise the increasing need to understand and manage the environmental and social impacts embedded in their operations, supply chains and investments. This is driven by an appreciation of the growing reputational, legislative and operational risks associated with these impacts and the benefits of being an early-mover in a changing marketplace. More and more major companies are taking on commitments and developing the corresponding policies.

Increasingly industry associations encourage, and sometimes require, their members to exclude unsustainable and/or illegal wood from their supply chains through members' codes of conduct, industry statements, or associations' own purchasing policies.

Purchasing policies have become powerful tools that are statements of intent and which place restrictions and incentives for players in supply chains to respond to. In the same manner that forest certification and legal verification have been driven by private sector purchasing policies, there is perhaps a chance for FLEGT licensing to receive similar policy support.

Specifically, this study aims to:

- Provide an overview of “sustainable timber” definitions currently used within the European trade.
- Describe the role and perception of FLEGT-licensed timber and the FLEGT VPA process in private sector timber procurement policies.
- Attempt to quantify the proportion of total trade in timber and timber products covered by “inclusive” and “exclusive” policies, insofar as a reliable estimate seems possible after completion of the research.
- Identify when sustainable timber definitions were developed and whether early policies have been modified to take into account reform processes in timber-producing countries or shifts in global consumption patterns of tropical timber and the declining relevance and level of leverage of Europe as a tropical timber consumer.
- Provide an overview of guidance on CSR and the level of recognition of FLEGT-licenses and the VPA process as evidence of good forest governance

# 2 Methodology

This study is based upon a combination of internet research and a small number of interviews.

The internet research allows a broad review of guidance issued and timber procurement policies developed or promoted by a range of organisations including:

- timber trade federations
- buying groups
- timber buyers
- retailers
- NGOs
- Other international organisations.

In addition to policies, policy templates and related frameworks a range of other influences has also been considered. These less direct influences have been deemed of value to the study as they shape policies as many of the phenomena included require a defined set of policy responses in order to receive favourable responses. In addition a small number of interviews (8) were conducted with a range of individuals representing most of the above range of organisations using a semi-structured interview technique. The resulting narrative includes reference to the interviews and points made where relevant.

## Geographic scope

Research of individual company policies is focused primarily on the seven IMM key countries that together account for more than 90% of EU imports of timber and timber products from VPA partner countries and around 80% of the EU's total tropical timber imports. However, where any particularly interesting policies or new approaches outside of these countries were identified they are also covered.

## Limitations to the study

- The range of interviews is very modest and can only capture a flavour of opinions.
- The internet review of literature is largely limited to publications available in the English language. Some translation has been possible for specific documents.
- Lack of time prohibits exhaustive checks on all available documentation. Therefore some organisations may be marked as “not found” or “no reference available” due to limitations in both language and time available to fully explore websites.



# Timber and forest products procurement policies – a brief history

Today it seems common, expected even, for major companies to have purchasing policies for their timber or paper based products. In fact many smaller companies also have such policies setting out what they will and what they will not purchase. It is also common for companies that purchase very little in the way of forest products to have policies stating they aspire to be a “deforestation free” company. Of course, it was not always this way.

Back in 1962, Rachel Carson’s Silent Spring launched the contemporary northern environmental movement with an *exposé* on the harmful effects of pesticides upon people and the environment. The chemical industry responded with a scathing attack on the environmentalists<sup>b</sup>. So began a period where the dominant pattern of business-NGO relations remained antagonistic. Fortunately since the 1990s, many businesses and NGOs have been quietly begun working together to overcome their differences.

In many cases though, NGO protest and other forms of campaigning have forced business to the negotiating table<sup>c</sup>. The first stage of a constructive business response began

in the 1970s, when a number of leading companies in North America and Western Europe initiated programmes aimed at reducing or preventing industrial pollution.

A second stage of business response to environmental problems came in the wake of a number of high profile environmental disasters, including the Union Carbide chemical release in Bhopal, India (1984) and the Exxon Valdez disaster (1989)<sup>d</sup>.

Deforestation emerged as a significant international policy issue and major northern media story in the mid-1980s<sup>e</sup>. For much of the 1980s and 1990s, governments and various international bodies attempted to respond to the worldwide concern about tropical deforestation. The first international instrument for tropical forests came with the 1983 International Tropical Timber Agreement (ITTA<sup>f</sup>), which provided a framework for co-operation and consultation between tropical timber producers and consumers on a range of issues.

With increased NGO campaigning and media coverage, the profile of environmental issues rose in most northern countries in the late 1980s. As the struggles of indigenous peoples against tropical deforestation became publicised, the role of the timber trade became a key consumer concern. For example, a wooden product such as mahogany came to be associated with the egregious treatment of forest communities. At this time, local, largely autonomous Rainforest Action Groups (RAGs) in North America, Europe and Australia were formed.

In the United Kingdom, in 1991, various RAGs started to take direct action against wood-product retailers. These groups organized mock “chainsaw massacres” outside do-it-yourself (DIY) home improvement and furniture stores<sup>g</sup>. Also in 1991, Friends of the Earth (FoE) in the United Kingdom claimed in a press release that its protests had prompted “dramatic policy developments” in the DIY retailers: B&Q, Texas Homecare and Homebase, which were now committed to “stop selling environmentally damaging tropical rainforest timber”<sup>h</sup>. The anti-DIY demonstrations proved to be highly successful and garnered considerable media and public attention. Customers began to write letters to the retailers and to confront store managers and employees with tough questions about timber sourcing.

For the most part, the companies took both the protests and customer letters very seriously – this was a new phenomenon<sup>i</sup>. Initially the retailers had no viable response and responded through developing purchasing policies. Direct action against stores and traders soon became a global phenomenon which has never left us.

Meanwhile, WWF-International was beginning to turn to industry, having become disillusioned with protracted international negotiations on a global forest convention and other international policy initiatives<sup>j</sup>. In 1989, WWF had already announced its own 1995 target date for “the world’s timber trade to be sustainable”. For the DIY trade, WWF-UK appeared to be a solution to a mounting business problem. Following a WWF-UK seminar in



Figure 1: Friends of the Earth / Global Witness hand-out for UK store customers from the early 1990’s.

Figure 2: Daily Express newspaper (UK) article from 2002 attacking the leading DIY retailers.



December 1991, 10 companies committed themselves to reaching the WWF-UK 1995 target and launched the so-called *WWF 1995 Group*.

The cumulative effects of different forms of environmental campaigning seemed to have begun to take root in the private sector. The “chain-store massacre” demonstrations and resulting consumer awareness were instrumental, as was the catalytic role of WWF-UK via its forest seminars. Internally, directors of the targeted companies were worried about the public relations and commercial implications of the protests, customer letters and media coverage. Other pressures from investors, insurers and lenders were on the horizon.

To join the 1995 Group, companies had to agree to phase out (by 1995) the purchase and sale of all wood and wood products not sourced from “well-managed forests”. In pursuit of this target they had to provide WWF-UK with a written action programme detailing how the company would reach the target and then submit regular six-monthly reports on their progress – and in this context, most importantly they needed to develop a purchasing policy.

It soon became apparent, however, that the participating companies needed a credible system for defining good forest management and for ensuring that products were from such forests. From the initial statement of good intent, the companies implementing their new policies began to see a need for verification of compliance in their supply chains – creating a market for verified and certified forest products<sup>k</sup> – “*twenty years ago, no market existed for environmentally and socially responsible forest products. Key concepts such as traceability, verification, chain of custody and due diligence were largely theoretical*”<sup>l</sup>.

By the late 1990’s what had begun as local campaigns and actions by NGOs had become organised responses, with companies in partnership with NGOs such as WWF or through independent responses by companies viewing what was happening to suppliers, customers and competitors – and in turn responding to this.

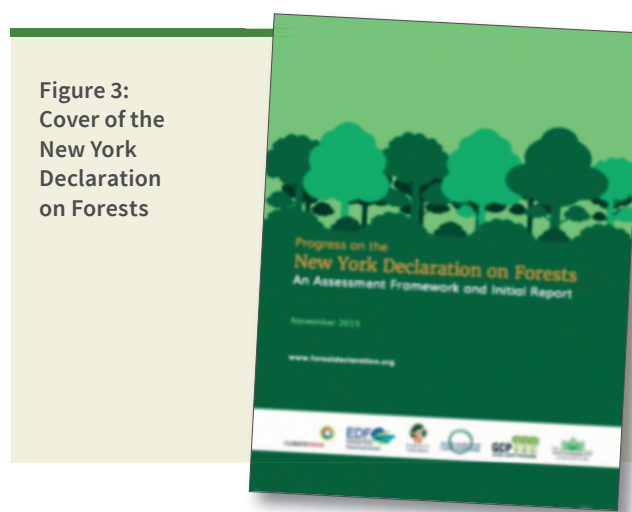
The first responsible purchasing policies developed in the early 1990’s have evolved massively in to the complex sets of policies that many larger companies have today. The earliest policies focused on statements of avoiding deforestation or compliance with forest laws and later evolved to include preferences for forms of verification or certification of various flavours<sup>m</sup>. Many companies also developed stepwise approaches to their sourcing (most famously Ikea’s I-Way and before that Sainsbury’s *TimberTracker* from 1994<sup>n,o</sup>) and over time many policies evolved in to a family of interrelated documents covering sustainability, legality, anti-GMO positions and social issues within the supply chain to name but a few.

Through the targeting of larger companies across a range of countries the NGOs had realised that they could impact supply chains far beyond the initial contact and in turn their target’s own suppliers began to follow with the development of their own policies<sup>p</sup>.

By 2003 the uptake of responsible purchasing policies had become main stream<sup>q</sup> and many companies outside of the sphere of influence of NGOs were adopting their own policies often with the assistance of their trade

associations<sup>r,s</sup> (often reacting to the NGO campaigns whilst perhaps not entirely agreeing with the methodology or targeting).

In more recent years the most significant development in the field of responsible purchasing policies has seen the linkage of deforestation to other commodities and commitments made by companies striving to be “*deforestation free*”. Since the 2010 Consumer Goods Forum Deforestation Resolution<sup>t</sup>, more than 470 companies have made commitments to eliminate deforestation from their supply chains – from forest products to palm oil and other commodities such as beef or soy. In 2014 the New York Declaration on Forests<sup>u</sup> (a voluntary and non-legally binding political declaration) has committed 53 multi-national companies (and other organisations) to becoming “*deforestation free*”.



**Figure 3:**  
Cover of the  
New York  
Declaration  
on Forests

A new twist in the complexity of purchasing policies has been the need to incorporate policies in to a framework of a due diligence system. The introduction of the EU Timber Regulation<sup>v</sup> in 2010 and subsequent requirements placed upon European Union based operators has ensured, at least in theory, that even more companies are now required to have some form of policy and more especially procedures in place and a due diligence system<sup>w</sup> developed and implemented if they are the first placer of forest products in the EU market.

After 30 years of policy development the debate at a global policy making level has largely returned to combatting deforestation – a somewhat ironic situation given the seismic shifts surrounding the development of forest certification in the intervening period. The deforestation focus is also perhaps a sad indictment of three decades of global efforts to stem it. For many European Union based companies the EU Timber Regulation and the spectre of due diligence has allowed them to formalise their purchasing policies and the advent of due diligence systems has provided a formal framework within which to place their policies.

Perhaps the latest twist in the journey towards responsible purchasing is beginning to unfold. Many of the larger multi-national and multi-commodity focused companies (such as large general retailers) and civil society organisations focused on stopping deforestation driven by timber, soy or palm oil (such as WWF and TNC) are now considering

approaches that might work a landscape level. As a timber trade conference delegate recently put it “do we need to redefine our goals and work towards zero deforestation – as the focus on certification alone is achieving little?”<sup>26</sup> From one of the organisations that have spent a decade promoting certification as a way of promoting sustainable forest management we now see the concept of ‘Verified Sourcing Areas’ described as – “certification at the landscape level suitable for all commodities to avoid deforestation”<sup>27</sup>. The “Sustainable landscape” is rapidly becoming the foundation

of the next generation of policy buzz words<sup>2</sup>. What is certain is that responsible purchasing policies and related commitment for forest products sourcing will remain an important part of any company’s corporate social responsibility agenda in the years to come. Whilst the range of actors evolves and the breadth of content grows companies trading in forest products will continue to need to try and reflect the societies within which they operate in addition to relevant legal frameworks – and somehow remain in profit.

# The “web” of influences on private sector procurement policies

“Government, civil society, and private sector actions and policies are significantly impacting how companies source timber internationally”<sup>28</sup>. As noted by WRI in 2018, responsible purchasing policies are potentially influenced by a vast array of organisations. In tandem with the developments outlined in the previous section a host of organisations have sought to deliberately (and sometimes inadvertently) influence the contents of such policies.

The larger and more globalised the company – arguably the more influences that are brought to bear upon it. Multi-national companies, such as Ikea and Kingfisher, operate in many markets, predominately in countries where there are very active civil society organisations, varying degrees of customer environmental and social interest, strong and independent media, inquisitive and active investors and governments that have an interest in sustainable forest management and supporting legislation.

Not every company involved in the trade in forest products is exposed to every potential source of influence, but as companies grow, they certainly attract more attention and come under pressure to adopt a responsible purchasing policy.

The figure below attempts to show the range of influences that might affect a company such as Ikea or Kingfisher. For more modest companies there will be a more modest range of influences. Except for perhaps the smallest of companies the range of influences (or potential stakeholders) will certainly include some of those identified below.

## Private sector initiatives

The earliest campaigns against retailers in the 1990’s very soon began to also focus on timber traders and especially tropical timber traders. It is therefore to be expected that

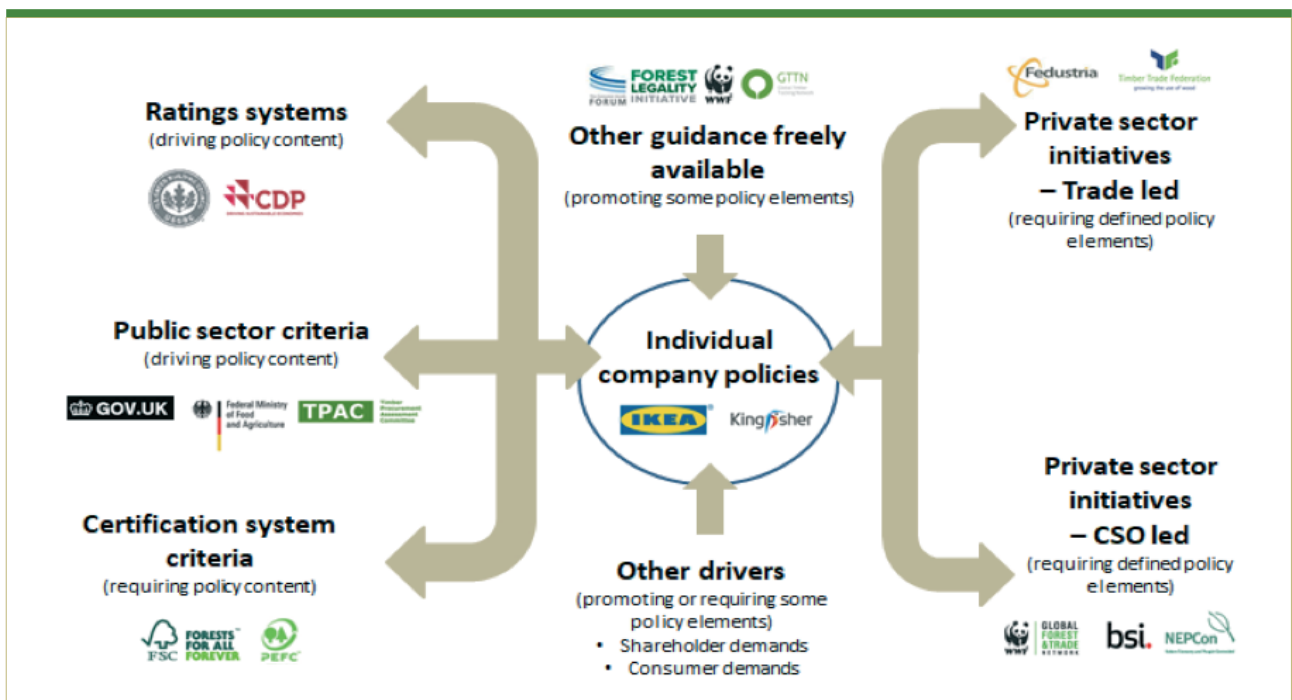


Figure 4: The web of influences and drivers impacting responsible purchasing policies



trade federations have been some of the leading advocates of responsible purchasing policies. The earliest policy frameworks advocated legal harvesting and promoted the purchasing of certified materials.

In more recent times many associations have gone beyond simply providing policy templates for their members and have made compliance with policies shared across the whole association a condition of members (for example in the UK and France).

Some associations have now taken this a step further and introduced their own bespoke due diligence systems to allow their operator members to comply with the EU Timber Regulation (again the UK and France are examples of this).

## Policies shaped by rating systems

Rating systems have evolved in to a powerful indirect source of policy development. The ratings systems themselves, such as SPOTT from ZSL and the Carbon Disclosure Project do not require *per se* for a company that they target to have a responsible purchasing policy. A company faced with answering such a questionnaire might choose to adopt a policy to gain a favourable rating.

Ratings systems rely on transparency and disclosure to drive targeted companies to respond to requests for data about their practices. For those companies that engage (and not all of them do) the desire to improve their public rating can drive policy change in order to be able to give positive responses to often length questionnaires.

## Policies shaped by civil society organisations

As discussed in the previous section civil society organisations (CSOs) have long been involved in trying to influence the introduction, development and especially the content of procurement policies for forest products. Organisations such as WWF and TFT have worked directly with many hundreds of companies across a wide range of countries for three decades.

Influence has ranged from provision of tools, such as template policies (in effect written by the CSO itself for the company) through to less direct attempts to influence policy through negative campaigning. At various times and in different countries both these processes often successfully co-exist.

Numerous CSOs continue to operate in this space and are still very active. Many, such as TFT and WWF have broadened their engagement focus to include a “deforestation-free commodity” approach with an increasing focus on a range of commodities linked to forest conservation (such as a soy, beef and palm oil). Many CSO’s have produced guidance on policy content over the years and a number continue to offer such advice and guidance in the public domain. A most thorough analysis of initiatives and policy content currently available has been produced by the Word Resources Institute.<sup>bb</sup>

## Policies shaped by certification or verification schemes

Market driven voluntary certification and verification of forest products was sparked by the development of

pro-certification policies. To a large degree this is still true. Slightly perversely, certification and verification systems have now become drivers of policy themselves. Many certification systems are inter-linked – for example FSC chain of custody standards and FSC Controlled Wood Standards, and many other standards now rely on certification *per se* as an indicator (or proxy) for sustainability (for example the *ASTM Standard Practice for Categorizing Wood and Wood-based Products According to their Fiber Sources* relies on third party forest certification such as SFI or PEFC as an indicator for some its criteria). Preferential purchasing policies drove the development and uptake of forest certification, today certification itself has in turn become a driver of corporate policy.

## Policies shaped by public sector procurement criteria

Whilst the focus of this study falls short of deep coverage of public sector procurement policy it must be considered to be a driver of private sector procurement policy.

Public procurement policies can play an important role in encouraging trade in legal and sustainable timber. Government purchasing of timber can account for a significant proportion of all timber purchasing in a given country, and therefore has considerable potential to influence buying practices and to promote good business practices across the timber market as a whole.<sup>cc</sup> Public procurement policies vary in scope; they may require that buyers source legal and/or sustainable products; apply to different sectors and they may also be mandatory or voluntary. The true size or impact of public procurement of forest products is not well understood, though a study looking at the UK market in 2013<sup>dd</sup> concluded that somewhere between 20 and 40 per cent of national timber sales were affected, directly or indirectly, by central government policy. Some commentators have suggested that the state has been changing its regulatory frameworks to facilitate market flexibility and mobility — processes encapsulated by certification.<sup>ee</sup> It might be argued that the EUTR is an example of this shift.

It is the private sector though that has to supply the markets created by governments through their procurement and it is the private sector that has to meet any policy requirements. Therefore public procurement policies have a huge bearing on companies own policy responses.

## Other factors affecting policy content

A variety of other influences can shape a purchasing policy. They can include intervention by major shareholders or investors, through direct customer demand (either consumer demand or business to business [b2b] demand) and through the intervention of an individual within the organisation.

Consumer-focused campaigns have proven to be influential in forcing companies to adopt polices in-line with customer expectations. At the business to business level many suppliers to major companies have chosen to adopt mirror policies – reflecting their customers stated preferences.

The role of the individual within a company should also not be discounted – many companies have adopted purchasing policies or adapted their policies as a result of an influential individual within the company.<sup>ff</sup>



# Key influencers of responsible purchasing policies

## A sample of potential influences on private sector purchasing policy

As discussed in the previous section there are a wide range of influences driving private sector companies to introduce policies and to potentially drive a wide range of content. The “sources of influence” themselves vary enormously, from international organisations rating performance of private sector companies, to trade associations offering advice and guidance, to membership programmes requiring compliance to retain membership through to freely available guidance in the public domain.

The following tables identify *some* of the potential influences on an individual company’s purchasing policy and its contents. The potential range of influential sources of information which might shape a given policy is huge: in 2011 *Tropenbos*<sup>gg</sup> identified 127 such sources of influence. In 2018 *World Resources Institute* identified around 75 such sources.<sup>hh</sup>

The limitation of this report and its primary focus on the EU market, FLEGT licensing and related processes has identified a shorter list for analysis of 65 individual influential sources. Unlike the broad approach of the above two studies, this review has focused on each influential source through a narrower filter.

The key aspects which have been assessed include:

- Does the source of influence require compliance by companies?
- Does the source of influence offer only guidance to companies?
- Is the source of influence currently operational?
- Is the source of influence likely to be applicable to European Union based companies?
- Does the source of influence specifically and positively refer to FLEGT licensing?
- Does the source of influence promote or advocate forest certification?

The sample itself consisted of organisations and initiatives in the following broad categories:

- Private sector led initiatives (4 assessed)
- Private sector led ratings systems (2)
- Certification and Verification systems (12)
- Private sector led resource initiatives (10)
- Civil society organisation led rating systems (5)
- Civil society led initiatives and other initiatives (19)
- Public sector instruments and guidance (13)

The range of 60-plus influences considered within the analysis typically each seek to ensure that their point or points of view are incorporated within the purchasing policies of the private sector or indirectly they are driving the inclusion of their view points within a policy. This acceptance of market driven mechanisms to drive change within sectors and in the forest is well established and is a result of the processes discussed earlier in section 2 and 3. The private sector is therefore constantly buffeted by these influences, each seeking to impose its point of view or opinion upon others. Some mechanisms rely on providing rational arguments and tools. Others rely on more discrete influence, the “threat” of reporting answers justified by a perceived public right to complete transparency thereby driving many companies to adopt policies to ensure that they perform well under scrutiny.

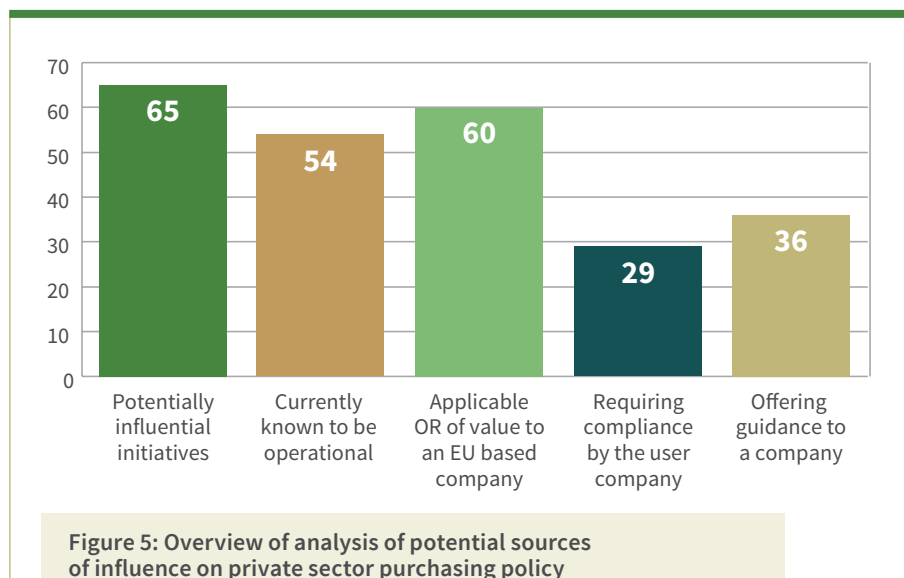
## The impact of the key influencers

The heterogeneous nature of the range of influences upon purchasing policy ensures that any analysis of its impact is somewhat limited – the influences themselves vary in nature and cause and effect are not always clear.

A number of the influences identified currently do, or have previously measured their impact in some manner. WWF’s Global Forest & Trade Network (GFTN) has in the past decade worked with over 300 companies (though currently listing 97 participants<sup>ii</sup>), chosen specifically for their impact on the forest products market. GFTN has

probably influenced hundred, perhaps even thousands of policies due to its longevity – over 25 years of engagement across circa 30 countries. Similarly TFT has worked with over 100 companies in the past two decades – and today works with 68.<sup>jj</sup> Both of these organisations have worked closely with buyers to develop responsible purchasing policies over more than two decades.

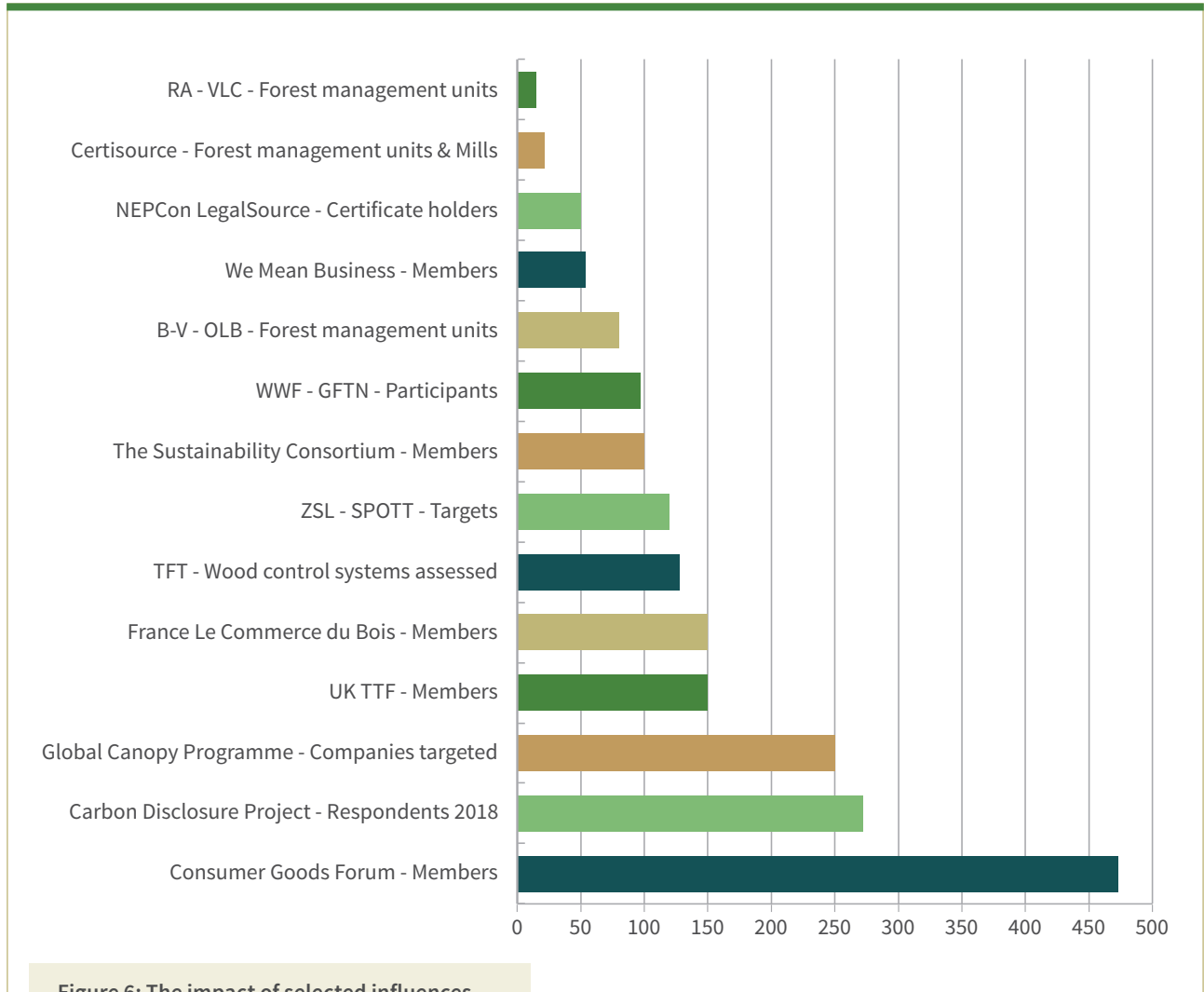
The civil society led rating systems are currently very active and have sought to engage with a targeted list of companies. SPOTT, CDP and Global Canopy Programme between them have targeted



over 1000 companies (with some overlap). In terms of scale of impact the Consumer Good Forum has nearly 500 large or global companies making commitments to avoid deforestation.

The trade federations, such as the UK TTF, with a requirement for a minimum level of policy content have often have large memberships which cover significant shares of the timber trade within their borders.

The chart below gives an overview of the influence, measured in terms of companies or operating sites impacted by a range of different influences. The fourteen listed influences have a combined impact of nearly 2000 companies. For the larger companies impacted there is certainly a degree of double counting – estimated at around 10% of the sample. It should be noted that the number of companies impacted has not been edited for those based within the EU and the totals are therefore global.



## Overview of analysis

Of the 65 sources of influence analysed, 54 appear to be currently operational or still available for reference online. The majority of the sources (60 out of 65) appear to be of relevance to EU based companies. Thirty six of the sources exist primarily as guidance to the private sector and 29 require some form of compliance.

The following tables given some detail of the individual initiatives, their current status and relevance to EU based companies. Please note that highlighted entries are believed to be inactive or unsupported (though they may still be available to reference).

## Private sector led initiatives

Private sector led initiatives	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
Confederation of European Paper Industries' (CEPI) Legal Logging Code of Conduct	2005	The CEPI Code of Conduct comprises 6 principles regarding procurement of legally harvested timber. CEPI members are obliged with the Code of Conduct.	Yes		Yes	Yes
European Timber Trade Federation (ETTF): The "Gateway to International Timber Trade"	2018	European Timber Trade Federation (ETTF) web portal responds answers the questions timber traders have when it comes to legal timber trade, due diligence, country requirements and export. It serves as a central information point, with country profiles on both timber industry and legislation of producer countries, mainly located in tropical Africa, Asia and Latin America.		Yes	Yes	Yes
France - Le Commerce du Bois - Environmental Charter (Charter environnementale de l'achat et de la vente de bois)	Undated	Le Commerce du Bois (LCB) has been recognized as a Control (Monitoring) Organization by the European Commission under the EU Timber Regulation (EUTR). Their Due Diligence (DD) procedure has been validated and is integrated into the LCB environmental charter audit scope, for companies that want to join a collective DD system.	Yes		Yes	Yes
UK - Timber Trade Federation Responsible Purchasing Policy & Due Diligence Guide	2017	Through the UK TTF code of conduct and responsible procurement policy, members commit to purchase timber from legal sources and seek evidence of compliance from suppliers to ensure that the wood meets the legal requirements of the country of origin. Members are required to establish a due diligence system to comply with the EU Timber Regulation. The UK TTF has 300 members within the UK and RPP is mandatory. TTF members import approximately 85% of UK timber imports	Yes		Yes	Yes

## Private sector led rating systems

Private sector led rating systems	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
Green Building Initiative's Green Globes Rating System	2018	Green Globes® is a web-enabled, fully interactive green building assessment and certification program. It includes an on-site visit by a third-party assessor and comprehensive customer support.	Yes		Yes	No - US based
US Green Building Council - Leadership in Energy and Environmental Design (LEED)® Green Building Rating System V.4	2012	Leadership in Energy and Environmental Design is the most widely used green building rating system in the world. Available for virtually all building, community and home project types.	Yes		Yes	Yes

## Certification and Verification systems

Certification & Verification systems	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
ASTM - Standard Practice for Categorizing Wood and Woodbased Products According to their Fiber Sources	2005	Sustainability is the minimum requirement for compliance. Definition of sustainability includes compliance with relevant international, national, and/or regional/ local legislation and regulations related to legal rights to use the forests; payment of taxes, fees, and royalties; compliance with forest management laws and regulations (including CITES); and, respect for indigenous and local tenure and use rights.	Yes		Yes	Yes
British Standards Publicly Available Specification (PAS) #2021	2014	A publicly available specification for exercising due diligence in establishing the legal origin of timber and timber products – Guide to Regulation (EU) No 995/2010.	Yes		Yes	Yes
Bureau Veritas Origine et Légalité des Bois (OLB) GP01 V-3.3 2010	2016	The OLB system requirements are defined in the OLB standard for Forestry Companies and in the OLB Chain of Custody standard. The former includes legality elements to be evaluated related to forestry activities and conformity with the requirements is evaluated in the field. The CoC system includes requirements and the elements to be evaluated in order to ensure the control of the traceability of the OLB certified wood products.	Yes		Yes	Yes
Certisource	2011	CertiSource provides 'Verified Legal Timber' certification in Indonesia.	Yes		Yes	Yes
Climate, Community & Biodiversity (CCB) Standards - Validation & Verification	2010	The Climate, Community & Biodiversity (CCB) Standards were created to foster the development and marketing of projects that deliver credible and significant climate, community and biodiversity benefits in an integrated, sustainable manner.	Yes		Yes	Yes
Forest Stewardship Council (FSC) Controlled-Wood Standard 3.1		This standard outlines the requirements for a due diligence system for FSC Chain of Custody certified organizations to avoid material from unacceptable sources.	Yes		Yes	Yes
Global Forest Registry	2014	The Global Forest Registry is a map-based database, designed to help evaluate the risk of obtaining wood from controversial sources, as defined by the Forest Stewardship Council in the Controlled Wood standard. The database also includes more detailed information for countries that have completed FSC-approved controlled wood risk assessments.		Yes	Yes	Yes
Global Timber Tracking Network: GTTN Standards and Guidelines Version 1.0 - Identification of timber species and geographic origin	2016	Global Timber Tracking Network, GTTN, is an open alliance that cooperates along a joint vision of all stakeholders involved in combating illegal logging and associated timber trade.. GTTN is working with stakeholders to elaborate a reference database of DNA and stable isotope fingerprints for priority timber species that will be used to identify species and track the origin of wood and wood products along the supply chain.	Yes		Yes	Yes
NEPCon LegalSource Programme - Standard v.2	2017	The LegalSource Standard sets out the requirements for producing and sourcing legally harvested timber. The standard is claimed to be aligned with key regulations applicable in the EU, the US and Australia. The Standard forms the backbone of the Programme and associated Due Diligence System.	Yes		Yes	Yes
Programme for the Endorsement of Forest Certification (PEFC) Standard - 1003 - Requirements for certification schemes	2018	The requirements laid out in this document must be reflected in the forest management standards submitted for PEFC endorsement.	Yes		Yes	Yes



Certification & Verification systems	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
Rainforest Alliance Verified Legal Compliance (VLC) Standard 2013 (Generic / global)	2013	The Rainforest Alliance has developed standards and procedures for independent third-party verification that wood has been harvested and/or traded legally. The Rainforest Alliance's legality verification standards verify the legality of the wood at the forest level and ensure the traceability of legal timber at all points in the supply chain.	Yes		Yes	Yes
SCS "LegalHarvest" V1.1 2014	2014	SCS LegalHarvest™ verification is applicable for Forest Management, Chain of Custody and Multi-Sites. Verification confirms the legal right to harvest, process, transport, and export wood products.	Yes		No	Yes

## Private sector led resources

Private sector led resources	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
Consumer Goods Forum - Guidelines for pulp, paper and packaging	2013	The guidelines recommend various means to improving traceability as a key step towards transparency. The Consumer Goods Forum Guidelines suggest the verification of legal sourcing by third - party inspection in high-priority countries (as defined in the guidelines), and monitoring in those countries where the risk of sourcing potential illegal timber is high. The Consumer Goods Forum Guidelines suggest the verification of virgin fibre sourcing by third-party inspection in high-priority countries and monitoring in those countries where the risk of contributing to deforestation and forest conversion is high.		Yes	Yes	Yes
KPMG - The KPMG Survey of Corporate Responsibility Reporting 2017	2018	KPMG member firm professionals reviewed corporate responsibility (CR) and sustainability reporting from 4,900 companies in 49 countries and regions. The survey provides a detailed look at global trends in CR reporting.		Yes	Yes	Yes
Madera Legal - Asociación Española del Comercio e Industria de la Madera (AEIM)	2018	A Spanish language website designed to assist with compliance with the EUTR and to market timber products in the European Union.		Yes	Yes	Yes
String	2018	String3 is designed to map supply chains in real time identifying exposure to risk.		Yes	Yes	Yes
PwC / WBCSD - Sustainable Forest Finance Toolkit	2010	A globally applicable resource designed to help financial institutions support the management of forest resources through sustainable and legal timber production and processing, and markets for carbon and other ecosystem services.		Yes	Yes	Yes
European Timber Retail Coalition	2016	The Coalition founded by European retailers Kingfisher, Marks & Spencer, IKEA and Carrefour Group campaigns publicly and privately for legislation and regulation that Coalition members can realistically apply and implement, in order to ensure the legality of timber and timber products in the EU markets.		Yes	Status unclear	Yes

Private sector led resources	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
Tropical Forest Alliance 2020	2018	The Tropical Forest Alliance 2020 (TFA 2020) is a global public-private partnership in which partners take voluntary actions, individually and in combination, to reduce the tropical deforestation associated with the sourcing of commodities such as palm oil, soy, beef, and paper and pulp.		Yes	Yes	Yes
The Sustainability Consortium	2018	The Paper, Pulp and Forestry (PPF) Sector Working Group leads the investigation of sustainability issues for a wide-variety of forestry products such as lumber, engineered wood products, books, facial tissue, and greeting cards. The work of the PPF Sector is used to inform development of Product Sustainability Toolkits and for paper-based packaging.		Yes	Yes	Yes
Timber Trade Action Plan	2013	The Timber Trade Action Plan (TTAP) was a project of several European timber trade federations (Belgium, France, Netherlands, UK) and their members, assisting forest and timber companies to produce legally verified timber. It began in 2005 and finished in 2013. It aimed to ensure legally verified timber products are traded in Europe, thereby reducing trade in illegal wood products and contributing to sustainable forest management.		Yes	No	Yes
Two Sides	2018	Two Sides was created in 2008 with members from the graphic communications supply chain, creating a forum for the industry to work together and share experiences; improving standards and practices.		Yes	Yes	Yes

## Civil society led rating systems

Civil society led rating systems	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
Global Canopy Programme - Forest500.org	2017	The Forest 500 is the world's first rainforest rating agency. It identifies and ranks the most influential companies, financial institutions and governments in the race towards a deforestation-free global economy. It primarily assesses commitments to deforestation-free supply chains.	Yes		Yes	Yes
Green Blue - Environmental Paper Assessment Tool (EPAT)	Unknown	The Environmental Paper Assessment Tool (EPAT) is an assessment tool that allows buyers and sellers of paper products to evaluate environmental performance data along the paper supply chain.		Yes	Yes	Yes
WWF Paper Scorecard	2007	No longer available?		Yes	No	Yes
WWF Tissue Scoring	2006	No longer available?		Yes	No	Yes
WWF Check Your Paper - Environmental Paper Awards	2016	"Check Your Paper" is as an on-line paper rating scheme where pulp and paper producers, merchants and other distributors are able to insert environmental performance data and pulp and paper buyers can search for products in various categories. CYP is based on parameters and the rating system of the WWF Paper Scorecard.		Yes	Yes	Yes
ZSL SPOTT - Sustainability Policy Transparency Toolkit	2018	SPOTT assesses commodity producers and traders on the public disclosure of their policies, operations and commitments related to environmental, social and governance (ESG) issues. SPOTT scores tropical forestry and palm oil companies annually against over 100 sector-specific indicators to benchmark their progress over time.		Yes	Yes	Yes

## Civil society led initiatives & other initiatives

Civil society led initiatives & Other initiatives	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
Carbon Disclosure Project	2018	The Carbon Disclosure Project is designed to create transparency and improve companies' understanding of the "forest footprint" of their direct operations and the operations they finance. The «forest footprint» focuses on production, use, and trade of key commodities linked to global deforestation: timber, soy, beef and leather, palm oil and biofuels. Companies are invited to disclose information about policies related to the sustainable supply chains for these commodities, and the actions they are taking to manage risks.	Yes		Yes	Yes
Environmental Paper Network: Paper Calculator	2018	The Paper Calculator is a web-based tool that is publicly available and allows users to compare the environmental impacts of different paper choices using a methodology based in life cycle assessment (LCA). LCA provides a quantified approach for comparing the environmental performance of different sources of fibre.		Yes	Yes	Yes
Forest Legality Alliance	2018	The Forest Legality Initiative is a multi-stakeholder project led by the World Resources Institute. Their goal is to reduce illegal logging through supporting the supply of legal forest products.		Yes	Yes	Yes
Global Canopy Programme - Supply Chain Transparency Network	2017	The Supply Chain Transparency Network is a community of practice convened by Global Canopy and the Stockholm Environment Institute (SEI) that aims to bring together initiatives working on supply chain transparency as a key solution to addressing commodity-driven deforestation and other environmental and social impacts.		Yes	Yes	Yes
Greenpeace's Responsible Procurement Guide	2008			Yes	Status unclear	Yes
INTERPOL Project LEAF	2017	Project LEAF (Law Enforcement Assistance for Forests) is an INTERPOL initiative against illegal logging and related crimes. Project LEAF assists member countries by identifying the criminal activities along the timber supply chain, providing training to enhance investigative and analytical capabilities, facilitating multi-agency collaboration, providing criminal intelligence analysis leading to decisive enforcement action, and encouraging systematic intelligence sharing between countries.		Yes	Yes	Yes
National Council for Air and Stream Improvement - Environmental Footprint Comparison Tool	2013	Provides general overview information about greenhouse gas (GHG) emissions from the paper-making process, and the role of forests, wood and paper-based products in storing carbon. It also covers the links between GHG emissions and energy usage.		Yes	Yes	No
Proforest - Responsible sourcing and production briefings	2018	A series of publicly available guides and briefing documents relating to responsible sourcing.		Yes	Yes	Yes
Smartwood - SmartSource	Unkown	A supply chain management resource that supports forest products purchasing programs by tracing the origin of products throughout the supply chain; evaluating various risks associated with the supply chains; and developing and implementing policies and actions to address the risk.	Yes	Yes	Yes	Yes
Sustainable Timber Action (STA) - Guide	2013	STA assisted European public authorities in making sure the wood/timber products they buy are produced and traded in a sustainable and fair way. The project produced the STA Toolkit which includes a guide for public authorities on how to procure sustainable timber products. Its efforts to increase the share of sustainable timber on the European market are continued in the European Sustainable Timber Coalition.		Yes	No	Yes

Civil society led initiatives & Other initiatives	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
The Forest Trust (TFT): Membership	2017	TFT Members must commit to: Take steps to exclude all illegal raw material sources in supply chains robustly and within a credible period.	Yes		Yes	Yes
The Forest Trust - Good Wood, Good Business guide	2003	A guide to responsible purchasing of timber.		Yes	Status unclear	Yes
Tropenbos International - Enhancing the Trade of Legally Produced Timber, a Guide to Initiatives	2011	A guide to 127 major initiatives that promote the legal production and trade of timber. The guide provides an overview of the array of initiatives, highlighting trends, gaps, and major opportunities.		Yes	Yes	Yes
We Mean Business	2018	We Mean Business is a global non-profit coalition working with the world's most influential businesses to take action on climate change. It tries to catalyse business leadership to drive policy ambition and accelerate the transition to a low-carbon economy. The coalition brings together seven international non-profit organizations: BSR, CDP, Ceres, The B Team, The Climate Group, The Prince of Wales Climate Leaders and WBCSD.		Yes	Yes	
WRI & WBCSD: Sourcing Legally Produced Wood: A Guide for Businesses	2018	This publication updates the 2014 version of Sourcing Legally Produced Wood, which provides information on illegal logging and associated trade, public and private procurement policies, export country logging and log export bans, and introductory guidance to the wood products legality legislation in the United States, the EU, and Australia.		Yes	Yes	
WWF's Guide to Buying Paper (companion to WWF's Paper Scorecard)	2010	A guide for corporate purchasers of paper products.		Yes	Yes	
WWF's Global Forest and Trade Network (GFTN) - company participation	2014	GFTN provides an approach for companies to follow that outlines the various steps needed to achieve credible certification within an agreed time frame. GFTN also helps companies phase out products from illegal or unsustainable timber sources and increase those from certified sources.	Yes		Yes	
WWF's Global Forest and Trade Network (GFTN) - Guide to responsible purchasing of forest products	2014	GFTN works with a number of participants in key producer and consumer countries. Participation is based on agreements and commitments with participating companies.		Yes	Yes	

## Public sector instruments and guidance

Public sector instruments and guidance	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
Belgian Government Procurement Policy	2005	Sustainability is the minimum requirement. Definition of sustainability includes compliance with relevant international, national, and/or regional/ local legislation and regulations related to legal rights to use the forests; payment of taxes, fees, and royalties; compliance with forest management laws and regulations (including CITES); and, respect for indigenous and local tenure and use rights.	Yes		Yes	Yes



Public sector instruments and guidance	Publication date / most recent editing date	Summary	Requires compliance by companies / users	Offers only guidance to companies	Operational?	Applicable to / of value to EU based companies?
Danish Government Procurement Policy for Tropical Forests	2014		Yes		Yes	Yes
European Commission Green Public Procurement - Guide	2016	Policy to promote public green procurement and to increase similarities among procurement criteria of EU member states, and provide guidance and advice. Priority products include paper and furniture.		Yes	Yes	Yes
French Policy on Public Procurement of Timber and Wood Products	2011		Yes		Yes	Yes
German Government Procurement Policy	2010	Sustainability, as defined by FSC and PEFC, is the minimum requirement.	Yes		Yes	Yes
International Green Purchasing Network	undated	The Green Purchasing Network seeks to globally promote the spread of environmentally friendly product and service development and Green Purchasing activities.		Yes	Not assessed	Not assessed
Netherlands Government Procurement Criteria for Timber	2014		Yes		Yes	Yes
Swedish Agency for national public procurement	2016	The procurement rules ensure that contracting authorities use public funds to finance public purchases in the best possible way. Public procurement is governed by the Swedish Public Procurement Act (2016:1145– LOU), which is largely based on EU Directive concerning public procurement.	Yes		Yes	Yes
Switzerland - Ordinance on Declaring Wood and Wood Products	2010	(Ordonnance sur la Declaration Concernant le Bois et les Produits en Bois) Requires any party selling timber or timber products to consumers to disclose information about the species used in the product, including whether or not the species is listed in CITES, and the place of harvest.	Yes		Yes	No
UNEP Sustainable Public Procurement programme	2018	UNEP supports capacity building and provide technical assistance to countries in Asia Pacific to strengthen the implementation of sustainable public procurement policies and initiatives.		Yes	Yes	No- Asia focus
UK Central Point of Expertise on Timber Procurement (CPET)	2013	CPET was an initiative of the UK central government to assist in the implementation of its procurement policy.			No	Yes
UK Government Timber Procurement Policy	2013	The UK policy requires legality and sustainability or FLEGT licensing.	Yes		Yes	Yes
UN FAO - Public procurement policies for forest products and their impacts	2007				Not assessed	Not assessed

## Policy elements

Given the huge range of potential influences on company responsible purchasing policy content it is perhaps not unsurprising that there are similarly a range of elements that can be included within a responsible purchasing policy. The table below is comprehensive but not exhaustive.

Typical policies contain a number of positive elements – favourable conditions welcome in the supply chain, e.g.

legal compliance, a form of verification or certification. Many policies also identify conditions that are unwelcome in the supply chain, e.g. breaches of rights, illegal wood, the exclusion of genetically modified fibre.

Few individual company policies contain all of the elements listed within the table and content levels vary widely between the set of individual and specific company policies analysed later in this report.

Area of policy	Detail
<b>Environmental</b>	Avoidance of loss of High Conservation Values (HCVs) / Promotes maintenance of biodiversity
	Avoidance of forest conversion
	Reference to CITES
	Reference to climate impact / carbon
	Reference to production efficiency / pollution / toxicity
<b>Social</b>	Avoidance of armed conflict
	Avoidance of breaches of civil rights
	Avoidance of breaches of human rights
	Avoidance of breaches of traditional rights
	Avoidance of breaches of workers' rights
<b>Legal</b>	Promotes legal harvesting
	Promotes legal trading
	Pro-FLEGT licensing (explicitly mentioned)
	Reference to EUTR compliance / due-diligence
<b>Verification</b>	Pro 3rd party certification
	Pro 3rd party verification of basic social criteria
	Pro 3rd party verification of basic environmental criteria
	Pro 3rd party verification of legality / legal compliance
<b>Traceability</b>	Pro traceability
	Pro chain of custody
<b>Scope of policy</b>	Broad - to include ALL operations & product types
	Promotes inclusion of recycled fibre / material
	Excludes Genetically Modified fibre
<b>Transparency</b>	Promotes public reporting
	Promotes communication within supply chain
	Promotes periodic review of policy / policies

Figure 7: A range of elements that can be contained within responsible purchasing policies

## Examples of company policies

Examining individual company forest product purchasing policies at any representative scale is an enormous undertaking. For the purposes of this study a small sample has been selected to provide some insight to the contents of a purchasing policy and also to identify the levels of recognition of FLEGT licensing.

In total 20 companies were selected for analysis. They were selected on the following basis:

- The companies are a significant / market leading **general retailer** in one of the study focal countries  
OR
- They are a significant / market leading **furniture retailer** in one of the study focal countries  
OR
- They are a significant / market leading **building products distributor** or retailer in one of the focal countries  
OR
- They are a significant / market leading **timber importer** or distributor in one or more of the focal countries  
OR
- They are a significant / market leading **integrated forest products company** with significant sales of tropical timber.

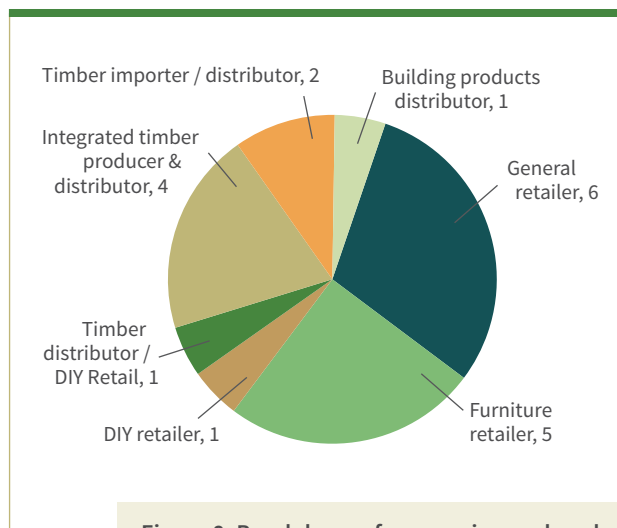


Figure 8: Breakdown of companies analysed

## The company policies assessed

The companies selected have combined annual sales of in excess of Euro 500 billion. For the larger retailers within the list only a very small percentage of this total will include wood based products for resale or used within their infrastructure.

Name	Sector	Base country	Turnover (Euro-billion)
ALDI Group	Retailer	Germany	84.9
Carrefour SA	Retailer	France	84.1
Casino Guichard Perrachon (Casino)	Retailer	France	48.6
Danzer / Interholco	Integrated timber producer & distributor	Switzerland	0.2
Höffner (Möbelhaus)	Furniture Retail	Germany	1.5
IKEA	Furniture Retail	Sweden	38.3
James Latham plc	Timber importer	UK	0.25
JYSK	Furniture Retail	Denmark	2.8
Kingfisher	DIY Retailer	UK	13.3
Marks & Spencer Group PLC	Retailer	UK	12.2
Otto Group	Furniture Retail	Germany	2.1
Precious Woods	Integrated timber producer & distributor	Switzerland	0.05
Rougier	Integrated timber producer & distributor	France	0.15
St Gobain (UK)	Building products distributor	France / UK	39.1
Steinhoff International	Furniture Retail	Germany	13.4
Schwarz Gruppe GmbH (Lidl)	Retailer	Germany	96.9
Tesco plc	Retailer	UK	65.6
Vandecasteele Houtimport	Timber importer	Belgium	private
Travis Perkins plc	Timber distributor / DIY Retail	UK	7.3
Wijma	Integrated timber producer & distributor	Netherlands	private

Figure 9: Overview of 20 European Union based companies

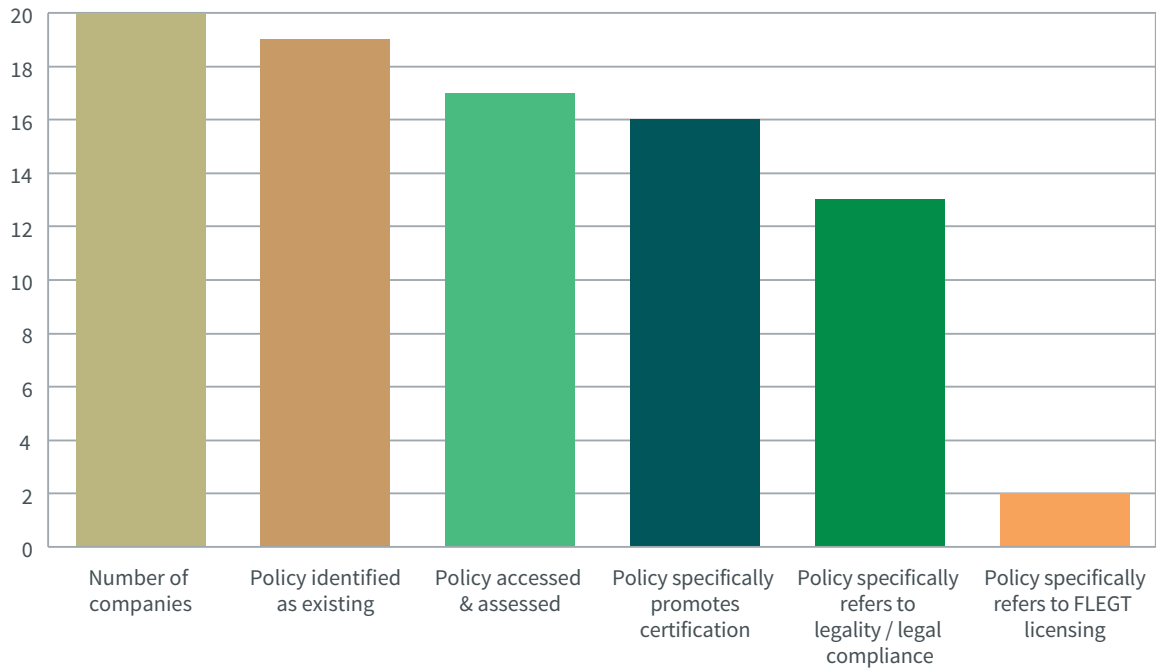


Figure 10: Analysis of purchasing policies for forest products

### Environmental policy content of the assessed companies

Of the twenty companies targeted for an assessment, 19 were deemed to have a purchasing policy or similar document which related to forest products i.e. relating to timber, paper, packaging or construction materials.

Despite identifying 19 such policies from company websites and annual reports, only 17 were accessible and further analysed.

Of the 17 policies available, 16 contained elements which indicated a preference for certified materials and 13 included a scope which referenced a requirement to source legally harvested or traded materials.

Only two (2) of the company policies stated a preference for purchasing FLEGT-licensed materials.

### Affiliations & Influences

In previous sections we have identified important drivers and influencers of purchasing policy. Analysis of the companies has revealed which of the influencing organisations the companies have in some way affiliated themselves (such as with WWF or TFT).

Many of the larger companies are also potentially influenced by the Carbon Disclosure Project (CDP) and SPOTT which have targeted larger companies. A number of the companies assessed are also members of the Consumer Goods Forum.

The chart above best illustrates the diversity and range of affiliations that larger companies adopt or attract in the case of the rating systems. The sample is atypical in the specific organisations listed, though can be regarded as typical in its diversity.

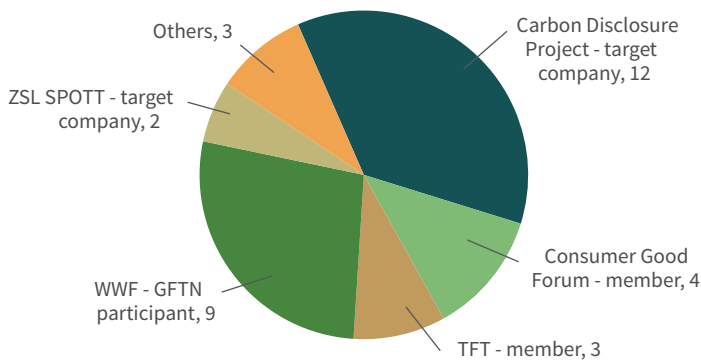


Figure 11: Analysis of known affiliations and influences (includes current and historic relationships)



Name	Policy is publicly available	Document name	Date	Policy specifically promotes certification	Policy specifically refers to legality / legal compliance	Policy specifically refers to FLEGT licensing
ALDI Group	Yes	International Timber Purchasing Policy	2018	Yes	No	No reference
Carrefour SA	Yes	Supplier assessment criteria - The Wood Charter	2018	Yes	Yes	No reference
Casino Guichard Perrachon (Casino)	Not seen	2016 CSR report	2016	Not seen	No	No reference
Danzer / Interholco	Yes	Responsible Procurement Rules – Suppliers information (IHC-Proc_46_08, V.6, 2017)	2017	Yes	Yes	Referenced
Höffner (Möbelhaus)	Not seen			Not seen	No	No reference
IKEA	Yes	IWAY Standard General Section Ed.5.2, 2016.04.29 & IWAY Forestry Standard	2018	Yes	Yes	No reference
James Latham plc	Yes	Environmental certification schemes and timber purchasing information guide	2018	Yes	Yes	Referenced
JYSK	Yes	CSR at JYSK	Believed to be current	Yes	No	No reference
Kingfisher PLC	Yes	Wood and Paper Policy	2018	Yes	Yes	No reference
Marks & Spencer Group PLC	Yes	Wood sourcing policy	Believed to be current	Yes	Yes	No reference
Otto Group	Yes	Furniture Strategy	2018	Yes	No	No reference
Precious Woods	Yes	various	Believed to be current	Yes	Yes	No reference
Rougier	Yes	various	Believed to be current	Yes	Yes	No reference
St Gobain (UK)	Yes	Responsible Purchasing Timber Policy	2015	Yes	Yes	No reference
Steinhoff International	Yes	Steinhoff Group Environmental Policy	Believed to be current	No	Yes	No reference
Schwarz Gruppe GmbH (Lidl)	Not seen	Responsible sourcing	Believed to be current	Not seen	No	No reference
Tesco plc	Yes	UK Wood and Paper Policy	2018	Yes	No	No reference
Vandecasteele Houtimport	Yes	Responsible Purchasing Policy	2018	Yes	Yes	No reference
Travis Perkins plc	Yes	Supplier commitments: Timber	Believed to be current	Yes	Yes	No reference
Wijma	Yes	Wijma Environmental Policy	2013	Yes	Yes	No reference

**Figure 12: Overview of 20 company forest product purchasing policies**

## Detailed comparison of company policies

The table below is a detailed analysis of 13 company policies. The companies are drawn from the 20 identified in the previous section. For each company their policy or policies have been assessed using the framework discussed under “Policy Elements”.

Nearly all of the companies (with one exception) have clear policy elements specifying or promoting third party certification – typically PEFC or FSC. Policies stating a requirement for legal harvesting and trading of forest products were also revealed as a very common policy element – with 10 of the 13 companies including a reference.

Policy elements	Saint Gobain (UK)	Kingfisher	IKEA	ALDI Group	Carrefour SA	M&S	Otto Group	Tesco	Travis Perkins plc	Wijma	Danzer / Interholco	Van-decasteele	James Latham
<b>Environmental</b>													
Avoidance of loss of High Conservation Values (HCVs) / Promotes maintenance of biodiversity levels	x		x		x	x					x	x	
Avoidance of forest conversion			x			x		x			x	x	
Reference to CITES	x				x					x			x
Reference to climate impact / carbon													
Reference to production efficiency / pollution / toxicity													x
<b>Social</b>													
Avoidance of armed conflict													
Avoidance of breaches of civil rights			x			x		x			x	x	x
Avoidance of breaches of human rights			x			x		x			x	x	x
Avoidance of breaches of traditional rights	x		x		x	x		x			x	x	x
Avoidance of breaches of workers' rights			x			x					x	x	x
<b>Legal</b>													
Promotes Legal harvesting	x	x	x		x	x			x	x	x	x	x
Promotes Legal trading	x	x	x		x	x			x	x	x	x	x
Pro-FLEGT licensing (explicitly mentioned)											x		x
Reference to EUTR compliance / due-diligence									x	x		x	x
<b>Verification</b>													
Pro 3rd party certification	x	x	x	x		x	x	x	x	x	x	x	x
Pro 3rd party verification of basic social criteria		x				x							
Pro 3rd party verification of basic environmental criteria		x				x							
Pro 3rd party verification of legality / legal compliance		x				x				x	x	x	x
<b>Traceability</b>													
Pro traceability	x	x				x	x		x	x	x	x	x
Pro chain of custody	x	x				x	x		x	x	x	x	x
Scope of policy													
Broad - to include ALL operations & product types		x	x	x		x	x			x	x		x
Promotes inclusion of recycled fibre / material	x	x	x	x		x		x					x
Excludes Genetically Modified fibre			x									x	
<b>Transparency</b>													
Promotes public reporting	x	x	x	x		x	x	x					x
Promotes communication within supply chain		x	x	x		x	x			x		x	
Promotes periodic review of policy / policies		x	x			x							x

Figure 13: Policy content comparison for 13 companies

Based on the analysis in the table opposite, for the sample of companies, a typical company policy contains:

- A preference for certified materials
- A clear statement regarding the legality of raw materials
- A clear statement regarding traceability of materials
- A positive stance towards chain of custody certification
- References to respect for traditional and workers' rights
- A commitment to public reporting of progress towards compliance or targets

The figure below gives an overview of the contents of the 13 policies analysed in detail.

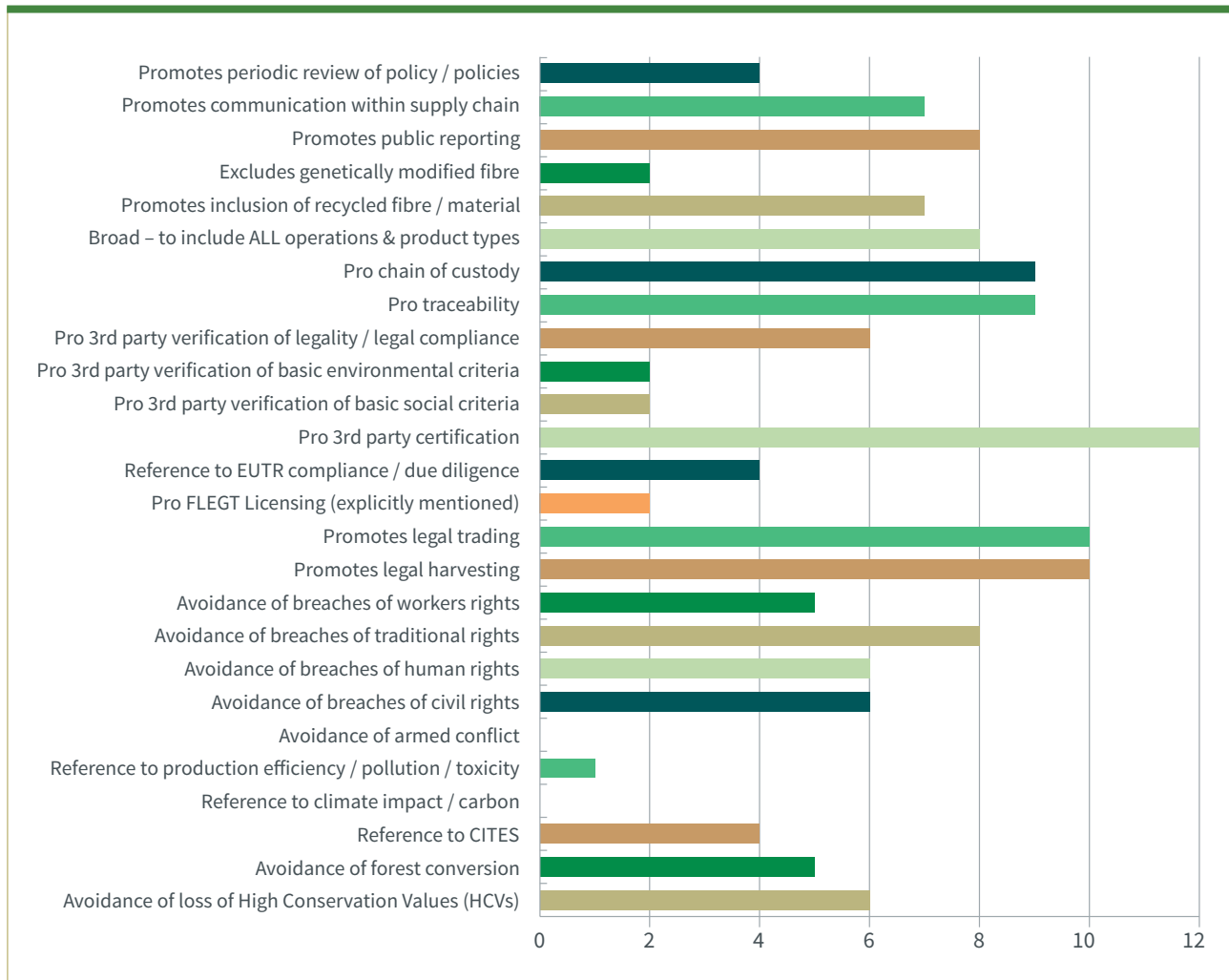


Figure 14: The frequency of the inclusion of policy elements amongst a sample of 13 companies

## Where is FLEGT-licensed timber included in responsible purchasing policies?

6

### FLEGT and the sources of influence

The comparison between acceptance and reference to FLEGT licensing within the range of 65 influences assessed and the acceptance or references to certification in all its forms is quite stark.

Of the 65 policy influences analysed, 46 are positive in their support for certification – 71% of the sample. The level of support and the precise language varies enormously dependent on the nature of the influential source under consideration.

The level of references for FLEGT licensing across the sample is considerably lower than that for certification. Around 40% of the sample indicates support and explicitly references FLEGT licensing.

References to FLEGT licensing vary significantly across the range of influences. The chart below gives an indication of the variability.

Private sector initiatives tend to support both certification and FLEGT – in this small sample of four – in all cases. CSO led initiatives tend towards supporting certification in

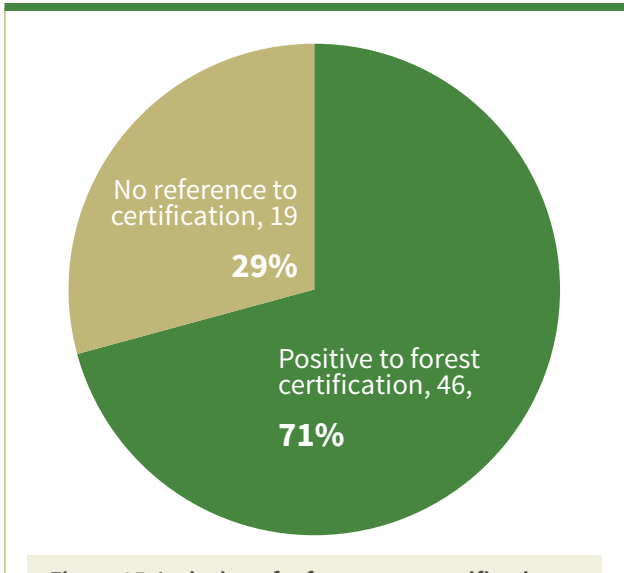


Figure 15: Inclusion of references to certification

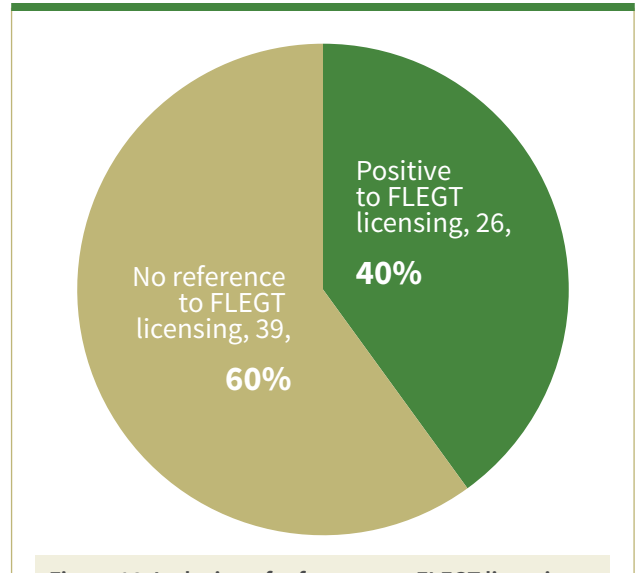


Figure 16: Inclusion of references to FLEGT licensing

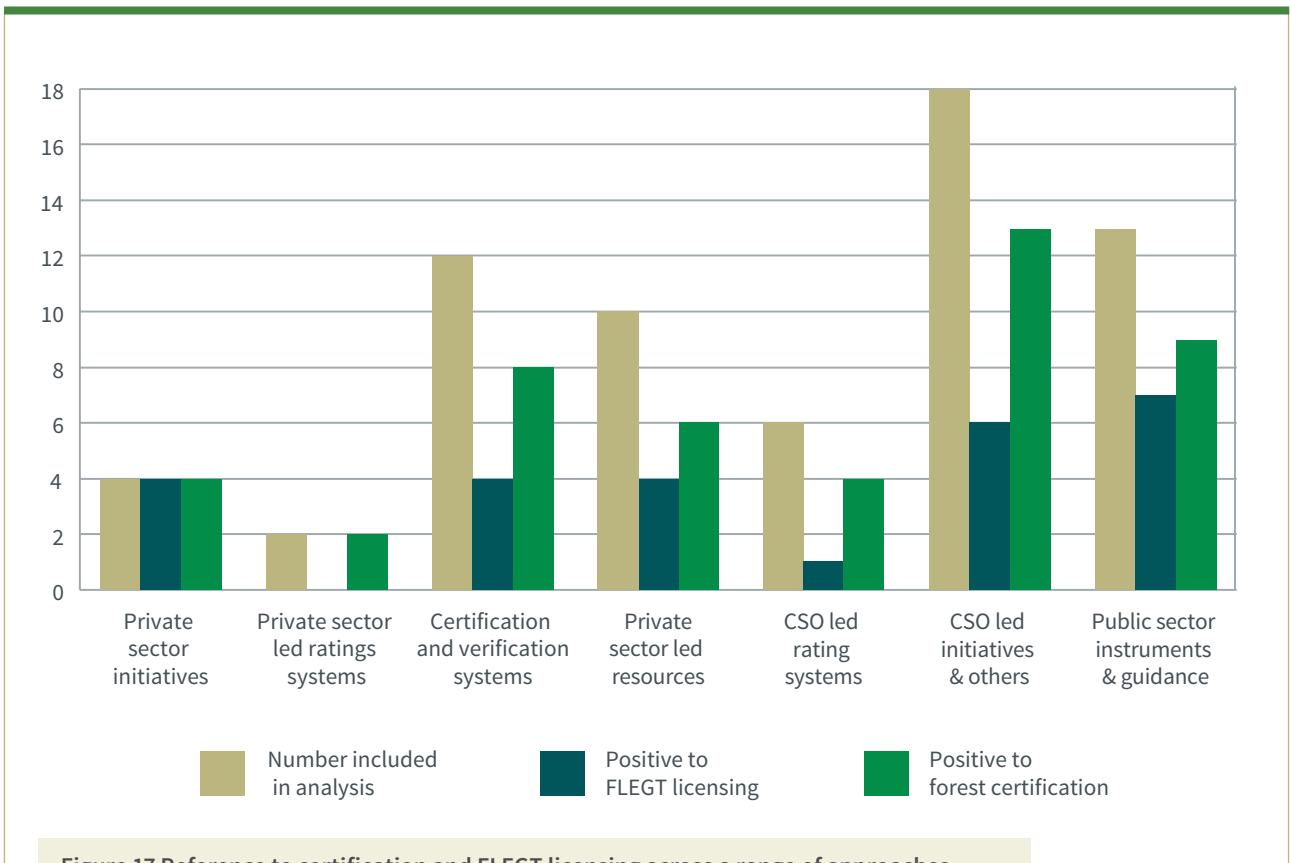


Figure 17 Reference to certification and FLEGT licensing across a range of approaches

the majority of examples referenced, with only around one third citing a reference to FLEGT licensing.

The certification and verification systems assessed tend to identify themselves and to cross reference. Interestingly many of the legality standards assessed do not make explicit reference to FLEGT processes or FLEGT licensing.

The following tables isolate the relationship between the initiatives assessed and certification and FLEGT licensing.

In the interests of space full wording or direct quotations have not been used. Where a reference to certification or FLEGT licensing has been identified this is usually identified as “positive”. Where no reference could be identified this has been categorised as “no reference”.

It should be noted that many of the initiatives and systems identified opposite rely on a series of interrelating and inter-referencing documents. Time limitations will ensure that some references may have been missed.



## Private sector initiatives

Private sector initiatives	Publication date / most recent editing date	Refers to FLEGT licensing	Attitude to Certification
Confederation of European Paper Industries' (CEPI) Legal Logging Code of Conduct	2005	Refers to FLEGT Action Plan of 2003	Positive
European Timber Trade Federation (ETTF): The "Gateway to International Timber Trade"	2018	Positive	Positive
France - Le Commerce du Bois - Environmental Charter (Charter environnementale de l'achat et de la vente de bois)	Undated	Positive – requires verified legality as a minimum	Positive
UK - Timber Trade Federation Responsible Purchasing Policy & Due Diligence Guide	2017	Positive	Positive

## Private sector led rating systems

Private sector led rating systems	Publication date / most recent editing date	Refers to FLEGT licensing	Attitude to Certification
Green Building Initiative's Green Globes Rating System	2018	No reference	Positive
US Green Building Council - Leadership in Energy and Environmental Design (LEED)® Green Building Rating System V.4	2012	No reference	Positive

## Certification and Verification systems

Certification & Verification systems	Publication date / most recent editing date	Refers to FLEGT licensing	Attitude to Certification
ASTM - Standard Practice for Categorizing Wood and Woodbased Products According to their Fiber Sources	2005	No reference	Positive
British Standards Publicly Available Specification (PAS) #2021	2014	Positive	Positive
Bureau Veritas Origine et Légalité des Bois (OLB) GP01 V-3.3 2010	2016	No reference	
Certisource	2011	No reference	
Climate, Community & Biodiversity (CCB) Standards - Validation & Verification	2010	No reference	Positive
Forest Stewardship Council (FSC) Controlled-Wood Standard 3.1		Positive	Positive
Global Forest Registry	2014	Positive	Positive
Global Timber Tracking Network: GTTN Standards and Guidelines Version 1.0 - Identification of timber species and geographic origin	2016	No reference	
NEPCon LegalSource Programme - Standard v.2	2017	No reference	
Programme for the Endorsement of Forest Certification (PEFC) Standard - 1003 - Requirements for certification schemes	2018	Positive	Positive
Rainforest Alliance Verified Legal Compliance (VLC) Standard 2013 (Generic / global)	2013	No reference	Reference to FSC Controlled Wood
SCS "LegalHarvest" V1.1 2014	2014	Not assessed	Not assessed

## Private sector led resources

Private sector led resources	Publication date / most recent editing date	Refers to FLEGT licensing	Attitude to Certification
Consumer Goods Forum - Guidelines for pulp, paper and packaging	2013	Positive	Positive
KPMG - The KPMG Survey of Corporate Responsibility Reporting 2017	2018	No reference	Positive
Madera Legal - Asociación Española del Comercio e Industria de la Madera (AEIM)	2018	Positive	Positive
String	2018	Not assessed	
PwC / WBCSD - Sustainable Forest Finance Toolkit	2010	Positive	Positive
European Timber Retail Coalition	2016	No reference	
Tropical Forest Alliance 2020	2018	No reference	Positive
The Sustainability Consortium	2018	No reference	Positive
Timber Trade Action Plan	2013	Positive	Positive
Two Sides	2018	Not assessed	Not assessed

## Civil society led rating systems

Civil society led rating systems	Publication date / most recent editing date	Refers to FLEGT licensing	Attitude to Certification
Global Canopy Programme - Forest500.org	2017	No reference	
Green Blue - Environmental Paper Assessment Tool (EPAT)	Unknown	not assessed	
WWF Paper Scorecard	2007	not assessed	Positive
WWF Tissue Scoring	2006	not assessed	Positive
WWF Check Your Paper - Environmental Paper Awards	2016	No reference	Positive
ZSL - SPOTT	2018	Directly refers to mandatory systems (such as SVLK)	Positive

## Civil society led initiatives & Other initiatives

Civil society led initiatives & Other initiatives	Publication date / most recent editing date	Refers to FLEGT licensing	Attitude to Certification
Carbon Disclosure Project – Questionnaire 2018	2018	No reference	Positive
Environmental Paper Network - Paper Calculator 4.0	2018	No reference	
Forest Legality Alliance	2018	Positive	Positive
Global Canopy Programme - Supply Chain Transparency Network	2017	Not assessed	Not assessed
Greenpeace's Responsible Procurement Guide	2008	Not assessed	Not assessed
INTERPOL Project LEAF	2017	No reference	
National Council for Air and Stream Improvement - Environmental Footprint Comparison Tool	2013	No reference	Positive
Proforest - Responsible sourcing and production briefings	2018	No reference	Positive
Smartwood - SmartSource	Unknown	Not assessed	Positive
Sustainable Timber Action (STA) - Guide	2013	Positive with caveats.	Positive
The Forest Trust (TFT): Membership	2017	No reference	Positive
The Forest Trust - Good Wood, Good Business guide	2003	No reference	Positive
Tropenbos International - Enhancing the Trade of Legally Produced Timber, a Guide to Initiatives	2011	Positive	Positive
We Mean Business	2018	No reference	

Civil society led initiatives & Other initiatives	Publication date / most recent editing date	Refers to FLEGT licensing	Attitude to Certification
WRI & WBCSD: Sourcing Legally Produced Wood: A Guide for Businesses	2018	Positive	Positive
WWF's Guide to Buying Paper (companion to WWF's Paper Scorecard)	2010	No reference	Positive
WWF's Global Forest and Trade Network (GFTN) - company participation	2014	Positive	Positive
WWF's GFTN - Guide to responsible purchasing of forest products	2014	Positive	Positive

## Public sector instruments and guidance

Public sector initiatives	Publication date / most recent editing date	Refers to FLEGT licensing	Attitude to Certification
Belgian Government Procurement Policy	2005	No reference	Positive
Danish Government Procurement Policy for Tropical Forests	2014	Positive	Positive
European Commission Green Public Procurement - Guide	2016	Positive	Positive
French Policy on Public Procurement of Timber and Wood Products	2011	Positive	Positive
German Government Procurement Policy	2010	No reference	Positive
International Green Purchasing Network	undated	Not assessed	
Netherlands Government Procurement Criteria for Timber	2014	Positive	Positive
Swedish Agency for national public procurement	2016	Positive	Positive
Switzerland - Ordinance on Declaring Wood and Wood Products	2010	No reference	No reference
UNEP Sustainable Public Procurement programme	2018	Not assessed	Not assessed
UK Central Point of Expertise on Timber Procurement (CPET).	2013	Positive	Positive
UK Government Timber Procurement Policy	2013	Positive	Positive
UN FAO - Public procurement policies for forest products and their impacts	2007	Not assessed	Not assessed

## FLEGT licensing in company policies

The figure right compares policy content for the 13 companies identified in the previous section. The majority (12 out of 13) companies have clear preferences for the purchasing of certified products. The majority (10 out of 13) make clear reference to legal harvesting or legal trade as a prerequisite for supplying them. Almost half (6) of the companies make explicit reference to the desirability of legal verification (usually through acceptance of a scheme such as OLB). Only two companies make explicit reference to FLEGT licensing within their publicly available policy documents.

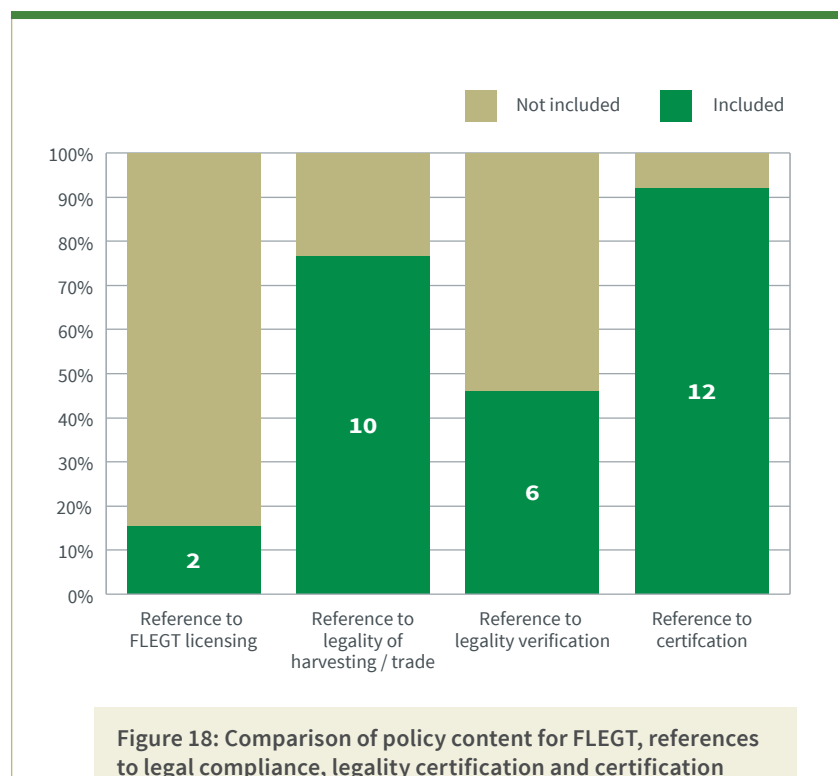


Figure 18: Comparison of policy content for FLEGT, references to legal compliance, legality certification and certification

# How responsible purchasing policies evolve

The degree of uptake and support for forest certification is a useful benchmark of success when considering the potential impact of FLEGT licensing. As has been seen in this analysis the majority (70%) of influences assessed showed support for forest certification and related processes. This level of market driven support (or *signalling* as it has been described) is clearly linked to the growth and development of forest certification in all its guises.<sup>mm</sup>

The longevity of purchasing policies is therefore of importance to the uptake of FLEGT licensing and to the positive market signals that can be categorised by its inclusion within private sector purchasing policies.

## Longevity of company policies

Whilst only considering a modest sample of 20 corporate policies in detail, the analysis and interviews indicated that the typical cycle of policy amendment, where the detail is reviewed it is in the range of 2-4 years. For the 12 policies which were assessed which carry the date of implementation the average date of publication was during 2017. It might be concluded that this sample of private sector purchasing policies are frequently reviewed.

## Longevity of other influential policies and instruments

In total 61 of the sources of influence which have been included in this analysis have implementation or revision dates which have been identified. Whilst some of have been updated in 2018 there is a wide range of adoption dates with the oldest identified as 2003. On average though, 2014 is the most common year of implementation.

It should be noted that FLEGT-licensed timber products were first identified with the FLEGT Action Plan of 2003 and the first physical products entered the European market in 2017 with the first licences issued on November 15<sup>th</sup> 2016.<sup>nn</sup>

It possible to conclude that the private sector is generally more active in reviewing policy content than the other sources considered. From the perspective of increasing demand for FLEGT-licensed material the frequency of changes to private sector purchasing policies provides an opportunity to increase demand and recognition. *“We update our policy when we see there are gaps or opportunities we need to have covered”* as one interviewee put it.

## What makes company responsible purchasing policies change?

The interviews revealed that companies and trade associations are sensitive to changes in the trading environment and political context. Policies are seen by many as a tool that can be adjusted to suit the current

circumstances. Changes to certification scheme standards, for example, may have a bearing on a company and require a policy change to bring them in to line.

Other companies adjust their policies over time to reflect the latest thinking and trends. The “deforestation free supply chain” agenda has influenced some to re-evaluate their policies and to focus on a broader agenda, rather than one focused on promoting certification of forest and legality of wood supply.

The larger, more multinational companies tend to have a wider range of stakeholders and attract the attention of more of the influences identified in previous sections. They are required to perform a balancing act to generate their purchasing policies – balance a diverse range of influences with their business needs. Some choose to engage more widely than others and actively cultivate wide stakeholder engagement and others choose a small range of stakeholder influences to cooperate with. One Dutch timber trader summed it up: *“the content of our policy is influenced by our clients, timber federation, governmental and non-governmental organisations”*.

What is clear from the interviews is that the issues of trust and credibility are important. Policies are seen as important statements on a company’s character and they only contain elements which the company believe to be true and valid. Therefore any new content or revisions requires those that set the policies to be able to argue that new content is both valid and credible. The analysis of company policies clearly shows some direct or indirect influence from third party organisations. Some of those interviewed acknowledge the input from civil society organisations and their trade associations. Others assert they their policies are their own and reflect their own values and aspirations. Smaller companies tend to use a smaller range of influences in developing their policies, often relying on trade association guidance or templates.

## Incorporating FLEGT in policies?

Some of the companies interviewed simply saw no reason to include FLEGT licensing within their policy. For them it is an irrelevance, they have simply “moved on” beyond the perceived value of licensed timber. Others within the EU work within business cultures where discussions around legality are seen as unnecessary – *“in our sector no one wants to talk about legality of wood – it is taken for granted that all our products are legal”*. Many others simply see licensed timber as synonymous with OLB and other types of legality verification. They see OLB and similar verification processes as a product they trust and are familiar with. Some equate FLEGT licensing in terms of performance and value offered with the likes of OLB and other verified materials. Others do not purchase any

products from VPA countries and therefore have little interest in the process. Whilst statistically unproven the interviews do indicate that those companies buying licensed timber from Indonesia are generally satisfied with the license – contrasting with those sourcing from other VPA countries who remain either doubtful of the potential value or generally underwhelmed by a lack of progress in the VPA negotiations.

As one interviewee put it *“there needs to be trust in the institution behind License”*. In this case the organisation interviewed trusts the EU to do what it required and also trusts a VPA signatory country to deliver its end of the agreement. Not all of those interviewed are quite so trusting with many willing to believe – but remaining cautious and waiting to see what other organisations make of FLEGT licensing.

When compared to a survey<sup>90</sup> earlier in 2018 (by the same author for IMM/ITTO) involving forty seven companies within the EU furniture sector the views from the modest sample of interviewees in this analysis are strikingly similar in both tone and level of support for FLEGT licensing. The furniture sector review and interviews indicated that around 45% of those interviewed saw a role for FLEGT licensing in their purchasing strategy or were positive towards the process.

Interestingly the attitudes expressed about FLEGT licensing are consistent with the views in the furniture report, a sample of quotes reproduced here:<sup>\*</sup>

- *FLEGT brings us added value by demonstrating the legality of the wood we use*
- *It makes it simpler in terms of exempting products from EUTR due diligence*
- *It would play a role if there would be not just one country supplying FLEGT products*
- *FLEGT licensing simplifies our trade relations with our Indonesian suppliers but it is not a selection criteria*
- *Proof of legality is a basic customer requirement. It does not give us a competitive advantage*
- *All our wood products need to be legally verified – it's a basic requirement*
- *We need licensed material from a range of other countries*
- *FLEGT only demonstrates legality – what adds value is the certification that resources are sustainably managed*
- *We have an FSC-only policy*
- *FLEGT licences appear only an extra cost*
- *We do not see the added value of FLEGT yet.*

Overall the views of the majority of those interviewed for this report can be summed up by one major timber importer and trader: *“we do not have enough information to consider FLEGT-licensed wood above other systems in respect of legality”*.

FLEGT licensing is clearly and widely recognised as being the simplest means of complying with the EUTR and in theory this should be enough to drive demand and uptake. To a degree this is the case and many companies sourcing from Indonesia do see a benefit. Unfortunately, the lack of other supplying country options ensures that those not sourcing from Indonesia see FLEGT licensing as a theoretical concept whose benefits remain to be proven.

Unfortunately, when considering the case for including FLEGT licensing within polices the “mood music” in the background is not universally agreeable. As one German timber trader stated – *“some of the bigger companies set the agenda and they are not valuing FLEGT”*. Whilst many companies will selectively listen to the range of opinions and influences available others will note that there are dissenting voices. Several papers circulating in 2018 give an indication of how some parties see the VPA process and the licensing: *“[In Ghana] The changes that have been made as a result of the VPA implementation – TLAS, enhanced SRA enforcement, updated forest management plans, artisanal milling strategy and more transparent allocations of timber rights – are all marginal and technical fixes that do not fundamentally change the forest governance regime.”<sup>91</sup>*

Like forest certification FLEGT licensing faces challenges in proving its value and in providing clarity in what it is – and what it is not. Like forest certification it also faces the challenge of communicating the benefits it brings across a range of countries, forest types and political frameworks. As one timber trader noted – *“FLEGT has sustainability elements but these have not been communicated and we don't know precisely what they are”*.

Some sources suggest there is a general *“FLEGT fatigue”<sup>92</sup>*. There may be fatigue at some levels within the EC, VPA negotiating governments, or within the stakeholder groups active in VPA political processes. Amongst the private sector and within EU markets though there remains an appetite for licensed timber and a general desire to see more of it available from more countries. As one Dutch trader put it: *“there aren't any FLEGT-licensed products available from country X and country Y where we purchase from [but] we will deal with this when FLEGT-licensed products become available”*.

Generally speaking the vast majority of businesses do not appear to be waiting on every development in the VPA processes – they get on with their business and await developments as they arrive. If they see a value they will buy the product.

<sup>\*</sup> Author's Note: None of the companies interviewed in the ITTO furniture report are duplicated in the interviews for this report.



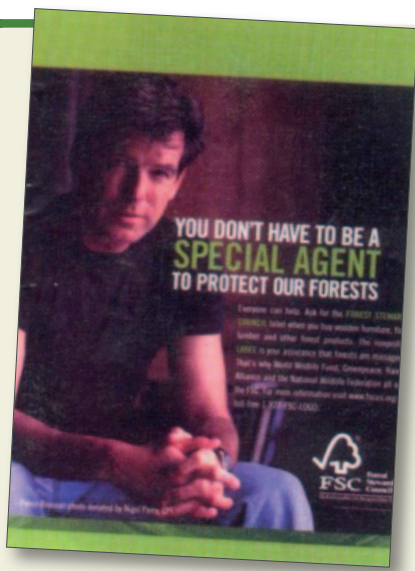
## 8 Conclusions

If FLEGT licensing is a market signalling mechanism, has the market been truly utilised to drive demand and uptake? Probably not.

To a degree the FLEGT licensing process and certificate is analogous to the development of forest certification and related legality verification standards. When considering that certification as a concept is now 25+ years old and yet, as is seen in this study, it is not universally advocated or specified, the prognosis for FLEGT is not entirely encouraging. After 25 years of development certification is quite widely supported - at least on paper. To achieve similar levels of support, as evidenced through inclusion within purchasing policies, FLEGT has some way to go.

Certification by comparison has withstood much scrutiny and considerable research to identify its benefits and shortfalls.<sup>17</sup> As a “brand” or concept it has been communicated widely with huge backing from the retail sector and the global NGOs. Certification can be argued as having “all the right friends” and offering a powerful message that can be successfully communicated through the supply chain through to consumers.

**Figure 19:**  
It is difficult for FLEGT licensing to compete with forest certification in terms of marketing



FLEGT licensing suffers in that it is perceived as one-dimensional (legality focused) and does not have the same levels of vocal support amongst the wide range of stakeholders and policy influencers and its benefits remain untested beyond offering a “legal” product.

FLEGT licensing was partially designed for the benefit of the private sector. Reference to licensing within the EUTR was clearly included to provide a stimulus by making it the only explicitly referenced “short cut” to compliance with the Regulation. Noting that that so many of the companies’ policies and sources of influence assessed refer to legal compliance it is an anomaly that so few companies reference FLEGT licensing explicitly. Yet interviews in this and related studies show that generally buyers are supportive of FLEGT licensing.

It begs the question: Why is FLEGT licensing not overtly included in responsible purchasing policies?

As has been seen in this study the topic of purchasing policies is complex. Despite this some general conclusions can be drawn.

- i. Most of the major influences of policy content do not change their content or messaging very often. Many of the sources of information are old and they do not get updated frequently. Getting FLEGT referenced is a slow process.
- ii. Many of the companies that might be considered as “pace setters” do not buy from FLEGT countries (especially Indonesia) ensuring that there are not many strong voices advocating for FLEGT licensing from within the industry.
- iii. Many of the companies and organisations still do not entirely value or trust FLEGT licensing - beyond the value of EUTR compliance. Knowledge of potential other values is still lacking. Many companies have yet to buy FLEGT-licensed materials and have no first-hand experience of it – therefore it remains a concept lacking in evidence of positive impact on the ground.
- iv. Many of the organisations and companies that might have been powerful advocates of FLEGT licensing believe they have gone beyond it in terms of performance. Their support for certification means that legal compliance, by any means, is seen a backward step in policy terms.
- v. Many companies and organisations operate their purchasing policies in a hierarchy where they preferentially purchase (or advocate for) certified material (as a proxy for “sustainable” material). They are not sure where FLEGT-licensed material sits in their hierarchy. Is it worse, as good, or perhaps, even better than certification or legal verification in terms of benefits offered?
- vi. The background opinion on the value of the VPAs and credibility of FLEGT licensing remain debated and contrary views abound. The value of VPAs as a whole has been recognised widely but concerned voices are evident. For companies looking at policy options and content more unanimity would help with inclusion of references to FLEGT licensing.

It could be argued that it is a moot point regarding the status and presence or otherwise of FLEGT-licensed timber within private sector purchasing policies. The nature of the EU Timber Regulation and its universal application across all EU Member States should ensure that it carries status and meaning in the market regardless of whether a “paper policy” confers some additional status upon it. The reality though is that licensed timber remains very much in a niche and that even those working within the niche have varying levels of support, belief and trust in the “FLEGT brand” and what it actually stands for.

There may be fatigue as suggested in some quarters, but fundamentally the process has a value in the market place and for as long as the EUTR gives special status to FLEGT licensing there will remain market interest in its development. The challenge for those who support the process and concept is to ensure it carries value that EU based business can recognise, believe in and literally buy in to.



# Recommendations

## **Communicate results of independent reviews of the performance of the systems underlying FLEGT Licences. Undertake gap analysis between these systems and forest certification schemes**

Use reports of VPA monitoring and evaluation initiatives to identify the performance and value of FLEGT licensing and address the concerns of users and stakeholders with respect to its real value and impact in-country. Use existing methodology and frameworks developed to assess forest certification schemes to assess and present results to identify levels of performance across a range of environmental and social criteria.

The interviews conducted for this study revealed a range of understandings, some accurate and some inaccurate, on the attributes of FLEGT-licensed timber and timber legality assurance schemes. Some interviewees perceived FLEGT-licensed timber as an indicator of sustainable forest management, while others doubted it even equated to legal compliance. It is positive that there is a good level of awareness of FLEGT-licensed timber and that businesses are well disposed towards it; nevertheless, it is important that such awareness is based on a clear, unambiguous and accurate understanding of what FLEGT licensing represents in terms of legal compliance and social and environmental performance.

## **Support the efforts of the private sector within FLEGT countries, especially those with TLAS systems, to promote the benefits and positive impacts of these systems.**

FLEGT licensing and the supporting TLAS systems are business to business tools and systems which presently

are not widely understood and whose benefits are either not known or poorly communicated. European buyers need to be able to see and believe the value of processes, but they need to hear this message from their peers within the countries with active TLAS systems. Authentic communications originating within the VPA countries designed for a business audience are vital to building trust in the system.

## **Actively engage those civil society organisations and private sector organisations that seek to influence private sector procurement policies.**

Whilst many influential organisations already support FLEGT licensing many others can be potentially influenced to be more supportive in their advocacy. Continued dialogue and trust building based on communication of the evidence based benefits and realistic limits to the value of the VPA process and FLEGT licensing in particular is essential.

## **Speed up the introduction of FLEGT-licensed timber supplies from other VPA countries.**

There is an underlying frustration within the private sector that FLEGT-licensed timber from a single country is insufficient for market needs and insufficient to convince industry that VPA are successful and that FLEGT-licensed timber is a serious contender in the market place. The wider availability of FLEGT-licensed timber would build the commercial proposition and offer choice in the marketplace.

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# Annex – Questions used for interviews

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## Questions for 30 minute interview

1. **When was your timber purchasing policy last reviewed?**  
*(establishing the longevity of policies)*
2. **How do you / did you go about reviewing your policy?**  
*(establishing the process by which policies are formed or reviewed and amended)*
3. **Which organisations (if any) influence the content of your policy?**  
*(identifying which organisations have influence)*
4. **Does your policy make any reference to the FLEGT process (such as the VPA process)?**
5. **Do FLEGT-licensed products feature in your timber purchasing policy?**
  - FLEGT / FLEGT Licenses do not feature
  - It is defined as a “legal” product
  - It is defined as a product that meets your Due Diligence requirements
  - It is defined as a “sustainable” product
  - It is defined as a “verified” product
  - It is defined as a “certified” product
  - We define it as something else – please explain

*(attempting to identify where FLEGT fits in any hierarchy of preferences)*
6. **What would it take for your purchasing policy to show any preference to FLEGT-licensed products in the future?**  
*(exploring views on value of FLEGT to the company)*
7. **Supplemental: What are your main sources of information on the FLEGT licensing?**  
*(exploring views on who the trusted sources of information are and opinion formers and to see if it the same as the answer in Q3)*

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