**Australian Industry Timber Due Diligence System**

AITDD-02

Template for a Company Due Diligence

System Manual

Version: 2.04

Date: 28/04/2014

**USER NOTE:**

**By using this document you confirm that you have read and understood the clarifications and caveats below.**

This document is provided as a template example of a due diligence manual. This document cannot be used as an “off the shelf tool”. It must be adapted to set out your actual procedures as the situation in each company, and the detailed system needs, are different.

The document only serves as a generic example of what a procedure may look like. The specific system details are provided merely as examples.

Sample text for actual procedures has been provided in black.

Instructions on how to use this sample procedure, or what to include, are given in italics

Text that needs obvious specific input for each company and in red

**[COMPANY NAME]**

**[Company Logo]**

**Due Diligence Manual**

[DATE AND VERSION]

**[Company street address]**

**[Company postal address]**

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# Introduction

This manual represents the timber and timber products procurement manual for [COMPANY NAME] aimed at meeting the company Policy on legal sourcing of timber and timber products.

The objective of this manual is to ensure that the procurement of all the timber and timber products we intend to import into Australia are carried out while performing a due diligence process to minimise risks that [COMPANY NAME] is importing any timber products that are illegally logged.

The principal business activity of [COMPANY NAME] is [PRINCIPAL BUSINESS ACTIVITY].

With regards to this manual and the implementation of its different sections the term Due Diligence (DD) means a series of steps taken in the process of [COMPANY NAME]’s business activities to minimise the risk procuring and importing timber or timber products that originate from illegally logged sources.

The contents of this manual are aimed at meeting the specific requirements of the Australian *Illegal Logging Prohibition Amendment Regulation 2013* (the Regulation) and the *Illegal Logging Prohibition Act 2012* (the Act).

The DD procedures laid out in this document will apply to all suppliers of all timber products that this company procures.

## The Basic Process of Timber Product Procurement Due Diligence

The basic parts of the DD system, as per the Regulation, consist of procedures to ensure that we are:

1. Gathering, recording and storing; the required supply chain information is and
2. Identifying and assessing risks of illegally harvested timber being imported; and
3. Adequately and proportionally mitigating any risks identified in Step 2 that are greater than low risk.

In simple terms, the due diligence process is implemented in order to ensure that the necessary information gathering, risk assessment, as well as any mitigation of potential risks, are carried in a systematic way.

# Procedures and Documents

The following documents make up the complete due diligence system.

**Table 1: Overview of due diligence system documents and procedures.**

|  |  |  |
| --- | --- | --- |
| **Document code and title** | **Description** | **Document location** |
|  |  |  |
|  |  |  |

# Legal Sourcing Commitment

[COMPANY NAME] is committed to sourcing product which is, or incorporates, only legally logged material. Our commitment has been clearly stated in our *Legal Timber Purchasing Policy (LTPP).*

No timber or timber products shall be imported before applicable information has been gathered, a risk assessment carried out AND low risk has been confirmed OR, in any cases where the risk cannot initially be assessed as low, effective risk mitigation actions have been carried out.

# Quality System and Management

## Assignment of Responsibilities

The responsibility for different parties of the DD system implementation and maintenance is allocated as outlined below.

### Overall Responsibility

The overall responsible person for compliance with all applicable requirements is:

[ENTER PERSON’s NAME]

[POSITION]

[CONTACT ADDRESS]

[TELEPHONE NUMBER]

[EMAIL ADDRESS]

### Specific Responsibilities

The following persons have specific responsibilities for elements of the DD system

**Table 02: Division of responsibilities**

|  |  |
| --- | --- |
| **DD System element** | **Responsible person and/or position** |
| Training and competency development |  |
| Maintenance of documents and procedures |  |
| Maintenance of supply chain information |  |
| Risk assessment |  |
| Risk mitigation |  |

## Training and Competence Assurance

Training is relevant for all staff involved in procurement and is provided to all relevant staff based on this DD System manual. This is in order to ensure that relevant staff have the competency to carry out their specific tasks as required for their position, as well as ensuring that the company LTP Policy requirements are met. Training is conducted when specific training needs arise, sometimes with the support of our industry association [XXX]. New staff will be introduced to this DD System manual as well as other relevant material and procedures before they commence work. The [ENTER POSITION TITLE] is responsible for implementing this training procedure.

The date of training, list of participants and brief overview of the topics covered will be documented for all training. Training of new staff is documented by signature of the staff person who has been trained and the date of training on a separate staff instruction record.

Records and documentation of training and competence and professional development activities shall be stored on file for a minimum of 5 years.

## Due Diligence Revision Process

The person with overall responsibility for the maintenance of the DD System shall ensure that the system is maintained, reviewed and revised as necessary on an annual basis, unless an independent 3rd party has been contracted to do this.

Supply chain and risk assessment results shall be reviewed and revised whenever changes are made to supply chains and sources or when new suppliers, products or species are included in our purchasing program.

## Procedures for Maintaining Records Relating to Certification

To enable us to monitor the procurement system effectively, we maintain records covering all steps and elements. Records can be available digitally or on paper. The minimum maintenance time for all records is 5 years. The table below provides a summary of the records which are relevant to the due diligence system.

**Table 03: Location of records for the due diligence system**

|  |  |
| --- | --- |
| **Record name** | **Location** |
| Raw material orders | [ENTER THE LOCATION AND FORMAT OF THE RELEVANT RECORDS, DOCUMENTS, DATA] |
| Purchase waybill |  |
| Purchase invoice |  |
| List of suppliers |  |
| Volume information |  |
| Annual volume summary |  |
| Production orders |  |
| Production work sheets |  |
| Stock inventory |  |
| Sales invoice |  |
| Sales waybill |  |
| Internal Audit Reports |  |
| Supply chain information |  |
| Risk assessment records |  |
| Supplier verification audit documentation |  |

## LTPP Communication Compliance

[COMPANY NAME] are committed to making claims about our purchasing and DD System that are in compliance with Australian Consumer Law and the requirements of any forest certification or third party legality verification scheme. In doing so we are implementing the following procedures.

1. Claims about the legality of the product may not be made on-product.
2. Before any claims are made they shall be send in a draft form to the relevant staff member for approval.
3. No claims shall be made before approval has been received from the relevant staff.
4. Use of any compliance claim in promotion shall not imply that any aspects which are outside the scope of the verification.
5. Any approval correspondence is kept on file for a minimum of 5-years.

# Material Control

[COMPANY NAME] will maintain physical separation of all timber material which is approved for importation into Australia from material with unknown or illegal origin throughout reception, processing, packing and shipping.

The relevant staff functions shall ensure that material that has not yet been approved for importation into Australia is kept physically separate from approved material/products and that distinction between approved and not-approved material can be made visually by applying [STATE THE SELECTED PREFERENCE FOR MARKING APPROVED AND NOT-APPROVED MATERIAL].

## Control of Certification and Verification Claims

Material and products purchased as certified or verified against existing third part certification and verification schemes shall be handled and controlled according to the relevant standards requirements.

# Scope

[DEFINE HERE THE SCOPE OF THE COMPANY’S DUE DILIGENCE SYSTEM IN TERMS OF PRODUCTS AND SUPPLIERS].

# Gathering Supply Chain Information

In order to assure sufficient information about products, timber origin, sources and suppliers is gathered to identify risks we are implementing the following procedures. Gathering relevant information about our supply chain and sources is a key component of our procurement system and a prerequisite for implementing due diligence in our sourcing of timber products.

[COMPANY NAME] shall ensure the following information about all products sourced outside Australia and intended to be imported into Australia is collected, where reasonably practicable, before import:

* 1. The type of product
  2. The common and scientific name of tree species used for all products placed on the market.
  3. Country of harvest, sub-national region and forest harvesting unit where the timber was harvested;
  4. The country in which the timber product was manufactured;
  5. The name, address, trading name and any business and company registration number (if any) of the supplier of the product;
  6. The quantity (volume, weight or number of units) of the *regulated timber product[[1]](#footnote-1)* to be purchased;
  7. Documents or other information indicating compliance of those timber and timber products with the relevant legislation and regulations including (if any):
     + Any certification to FSC or PEFC endorsed forest management standards
     + Any document indicating compliance with a 3rd party legality verification system.
     + Any other documentation that is indicated as acceptable in any Country Specific Guideline developed by the Australian Department of Agriculture.

In order to assure that we have access to all relevant information regarding our products we ask our suppliers to sign an agreement to provide the applicable and relevant information.

## Collecting supply chain information

In order to minimise the risk that our supply of timber and timber based products originates from unknown or illegally logged sources we collect information about our sources and supply of material and products. All information shall be collected to a level that enables identification of the country of harvest and assessment of risk.

Where information is insufficient to conclude the material is low risk and we need additional supply chain information we are using the letter template. This should be sent to our suppliers who we need additional information from in order to inform them about our requirements and our commitment to comply with the ILP Regulation. The letter also asks the suppliers to identify any certification and/or verification status of timber products they supply to us.

To this end we use the **Supplier questionnaire (AITDD-04)** that asks the supplier to fill in basic information about the products they are supplying as well as key information about species and origin of the material/products supplied to us as well as any certification or verification. If suppliers are reluctant to fill out the questionnaire and provide the additional information we will use it as the basis for our information and evidence gathering.

## Recording and analyzing supply chain data

In the document **Supplier and product management spreadsheet** (**AITDD-03)** data about our suppliers and products is to be recorded. The template contains instructions as to the data to be collected. Once it has been filled in with information about suppliers, this information can be used in the risk assessment process. It is therefore important that the information is filled in as completely and accurately as possible.

**NOTE: Missing information about the supply chain indicates a risk and requires mitigation measures to be implemented to reduce this risk.**

### Update and revision of data

Data on suppliers and supply chain shall be updated at least annually or whenever changes are made to the supply chains.

**NOTE: The system shall not function as back-tracking of products already supplied to us. The information about sources, suppliers and products/material shall always be current and updated before timber products are imported.**

The [ENTER NAME OF POSITION] is responsible for ensuring that the supply chain information is collected from all relevant entities and kept up to date.

### Evaluate gaps in information

Supplier information shall be reviewed prior to undertaking the risk assessment process. Any information missing from the table should be evaluated and considered to be a gap in the information available.

# Risk Assessment

The risk assessment is carried out based on the information gathered and supplier and sub-supplier information on the origin, species and supply chain of the timber product.

The risk assessment is carried out for all material that is included in products that are to be imported into Australia AND covered by the scope of the Regulation.

The risk assessment process includes review of the products, the species used, their source and the supply chain complexity in assessing whether or not the risk of illegal timber being sourced can be designated as low or not.

The risk assessment process in **Due Diligence System Guide (AITDD-01)** will be utilised to assess risk.

## Use of Certified and Verified Material

An important factor in mitigating risks of illegal harvesting of timber products is the status of the timber product as certified or verified against a credible certification or legality verification standard. There are a number of different certification standards currently being implemented globally and many of these provide some level of verification of legal harvesting as well as provide the ability to access information about the country, region or area of harvest of the material.

We require that the certification/verification system we use provides a high level of assurance of legal harvesting.

Before we accept any material as certified or verified we shall assure that for the product we source the supplier holds a valid and active certificate issued by the relevant certification or verification system.

If the certification or verification in questions meets all requirements and no gaps are identified we will assume that the risk of illegality is adequately mitigated.

**IMPORTANT: if gaps are identified between the specific certification or verification standard and the Regulation requirements, the material/products shall undergo a risk assessment concerning the areas that was found to constitute gaps.**

## Using the Risk Assessment Checklist

The risk assessment checklist is a tool designed in order to ensure that risks are systematically assessed and evaluated for each of our products imported, or proposed to be imported, into Australia.

The “**Risk assessment checklist**” follows the principal requirements for evaluating risks that is outlined in the Regulation as regards the differentiation between different types of risks:

1. **Risks originating from the source or harvest origin:** the risk originating from the country, region or FHU or area of harvest is the risk that the timber has been harvested in contravention of relevant legislation. Currently there is no worldwide agreed guidance on how to assess risks to a national or regional level. Therefore [COMPANY NAME] uses the website [www.globalforestregistry.org](http://www.globalforestregistry.org) to identify countries with non-low risk. Any country with “unspecified risk” of illegal logging will be considered to have non-low risk, unless the supply chain and product is covered by a sufficient certification or verification.
2. **Risk originating from specific species:** some species carry more risk of being illegally logged than others. This differentiation in risk for species may depend on the value, scarcity or demand for this particular species. During the risk scoring it is evaluated whether the species in questions are known to have been subject to illegal harvesting or trade. Naturally the country, region or area of origin also plays an important role in the level of risk for specific species; i.e. one species may be subject to illegal harvest in one country or area, but not in another.
3. **Risk from armed conflict in the area of harvest:** armed conflicts in an area can increase risk of illegal logging – especially of higher value species.
4. **Risk originating from complexity of product:** risks in the product may originate from two points: (1) complexity of the supply chain and (2) complexity of the product. Very complex supply chains may increase the risk that material of illegal origin is mixed with legal production. Complex supply chains make it difficult to access relevant information about the material and its origin and while that may not be a risk of illegality it will make it harder to assess risks and perhaps to identify the source of material. The same is basically true for component products that may be produced from material from a number of sources, a number of species and several separate and unrelated supply chains. This naturally also increases the risk that illegal material can be mixed into the production as well as making access to information hard or impossible.
5. **Any other information risks:** Risks may arise when other information, such as public reports or court cases, indicating that the product is made from or includes illegally logged timber or the supplier proposing to supply the products deals in illegally logged timber. Additionally, no certification or verification system is foolproof and forgeries of documents is common in some areas.

These categories all contribute to the risk a specific material or product carries, and therefore we are using these as categories for risk scoring in our system.

The conclusion under each category is carried out for each risk sub-type that is included in the checklist. Each sub-type is classified as having a low or non-low risk. The checklist follow a logical path that will provide a conclusion about the level of information available and the risks identified as either low or non-low.

For any product that is identified as having a risk rating as “Non-low”, risk mitigation actions shall be planned and implemented.

# Risk Mitigation

The process of mitigating risks builds on the result of the risk assessment. Any risks that have been identified as not being low during the risk assessment shall be mitigated according to the following procedures.

The different steps for risk mitigation will be outlined in a Risk Mitigation Action Plan, which describes the different actions to be taken to mitigate any identified risks.

The general risk mitigation strategy contains the following options for risk mitigation:

1. requesting additional information or/and documents;
2. self-conducted (first party) audit of the supply chain;
3. third party verification; and
4. replacing non-low risk suppliers and/or products.

It should be emphasized that the measures taken to mitigate risks depends on the type and severity of the risk identified during the risk assessment process as well as available options for replacement of the product, and third party verification. The following options for risk mitigation actions are therefore a description of a full range of options. One or more of these may be selected for implementation.

The Risk Mitigation Plan will outline the actual course of action taken to mitigate risks.

## Development of a Risk Mitigation Plan

In all cases where risks have been identified to be non-low risk a Risk Mitigation Plan shall be developed.

The Risk Mitigation Plan shall be used to develop a plan for how and when the identified risk shall be mitigated. The Risk Mitigation Plan shall be developed by [ENTER THE TITLE OF THE RELEVANT POSITION] and shall be approved by management.

The Risk Mitigation Plan and its implementation shall be reviewed regularly by the management and shall contain the following minimum requirements:

1. List of all identified risks for each relevant product.
2. Action to be taken to mitigate all applicable risks. This shall include a description of the relevant steps that we will take to mitigate the specific risk identified.
3. Timeline for when the mitigation action shall be completed
4. Identification of staff’s position(s) responsible for the mitigating actions.
5. Current status of the mitigation (updated on a regular basis)
6. Additional comments or follow-up required.

The Risk Mitigation Plan document is used to record and keep track of risk mitigation activities.

IMPORTANT: Where risks are found that cannot be mitigated by any measures, we shall terminate sourcing this particular material or product.

IMPORTANT: Collection of additional information is always the first mitigating measure. Where risks identified to be non-low cannot be reduced through collection of additional information we shall carry out additional mitigating measures as described in 9.3, 9.4 or 9.5.

## Collection of Additional Information

The initial mitigating measure is to request and collect additional information about the source or supply of specific products based on the identified gaps in knowledge or identified risks in the supply chain. Collecting additional information may provide the required level of assurance that the relevant legal requirements are met and the risks can be considered as low.

If collecting additional information can NOT provide such assurance, we will initiate additional steps in assuring that the risks are mitigated.

We implement the following procedure for requesting and securing additional information that may provide the necessary information to ensure that the material/product is of legal origin.

A key to assuring access to relevant information about the supply chains and sources of wood products is to maintain an up-to-date overview of our supply chain that supplies timber. This overview is created by recording information collected from suppliers (and sub-suppliers) about the complete supply chains of individual products

### Supply Chain Information

Detailed supply chain information is collected via requests to suppliers to identify the supply chains of the products purchased from them.

To collect supply chain information we are using the Supply Chain Information Form.

Changes to supply chains shall be updated in the supply chain overview document as soon as possible after changes are made.

## Self-Conducted Supplier Verification

Where non-low risks has been identified that cannot be mitigated by gathering additional information alone we shall initiate other mitigating measures. One option is to carry out verification of the supply/product in question using our supplier verification procedures.

## Third Party Legality Verification

In cases where risks have been identified as non-low and we have decided that we will not carry out a self-conducted verification audit we shall require a qualified third party to carry out the verification in our place.

Before a verification organisation is chosen it shall be established that the standards and procedures implemented by this organisation give a high level of assurance of legal origin. (High levels of assurance are given for Asia-Pacific schemes by URS Australia. Proforest have also undertaken an assessment of third party schemes to meet the EUTR which is a similar regulation to the EUTR.

## Replacement of Non-low Risk Suppliers/Products

In cases where suppliers or products have been identified to include a non-low risk that cannot be reduced by any of the above mentioned measures (or other possible options that may be used) the specific supplier or product shall be replaced by one that can be confirmed to have a low risk or one where all risks can be mitigated.

# Annex 1: Terms and Definitions

**Country of harvest:** the country where the timber or the timber embedded in the timber products was harvested.

**Due diligence system (DDS):** a series of contextual risk management procedures that importers undertake to minimise the risk of importing illegally harvested timber or timber products containing illegally harvested timber, into Australia. The three key elements of the due diligence system are:

* Information: The importer gathers information describing the timber and timber products, country of harvest, species, quantity, details of the supplier and information on compliance with national legislation.
* Risk assessment and identification: The importer assesses the risk of illegally harvested timber in his supply chain, based on the information identified above and taking into account factors set out in the ILP Regulation.
* Risk mitigation: When the assessment shows that there is anything greater than a low risk of illegally harvested timber in the supply chain a series of steps undertaken to minimise likelihood of importing illegally harvested timber products.

**Illegally harvested:** means harvested in contravention of legislation in the country of harvest.

**Legally harvested:** harvested in accordance with the legislation in the country of harvest.

**Low risk** means a risk that is justifiable as small as a result of the assessment against all the *risk assessment factors* of the ILP Regulation.

**Importer:** the beneficial owner of the regulated timber product at the time of their arrival within the limits of the port or airport in Australia at which they have landed;

**Owner:** in respect of a regulated timber product includes any person (other than an officer of Customs) being or holding himself or herself out to be the owner, importer, exporter, consignee, agent, or person possessed of, or beneficially interested in, or having any control of, or power of disposition over the regulated timber product.

**Risk assessment:** a process to evaluate the risk of illegally harvested timber being included in the importers supply chain.During the risk assessment the importer shall consider various information sources and evaluate their content. The risk assessment process should have a result where the importer identifies the risk level as “low” or not low.

**Risk assessment factors:** the issues in Section 13 of the ILP Regulation which the importer must consider to identify a risk level for a regulated timber product. The factors are the following:

1. the prevalence of illegal logging in general in the area in which the timber in the product is harvested;
2. the prevalence of illegal harvesting in the area of the species of tree from which the timber in the product is derived;
3. armed conflict in that area;
4. the complexity of the product;
5. any other information the importer knows, or ought reasonably to know, that may indicate whether the product is, is made from, or includes, illegally logged timber.

**Risk mitigation:** a set of measures and procedures that are adequate and proportionate to minimise effectively that risk and which may include requiring additional information or documents and/or requiring third party verification.

**Regulated timber products:** the timber and timber products set out in Schedule 1 of the Regulation, with the exception of recycled timber products.

**Timber Legality Framework:** a timber legality assurance system recognised by the Australian Government and included in Schedule 2 of the Regulation. With regard to the Regulation compliance with the standards and/or requirements of a timber legality framework, provided compliance documentation is assessed as being accurate and reliable, is deemed to give a high degree of assurance that the regulated timber product is of no or low risk of having been illegally harvested.

**Country Specific Guideline:** guideline provided by the Australian Government and included in Schedule 2 of the Regulation. With regard to the Regulation if the importer is able to provide for the regulated timber with the appropriate evidence cited in the country specific guidance, provided this evidence is assessed as being accurate and reliable, it is deemed to give a high degree of assurance that the regulated timber product is of no or low risk of having been illegally harvested.

# Annex 2: FAQs template for customers

**WARNING!**

THIS TEMPLATE NEEDS TO BE EDITED AS APPROPRIATE FOR YOUR BUSINESS

Comments and advice for use are in red type

Version: 23/08/2013

# FAQs for timber merchants on the Australian Illegal Logging Prohibition Legislation

What is the Australian Illegal Logging Prohibition Legislation?

The legislation is comprised of the *Illegal Logging Prohibition Act 2012* (the Act) and the *Illegal Logging Prohibition Amendment Regulation 2013* (the Regulation). These laws include two main elements for Australian importers as well as Australian processors of raw logs:

**Australian Importers**

* An overarching prohibition on importing illegally harvested timber and timber products made from illegally logged timber.
* A requirement for importers of 'regulated timber products' (including sawn timber, plywood, veneer, pulp, paper, wood furniture and many other timber and paper based products) to implement a due diligence system to minimise the risk of imported illegally logged timber.

**Australian processors**

* An overarching prohibition on processing illegally harvested logs.
* A requirement for domestic processors of Australian logs (e.g. sawmillers) to implement a due diligence system to minimise the risk of cutting illegally harvested logs.

What does illegally logged actually mean?

Illegally logged timber is defined in the Act as "timber harvested in contravention of laws in force in the place where the timber was harvested."

What is your company’s formal position on purchasing illegally logged timber and timber products?

Or formal position is:

[INSERT YOUR POLICY OR STATEMENT HERE]

What does this mean for my business?

Persons or companies that are not the direct importers of timber or paper based products or who don’t process raw logs such as timber merchants and subsequent purchasers of these products do not have to do anything under these laws.

Australian timber merchants, retailers and their customers are also not exposed to any penalties under these laws.

This is in contrast to similar laws in the European Union and the Unites States where these groups do come within the scope of their laws.

[Keep this section short]

What products does the ILP Legislation affect?

The Act (and the overall prohibition element) covers all timber and timber-based products imported into Australia as well as all raw logs harvested and processed in Australia.

The Regulation lists the regulated timber products (for which importers must undertake due diligence) and it is more restricted. It includes sawn timber, plywood, veneer, pulp and paper products as well as most timber furniture. It doesn’t include wood products such as wood venetian blinds, wood packaging to carry goods, wood chopping boards, bamboo products, fibre cement, wood plastic composites and many other wood-based items. The *regulated timber products* are identified by tariff code classification numbers. More details are provided in the Regulation and *INDUSTRY INFORMATION: Regulated Timber Products* available at [www.timberduediligence.com.au](http://www.timberduediligence.com.au)

When does the legislation take effect?

The prohibition has been in force since 29th November 2012. The requirement to have a due diligence system if importing certain timber and timber products or processing raw logs enters into force on 30th November 2014. On this day we will also have to declare to Australian Customs that we have undertaken due diligence on our imported products before we import them.

[While the first date is set in stone the second date may need updating before you send it out depending on decisions by next Australian Government in late 2013/2014]

Who enforces the ILP legislation?

The Act and Regulation will be enforced by separate sections of the Australian Government’s Department of Agriculture. After 30th November 2014 this will include requests, and in some circumstances targeted and random spot checks at importers premises to ensure that the declarations made at the point of importation were correct and check that robust due diligence systems are in place. No enforcement will occur at timber merchants unless they also involved in directly importing any regulated timber products.

[You may want to leave this paragraph out if you think it may unduly worry your customers]

Does it mean we have to buy certified timber products?

No. Certification to the sustainable forest management schemes of FSC (Forest Stewardship Council) or any system mutually endorsed by PEFC (such as Australian Forestry Standard) is not a requirement of this legislation. However our company may be using these certification schemes and other credible legality assurance systems to assure ourselves of the legality of the timber and timber products goods we purchase. If you see some market advantage in letting your customers know about these certifications or legality verifications let us know about what claims you can make.

[Important to let merchants know they don’t need chain of custody certification or the associated expense. Retailers may see some benefit in promoting it but should be careful they don’t mislead their customers. If you are FSC and/or PEFC/AFS chain of custody certified you may want to emphasis this]

Are my orders going to be delayed by Customs?

No. Except under extreme circumstances and categorical evidence that the timber in the products has been illegally harvested.

[Important to let reassure merchants their orders won’t be delayed]

Is there a risk you are selling us illegally logged timber product?

[It is not advisable to say that there is zero or no risk of selling them illegally harvested timber or timber products as the scope of laws related to harvesting timber in each country are very dynamic and there are no sure things in life. Basically you need to say something like we are doing everything we can to keep illegally logged timber out of your supply chain. A couple of suggested paragraphs are given below]

[Include this paragraph below about your current practices if it is true]

Long before this legislation was introduced we have been working hard to fully understand our supply chain to assure ourselves that what we purchase and sell to you is not illegally harvested. Our reputation and standing in the trade is important to us and we assure you that we do everything we can to ensure what we purchase and sell to you is not illegally harvested.

[Include this paragraph below about your current and future practices if it is true]

Our company will be undertaking the required due diligence on all our purchases to assure ourselves that what we purchase and sell to you is not illegally harvested.

We are confident that there is minimal risk to you that you are currently purchasing any products that have been illegally harvested. Implementation of a formal due diligence system by the commencement date (30th November 2014), as required by the Regulation, will only reinforce our confidence.

[Suggest listing specific measures your company is undertaking as part of your current purchasing here. Also use some examples if you can]

What are the penalties for importing illegally logged timber?

Penalties for importing illegally logged timber are very substantial and include criminal penalties of up to 5 years jail and/or fines up to $85,000 for individuals and $425,000 for corporations and forfeiture of goods. There are also substantial fines for not undertaking due diligence. As reputable importers/domestic processors [delete one] we don’t want to go to jail or cop these fines so we will do our utmost to comply with the legislation.

Is illegal logging a big problem?

In some areas of the world illegal logging has been a big problem. While incidences have reduced significantly in the last decade as Governments better enforce their laws it still is a problem in some areas.

While many timber products Australians consume are made in Australia (over 75% of our structural timber needs for example) a large proportion of some products are imported. Much of the timber imported into Australia is from countries such as New Zealand, Western Europe and North America where illegal logging is insignificant. While estimates are very rubbery it is estimated that at least 91% of Australia’s timber imports are from legally harvested sources.

Despite these facts some timber products are made from timber harvested in areas where the legality of harvest is not known. These Australian laws have been introduced to weed out products from these areas unless importers can be sure they have been legally harvested. The laws also support efforts by importers doing the right thing as well as help government, industry and local communities in producer countries stamp out illegal logging in their countries.

[Illegal logging is actually a problem with in some areas of the world. While it is often blown out of proportion putting it in context and in a positive way is important so your customers don’t get turned off buying/selling timber products. It’s also good to communicate so they can tell their customers (e.g. builders, DIY) if queried.]

Why address illegal logging?

Products made from illegally harvested timber undercut the prices of products made from timber harvested in well regulated forests. Illegal logging also deprives communities and governments from the economic benefits, namely royalties and taxes, of using their forest resource. Often carried out by sophisticated criminal networks illegal logging may also contribute to environmental degradation and impede social development in countries where it is prevalent.

[Illegal logging undercuts the prices importers (and merchants) can get for some products.]

Why do these laws also apply to Australian timber?

Australia has very good laws in place and these laws are very well enforced by the authorities. As a result instances of illegal logging in Australia are negligible. However, under World Trade Organisation rules we cannot discriminate against imports, therefore these requirements apply equally to Australian processors and timber products from all our trading partners.

[Application of these laws to Australian timber industry is really just a formality to satisfy trade rules between countries]

Where can I find more information?

Most of the information available is for those directly affected by the legislation (i.e. importers and Australian domestic processors). These two websites provide additional information for these groups:

Australian industry due diligence information [www.timberduediligence.com.au](http://www.timberduediligence.com.au)

Department of Agriculture [www.daff.gov.au/illegallogging](http://www.daff.gov.au/illegallogging)

[Suggest providing a link to the appropriate part of your company website here to. You can also provide links to other websites but just be cautious and make sure you support the content on these websites before you do so]

1. The list of regulated timber products are defined in Schedule 1 of the Illegal Logging Prohibition Regulation 2013 [↑](#footnote-ref-1)