

Forests Forever Committee – Quarterly RPP Update Report Q2/3 08.11.2017

The Responsible Purchasing Policy (RPP) forms the cornerstone of TTF membership. Throughout 2016 the processes which make up the RPP have been reviewed, updated and refreshed. These changes have taken into account past learnings regarding regulatory matters, the evolving landscape of sustainability and the commercial pressures members face.

Since 1st January 2017 RPP submissions have been divided into quarters throughout the year in order to streamline the process. Each member has been assigned to a quarterly month; either March, June, September or December and are expected to submit before the end of their assigned month. We are also issuing 3-year certificates as standard to all submitting members.

Members are still required to submit annually; their certificate will be revoked should they fail to submit at all, or severely fail to “pass” their submission review, and potential disciplinary action will be taken depending on the level of severity of the situation.

All Operator submissions (members who bring products onto the EU Market for the first time) are independently audited by the Soil Association. All Trader submissions are reviewed by the TTF.

All submissions are sent to an independent statistician to be amalgamated into an annual stats report.

Submission Rates

This section covers submission rates; the number of submissions expected in each quarter, along with the number of members who required reminder correspondence to submit and/or missed their deadline.

Q1

In Q1 March there were 77 expected submissions. Of these, 21 (27%) members required additional correspondence due to being overdue and 1 have failed to submit thus far.

Submission Failures:

██████ - They have not responded to the letter to my knowledge. It was sent in May. They are in the process of being suspended for lack of submission.

Q2

In Q2 June there were 35 expected submissions. Of these, 7 members (20%) required additional correspondence and 1 failed to submit.

Submission Failures:

██████ - They left and re-joined. TTF investigating submission requirements.

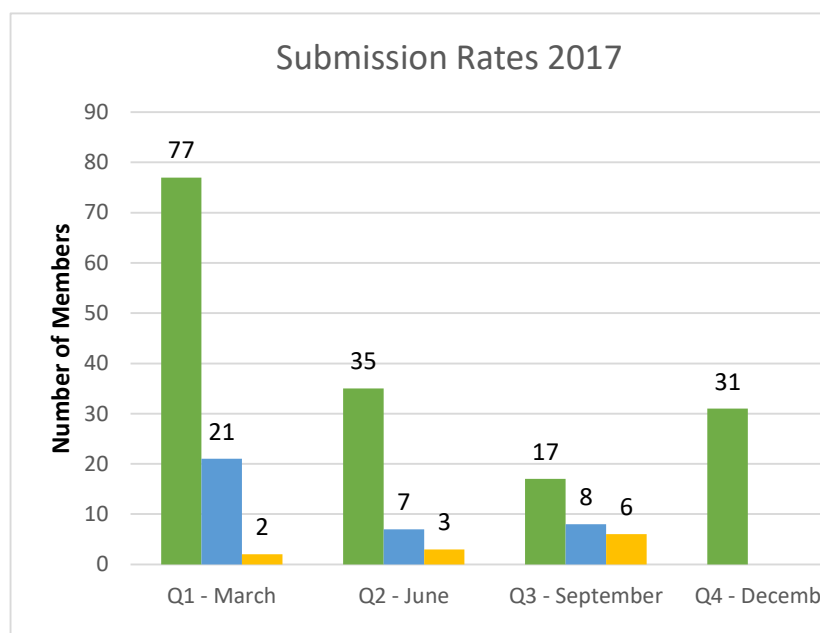
██████ – They left and re-joined. Have been advised by Mike and have had Due Diligence System radically improved.

Q3

In Q3 there were 17 expected submissions. Of these, 7 members (41%) required additional correspondence and 5 have failed to submit in time.

Submission Failures:

- ██████ – Need to enquire regarding personal injury of responsible contact.
- ██████ – Mike to decide on action.
- ██████ – Nick to contact.
- ██████ – David to contact.
- ██████ – David to contact.



Auditing

This section covers the number of audits completed; successful audits and any queried or failed that required a review, amendments or a complete change in their Due Diligence processes.

Q1

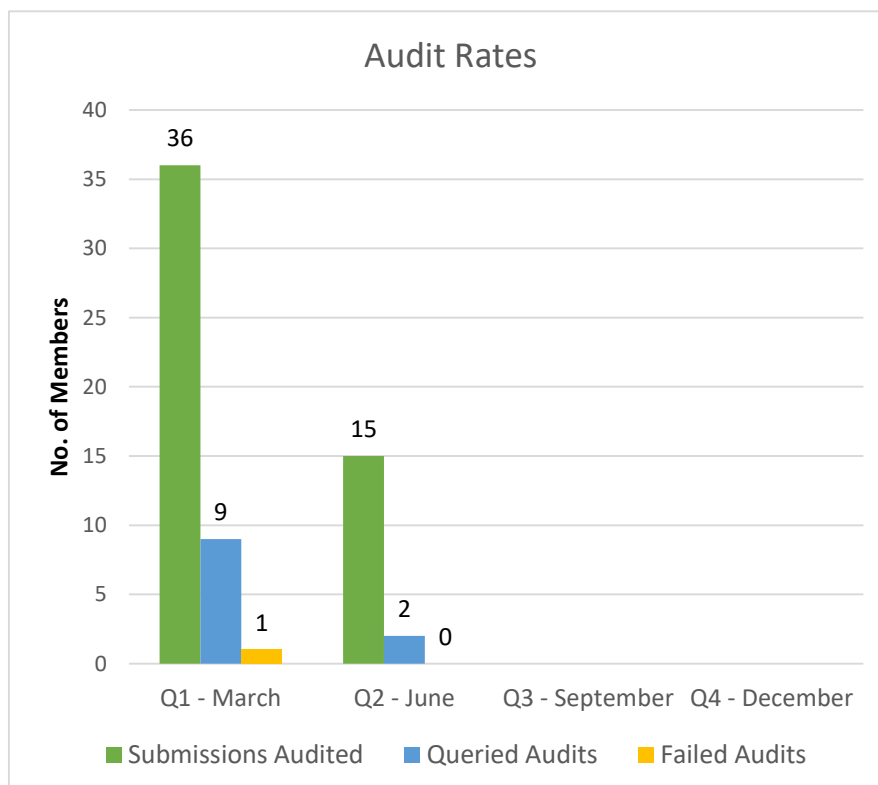
In Q1 March there 36 audited submissions. 9 of these were queried and resolved resulting in 35 successful audits. There was 1 failure due to insufficient Due Diligence. This member has been suspended pending an investigation.

Q2

In Q2 June there were 15 audited submissions. 2 of these were queried and resolved resulting in 0 failed audits for the second quarter.

Q3

In Q3 September there have been 3 audited submissions. None have been queried thus far. We have 6 submissions outstanding of which that data will be added to the next report.



(The Queried Audits figures include those that were queried and then resolved.)

CARs (Corrective Actions Required) Examples

The following are CARs raised by the Soil Association for various submissions. The names of the submitting members have been redacted.

Q1 CARs:

██████████ – Q2: CAR S1.1 raised 08/03/17 – please provide documentation to show this information has been collected.

Q3: CAR's S1.2 and S2.1 raised 08/03/17. Copy documentation should be provided to show proof of compliance with applicable legislation.

Q4 & Q5: CAR's S1.3 and S2.2 raised 08/03/17 for lack of information about the investigation of illegal logging.

Q7: CAR S1.4 raised 08/03/17 – no information provided about the supply chain.

Q8: CAR S1.5 raised 08/03/17 – No information provided to show if a low (negligible) risk decision has been made.

Q6, REC1: It is clear to see there is a Risk Assessment process in place however, there is no section within the risk assessment template that addresses this. The company DDS procedures document does mention this is including in the risk assessment but there is no record of this being checked for the sampled products. Please ensure this information is included on future risk assessments to ensure compliance with the EUTR requirements. To be checked at next year's RPP audit.

██████████ – Rosewood was only CITES listed from 2017 and India issued a reservation on export licenses until July 2017 meaning that no certificates have been issued as of yet.

Therefore, no rosewood from India has arrived with CITES certificates so they should still have been conducting Due Diligence checks.

From July 2017 onwards, CITES certificates should be issued and at that point, any CITES permitted rosewood is exempt from due diligence and automatically is EUTR compliant.

██████████ – CAR Q4.1 - Provide evidence of investigating illegal harvesting.

CAR Q6.1 - Provide evidence of investigating sanctions.

CAR Q7.1 - Provide details of supply chain.

CAR Q8.1 - Provide further details on information required for section 6.1b.

██████ – CAR S1.1 - Incorrect risk allocation. Also, no reference to which documentation provided the company considers to show compliance with applicable legislation and whether this has been verified.

CAR S1.2 no evidence provided to show mitigation has been carried out.

CAR S1.3 lack of supporting documentation and recording.

██████ – CAR 2017.1 - Comprehensive information gathered on a fully certified supply. Auditor would assume that purchase is certified to mitigate origin and supply chain risk.

No evidence submitted of a risk assessment to drive this mitigating action. No answers to 6.1 b questions.

██████ – 21/03/2017 - Raised CAR S1.1, and S2.1 due to lack of supply chain information

28/03/2017 - Evidence received to close the conditions

██████ – Q8 - Overall Risk Conclusion. Is the RA narrative informative and do the conclusions/assertions made include a source of supporting evidence?
S1: the supply chain is clear, short and well monitored. Anyway the company hasn't provided a complete and consistent Risk assessment. Seen related recommendation REC1 Resolved.

██████ – CAR's S1.1 and S2.1 for apparent lack of information for section 6.1a.
CAR's S1.2 and S2.2 due to the foreign languages on the document it has not been possible to verify all information on documentation, please clarify. Please also provide information about any further document verification that has taken place.

04/05/17 Closed CAR's S1.2 and S2.2.

CAR's S1.3 and S2.3 for lack of information.

19/04/17 Closed CAR's S1.3 and S2.3

CAR's S1.4 and S2.4 for lack of information.

19/04/17 Closed CAR's S1.4 and S2.4

CAR S2.5 for lack of investigation of UN sanctions.

Section 6.1a:

Recommendation REC1: When populating tool A, or if implementing your own system, all clauses must be evidenced and recorded. Best practice is to record references of all the documents being used as evidence. This should include details of clients to whom the timber has been sold.

Section 6.1b:

REC2: Verifying the validity of supplier documentation by getting in touch with relevant authorities in country of supply to verify documents or consider using a third party service such as NEPCon to do so or use FSC's'. Online Claims Platform and certificate number if the material is certified.

REC3: Operators must ensure that a negligible risk conclusion is reached prior to placing timber or timber products on the market so information regarding section 6.1b shall be collected prior to future purchases.

Recommendation

REC4: The narrative should clearly state the process of information gathering and verification along with the assessment of the risk of details and documentation. This should include a clear indication of which documentation was used to reach a conclusion of negligible risk. Tool A or a similar document should be used for this.

The company's Due Diligence Process Procedure and EUTR Due Diligence decision tree outlines the risk assessment and mitigation process. However, there are no clear records of the Due Diligence process. This makes it difficult to assess whether a sufficient DDS was carried out prior to purchase and to verify if appropriate mitigation has been carried out.

Overall there is too much of a reliance on documentation and the validity of these. Information from high risk countries should be queried, even from long standing suppliers. For example, by contacting the relevant authorities in the country of harvest regarding the validity of documents or using. Other means of mitigation relevant to this assessment:

- Contact the relevant authorities in the country of harvest regarding the validity of documents.
- Validate supply chain documents using third parties - Collect other documentary evidence, including, for example, photos and individual reports
- Document verification checks, translations, search for key terms, organisations, people, stamps and signatures



- Carry out product testing to verify species/origin

Q2 CARS:

██████ - CAR Q2.1: Provide details of clients who have purchased these products.

██████ - CAR Q2.2: Provide missing details.

CAR Q3.1: Provide details/copies of other documentation used to verify legality.

Q3 CARS:

To be added into next report once collated.

Recommendations

It would be beneficial for the TTF and the Soil Association to create a series of internal benchmarks for the submission and auditing rates so that year on year comparisons can be made and standards improved.

Report formatting and reporting metrics to be discussed at next Forest Forever meeting and members to suggest any improvements in how RPP progress to be reported.