

EU Timber Regulation Info sheet



STATUS APRIL 2017

Context

The EU Timber Regulation (EUTR), which came into effect on the 3 March 2013, prohibits the placing on the market of illegally harvested timber and timber products.

The EUTR requires **operators**, companies placing timber products on the EU market for the first time, to carry out **due diligence** on the timber origin, whether from the inside or the outside of the EU.

Companies further down the chain are called traders. A trader is “any natural or legal person, who in the course of a commercial activity, sells or buys timber or timber products already placed on the internal market.” Their only obligation is to keep records of whom they bought from and to whom they sold.

Due Diligence System (DDS)

The core of the ‘due diligence’ notion is that operators undertake a risk management exercise to minimise the risk of placing illegally harvested timber or timber products on the EU markets, as shown in the table below:

| INFORMATION | RISK ASSESSMENT PROCEDURE | RISK MITIGATION PROCEDURES |
|--|---|--|
| <p>There must be access for designated authorities to the following information:</p> <ul style="list-style-type: none"> • product description • species • country of harvest • quantity • supplier • customer • compliance with applicable forestry legislation | <ul style="list-style-type: none"> • Assurance of compliance with applicable legislation (e.g. certification, verification, FLEGT, etc...) • Prevalence of illegal logging of species • Prevalence of illegal logging in country or region • Sanctions and armed conflict • Complexity of supply chain | <p>Measures and procedures which are adequate and proportionate to minimise risk effectively:</p> <ul style="list-style-type: none"> • Additional information • Additional documents • Third party verification |
| <p>NEGLIGIBLE RISK</p> <p>OK TO PLACE ON MARKET</p> | | <p>NEGLIGIBLE RISK</p> <p>OK TO PLACE ON MARKET</p> |

Compliance with FSC® & PEFC™

The EU cannot formally endorse non-regulatory instruments such as FSC or PEFC but it does recognise the value of certification as a potential tool for risk assessment and mitigation.

Both FSC and PEFC have aligned their standards to the requirements of the EUTR and the U.S. Lacey Act, but it remains Mondi's responsibility to ensure that these measures, together with Mondi's due diligence procedure, meet the requirements of the Regulation.

Therefore, certification with the FSC and PEFC schemes is not considered as automatic proof of compliance with the EUTR.

FSC

FSC has revised its Controlled Wood Standard together with the Risk Verification Program and specifies a DDS for the purchase of non-certified material that meets the requirements of the EUTR. Materials from unacceptable sources cannot be used in FSC Mix products. It has issued new advice notes to strengthen legality and will support FSC accredited certification bodies who are approved by the EU as Monitoring Organisations for the EUTR.

PEFC

PEFC revised its Chain-of-Custody (CoC) Standard and has revised the PEFC due diligence system (DDS) to meet the requirements of the EUTR and other relevant legislation. It is mandatory for PEFC CoC certificate holders to comply with the PEFC DDS.

Mondi's position

Mondi acknowledges its role as an operator and trader and as such we must adhere to the rules and regulations as stipulated in the EUTR and will exercise appropriate due diligence. Mondi confirms that it fulfills all requirements of the EUTR as all of our wood, fibre and finished products are sourced from legal and responsibly managed sources.

Mondi provides designated authorities access to all required information on our supply chain. Mondi reaffirms its commitments to sustainable forestry practices and ensures that no illegal timber or controversial supplies are used in our processes or products and that we have traceability systems in place.

FSC and PEFC have incorporated essential changes and together with Mondi's revised due diligence procedure (Requirements for Responsible Procurement of Wood, Fibre, Biomass and Finished Fibre-based products), we meet the EUTR and Lacey Act requirements.

