

Canopy Wood™ - Code of Conduct

Version 1.1 – March 29th 2009

Introduction

Canopy Wood™ (CW) is a Code of Conduct for tropical rainforest protection through sustainably derived timber products based on lesser known timber species from tropical forest threatened by deforestation developed by Rainforest Protection Initiative ApS. (RPI) It is based on internationally recognised standards set out by NGOs around the world, ILO as well as the UN Universal Declaration of Human Rights and local laws.

Objective

The aim is to promote high forestry, ethical and environmental standards in the whole supply chain from suppliers and out to the consumer. All products bearing the CW logo must adhere to the following Code of Conduct and ethics and companies using the logo will promote the same high standards in their supply chains.

The code is also intended to help inform and educate consumers about issues related to tropical deforestation by forcing more transparency into the origination of products and the links between deforestation and climate change, loss of biodiversity as well as poverty issues in the tropical developing countries.

Scope of Application

At this initial stage the Code of Conduct for suppliers and producers serves as a code of ethics and a guideline and will be implemented as a full Code of Conduct with a system of regular self assessments, verification and independent 3rd party auditing as well as remediation and corrective action specifications.

The code relates to all aspects of the supply chain from the tropical forest to the final wood product is delivered to wholesalers, distributors or retail clients

The Code of Conduct will be fully implemented by January 1st 2010 after receiving input from live supply chains, lessons learnt by RPI and outside consultation to broader stakeholder groups.

The Code of Conduct recognises that several of the entries described in the code are already covered and controlled in FSC forest management (FM) operations through the FSC FM certification and independent 3rd party auditing of compliance with the FSC FM standards 10 principles and 56 criteria (FSC-STD-01-001 (version 4-0) EN) and additional policies, rules and regulations in the FSC system. Hence this Code of Conducts is mainly intended to be of use to address what is not covered by the FSC system.

Monitoring and Compliance

While the code is voluntary until 2010, producers producing under the CW code of conduct in 2009 must seek independent verification and audit of the efforts made to comply with the code and make the findings public on the web site of the producing company.

International Standards

The following elements are contained in the CW Code of Conduct of responsible forestry and forest usage:

1. All timber and the supply chain must be FSC certified

- a. The sustainability of the products made under the CW Code of Conduct must be certified.
- b. Only FSC (Forest Stewardship Council) certified tropical forest management (FM) provides an acceptable standard for certification through which the rainforests are verifiably secured. (The FSC standard for forest management and supply chains is one of the cornerstones of the CW Code of Conduct)

2. Products must be based on lesser-known tropical timber species (LKS)

Lesser known species (LKS) are defined as species of timber for which there is no well defined international export and retail market and no transparent market prices.

- a. By only allowing the usage of LKS the CW Code of Conduct aims at a better relationship between what FSC certified forestry operations can provide from highly bio diverse tropical rainforests and the international timber markets.
- b. The CW focus on LKS will diminish the issues of the high relative costs of sustainable tropical forestry by bringing additional value and economic opportunities into the rainforest for the benefit of the forests and the people living in and around them.
- c. In addition to the basic economic advantages of utilizing the LKS, the CW Code of Conduct ensures that a fair market price is paid for LKS. The perceived or actual lower market value of the LKS must never be utilized in order to save money on raw material. When possible additional funds should be donated to local project from where the timber originates in order to increase the value of the monetary contribution so that people outside the forest operation also benefits additionally from the timber purchases.
- d. Through the certified chain of custody program (FSC), full transparency and traceability of the sustainability from raw material in the forest to final consumer is secured and should be documented.

For more details see the document “Lesser Known Species – Canopy Wood Definitions”

3. No tropical timber should be bought from areas in no danger of deforestation

Buying timber from regions and countries in the tropics where there is no imminent and perceived threat of forest conversion and deforestation is not acceptable.

It is well known that in countries with significant poverty problems there is a direct correlation between deforestation and 1: poverty and 2: access to forests through river ways or roads.

As such buying timber from even certified forestry operations, which potentially as a side effect opens up for access in regions or countries where access normally is very restricted, due to the necessary establishment of infrastructure, is not acceptable.

In addition, virgin tropical forests often contain unique biological ecosystems, which are best left alone and should not be disturbed.

Generally timber should only be bought from countries where annual deforestation rates higher than 0.25% and regional deforestation rates in excess of 0.25% can be documented.

In order to make the most correct assessment of the deforestation situation, suppliers will be asked to provide the following:

- i. Local and national deforestation rates.
- ii. The general local deforestation trends
- iii. Local plans for national parks

Suppliers adhering to the CW standard must provide UTM and/or GPS coordinates of a series of locations, which pinpoint the outer markers of the forest from which the timber supply comes from. This will serve to certify that the timber comes from areas where the deforestation rate meets the minimum requirements of the CW standard.

(For more details see: Deforestation Risk – Canopy Wood Policy)

4. Climate change and environmental aspects

Products based on the CW Code of Conduct protect CO₂ stored in the rainforests. The frontlines of global tropical deforestation where help is most urgently needed should always be sought. As such products based on the Canopy Wood Code of Conduct always protects significant amount of CO₂ stored in the biomass of the forests.

The amount of CO₂ protected in a product depends among others on:

- a. The average dry biomass in the forest per HA.
- b. The annual average harvest per ha measured in M³ and converted to tons of dry biomass. (Any CO₂ credits sold from residual wood waste as a consequence of the harvest must be adjusted for)
- c. The length of the harvest rotation cycle in the forest.
- d. The applied deforestation rate/risk.
- e. The gross amount of wood used in the production of each single product (Adjustment for the way the wood waste is handled and used must be taken into consideration).
- f. The lifespan of the product and how the wood is disposed off at the end of the lifespan.

Under the CW Code of Conduct the product producer must make the calculations for CO₂ protection in products transparent to consumers and get the calculations independently audited. (Not a requirement in 2009)

(For more details see: CO₂ Protection – Canopy Wood policy and definitions)

5. CSR

The items below will include the forest operations, the operators supplying the forest operations **as well as operators in the supply chains.**

- a. **Maximum socio economic impact.** Under the CW Code of Conduct product producers should strive to increase the usage of forest product from suppliers, which have the highest local socio economic impact. This is not always possible; however, when given the choice, products under the CW Code of Conduct should always be made with timber purchased from sources such as community farms or

suppliers with explicit stakeholder policies where the local economic impact is the highest.

- i. Where it is at all possible and it can be documented that the timber is being provided by community farms, timber buyers should donate an excessive price equivalent for the timber of up to 10% to promote local activities such as education, health, social life and child welfare.
- b. **Respect of human rights:** The suppliers of timber must always respect human rights as defined under UN Global Compact. Especially important are the rights of indigenous people.
 - i. Indigenous people have the right to work and live in the forests and the promotion of removal of these people from their forests is not acceptable.
- c. **Child labour:** any employment of young people must be done subject to local jurisdiction and always in a responsible manner. The following rules will apply to the CW Code of Conduct:
 - i. No employment for any persons below the minimum legal age for employment according to local jurisdiction.
 - ii. No persons (under 18 years) may perform hazardous work.
 - iii. Forest operators will always make the best interests of the young people their primary consideration where a young person of less than 18 years is employed, and will ensure the employment does not adversely harm the young person's education, health or physical, mental, spiritual, moral or social development.
- d. **The right to freely chosen employment:** Under the CW Code of Conduct it is not acceptable to:
 - i. Use forced, bonded or compulsory labour and workers must be able to leave their employment after reasonable notice has been served.
 - ii. Require workers to lodge deposits of money to secure their position.
- e. **Discrimination:**
 - i. Forest operators must ensure that all workers are treated fairly and with dignity and respect.
 - ii. No worker should receive less favourable treatment in respect of their employment on the grounds of race, gender, religion or belief, any disability, marital status, national origin, sexual orientation, age or the fact that they are a part time or fixed term worker, or be disadvantaged by conditions or requirements which cannot be shown to be justifiable. These Guidelines should also apply to recruitment of persons from outside the workplace and the treatment of contract workers
- f. **Freedom of association:**
 - i. All employees must be free to join, or not to join trade unions or similar external representative organisations of their own choice.
 - ii. All workers must be informed and consulted in accordance with national laws.

g. Healthy and safe working conditions:

- i. Provide a healthy and safe working environment for all workers in accordance with international standards and national laws.
- ii. Provide access to clean toilet facilities, drinkable water and, if applicable sanitary facilities for food storage.
- iii. Provide a work environment for all workers that is free from health and safety risks as far as is reasonably practical.
- iv. Identify hazards at the earliest opportunity and the most effective, preventative action implemented immediately.
- v. Provide the appropriate level of health and safety information, instruction, training and supervision to all workers as and when required to minimise all risks.
- vi. In the case of worker housing, this must meet the same standards for health and safety as those in the working environment.

h. Living wages are paid:

- i. Ensure all workers receive written understandable information on their employment conditions prior to entering employment and the particulars of their wages for the pay period concerned each time that they are paid.
- ii. Ensure that wages paid for a standard working week meet or exceed national legal standards.
- iii. Prohibit the deductions from wages as a disciplinary measure.

i. Working hours must not be excessive:

- i. Standard working hours shall comply with national laws and not be excessive.
- ii. Regular employment entitlements
- iii. To every extent possible it will be expected that any work undertaken is performed on the basis of a recognised employment relationship established through national law and practice.
- iv. Obligations to employees under labour or social security laws must be respected.

j. Respect for the individual:

- i. Workers must be treated with respect and dignity. Physical or verbal abuse or harassment on the grounds of race, gender, religion or belief, disability, marital status, national origin or age and any threats or other forms of intimidation must be prohibited.

k. Corruption and bribery

- i. Suppliers shall refrain from bribing, or using any other method, to unjustly influence public officials and/or the judiciary.

Excellent practises might not always be available in an imperfect world. Where there is room for improvement consumers can rest assured that the producers and operators under Canopy Wood policies always will try to influence local execution towards good and decent practises.

RPI is a small company trying to make a difference. While the concept of Canopy Wood will never be perfect we will continuously improve the policies as well as the execution of these policies. It is our hope and ambition that we, over time, hopefully can grow and become a significant factor in sustainable and responsible forestry, worker's rights and corporate ethics as well as rainforest protection.