



NZ IMPORTED TIMBER TRADE GROUP

MEMBERSHIP CHARTER

V26625

BACKGROUND

The New Zealand Imported Timber Trade Group (NZITTG) was established in 1992. Under its original name - Imported Tropical Timber Group — its focus was on identifying and excluding illegally logged tropical hardwoods from entering New Zealand. However, after thirty years, this focus has widened to include identifying and supporting sustainably sourced timber and timber products from all forest types, across the world.

NZITTG is an unincorporated association of like-minded members, and it has no separate legal status.

NZITTG membership is open to timber industry parties who support sustainable importing and the sale of sawn timber and timber products throughout New Zealand. Current membership is principally comprised of New Zealand timber importers, merchant retailers of timber, NGOs and environmental and conservation organisations. Additionally, the Ministry of Primary Industries (MPI) represents the New Zealand Government in the group as an observer. Other organisations have been granted membership over the years, as agreed by the NZITTG Council.

NAME

1. The name of the association is the New Zealand Imported Timber Trade Group ("NZITTG").

OBJECTIVES & PURPOSE

2. The objectives and purposes of NZITTG are to:
 - i. Ensure that all timber and timber products, whether tropical or non-tropical products as deemed appropriate, imported into New Zealand, are sourced from approved third-party sustainably certified sources, or third-party verified legal sources, or non-controversial responsibly managed forests and plantations. **See Appendix 1.**
 - ii. Ensure that timber trade and importer members develop due diligence procedures based on risk, and implement timber procurement policies that reflect the NZITTG Charter and objectives. Procedures/policies should be made publicly available by members, and aim for the highest reasonable standard of due diligence, on the basis that the higher the risk profile, the greater the due diligence.

- iii. Provide the timber and construction industries, specifiers and designers, New Zealand building authorities, and the New Zealand public with confidence, that products purchased from members of NZITTG are of legal ethical and sustainable origin.
- iv. Agree on existing credible certification schemes that provide purchasers with a reliable assurance of the sourcing of product from third-party certified sustainable or legally verified sources.
- v. Identify key criteria used to verify the certification schemes that support sustainable and legal forest practices, and use reliable auditing and verification schemes and service providers.
- vi. Encourage members to ensure their compliance with all laws and regulations of New Zealand as well as international trade laws or conventions such as CITES as endorsed by the NZ Government.
- vii. Report twice yearly within NZITTG on the environmental standard of all imported timber products, so that performance trends can be established and monitored over time. Reporting will be primarily by the 'Source Report' format, as in **Appendix 1**.
- viii. Demonstrate leadership to promote a culture of ethical behaviour, integrity, and accountability amongst members, thus enhancing the credibility of NZITTG. Further, provide industry leadership and a supportive forum for all in the timber sector to promote sustainable importing and sale of timber species to the wider New Zealand public, stakeholders and other interested parties.
- ix. Respect the Tropical Sustainability Target, as in **Appendix 2**. The balance of sustainable versus legal imports will be maintained and monitored in accordance with the ratio as agreed periodically at NZITTG Council. The ratio is commonly referred to as "The 85/15 Rule", meaning the currently agreed ratio of third-party certified *sustainable* relative to the 3rd Party Verified Legal Imports. The long-term target is to achieve full sustainability.
- x. Promote understanding of and common ground between members of the group on the key issues of responsible forest management, underpinning both the timber trade and management of forests and plantations globally.
- xi. Grow to have the entire imported timber trade in New Zealand represented within NZITTG, including the widest product range (e.g. plywood, paper and other wood-based products).
- xii. Advocate for and positively influence New Zealand central and local government policy towards the industry and, where appropriate, contribute to overseas initiatives and similar governance policies abroad. Further, to meet with and continue dialogue with like-minded groups and associations in the countries of origin and international markets.
- xiii. Agree to only advertise or otherwise promote tropical timber that is sourced from third-party certified sustainable sources.

CHARTER & RULES

- 3. This Charter provides a set of rules agreed between all members.
- 4. Updates in the Charter will supersede any previous Charter and are binding on all members, irrespective of the date they first became a member.

5. Changes to the Charter will only be made after full discussion and voting at a NZITTG Council meeting, with an 80% majority of members attending required to vote in favour of the change.

STRUCTURE

6. The structure of NZITTG involves an active Chair who manages the operations of the group, supported by a Task Force comprising one representative of each of the 4 main sectors represented in the group.
7. The Chair and Task Force answer to the Council, which is comprised of up to 20 individuals representing their companies or timber industry sectors. The Council makes decisions on behalf of the full membership of NZITTG. Further details of the three main structural roles are set out below.

- i. **Chair**

- a. NZITTG has a chairperson who is elected every two years. The Chair is the official representative of the group and Media and / or public spokesperson, unless delegated otherwise by the Chair. The Chair is automatically a member of the Task Force. The Chair may agree a further term, subject to being re-elected after two years.

- ii. **Task Force**

- a. NZITTG has a Task Force comprising one representative of each of the 4 main sectors that make up NZITTG membership, being: timber product importers, merchant retailers, environmental NGO, government agencies — along with the Chair (i.e. a total of 5 people). Traditionally, and currently, the Ministry of Primary Industries appoints the New Zealand Government representative to the Task Force.
- b. Traditionally, the representative of the importers sector will be the current President of the New Zealand Timber Importers Association or his/her nominee. The merchant retailer's representative will sit on the Task Force for a term of 3 years, after which the position will rotate to another merchant retailer. The same applies to the environmental NGO sector representative, with expectation that the position will rotate to another NGO every three years, depending on availability and number of NGO members.
- c. The Chair and the 4 other members on the Task Force shall be considered "the Officers" of the group.
- d. The Chair may co-opt other members or expert persons for a defined matter, purpose or project, so long as that co-opting process is ratified at the discretion of the Task Force at the next available Task Force meeting. A co-opted member or person is not considered an "Officer".

- iii. **Council**

- a. The fully representative plenary decision-making body for NZITTG is "the Council". Council representatives are limited to individuals only, duly elected, invited or appointed to represent their companies or industry sector or organisations' interests.
- b. The Council has a maximum of 20 representatives, being comprised of:
 - 6 timber and manufactured board importers,
 - 6 timber merchant retailers,
 - 2 certifying NGOs, and 2 environmental NGOs,

- 1 paper product importer, 2 furniture or flooring importers
 - plus MPI as New Zealand Government observer, as considered appropriate by the Council.
- c. Preference is given to representatives of industry or sector organisations.
 - d. Attendance at NZITTG Council meetings is principally for Council Members but subject to the Meeting and Operations section rules below.

BECOMING A MEMBER

8. Membership applications can be considered from individuals, corporates, or entities with an interest in the sustainable imported timber industry, who are willing and able to comply with this Charter as well as support the objectives, purpose, and reputation of NZITTG.
9. Members of NZITTG must recognise and observe all current and relevant NZ laws and act in good faith in conducting their relevant businesses. Any outstanding relevant legal matters affecting the applicant's business, or its directors should be disclosed at the time of application.
10. Categories of membership: Council member; General member (a full member who is not currently on Council); Observer member (an applicant who may have a more general interest in the industry but still bring insights and experience needed by the group).
11. All prospective applicants for membership should follow this process:
 - i. begin by discussing the process with the Chair or Task Force;
 - ii. then complete the current Application Form, to the satisfaction of the Task Force including such that each new applicant must consent to become a member of NZITTG and agree to abide by the full set of rules and conditions in the Charter; each new applicant will then be invited to a first Council meeting through the Chair. After the meeting there will be a discussion and assessment by the Council of suitability of the applicant for membership.
12. After an applicant completes the process set out as above, the Council will vote on whether to grant NZITTG membership and the category of membership most appropriate. The applicant will not be present during that discussion. Membership must be approved by a simple 80% majority of all members.
13. Any Council member operating under a conflict of interest in relation to the applicant, shall declare such an interest and discuss within Council how to deal with it.
14. The application assessment will include careful consideration not only of the New Zealand applicant but also their parent company and related group entities, including any existing or earlier subsidiaries of the applicant, and/or timber business relationships or joint ventures. All group activities of an applicant are relevant to its suitability and fitness for supporting and following the NZITTG Charter and its objectives, purpose, and reputation within the New Zealand business community.
15. The Sustainability and Proof prerequisites set out below must be demonstrably met by the applicant.
16. If accepted as a new member, the applicant must pay the same subscription fee as currently in force and applying to all like members at the time of membership.
17. If successful in the application process, the formal granting of membership from the NZITTG Council may be conveyed by the Chair. At that point, the new member is required to reconfirm that they agree to abide by all rules and conditions in the Charter.
18. Once membership has been approved by the NZITTG Council, the new member will be subject to a review after 12 months to confirm compliance with the Charter and the

ongoing Sustainability and Proof criteria. Only after completing that first-year review and time spent as a compliant member, will a new member's company details and logo be included on the NZITTG website.

SUSTAINABILITY & PROOF — TERMS OF MEMBERSHIP

19. For timber trade members there are two essential prerequisites for membership approval. Chain of Custody certificates and consistent product Source Reporting. This also applies to existing trade members.
20. **Chain of Custody** (Proof of)
 - i. All importer members are required to hold an unbroken current third-party certified Chain of Custody Certification ("CoC") by an NZITTG approved certification scheme, to be audited annually. Details of the CoC Certificate to be declared on each Source Report.
 - ii. All merchant retailers will have one or more New Zealand stores that are registered as certified CoC holders in order to achieve the required standard.
 - iii. A list of acceptable approved certification schemes will be published on the NZITTG website.
21. **Source Reports**
 - i. Any trade applicant after becoming a member, must provide, and all existing NZITTG timber trade members are required to provide, a six-monthly Source Report, which describes in various categories the level of certification (or otherwise) achieved at the source of supply. The unit of measurement is the percentage volume per category relative to the members overall import volume.
 - ii. The Source Report categorises all the member import data, as a percentage, into five categories of environmental performance. The report format is supplied with the membership Application Form, also in Appendix 1 of this Charter, and must be completed accurately and in full.
 - iii. All Source Reports are sent to the Chair, who will arrange for them to be circulated to Council members at least 2 working days prior to the next scheduled Council meeting. The Chair has the right and obligation to review members' reports and can request further information with the agreement of two other Task Force members.
 - iv. Source Reports are mandatory for all trading members, i.e. buyers and sellers of timber products, in particular importers and merchant retailers.
 - v. Appendix 2 contains more information about the Sustainability Targets.

REGISTER OF MEMBERS

22. The Chair will maintain a private register of current members, including a designated contact person, an official address, and records of compliance with proof of /CoC and Source Reports.
23. Active, fully paid and compliant members are entitled to have their name and logo published on the NZITTG website after completing their first year as a member — www.nzittg.org.nz

MEETINGS & OPERATIONS

24. There will usually be three Council Meetings per annum, although this is at the discretion of the Chair and Task Force and may be adjusted according to circumstances.
25. Meeting dates will be advised annually for the year ahead, before Christmas each year. Changes to dates, timing and/or location will be advised via an email, 15 working days prior to the given date.
26. All Council members are required to attend, either in person or remotely, at least two meetings within the current year. Personal attendance is preferred.
27. Members may put forward an alternative representative from their organisation, or send a delegate/deputy, as needed.
28. Attendance is principally for Council Members who have the right and responsibility to attend. However, General Members are also expected to attend in person or remotely/virtual one meeting per annum and thereafter as invited by the Chair. Observers and guests or external advisers may be invited to attend at the discretion of the Chair.
29. Members may require the Chair to call an extraordinary or special Council meeting if circumstances require it, but only if at least 10 of the 20 Council members attend in person and support the motion to call that meeting.

QUORUM & VOTING

30. Meetings may be held in person or online by a reliable electronic meeting platform, or a hybrid situation where some members attend in person and some online.
31. Task Force meetings will require a quorum of 3 of the 5 members present and attending.
32. Council meetings will require a quorum of 10 of the 20 members present and attending.
33. Voting procedures will be the same for the Task Force as for the Council, although the Task Force is a group of five members and the Council has up to 20 members. The procedure is as follows:
 - i. The group will strive for decisions to be taken as much as possible by consensus of those present and attending.
 - ii. If consensus is not possible the Chair, or any member, may call for a vote to be held. Voting will be by show of hands, unless any member requests a secret ballot (paper or email) due to the sensitivity of the matter. In such cases, votes will be provided discreetly to the Chair.
 - iii. A 75% majority vote of support by members present and attending is required to pass any motion or take any decision.
 - iv. Conflict of Interest
34. However, for new member admissions (as set out above) and for disciplinary matters (set out below), a higher 80% voting majority applies. For those decisions (to admit a new member, or to suspend or terminate a member) an 80% majority vote of support by all members is required. This includes not only those members present or attending a Council meeting where the matter is heard, but also members not present or attending, who will be given the option of a postal or email vote. Such a vote must be received by the Chair within seven days of the motion of admission, suspension or termination being heard and voted on, at the Council meeting.

FINANCIAL REPORTING

35. The Task Force will report annually on the movement of funds and financial position with a balance date as of year-end 31st March. Annual reports need not be externally audited, unless a majority of Council members resolve to require that. Subscription fees will be set annually to cover the general annual expenses of NZITTG. Council may also consider a special levy to fund special purpose objectives as circumstances arise.

COMPLIANCE WITH COMPETITION LAW

36. Members acknowledge and understand that they may be competitors in various timber product markets and in their purpose, and that their collaboration through NZITTG is solely for the sustainability and environmental objectives of the group. Specifically, it is **not** part of NZITTG's role to interfere with competitive dynamics between rival firms. All members will remain mindful of their own need to comply with the Commerce Act 1986 and the Fair-Trading Act 1986.
37. A competition law Compliance Reminder Protocol is read out at the start of every Council meeting. Any member unsure of their role in any given situation should seek their own legal advice.
38. **Appendix 3** attached applies to all members in their dealings with each other, in so far as it may affect ways in which they compete in the market.

RESIGNATION OR CEASING TO BE A MEMBER

39. Membership of NZITTG will cease by:
 - i. A member submitting a resignation notice in writing to come into effect 14 days from receipt of the resignation letter by the Chair;
 - ii. Membership lapsing for failure to meet the two essential prerequisites (see Sustainability & Proof section above);
 - iii. Expulsion for the non-payment of subscription fees or fines, or for misconduct or breaches of Charter or other matters causing disrepute or prejudice to NZITTG (see Breach of Charter & Misconduct section below).
40. A Member who has ceased to be a member under this Charter:
 - i. Remains liable to pay all subscriptions and other fees to the next balance date,
 - ii. Shall cease to hold himself or herself out as a member of NZITTG, and
 - iii. Shall return to NZITTG any material provided to members by NZITTG;
 - iv. Shall cease to be entitled to any of the rights of a NZITTG member, including to cease using any logo, advertising, promotion or text implying membership or endorsement of product by NZITTG.
41. Becoming a member again: Any former member may apply for re-admission in the same manner prescribed for new applicants (see "Becoming a Member" section above), and may be re-admitted only by resolution of the Council.

BREACH OF CHARTER or MISCONDUCT

42. All members should support and encourage other members in achieving and maintaining NZITTG's objectives and purpose, and should strive to meet those objectives and that purpose themselves. When a member acts contrary to those standards, or breaches the Charter, or is party to misconduct that brings the group into disrepute, or places the group in breach of law, disciplinary steps will be taken.

43. Failure to meet the two prerequisites for membership (clauses **21-22**—above) may constitute a breach of the Charter.
44. If any member loses or fails to maintain their third-party CoC certification, this must be reported to the Chair, immediately. Loss of CoC certification is considered a serious breach of the Charter if it is not remedied within three months.
45. If any member fails to complete and provide a Source Report on time (every six months), that failure must immediately be reported to the Chair. Short delays in completion, if explained in writing to the Chair, may be assessed as insignificant breaches of the Charter. However, if the delay continues and is not remedied within 10 weeks, that failure to provide a Source Report is considered a serious breach of the Charter.
46. Aside from the legality and sustainability prerequisites for membership, the Task Force may receive and consider any complaint that involves an allegation that any member or officer of NZITTG has:
 - i. Engaged in misconduct; or
 - ii. Breached, or is likely to breach, a clause of the Charter or any legal duty under general laws of Acts of Parliament of New Zealand that affects the matters set out in the NZITTG objectives and purpose; or
 - iii. Brought, or may potentially bring, NZITTG and / or its members, into disrepute; or
 - iv. Damages the rights or interests of a member or of NZITTG generally.
47. The Task Force will evaluate all the circumstances, making sure that the dispute is investigated fully and fairly, affording the person(s) subject to the complaint a right to be heard, before any viewpoint or judgment is made as to whether the Charter conditions are, or may be, materially breached.
48. Investigation and hearing process:
 - The person(s) subject to the complaint ("Respondent") has / have the right to be heard before the complaint is resolved or any outcome is determined.
 - Without limiting how the Respondent is given a right to be heard, a Respondent must be taken to have been given the right if they are:
 - Fairly advised of all allegations concerning the Respondent, with sufficient details and time given to allow the Respondent to prepare a response; or
 - The respondent has a reasonable opportunity to be heard at either an oral hearing, or in writing; and
 - The Task Force considers that an oral hearing is needed to ensure an adequate hearing and / or full and fair investigation (or if the Respondent requests such a hearing); and
 - An oral hearing (if any) is held before the Task Force with the Respondent present (attending in person or online); and / or
 - The Respondent's written statement of submission(s) is duly considered by the Task Force.
49. Having followed the process outlined above, the Task Force will consider all relevant matters, make a preliminary ruling on whether the complaint is upheld or not, and provide a written Disciplinary Report to the NZITTG Council outlining its reasoning and ruling, as well as any recommendation for disciplinary actions or outcomes.
50. Upon receiving a Disciplinary Report from the Task Force, a Council meeting will be called as soon as reasonably possible, at which meeting the Council will evaluate the report and recommendation of the Task Force, giving the Respondent the opportunity to make further submissions at the meeting either in writing or verbally (or both).

DISCIPLINARY MATTERS AND OUTCOMES

51. At the conclusion of the Council meeting held under clause 51 above) to evaluate the Disciplinary Report and recommendations of the Task Force, the Council will decide whether to uphold the recommendation or not. If that recommendation/complaint is upheld, Council will proceed to rule on an appropriate disciplinary action or outcome(s) giving the Respondent further opportunity to make further submissions limited however to the penalties and outcomes applied.
52. Depending on the nature of the breach / misconduct and its seriousness, the outcome(s) may involve any or all of:
 - i. Issuing a formal written warning to the member or person and, where appropriate, attaching a Corrective Action Notice with time limits that will apply;
 - ii. Payment of a fine or compensation to NZITTG, not exceeding the sum of NZ\$10,000.
 - iii. Payment in full of any legal expenses or external expert costs that NZITTG has incurred in dealing with the complaint and breach or Disciplinary Report process; and/or
 - iv. Suspending or terminating the membership of that member or person.
[See procedural details in Appendix 4].