

Certification in Central and Eastern Europe

*Timber Regulation
Enforcement Exchange*

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Overview



- Introduction
- Certified Forest Area
- PEFC's Due Diligence System
- PEFC and EUTR Requirements
- Chain of Custody Certification

What forest certification delivers



Forest Management



Chain of Custody



Delivers sustainable wood raw material that is:

- **legal:** wood is harvested in compliance with local legislation and international agreements
- **from well managed forests:** safeguarding environmental, social & economic values
- **traceable:** the raw material supply chain is verified from the forest to the finished product

What is PEFC?

Programme for the Endorsement of Forest Certification



- Global, not-for-profit association powered by 39 national forest certification organizations and 22 international stakeholder members
- World's leading forest certification system, offering the largest choice of sustainably-sourced timber and wood-based products
- PEFC specifically considers the unique needs of small and family forest owners while being equally used by large landowners as well.
- PEFC is required or recommended by public and private procurement policies around the world
- The PEFC label is only available on certified products, giving responsible companies the right to use a trusted label

PEFC International's Activities



Development of international standards

Forest management «meta-standard», chain of custody, logo usage, e.a.

Endorsement of national forest certification systems

Management of endorsement process

Promotion of forest certification and use of certified timber

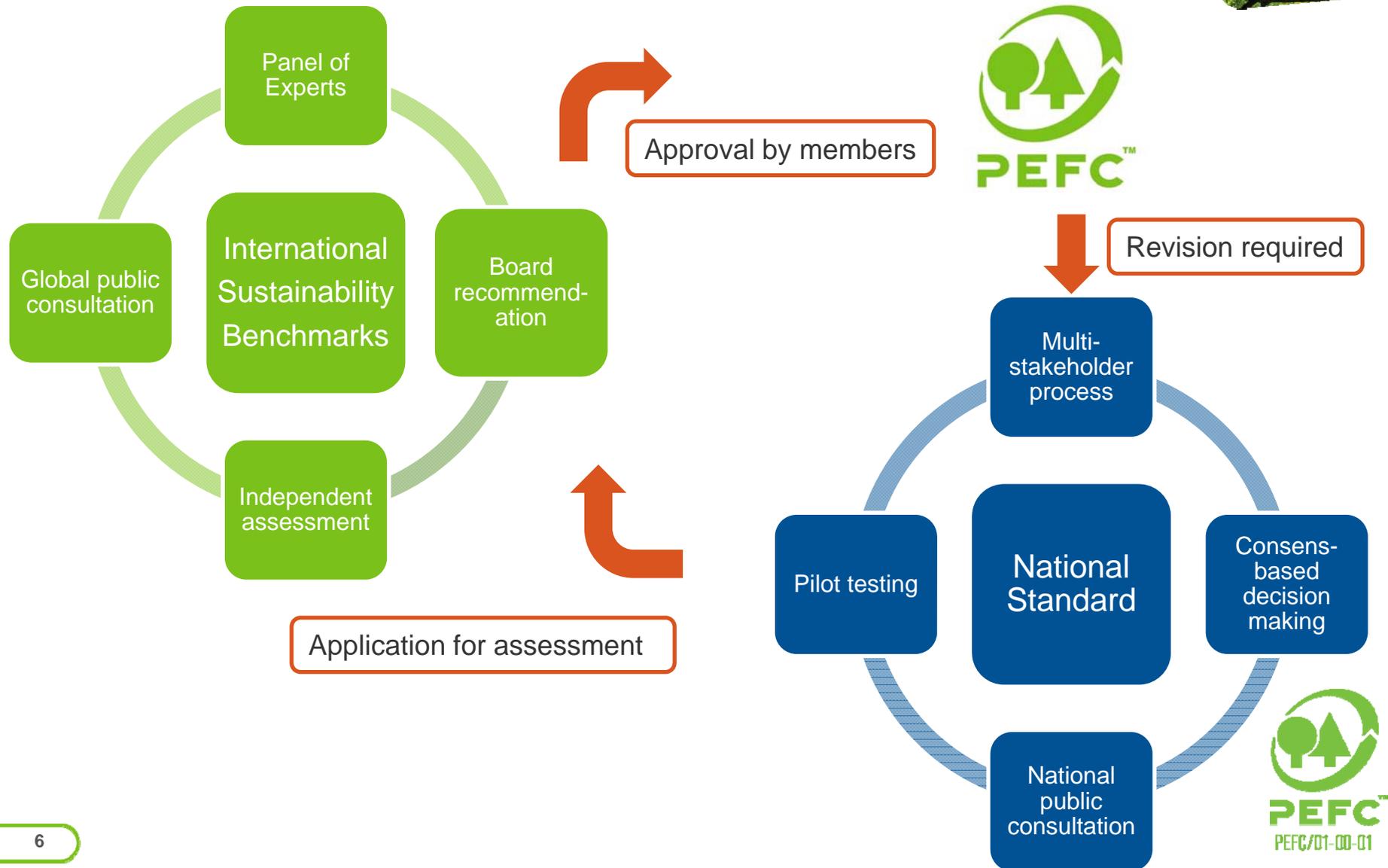
Through communication and advocacy; region- and country-specific activities

Expanding sustainable forest management & certification

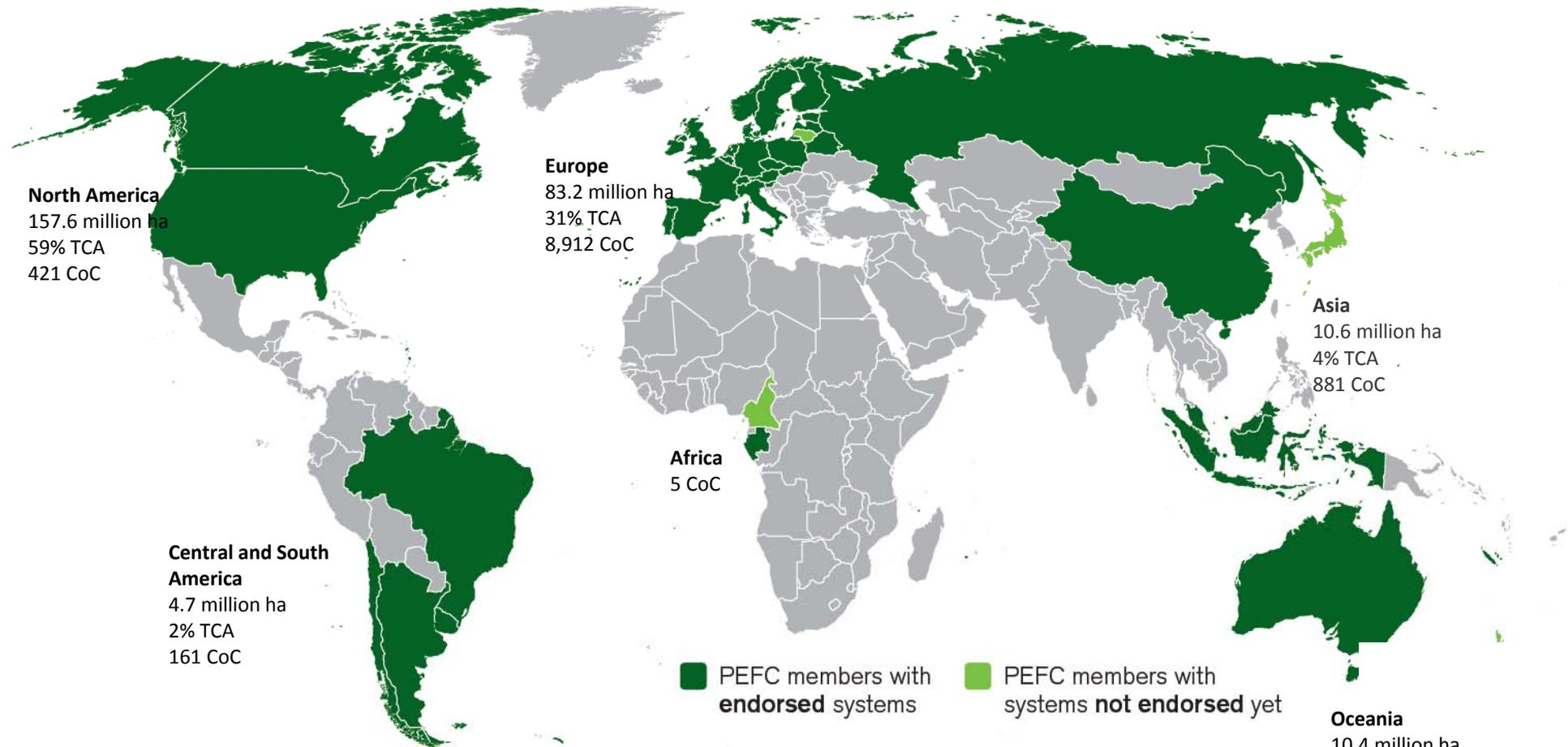
Joint projects specifically targeted at Africa, South America, Asia



Endorsement Process



Members, Endorsed Systems; Distribution of Certificates



* ha - hectares
CoC – Chain of Custody certificates
TCA – Total Certified Area

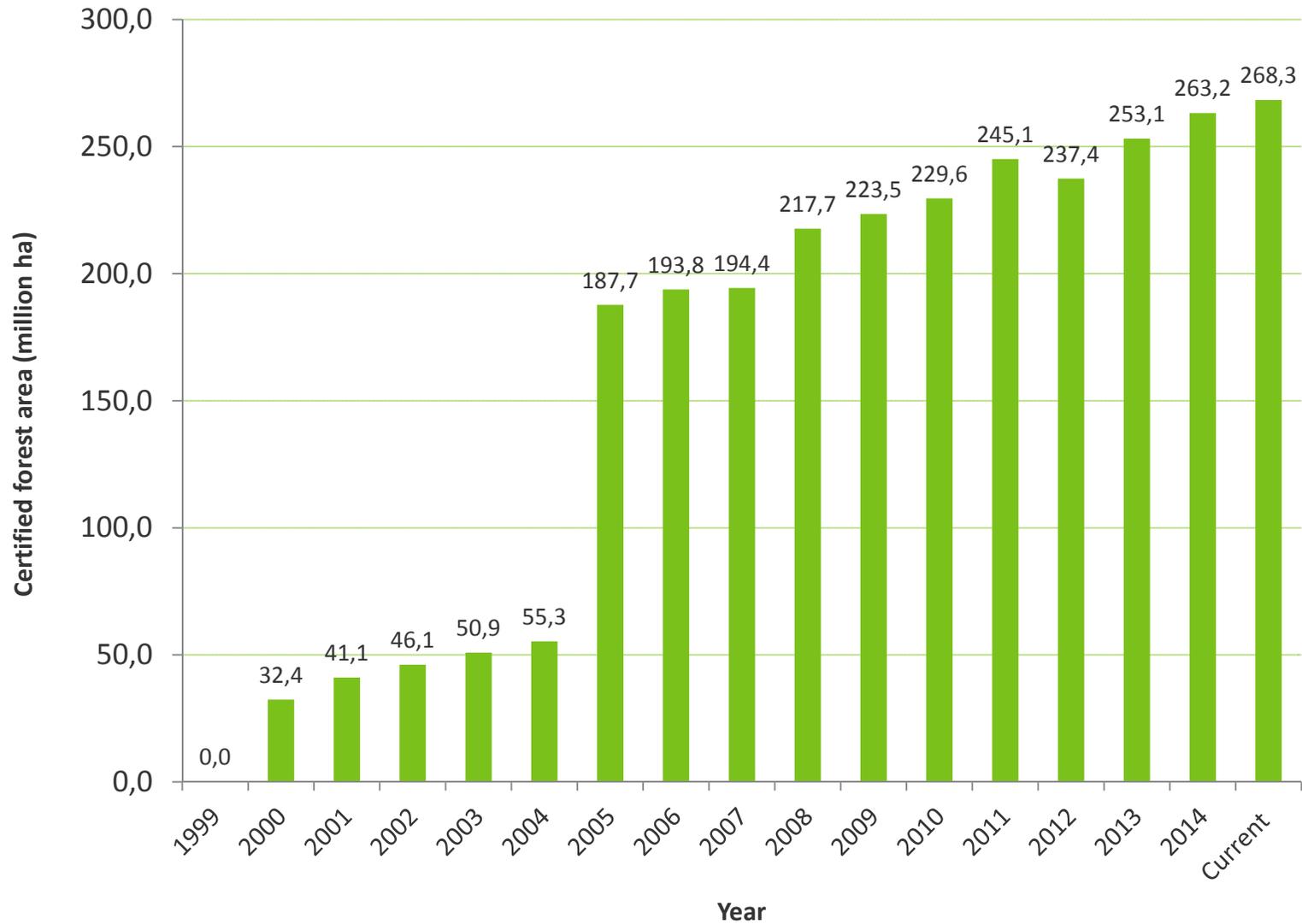
CERTIFIED FOREST AREA



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PEFC Certified Area Growth



PEFC Certified Forest Area



Asia	Certified Area (ha)
China	5'315'445
Indonesia	610'798
Malaysia	4'661'816
Total	10'588'059

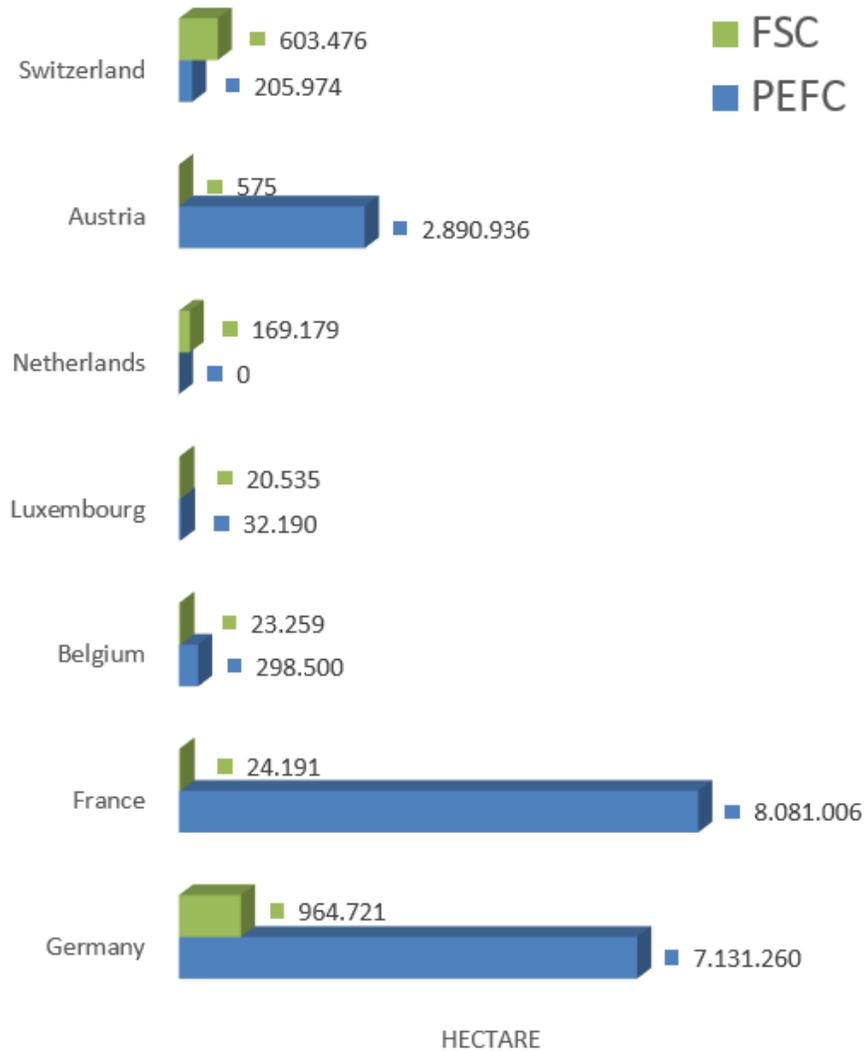
Central & Southern America	Certified Area (ha)
Brazil	2'446'049
Chile	1'931'349
Uruguay	360'842
Total	4'738'240

North America	Certified Area (ha)
Canada (CSA)	40'830'610
Canada (SFI)	83'394'705
USA ATFS	8'633'347
USA (SFI)	24'762'258
Total	157'620'920

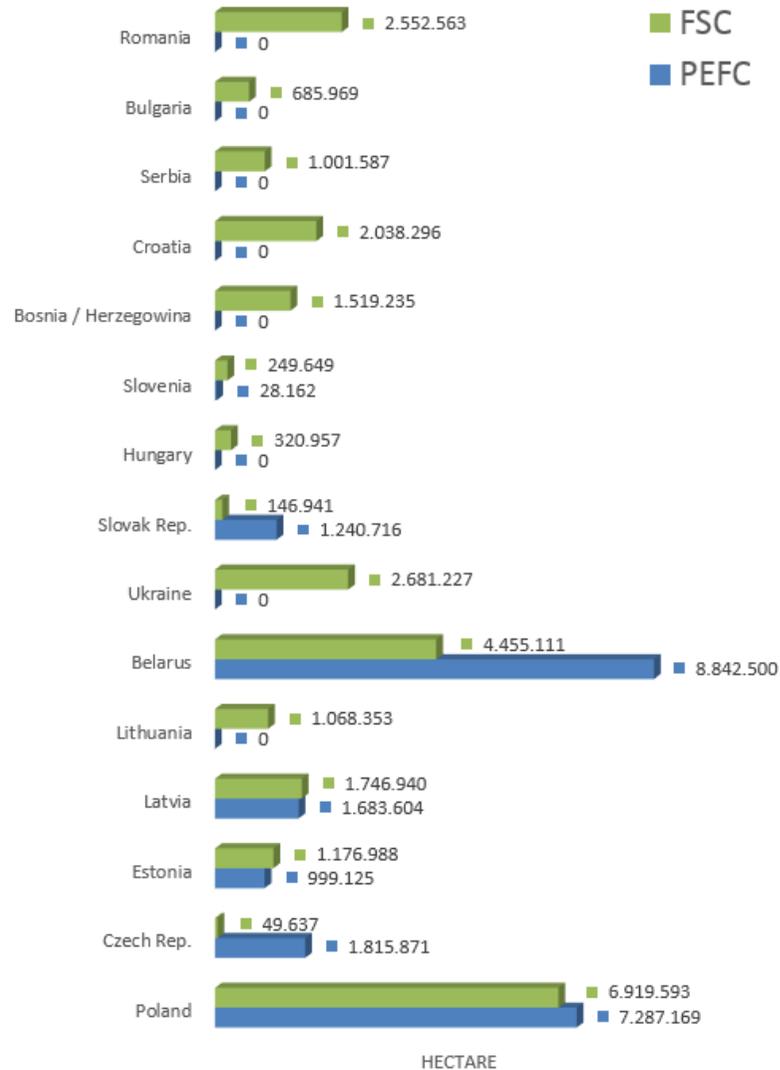
Oceania	Certified Area (ha)
Australia	10'398'358
Total	10'398'358

Europe	Certified Area (ha)
Austria	2'890'936
Belarus	8'842'500
Belgium	298'500
Czech Republic	1'815'871
Denmark	256'851
Estonia	999'125
Finland	15'200'000
France	8'081'006
Germany	7'313'260
Italy	822'679
Ireland	376'108
Latvia	1'683'604
Luxembourg	32'190
Norway	9'142'702
Poland	7'287'169
Portugal	253'529
(Russia	3'769'216)
Slovak Republic	1'240'716
Slovenia	28'162
Spain	1'830'546
Sweden	11'263'434
Switzerland	205'974
United Kingdom	1'351'505
Total	84'985'583

Certified Forest Area – Central Europe



Certified Forest Area – Eastern Europe



PEFC's DUE DILIGENCE SYSTEM



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PEFC DDS



- Mechanism for the avoidance of material from **controversial sources**

Controversial Sources



Illegality harvesting

- Forest operations
- High environmental values
- Protected & endangered species
- Health & labour issues of workers
- Property, tenure & use rights
- Taxes, royalties, trade & customs

GMO use

- Utilizing genetically modified forest based organisms

Conversion

- Converting forest to other vegetation type
- Conversion of primary forest to plantations

Conflict Timber

- Timber traded by armed groups to perpetuate or take advantage of conflict

PEFC DDS



- Mechanism for the avoidance of material from **controversial sources**
- Risk-based approach
- Delivering **credibility** and **transparency**
- The PEFC Due Diligence System applies to all certificate holders
- Reason: availability of tree-species and origin information required **at any point** in PEFC Chain of Custody

PEFC DDS II



All material that is input for the Chain of Custody
(not necessarily all material that is purchased)

Certified material NOT exempt from Due Diligence
System

- **Information on species and origin is required**

Certified material EXEMPT from Risk Assessment

- **Applies to PEFC Certified & PEFC Controlled Sources**
- **Provided no substantiated comments / complaints were raised**

PEFC DDS – Steps



Three Steps

- 1. Gathering of information**
- 2. Risk assessment**
- 3. Risk mitigation**

Identical to EUTR process

Step 1 – Gathering of Information



Information on supplies is key in PEFC Chain of Custody

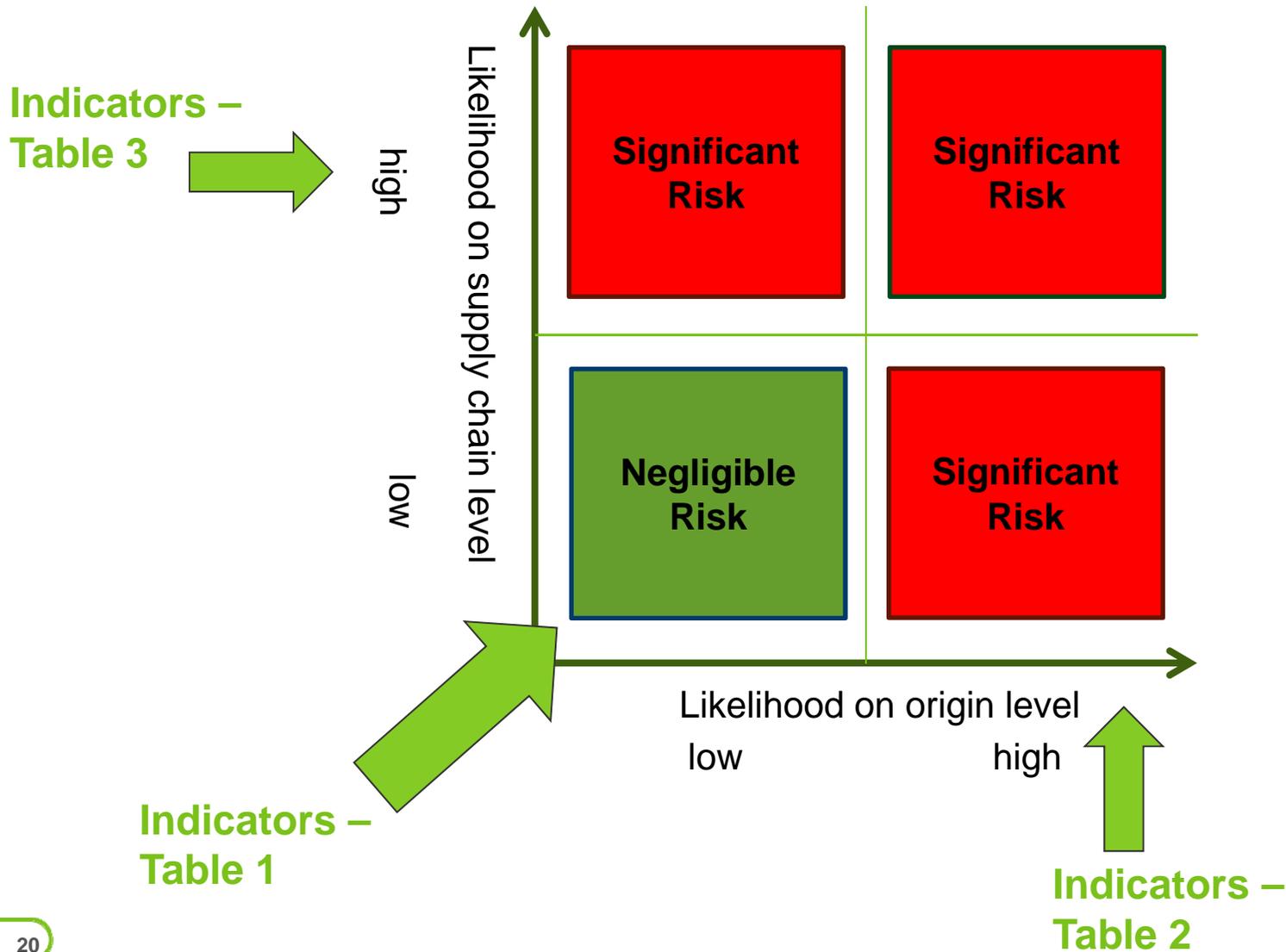
Traditionally information provided on delivery document

Additionally information on tree species and origin required

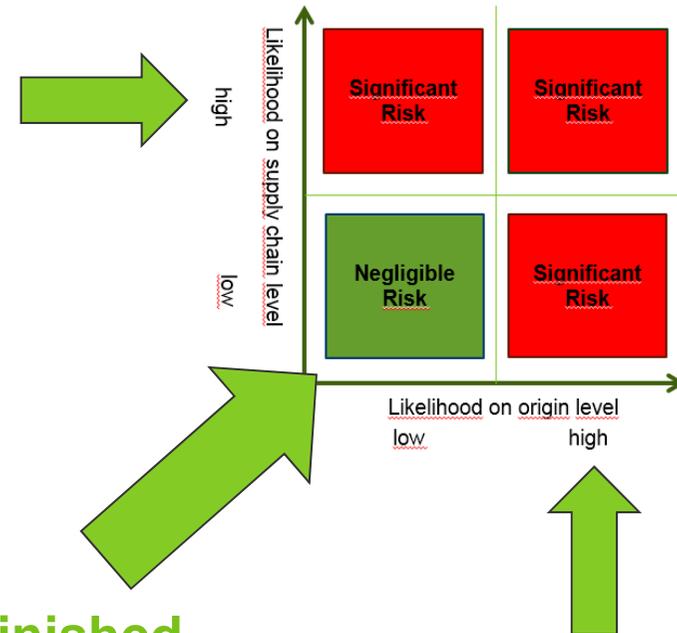
Certificate holders affected in two ways:

1. **Getting "access to" information from suppliers**
2. **Providing "access to" information to PEFC certified customers**

Step 2 – Risk Assessment



Step 2 – Risk Assessment



1. Any verification from table 1 "negligible risk" available?

- **YES: negligible risk, Risk Assessment finished**
- **NO: continue Risk Assessment**

2. Any indicators from tables 2 & 3 apply?

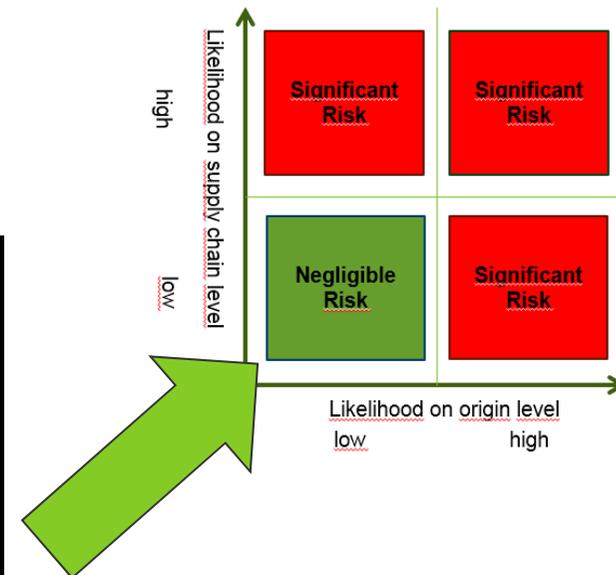
- **YES: significant risk, risk mitigation necessary**
- **NO: negligible risk**

Risk Assessment – Table 1



Table 1: List of indicators for “low” likelihood on origin and supply chain level (negligible risk)

Indicators
Supplies:
<ul style="list-style-type: none"> a) certified material/products delivered with a claim by a supplier with PEFC recognised certificate, b) other material/products delivered with a claim by a supplier with PEFC recognised chain of custody certificate.
Supplies declared as certified against a forest certification scheme (other than PEFC endorsed) supported by a forest management or chain of custody certificate issued by a third party certification body.
Supplies verified by governmental or non-governmental verification or licensing mechanisms other than forest certification schemes focused on activities covered by the term controversial sources.
Supplies supported by verifiable documentation which clearly identifies <ul style="list-style-type: none"> ▪ country of harvest and/or sub-national region where the timber was harvested (including consideration of the prevalence of armed conflict) ▪ trade name and type of product as well as the common name of tree species and, where applicable, its full scientific name ▪ all suppliers within the supply chain and ▪ the forest management unit of the supply origin ▪ documents or other reliable information indicating compliance of those timber and timber products with activities referred to by the term controversial sources. Special attention shall be given to documentation which is produced by a governmental body of the country with TI CPI below 50.



Risk Assessment – Table 2

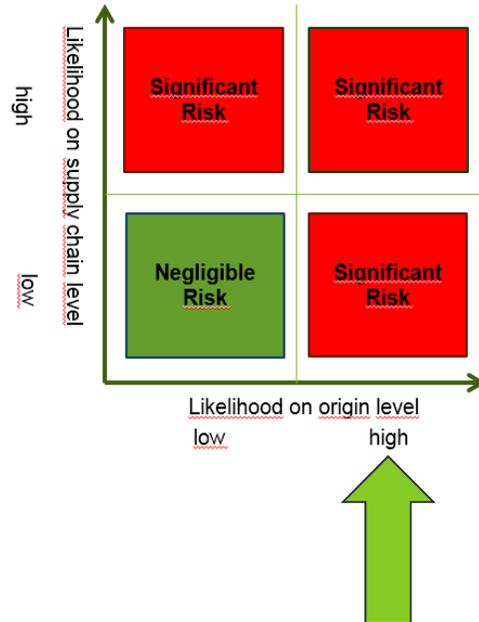


Table 2: List of indicators for “high” likelihood on origin level³

Indicators
The actual corruption perception index (CPI) of the country presented by Transparency International (TI) is lower than 50. ⁴
The country / region has a prevalence of armed conflict.
The country/region is known as a country with low level of forest governance and law enforcement.
Tree species included in the material/product is known as species with prevalence of activities covered by the term controversial sources.

Risk Assessment – Table 3

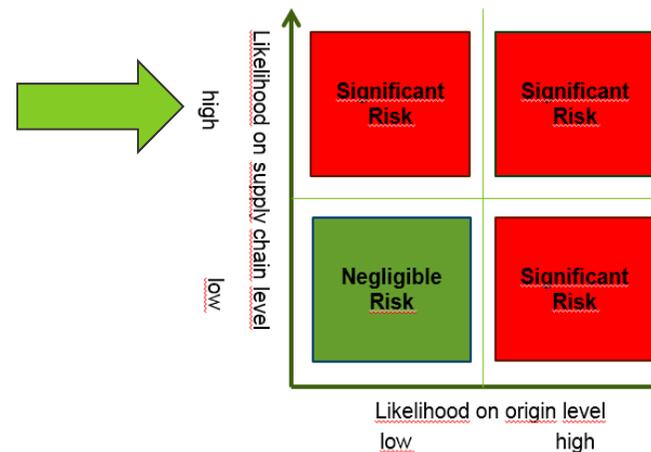


Table 3: List of indicators for high likelihood on supply chain level

Indicators
Actors and steps in the supply chain before the first verification by a verification system accepted as indicator for low risk in this risk matrix are unknown
Countries/regions where the timber and timber products have been traded before the first verification by a verification system accepted as indicator for low risk in this risk matrix are unknown.
Tree species in the product are unknown
Evidence of illegal practices by any company in the supply chain

Substantiated comments or complaints



Links to EUTR guidance on «substantiated complaints»

«The organisation shall ensure that substantiated concerns provided by third parties concerning supplier compliance with legal requirements and other aspects of controversial sources are promptly investigated and, if validated, result in (re-) assessment of the risks associated with the relevant supplies.

In case of substantiated concerns material originally excluded from the risk assessment shall undergo a risk assessment.»

Step 3 – Risk Mitigation



Necessary for **significant risk** supplies

Three Steps

- 1. Identification of supply chain
(additional information from supplier)**
- 2. On-site inspection**
- 3. Corrective actions**

PEFC and EUTR



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PEFC ST 1003 – Compliance with legal requirements



PEFC INTERNATIONAL STANDARD
Requirements for certification schemes

PEFC ST 1003:2010

2010-11-26

Sustainable Forest Management – Requirements



PEFC Council

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5.7.1 Forest management shall comply with legislation applicable to forest management issues...

Note: For a country which has signed a FLEGT VPA...
the “legislation applicable to forest management” is
defined by the VPA agreement.

5.7.2 Forest management shall provide for adequate protection of the forest from unauthorised activities such as illegal logging, illegal land use, illegally initiated fires, and other illegal activities.



Art. 4 EUTR – Obligations of Operators



- (1) Prohibition to place illegal timber on the market
 - **PEFC: No placement on the market as PEFC DDS outcome (PEFC D 2002:2013, ch. 5.6.2)**

- (2) Operators shall exercise due diligence
 - **PEFC: commitment to comply with PEFC CoC**

- (3) Maintain and evaluate due diligence
 - **PEFC: Maintain valid certificate, annual audit**

Art. 5 EUTR – Obligation of Traceability



(a) Identification of suppliers

- **PEFC: supplier identification (ch. 4.1.2 b)**

(b) Identification of customers

- **PEFC: customer identification (ch. 7.1.3 a)**

Keeping the supplier/customer details for five years

- **PEFC: records (suppliers, input, sales) (ch. 8.4.1)**
five year records keeping (ch. 8.4.2)

Art. 6 (1) EUTR – Due Diligence System



(a) Access to information

supplier, customer, description, quantity, date, PEFC claims, PEFC certificate number (ch. 4.1.2 & 7.1.3) country (region/concession) of harvest, (scientific) name of tree species (ch. 5.2.1)

(b) Risk assessment

risk assessment (ch. 5.3)
substantiated concerns (ch. 5.4)

(1st bullet) assurance of compliance with legislation

verification of claims (ch. 4)
No PEFC Claim: table 1 & table 2 of risk assessment (ch. 5.3.5)

(2nd bullet) prevalence of illegal harvesting of specific tree species

verification of claims (ch. 4)
No PEFC Claim: table 2 (ch. 5.3.5)



Art. 6 (1) EUTR – Due Diligence System II



(3rd bullet) prevalence of illegal harvesting in country, incl. armed conflict

verification of claims (ch. 4)
conflict timber (ch. 5.1.7)
No PEFC Claim: ch. 5.1.7, table 2 (ch. 5.3.5)

(4th bullet) UN or EU Sanctions

applicable UN and EU sanctions (ch. 5.1.6)

(5th bullet) complexity in supply chain

all previous suppliers covered by third party certified PEFC Chain of Custody
No PEFC Claim:table 3 , ch. 5.3.5)

(c) Risk mitigation

Management of significant risk supplies (ch. 5.5)

Art. 4 – EUTR Implementing Regulation



PEFC meets all requirements:

- (a) Publicly available system of requirements that includes all relevant requirements of the applicable legislation
 - **National PEFC Standards require legal compliance**

- (b) Checks, including field visits at intervals no longer than 12 months to verify compliance with applicable legislation
 - **FM audits (12 months intervals) include verification of compliance with national PEFC Standard**
 - **Verified through accredited, third party CB's**

Art. 4 – EUTR Implementing Regulation II



- (c) Third party verified timber tracing at any point in the supply chain
 - **PEFC Chain of Custody certification**
 - **Verified through accredited third party CB's**

- (d) Third party verified controls to ensure unknown origin or illegally harvested timber do not enter supply chain
 - **PEFC Due Diligence System provides information on origin and risk assessment**
 - **Unknown or high risk material not in PEFC chain**

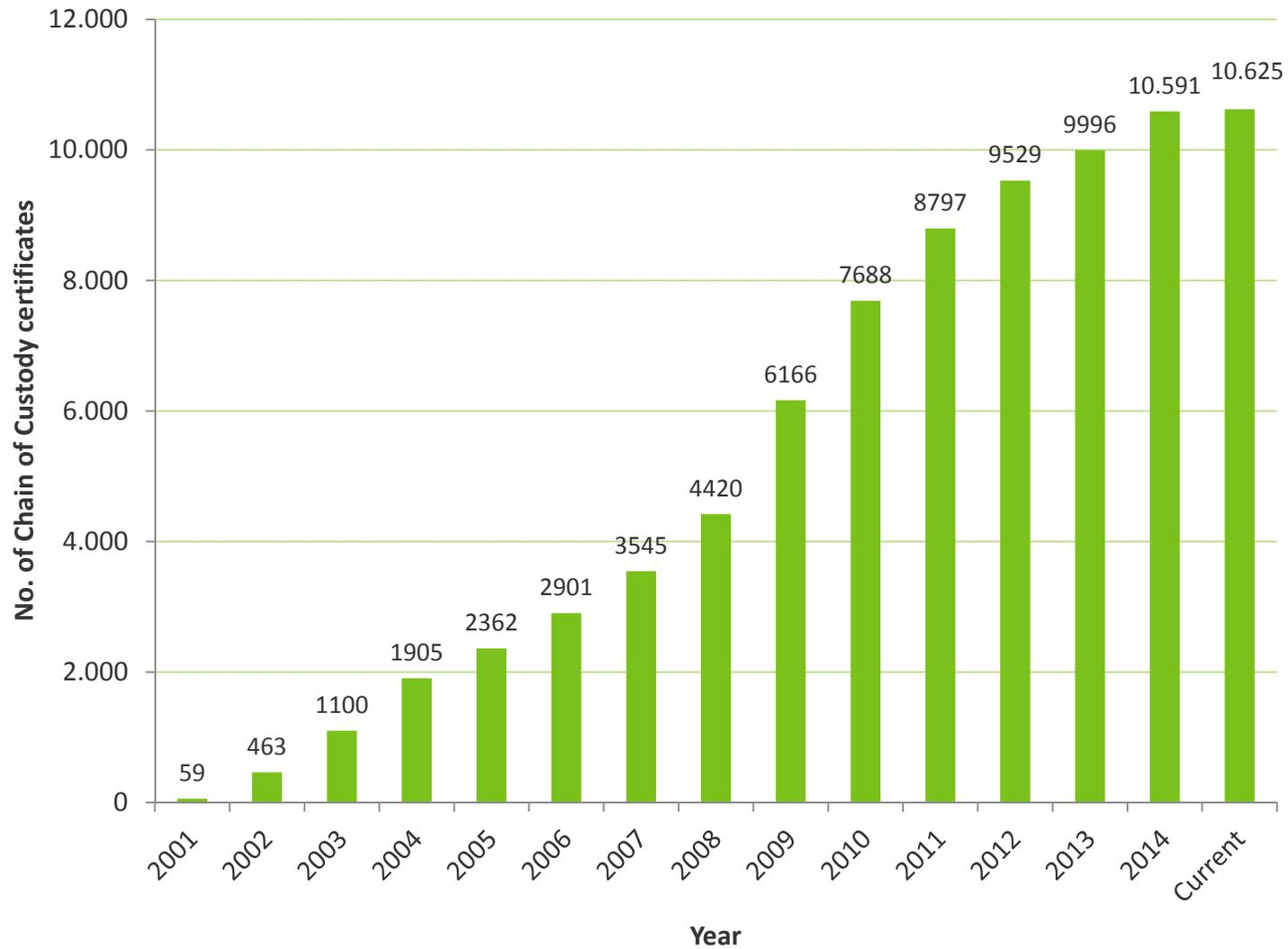
EUTR Guidance



PEFC is answering all questions referring to the credibility of certification systems:

- Are all requirements of the Implementing Regulation met?
✓ **Yes, see previous slides**
- Is the certification compliant with relevant ISO guides?
✓ **Yes, e.g. ISO 17021, 17065, 17011, 19011, Guide 59**
- Are there any substantiated report about shortcomings?
✓ **Covered in PEFC Chain of Custody, 5.4.1 & 5.4.2**
- Are the CB's independent accredited organisations?
✓ **Yes, PEFC requires accreditation by IAF members**

Chain of Custody Growth



Chain of Custodies by Region



Europe			
Austria	454	Luxembourg	18
Belarus	60	Monaco	3
Belgium	297	Netherlands	474
Bosnia & Herzegovina	3	Norway	50
Bulgaria	3	Poland	120
Czech Republic	208	Portugal	88
Denmark	77	Romania	19
Estonia	37	Russia	17
Finland	206	Slovak Republic	65
France	2'080	Slovenia	25
Germany	1'602	Spain	752
Hungary	17	Sweden	182
Ireland	37	Switzerland	64
Italy	766	Turkey	15
Latvia	38	Ukraine	1
Lithuania	7	United Kingdom	1'127
Total			8'912

Africa	
Egypt	2
Morocco	1
South Africa	1
Tunisia	1
Total	5

Oceania	
Australia	229
New Zealand	16
Total	245

Central & South America	
Argentina	7
Brazil	71
Chile	69
Colombia	2
Mexico	2
Peru	9
Uruguay	1
Total	161

North America	
Canada	173
USA	248
Total	421

Asia	
Bahrain	1
China	237
India	8
Indonesia	22
Israel	5
Japan	194
Lebanon	2
Malaysia	338
Philippines	1
Saudi Arabia	3
Singapore	24
South Korea	5
Sri Lanka	2
Sultanate of Oman	2
Taiwan	9
Thailand	6
United Arab Emirates	20
Vietnam	2
Total	881



Thank you!

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