



Forest Stewardship Council®



FSC and the Pulp and Paper Sector in context of EU TR Chatham House 19/3/2014

John Hontelez
Chief Advocacy Officer



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FSC CoC CH < 13000 based in EU (globally >27500)

Big part involved in pulp and paper sector.

FSC Global Market Survey 2012 (4595 respondents, 18,5%):

- *“Paper is the most frequently bought and sold FSC product. It is mainly traded by companies in Europe, followed by Asia. 42 percent of respondents stated that paper-based products make up the majority of their sales.”*
- *“Printers present the largest group of FSC certified businesses with 29.9 percent”*
- *Demand for FSC certified products is increasing most for tissue paper.”*



CERTIFICATION IMPORTANT IN THIS SECTOR:

From the 2013 CEPI Sustainability Report (1):

Capacity to produce certified materials:

- *98,4% of production capacity for pulp production own a CoC certificate*
- *97,6% of production capacity of recycling based paper, tissue and board is CoC certified.*
- *93,2% of production capacity of paper tissue and board production capacity is CoC certified.*



From the 2013 CEPI Sustainability Report (2):

Actual use in 2012 of virgin certified materials:

- *76% of market pulp production is forest management certified*
- *74,7% of pulp delivered to paper and board mills in Europe is forest management certified*
- *64,6% of wood, chips and sawmilling by-products delivered to European mills are FM certified.*
- *71,3% of total paper tissue and board produced is CoC certified.*



From the 2013 CEPI Sustainability Report (3):

Actual use in 2012 of certification for recycled materials;

- *90,5% of recycled inputs for paper, tissue and board produced is CoC certified.*

Trends

- CEPI shows increasing % between 2010/2008 and 2012.

How much of this is FSC is unclear, but likely at least 50% (FSC has less forest area in Europe but 50% more CoC).



Paper&Pulp and the EUTR:

- EUTR is relevant for imported paper products (*except printed media and packaging used for transport/protection of an imported product*)
- and for resources for paper&pulp producers in the EU (*except **paper scrap** and bamboo based*).
- The exception of paper scrap means that what FSC calls “**pre- and post-consumer reclaimed materials**” used in the paper&pulp sector **fall outside the scope of DD.**



Is recycled really recycled?

- For the EUTR it is important that operators can be confident that a “recycled” claim can be trusted.
- In case of a “mix” claim, information on origin and species is necessary for the non-reclaimed components.
- In both cases operator should be able to trust or verify any “recycled” or reclaimed claim.



FSC and EUTR

FSC supports EUTR: Legality essential step to move to sustainable forest management.

Has taken measures to increase performance against the EUTR requirements:

“Advice Notes” on:

- obligation to pass on information on country/concession of harvest and species on request
- clarification of categories of laws to be taken into account
- trade and customs laws included in CoC
- termination of tolerance for “minor components” of unknown origin
- (coming) special rule on “reclaimed materials” [*non-paper scrap*]



FSC can be considered “low risk” in relation to illegality.....

- Legality = part of FMU requirements + CoC + CW
- CBs accredited and controlled by one global, specialized body: Accreditation Services International (ASI)
- CBs to follow risk approach: step up control when more risk – ASI can do own controls in case of doubt
- Complaints procedures open for all.
- Rules about trademark use + active follow up CBs/NPs
- Special attention for high risk countries: Russia, China..
- + Changes in CW assessment: + OCP.



.....but does not mean DDS is not **necessary:** = *our message to operators +:*

- Responsibility remains with operator – FSC certification is only a tool inside DDS.
- Information: FSC Advice Note requires assistance from supplier on request.
- Risk Assessment in case of imports coming with an **FSC claim:** assess the status of the supplier/certificate holder, the scope of his certificate, and in case of doubt, do further research so that you in the end have a reasoned opinion why the claim can lead to conclusion of “low risk”.
- Be able to give competent authority justification of your DDS.



FSC rules governing claims:

- FSC-STD-40-004 V2-1 (from 2011): FSC Standard for Chain of Custody Certification.
- FSC-STD-40-005 V2-1 (from 2007, being revised) Standard for company evaluation of FSC Controlled Wood.
- *FSC-STD-40-007 V2-0 (from 2011): FSC Standard Sourcing Reclaimed Material for use in FSC Product Groups or FSC Certified Projects.*



4 categories of input material

for manufacturing of products with FSC claims:

- Material from FSC certified forests
- Controlled Wood
- Pre-consumer reclaimed materials
- Post-consumer reclaimed materials

*In case of mixing, **post-consumer reclaimed materials** are considered as equivalent to certified forest inputs, and **pre-consumer reclaimed materials** as equivalent to controlled wood.*



.....leading to **6 types of claims:**

- **FSC 100%:** all inputs from FSC certified forests (no mixing even with post-consumer reclaimed).
- **FSC Mix x%:** mix of certified materials with reclaimed and/or controlled wood (x% = certified + post consumer).
- **FSC Mix Credit:** result of mix of certified materials equivalent to input of FSC 100%.
- **FSC Recycled x%:** mix of pre- and post consumer reclaimed materials (x%= post-consumer).
- **FSC Recycled Credit:** calculated share of result of mix of pre- and post-consumer materials.
- **FSC Controlled Wood:** CW, but can also include remaining part of mix/recycled credit system, so inputs from certified forests and/or recycled.



Importance of recycling

FSC Recycled



- a. complementing virgin materials
- b. price advantage
- c. **societal demand:**
reduction of waste streams, more efficient use of materials, less pressure on forests.
FSC response: dedicated label focus on post consumer reclaimed materials (85% min.)



Confirmation of the reclaimed status:

- A valid FSC Mix or Recycled claim indicates that the supplier, or a company further up the supply chain, has validated the pre- and/or post-consumer status of the inputs, applying **FSC-STD-40-007 V2-0** *on Sourcing Reclaimed Material for use in FSC Product Groups or FSC Certified Projects*.
- If an operator is importing recycled material without FSC claim, and wanting to use this for producing an FSC certified product, he must apply that standard himself.
- ***Only CoC CH can use this standard & claim***



Procedure:

Obligation: to “*demonstrate that its reclaimed inputs for use in FSC Product Groups or FSC Projects comply with FSC definitions for pre-consumer and/or post-consumer reclaimed material.*”

- Residues from “primary manufacture” cannot be considered as reclaimed,
- From “secondary manufacture” cannot be considered if they are “intentionally produced” and/or if they have properties allowing it to be reused on site by being incorporated back into the same process.



STEPS (1):

- **validate and monitor the suppliers:** maintain records, define “necessary documentation evidence and actions”. And have “*a contingency plan to cater for non-confirming material or supply documentation*)”
- **“material inspection and classification upon receipt”**
- When objective evidence upon receipt cannot be demonstrated, the company should include the supplier in a “**Supplier Audit Program**”, including at least annual on-site audits of supplier, and if necessary further up the supply chain from where reclaimed materials originated.
- Declarations of suppliers not sufficient proof.



STEPS (2):

- Retain evidence for **audit by Certification Body** (as part of general audit CoC certificate):
- Range of options for type of evidence, including “*official reclaimed material classification and assortment systems*”, material samples, pictures, quality analysis report, invoices, delivery notes or shipping documents.
- Where applicable report on the application of the Supplier Audit Program.



In case of unresolved doubts:

- (about post-consumers status): classify as pre-consumer status
- (about recycled status): apply CW requirements or do not use for FSC claim.



Forest Stewardship Council®

Forest Stewardship Council®
FSC International Center GmbH

Charles-de-Gaulle-Str. 5
53113 Bonn, Germany

T +49 (0) 228 367 66-0
F +49 (0) 228 367 66-30

www.fsc.org



FSC Mix Credit

| Units | % FSC |
|-------|-------|
|-------|-------|

| | |
|----|------|
| 50 | 100% |
|----|------|

| | |
|----|-----|
| 50 | 40% |
|----|-----|

| | |
|----|----|
| 50 | CW |
|----|----|

| | |
|-----------|-----------------|
| <u>50</u> | <u>pre-cons</u> |
|-----------|-----------------|

| | |
|-----|------|
| 200 | 140% |
|-----|------|

OUTPUT

70 Mix Credit

130 CW (no label)



FSC Recycled Credit

| Units | % FSC | OUTPUT |
|-----------|-----------------|------------------|
| 50 | 100% post | 110 Rec. Credit |
| 50 | 100% pre | 90 CW (no label) |
| 50 | 85% post | |
| <u>50</u> | <u>35% post</u> | |
| 200 | 220% | |