ALIGNING PEFC WITH EU TIMBER REGULATION

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Overview

- What is PEFC?
- EUTR Basic Concepts
- Probable Adjustments to PEFC’s Chain of Custody Standard
- Way Forward & Support to Certified Companies
- Conclusion
What is PEFC?

- **Global, not-for-profit**, non-governmental organisation based in Geneva, Switzerland

- Voluntary mechanism promoting sustainable forest management providing independent, **third party certification** of good practices

- **Alliance** of national forest certification systems with global representation and an international chain of custody

- World’s largest forest certification system and **provider of two thirds of the world’s certified sustainably managed wood**

- **Certification system of choice** for small family forest-owners

**Thinking Global and Acting Locally**
PEFC Due Diligence System

PEFC Due Diligence System (DDS) for avoidance of raw material from controversial sources

Controversial sources = forest management activities which are:
   a) not complying with local, national or international legislation …
   b) utilizing genetically modified organisms,
   c) converting forest to other vegetation type, including conversion of primary forests to forest plantations.

The organization shall implement the PEFC DDS in three steps relating to:
   a) supplier’s self-declarations,
   b) risk assessment and
   c) management of high risk supplies.
EUTR Basic Concepts

- Differentiation between operators and traders
- Operator’s responsibility
- Due Diligence System based on specific information
- Monitoring Organizations
- Negligible risk only
EC’s Basic Objective

« Behaviour modification »
Negligible Risk Concept

- Where was the timber harvested?
- Is the level of governance of concern?
- Is the supply chain complex?
- Are all documents indicating compliance with applicable legislation made available by the supplier, and are they verifiable?
- Are there indications of involvement of any company in the supply chain in illegal practices?
Consequences for Companies

- Operators shall implement a Due Diligence System (DDS), covering the EUTR requirements

- The DDS shall be reviewed and amended on a regular basis

- The implementation of the DDS shall be verified by
  a) the Competent Authority (CA) of the particular EU member state
  b) a Monitoring Organization (MO)
     - Operator shall implement the DDS offered by the particular MO
     - Reduction of additional audits by CA
PROBABLE ADJUSTMENTS TO PEFC’S COC STANDARD
Process So Far

- PEFC Board of Directors decision to ensure compatibility with international legislation (EUTR, Australian Bill etc) in February 2011

- PEFC Chain of Custody and Labelling Working Group responsible for the revision of the standard and the implementation of the Board decision. The task force on compliance with international legislation is composed of international stakeholder groups (incl. Weyerhaeuser, Stora Enso, SCA, IKEA, BWI, SGS, BM Trada)

- Goal - ensuring that every PEFC Chain of Custody certificate holder can use the PEFC DDS to address EUTR requirements (and other legislative processes)
Proposed Adjustments to PEFC Chain of Custody

- Changes to PEFC’s Definition of “Controversial Sources”
- Additional Information Requirements
- Modifications to the Due Diligence System & Risk Assessment
- Extension of PEFC Registration and Information system
Definition of Controversial Sources

- Specification of activities “not complying with legislation of the country of harvest relating to trade and customs, in so far as the forest sector is concerned”, in addition to already existing exclusion of activities “not complying with local, national or international legislation”

- Editorial changes, such as specification of “biodiversity conservation” in addition of “forest conservation”
Additional Information Requirements

- country of harvest, and where applicable:
- (i) sub-national region where the timber was harvested; and
- (ii) concession of harvest,
- quantity (expressed in volume, weight or number of units),
- name and address of the supplier to the operator,
- name and address of the trader to whom the timber and timber products have been supplied,
- documents or other information indicating compliance of those timber and timber products with the applicable legislation;
# Proposed Modifications to PEFC DDS


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<tbody>
<tr>
<td>DDS as appendix of the main standard</td>
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<td>DDS as integrated function of the main standard</td>
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<td>Appendix contains DDS elements allowing a stand alone implementation</td>
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<td>Basic risk determinates: •Likelihood on the origin level •Likelihood on the supply chain level</td>
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<tr>
<td>Differentiation between «high risk» and «low risk»</td>
<td>Differentiation between «high risk», «medium risk», «low risk» and «negligible risk»</td>
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<td>Risk mitigation: Only for «high risk»</td>
<td>Risk mitigation for all risk categories except negligible risk</td>
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Risk Assessment – Current Approach

![Risk Assessment Diagram](image-url)
Risk Assessment – Proposed Future Approach

- High Risk
- Medium Risk
- Low Risk

Likelihood on supply chain level:
- High
- Low

Likelihood on origin level:
- High
- Low

Chart showing the relationship between likelihood on supply chain level and likelihood on origin level.
PEFC Risk Mitigation Elements & Procedures

- ... 
- Additional credible documentation 
- On-site 2nd or 3rd party audits 
- 3rd party legality verification 
- PEFC DDS certification 
- PEFC Chain of Custody & Forest Management Certification 
- ...
Risk Assessment – Future Approach

- Negligible Risk
- Medium Risk
- High Risk

Likelihood on supply chain level
- Low
- High

Likelihood on origin level
- Low
- High
IMPLEMENTATION OF THE REVISED CHAIN OF CUSTODY STANDARD
## Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
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<tbody>
<tr>
<td>13 November</td>
<td>Finalizing second draft, submission to the PEFC Chain of Custody and Labeling WG members</td>
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<tr>
<td>27 November</td>
<td>PEFC WG finalizing enquiry draft</td>
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<tr>
<td>3 December</td>
<td>Start international public consultation</td>
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<tr>
<td>1 February</td>
<td>End international public consultation</td>
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<tr>
<td>5 February</td>
<td>PEFC Chain of Custody and Labeling WG meeting – considering comments received during the public consultation</td>
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<tr>
<td>6 February</td>
<td>Finalizing final draft</td>
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<tr>
<td>8 February</td>
<td>Recommendation by the PEFC Board of Directors the PEFC General Assembly; start postal ballot</td>
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<tr>
<td>11 March</td>
<td>End postal ballot and adoption of new standard</td>
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# Training and information (preliminary)

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<tr>
<td>1 December</td>
<td>Information folder for PEFC’s chain of custody certificate holder</td>
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<tr>
<td>18 December</td>
<td>First web conference for certification bodies</td>
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<tr>
<td>19 December</td>
<td>First webinar for users and interested parties</td>
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<tr>
<td>13 March</td>
<td>Web conference for accreditation bodies</td>
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<tr>
<td>Q II + Q III 2013</td>
<td>Training and information on international and national level</td>
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Information Folder Contents

- Background information about basic EUTR concepts and requirements and their relation to existing PEFC Chain of Custody Standard (PEFC ST 2002:2010)
- Guidance how to adapt the existing chain of custody system in the organization
- Detailed information about transitional arrangements
## Transitional arrangements (preliminary)

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<th>Date of entry into force:</th>
<th>12&lt;sup&gt;th&lt;/sup&gt; March 2013</th>
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<tr>
<td>Transition date:</td>
<td>To be determined by PEFC Board of Directors</td>
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<td>Transition date for system specific chain of custody standards</td>
<td>To be determined by PEFC Board of Directors</td>
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Summary

- PEFC Board decided in 2011 that the requirements for the EUTR DDS will be reflected in the PEFC Chain of Custody to ensure companies can use it to help meet their obligations under the EUTR.
- PEFC has been tracking the debate and is dedicated to pragmatic workable solutions for all companies in the supply chain.
- PEFC is aware that retailers and others down the supply chain demand the same reassurances from all actors as are being required by EUTR for “first placers”.
- PEFC’s objectives is that everything that is required by the EUTR will be required by the revised PEFC Chain of Custody.
- PEFC suggestions will soon be finalized and out for consultation – please submit any final comment during consultation period.
- PEFC is developing timber tracking and information system to complement company needs.