How PEFC Helps Companies Address EUTR Requirements

Thorsten Arndt
Head of Communications
PEFC International
Overview

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

- Due Diligence System based on specific information
- Operator’s responsibility
- Monitoring Organizations
- Differentiation between operators and traders
- 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) **Monitoring Organization** (MO)
     → organization shall implement the DDS offered by the particular Monitoring Organization
     → number of additional audits by the CA might be reduced
  b) the **Competent Authority** (CA) of the particular EU member state
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

- Chain of Custody and Labelling Working Group (CoC WG) responsible for the revision of the standard and the implementation of the Board decision

- CoC WG task force on compliance with international legislation composed of international stakeholder groups (incl. Weyerhaeuser, Stora Enso, SCA, IKEA, BWI, SGS, BM Trada)

- Intensive deliberations since January 2012, with the goal of 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 CoC

- 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

- trade name
- type of product
- common name of tree species
- where applicable, its full scientific name
- 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>
<td>DDS as <em>integrated function</em> of the main standard</td>
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<tr>
<td>Appendix summarizes DDS elements allowing a <em>stand alone implementation</em></td>
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| Basic risk determinates:  
  - Likelihood on the origin level  
  - Likelihood on the supply chain level | Basic risk determinates:  
  - Likelihood on the origin level  
  - Likelihood on the supply chain level |
| Differentiation between «high risk» and «low risk» | Differentiation between «high risk», «medium risk», «low risk» and «negligible risk» |
| Risk mitigation: Only for «high risk» | Risk mitigation *for all risk categories* except negligible risk |
Risk Assessment – Current Approach

![Graph showing risk assessment criteria](image-url)
Risk Assessment – Proposed Future Approach

- Likelihood on supply chain level
  - High: Medium Risk
  - Low: Low Risk

- Likelihood on origin level
  - Low: Medium Risk
  - High: High Risk
PEFC Risk Mitigation Elements & Procedures

- Additional credible documentation
- On-site 2nd or 3rd party audits
- 3rd party legality verification
- PEFC DDS certification
- PEFC CoC & SFM Certification
- ...
Risk Assessment – Future Approach

- **Negligible Risk**

  - **Likelihood on supply chain level**: high
    - **Likelihood on origin level**: high
    - **Likelihood on origin level**: low
  
  - **Likelihood on supply chain level**: low
    - **Likelihood on origin level**: high
    - **Likelihood on origin level**: low
Extension of PEFC Registration and Information System

- PEFC Information Registrar was the first online SFM & CoC certificate database available globally (launched in 2002/03)

- Development of new information system under way and well advanced.

- Revised system can support the CoC holders
  - through an automated DDS based on the companies’ delivery information
  - material flow tracking
  - other features

- Certificate registration and DDS functions in March 2013. Additional functionalities schedule to become available by end of 2013
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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<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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<th>Date</th>
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<tr>
<td>8 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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<td>Date of entry into force:</td>
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<td>Transition date:</td>
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<td>Transition date for system specific chain of custody standards</td>
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<td>12\textsuperscript{th} March 2013</td>
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<td>12\textsuperscript{th} March 2013</td>
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<td>To be determined by PEFC Board of Directors</td>
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Conclusion

Our objective is that everything that is required by the EUTR will be required by the revised PEFC CoC

→ The revised PEFC CoC is designed to help you meet EUTR requirements
→ There is no need to consider additional/alternative systems