



Developments in AFS & PEFC Certification

Brisbane Seminar

18th October 2012

What is Certification?

An efficient mechanism that assists you to:

- Ensure market access
- Manage risk
- Enhance brand value
- Communicate ethical business behaviour

Certification Delivers

Sustainable wood raw material that is:

- **legal:** the wood is harvested following local legislation and international agreements and the forest owner has been compensated accordingly
- **from well managed forests:** forestry operations have been conducted maintaining forest's ecological, social and economic values
- **traceable:** the raw material supply chain is controlled and verified from the harvesting site up until finished products

Why certify?

You believe that sustainable forest management (protecting and enhancing the many values of forests) is important:

- Environmental – biodiversity, soil, water, carbon storage
- Social – culture, heritage, regional communities
- Economic – employment, income, trade

Why certify?

It's a prerequisite for doing business – **international context**

- **Public policies:** Belgium, Denmark, Finland, France, Germany, Japan, Switzerland, UK
- **Legislation and regulation:** USA's Lacey Act and European Union's Timber Regulation
- **Private Policies:** Eurocommerce, European Retail Roundtable, Green Building councils, CASABEE, national and multinational companies

Why certify?

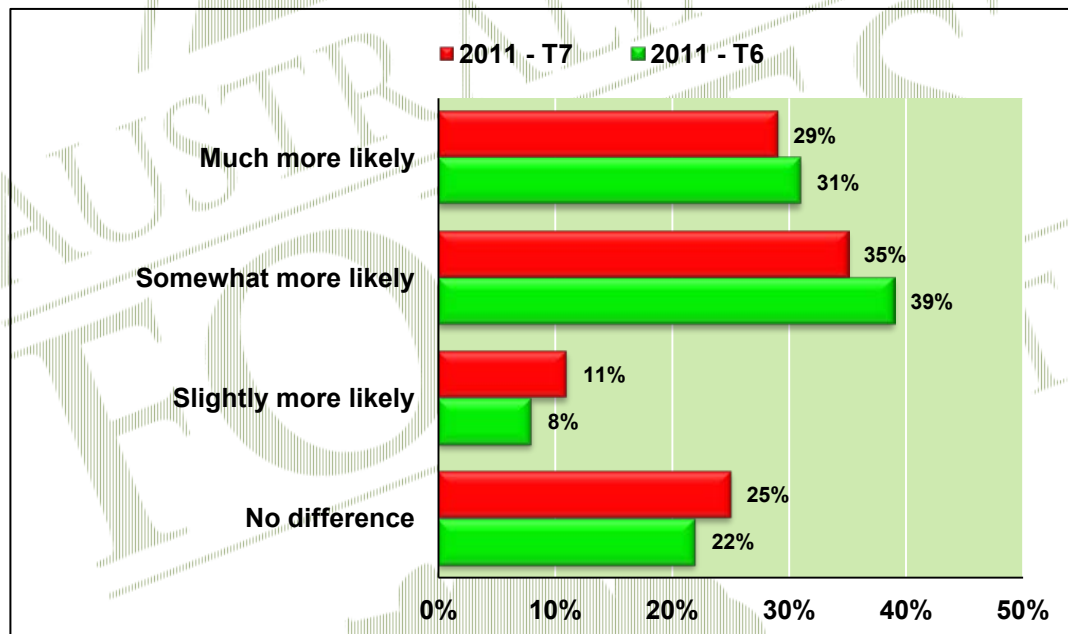
It's a prerequisite for doing business – **Australian context**

- **Public policies:** no commitment from Australian Government, Victorian and Queensland Governments recognise and support AFS certification
- **Legislation and regulation:** *Illegal Logging Prohibition Bill, 2011* currently before the Parliament
- **Private Policies:** Green Building Council of Australia – Green Star Timber Credit, banks, timber and hardware retailers etc

Why certify?

Consumers and customers increasingly demand it –

Q18 - To what extent would knowing that wood came from sustainably managed forests influence your likelihood to choose wood over other materials?



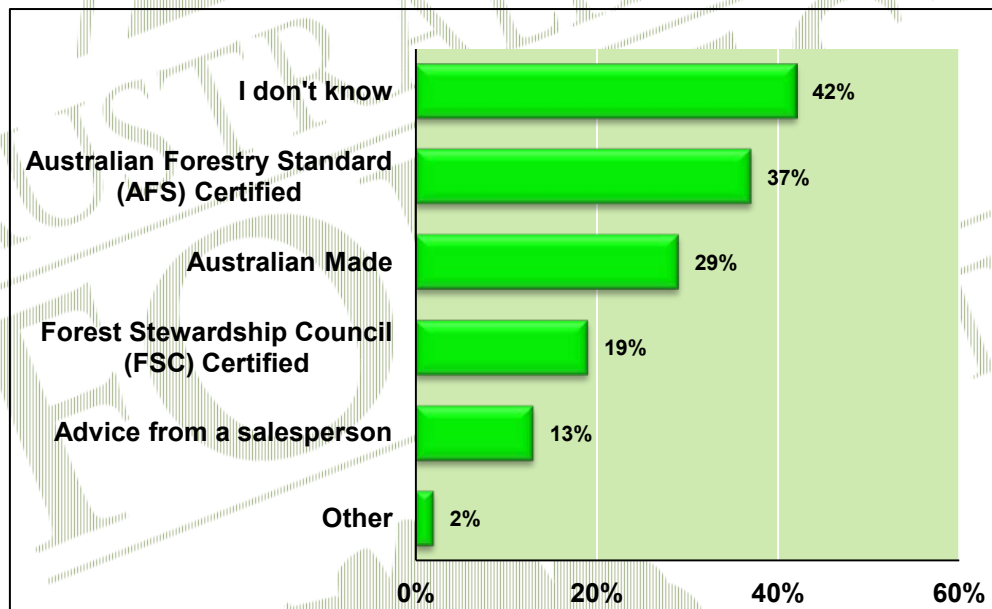
- 64% of respondents claimed they would be 'Somewhat more likely' or 'Much more likely' to choose wood over other materials if they knew the wood came from sustainably managed forests. This is less than results from T6 (-6%).

- An increase in respondents claiming 'no difference' (+3%) may be due to tighter personal finances many Australians are facing in light of increasing cost of living. For many price may be a more important driver on decision making, therefore reducing the likelihood for environmental consideration influencing consumers purchasing behavior.

Why certify?

Consumers and customers increasingly demand it –

Q21a – When selecting a wood product, what would you look for to identify whether the timber is sourced from a sustainably managed forest?



- There seems to be a large knowledge gap where 42% of respondents stated that they 'don't know' what they would look for when selecting a wood product to determine if it is from a sustainably managed forest.

- 37% of respondents stated that they would look to see if it is AFS certified, whilst 29% believe that if it is 'Australia Made', it is sourced from a sustainably managed forest.

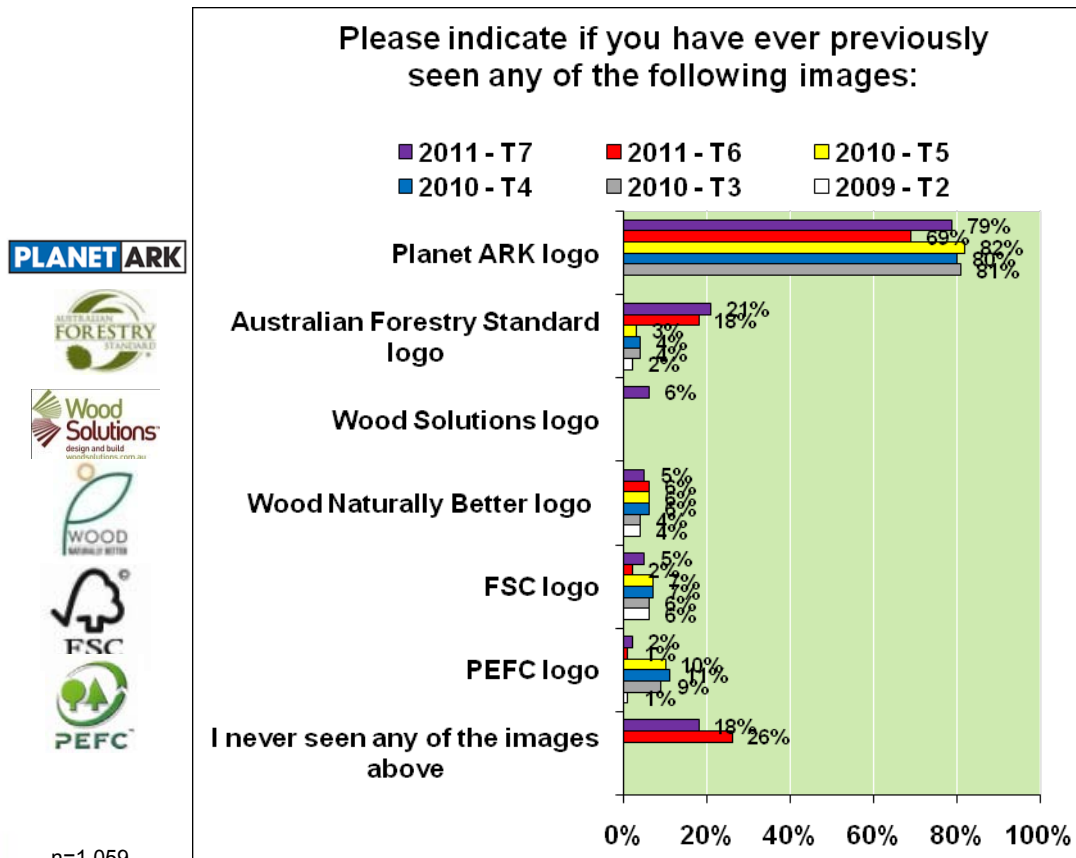
- There is a clear need to educate the public about what to look for to identify whether the timber is sourced from a sustainably managed forest.

Prompted Awareness – Wood & Forestry Logos

Please indicate if you have ever previously seen any of the following images:



'All' responses – Ranked by Prompted Awareness

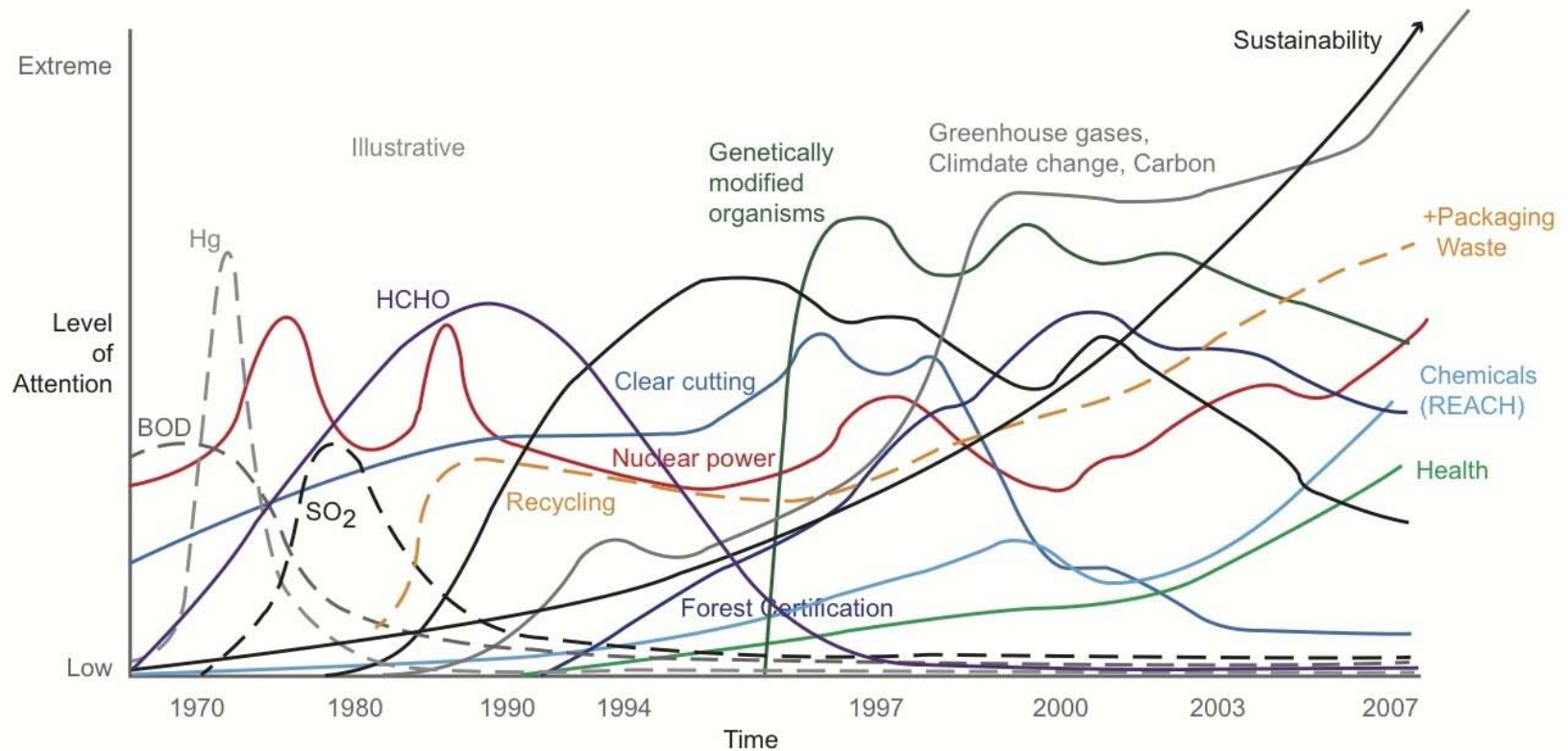


The prompted recognition of leading Australian and international Wood & Forestry logos and trust marks was reviewed using a visual stimulus approach from T2. Planet Ark was added for the first time in T3.

- In T7, Planet Ark again had the highest level of recognition with 79% of respondents indicating that they had previously seen the logo. This is a significant increase from T6 (+10%).
- Australian Forestry Standard logo has seen the largest increases to 21% (increase of +3% from T6 to T7).
- There has been little change in the prompted awareness of the Wood logo, the FSC logo and the PEFC logo.
- 18% of all respondents had never seen any of the images before which is 8% less than results from T6.



Why certify?



What is PEFC?

- **Global, not-for-profit**, non-governmental organisation based in Geneva, Switzerland
- Alliance of more than thirty national forest certification systems with global representation and an international chain of custody
- Voluntary mechanism promoting sustainable forest management by providing independent, **third party certification** of good practices
- World's largest forest certification system and **provider of two thirds of the world's certified sustainably managed wood**
- Australian Forestry Standard Ltd is the PEFC national governing body in Australia

Thinking Global and Acting Locally

PEFC's Activities?

- **Development of international standards**, forest management, chain of custody, logo usage, certification and accreditation
- **Endorsement of national forest certification systems**, management of endorsement process incl 3rd party assessment, public consultation, Panel of expert review
- **Expanding sustainable forest management and forest certification**, joint projects specifically targeted at Africa, South America, Asia, collaboration fund
- **Promotion of forest certification and use of certified timber**, through communication and advocacy; collaboration; region and country specific activities

PEFC in Australia

- **Australian Forestry Standard (AFS) Ltd** is a not-for-profit non-government company based in Canberra, Australia
- AFS Ltd is the PEFC National Governing Body in Australia.
- AFS Ltd is also accredited as a Standards Development Organisation by ABSDO (Standards Australia).
- The Australian Forest Certification System began in 2003 and is based on two Australian Standards:
 - AS4708 – The Australian Forestry Standard (forest management)
 - AS4707 – Chain of custody for certified wood and forest products
- AFS Ltd licences the use of the AFS logo and the PEFC logo in Australia.

Forest Certification – what is required?

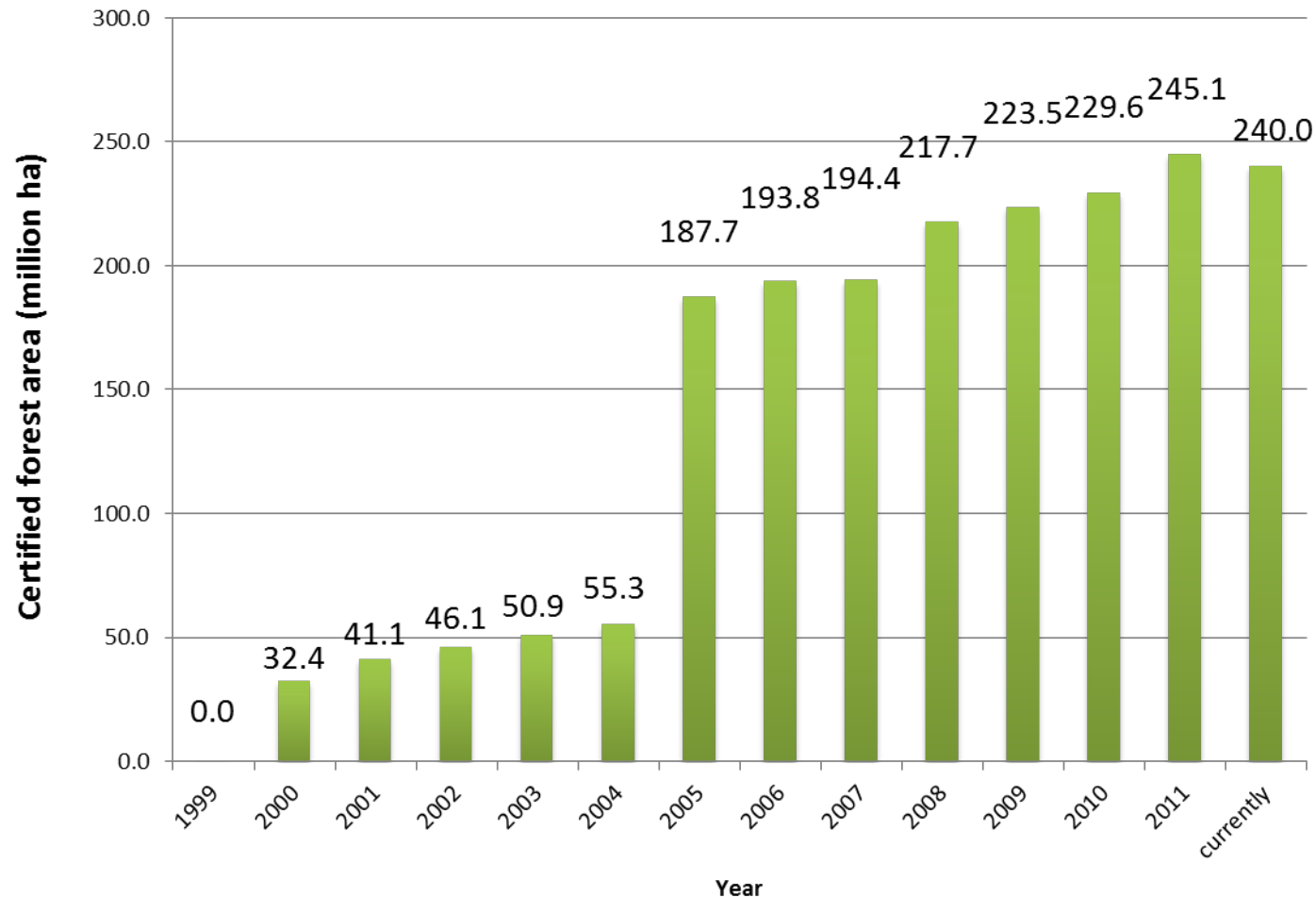
Our Standard must meet PEFC Meta-standard requirements.

Forest management **shall**:

- be undertaken in a **systematic manner** that addresses the range of **forest values**.
- provide for **public participation** and foster on-going relationships to be a **good neighbour**.
- protect and maintain the **biological diversity** of forests across the regional landscape
- maintain the **productive capacity** of forests
- maintain forest **ecosystem health** and vitality
- protect **soil and water** resources
- maintain forests' contribution to **carbon** cycles
- Protect and maintain indigenous and non-indigenous **natural, cultural, social, recreational, religious and spiritual values**
- Maintain and enhance long-term **social and economic benefits**.

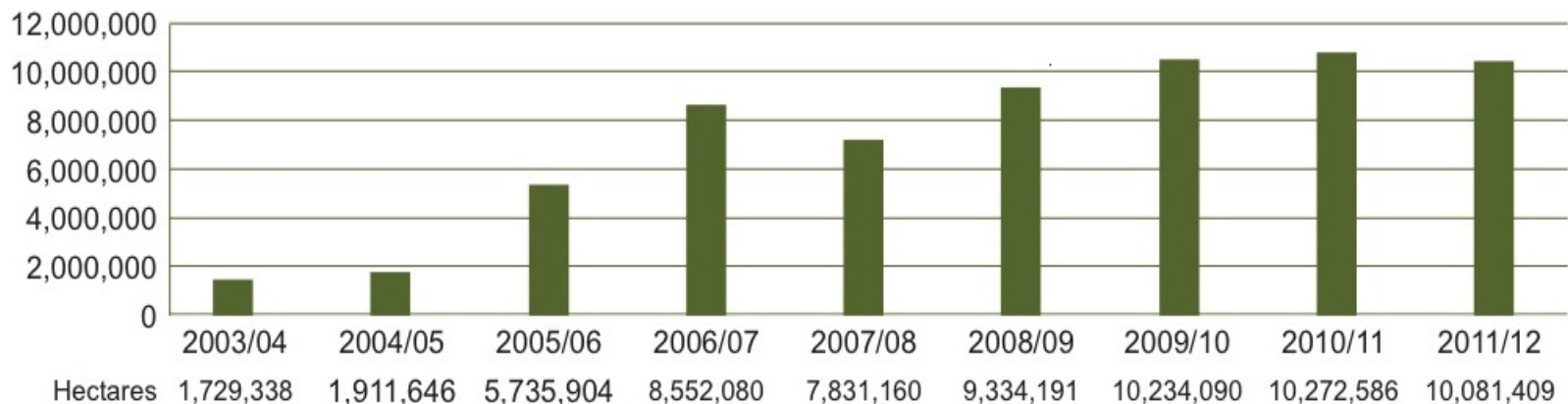
Review of forest management standard currently being undertaken.

PEFC Certified Area Growth



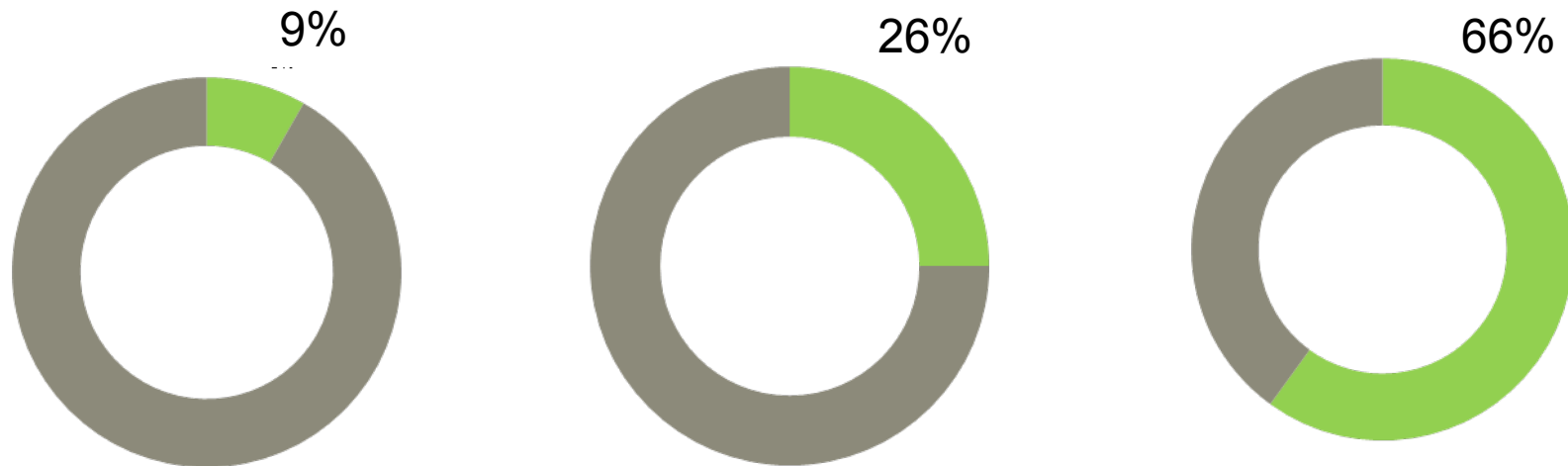
Australian Certified Area Growth

Figure 1
Certified Hectares



Note: Care should be taken in interpreting the above figures as the total area is highly sensitive to the way in which the public native forest managers and their certification bodies have determined the Defined Forest Areas in each case.

Certification Globally



- Only 9% of the world's forests are certified
- Only 26% of the world's industrial roundwood supply is certified
- 66% of the total area certified to PEFC

Certified Forest Area by Region

Asia	Certified Area (ha)
Malaysia	4,646,068
Total	4,646,068

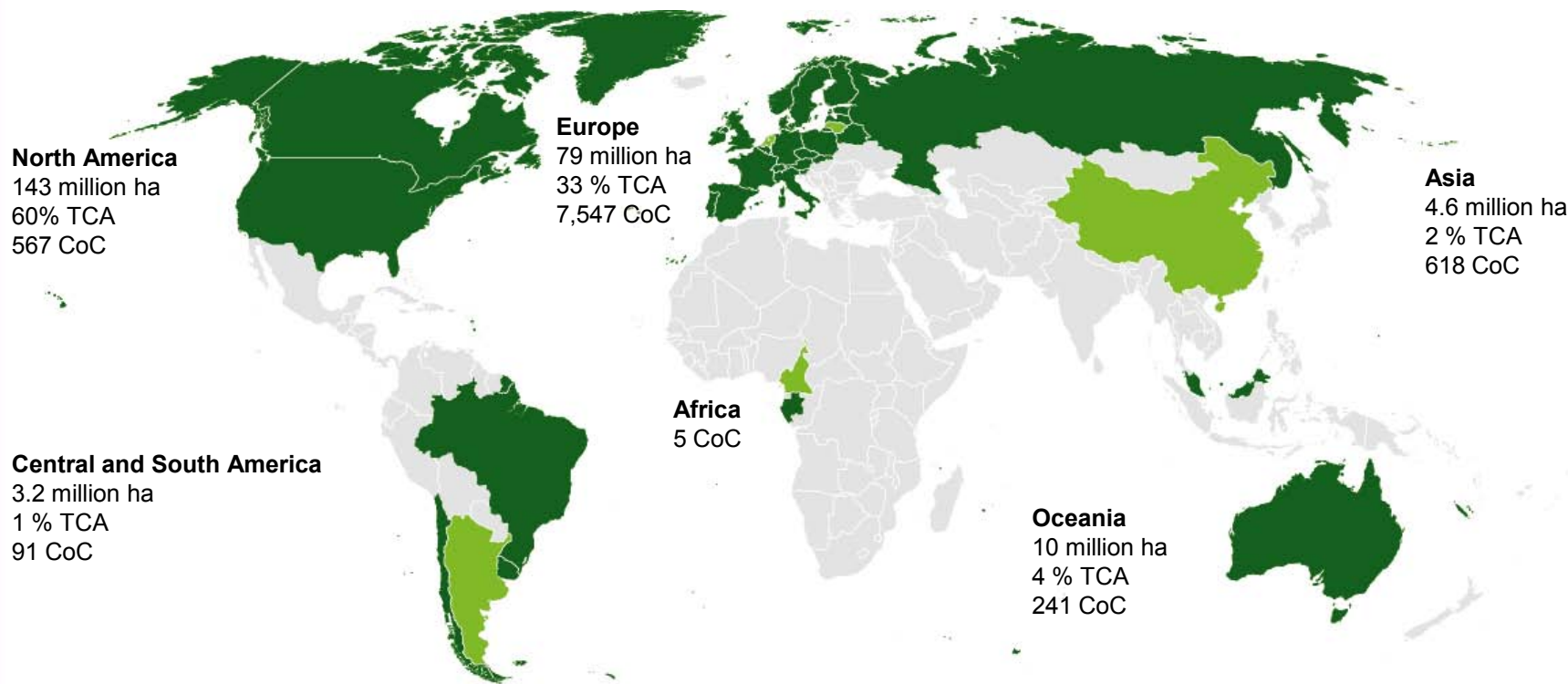
Central & Southern America	Certified Area (ha)
Brazil	1,224,930
Chile	1,913,521
Total	3,138,451

North America	Certified Area (ha)
Canada (CSA)	55,137,777
Canada (SFI)	52,533,354
USA ATFS	10,808,215
USA (SFI)	24,671,431
Total	143,150,777

Oceania	Certified Area (ha)
Australia	10,064,331
Total	10,064,331

Europe	Certified Area (ha)
Austria	2,598,437
Belarus	7,852,200
Belgium	289,050
Czech Rep	1,854,614
Denmark	246,372
Estonia	878,468
Finland	21,068,333
France	3,554,165
Germany	7,397,094
Italy	770,509
Latvia	1,622,027
Luxembourg	29,038
Norway	9,115,902
Poland	5,743,514
Portugal	94,957
Russia	643,874
Slovak Republic	1,219,557
Spain	1,511,621
Sweden	10,998,289
Switzerland	205,723
United Kingdom	1,298,047
Total	78,992,497

Members; Endorsed Systems; Distribution of Certificates

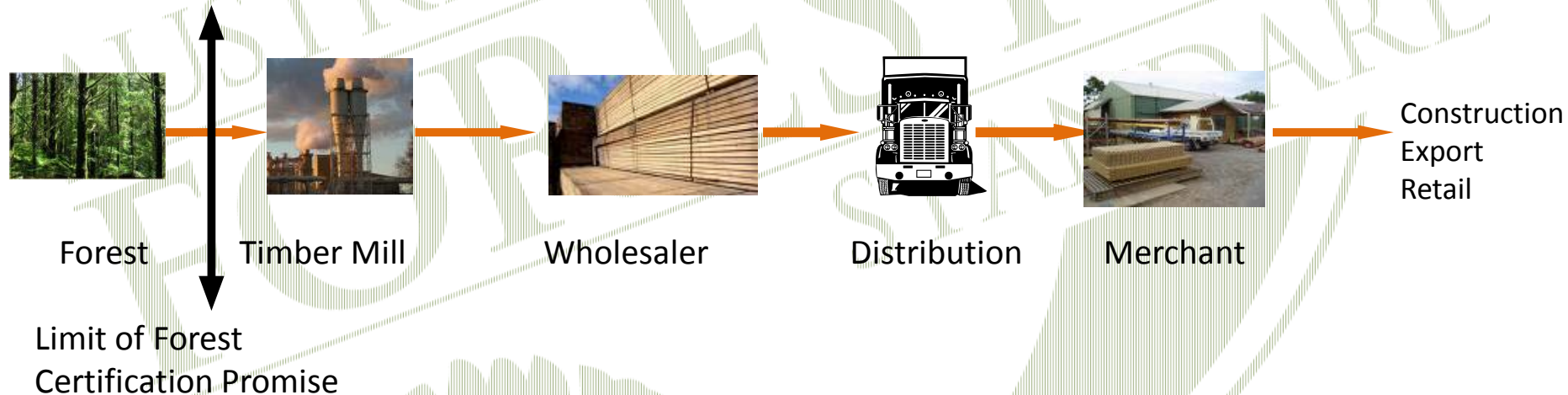


- Endorsed national member
- Non-endorsed national member

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

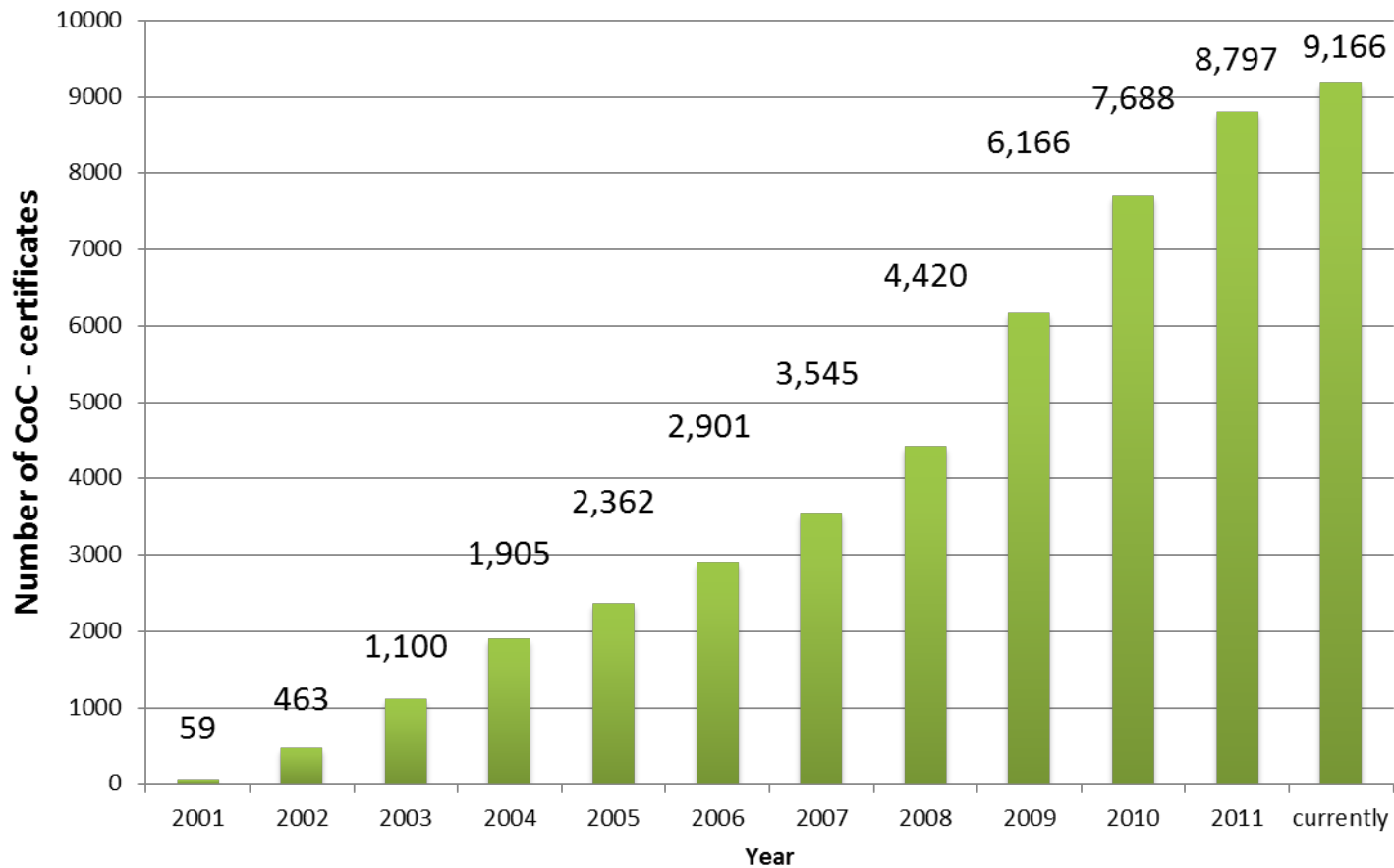
The Role of Forest Certification in the Supply Chain

The chain starts with certifying forests and then accounts for every link after that where manufacturing, packaging or printing occurs



CoC is the traceability of a product back to its source with no breaks in the chain

Chain of Custody Growth



Chain of Custodies by Region

Africa	
Egypt	2
Tunisia	2
Total	4

Asia	
Bahrain	1
China	166
India	11
Indonesia	14
Israel	3
Japan	191
Lebanon	2
Malaysia	152
Philippines	2
Saudi Arabia	1
Singapore	19
South Korea	6
Taiwan	7
Thailand	2
United Arab Emirates	8
Vietnam	3
Total	586

Europe	
Austria	395
Belarus	26
Belgium	244
Bosnia & Herzegovina	1
Czech Rep	170
Denmark	60
Estonia	21
Finland	161
France	2,040
Germany	1,342
Greece	2
Hungary	11
Ireland	27
Italy	539
Latvia	24
Lithuania	4
Luxembourg	20
Monaco	3
Netherlands	455
Norway	35
Poland	44
Portugal	41
Romania	13
Russia	4
Slovak Republic	38
Slovenia	8
Spain	530
Sweden	124
Switzerland	61
Turkey	5
United Kingdom	1,216
Total	7,667

Central & South America	
Argentina	4
Brazil	35
Chile	52
Colombia	2
Mexico	2
Peru	5
Uruguay	3
Total	104

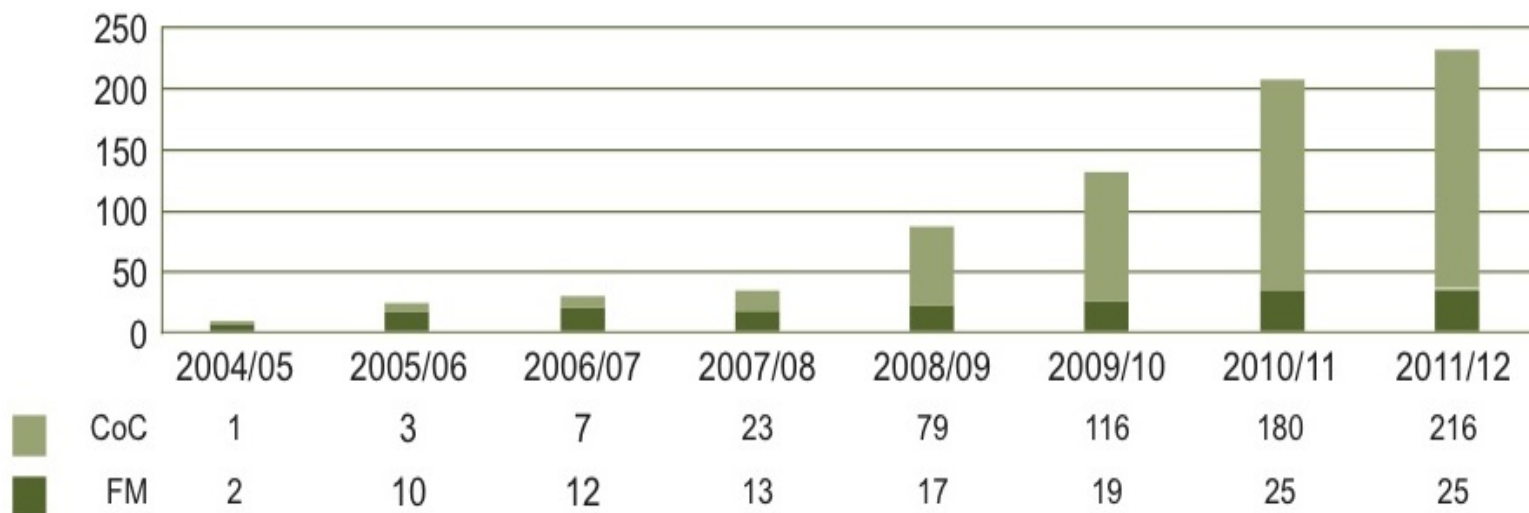
North America	
Canada	204
USA	361
Total	565

Oceania	
Australia	221
New Zealand	20
Total	241

Australian Chain of Custody Growth

Figure 2

Total Current Certificates (as at 30 June)



Note: Current Australian chain of custody certificates include those issued against AS4707 and PEFC ST 2002:2010 (and previously PEFC Annex 4).

What is required for Chain of Custody certification ?

Management commitment

Document control system

Training and development

Verification of origin

Final inspections

Record keeping

Use of certificates

Continuous improvement



Certification Process

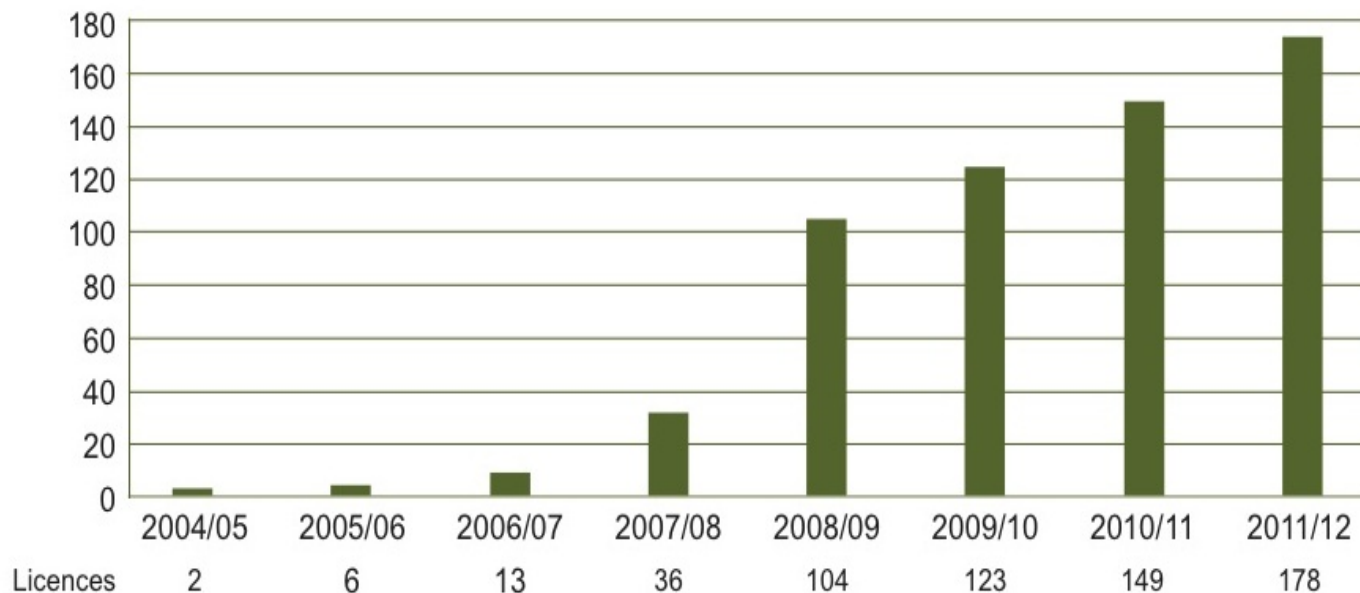
- Select a certification body.
- Pre-assessment/scoping.
- Implement system requirements.
- Audit.
- Corrective actions if required.
- Certification.
- Logo licence.
- Annual surveillance audit.
- Re-assessment (3 or 5 years).

PEFC Logo Use

- Forest where the wood/fibre is sourced must be certified.
- Each organisation that subsequently processes, remanufactures or repackages the product must hold a chain of custody certificate to ensure the chain is not broken.
- Any certified organisation can apply for a logo licence which allows them to use the logo in accordance with the logo use rules.
- If a company does not process, remanufacture or repackage the product it does not require its own chain of custody certification or logo licence and can sell the product with the logo that was affixed at a previous point in the supply chain.
- Companies which are not certified can apply for an “off-product” logo licence to allow them to use the logo for “off-product” promotion (e.g. on marketing materials).
- Enormous diversity of certified companies and logo users.

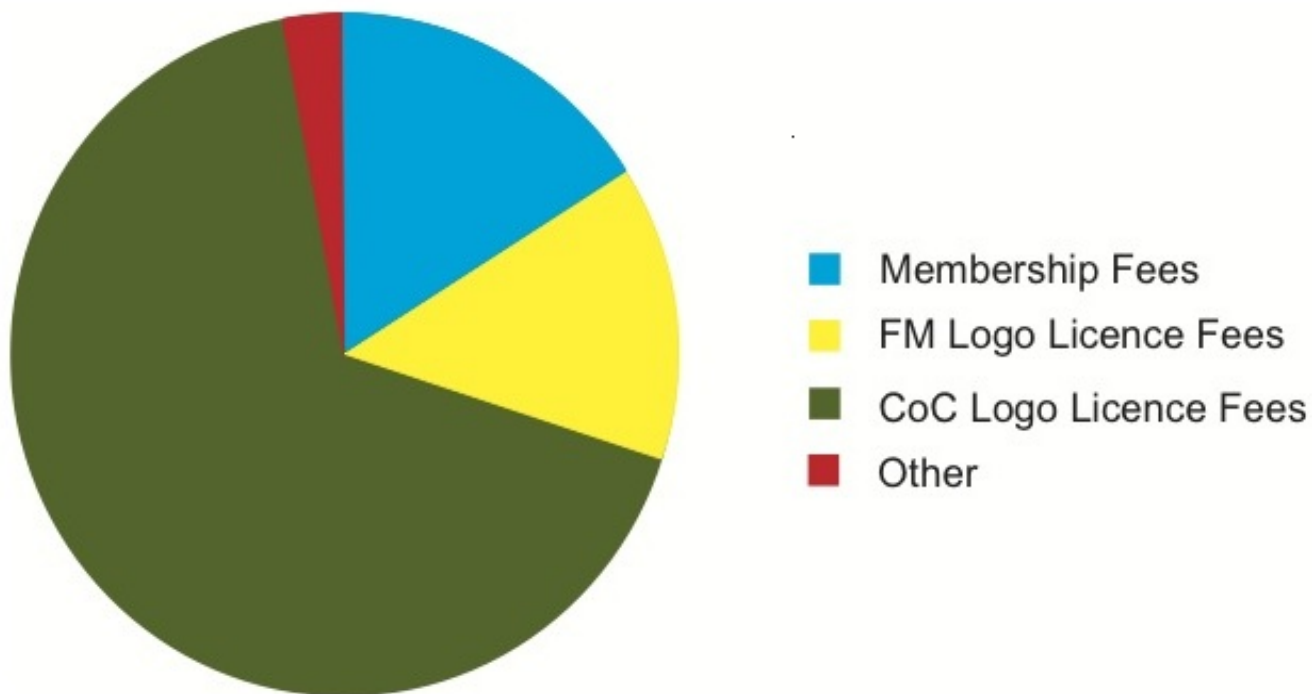
Australian Logo Use

Figure 4
Total Current AFS/PEFC Australia Logo Licences (as at June 30)



Note: Includes logo licences issued to Category B (Forest Management), Category C (Chain of Custody) and Category D (Off-product) logo user groups. Companies holding more than one certificate can have a single logo licence.

Figure 5
AFS Ltd Income by Source



Note: In the small number of instances where companies hold both FM and CoC certification their logo licence fees are included in the CoC category.

We can not do it alone



Boral is doing major marketing and branding of the AFS message



The paper industry is very actively using and promoting the PEFC and AFS logos on catalogues, envelopes, books and magazines.



International Conclusions

- Certification of wood based products will increase, especially in Asia (eg China, India, Indonesia, etc) and link into other sustainability processes.
- Increasing market demand by procurement policies for proven sustainable wood and paper based products, such as PEFC/AFS certified, means businesses should obtain chain of custody certification.
- Two thirds of the world's certified supply is PEFC so having PEFC:
 - Increases and secures market access
 - Provides a competitive advantage over uncertified companies
 - Reduces business risk from unknown sourcing
- Certification is an investment in market share development.

Next steps

- Undergo chain of custody certification.
- Make certified products part of your offer.
- Encourage your suppliers to become certified and make your customers aware
- Use the logos (AFS and/or PEFC) to demonstrate to your customers that you are supporting responsible forest management .

Standards Review

- PEFC and Standards Australia require that standards be regularly reviewed to ensure they are current and up to date.
- Forest management Standard AS4708 was last reviewed and endorsed in 2007.
- PEFC adopted three new standards which all member schemes must comply with by May 2013 including forest management meta standard and group certification.
- Chain of Custody Standard AS4707 was last reviewed and endorsed in 2006
- New PEFC International Chain of Custody Standard (PEFC ST2002:2010) likely to change again in 2013 to meet EUTR.

Standards Review Process

- Must be conducted in accordance with Standards Australia and PEFC requirements.
- Undertaken by an expert and representative Standards Reference Committee.
- AFS Ltd does not determine content of Standard.
- Must seek and consider public input.
- Committee must achieve a consensus on the content.
- Entire process will be reviewed prior to endorsement of the new version of the Standard.

SRC4708 (Standards Reference Committee)

Association of Accredited Certification Bodies (AACB)	ForestWorks
Australian Forest Growers (AFG)	Greening Australia
Australian Forest Products Association (AFPA)	Institute of Foresters of Australia
Australian Pulp and Paper Technical Association (APPITA)	Planet Ark
Construction Forestry Mining and Energy Union (CFMEU)	Timber Communities Australia
CSIRO	Independent experts
Ecological Society of Australia	Independent Chair

Standards Review Process

- Committee formed and began meeting 2nd half 2011
- First public comment period May 2012 – 35+ submissions, mostly supportive (but not all), mostly from users of the Standard (certified forest managers).
- Committee considered all comments and incorporated many.
- Second public comment period September 2012 – slightly fewer submissions, focussed on smaller number of issues, currently being analysed and considered.
- Consensus and final standard? – early 2013?

Changes to Draft 1

Changes required to maintain compatibility with PEFC:

- GMOs are forbidden
- WHO Chemicals Type 1a and b are banned
- Persistent Organic Pollutants are banned
- ILO conventions are normative.

Changes to Draft 1

Changes required by the SRC:

- Simplify the standard
- Remove contextual information
- Include all normative requirements including those in the JAS-ANZ procedure.
- Number the criteria with stand alone numbers
- Rename to Sustainable Forest Management
- Added Stakeholder Engagement Plan

Public Response Period 1

- 28 Submissions
- 540 comments
- General support for new format.
- Concerns about changes
- Good editorial and presentation advice

Changes for Draft 2

Changes made by the SRC considering public comments:

- Strengthened Biodiversity Requirements

- Strengthened Carbon Requirements

- Improved consistency.

- Added Sustainable Yield

Public Response Period 2

- 31 Submissions
- 504 comments
- Residual concerns about.
 - Carbon Requirements
 - Workers Rights
 - Extra work for growers to comply
 - Inconsistencies with wording and meanings

Work left for SRC

Resolve:

- Carbon
- Biodiversity
- Worker's Rights.
- Inconsistencies

Achieve consensus and approve final standard for submission to Standards Australia.

Thank you

