



Network for Certification and Conservation of Forests

Forest/ToF Certification and its applicability in Pulp & Paper Industry

**Presentation for JK Paper Limited
27th November 2020**

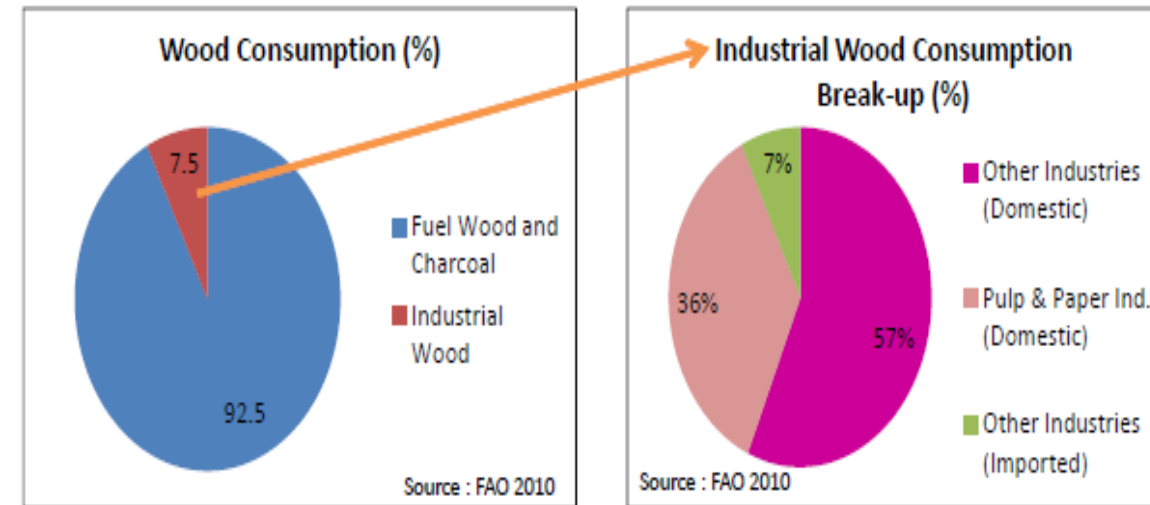
Indian Paper Industry

- ✓ Indian paper industry has over 800 mills
- ✓ Combined turnover of approximately Rs 70,000 Cr.
- ✓ Per capita consumption; India 14 Kg; World average 56 Kg; Asia 26 Kg.
- ✓ Cost of wood and raw fibre is high in India, as compared to other countries
- ✓ Policies for plantations not very favourable in India
- ✓ Current wood requirement is 11 mn tons with availability of 9 mn tons (gap of 2 Mn tons).
- ✓ Wood Shortage led to Increased dependence on Imports
- ✓ Employment Generation: Direct 5 Lacs; Indirect 15 Lacs

(Source:IPMA)

Existing Scenario of Indian Paper Industry

- ✓ Domestic paper mills are severely impacted due to imports in our country with low import tariffs
- ✓ There is adequate production capacity in our country but is under-utilized
- ✓ **In India, about 90% of domestic industrial wood comes from farm forestry done by Paper Industry and balance 10% from other sources.(IPMA)**
- ✓ **Paper and pulp industry accounts for 36% of industrial wood consumption**
- ✓ Paper Industry is the only Industry doing farm forestry; **Cumulative coverage of farm forestry by paper industries exceeds 12 Lac hectares**
- ✓ The dependence on farm forestry which are away from mills, results in high logistics cost.
(Source:IPMA)

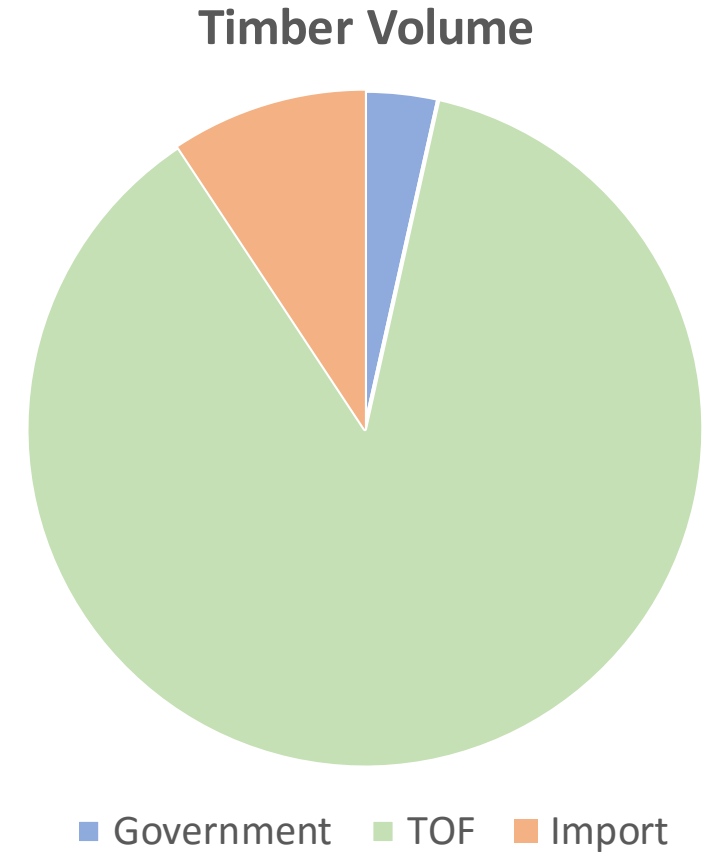


JK Paper Mills Ltd

- ✓ JK Papers; 3 Units in India ; Odisha, Gujarat, Telangana
- ✓ Manufactures of different grades of paper, boards, writing and printing paper, office papers, coated papers, speciality papers and packaging boards
- ✓ Species planted are Eucalyptus, Casurina and Subabul
- ✓ Exporter of Branded Copier Papers and Packaging Boards to over 60 countries covering USA, Middle-East, South-East Asia, SAARC and African countries
- ✓ About 1,16,000 ha of land planted in States- Orissa, Andhra Pradesh, Chhattisgarh, Gujarat, Maharashtra and West Bengal
- ✓ Adding 7000 ha of plantation annually by distributing 40 million saplings to farmers
- ✓ FSC Certification

Sources of Timber production in India

Source	Estimated Volume (annual)
1. Government Forests –natural/ plantations including road side	3 million cum
2. Trees outside forests	75 million cum
3. Import of round logs	8 million cum

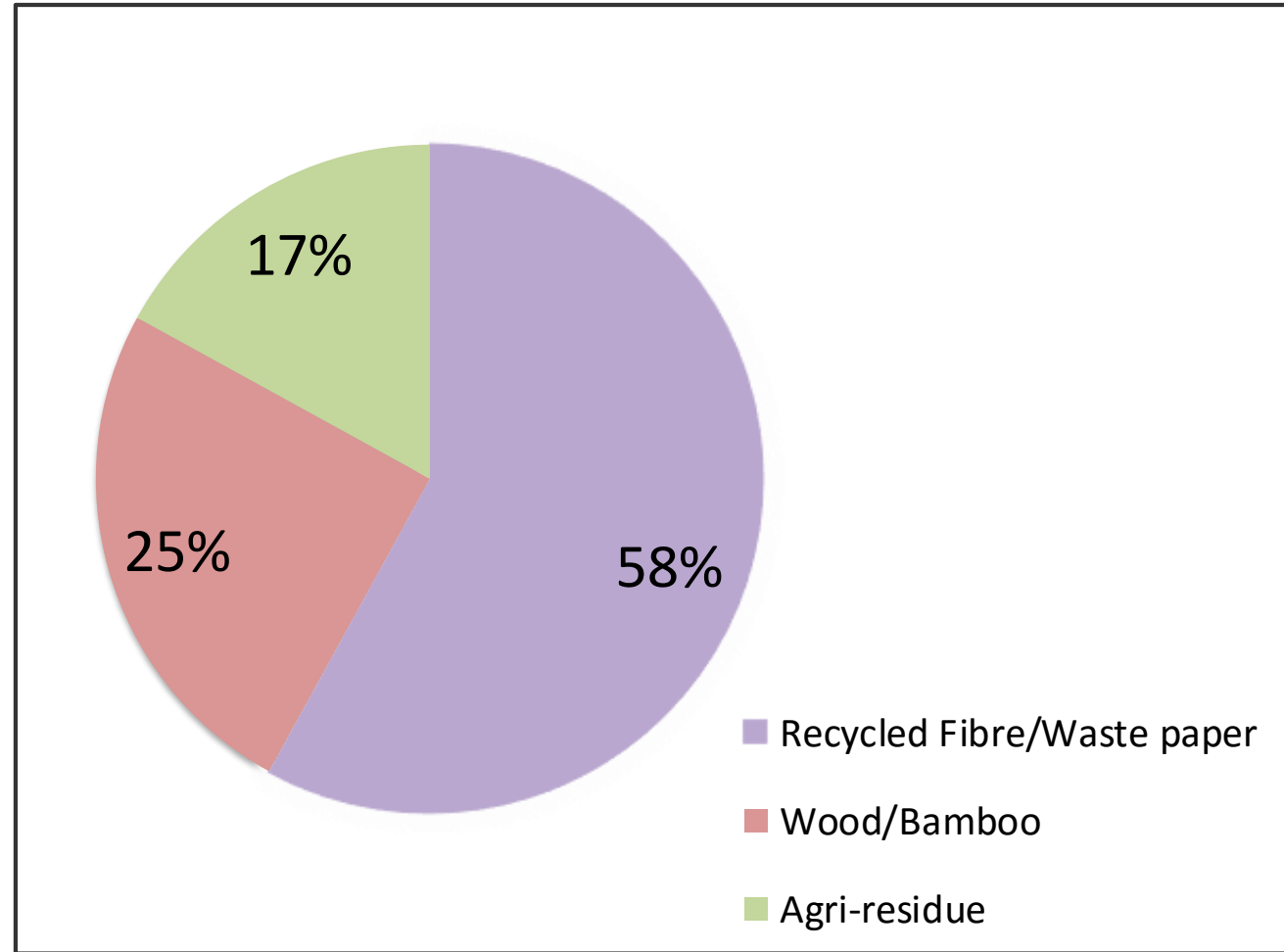


Raw material source for Paper Industries

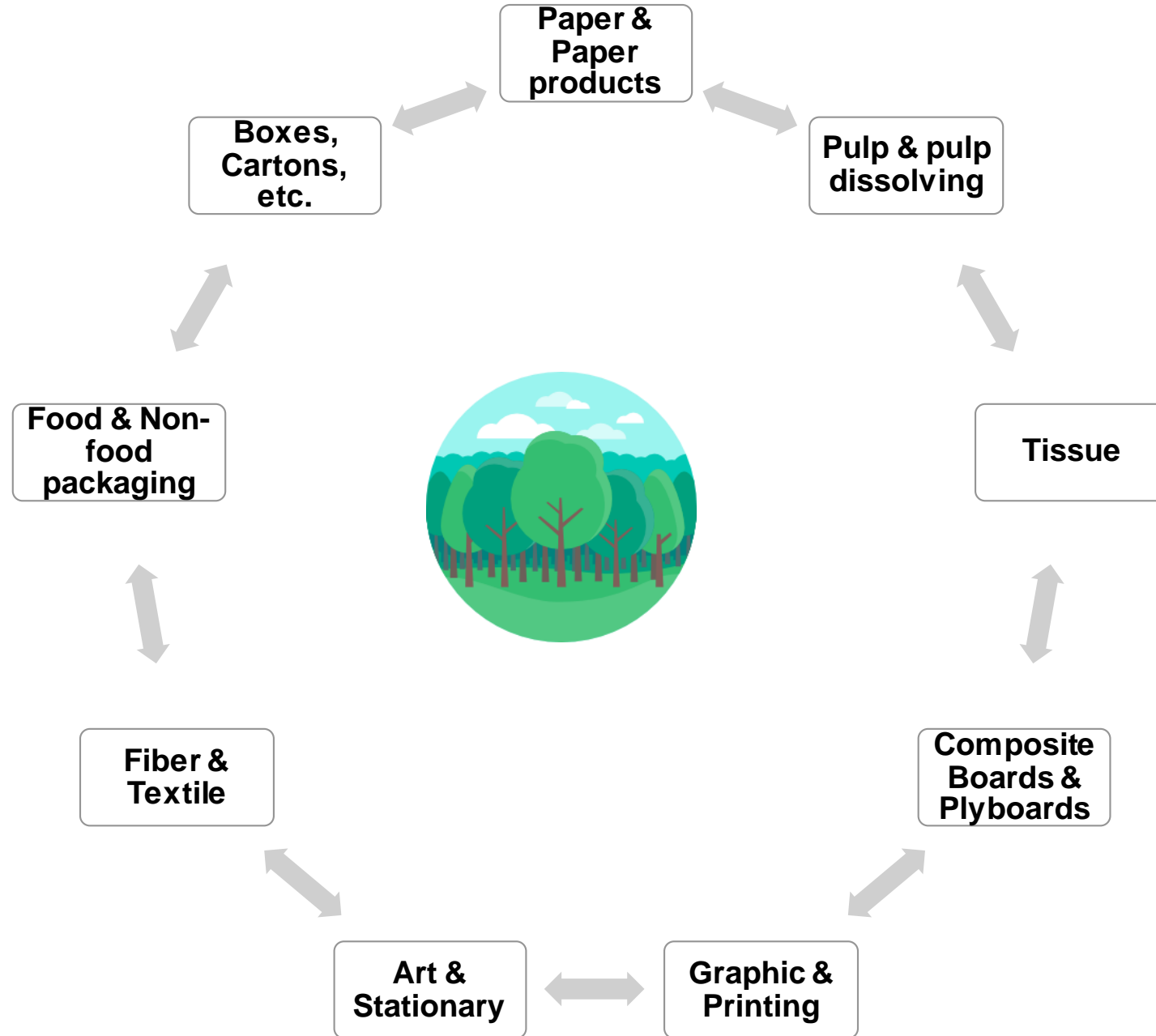
Major Raw material source for the paper industry are:

- Recycled Fibre/Waste paper – 58%
- Wood/Bamboo - 25%
- Agri residue – 17%

Agri based generally consist of Wheat stalk, cotton stalks, Sugarcane Bagasse, maize straw.



Pulp-Paper & Allied Industries

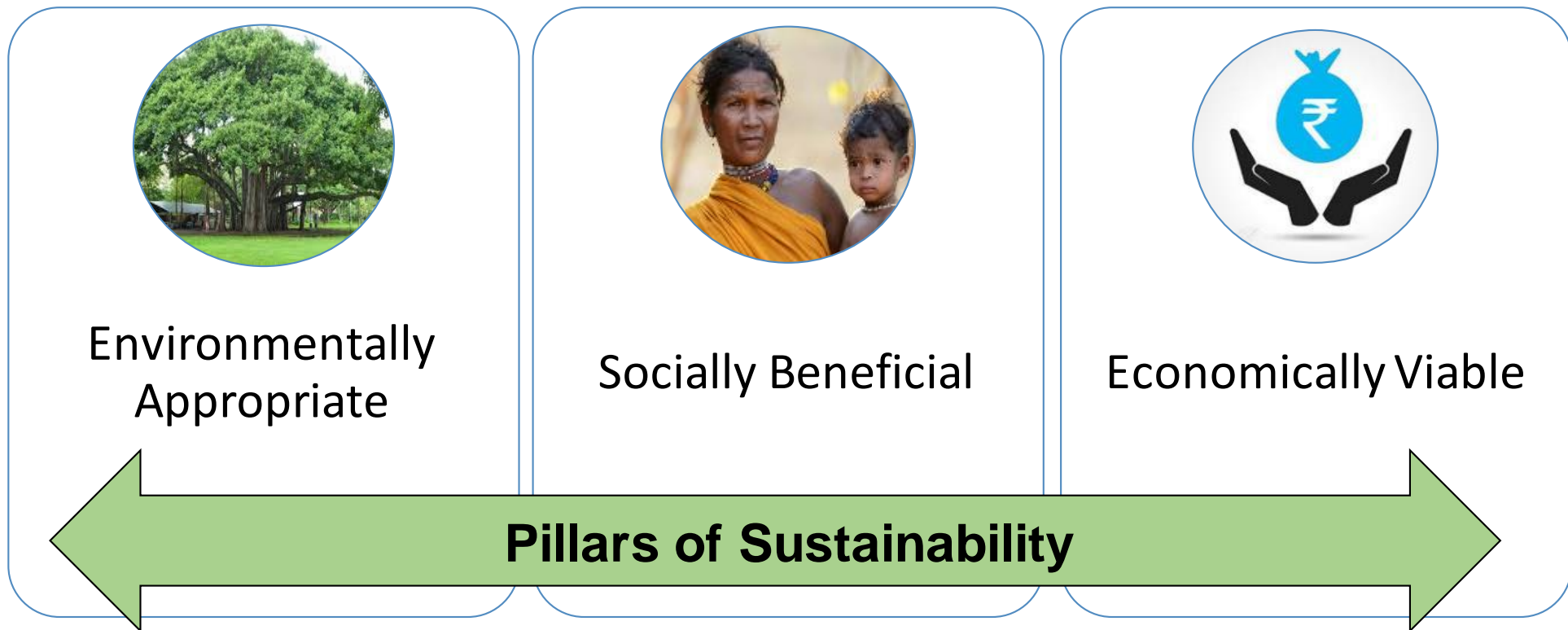


Certification of forests/ plantations for paper/pulp industry

- ✓ Certification of forests/ plantations for paper and pulp ensures sustainability and quality of wood.
- ✓ It checks the efficiency, quality and sustainability of the paper and pulp industries.
- ✓ Access to new markets and assistance in export

Certification: A Tool for Sustainable Forest Management

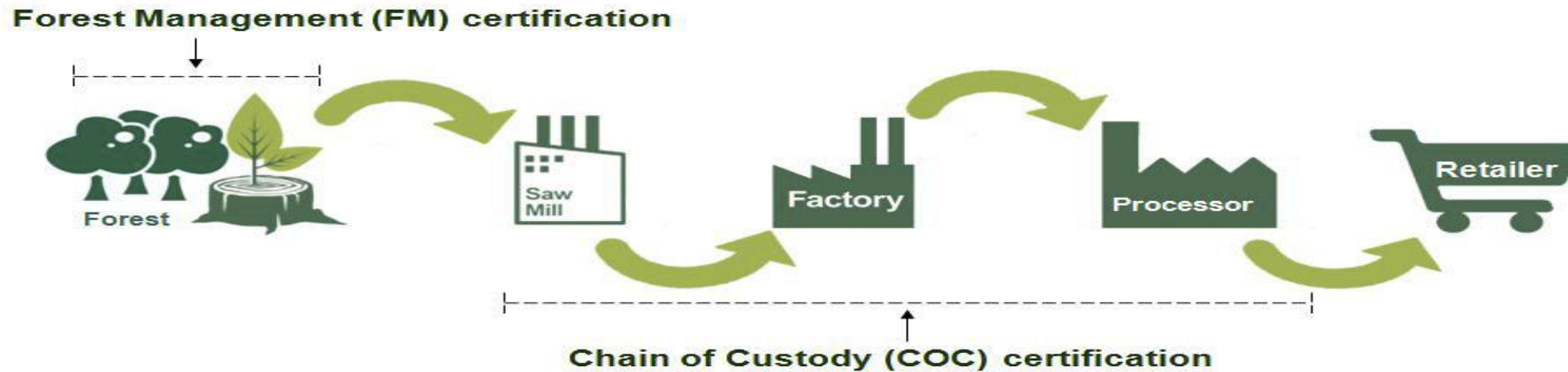
Forest Certification: “A *voluntary process whereby an independent third party assesses **quality of forest management** and production against a set of requirements – **standards** predetermined by a certification organization*”



Types of Forest Certification

Forest Management Unit (FMU) certification:

Process leading to issue of Certificate by an independent party, which assesses forest/ plantation against defined standards – Forest Managers, Private Owners



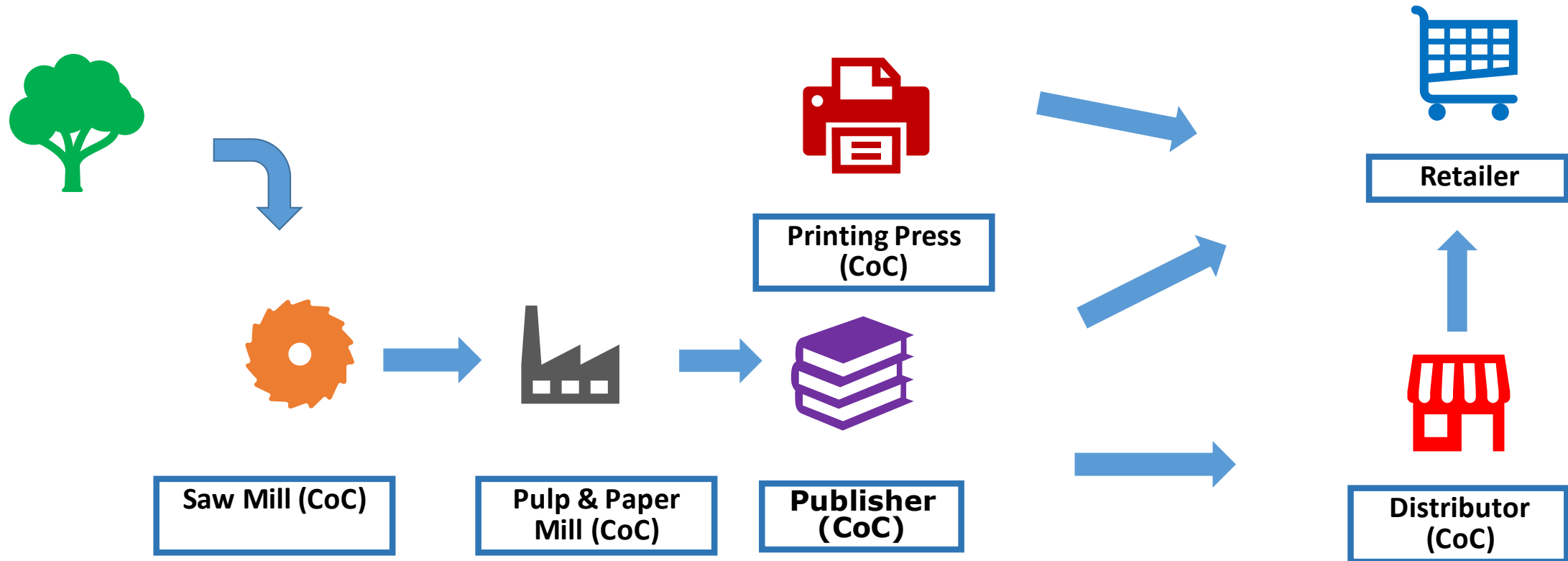
Chain of Custody certification (CoC)

Tracking wood products from certified forest / plantations to point of sale to ensure that the product is obtained from a certified source

Forest – Primary & Secondary Manufacturers- Traders- Retailers

Certification : A tool for linking consumers and producers

From forest/plantations to consumers, including all successive stages of processing, transformation, manufacturing and distribution



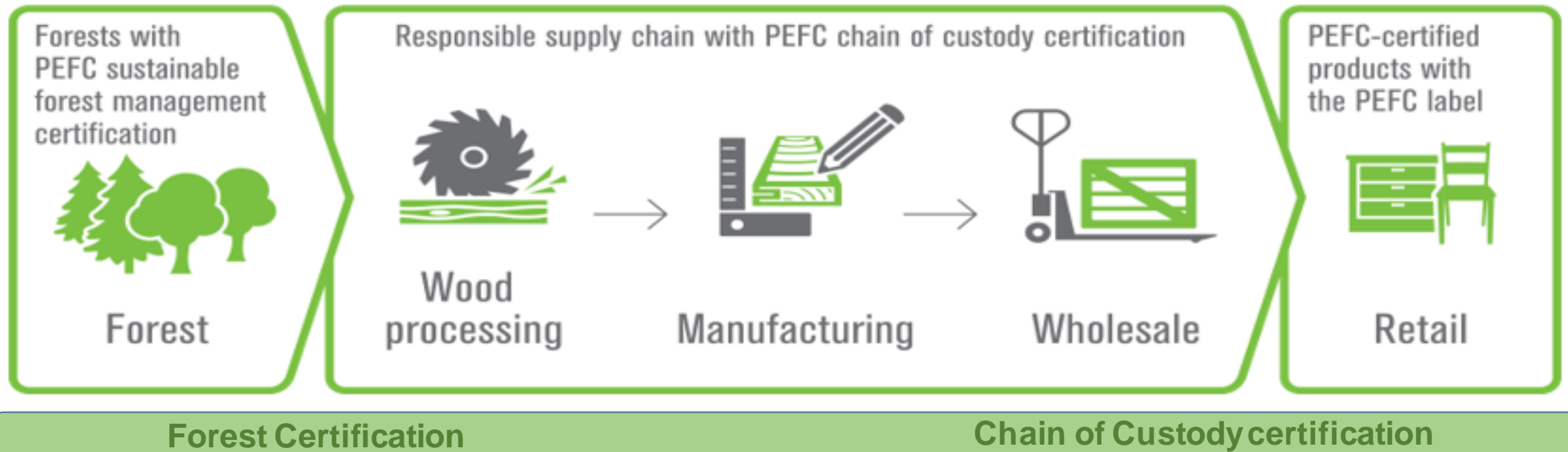
1. Identify/certify well managed forests

2. Establish linkages in the production chain

3. Create recognizable label

4. Enable consumers to support responsible practices

Certification system – assurance from sustainably managed Source to Consumers



From well managed forests & tree outside forests

Forestry operations - maintaining and enhancing ecological, social, cultural and economic values for

- **Healthy Forest ecosystems**
- **Local communities rights,**
- **Safe working environment**
- **Workers rights and safety**

Legality: product is 100% legal

Origin: from well managed forests enhancing ecological, social and economic values

Traceability: raw material supply chain controlled and verified from the harvesting site up to the finished products

Push for Certification?



- **Environmentally conscious consumers**
- **Inclusive procurement policies**
- **Brand image of manufactures**
- **Sustainable/growing market share**

Inclusive Procurement Policies by many countries

Legal requirements

- Due Diligence under EU Timber Regulation
- Due Care under US Lacey Act
- Due diligence under Australian Illegal Logging Prohibition

PEFC CoC aligned with regulatory requirements

Benefits of Certification

Standard Development and Certification is an emerging global movement that supports:

- ✓ Sustainable development
- ✓ Economic growth
- ✓ Trade
- ✓ Livelihoods
- ✓ Value chains
- ✓ Consumer protection

While enhancing

- ✓ Competitiveness
- ✓ Fostering technological development
- ✓ Meeting the requirements of health, safety, and environmental conservation

Benefit of Certification to Paper and Pulp Industries

Social Benefits

Satisfied consumers :

Gives consumers the confidence that the products come from sustainably managed forests.

Certifies that forestry operations have been conducted maintaining forest's ecological, social and economic values.

Improved customer retention in addition to a positive public reputation.

Economic Benefits

Increase in exports :

Certified paper mills can export to the countries where there is strong demand for certified products.

Increased sales in an existing market.

Environmental Benefits

Contribute in managing and reducing greenhouse gas (GHG) emissions.

Ensures legally harvested wood is used for manufacture of paper and other products.

Help the paper industry with, an assured supply of raw material for future generations

Global Forest Certification Schemes

International schemes:

- Forest Stewardship Council (FSC)
- Programme for Endorsement of Forest Certification (PEFC)

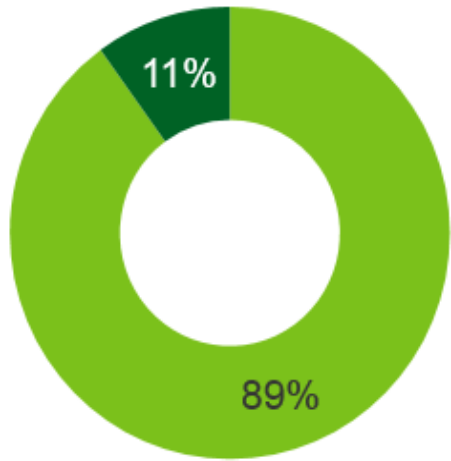
Regional & Country specific Forest certification Schemes:

- Sustainable Forestry Initiative (SFI)
- American Tree Farm System (ATFS)
- Canadian Standards Association (CSA)
- Malaysian timber Certification Council (MTCC)
- China National Forest Certification Scheme (CNFCS)
- Sustainable Green Ecosystem Council (SGEC), Japan
- ***Indian Forest Certification Scheme: Network for Certification and Conservation of Forests (NCCF); PEFC Endorsed Scheme***

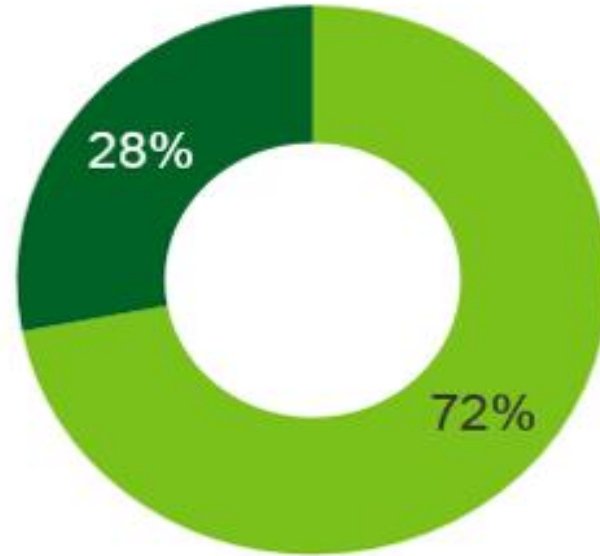


Forest Certification - Global Situation

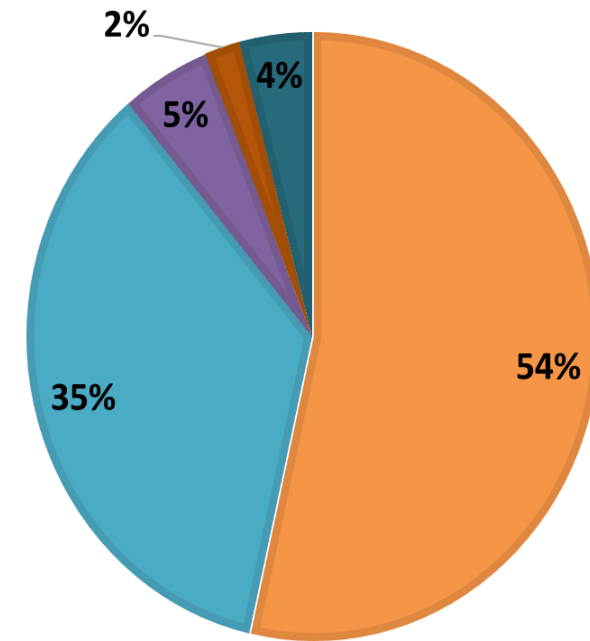
Globally, 525 million hectares (11%) of forests are certified



11% of the world's forest are certified



28% of the world's industrial roundwood supply is certified



North America Europe Asia Central and South America Oceania

Data as of September 2019

Brands with PEFC certified material in their procurement policies

Walmart



Baillie



GLOBAL TIMBER.

BUNNINGS

Responsible Timber Sourcing Policy
August 2018



JOHN LEWIS & PARTNERS
TRUSTED TIMBER

nobilia[®]
LUXURY GERMAN KITCHENS BY SQUARE



Metsä



storaenso

MAISONS
DU MONDE

WOODPECKER
NATURALLY INSPIRED FLOORING



L'ORÉAL



USE OUR PAPER, WE PLANT MORE TREES

sappi



PEPSICO

MARKS &
SPENCER
LONDON

Kellogg's



Status of Forest Certification in India

Globally over 525 million ha (11%) of forest area certified* and 52,143 CoC certificates *

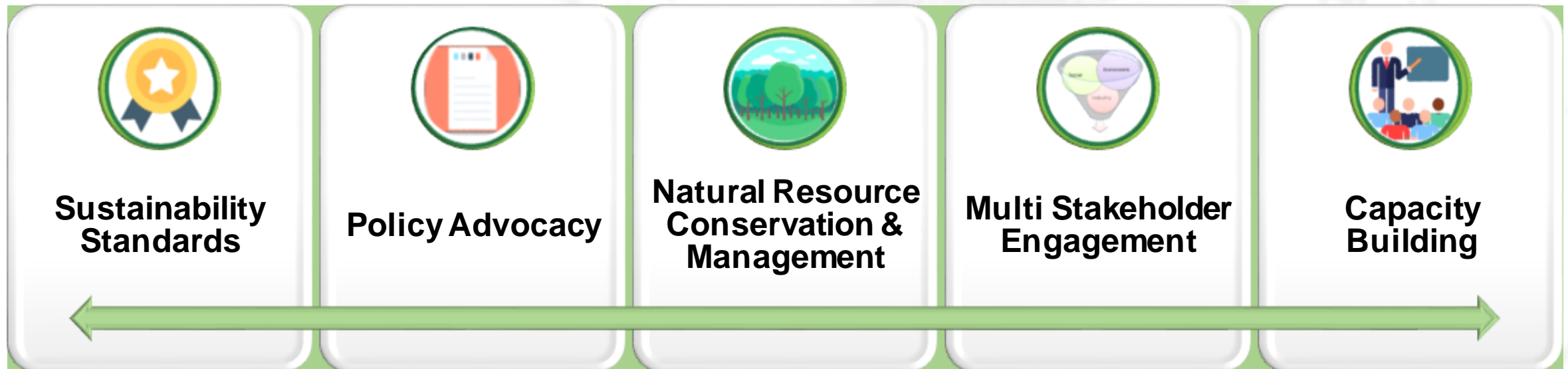
India*:

- **0.63 million** ha certified
- **07 valid FM** certificates (12 certificates have been issued till date)
 - ✓ State Forest Corporations
 - ✓ Farm forestry initiatives
 - ✓ Rubber plantations
 - ✓ Bamboo Plantations
- **665 valid Chain of Custody** certificates
 - ✓ Pulp & Paper Industries
 - ✓ Wood and wood based industries (plywood, furniture, MDF, handicraft, etc.)
 - ✓ Printings and Packaging's
 - ✓ Saw Mills

About Network for Certification and Conservation of Forests

Established in 2015 - a professional **network of experts and forest sector stakeholders**

Core Working Areas



Member of
Programme for the
Endorsement of
Forest Certification
(PEFC) Alliance

Member of IUCN

Observer status with
UNCCD as a Civil
Society Organization

NCCF's Sustainability Standards Development.....

**Forest
Management
Certification
Standard**

*(launched and
endorsed by PEFC
2018)*

**Trees Outside
Forest
Certification
Standard**

*(ready for use)
PEFC
endorsement in
process*

**Non wood
Forest
Resources**

(in Progress)

**Ecotourism
Certification
Standard**

(In Progress)

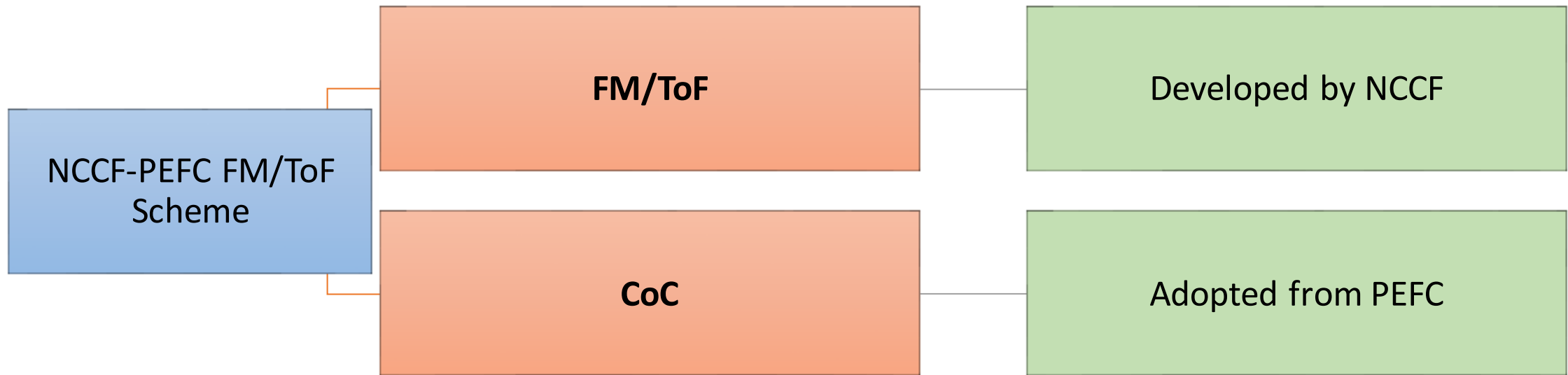
Safe Boards

*(for Formaldehyde
Emissions from
Composite Wood
Products - In
Progress)*

**Development
of Carbon
Registry-India**

(In Progress)

NCCF FM/ToF Scheme



NCCF-PEFC Forest Management Certification Standard

- This is the only available Indian Scheme of forest certification
- Developed by NCCF through a multistakeholder standard development group
- Standard has been endorsed by the PEFC, giving it an international recognition
- This scheme is being used by many states for certification



PEFC Council – Programme for the Endorsement of Forest Certification Schemes, ICC Building C1, Route de Pré-Bois 20, CH-1215 Geneva 15, Switzerland – www.pefc.org

CERTIFICATE OF APPRECIATION



PEFC International expresses
its admiration and congratulations to

NETWORK FOR CERTIFICATION AND CONSERVATION OF FORESTS

in gaining the

**Second greatest increase
in PEFC-certified forest area**

for the period
September 2019 to September 2020



Peter Latham, OBE,
Chairman

Ben Gunneberg,
Secretary General

NCCF Trees outside Forests (ToF) Certification

- ToF meets about 85% of the industrial wood requirements in India
- NCCF has developed certification scheme and standard for ToF
- Scheme is suitable for farmers, small land holders, agroforestry practitioners, with private land holdings
- PEFC endorsement of this scheme is in process
- **Benefits of ToF Certification:**
 - Adoption of best management practices for raising ToF
 - Increasing tree cover
 - Accelerating supply of certified raw material
 - Enhancing farmers income

ToF Certification

- ✓ NCCF to provide provisional recognition to the CBs for certification audit under the ToF scheme. NABCB will provide the regular accreditation to the CBs
- ✓ NCCF ToF Standard is under process for PEFC endorsement
- ✓ Industries can take up NCCF ToF and PEFC CoC Certification
- ✓ Industries can help and manage farmers to take up Group Certification

Structure and Components of TOF Certification Standard

(Much simpler compared to NCCF-PEFC FM Standard)

Theme	Description
Theme A	Legality Compliance with Legal Requirements (compliance to laws, ownership, land records etc.)
Theme B	Management Plan and Practices (only for block plantation types of ToF)
Theme C	Health and Vitality of ToF Resources (checks on application of pesticides, chemicals, etc.)
Theme D	Maintenance and enhancement of productive functions (sustainability, harvesting techniques, record keeping, etc.)
Theme E	Socio-Economic Responsibility (social protection, labour laws, minimum wage act etc.)
Theme F	Conservation and Environmental Safeguards (avoidance of invasive species, soil water quality, protection RED spp.)

Structure and Components of TOF Certification Standard

Criteria & Indicator in ToF

Block plantation (Agroforestry)

C: 28; I: 98

Non-Block (Linear/Standalone)

C: 16; I: 48

Criteria & Indicator in FM

C: 59; I: 259

Themes: 6

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graph TD; A[Themes: 6] --> B[Criteria: 28 (16)]; B --> C[Indicators: 98 (48)];
```

Criteria: 28 (16)

Indicators: 98 (48)

Implementation of NCCF-TOF Certification Standard

- ✓ The standard is purely voluntary and not legal
- ✓ It is for the benefit of tree growers interested in value addition through certification
- ✓ The TOF certification process will be carried out by an “eligible/qualified third party”
- ✓ To eliminate/ reduce the certification cost, especially of marginal, small and medium land holding farmers, various options could be as under;

A. Industry/Supplier driven

B. Cooperative/Federation/NGO driven

C. Species wise certification

D. State specific agency (Social Forestry/SFC)

E. Owners managing Urban trees and forests/roadside plantations

Implementation of NCCF-TOF Certification Standard

- ✓ Using Group Certification:
 - ✓ Getting farmers together in group
 - ✓ Appointing group manager
 - ✓ Internal Auditing, monitoring & control
 - ✓ Checking compliances using NCCF ToF Standard

- ✓ Simplified Auditing:
 - ✓ Maximum 98 indicators to be verified

Chain of Custody Certifications

Wood and wood-based industries (manufactures and traders) taking CoC certification

- Furniture and handicrafts
- MDF, particle board, plywood and veneer sheets
- **Paper and Paper products (Graphic paper, etc.)**
- **Pulp, Pulp dissolving**
- **Packaging material**
- **Printed material (Books, calendars, catalogues, posters, labels, wrappers, etc.)**
- **Boxes, cardboard, cartons and crates**
- Wooden pallets, wood planks and sawn wood
- Toys and games made with paper
- Textiles, bobbins, spools, rolls



CoC Certification Types

- **Single-site Certification:**



- For companies that operate one facility



- **Multi-site Certification:**

- For companies that operate several facilities



- **Group Certification:**

- For small, independent businesses forming a “group” for the purpose of certification to reduce costs.

Benefits of PEFC Chain of Custody Certification

- Chain of Custody certification allows to demonstrate responsible supply chain management to your customers and provides a variety of benefits, like:
 - ✓ Access to new markets
 - ✓ Availability and choice
 - ✓ Business leadership on sustainability
 - ✓ Compliance with legislation
 - ✓ Proof of traceability
 - ✓ Use of the label/trademarks

Current Status of NCCF-PEFC Certifications

Forest Management (1 Certificate)

- ✓ Uttar Pradesh Forest Corporation; 41 Divisions; 4.5 lakh ha.

Chain of Custody (36 Certificates)

- ✓ Pulp & Paper, Packaging, Furniture, Textile, etc.

Few Names of Industries:

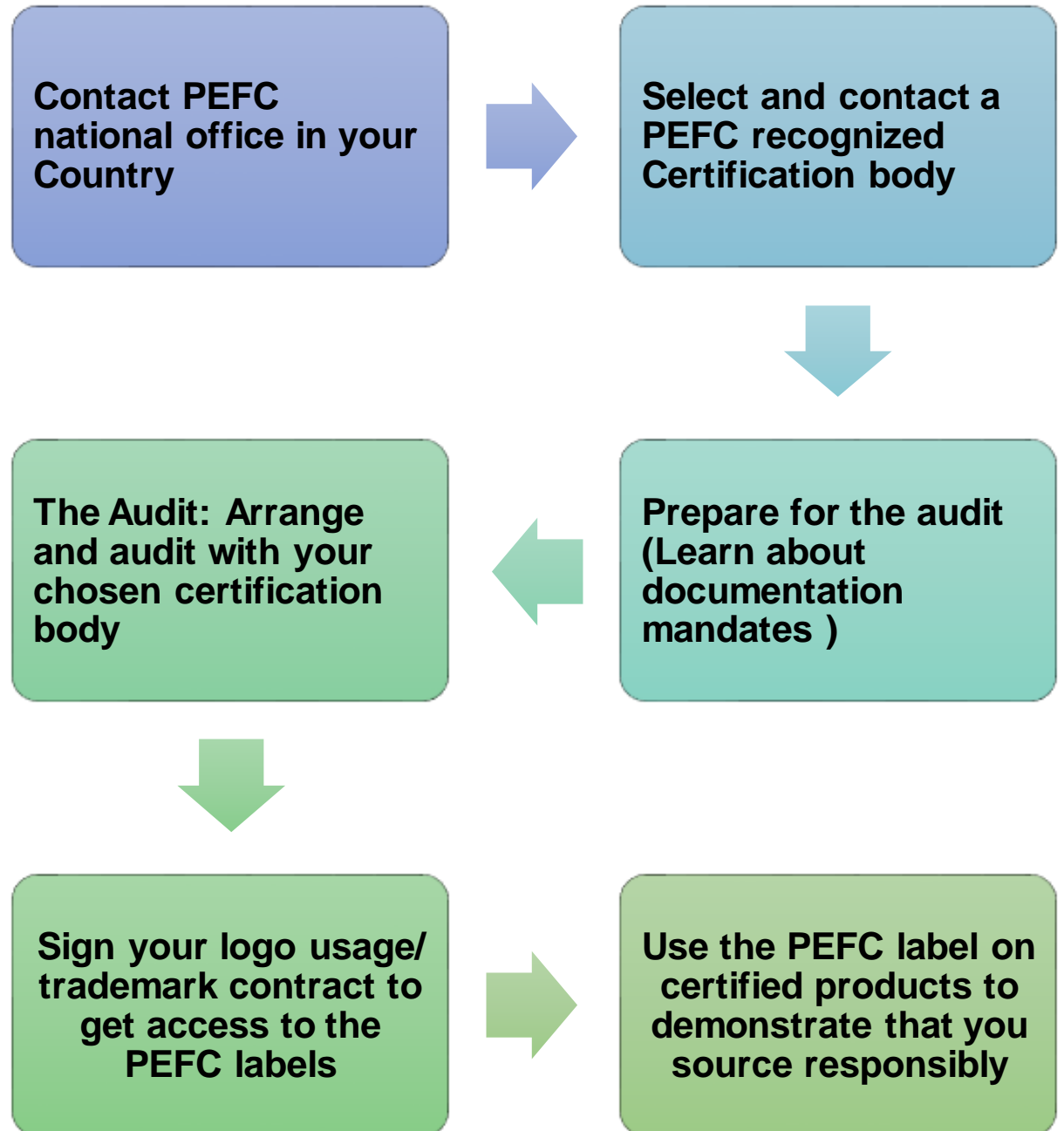
- ✓ Durian Industries Ltd.
- ✓ Birla Cellulosic (A Unit of Grasim Industries Ltd)
- ✓ Eximcorp India Pvt Ltd
- ✓ Hindustan Pencils
- ✓ **BILT Graphic Paper Products Limited**
- ✓ **Huhtamaki Foodservice Packaging India Pvt. Ltd.**
- ✓ Welspun India Limited

Key end Users for Pulp & Paper companies demanding/using certified material (existing/future clients)









Company	Industry
Tetra Pak	Packaging
Pepsico	Beverages
Unilever	FMCG
P&G	FMCG
Nestle	FMCG
McDonalds	Quick Service Restaurant
KFC	Quick Service Restaurant
Burger King	Quick Service Restaurant
Starbucks	Quick Service Restaurant
Henkel	Beauty care & home
Kellogg's	Food
Mondelez (Cadbury)	Food
Apple	Consumer Electronics

**and many
more....**

How to become PEFC certified



PEFC trademarks usage requirements – Trademarks users

PEFC trademarks users	On product	Off product
Group A: NGBs		
Group B: SFM certified		
Group C: CoC certified		
Group D: Other users	 *	

- On-product usage is not available for SFM certificates

PEFC trademarks scope

On product

- a) Direct on tangible products
- b) Indirect on media or marketing materials
- c) Direct or indirect material used in production process

Off product

- Any usage not covered by on product

PEFC trademarks technical requirements

ON-PRODUCT USAGE – TWO LABELS



OFF-PRODUCT



On-product: Direct on tangible products



On-product: Indirect on media or marketing materials



- The brochure does not need to be certified
- The company promoting the certified products is responsible for this usage, not the printer of the brochure (unless they are the same company)

Similar are NCCF logo usage requirements



NCCF

NCCF Logo License Number

www.nccf.in

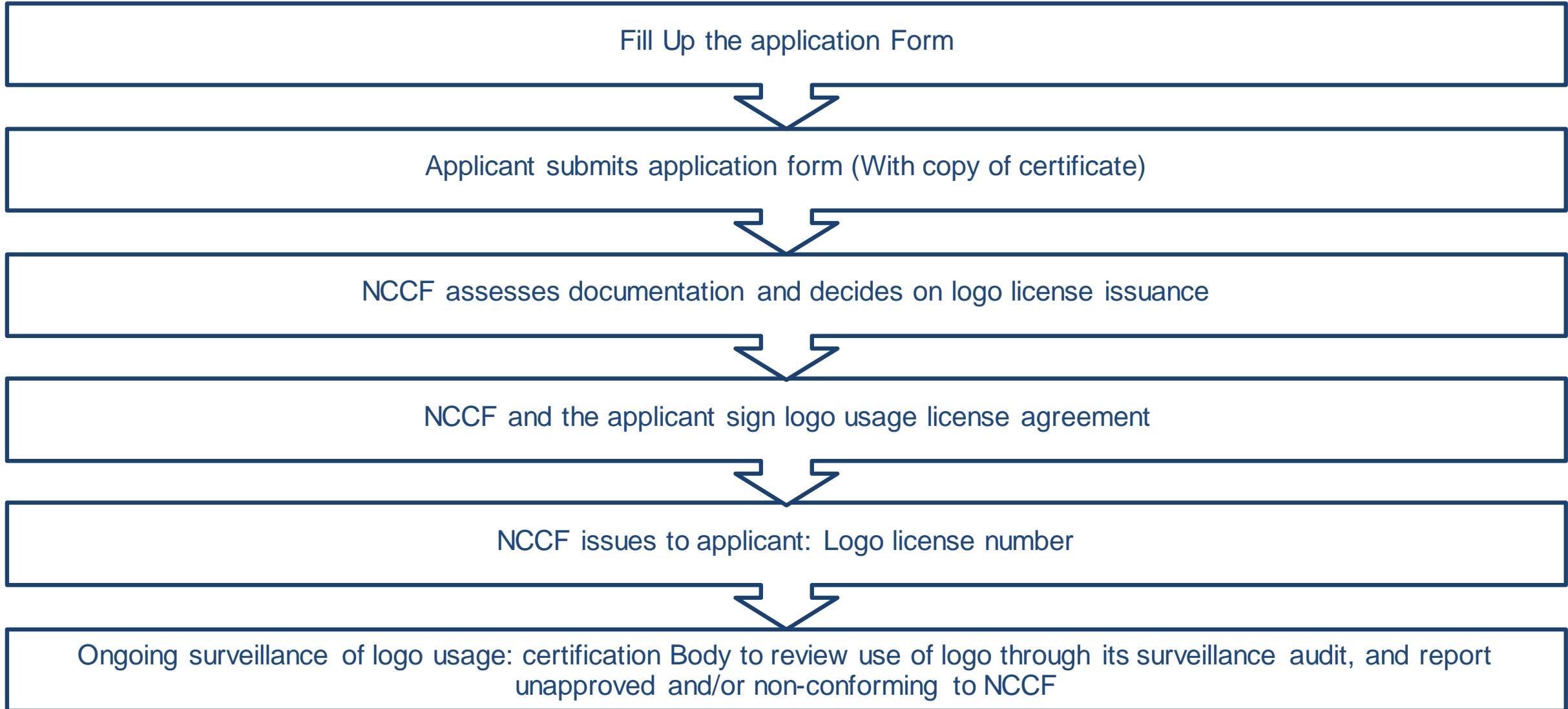
Label

License number

Website



Logo Issuance Procedure



Way Forward

- ✓ Increase domestic production of wood through production forestry, farm forestry and agroforestry.
- ✓ Promotion of agroforestry tree species : subabul, casuarina, acacia, bamboo, eucalyptus, under schemes like National Sub Mission on Agroforestry, Watershed Management Programmes, National Bamboo Mission, Green India Mission, MGNREGA, Tribal Area Development Programmes, etc.
- ✓ Policy initiative to promote captive plantation on degraded forest land by PSUs/industries including paper companies
- ✓ Farm produce should be treated as Agri-produce.
- ✓ Simplification of felling and transit regulations for agroforestry/farm forestry spp.
- ✓ Pan India permits; National Transit Permit System
- ✓ Need for a Public Procurement Policy for use of certified wood and wood produce

Thank you



Network for Certification and Conservation of Forests (NCCF)

website: www.nccf.in

email: dg@nccf.in, info@nccf.in

PEFC's strengths

India – FSC since 1998/99 PEFC endorsed scheme 2015

PEFC (1999) endorsed standards	FSC (1993)
Principle, Criteria, Indicators developed through multi stakeholder consultations based on sustainability benchmarks – global guidelines and criteria (ISO, ILO)	Universal Principles and Criteria set by FSC Indicators under NFSSs
National socio-cultural context factored in	Universal applicability
Bottom up approach	Top down approach
Accreditation by International Accreditation Forum & National accreditation body	Accreditation by Assurance Services International
Balanced stakeholder representation UN Agenda 21	Three chamber system Social Environment - Economic
Both schemes have the same overall goal and provide equivalent assurances of sustainability but have different approaches	
<ul style="list-style-type: none">Globally most firms are/becoming neutral towards sourcing of certified raw material (PEFC/FSC)<u>EU Forestry Strategy</u> on Promoting SFM by means of information and communication strategies says: “.....<i>considers the FSC and PEFC certification systems to be equally suitable for this purpose; calls for mutual recognition of the two certification initiatives to be promoted</i>”	