

## **WWF view on the EU Eco-label and APP products**

**December 2011**

The award of the European Union (EU) Ecolabel to two photocopy papers of Pindo Deli, a subsidiary of Asia Pulp and Paper (APP), has triggered questions and raised concerns among NGOs and buyers committed to sustainable forest management. APP has a long and continuing history of clearing large areas of natural forest in Sumatra to plant acacia. These include tiger habitat and carbon rich peat land, and the clearing threatens high conservation values and contributes to climate change.<sup>1</sup> The EU ecolabel award provides no assurance that APP and its affiliates have ceased such practices.

### **The EU Ecolabel**

The EU Ecolabel is a voluntary scheme that covers a wide variety of products and services, including paper. It was established by the European Commission in 1992 to encourage businesses to market products and services that are kinder to the environment. The EU Member States are responsible for applying and controlling the use of the EU Ecolabel in their respective countries. Products and services awarded the Ecolabel carry the flower logo.

### **The Pindo Deli case**

In 2006, AFNOR (the competent authority for the EU Ecolabel in France) awarded the Ecolabel to two brands of photocopy paper: Golden Plus and Lucky Boss, produced by Pindo Deli.

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<sup>1</sup> "Business as Usual in Riau, Sumatra: Pulp Industry Continues Clearance of Natural Forest", Eyes of the forest investigative report, July 2010

"Open Letter to Customers of and Investors in the Indonesian Pulp and Paper Sector », NGO letter, March 2010  
"Forest Clearing by Paper Giant APP/Sinar Mas Linked to 12 Years of Sumatran Tiger, Human Fatalities" Eyes of the forest press release, 17M March 2009

Reports and press releases available on <http://eyesontheforest.or.id/>

In March 2010, the Non Governmental Organisation FERN published a report, *“EU Ecolabel allows forest destruction – the case of Pindo Deli”* that called upon the European Commission to withdraw the EU Ecolabel from the two products because of weaknesses in the criteria used to assess sustainability, the auditing process, and the absence of a policy of association (i.e. rules to prevent the “greenwashing” of a company via ecolabels for niche product-lines without regard to the company’s overall environmental performance).

The Commission responded by asking AFNOR to investigate whether the products should have received the EU Ecolabel. In September 2010, AFNOR conducted an on-site audit of the APP/Pindo Deli mill. In November 2011, the Commission announced that the audit had concluded that there was full compliance with the EU Ecolabel standard for copying and graphic paper.

### **WWF view on the award of the Ecolabel to the Pindo Deli products**

The EU ecolabel provides inadequate assurance that the fibre used in the Pindo Deli Products is sourced from sustainably managed forests and not controversial sources. This is mainly due to structural weaknesses in the Ecolabel standard and its implementation procedures.

In WWF’s view, the conclusions published by AFNOR with respect to the Pindo Deli case<sup>2</sup>, fail to adequately justify the statement on the official European Commission website that “The Audit clearly proves that there was full compliance with the criteria of the EU Ecolabel for copying and graphic paper valid at the time, especially on criterion 3 - sustainable forest management”<sup>3</sup>.

Our specific concerns with this case include:

- Lack of transparency: AFNOR has not published adequate detail on its audit process or the basis for its conclusions.

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<sup>3</sup> <http://ec.europa.eu/environment/ecolabel/news/pinto.htm>

- Auditing of the non-certified fibre appears to have been based only on self-declaration of legality, and thus does not certify that the products are free of fibres from illegal or controversial sources.
- AFNOR's reliance on SGS audit findings that selected product lines from the APP mills contain fibres from "non-controversial sources" is flawed, in that AFNOR appears to rely on those findings to conclude that the mills are completely free of controversial sources.
- Linked to the above, auditors should not assume that fibre sourced from APP-affiliated acacia plantations is free of controversy or sustainable. This would ignore critical issues such as conversion of natural forests to plantations, ongoing emissions from drained peat, community conflicts and poor productivity.
- Due to the lack of a policy of association, the EU Ecolabel can be applied to selected Pindo-Deli products, while APP continues to supply products from the same mills containing mixed tropical hardwoods from large-scale clearing of natural forests.

WWF recommends that companies buying pulp and paper use the FSC label as the best assurance that the wood fibre in those products was produced in an environmentally and socially responsible manner. FSC has applied its policy of association to exclude APP <sup>4</sup>. Regarding other safeguards such as AOX and CO2 emissions, environmentally friendly papers can be found on the WWF [Check your Paper](#) website <sup>5</sup>.

Detailed analysis is given in Annex 1.

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<sup>4</sup> The FSC Board of Directors stated *"The FSC Board of Directors decided that association with APP would threaten the good will and faith invested in the name Forest Stewardship Council. [...] There is substantial publicly available information that suggests that APP, a Sinar Mas subsidiary, is associated with destructive forestry practices. Reports from WWF, Greenpeace, Eyes on the Forest and many other independent sources suggest that APP is actively conducting forestry practices contrary to FSC Principles and Criteria"* Forest Stewardship Council (December 2007) Forest Stewardship Council dissociates with Asia Pulp and Paper.

[http://www.fsc.org/fileadmin/web-data/public/document\\_center/Stakeholder\\_updates/FSC\\_dissociates\\_with\\_APP-EN.pdf](http://www.fsc.org/fileadmin/web-data/public/document_center/Stakeholder_updates/FSC_dissociates_with_APP-EN.pdf)

<sup>5</sup> <http://checkyourpaper.panda.org/>

## **Annex 1 : Detailed analysis of APP award of the EU ecolabel.**

### **WWF analysis of the EU ecolabel and its implementation**

The EU ecolabel looks at the whole life cycle of the product and has criteria for:

- (1) emissions to water and air;
- (2) energy use;
- (3) fibres: sustainable forest management;
- (4) hazardous chemical substances;
- (5) waste management;
- (6) fitness for use;
- (7) information on the packaging;
- (8) information appearing on the Ecolabel.

Whilst the thresholds regarding the non-fiber aspects have drawn critics, the criteria for the fibers have been most controversial. Indeed, on its website, the EU ecolabel claims that for a paper product carrying its logo, “Virgin fibres come from sustainably managed forests”. This claim cannot be made according to WWF as the EU ecolabel has important weaknesses:

- The criteria for awarding the ecolabel is too weak, its requirement until June 2011 (the one used to audit Pindo Deli) was for virgin fiber to be 10% certified “*as being managed so as to implement the principles and measures aimed at ensuring sustainable forest management*” and the non-certified part to be audited as “*aiming at ensuring sustainable forest management*”. For the latter, no minimum requirement, like legality or excluding controversial sources, is set.
- There is no policy of association preventing companies using the credit of the EU Ecolabel on some products whilst having unacceptable behavior like the destruction of natural forests on a large scale on the other side ;
- The award of the label is not transparent. The Competent Body is under no obligation to provide any information about the audit process carried out to ensure that the company that has been awarded the Ecolabel is in compliance with the criteria.

- The EU Ecolabel Competent Body can choose to rely exclusively on information from the company it is assessing, field audit, stakeholder interviews...etc. are not required.
- There is no formal complaint mechanism in place;

The Criteria have been reviewed as of June 2011, increasing the requirement to 50% FSC, PEFC or equivalent, but the requirements for uncertified material are still weak: they *“shall be covered by a verification system which ensures that it is legally sourced and meets any other requirement of the certification scheme with respect to uncertified material”*<sup>6</sup>. There are still no safeguards regarding controversial sources, nor requirements for field audits and stakeholder consultation, nor a formal complaints mechanism.

A policy of association is also still lacking. It would prevent an enterprise to claim the credit of the EU Ecolabel on one side whilst having unacceptable behavior like the destruction of natural forests on a large scale on the other side.

### **EU ecolabel requirements for fibers (standard of 2002):**

This standard is the one that has been use for both the audit and the re-audit of APP.

*At least 10 % of virgin wood fibres from forests shall come from forests that are certified as being managed so as to implement the principles and measures aimed at ensuring sustainable forest management.*

*The remaining virgin wood fibres from forests shall come from forests that are managed so as to implement the principles and measures aimed at ensuring sustainable forest management.*

*The origin of all virgin fibres used shall be indicated.*

*In Europe, the principles and measures referred to above shall at least correspond to those of the Pan-European Operational Level Guidelines for*

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<sup>6</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:149:0012:0024:EN:PDF>

*Sustainable Forest Management, as endorsed by the Lisbon Ministerial Conference on the Protection of Forests in Europe (2 to 4 June 1998). Outside Europe they shall at least correspond to the UNCED Forest Principles (Rio de Janeiro, June 1992) and, where applicable, to the criteria or guidelines for sustainable forest management as adopted under the respective international and regional initiatives (ITTO, Montreal Process, Tarapoto Process, UNEP/FAO Dry-Zone Africa Initiative).*

## **AFNOR conclusions following APP audit<sup>7</sup>**

Regarding the certified part:

“At least 10% of pulps contain fibres from certified forests, these pulps are purchased. The local fibres are fibres from IKPP and LPPPI. The percentage of local pulp is 88%, so there is 12% certified fiber, with one exception: Chilean pulp which includes 75% certified fiber and that the rate is 20% (75% of 20% = 15%).

FSC or PEFC CoC [Chain of Custody] Certificates were provided for each supplier of pulp. The audit validated by checking invoices or documents related to the delivery that the pulp was made up of fibres from certified forests.”

Regarding the non-certified part:

“The fibres come from local plantation forest that has been subject to the audit from 20 to 25/09/10 - "Legality, Forest Management, Chain of custody". There are two sources of pulp:

- IKPP (Indah Kiat Pulp & Paper) - Acacias ECF
- LPPPI (lontar Papyrus Pulp & Paper Industry) Acacias ECF

Note: These two plants have a certificate of "non-controversial wood manufacturing" (SGS).”

## **WWF analysis of the audit conclusions**

APP products were awarded the Ecolabel based on the certified pulp they purchased. With regard to the certified part, APP cannot claim to use FSC pulp as they do not have FSC chain of custody (CoC). There are misleading claims on the APP website that do not abide by FSC rules<sup>8</sup>. How the

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<sup>7</sup> AFNOR “Conclusions from AFNOR Certification following APP audit reports for the EU Ecolabel “copying and graphic paper”, 16/09/2011

<sup>8</sup> “The virgin fiber materials consisted of certified pulp (LEI, PEFC or FSC), Non Controversial pulp under PEFC guidelines and Verified Legal Origin. The balance of fiber consisted of post-consumer recycled waste paper from Indonesia and offshore markets; mill broke recovered and recycled at the mills and non-fiber fillers.” (from <http://www.asiapulppaper.com/> “ensuring a sustainable material”, as of 01/12/2011 )

competent body actually verified that certified pulp was used for the 2 Ecolabelled products is not documented, as reports are not public.

Regarding the non-certified part, the audit report on the local plantations, mentioned by AFNOR, is not public either. Lack of transparency is a major flaw of the EU Ecolabel for paper products. Thus the quality of the result cannot be assessed nor guaranteed. Processes to evaluate compliance with the criteria (field audit, stakeholder interviews...) are also not described. Indeed, according to the requirements of EU Ecolabel on paper products, the competent body could solely rely on self-declaration by the company with neither an independent field audit nor third-party information. In its memo introducing its conclusions, AFNOR states *“the remaining fibres were subject to a detailed presentation by APP before the audit of admission, to check that the fibres came from plantation forest, whose management procedures are in compliance with the forest management program administered by the Indonesian Government”*. There is thus strong indication that no field audits were carried out and that the assessment was made using only information given by the company.

The SGS “non-controversial wood manufacturing” certificate of the mills mentioned in the audit conclusions is actually part of the PEFC CoC (Chain of Custody) certification. The statement is misleading as PEFC CoC verification of non-controversial wood covers only the fiber being used in the manufacture of PEFC products in question, not all fiber being used at the mills. PT Lontar Papyrus, one of the mills providing fibers for the EU ecolabelled papers, has for example PEFC CoC, and thus “non-controversial”<sup>9</sup> wood certificate, only for tissue products. It is not the first time APP has wrongly used its PEFC CoC to claim that all the material from its mills is non-controversial, as highlighted by a Greenpeace letter to PEFC<sup>10</sup> in 2010. The fact that this misleading claim is used as an argument for awarding the EU Ecolabel is worrying.

Wood sourced from acacia plantations are not all sustainable or free of controversies. The EU Ecolabel criteria used for this audit did not exclude that illegal or unacceptable practices have been implemented, like plantations replacing high conservation value forests on a large scale, destruction of carbon storage in peat swamps or conflicts with

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<sup>9</sup> APP was awarded PEFC CoC under the old PEFC standard and the old CoC requirements. But the new ones still fall short of eliminating unacceptable practices. See “WWF statement on the PEFC international standards launched in November 2010”, September 2011

<sup>10</sup> Open letter from Greenpeace to PEFC 7<sup>th</sup> July 2010 “PEFC provides ‘green cover’ for Indonesia’s most notorious rainforest destroyer”

communities. Only FSC Controlled wood can ensure to date that no fibre coming from unacceptable practices goes into paper products.

Finally, the fact that APP has been and is still clearing hundreds of thousands of hectares of natural forests to establish plantations, destroying habitat for endangered species like the tiger, has not been taken into account by the EU Ecolabel in assessing the right to award the Ecolabel to two of its products.

*For more information contact Emmanuelle Neyroumande, WWF international:  
[neyroumande@gmail.com](mailto:neyroumande@gmail.com)*