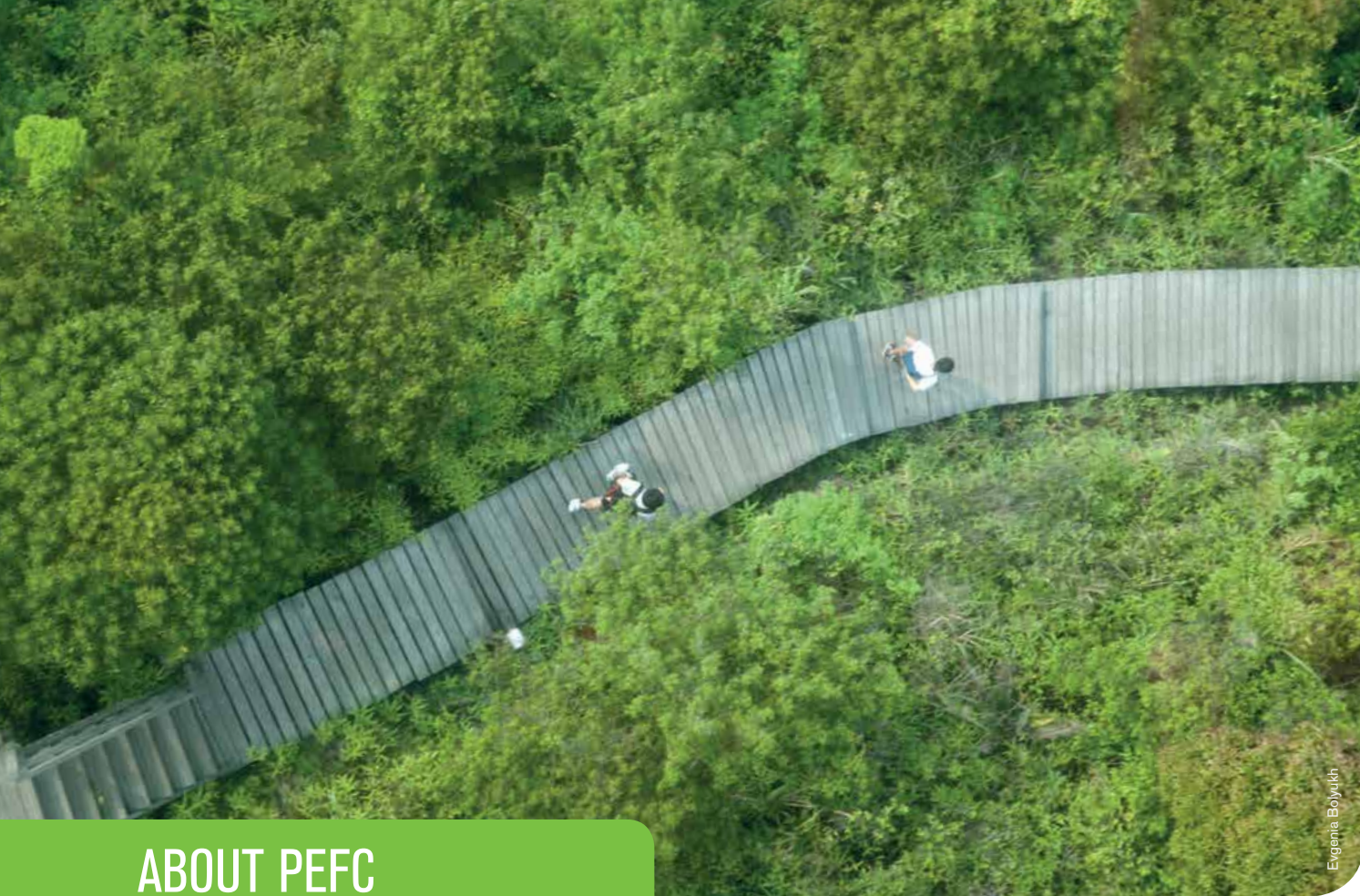




PEFC ANNUAL REVIEW **2013**

Building on momentum:
a review of PEFC activities



Evgenia Bolyukh

ABOUT PEFC

PEFC, the Programme for the Endorsement of Forest Certification, is the world's leading forest certification system. More than 250 million hectares of forests are certified to PEFC's internationally recognized Sustainability Benchmarks, supplying almost 16,000 Chain of Custody certified companies with responsibly sourced timber and wood-based products such as packaging. PEFC was founded by small and family forest owners to demonstrate excellence in sustainable forest management.

For more information, please visit www.pefc.org

MISSION STATEMENT

Our Vision:

A world in which people manage forests sustainably.

Our Mission:

To give society confidence that people manage forests sustainably.

Our Purpose:

Through the endorsement of national certification systems, PEFC motivates and enables people to sustainably manage their forests and works to provide a market for the products of those forests.

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Kelly Marken

LETTER FROM THE SECRETARY GENERAL

Momentum has been gathering strength in the world of sustainable forest management, propelled by issues such as climate change, but so it has at PEFC, as we started a new five-year management cycle based on the 2013-17 strategy.

We have leveraged this pervasive momentum to achieve ever-more impactful results. At the end of 2013, nearly 260 million hectares of forests were PEFC-certified and over 15,800 companies benefitted from PEFC Chain of Custody certification. This upward trend is set to accelerate as more of the seeds we have planted over the last 13 years come to fruition. Building on our momentum not only serves the world's forests but equally the livelihoods of the millions in the communities that depend on them. Our bottom-up approach has always made PEFC the preferred option for small, family forest owners, and our collaborative ethos is fast making us the Partner of Choice for everyone engaged in sustainable forest management.

One of our strategic objectives is to develop and disseminate a suite of activities and products to add value to our stakeholders and the wider movement. In the light of Asia's rapidly growing economy, the greatest improvements for the global state of forests are currently to be achieved via Asia. Hence, we carried out an unprecedented amount of awareness raising, capacity building and training in this globally important region. We held our first ever PEFC Forest Certification Week in Malaysia, home to our first endorsed Asian member, convening the PEFC membership and the wider stakeholder community to discuss challenges, opportunities, and the evolving relevancy of our work. We launched our *Toolkit*¹, a guide to developing national forest certification systems, and ran a System Development Workshop for those starting their development. The China Forest Certification Council fine-tuned its national system to achieve PEFC endorsement, the Indonesian Forestry Certification Cooperative submitted its system for assessment, and we are continuing working, for example, in Japan, Indonesia, Myanmar, Nepal and Thailand in the same direction.

"Building on momentum" complements our strategic goal to position PEFC as the System of Choice for all engaged in responsible forestry. We built on the industry's acceptance of PEFC and achieved the inclusion of PEFC certification into the recommendations of two highly influential industry documents: the Consumer Goods Forum's *Guidelines*² and the WBCSD's *Leadership Statement*³. Both affect hundreds of key, individual business procurement policies and help to multiply our efforts. Furthermore, we demonstrated the relevancy of PEFC certification to other sectors, such as the renewable energy sector, which is currently writing PEFC certification into its policies before starting to source woody biomass on an unparalleled scale. Similarly, as we revised our PEFC Chain of Custody standard, ensuring alignment with the EUTR⁴, we increased our standard's reach from certification requirements to also encompass compulsory legality requirements, thus taking PEFC certification to a wider audience.

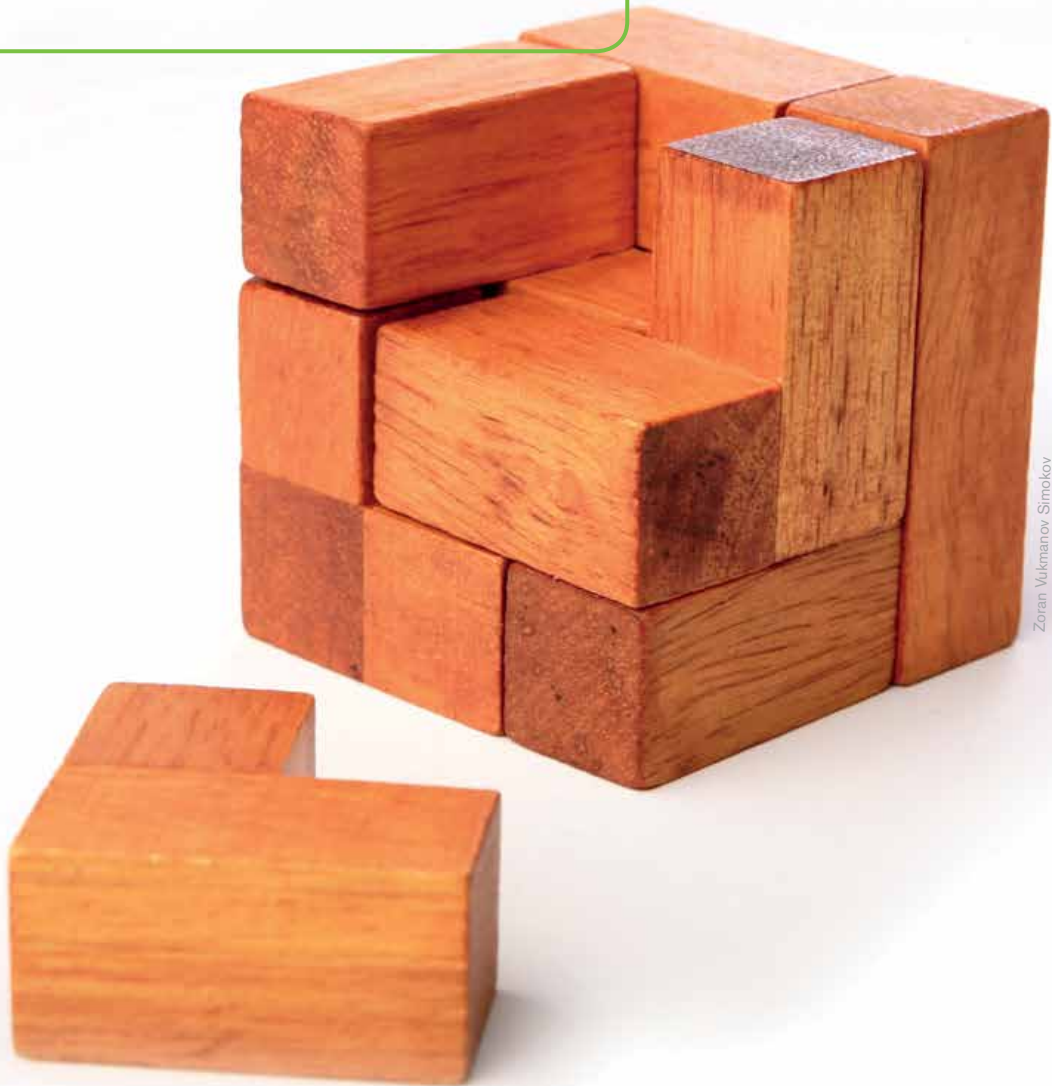
Last but not least, I want to mention our strategic goal of rigorously pursuing organizational effectiveness to ensure greatest value for money and optimized delivery mechanisms. To serve certified forest owners, businesses and consumers, we launched tools, such as the online PEFC Label Generator, and we are developing a suite of bespoke training modules, in order to motivate all these decision-makers to collectively contribute towards a seismic shift towards sustainability in forest management.

Welcome to our Annual Review 2013.



Ben Gunneberg

**“ ... our collaborative ethos
is fast making us the Partner of Choice
for everyone engaged in sustainable
forest management.”**



Zoran Vukmanov Simokov

¹ The full title is *Your Toolkit: Developing a National Forest Certification System*

² The full title is *Consumer Goods Forum's Pulp, Paper & Packaging Guidelines*

³ The entity in question is the Forest Solutions Group of the World Business Council for Sustainable Development and the full title of the “Leadership Statement” is *Leadership Statement on the Value and Future of Forest Certification*

⁴ European Union Timber Regulation

ACCELERATING FOREST CERTIFICATION

Improved support for developing national forest certification systems

We provide tailored support services to stakeholders developing their national forest certification systems in line with our globally recognized Benchmark Requirements. We do this by providing technical advice, identifying mentors, investing catalytic co-funding, and fostering regional collaboration.

There are many steps to be accomplished throughout the process, from the need to have balanced representation during the standard setting process through to defining certification and accreditation procedures. In 2013, with demand continuing to grow for our standard setting expertise, we published *Your Toolkit: Developing a National Forest Certification System*, accompanied by a System Development Workshop, to help organizations work through these steps.

What is a forest certification system?

A forest certification system outlines the rules, procedures and management criteria for carrying out forest certification. It establishes specific requirements for a product, process, system or body, and uses a third-party to ensure that the fulfillment of specified requirements has been demonstrated. A credible forest certification system relies upon three separate functions: standard setting, accreditation and certification.

PEFC requires forest certification systems to be developed at a national level and in compliance with its international requirements. This bottom-up approach enables forest management standards to be adapted to local conditions, consistent with national laws and regulations, and to meet the expectations of stakeholders on the ground.

What is PEFC endorsement?

After a forest certification system has been developed, it is possible to apply for PEFC endorsement. To qualify for PEFC endorsement, a system must meet or exceed PEFC's Sustainability Benchmarks – a set of globally recognized principles, requirements and criteria defining core elements of national forest certification systems. By endorsing a national forest certification system, PEFC provides assurance that the system will result in the sustainable management of the country's forests, respecting the highest ecological, social and ethical standards. National forest certification systems also have to be developed observing PEFC's standard setting procedures and processes. All systems are endorsed for a period of five years, after which they must be revised, not only to include new experiences, best practices and scientific research, but also to encourage permanent ongoing dialogue among all relevant stakeholders.

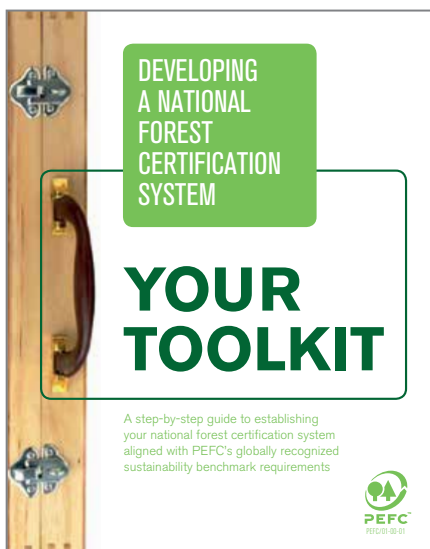


How it works



Your Toolkit: Developing a National Forest Certification System

Drawing on our 15-year experience in leading standard setting processes and running forest certification systems across 38 countries, *Your Toolkit: Developing a National Forest Certification System* brings together the collective knowledge of stakeholders and PEFC staff at national and international level. It provides a step-by-step guide and gives hands-on advice for those embarking on the development process, summarizes complex requirements with innovative graphics, and captures recommendations from PEFC and those who have already gone through the same process.



Providing hands-on training

Our PEFC System Development Workshop, held during the PEFC Forest Certification Week in Malaysia, welcomed 50 people from more than 15 countries to benefit from advice and to participate in a lively discussion covering all the main aspects of developing a national system.

This year saw representatives attending from countries all around the world, including Cameroon, India, Indonesia, Japan, Myanmar, New Zealand, Thailand, the Philippines, the Republic of Congo, Turkey and Vietnam, along with our member representatives from Belarus, Malaysia and Spain. With every country at a different stage of system development, as well as experiencing different national conditions and reasons for engaging in the development, the workshop enabled them to not only share these differing experiences and challenges, but also to learn from each other.

In addition to the formal training, together with our national members, we provided direct support to countries already in, or about to start, the process of developing their own national certification systems.

253 million hectares of forests globally are PEFC-certified

Advancing the development of national forest certification systems

Building momentum at all levels in Central Africa

With Central Africa home to some of the largest tropical forests in the world, strengthening forest certification in this region continues to be a priority for PEFC. 2013 was an eventful year with a number of highlights.

We spoke to the influential audience of private sector and government representatives and civil society organizations at the “International Forum on the Sustainable Development of the Wood Industry in the Congo Basin,” organized by our Stakeholder Member, ATIBT¹. The event produced the “Brazzaville Declaration 2013”, set to become the golden standard for green jobs and legal wood products in the six countries making up the Congo Basin: Cameroon, Central African Republic, Democratic Republic of Congo, Equatorial Guinea, Gabon, and Republic of Congo. The Declaration embodies the opportunity to safeguard the tropical forest, benefit local people in achieving an independent, secure income, and sustainably develop the whole region.

In July, we welcomed a ministerial delegation from the Republic of Congo to support their commitment to establishing a national forest certification system in collaboration with PEFC and ATIBT.

Our existing members in Africa continued to flourish. Following their engagement in a multi-stakeholder dialogue, PAFC Gabon submitted its system to PEFC for re-endorsement, with special thanks to ECOFORAF², for financial support. We also continued supporting PAFC Cameroon with developing its national system, helping to prepare for its first stakeholder dialogue in 2014.

¹ L'Association Technique Internationale des Bois Tropicaux

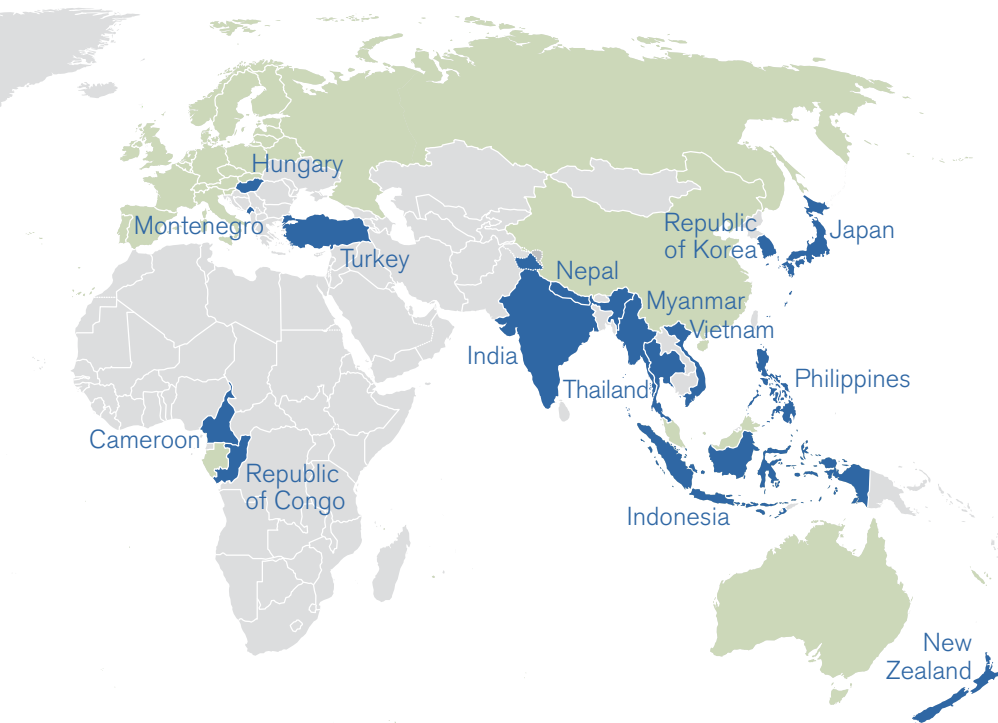
² Support for ecocertification of forest concessions in Central Africa



Meeting with PEFC International, ATIBT and the ministerial delegation from the Republic of Congo.

From left to right:
Marine Leblanc,
Rémi Sournia,
Alain Ngoya Kessy,
Ralph Ridder,
Minister Henri Djombo,
Ben Gunneberg,
André Poh,
Sarah Price and
Grégoire Nkeoua.

What motivates stakeholders in your country to develop a national certification system aligned with PEFC requirements and how has PEFC supported your process so far?



16 countries
are currently
developing
national systems

- PEFC members
- Countries developing a system for eventual PEFC endorsement (including some PEFC members)

Cameroon

“We need a recognized certification system that incorporates our specificities and realities, promotes the value of our forest products, and ensures an equal share of benefits along the value chain. Our stakeholders are motivated by the bottom-up approach, keen to participate in the creation of their own certification system, and wanting to ensure they understand their system once it is ready.

We have appreciated PEFC's experience in systems development, having received technical assistance at the PEFC council meetings and in the form of technical documents. We have regular exchanges with PEFC regarding our activities.”

Christine Nkene, PAFC Cameroon

Hungary

“Private forest owners in Hungary view PEFC certification as their only affordable option, and everyone, including those already involved with other systems, value PEFC for respecting our natural, economic and social environment. Legislative developments like the European Union Timber Regulation have also drawn the stakeholders' attention towards certification.”

Endre Schiberna, Hungarian Forest Certification Non-profit Ltd.

“At the start, we participated at PEFC's System Development Workshop, which gave us an overview of the whole process. Then, through regular communication, we got quick and detailed answers to our questions. More recently, through the PEFC Collaboration Fund, we have secured funding to launch our system development.”

Kitti Horvath, Hungarian Forest Certification Non-profit Ltd.

Nepal

“Community forestry is successful here with over 18,000 community forestry user groups managing about 1.7 million ha of forest. We have proven ourselves in forest protection but there is a need to enhance our rural livelihood opportunities through sustainable forest management. Developing a PEFC-endorsed national forest certification scheme will help us to build recognition throughout the country on the potential for managing forests sustainably.

PEFC has supported us with increasing stakeholder awareness on the importance of forest certification and has helped us to initiate our Nepalese forest certification scheme development.”

Ghan Shyam Pandey, Green Foundation Nepal

Delivering value to small forest owners

Globally, about 25% of forest area is managed by millions of families and communities. Our approach at PEFC is tailored to the specific needs of these forests and people, delivering lasting contributions to livelihoods and rural development.

Group Certification, an approach popularized by PEFC, is a mechanism through which groups of small forest landholders can pool their resources and work together to achieve third-party verified sustainable forest management. In addition, it makes certification affordable for smallholders when individual certification may be too expensive. The roots of our organization are with these smallholders and family foresters, starting in Europe, before expanding further afield.

Here are a few examples of our achievements in 2013.



Expanding Group Certification Globally

Promoting certification in areas where it is less widespread, but where the sustainable management of forests has taken on increasing importance in light of efforts to combat climate change and alleviate poverty, is the objective of our Expanding Group Certification Globally project.

With each project we face new challenges and opportunities. Every project highlights key areas that need our investigation: from trees outside the forest in Thailand to agroforestry in Malaysia, and from the need for capacity building in Vietnam to how to certify or reward progress when no national system exists, such as in Nepal.

In 2013, we collaborated with international and local partners to understand the current challenges faced by small landholders in implementing sustainable forest management in a number of countries.

In peninsular **Malaysia**, we continued working with rubber farmers to explore the feasibility of pursuing group forest management certification for rubber plantations. With rubber wood being an extremely important source of material for wood-based industries, the market is increasingly looking to source certified products. Together with relevant agencies and landowners, we are scoping the technical feasibility, while working to stimulate interest in sustainable land management and access to market benefits for pursuing certification. In 2013, the manual and related procedures for achieving group certification were completed. A workshop held in November 2013 in Peninsular Malaysia brought together farmers, project partners and international experts to review progress and make recommendations for achieving PEFC certification soon.



2013 also saw the start of a pilot project with a number of partners in **Thailand**, designing a cost-effective, third-party verification system suited to the unique situation of sourcing fiber from smallholders in the country. As trees outside of the forest are a major fiber source for the Thai-based industries, the current model of forest management certification is not well suited. To develop and innovate an appropriate solution, stakeholders have been working together to draft a standard for responsible land management in this context. During the year, companies undertook piloting activities to check the relevancy of the draft standard, and the group continued improving the document by seeking input from a broader range of stakeholders.

In **Nepal**, we are working to stimulate an inclusive dialogue at all levels of society about the important role of sustainable forest management. Legitimizing and governing the sustainable use of the forest resource could produce substantial positive impacts for the livelihoods of millions of people. Through running workshops at district, regional and national levels, the project seeks to launch a national governing body, which could lead the development of a national forest management certification system in Nepal. This process is supported by a scoping study completed in 2013, which analyzed the potential for creating a viable certification system for community forest user groups in Nepal and concluded that there is great potential for establishing PEFC group certification in the country.

We began partnering on a project in **Vietnam** focused on strengthening forest owner cooperatives and their abilities to deliver services related to forest management. PEFC's contribution is focused on raising awareness about forest certification and supporting pilot activities to implement PEFC certification within a cooperative's forest area. Building more cost-effective solutions to forest certification in Vietnam can play a powerful role in supporting families to secure better incomes and break the circle of rural poverty.

750,000
forest owners globally
are PEFC-certified



ChameleonEye

Empowering small forest owners in Latvia

Providing private forest owners with a positive example of group certification is the objective of a PEFC Collaboration Fund project started in 2013 in Latvia. Project partners PEFC Latvia and the Forest Owners' Cooperative "Mežsaimnieks" began the development of a group certification pilot project, along with an awareness-raising campaign, which will eventually enable small and family forest owners to apply for and achieve certification.

Pilot project partners: Forest Owners' Cooperative "Mežsaimnieks", PEFC Collaboration Fund and PEFC Latvia.

Enabling certification for small family forest owners

With costs being a major barrier to certification for smallholders, in 2013 we expanded our online tool to provide small and medium forest owners with a cost effective and competitive means to apply for certification. After first being developed and deployed by Ingenieursbureau Evan Buytendijk (IEB) in the Netherlands, the development of an English language version has now begun in the UK and Ireland. The system will ease the administrative burden for smallholders, streamline the preparation of forest management plans and provide an effective mechanism to monitor compliance with certification requirements.

In time, the tool will be shared across all English-speaking PEFC member countries, with further opportunities existing to translate it into other languages.

Project partners: Ingenieursbureau Evan Buytendijk, PEFC Ireland, PEFC UK, PEFC Collaboration Fund, Staresale and Dutch Federation for Private Landownership.

What is PEFC's Group Forest Certification?

Our Group Certification allows multiple forest owners to pool their limited resources and become certified as a group, while still providing the same level of rigor as individual certification. PEFC pioneered this approach in response to the unique forest tenure system in developed and developing countries alike.

Group Certification can help smallholders to:

- Spread costs and share administration and organizational procedures and responsibilities;

- Develop a better understanding of mutual interests and share good practices;
- Access global markets that demand sustainability assurances, especially those requiring both wood and non-wood forest products from certified sources.

In addition and to a significant extent, it can also be instrumental in:

- Alleviating poverty and
- Combating climate change.



STRENGTHENING MARKET DEVELOPMENT

Certified companies have always benefitted from PEFC certification providing them with the ability to meet the expectations of an increasingly discerning market requiring responsibly sourced products. With legality regulations, such as the European Union Timber Regulation (EUTR), on the rise, there is an additional reason for ever more companies to obtain PEFC Chain of Custody certification: it is one of the most straightforward and efficient means to address legality requirements, with the additional advantage of being able to manufacture and sell PEFC-certified and labeled products.

We have experienced increased interest in certification as a result of legality regulation, for example from companies in Eastern Europe. As the number of certified companies increases, so too does the demand for certified material, helping the virtuous cycle of expanding certification and the associated benefits to forests and society as a whole.

PEFC certification enabled business continuity as the EUTR took effect

With the EUTR taking effect in March 2013, we ensured that certified companies would fulfill the necessary requirements through the implementation of our revised 2013 PEFC Chain of Custody standard, adding value to them and their customers. The standard was published in May after 18 months of intensive multi-stakeholder discussions.

Ensuring a smooth transition

For companies dealing only in PEFC-certified material, the transition to the new standard was simple to implement. We designed the PEFC Chain of Custody standard to allow them to meet the requirements in a straightforward manner. Companies dealing with uncertified material were able to benefit from the new PEFC Controlled Sources Claim, a robust yet effective mechanism to demonstrate compliance of uncertified material within the EUTR.





What is the European Union Timber Regulation?

The EUTR prohibits illegally harvested timber from being placed on the European Union (EU) market in an effort to tackle the global problem of illegal logging. It covers a broad range of timber products including solid wood products, flooring, plywood, pulp and paper, and applies to both imported and domestically produced timber and timber products. In practical terms, it requires traders to exercise due diligence.

What is PEFC's Chain of Custody certification?

PEFC's Chain of Custody certification enables the tracking of certified material throughout the supply chain, from the forest to the consumer, and allows producers and vendors to give assurances about the origins of the wood used in their goods, including compliance with the EUTR. In addition to satisfying regulatory needs, it provides evidence that forest-based products are sustainably sourced.

What is the PEFC Due Diligence System?

The PEFC Due Diligence System (DDS) is an integral part of the PEFC Chain of Custody standard and is the mechanism that avoids the inclusion of timber from controversial sources in products with a PEFC claim. It has three steps:

1. Information:

Transparency on supplies is a key element of due diligence. PEFC requires that the certificate holder shall have an agreement with their suppliers to get the information on the tree species and origin of a supply when needed.

2. Risk assessment:

Based on the tree species and origin, amongst other information, the certificate holder has to assess the risk that a supply could originate from a controversial source. The risk assessment has two possible outcomes: either the supply has a "negligible risk" or it has a "significant risk". Supplies received with a valid PEFC claim are considered as negligible risk as they have already gone through an assessment process and are exempted from this element of the PEFC DDS.

3. Mitigation:

For the supplies that have been identified as significant risk, the supplier needs to provide further evidence in order to determine a negligible risk. It may also be necessary to carry out on-site inspections at the supplier's operations.

As an overarching element, the certificate holder is required to act upon third-party substantiated concerns related to controversial sources. This is an additional form of risk assessment also applicable to material with a PEFC claim.

Only supplies for which the certificate holder could determine a status of negligible risk can be used as input in the PEFC Chain of Custody. Any other supply cannot be used as input for products with PEFC claim.





TPopova

15,804

**companies in the world
benefit from PEFC's
Chain of Custody
certification**

Keeping stakeholders informed

As the EUTR came into force, we provided guidance to many different market participants including certificate holders, certification bodies and other interested parties to accompany their transition.

With so many keen to implement our updated PEFC Chain of Custody standard, we hosted a total of 15 tailored webinars, reaching more than 700 participants, informing them on the background, development and changes of the revision. We also held four training seminars in Asia in order to inform auditors about the revised standard, with a particular focus on the updated PEFC Due Diligence System (DDS). In addition to these activities, we produced and distributed a range of guidance documents to provide stakeholders with additional support.

Helping Eastern European countries to access European Union markets

The arrival of the EUTR has triggered an increased demand for PEFC as a tool to demonstrate alignment with the new regulations from countries outside the EU. In Eastern Europe, for example, we built on the work already started in Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Montenegro, conducting outreach activities with local partners to inform the regional businesses about the advantages of PEFC certification to access EU markets. This work with local partners lays the groundwork for the eventual development of national forest certification systems in these countries.

**We provided
a total of**

15 webinars
to more than

700 participants

to inform about EUTR-related issues

Advancing sustainable trade in Asia

With its growing populations and rising purchasing power leading to ever increasing levels of consumption, Asia is shaping the world's landscape of forestry and timber trade.

It has a strong influence on the environmental sustainability of international forest products, and therefore, increasing the availability of certified timber and building supply chain capacity across this region is vital for everyone. This makes Asia a priority for our work, and in 2013 we dedicated considerable effort to this region through our PEFC Asia Promotions Initiative and our outreach activities.

The Asia Promotions Initiative

The Asia Promotions Initiative is a key element of our work in Asia. With its offices in China and Japan, it works to raise awareness, build capacity and encourage the uptake of PEFC certification throughout Asia.

China office reporting in

We conducted regular awareness raising activities to the paper, packaging, furniture and timber sectors by means of participating at industry conferences and by running seminars, workshops and training events. As China is the world's largest manufacturer of forest products, it is essential to encourage companies to apply for PEFC Chain of Custody certification.

8th Canada-Fujian Forestry Investment & Trade Seminar, Xiamen, Fujian Province, China

As part of a major national trade conference, this seminar presented an excellent opportunity to provide Chinese companies from the forestry and wood trade sector with information about PEFC.

Japan office reporting in

Throughout the year, the Japan Office targeted key sectors – housing, building materials, retailers, publishing and printing, and consumer goods – to increase uptake in PEFC Chain of Custody certification. This has included running bi-monthly informative seminars and participating at industry events.

The Eco-Products Exhibition

We joined the 18,000 stakeholders at Japan's largest environmental exhibition, which publicizes eco-products and services to realize an environmentally friendly society. The event covers consumer goods, industrial materials, energy, finance, as well as corporate social responsibility activities. At this three-day event, the Japan Office promoted the value of PEFC Chain of Custody certification, exhibiting with our PEFC-certified partners: Hearst Fujingaho, MeadWestvaco Corporation, Sezaki Ringyo Company, and Toyo Aluminium Ekco Products.

CHINA

The China Forest Certification Council

The China Forest Certification Council submitted its national forest certification system for PEFC endorsement in 2012 and achieved PEFC endorsement in February 2014. With the importance of the country in the forest products value chain and its substantial forest area, the endorsement of the Chinese system has the potential to substantially increase the demand for, as well as the supply of, PEFC-certified material throughout the region. During the system development process, the China Office provided technical advice on meeting PEFC's requirements and helped to translate system documentation.

JAPAN

The Sustainable Green Ecosystem Council

The Japanese national certification system, the Sustainable Green Ecosystem Council, expressed an interest in pursuing PEFC membership and endorsement for its system at the PEFC General Assembly.

Going forward

We are looking for additional partner organizations to join our Asia Promotions Initiative – organizations that share the common goal of increasing demand for certified products and improving capacity in Asia to process certified products. Please contact us at development@pefc.org.



Advocating, informing and training

PEFC International conducted further outreach activities in the Asian region in addition to the Asia Promotions Initiative. This included events focusing on advocacy and awareness raising, to training.

Building interest among engineers

PEFC delivered the keynote speech at the *World Engineers Summit* to engineers from multiple disciplines and climate change specialists on “Corporate Social Responsibility on Climate Change”. The three-day summit attracted over 800 delegates and included a conference and exhibition. The summit ran alongside the BuildEco Xpo Asia (BEX Asia), which showcased sustainable and green solutions to 10,000 building professionals.

Emphasizing the importance of certification to Corporate Social Responsibility managers

Addressing the nearly 500 delegates, the PEFC Secretary General spoke at the plenary session of the *International Singapore Compact CSR Summit* on “Meeting the Challenges of Climate Change and the Business Role”. He outlined the importance of responsible forestry in tackling climate change and the contribution of forest certification, actions already undertaken by the public and private sectors to promote certification, and opportunities for business to support global efforts.

Delivering auditor training

In 2013, we organized four PEFC Chain of Custody auditor training seminars: two in Beijing, China; one in Kuala Lumpur, Malaysia; and one in Tokyo, Japan, reaching a total of some 90 auditors and consultants. The training focused on the revised PEFC Chain of Custody standard and in particular on the PEFC DDS, which must be implemented by all PEFC Chain of Custody certificate holders from February 2014.

Additional events

We organized or participated in numerous additional events, big and small, many for the first time, including:

- 2013 Taiwan Sustainable Economy Forum;
- 27th ASEAN Furniture Industries Council (AFIC) Working Committee Meeting & Conference 2013, Vietnam;
- 30th Japan Kenzai Fair;
- Certification Forum 2013: Responsible Procurement and Forest Certification, the Philippines;
- Forest Certification Seminar by the PEFC-accredited Japanese certification body JIA (Japan Gas Appliances Inspection Association);
- Japan International Cooperation Agency (JICA) Forest Certification Training Program;
- PEFC certification seminar tailored to local requirements in the Osaka area and western Japan.

INCREASING AWARENESS

Promoting PEFC certification to advance sustainable forest management

Business embraces PEFC

Our many years of promoting forest certification achieved remarkable results in 2013 as industry participants accepted to adopt PEFC certification as a verification mechanism into their policies on an “industrial scale”.



One of the largest global industry networks, the Consumer Goods Forum, which influences over 400 businesses across 70 countries with combined sales of € 2.5 trillion, recommended PEFC certification as a verification mechanism within its recently published guidelines to help to achieve zero net deforestation by 2020 with regard to sourcing pulp, paper and packaging. PEFC certified products are recommended as providing companies with verification for legality, sustainable forest management, and a low risk of controversial sources contributing to deforestation. The businesses at the forefront of this initiative include well-known names such as Carrefour, Coca Cola, IBM, Johnson & Johnson, Kellogg's, Kimberly-Clark, L'Oréal, Nestlé, Proctor & Gamble, Tesco and Walmart.



Similarly, the Forest Solutions Group of the World Business Council for Sustainable Development, referenced PEFC certification in connection with its *Leadership Statement on the Value and Future of Forest Certification*, which speaks for the 26 companies responsible for nearly 40% of annual global forest, paper and packaging sales.

In order to ensure that the supply of independently verified sustainable forest products continues to increase to meet growing demand, the companies commitment themselves, and call on all other companies worldwide to commitment as well, to:

- Work with stakeholders to spread sustainable forest management;
- Support and promote the expansion of forest certification;
- Set 2020 targets to increase the use of certification when sourcing forest products and fiber;
- Grow markets for certified forest products.

These achievements are in addition to the numerous public and private procurement policies that recognize PEFC:

- Timber Procurement Policies of Belgium, Denmark, Finland, France, Germany, Japan, the Netherlands, Switzerland and the UK;
- European Commission Guidelines on Green Public Procurement;
- EU Ecolabel;
- European Retail Environmental Sustainability Code;
- Green Building Councils in Australia, Italy and Singapore; BREEAM, the Code for Sustainable Homes, in the Netherlands and the UK; and SKA rating in the UK;
- Green Building Assessment Protocol for Commercial Buildings and the National Green Building Standard in the US; and Built Green in Canada;
- Comprehensive Assessment System for Built Environment Efficiency in Japan;
- Singapore Environment Council.



The PEFC market outreach road shows

We promoted PEFC certification in a tailored manner throughout Asia and Europe, Latin as well as North America, where we conducted outreach meetings with key companies and organizations such as Disney, Kimberly-Clark, the International Finance Corporation, McDonalds and HAVI Global Solutions, Morgan Stanley, Office Depot, US Forum for Sustainable and Responsible Investment, Walmart and Weyerhaeuser.

Here are two examples of our extended visits to raise awareness of the value adding benefits of certification within the international timber trade market:

Brazil

Through a number of meetings, we explored possibilities with Brazilian companies, such as the PEFC-certified Fibria, International Paper and Suzano, together with Bracelpa, the Brazilian Pulp and Paper Association, for increasing public awareness of the value and benefits provided by responsible forestry and forest certification. In addition, we started work with Fibria to help thousands of family forest owners to obtain PEFC certification and therefore achieve economic benefits from their sustainably managed forests. The PEFC Secretary General also met local communities and children involved in social projects taking place in the forest-dependent communities.

New Zealand

During his visit to New Zealand, the PEFC Secretary General met with various industry heads to discuss the local needs of meeting sustainability demands for internationally traded forest products. He reached the public too, for example, via an interview with Radio New Zealand's "Morning Rural News" and coverage in the *National Business Review*. Responding to the increasing demand, Standards New Zealand has begun consulting on a draft voluntary standard for sustainable forest management.

Evolving the PEFC brand

In line with recommendations in the PEFC strategy 2013-17, we embarked on a re-branding and identity process to ensure a common conceptual identity for the PEFC membership. Given our vast growth over the past 14 years, not only because we have come to comprise of some 38 country members and 18 International Stakeholder members, but also because our work now reaches beyond timber harvesting to wider subjects, such as poverty alleviation, climate change and energy markets.

Our goal is to generate a common conceptual identity for PEFC as a multinational entity that establishes and defines its identity among its members, assisting them in building their capacity to promote it, to stakeholders and customers for effective positioning. This process will continue in 2014.



Selected advocacy events and processes in 2013

Here is a selection of the many industry events we participated in.

The two events, the European Forest Week and Metsä2013, both took place during 9-13 December 2013 in Rovaniemi, Finland, inspiring further events throughout Europe to celebrate the week and to raise awareness about the importance of our forests.



European Forest Week – “The role of forests and forest products in a green economy”

As one of the 15 partners launching this event, we helped to promote sustainable forest management and raise awareness of the forest sector's contribution to a green economy.



Metsä2013

We contributed to a panel discussion on “Measuring and communicating the contribution of the forest sector to a green economy”. The event was a joint session of the United Nations Economic Commission for Europe's (ECE's) Timber Committee and the Food and Agriculture Organization of the United Nations' (FAO's) European Forestry Commission.



7th European Conference on Sustainable Cities & Towns (ESCT) “A green and socially responsible economy: a solution in times of crisis?”

We exhibited to the over 850 participants, mostly from local governments and organizations involved in urban sustainability at the European level, to discuss how cities can drive a transition towards sustainability in the face of the current economic, environmental and social crises. The event built on the conclusions of the previous ESCT Dunkerque 2010 and the outcomes of the Rio+20 Conference 2012, which focused on a green economy, and sought to bridge gaps between environmental, economic and social goals and connect governments, civil society and business through policy and action.



World Forests Summit

The World Forests Summit, organized by The Economist, brought together industry leaders, government ministers, scientists and activists from around the world to identify common ground and discuss mechanisms for forest stakeholders to work together differently.

PEFC representatives presented about reforestation, forest landscape restoration, and long-term sustainability through forest certification, as well as addressing the question of whether logging bans and timber regulations are a way forward.

The summit openly explored the tensions and compromises that are involved in creating a thriving global green economy, delivering fresh insight into solving critical challenges at both global and national levels.

Tropical Forest Alliance 2020: Promoting Sustainability and Productivity in the Palm Oil and Pulp & Paper Sectors Workshop

We joined the 300 representatives from the world's leading palm oil and pulp & paper production companies, major buyers, governments and NGOs at the workshop, held by the Tropical Forest Alliance 2020³ in Jakarta. Discussions focused on finding solutions for reducing tropical deforestation associated with the sourcing of commodities such as palm oil, soy, beef, and paper and pulp. The workshop catalyzed several practical initiatives, including a pledge from the industry's leading companies to support the Alliance's mission to reduce tropical deforestation associated with their industry.

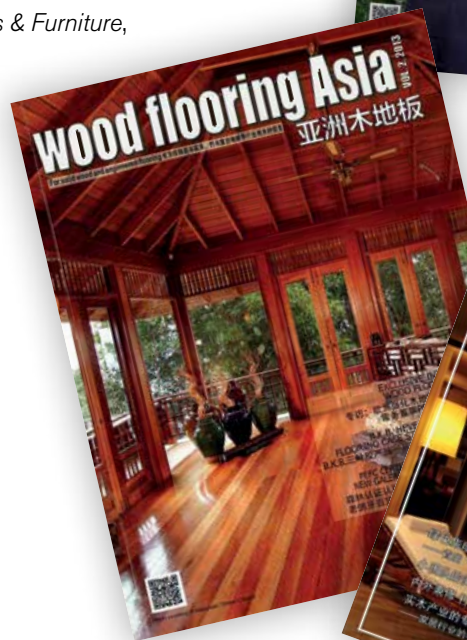


Legally Binding Agreement on Forests in Europe

As governments steer society towards environmental and sustainability goals, our expertise is increasingly solicited. For example, our participation was welcomed at the Intergovernmental Negotiating Committee as it prepares to deliver a major policy document, the *Legally Binding Agreement on Forests in Europe*. The Agreement's purpose is to maintain the vitality and multi-functionality of forests, as well as to address emerging challenges, and it is expected to impact the whole European forest sector.

Press coverage

We featured in a wide range of industry publications, such as: *Asian Timber*, *Design Construct & Build*, *Furniture & Furnishings*, *Panels & Furniture*, and *Wood Flooring Asia*.



³ This is a public-private partnership established by the US Government and The Consumer Goods Forum.

PEFC Label Generator to equip each participant in the supply chain



Demand for PEFC certification has increased constantly over the past years, with ever more companies recognizing the value of sourcing responsibly and demonstrating this to their customers by using the PEFC ecolabels. To ease the task for everyone involved, we developed the PEFC Label Generator. This allows any licensed forest owner or company to download PEFC labels online, quickly and easily, and to customize them to the specific requirements of different products and promotional materials. For the purpose of educating, informing and promotion, the PEFC logo and labels can also be used by uncertified entities, such as non-government organizations, media and educational organizations. The PEFC Label Generator is completely cloud-based and does not require additional software. Its roll-out started in 2013 and will continue in 2014.

According to a recent global study, purchasing a product in environmentally friendly packaging is a key environmental action that consumers undertake. More than one third of consumers regularly search for environmental labels on food packaging and 54% of the people surveyed said that they trust environmental labels.⁴ Consumers not only trust labels, but consider them a more trusted source ahead of media reports, consumer reports, and corporate sustainability reports, according to the Regeneration Consumer Study⁵.

The PEFC Label Generator allows any certified company to inform customers and consumers that it is addressing their sustainability expectations. Companies have been welcoming the Label Generator, creating hundreds of labels for on-product use.

By using the PEFC logo and labels, forest owners and certified companies can:

- Demonstrate their commitment to sustainable development, in particular the world's forests, the communities and livelihoods they support and the biodiversity they harbor;
- Communicate their corporate social responsibility;
- Attract environmentally and socially minded customers and consumers;
- Generate awareness and demand for products from PEFC-certified forests.



Huhtamaki Ltd (product & photography)



MITOC

⁴ See treee.es/env-trends

⁵ See treee.es/regen-study

PEFC advises and facilitates the woody biomass supply chain

In response to the growing importance of woody biomass as a source of renewable energy – over the next two decades Europe is expected to import up to 60 million tons per year – we are working to ensure that its production will be derived from sustainably managed forests and that this increased market demand does not threaten the forests themselves.

With this in mind, we have been participating in an ongoing dialogue between the main woody biomass producers in North America and the consumers in Europe, as well as the advisers, governments and traders involved.

Building on from the 2012 PEFC Stakeholder Dialogue, where a wide range of stakeholders discussed the link between sustainable biomass and forest certification, in 2013 we attended and helped to convene a two-day workshop debating related complex sustainability issues. Specifically, the workshop examined the international trade in wood pellets, explored sustainability criteria being developed by European governments and industry, and introduced US forestry practices.

Some of the key points raised during the workshop highlighted the need to:

- Clarify understanding of how the vast growth in pellet demand may affect forests and other forest products markets in the future;
- Negotiate scientifically robust and effective European sustainability criteria and develop procedures for satisfying these criteria within the USA;
- Continue the dialogue around biogenic and combustion emissions.

The workshop, which took place in Georgia, USA, was convened by the Pinchot Institute for Conservation and the International Energy Agency (IEA)⁶, with financial support of PEFC's Collaboration Fund, our North American member, the Sustainable Forestry Initiative, as well as the IEA Bioenergy Executive Committee, E.On, MeadWestvaco Company Foundation, and Weyerhaeuser.

⁶ More specifically, this involved the International Energy Agency Bioenergy Task Force 40 and 43.

⁷ http://ec.europa.eu/energy/renewables/index_en.htm

In parallel, the Sustainable Biomass Partnership (SBP) was formed – a partnership of major European utility firms that use woody biomass to fuel large thermal power plants – in order to ensure compliance with sustainability regulations and biomass legality in EU countries. Through our interactions with SBP, we are assisting in developing its statement of principles, standards and processes, in preparation for defining its supply chain sustainability certification. Wherever possible, SBP's Biomass Assurance Framework will employ existing credible standards already used by other forest product streams and for other sustainable biomass sources. Our work with SBP will help to meet EU's 2020 renewable energy targets⁷ and curb climate change.

Throughout the year, we also continued dialogue with various industry actors, such as at 4th AEBIOM Bioenergy Conference organized by the European Biomass Association. This event gave us the opportunity to not only inform participants about PEFC's tools and services, but also to discuss the emerging global industry norms for accounting greenhouse gas emissions in the woody biomass industry, transferring the growing knowledge base to developing countries, and in general advising the development of this growing industry.



2013 – SPECIAL FOCUS ON ASIA

A snapshot of our presence in Asia

With the huge growth of Asia's forest industry over the past 15 years, tremendous interest has been triggered in providing evidence of sustainable forest management through forest certification, with an emphasis on bottom-up developed national forest certification systems that are independently managed at local level. As a result, interest in PEFC is rapidly increasing:

- With the **Chinese Forest Certification System** going on to become PEFC endorsed in February 2014, the area of PEFC-certified forests in Asia has increased by 50%.
- **A range of other countries in the region, including India, Japan, Myanmar, Nepal, the Philippines, South Korea and Thailand**, are advancing in national system development and exploring options for eventual international recognition by PEFC.
- In November 2013, **Indonesia** took the next step towards international recognition of its national forest certification system by submitting it for PEFC endorsement, with the results due in 2014.
- **The Malaysian Timber Certification System (MTCS)** achieved PEFC endorsement already in 2009, and as such, it became the first Asian system and the second tropical system to be endorsed by PEFC. MTCS's endorsement led the way for certification in the region, demonstrating that it is possible to develop national certification systems suited to the specific requirements of Asian countries, yet still in line with exacting international benchmarks.

PEFC members in Asia:



Malaysian Timber Certification Council (MTCC)

- PEFC Member since 2002
- PEFC-endorsed since 2009
- More than 4.6 million hectares of forests PEFC-certified under MTCS



China Forest Certification Council (CFCC)

- PEFC Member since 2011
- PEFC-endorsed since February 2014
- Almost 2 million hectares of forests CFCC-certified



Indonesian Forestry Certification Cooperative (IFCC)

- PEFC Member since 2012
- IFCC currently under PEFC assessment; results due late 2014



PEFC's Forest Certification Week – sustainability declared the new normal

We held our annual event, the “PEFC Forest Certification Week 2013”, in Kuala Lumpur, Malaysia with our member, the Malaysia Timber Certification Council (MTCC), bringing together over 300 stakeholders to discuss advancing sustainable forest management and global trade.

Highlights from PEFC's Forest Certification week

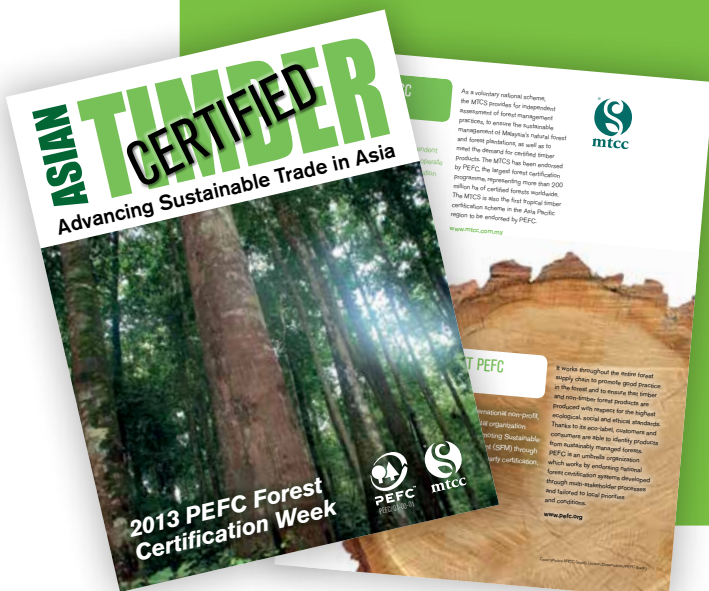
- Malaysian Minister of Plantation Industries and Commodities opened PEFC's 18th General Assembly in Kuala Lumpur.
- Indonesian Forestry Certification Cooperative submitted its national certification system for PEFC endorsement.
- European Timber Trade Federation and the International Council of Forest and Paper Associations joined as International Stakeholder members.
- Japan and Turkey indicated their interest to join PEFC Council.
- The guide, *Your Toolkit for Developing a National Certification System*, was launched and representatives from 11 countries across three continents participated at PEFC's System Development Workshop.
- Amongst the PEFC members, Sustainable Forestry Initiative was recognized for the greatest expansion in certified forest area in 2013 and PEFC France was recognized for the greatest growth in Chain of Custody certification.
- Side events were hosted by Brazilian Pulp and Paper Association, Bureau Veritas, Certification Singapore, European Forest Institute, International Family Forest Alliance, International Wood Products Association & APP Timber, PEFC Germany, PEFC UK, TRAFFIC, and PEFC International.
- A forest owner representative was elected as Vice Chair to the PEFC Board of Directors.
- National members participated in a branding workshop to begin the development of a common conceptual identity for PEFC.

Certification Supplement 2013

To mark our PEFC Forest Certification Week in Malaysia, we published a special “Certification Supplement 2013”, in collaboration with the *Asian Timber* magazine and co-authored with our member, the Malaysian Timber Certification Council.

The first book published on PEFC-certified paper in Asia

Ken Hickson presented his book, *Race for Sustainability*, the first book ever printed on PEFC-certified paper in Asia, at the PEFC Forest Certification Week.



PEFC's Forest Certification week – key issues

The event highlighted some of the key issues that need to be addressed within the Asian context to mainstream forest certification.

Legality versus sustainability

While there is broad recognition that legality can only be a very first step towards sustainability in the forest sector, the current attention from important consumer markets in the EU, United States and Australia focuses solely on ensuring that legal requirements have been met in producer countries. Going forward, the markets must not lose sight of the more ambitious requirements related to sustainable forest management, as this needs to remain the shared, long-term aspiration.

“ I feel that legality is a disruption in our business as it is a step back from sustainability”

Mr. Ng Kay Yip, Maran Road Sawmill

“ Never give up on sustainable forest management and independent third-party certification”

Sheam Satkuru-Granzella, Malaysian Timber Council, discussing the perceived competition between market requirements for legality or sustainability.

Need more awareness in Asian markets

Demand for certified forest products has traditionally been strongest in European and North American markets. However, businesses in the forestry sector rely more and more on the markets in Asia and the Middle East. We need to stimulate demand for certified products and awareness about sustainability issues within these key markets.

To make the business case for certification in the Asian region, companies need to feel this demand from their Asia-based customers, and yet it is fair to say that businesses operating in the area also have a role to play in demonstrating leadership on sustainability.

“ We are ready, if you are ready”

Mr. Richard Lee, Regent Furniture, describing the industry's readiness to become certified, once more certified wood is available “upstream”.

Forest certification for small landholders and agroforestry resources

Especially in Asia, substantial volumes of fiber are produced by small landholders and/or from trees grown outside of forests. These trees and sources of fiber contribute substantially to rural household livelihoods. Furthermore, such agroforestry practices encourage integrated landscape approaches, which often reduce pressure on dwindling natural forest resources. Forest certification systems will need to develop approaches to further recognize and embrace these resources so that they are not inadvertently excluded from accessing international markets.

“ If SFM can't pay its way as a viable land use, then we ultimately face the biggest challenge to SFM: conversion of forest land to other uses”

Emmanuel Ze Meka, Executive Director of the International Tropical Timber Organization

What will be the ultimate lever to make businesses act?

While mainstreaming sustainable forestry and trade still has a long way to go in the Asian region, there is a sense of shared optimism amongst the private sector that certification is possible. Even those companies not yet certified admit that becoming certified is not the hurdle they previously considered it to be. We know the answer lies somewhere between showing business leadership, following the emerging mega-trend, responding to procurement policies, and meeting changing societal preferences.

“ The best way to promote certification is to put the logo on the product”

William Street, Chairman of the PEFC Council emphasizing that certified companies have enormous potential to mainstream certification.

Towards securing workers' rights within Myanmar's forest industry – a case study

We conducted regular capacity building and outreach activities in several countries with our regional partners. In Myanmar, for example, we partnered with two like-minded organizations: Building and Wood Worker's International (BWI), which promotes forestry worker's rights and the promotion of sustainable practices; and the Trade Union Solidarity Centre of Finland (SASK), which works to strengthen trade unions globally. These organizations reinforce our work towards respecting the fundamental rights of workers in companies along the forest products supply chain. We were the first forest certification system globally to include social, health and safety requirements in our PEFC Chain of Custody standard based on the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

Together, we conducted a series of meetings with Myanmar's Ministry of Labour, Employment and Social Security; the Ministry of Environmental Conservation and Forestry; the Myanmar Timber Merchants Association; and our existing contacts at the Myanmar Forest Certification Committee. This laid the way for finding common ground and achieving commitment to sustainable forest management and PEFC certification.



Following these successes earlier in the year, we were able to help to motivate the main market actors, including the Ministries, to participate in BWI's two-day event, the "Global Wood and Forestry Conference". Taking place in November 2013 in Yangon, Myanmar, the event welcomed ministerial representatives, social partners, solidarity support organizations and selected BWI affiliates. In addition to providing financial support and guidance with shaping the event content, PEFC's Chairman spoke to an audience of over 100 attendees highlighting the social aspect of sustainable forest management.

We are continuing our work with the Myanmar Forest Certification Committee regarding an eventual PEFC membership and PEFC endorsement for their national system.

PEFC's sustainable forest management standard requirements

- Recognition of free, prior and informed consent
- Provisions for consultation with local people and stakeholders
- Respect for property and land tenure rights as well as customary and traditional rights
- Promotion of the health and well-being of forest communities
- Respect for the multiple functions of forests to society
- Compliance with all fundamental ILO conventions and occupational health and safety requirements
- Maintenance, conservation and enhancement of ecosystem biodiversity
- Protection of ecologically important forest areas
- Prohibition of forest conversions
- Prohibition of genetically modified trees and most hazardous chemicals
- Exclusion of certification of plantations established by conversions



PEFC MEMBERSHIP

Members' achievements

Our members – the national organizations and stakeholders which together comprise PEFC – all continuously deliver improvements towards sustainable forest management, each in line with their national priorities. Here are some highlights of the year.



Rubner Bau

PEFC Austria was proud to announce the opening of the highest wooden tower in the world, the Pyramidenkogel, in Carinthia. The main structure is made entirely of wood originating from PEFC-certified, local forests and promotes sustainable forest management to the timber construction sector.



PEFC Czech Republic

PEFC Czech Republic raised public awareness of the importance of sustainable forest management in Prague by offering the public a cruise down the Vltava River on a traditionally built wooden raft made from PEFC-certified timber.



PEFC Italy

PEFC Italy and the Nordic World Ski Championships organizing committee joined forces to ensure that all the wood-based materials used at the games, including everything from construction timber to tissues, originated from local PEFC-certified forests.

Following this example, PEFC Italy and the Trentino Winter Universiade organizing committee helped to host a zero-impact, global 2013 Winter Universiade. The 900 cubic meters of wood used for the permanent and temporary sports facilities were sourced from local PEFC-certified forests.

The most prominent structures at both events successfully obtained PEFC Project Certification.

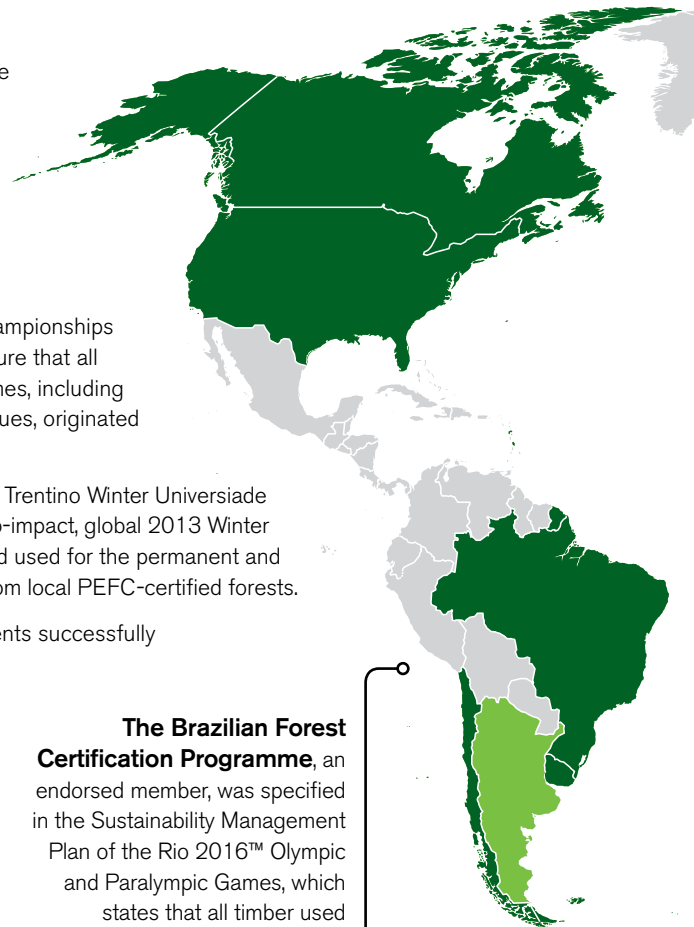


PEFC UK

PEFC UK worked proactively on the Kingsgate House construction project in London, the first major construction project in the world to achieve PEFC Project Certification. Over 1,000 cubic meters of cross-laminated timber from PEFC-certified forests was used for the construction, making up over 96% of the total volume of wood in the building. This seven-story building is not only one of the most sustainable housing developments in the UK but will also serve as a blueprint for future green buildings globally.

The American Tree Farm System launched pilot projects to restore rare oak-hickory and longleaf pine ecosystems in Wisconsin and Mississippi, respectively.

The Sustainable Forestry Initiative (SFI) contributed to certifying over 20 million ha, representing a 25% growth in a year, and launched its standard review process, reaching out to 10,000 stakeholders. The SFI Conservation and Community Partnerships Grant Program resulted in a variety of research projects across North America including important wildlife studies such as conserving caribou and grizzly bear habitat with the University of Saskatchewan; identifying cultural heritage sites; ensuring the transfer of forest knowledge from elders to youth and to the forest industry, with Tk'emlups First Nation.



The Brazilian Forest Certification Programme, an endorsed member, was specified in the Sustainability Management Plan of the Rio 2016™ Olympic and Paralympic Games, which states that all timber used in permanent or temporary constructions must come from legal and responsible sources.

The Argentine Forest Certification System applied for PEFC endorsement.

PEFC Belgium signed its first-ever sustainable procurement cooperation agreement with the Belgian Socialist Union.

PEFC Denmark achieved PEFC re-endorsement and reinforced its brand in preparation for forthcoming promotional activities.

More than 2.4 million ha of French Guianese forests became PEFC-certified following the certification by Bureau Veritas and the membership of the Office National des Forêts to **PEFC France**.

PEFC Germany awarded its annual *PEFC Forest Capital* prize to Freiberg based on the city's contribution to promoting sustainable forest management, followed by awareness raising activities.

Forest owners in **Ireland** were able to start applying for PEFC forest certification when Ireland's official standards body, The National Standards Authority of Ireland, approved the national forest management standard.

PEFC Spain reviewed its forest management system, making forest certification more efficient, with special focus on the needs of small forest owners.

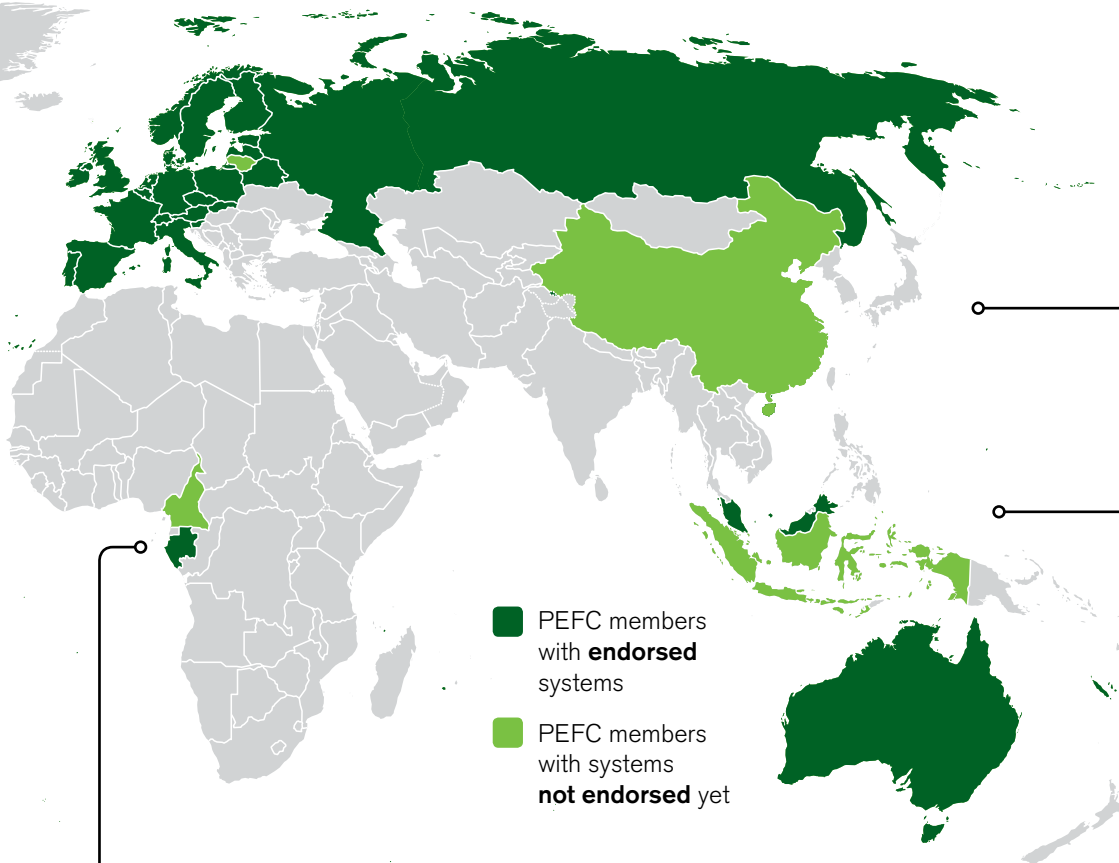
The first forest in Slovenia became PEFC-certified when the **Institute for forest certification in Slovenia** awarded its first sustainable forest management certificate to a regional representative of forest owners, the Chamber of Agriculture and Forestry of Slovenia.

PEFC Latvia Council increased efforts to attract new partners and ran projects to encourage private forest owners to apply for PEFC certification.

Metsä Group was awarded the Best Forest Lessee Award for promoting sustainable forest use, forest regeneration and conservation in the Leningrad Region by the Committee for Natural Resources of the Leningrad Region, for its Metsa Forest Podporozhye.

PEFC Netherlands provided support for the implementation of the sustainable forestry procurement policy at De Alliantie, one of the largest Dutch housing cooperatives.

PEFC Poland achieved both a 45% increase in Chain of Custody certificates issued and a 50% increase in PEFC logo licenses issued since last year. All Regional Directorates of State Forests, amounting to some seven million ha, are now PEFC-certified.



The China Forest Certification Council applied for PEFC endorsement and made preparations to begin certification.

The Indonesian Forestry Certification Co-operation applied for PEFC endorsement.

The Malaysian Timber Certification Council certified its tenth forest management unit, reaching a total certified area of 4.65 million ha. In addition, the Green Building Index Malaysia recognized the Malaysian Timber Certification Scheme under its sustainable timber criteria.

PAFC Gabon applied for PEFC re-endorsement.

The Australian Forestry Standard published its revised and improved standard for sustainable forest management.



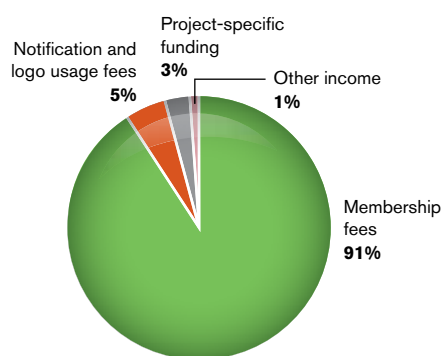
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Financial information

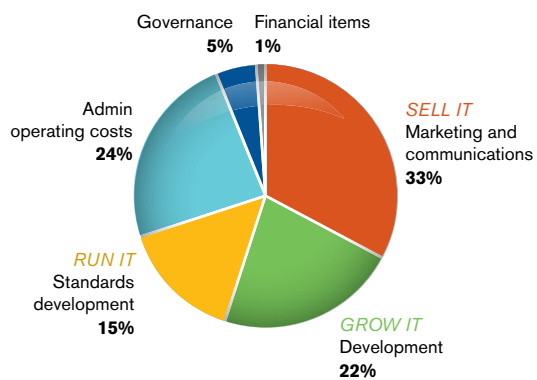
BUDGET SUMMARY:

In 2012, PEFC operated on a total income of about CHF 3.1 million.

Income sources (2012)



Expenditures (2012)



PEFC Collaboration Fund

The PEFC Collaboration Fund is a yearly competitive small grants program supporting efforts to advance sustainable forest management and forest certification around the world by our members and partner organizations. The 2013 Collaboration Fund competition invested CHF 105,000 across six projects, leveraging a further CHF 104,000 from co-funding.

2013 Collaboration Fund projects and recipients

- Promoting sustainable forest management among Latvian forest owners (*Forest Owners' Cooperative "Mežsaimnieks" and PEFC Latvia*)
- Going online to modernize and expand Group Forest Management Certification in the British Isles (*PEFC Ireland and PEFC UK*)
- Enhancing rural development in Spain through wild food production (*PEFC Spain, Spanish Food and Drink Industry Federation, Union of Silviculturists of Southern Europe*)
- Protecting rare tree species in Malaysia: strengthening procedures for monitoring in Jerangau high conservation value forest area and beyond (*Forest Research Institute Malaysia, Forestry Department Peninsular Malaysia, Kumpulan Pengurusan Kayu Kayan Terengganu Sdn. Bhd., Malaysian Timber Certification Council, and Terengganu State Forest Department*)
- Exploring criteria, pathways and stakeholder expectations to deliver sustainable woody biomass to international markets (*Pinchot Institute for Conservation and the PEFC member Sustainable Forestry Initiative*)
- Promoting forest certification to the forest managers of the future (*National Forest Centre and Association of owners of private and community forests in the Banska Bystrica region, and PEFC Slovakia*)

PEFC Collaboration Fund aims to:

- Promote innovation;
- Stimulate local projects;
- Encourage partnerships;
- Share financial burdens.

Activities include:

- Promoting certification or certified products;
- Capacity building to expand forest certification;
- Researching issues related to PEFC Sustainability Benchmarks or national standards;
- Researching new products, services and approaches.

Eligible applicants

Our members, other non-profit organizations, and private and public sector organizations may apply. If the lead applicant is not our member, it is desirable for one of our members to be a project partner.

Grant amounts

We consider applications of up to CHF 40,000 with a project time frame of up to two years for new activities rather than for ongoing work. Proposed project budgets must include at least 35% co-funding from other sources.

How to apply

Please visit bit.ly/collab-fund for more information.

Co-fund projects

To invest in or to co-finance future projects, please contact development@pefc.org.

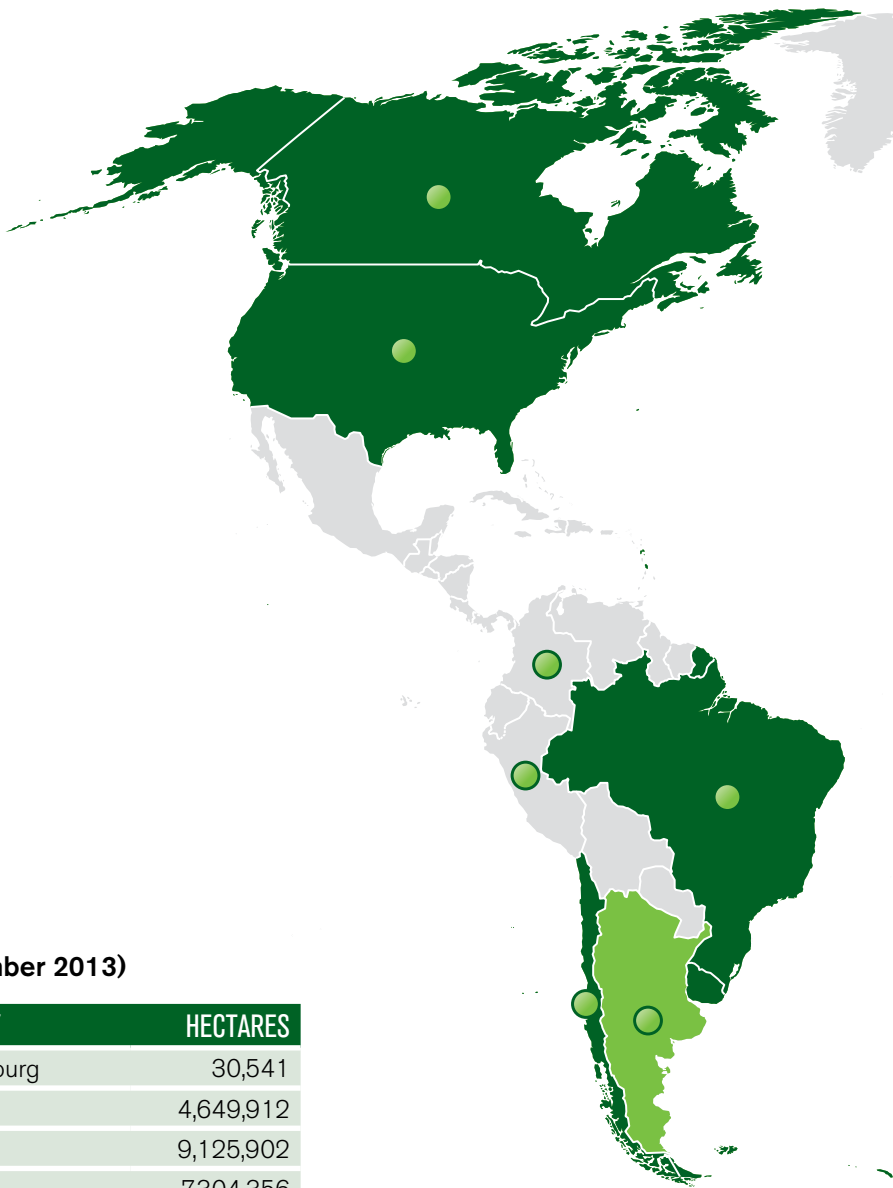


How it works

Statistics, facts & figures

253 million hectares
of forests globally
are PEFC-certified

750,000
forest owners globally
are PEFC-certified



PEFC-certified forest area (as of 31 December 2013)

COUNTRY	HECTARES
Australia	10,451,490
Austria	2,741,366
Belarus	4,172,200
Belgium	289,050
Brazil	1,742,152
Canada (CSA)	41,595,405
Chile	1,917,316
Czech Republic	1,845,321
Denmark	223,306
Estonia	897,688
Finland	20,930,633
France	6,871,741
Germany	7,199,115
Italy	780,192
Latvia	1,683,641

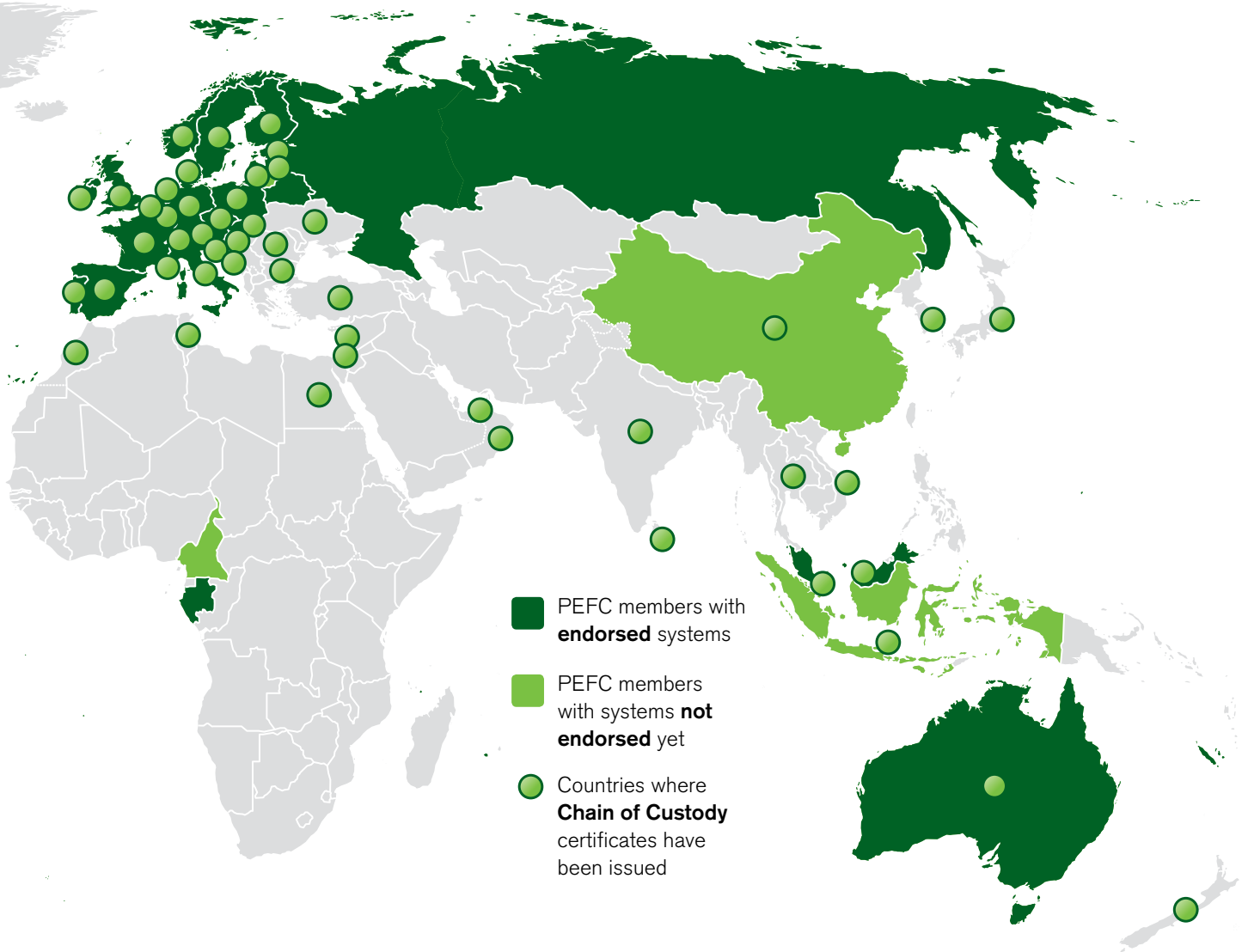
COUNTRY	HECTARES
Luxembourg	30,541
Malaysia	4,649,912
Norway	9,125,902
Poland	7,304,356
Portugal	235,501
Russia	582,479
Slovak Republic	1,242,760
Slovenia	10,209
Spain	1,606,572
Sweden	9,812,789
Switzerland	205,974
UK	1,318,190
USA (ATFS)	9,656,913
USA + Canada (SFI)	104,004,703
TOTAL	253,127,417

Chain of Custody certificates

Top three countries with the most Chain of Custody certificates issued:

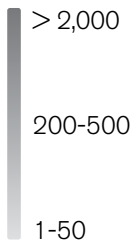
COUNTRY	CERTIFICATES
France	2,051
Germany	1,513
UK	1,155
...and more than 50 other countries	5,277
TOTAL	9,996

15,804 companies in the world benefit from PEFC's Chain of Custody certification



PEFC Chain of Custody certificates per country (as of 31 December 2013)

Relative sizes of country names correspond to number of certificates



Statistics, facts & figures

continued

Endorsed Members (as of 31 Dec. 2013)

COUNTRY	NAME
Australia	Australian Forestry Standard (AFS)
Austria	PEFC Austria
Belarus	Belarusian Association of Forest Certification
Belgium	PEFC Belgium
Brazil	Brazilian Forest Certification Programme (CERFLOR)
Canada	PEFC Canada
Chile	Chile Forest Certification Corporation (CERTFOR)
Czech Republic	PEFC Czech Republic
Denmark	PEFC Denmark
Estonia	Estonian Forest Certification Council
Finland	PEFC Finland
France	PEFC France
Gabon	PAFC Gabon
Germany	PEFC Germany
Ireland	PEFC Ireland
Italy	PEFC Italy
Latvia	PEFC Latvia
Luxembourg	PEFC Luxembourg
Malaysia	Malaysian Timber Certification Council (MTCC)
Netherlands	PEFC Netherlands
Norway	PEFC Norway
Poland	PEFC Poland
Portugal	PEFC Portugal
Russia	PEFC Russia
Slovak Republic	Slovak Forest Certification Association
Slovenia	Institute for Forest Certification
Spain	PEFC Spain
Sweden	PEFC Sweden
Switzerland	PEFC Switzerland
United Kingdom	PEFC UK
United States	PEFC USA: American Tree Farm System (ATFS) Sustainable Forestry Initiative (SFI)
Uruguay	Sociedad de Productores Forestales del Uruguay

Non-endorsed Members (as of 31 Dec. 2013)

COUNTRY	NAME
Argentina	Argentine Forest Certification System (CERFOAR)
Cameroon	Cameroonian Association of the Pan African Forestry Certification
China	China Forest Certification Council (CFCC)
Indonesia	Indonesian Forestry Certification Cooperation (IFCC)
Lithuania	PEFC Lithuania

System News 2013:

Countries developing a system or preparing to apply for endorsement: 16

Under assessment for endorsement:

- Argentina (Argentine Forest Certification System - CERFOAR)
- The People's Republic of China (China Forest Certification Council - CFCC)
- Indonesia (Indonesian Forestry Certification Cooperative - IFCC)

Under assessment for re-endorsement:

- Malaysian Timber Certification Council (MTCC)
- PAFC Gabon
- PEFC Luxembourg
- Institute for Forest Certification (Slovenia)
- PEFC Spain
- PEFC Switzerland

Received re-endorsement:

- American Tree Farm System (ATFS)
- PEFC Belgium
- PEFC Denmark
- PEFC UK

PEFC's International Stakeholder Membership 2013

The benefits of joining include:

- Participating at PEFC's annual General Assembly with voting rights;
- Joining our working groups and committees on topics such as standards revision, market advising and regional promotions;
- Staying informed about PEFC developments throughout the year;
- Collaborating on projects of mutual interest;
- Nominating representatives for the PEFC Board of Directors.

We welcomed three new International Stakeholder members in 2013:

- European Timber Trade Federation;
- International Council of Forest and Paper Associations;
- Weyerhaeuser Company.



PEFC is a member and/or has consultative status with several organizations including:

- Association Technique International des Bois Tropicaux (ATIBT) (Member);
- Congo Basin Forest Partnership (Member);
- European co-operation for Accreditation – EA (Recognized Stakeholder Member);
- Forest Europe (Observer);
- Forest Legality Alliance (Member);
- International Accreditation Forum – IAF (Association Body Member);
- International Family Forestry Alliance – IFFA (Member);
- International Union for Conservation of Nature – IUCN (Member);
- United Nations Economic and Social Council – ECOSOC (Consultative Status);
- United Nations Framework Convention on Climate Change – UNFCCC (Observer).



International Stakeholder Members:

- APP Timber
- Association Technique Internationale des Bois Tropicaux (ATIBT)
- Building and Wood Worker's International (BWI)
- Confederation of European Forest Owners (CEPF)
- Confederation of European Paper Industries (CEPI)
- Earth Focus Foundation
- European Network of Forest Entrepreneurs (ENFE)
- European Timber Trade Federation (ETTF)
- European Tissue Symposium (ETS)
- Fibria
- International Council of Forest and Paper Associations (ICFPA)
- International Family Forestry Alliance (IFFA)
- Meadwestvaco
- Metsä Group
- Smurfit Kappa
- Stora Enso
- Union of Silviculturists of Southern Europe (USSE)
- Weyerhaeuser Company

Extraordinary Members:

- European Confederation of Woodworking Industries (CEI-Bois)
- European Landowners' Organization (ELO)
- Fédération Européenne des Communes Forestières (FECOF)
- Manufacturers of Educational & Commercial Stationery European Association (MECSEA)
- Union of European Foresters (UEF)

Board of Directors

CHAIRMAN



William Street's experience includes: Director of Research and Education of the International Woodworkers of America, US, the largest US labor union representing forest and mill workers; Director of the Global Wood and Forestry Program for the International Federation of Building and Wood Workers (now Building and Wood Worker's International), a global trade union federation; and Director of the Woodworkers Department of the International Association of Machinists and Aerospace Workers, one of the largest industrial trade unions in North America.

In addition to his work in industrialized countries, Mr. Street has directed forestry projects in Ghana, Burkina Faso, Kenya, South Africa, Brazil, Chile, Indonesia, India, China, and Malaysia. He holds a Master of Science in Politics & Government from the University of Oregon and has written on poverty reduction and sustainable forestry.

Current Term of Office: 2012-2015

VICE-CHAIRMEN



Sheam Satkuru-Granzella is Director of the Malaysian Timber Council with responsibility for Europe. Sheam is a specialist in international trade with strong experience in legal and policy analysis relating to the timber and forest industries, communication and public relations.

Current Term of Office: 2011-2014



Natalie Hufnagl-Jovy is a Senior Policy Advisor with the Consortium of the German Forest Owner Associations (AGDW) and a Member of the Policy Task Force of IFFA, the International Family Forest Alliance. She draws from eight years of experience as Secretary General of the Confederation of European Forest Owners (CEPF) and is a former Board member of IFFA.

Current Term of Office: 2013-2016



BOARD MEMBERS



Pedro Albizu developed his career in the Smurfit Kappa Group, becoming a member of its executive committee and Director of Energy Sourcing. Pedro served on the Board of ASPAPEL (Spanish Pulp and Paper Association) and CEPI.

Current Term of Office: 2013-2016



Olivier Bertrand is the Vice-President of the National Federation of Forest Owners Unions (CEPF - France). Since 1998, he has been a Member of the "Regions Committee" of the European Union.

Current Term of Office: 2013-2016



Genevieve Chua has been working in the paper industry for over 20 years. An accountant by profession, she worked for KPMG before joining the industry in 1990. She is currently Managing Director of Spicers Singapore and Deputy Managing Director of Spicers Asia, part of the PaperlinX, group, listed in Australia.

Current Term of Office: 2013-2016



Hans Drielsma is a professional forester with 40 years' forest management experience, including senior executive roles with Forestry Tasmania, and State Forests NSW. He is a Fellow of the Institute of Foresters of Australia, and a Director of Australian Forestry Standard Ltd, the Australian Forest Products Association and Forestry CRC, a cooperative research centre.

Current Term of Office: 2012-2015



Sébastien Genest is the Chairman of France Nature Environnement (FNE), the French National Federation of some 3,000 local and regional environmental NGOs. Sébastien is also on the Board of the National Office of Forests (ONF) and is a Director of PEFC France.

Current Term of Office: 2011-2014



BOARD MEMBERS



Juan Carlos Jintiach works with COICA, the Coordinator of Indigenous Organizations of the Amazon River Basin. He also serves as the elected official representing indigenous peoples of Latin America in the CBD, as well as a focal point in the indigenous people's caucus within the UNFCCC and in the Forest Investment Program (FIP) within the World Bank.

Current Term of Office: 2013-2016



Peter Latham, OBE, is Chairman of James Latham PLC, one of Britain's oldest timber companies. He is a former Chairman of the Forests Forever Committee of the Timber Trade Federation, member of the Council of the Commonwealth Forestry Association, and former Chairman of PEFC UK.

Current Term of Office: 2011-2014



Joseph Lawson has over 30 years' experience in environmental and natural resource management and was the Global Director of Sustainable Forestry for MeadWestvaco Corporation. Joseph holds degrees in Forest Resource Management and Landscape Architecture/Regional Planning.

Current Term of Office: 2011-2014



Michael Proschek-Hauptmann is Managing Director of the Umweltdachverband, the umbrella organization for environmental NGOs in Austria. Previously, Mr. Proschek-Hauptmann served as EU Policy Coordinator in Brussels and Vienna. He also worked as Policy Officer at WWF Austria.

Current Term of Office: 2012-2015



Julian Walker-Palin is a retail specialist, and was Head of Sustainability for Asda, the UK arm of Walmart, for over six years. In this role, he led the Corporate Sustainability Team, which advises Asda on sustainability policy and strategy.

Current Term of Office: 2013-2016



Staff members



Ben Gunneberg
Secretary General

COMMUNICATIONS UNIT



Thorsten Arndt
Head of Communications



Hannah Price
Communications Officer

PROJECTS & DEVELOPMENT UNIT



Sarah Price
Head of Projects & Development



Rémi Sournia
Projects & Development Officer

TECHNICAL UNIT



Michael Berger
Head of Technical Unit



Christian Kämmer
Technical Officer



Johan Vlieger
Technical Officer

FINANCE & ADMINISTRATION



Natalie Faulkner
Office Manager



Gill Parker
Finance Manager (part-time)



Simon Clark
Finance Officer (part-time)





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