



WWF

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WWF-UK FTN ANNUAL REPORT

2005 /2006

Report Summary

In the year under review, the WWF-UK Forest & Trade Network...

- collectively traded more than 25 million cubic metres of forest products;
- collectively traded more than 31% of the total volume of forest products imported into the UK;
- collectively traded nearly 12 million cubic metres of credibly certified forest products in 2005;
- includes organisations from a broad cross-section of the UK forest products trade comprising timber importers, local authorities, printers, publishing companies, retailers and the building trade;
- continues to be the leading FTN within the WWF Global Forest & Trade Network; and
- has significant potential to improve forest management in regions of the world identified by WWF as being globally significant for biodiversity.



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FTN List of Members

As at 30 June 2006

The current membership list can be found on our website; www.wwf.org.uk/ftn

Sector	Organisation name	Year joined FTN
Retail	B&Q plc	1991
	Boots Group plc	1992
	Co-operative Retail	1996
	Focus (DIY) ltd	1992
	Homebase ltd	1996
	J Sainsbury plc	1995
	Marks & Spencer Group plc	2004
	The Body Shop UK/ ROI	1996
	W H Smith ltd	1995
Timber/panels/joinery/furniture	Chindwell Company ltd	1992
	Clarks Wood Company ltd	1996
	David Craig	1992
	Ecotimber	2000
	Fantasia ltd	2000
	Magnet ltd	1995
	Moores Furniture Group ltd	1998
	Paragon Business Furniture	2002
	Saint-Gobain Building Distribution ltd	1998
	Shadbolt International	1992
	Timbmet Silverman	1999
	Travis Perkins plc	2003
	Wallis Joinery	2002
Paper	BBC Worldwide ltd	1995
	Crowley Esmonde ltd	1996
	Graham & Brown ltd	1994
	MBNA Europe Bank Ltd	2004
	Office Depot (UK) ltd	1995
	Paperback	2000
	Pearson plc	2004
	Polestar Group ltd	2001
	Robert Horne Group ltd	2005
	The Beacon Press	2001
Construction	BAA plc	2001
	Bovis Lend Lease ltd	2000
	British Waterways	2002
	Carillion plc	1997
	Countryside Properties plc	2004
	Network Rail Infrastructure ltd	1996
	Redrow Group plc	2003
	Royal Institute of British Architects	1995
Others	F&C Asset Management	2001
	Forest Enterprise	2001
	London Borough of Lambeth	2002
	Oxfam	2000
	Scottish Woodlands	2000
	WWF-UK	2004

Introduction



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This is the second annual report of the WWF-UK Forest & Trade Network (FTN), which focuses on the achievements of its membership in 2005/06. Around the world, we continue to lose natural forest at the rate of around 13 million hectares each year. Much of this is converted to single-species plantations that provide few of the environmental, ecological and social benefits of native forests.

The ceaseless spread of urban development, illegal logging, land conversion, road building, mining, forest fires and climate change have all contributed to deforestation. This has been demonstrated in several reports recently produced by WWF and other organisations.

WWF continues its campaign to bring a halt to this destruction and to extend the concept of responsible forest management. The growth and early success of the Global Forest Trade and Network (GFTN) is an important factor in this campaign. Worldwide, the GFTN comprises more than 300 members, responsible for over 15 million hectares of forest. A significant number are forest management organisations, the remainder mostly businesses that trade or use forest products. All regard responsible forest management as key to the future sustainability of their businesses and are committed to working towards this aim.

Within this arena the UK "branch" of the GFTN continues to flourish. For example, I had great pleasure earlier this year in recognising the first five Graduate members to emerge from the UK-FTN. These are businesses that now trade more than 95 per cent of their output in credibly certified forest products or those made from recycled post-consumer waste. It is also very encouraging to see that some FTN members have reported a significantly improved percentage level of forest product material volume coming from credibly certified forests in 2005.

A great deal has been done and examples of some of the achievements of FTN members are reported in these pages. But we still have much to do and I look forward to the continued success of what I anticipate will be an expanding group in 2006. As always, I invite your feedback; please e-mail ftn@wwf.org.uk.

Robert Napier
Chief Executive, WWF-UK

FTN Managers' Review

In this, our second Annual Report, we have introduced indicators that can be used to measure the success of the group as a whole, year on year. As the statistics clearly show, the FTN has continued to make significant progress during 2005/06. The increased levels of material verified as coming from legal sources at least and, more particularly, from credibly certified sources, are particularly encouraging.

These overall increases have been achieved despite a net loss of six members from the group and the inability of some members to close out all of the actions they had identified at the beginning of 2005. In many cases this reflects an over-optimistic outlook by members rather than a lack of commitment (success may have depended on the expected actions of others such as suppliers, customers and governments). All members have reported a satisfactorily improved position within the stepwise matrix, (that is, they have improved the scope of material being reported and/or have been able to move quantities of material into higher reporting categories) which is a principal requirement of FTN membership.

In viewing the statistics we now produce each year, it is important to understand that the FTN is a dynamic group that changes in membership profile from year to year. The principal objective is to improve forest management through engagement with businesses that wish to advance their forest products procurement. Each year it is hoped that new businesses will join the group, bringing with them their sourcing problems which the Global Network can help them with, and that long-standing members will "graduate" from the process. The net result is that we will not see great strides forward in, say, the percentage level of certified material handled by the group, but rather a steady increase in the level of influence the FTN has on UK forest product consumption and increases in the total quantities of legal and credibly certified material traded by active and alumni members.

During 2005/06 we encouraged the development of a member sub-group to identify and tackle some of the problems associated with responsible procurement of pulp and paper. The sub-group met twice in the first half of 2006 and has identified some key activity areas to be addressed in 2006/07.

Following the findings of an investigation for WWF, we are planning to establish a construction sector member sub-group to examine the very complex procurement processes which can hinder the tracing of materials back to source in the construction industry. The sector is a major user of forest products and a concerted effort here over the next few years could result in a significant step change in the level of credibly certified material being used in the UK.



Steve Crewe
WWF-UK FTN Manager

Background

The WW-UK FTN is affiliated to the Global Forest & Trade Network



WWF-UK
FOREST
& TRADE
NETWORK

WWF-UK FTN

The WWF-UK FTN was established as the WWF 1995+ Group in 1991 with 20 member companies. Its members' vision was to ensure that their timber and paper supplies came from well managed forests, and did not contribute to forest destruction and illegal logging practices. Over the last 14 years the FTN has grown in size and influence, and has become widely recognised as a successful partnership between WWF and business that promotes and progresses responsible management of the world's forests.

The UK FTN was the first to be established and is now seen as a leading FTN in the Global Forest & Trade Network. The UK has established links with other FTNs in the major timber producing countries. This helps UK FTN members to manage the risks of procuring timber from these countries and directly contributes to increasing the forest area that is credibly certified in countries with forests that are precious resources for people and wildlife and which would otherwise be under threat from deforestation, illegal logging and poor forest management.

WWF Global Forest & Trade Network

The Global Forest & Trade Network is WWF's initiative to eliminate illegal logging and improve the management of valuable and threatened forests. The GFTN is an affiliation of national and regional forest and trade networks (FTNs), each consisting primarily of companies committed to practising responsible forestry, or supporting responsible forestry through purchasing policies. Demand-oriented FTNs mainly comprise retailers, distributors and specifiers of forest products. Production-oriented FTNs are made up primarily of forest owners and managers, processors, and manufacturers that have achieved or are committed to achieve credible certification. The GFTN is active across nearly 30 countries that consume and produce forest products in Africa, Asia, Europe, Latin America and North America. Together, GFTN participants have generated the demand that has created a new kind of global market in environmentally-responsible forest products.

More information about the GFTN can be found at www.panda.org/forestandtrade



Note:

There are several forest certification systems, but currently only the Forest Stewardship Council meets WWF's criteria for a credible independent certification system that ensures forests are managed to provide environmental, economic and social benefits. For more information go to www.fsc.org



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WWF-UK FTN membership commitments

All WWF-UK FTN members have signed up to the following commitments:

- to work with WWF to trace all non credibly certified wood products back to forest source;
- to phase out all forest sources that are illegal, are the subject of unresolved social conflict or have high conservation value, unless credibly certified;
- to obtain substantial and increasing volumes of credibly certified wood and/or paper products;
- to make publicly available a clear statement of timber/paper policy, which meets WWF GFTN requirements;
- to submit annually to the WWF-UK FTN a report on forest product use, including an annual action plan with SMART targets for improvement; and
- to comply with the Membership Guidance, Requirements and Communication Code of Practice.

WWF-UK FTN Members' Highlights



Bovis Lend Lease encourages FSC certification in its supply chain

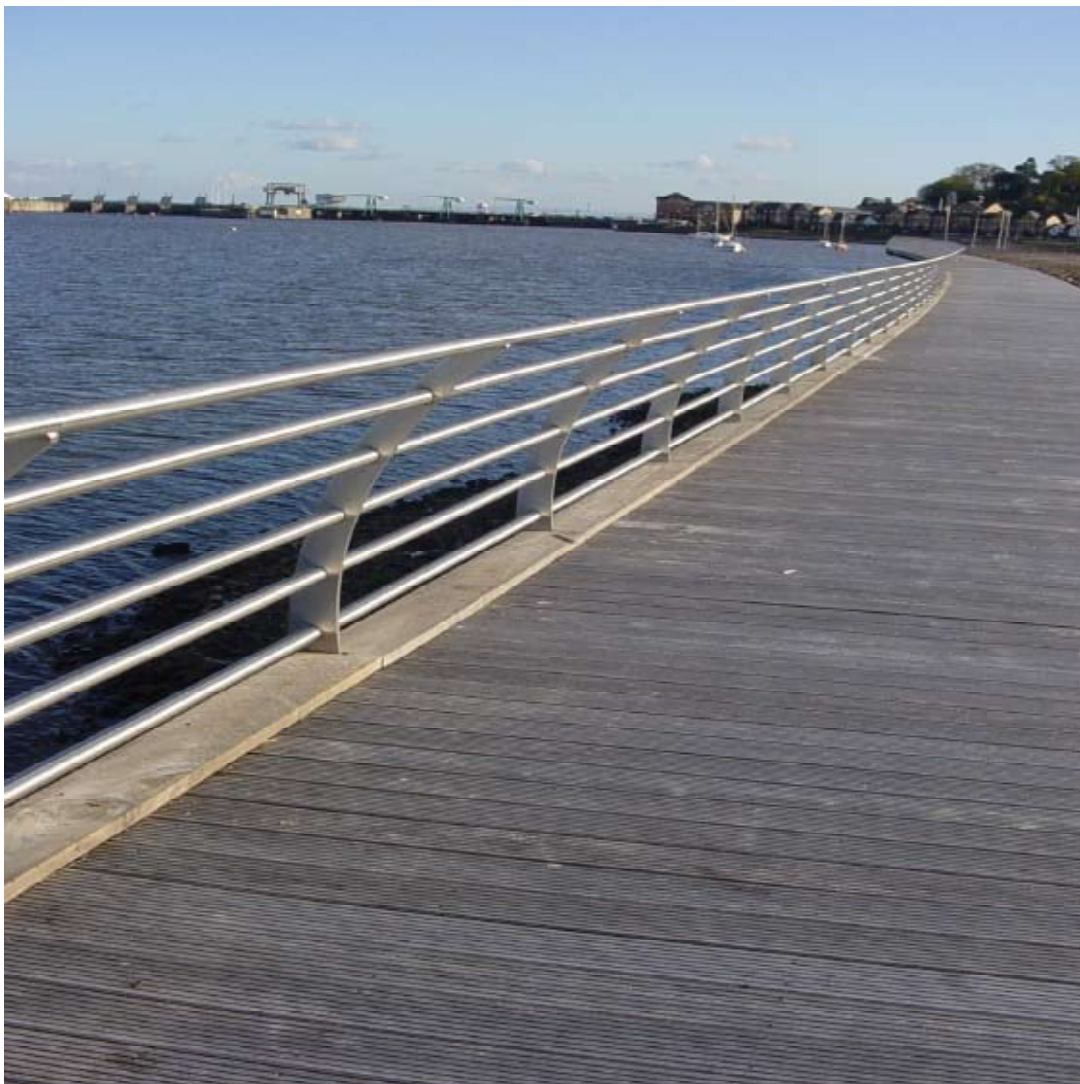
Bovis Lend Lease reports that as a result of its encouragement, Byrne Bros (a concrete subcontractor) has achieved FSC certification of its yard in Mitcham with BM Trada. Some 90% of its timber is ply formwork, sourced from Thomasi plywood manufacturers in Unaio da Vitoria, Brazil, via Taylor Maxwell Timber Merchants. In January 2006, as part of its certification process, Andrew Kinsey from Bovis Lend Lease visited the Thomasi plantation and factory in Brazil at the invitation of Byrne Bros to see how the forest was managed and the plywood produced.

Clarks Wood uses FSC karri decking in Cardiff Bay project

In the first stage of a project to develop Cardiff Bay, 60 cubic metres of FSC-certified karri decking and bearers, supplied by Clarks Wood Company Ltd, have been laid. The project was managed by Taylor Woodrow, designed by Arup and installed by Houston Cox Carpentry. The plantation-grown karri was obtained from South Africa. FSC certification was specified at the start of the project.

Over the next couple of years the decking will become the frontage of a casino, sports complex and Olympic-size swimming pool to be used by athletes training for the 2012 Olympics. The site will also host more than 3,000 homes as well as shops, superstores and other leisure facilities. Geoff Osborne, Managing Director of Clarks Wood, said, "It's not easy to carry all species of FSC-certified hardwood or all the different decking formats which an architect may specify. Often contractors find themselves without wood very close to actual installation dates, with an expectation of timber being readily available in a supplier's yard."

But Clarks Wood, he said, prided itself in being able to source to specification in the quickest possible time, due to its extensive supplier database. "Sometimes the shipment may not be as quick as the contractor would like, but it will be realistic and as promised. The karri decking was a typical project which required many FSC-certified components to be supplied and the delivery date was critical. While many other species could have been used, karri matched the high standard required – which included visual strength grading in the UK – and was shipped on time for the project." Geoff Osborne also noted an increase in the use of FSC-certified timber in 2006.





Co-op launches FSC-approved quilted bathroom tissue

Co-op launches FSC-approved quilted bathroom tissue. In 2005 Co-operative Retail became the first supermarket to launch an own-label, FSC-approved quilted bathroom tissue. Nick Cliffe, FSC-UK director, commented, "The commitment of retailers such as the Co-op to the FSC system is essential to our goal of improving the management of the world's forests."

The FSC-accredited tissue isn't the first Co-op own-label tissue product to reflect the retailer's ethical stance. In 2001, it launched its innovative Closing the Loop initiative, which involves collecting waste paper from its head office complex in Manchester and recycling it into Co-op 100% Recycled Bathroom Tissue and Co-op 100% Recycled Kitchen Towels, for sale in Co-op stores throughout the UK.

Crowley Esmonde sees the FSC Trend Spreading

In 2004 Crowley Esmonde launched the first supermarket-branded range of FSC-certified notebooks through J Sainsbury. The range is now in its fourth printing and is still selling well. The book design incorporates a simple strap line, "Saving Forests", and these mainstream products have clearly struck a chord with the consumer.

In November 2005 Schleipen Germany received FSC certification for the paper Crowley Esmonde has been using for Paperchase notebooks and diaries which sell in the UK and the US through Borders. Since November, Crowley Esmonde has used 45.5 tonnes of this newly certified paper and its printer/binder now has chain of custody. This means that thousands of Paperchase and Borders notebooks and diaries will be FSC-certified, and the logo will be added to all these products during 2006. Helen Esmonde, Publishing Director, intends to have further FSC ranges in other major retailers in the coming year.



Focus (DIY) increases its range of FSC Certified Products

Focus (DIY) added FSC-certified softwood doors to its range in 2005 when its supplier, Penrith Doors (part of the JELD-WEN business), gained FSC chain of custody certification. This adds to the wide choice of FSC-certified DIY and gardening products, ranging from planed timber and decking to bird boxes and bark chips, now available from Focus.

Environment Manager Jo Hirst said, "If we sell what we are expecting to in 2006, 98% of our garden furniture timber volume will be FSC-certified or sourced from forests working towards certification. This makes a big contribution to improving environmental, social and economic standards in countries involved in FSC forestry around the world."

Focus continues its FSC commitment in all areas of the business. For example, it has switched to Phillips Office Supplies Business Solutions to provide FSC-certified paper for its printing and photocopying needs at its Support Centre in Cheshire. Meanwhile, all timber products are scrutinised before they are allowed into the business and a new paper-saving electronic timber questionnaire has been distributed to suppliers for the purpose.

Jo Hirst added, "Our commitment to the environment has not materialised overnight. We have been putting our policies into practice for many years".



Homebase sponsors development of a tropical forest estimator

Homebase is sponsoring a WWF GFTN project to research, design and publish a simple software application that will enable managers of tropical forests to estimate the initial investment and ongoing running costs associated with achieving and maintaining the highest international levels of independent forest certification.

While the audit costs associated with certification are relatively well-known, they are only a small fraction of the total costs, especially in tropical countries where forests are highly complex and the external challenges to certification are highest. At present, there is no off-the-shelf source of reliable cost information, thus leaving the issue shrouded in mystery and speculation. This tool will enable managers to cut through the fog quickly and simply, and access cost estimates specific to their operations. This will enable them to make better informed investment decisions.

Increased transparency on costs will accelerate the uptake of forest certification and assist negotiations of fair prices for certified forest products that reflect the real costs involved. WWF GFTN's high international profile in the area of responsible forestry and trade, and its global network of offices, will enable rapid and widespread distribution of the product, as well as face-to-face product support free of charge. The project will continue for 18 months until early 2008, and will involve a wide range of stakeholders. After that, the "cost estimator" will become available.

Homebase's Sustainable Business Manager, Charles Drewe, explained, "Homebase is committed to stamping out the trade in illegal timber and to promoting responsible forest management as a real solution to this worldwide issue. Working with tropical forest owners and managers, especially in areas where there's no FSC option, it has become extremely difficult to establish the true cost of FSC certification, especially in areas of unique biodiversity. As a way of solving this issue, Homebase is again delighted to continue our work with the WWF GFTN in sponsoring the Tropical Forest Certification Cost Estimator".



Marks & Spencer introduces FSC-certified food packaging

Marks & Spencer has embarked on a journey to make its food packaging more sustainable. This includes reducing the use of plastics, using more recycled plastics and finding alternative sustainable raw materials.

As part of this process, M&S has switched all its cut sandwich cartons from plastic to FSC-certified cardboard – and even the plastic window on the cartons is made from biodegradable corn starch. That's more than 1.5 million sandwiches in FSC-labelled cartons every week.

M&S worked with a UK mill and a trusted printer to get FSC chain of custody in order to deliver the innovation, which is believed to be the first FSC-certified cardboard packaging in the UK. The company reports that the FSC logo and message can now be seen on all packs of cut sandwiches in stores across the country.

Katie Stafford, Sustainable Development Manager at Marks & Spencer declared, "It's a great example of a sustainable product that's better for the customer and for the environment – and it will result in our using more than 2,500 tonnes of FSC-certified board. We hope that now we have proved it can be done, other suppliers will follow suit!"

MBNA Europe 'greens' its supply chain

MBNA Europe Bank continues to encourage its supply chain to use FSC-certified materials or those recycled from post-consumer waste. For example, all WWF's credit card promotional material is now produced on 100% consumer recycled waste or FSC paper. MBNA's preference for FSC materials with its own supplier base has resulted in an increase in the number of FSC-certified suppliers and, in terms of media inserts, significant tonnage of FSC material being produced. The considerable investment made by MBNA to in-source transactional mailings in 2005 has also enabled prime documents to be produced on FSC-certified material.



Eric Tomlinson (right) receives Paragon's ISO 14001 2004 certificate from David James, Managing Director of BM TRADA Certification. John Barker (centre) is Client Manager, BM TRADA Certification. He performs external audits for ISO 14001 and FSC chain of custody.

Paragon praised for its responsible timber procurement policy

In addition to achieving ISO 14001 2004, Paragon Business Furniture's commitment to the use of FSC-certified timber in the design and manufacture of its office products was a key factor in winning three environmental awards in 2005. In May, Paragon was highly commended for environmental awareness in the Essex Countywide Business Awards; in July, it won the environmental awareness award in the Basildon District Business Awards; and in November Paragon's Quality and Environment Manager, Eric Tomlinson, went to the House of Commons to receive the gold award in the manufacturing and engineering category of the National Green Apple Awards. Paragon also became the sixth FTN member to qualify for Graduate status, following submission of its 2005 Forest Products report.



Wickes Environment Manager Jez Cutler on a recent FSC timber sourcing visit to Malaysia.

Wickes gains FSC chain of custody certification and finds a new source for its plywood requirements

Wickes Building Supplies, part of the Travis Perkins group, believes that sourcing timber and timber products responsibly is crucial to its long-term business success. In March 2005 Wickes gained FSC chain of custody certification (SA-COC-1420) which Jez Cutler, Environment Manager, describes as "a natural extension to our responsible timber sourcing activities which now allows us to service an increasing customer need for evidence that timber is both legal and sustainable".

He added, "The UK government's CPET process provided just the impetus we needed to finish the job internally so we could provide timber that meets the government's criteria for 'legal and sustainable' to our trade customers. We decided not to stop there, so our system also covers products more likely to appeal to serious DIYers who can now complete their projects with a full chain of custody from forest to themselves."

Wickes claims to have more than 450 products under its chain of custody including sheet materials, sawn treated timber, mouldings, doors, flooring, wallpaper, fences and BBQ charcoal.

In partnership with Finforest UK, Wickes has found a satisfactory source for its FSC plywood requirements. The two companies visited Cymao in Malaysia and asked for some site environmental improvements and assurances concerning the controlled wood processes being employed. Jez Cutler explained, "The product offered was from mixed sources, so we wanted to understand what level of buying control was being exercised. Cymao has been producing for Wickes since about July 2005 and we hope the entire hardwood ply sold in our stores will be from an FSC source by the end of 2006".



WWF-UK FTN Progress & Targets



Membership



New FTN Graduate membership category

Congratulations to WWF-UK FTN members Chindwell Company Ltd, David Craig, Ecotimber, Forest Enterprise and Paperback on achieving Graduate status in 2005, and to Paragon Business Furniture for achieving the same in 2006. Graduate status is a new prestigious FTN membership category that recognises the achievements of members whose trade by volume in forest products is now consistently more than 95% credibly certified and/or recycled post-consumer material. Graduate members are not required to pay a membership fee or to report annually the detail of their timber procurement other than to advise of any significant change in volume of forest products consumed and to confirm that they comply with the requirements of graduate membership.

Membership changes since the last Annual Report:

New Members:

Robert Horne Group Ltd

Members who have left the FTN:

Balfour Beatty Rail Projects Ltd
Blue Line
Horsham District Council
John Dickinson Stationery Ltd
National Railway Supplies Ltd
Richard Burbidge Ltd
The Woodland Trust

Progress on FTN Management Targets set for 2005

- To publish all FTN members' responsible procurement policies for forest products on the FTN website and to produce an annual report.

While the first Annual Report was produced in 2005, publication of members' policies was not completed until June 2006 due to technical problems. Members' policies are now either held on the FTN website or can be accessed via a link to the member's website.

- To introduce an FTN training course for members by March 2005.

Training courses for members covering responsible purchasing of forest products and reporting were offered in early 2005 and early 2006. The sessions were organised and executed by ProForest.

- A graduation process for members who have achieved their goals within the FTN to be introduced by December 2005.

This was completed and, following analysis of 2004 reports, the first five companies to receive this award were admitted to the new FTN Graduate category in 2005. A sixth company was awarded Graduate status in 2006, following analysis of the 2005 reports.

- To recruit five strategically chosen new members to the FTN, including three from the construction sector.

Only one new member (from the paper sector) joined the FTN during 2005. This may have been due in part to staff changes at WWF-UK which resulted in reduced activity in member recruitment.

- To increase by 5% the total volume of forest products reported by members in 2005.

Assuming that Graduate members, exercising their right not to report fully their timber purchases in 2005, maintained the same level of business as in 2004, the total volume of forest products deemed to be reported as traded by members in 2005 was 25 million m³ – an increase of 4.2million m³ (20%) on the 20.8 million m³ reported in 2004.

- To double the total volume of forest products reported by members in category 4 – progressing towards credible certification (see page x for reporting categories)

An increase of 58% in the volume of material in this category was achieved. While this falls short of the target, it is encouraging that members are beginning to work more closely with suppliers in producer countries prepared to invest in credible forest certification.

- To increase members' action plan practices successfully completed over the year from 66% to 80%, and to improve the quality of action plans.

In the 2004/05 Annual Report the overall percentage number of actions completed by members was included as an indicator of performance. However, since members list differing numbers of individual actions that vary in timescale and levels of complexity and optimism, this statistic is not particularly useful as a measure of collective performance, so it has been omitted from this Report. Progress within the stepwise matrix is a more relevant measure of group performance. The statistic may be reintroduced in future years if a uniform approach to action setting can be established.

FTN Management Targets for 2006

- To recruit five new members from the private sector into the FTN, with particular emphasis on the construction and paper sectors.
- To develop a construction sub-group comprising existing and new FTN members in this sector in order to tackle the difficulties experienced by members in tracing and quantifying the species, sources and volumes of forest products used, and to encourage increased use of credibly certified materials.
- To develop a local authority sub-group of at least 10 existing and new or reinstated local authority FTN members. The objective is to tackle difficulties experienced by members in tracing and quantifying the species, sources and volumes of forest products used, and to encourage increased use of credibly certified materials.
- To review and ensure the UK FTN strategy is on track to deliver its objectives and effectively meet the needs of members, and to ensure it contains suitable processes of measurement that will demonstrate FTN management ability and effectiveness. The strategy is to contain key performance indicators, milestones and accountabilities.
- To achieve an increase of 5% across the various performance parameters shown in the table of measurable indicators included in the Statistics section of this Report.

WWF-UK FTN Statistics for 2005

Note:
FTN members' data. Volumes of materials throughout this Report are quoted as Wood Raw Material Equivalent (WRME) in cubic metres (m³). The source country is the country in which the forest from which the wood used in a product originated. This may be different from the country in which a product or its components are manufactured. To take into account the performance of current members, all figures quoted (except those described as "like for like") include assumed volumes for non-reporting Graduate members on the basis of their 2004 business. All figures quoted in this Report are derived from actual data reported by members in both 2004 and 2005 with no allowance made for double counting due to member inter-trading.

Reporting of forest products usage

All FTN members, except those with Graduate status, are required annually to submit a return on their use of forest products during the previous 12 months. The information returned includes the timber species, country of origin, certification status and volume (WRME). Each timber source is also assessed by the FTN member and placed into one of seven categories (five for virgin material and two for recycled material) according to the level of information available.

Graduate members by definition trade predominantly (exceeding 95% by volume) in FSC-certified forest products or recycled post-consumer waste wood and paper. In view of this, they are exempt from reporting other than to confirm that their position remains unchanged.

FTN members follow a stepwise approach to eliminating unknown and unwanted sources and increasing the amount of credibly certified timber consumed.

FTN members vary in how they use forest products. In most instances the major use is for trade purposes, but in some cases it is for internal services or packaging. Members are not initially required to report on all categories, but must report on their major use at least – and their policy must be clear about their commitment in this respect. Members who trade in both own-brand and proprietary-branded forest products may choose initially to concentrate on their own brand, but over time they will be expected to extend to all brands in which they trade. Again, their policy must be clear about this.

The main purpose of the FTN members' reports is to enable WWF to monitor each member's progress. All data and action plans are confidential. In order to remain a member of the FTN, each member must demonstrate annual progress in moving virgin material up through categories 1 to 5 (see below for definitions).

Action plans

Each year members must review their Action Plan and submit at least three SMART (Specific, Measurable, Achievable, Realistic and Time-bound) actions for the coming year.

WWF-UK FTN reporting categories

Category 1

Unknown or unwanted material or source. Material is placed in this category when either the member's supplier cannot trace the source or when the material or its source is identified as, or suspected of being, unacceptable in the context of the member's responsible purchasing policy.

Category 2

Known source. Material is placed in this category when traceable to an acceptable level and believed to be compliant with the member's responsible purchasing policy.

Category 3

Licensed Source. Material is placed in this category when there is credible evidence, such as second or third party verification that it was harvested legally, and is compliant with the member's responsible purchasing policy.

Category 4

Progressing towards credible certification. Material is placed in this category when its source is verified as working towards credible certification and is compliant with the member's responsible purchasing policy.

Category 5

Credibly certified. Material is placed in this category when its forest source is credibly certified and there is a fully certified and complete chain of custody from the forest to the member. Currently only the Forest Stewardship Council Forest Certification Scheme satisfies WWF's minimum criteria for a credible certification system that ensures forests are managed to provide environmental, social and economic benefits.

Category Ri

Recycled pre-consumer waste.

Category Rii

Recycled post-consumer waste.



Analysis

A total of 47% of material reported as traded by all members in 2005 was FSC-certified, compared with 45% in 2004. Given the coincident huge increase (4.2 million m³ or 20%) in material collectively handled by the group, this rise in certified material (2.44 million m³) is a significant achievement. The total volumes reported by members in each of the reporting categories in 2005 compared with 2004 are shown in Figure 1.

On a like for like basis, that is excluding Graduates, lapsed 2004 members and new 2005 members, a total of 35% of material reported by members in 2005, who reported in both 2005 and 2004, was FSC-certified. This compares with 26% reported by the same members in 2004. Figure 2 provides a like for like comparison of material reported in 2004 and 2005.

A total of 15% of all imported material traded by members in 2005 came from the US. The top 10 supplying countries, which together accounted for 64% of imported material, are shown in Figure 3.

A total of 73% of imported FSC-certified forest products were reported to have come from just 10 countries, the top supplier country (20%) being Sweden. A further 15% was imported from unidentified FSC-certified sources. The top 10 identified supplying countries are shown in figure 4.

A total of 70% of all imported material reported by members came from countries within WWF's Global 200 Ecoregions. The volume reported in each category as coming from these countries is shown in figure 5.

A total of 69% of all imported FSC-certified material reported by members came from countries within WWF's Global 200 Ecoregions, with 89% of this material coming from just 10 countries. The volumes of FSC-certified material coming from these countries is shown in figure 6.

Key performance indicators

The following data provide an indication of performance in 2005 compared with 2004 and the aim for 2006.

INDICATORS	2004 million m³	2005 million m³	Target 2006 million m³
Total volume of forest products reported as traded by FTN members	20.8	25.0	26.3
Total volume of forest products recorded by FTN members as imported material	13.40	16.34	17.2
Estimated FTN share of UK consumption of imported forest products ¹	26%	31%	33%
Total volume of forest products recorded as imported from WWF's Global 200 Ecoregions ²	10.90	11.41	12.0
Total volume of forest products reported as coming from legal sources (Categories 3, 4 and 5)	13.62	16.17	17.0
Total volume of forest products reported as coming from sources progressing to credible certification ² (Category 4)	0.14	0.23	0.46
Total volume of forest products reported as being credibly certified ³ (Category 5)	9.35	11.79	12.4

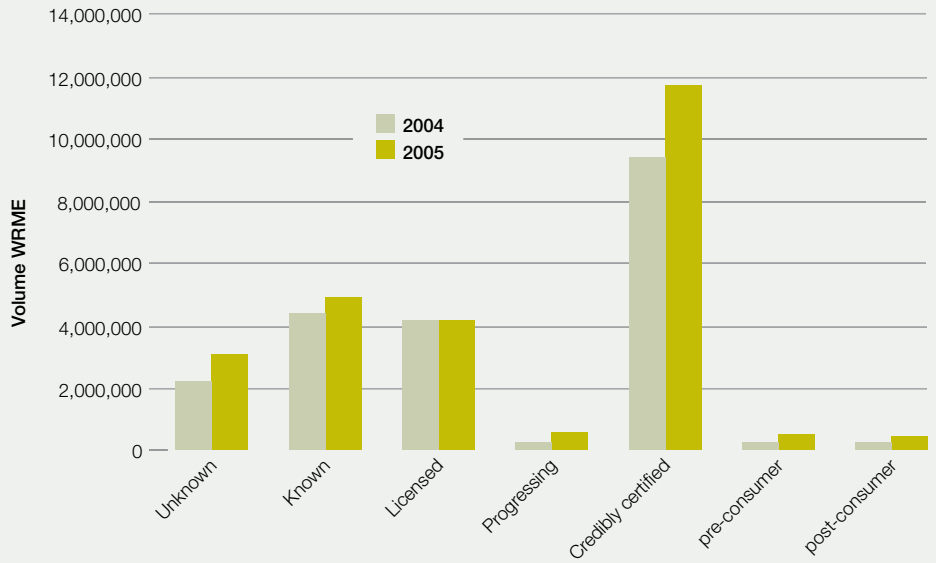
Notes

¹ An element of inter-trading occurs between members. In the previous Report, a reduction in volumes reported of 20% was made to allow for this. This was an arbitrary reduction that had no measured basis. Since the level of inter-trading cannot currently be determined accurately and the estimate used previously could have introduced a larger error than the one for which it was trying to compensate, it has been decided to discontinue this practice in 2006.

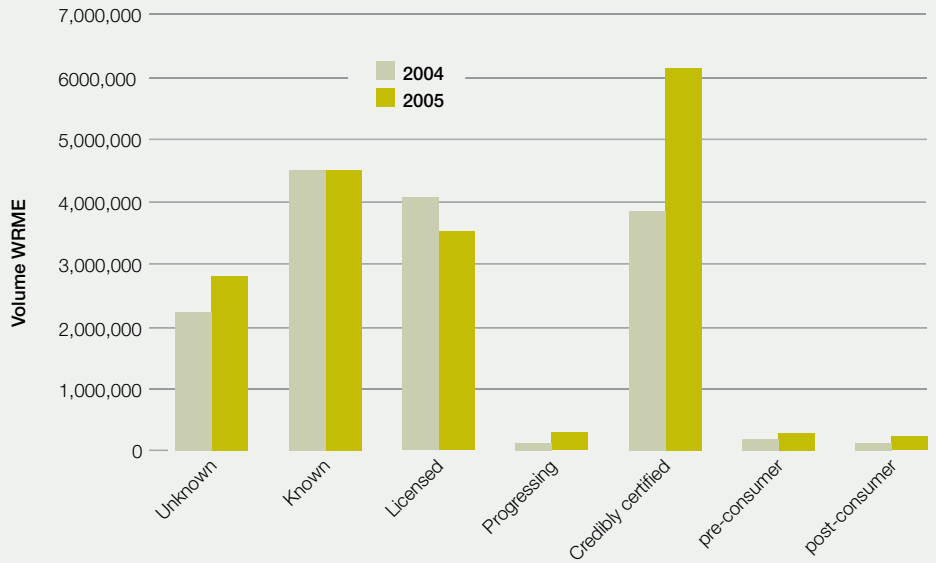
² Ecoregions are large units of land or water that contain a geographically distinct assemblage of species, natural communities and environmental conditions. WWF has identified a priority list of ecoregions that best represent the breadth of biodiversity and ecological processes. This list is known as the Global 200 Ecoregions. The Global 200 recognises the fact that, while tropical forests and coral reefs harbour the most biodiversity and are the traditional targets of conservation organisations, unique manifestations of nature which occur nowhere else on Earth are found in temperate and boreal regions, and in deserts and mountain chains. They risk being lost for all time if they are not conserved.

³ Currently WWF regards the Forest Stewardship Council scheme as the only credible certification system.

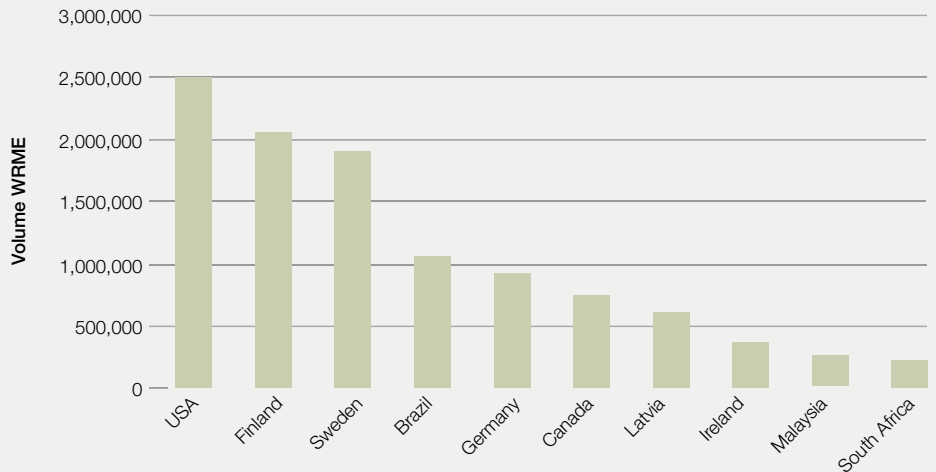
1
 Forest products traded by all members



2
 Forest products traded by members (like for like)

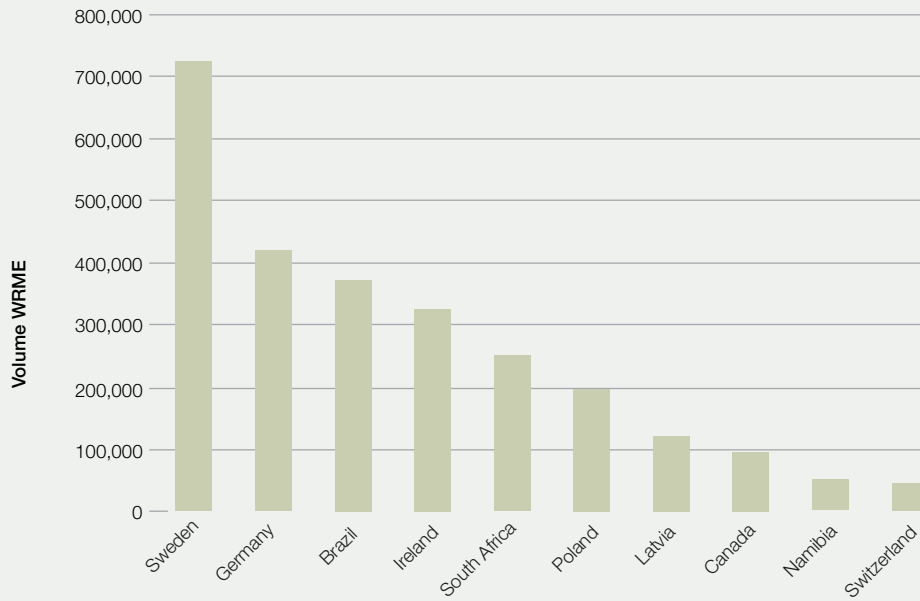


3
 Top 10 countries supplying imported materials traded by FTN members in 2005



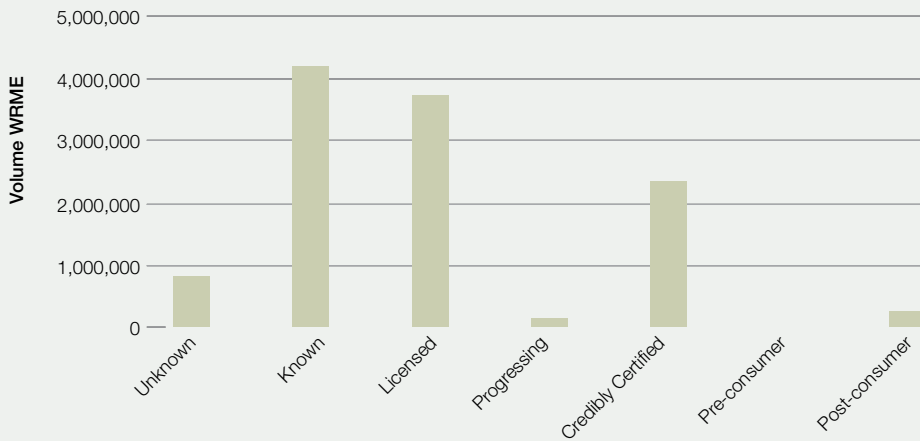
4

Top 10 identified countries supplying imported FSC-certified materials traded by FTN members in 2005



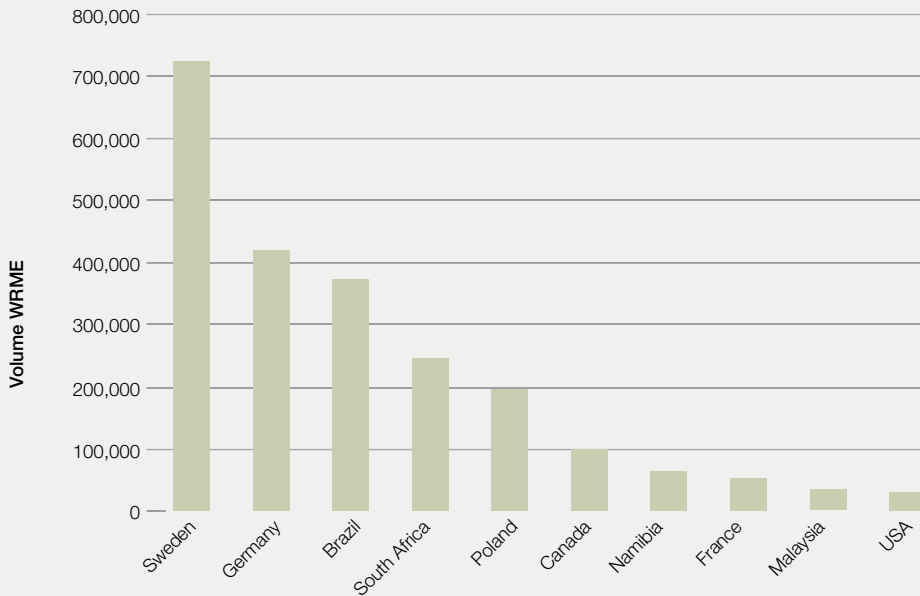
5

Volume of materials from WWF Global 200 Ecoregions traded by FTN members in 2005



6

Top 10 identified Ecoregion countries supplying credibly certified material to FTN members in 2005



Assurance Statement

Objectives and scope

The WWF-UK Forest & Trade Network (WWF-UK FTN) commissioned URS Verification Ltd (URSVL) to provide independent assurance of selected data and information presented in its annual report 2005. This is the second year that URSVL has provided such assurance to WWF-UK FTN.

The key objective of the assurance was to verify the completeness and the accuracy of selected data and information in the report. The selected data and information that form the scope of the assurance included:

- the data systems and supporting information used to generate the FTN members' reports to WWF-UK FTN;
 - the systems used by WWF-UK FTN to collate and analyse members' data for the annual report; and,
 - the data and information provided by the report where this relates to the UK FTN membership overall and the individual members we visited in the 2005 reporting year.
- Data and information in the report from other sources, such as the WWF Global Forest & Trade Network, were considered to be outside the scope of this verification. Our opinions are based on interviews and reviews of selected information and data with WWF-UK FTN and a sample of five of its approximately 46 members. These were selected objectively to represent a cross section of WWF-UK FTN members based on industry sector, wood product turnover, inclusion in external index ratings and duration of membership.

Assurance approach

URSVL has assured this report by applying established principles for verifying the accuracy of data and claims. The information contained in the report is the sole responsibility of WWF-UK FTN. This assurance statement represents the independent opinion of URSVL. To ensure our independence, URS has not provided WWF-UK FTN with consultancy services nor been involved in the preparation of any material included in the report. URSVL received less than 1% of its income last year from WWF-UK FTN. URSVL has carried out its services by checking samples of data, information and documents, which have been made available to URSVL by WWF-UK FTN and a selection of its members. Accordingly, URSVL has not checked or reviewed all of WWF-UK FTN and its members' data, information and documents. The opinion expressed in this assurance statement should not be used as advice or as the basis for any decisions, including, without limitation, financial or investment decisions.

Our Opinion

WWF-UK FTN is working towards its aim of improving the management of the world's production forests by engaging with a broad range of UK based organisations. It provides the framework for its members, which represent a significant part of the UK production and trade in forest products, to raise standards. WWF-UK FTN is improving performance by encouraging a progressive increase in the volume of credibly certified forest products that are produced and traded. This is WWF-UK FTN's second annual report, setting out the continued progress towards its aims. This is a complex report because it documents the progress of a wide range of organisations and their influence throughout the supply chain. During the year, the WWF-UK FTN has made good progress by establishing a subgroup to share knowledge within a sector, in response to requests from members. Signifying the progress being made by members, WWF-UK FTN has also formed a new FTN Graduate membership category to recognise members whose trade is consistently more than 95% credibly certified or recycled post-consumer material. We recognise that it is not always possible for members to achieve stepwise progression through the reporting categories. Despite members' best efforts, the demand for wood products of certain types or from particular countries sometimes exceeds the supply of material currently available that would be classified in higher categories.

Completeness and Accuracy

URSVL believes that the report provides a fair and balanced reflection of the WWF-UK FTN's overall performance when aggregated. However, the volumes of wood products reported within URSVL's sample are not complete, as some members are not reporting their total volume of trade in wood products. The accuracy of WWF-UK FTN's annual report depends on a consistent approach being used by its members. However, there is considerable variation in the data systems used to capture and analyse information, and, in some instances, out of date conversion factors were used by members. The 2004 report stated that wood volumes had been adjusted by 20% to account for trade between members. We recommended that WWF-UK FTN identify wood products traded between FTN members, to assess the appropriateness of this 20% estimate. It should be noted that this adjustment was not made in the figures in the 2004 report. In this 2005 report, volumes are reported on a like-for-like basis with last year (i.e. volumes have not been adjusted for trade between members). Members need to set targets that are specific, measurable, achievable, relevant and time-bound (SMART) if they are to achieve their action plans and drive forward improved performance. Compared to last year, members are setting more SMART targets and are meeting more of these targets. However personnel or organisational changes can cause members difficulties in meeting their targets.

Recommendations

In order to continue to improve its performance and reporting, we recommend that WWF-UK FTN:

- requests that members report their total volume of trade in wood products, even if this is currently from an unknown source or, at the other end of the scale, from FTN Graduate members;
- encourages members to progress actions to meet their targets, even when faced with personnel or organisational changes;
- continues to develop mechanisms to share experiences and best practice between members to drive forward performance; and,
- ensures that members continue to set SMART targets that will actively contribute to achieving the objectives of the WWF-UK FTN, and considers developing a uniform approach to target setting.



Dr Belinda Howell

Director 1
For and on behalf of URS Verification Ltd, London,
September 2006



Verification



wwf.org.uk

for a living planet[®]

The mission of WWF is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by

- conserving the world's biological diversity
- ensuring that the use of renewable natural resources is sustainable
- reducing pollution and wasteful consumption



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