



WWF

UNITED KINGDOM

GLOBAL
FOREST
& TRADE
NETWORK



GFTN-UK ANNUAL REPORT 2013-14

Sustaining forests:
we've taken up the challenge -
let's deliver transformation

WELCOME

Welcome to GFTN-UK's annual report for 2013-14. When a programme has been running as long as GFTN has, it's important to evaluate whether our



David Nussbaum,
chief executive,
WWF-UK

ambitions are keeping pace with the challenges for forests, and meeting the conservation agenda of our organisation. So we ask ourselves if we're working effectively to tackle the most pressing problems and to find solutions to a better future for people and nature. And whether we remain relevant with the work we do. We're always looking for ways we can achieve more.

We believe that right now it's more pressing than ever before that business raises its voice on the forest agenda. The work of GFTN is as valid as in the early days when business and civil society came together to work out how to verify that forests were being managed well, and that trade wasn't contributing to loss and degradation of the world's forests.

We have a responsibility in our markets to make sure that our consumption of the world's natural resources is legal. We must also ensure it's sustainable. The world's forests are shrinking at an alarming rate: we continue to lose an area about the size of England every year. And yet we're placing more strain on forests – analysis in WWF's *Living Forests* report predicts that global demand for wood will triple by 2050.

While this remains the situation for the world's forests, we'll continue to seek solutions that'll put forest trade on a more responsible and sustainable footing. For example, this year we've launched a forest campaign which invites many businesses to join our calls for change. wwf.org.uk/forestcampaign

I hope you find this report from GFTN-UK about our ambitions, and those of the programme's participants, encouraging for your own journey and aspirations to make a difference in the market – with a positive future for global forests and those who depend on them as the goal.

CURRENT GFTN-UK PARTICIPANTS

Paper

Immediate Media
Kimberly-Clark Europe
MBNA Ltd
Office Depot UK Ltd
Pearson plc
Polestar UK Print Ltd
Pureprint Group – Advocates
Steinbeis Papier GmbH – Advocates
Williams Lea & Co Ltd

Retail

Argos Ltd
Boots UK
Cooperative Retail – Advocates
Homebase Ltd
J Sainsbury plc
Marks and Spencer Group plc

Timber

Nobia UK Ltd
Saint-Gobain Building Distribution
Travis Perkins plc

Construction

Canal and River Trust
Carillion plc
Crest Nicholson
Lend Lease Ltd
Network Rail Infrastructure Ltd
Redrow plc

Further groups

Forest Enterprise – Advocates
Oxfam GB
RIBA

Since our last report, we've welcomed the following organisation as a GFTN-UK participant:

Steinbeis Papier – a German producer and distributor of high-quality recycled paper made from 100% recovered fibre. Steinbeis works to maintain and improve on a business model that's an ecological benchmark for the rest of the paper industry. It joins GFTN-UK as an advocate participant.

And the following organisations have left GFTN-UK:

The Body Shop has converted its forest goods to responsible sources and is refocusing its charity partnerships on new challenges.

Christina Meyer Sustainable Wood Products is temporarily re-evaluating its business.

Heathrow Airport Ltd converted its forest goods to responsible sources and doesn't have significant infrastructure commitments in the next five years.

GFTN-UK'S AMBITIONS

The level of progress among GFTN-UK participants this year reflects a wider

situation that's only going to improve if there are some serious breakthroughs in forest management and trade.



Julia Young,
manager, GFTN-UK

We believe the best way forward is to encourage businesses to become more sustainable. We're campaigning for many stakeholders to make concerted efforts to develop a road map that'll make sustainable forest management and trade the norm – and to come up with incentives and mechanisms that'll support this aim.

A mixed picture

So, what progress was there among GFTN-UK businesses reporting on the forest products they purchased in 2013? The good news is that there's an upward trend in credibly-certified products being secured in supply chains. But the figures in this report show limited change on last year. This is because we've extended our scope, and so we've reported on more volume. In addition, some participants were unable to influence clients to prefer credibly-certified timber or paper in the course of delivering services or projects.

Of course we want to do better. Our ambition to be a leadership group on responsible forest trade was reconfirmed at a session in the spring involving all participants. And over the past year we've discussed setting targets that would lift credibly-certified and recycled goods to become part of the mainstream, or beyond.

Challenges ahead

Two significant challenges lie ahead. One relates to the performance of forest certification schemes. We need more than just one (the Forest Stewardship Council – FSC) to be performing at what WWF considers to be a credible bar for indicating well-managed forests.

The second challenge relates to influencing others to source timber products without contributing to negative effects on the world's forest resources. And persuading them that this isn't merely the right thing to do – it's the necessary thing to do. It's not just for other people's interests and investments but for their own, too.

It's possible to assess forest goods and determine whether they are from known sources – to identify certified goods and bring them into a business. It's also possible to pressure forest certification schemes for continuous improvements in the areas where they don't perform so well. Suppliers can be encouraged to take small steps and increase their knowledge and performance on tracking sources or undertaking better forest management practices.

But it isn't possible to redress the scale of loss and degradation of global forest resources if we continue with business as usual, while demand for timber grows. This is why we continue to work with businesses on responsible forest trade – whatever their starting point is. And it's why we aim to grow GFTN in the UK as a business mechanism for better stewardship of forest resources, and why we campaign for many others to get the help they need to do the same.

**GFTN IS ABOUT
OVERCOMING
OBSTACLES TO
RESPONSIBLE FOREST
TRADE, TOGETHER**

Pinpointing new products

Our ambition is to keep increasing the share of the UK market that forest goods known to be from well-managed forests have. Whether they're traded between businesses, or from business to public, government to public or business to government. Over the next five years, we want to pinpoint millions of cubic metres of products being handled by businesses we haven't yet engaged with, and work with these businesses directly, through collaborations, and via influencing tools such as our forest campaign.

We also want this trade to become more transparent – with publicly available reports on its nature, and commitments that'll progressively bring about change. GFTN in the UK is about overcoming obstacles to responsible forest trade, together.

PROGRESS

In our annual operating plan for the 2013 calendar year, GFTN-UK sought a 3-5% increase in credibly-certified

and recycled material purchased by participants – using our like-for-like set for reference.

We didn't quite meet this target. Our like-for-like reporting figures, used to track progress across the network, show a mostly flat picture for 2013 overall. Part of the reason for this is that several participants extended the scope of their reporting in this period, and so we've seen an increase in the volumes being reported on compared to last year, with an extra 0.5 million cubic metres of round wood equivalent (RWE) reported. As a result, there's been more material that's classified as being assessed at its source as legal, but which will require work to move up to GFTN's higher reporting categories.

We knew that individual participants had converted many products to credibly-certified sources, so we reviewed this year's figures to identify whether the average percentage increase for credibly-certified and recycled material was substantially depressed by any individual figures. Two specific cases (out of 18) emerged where participants didn't have direct control over, or couldn't influence, some of the forest goods they'd procured. The overall impact of these meant we registered a 3.3% drop in our averaged figures compared to 2012's report. But when we omitted these two cases, the remaining figures showed an average increase of 3.7% in credibly-certified and recycled forest products across the control group.

Performance on purchasing is never straightforward – projects, acquisitions, and changes to suppliers and products all affect what may be reported. We can expect that as businesses find out more about their supply chains, or need to reappraise their procurement, their figures will vary. But we continue to work on how to mitigate these fluctuations for long-term progress.

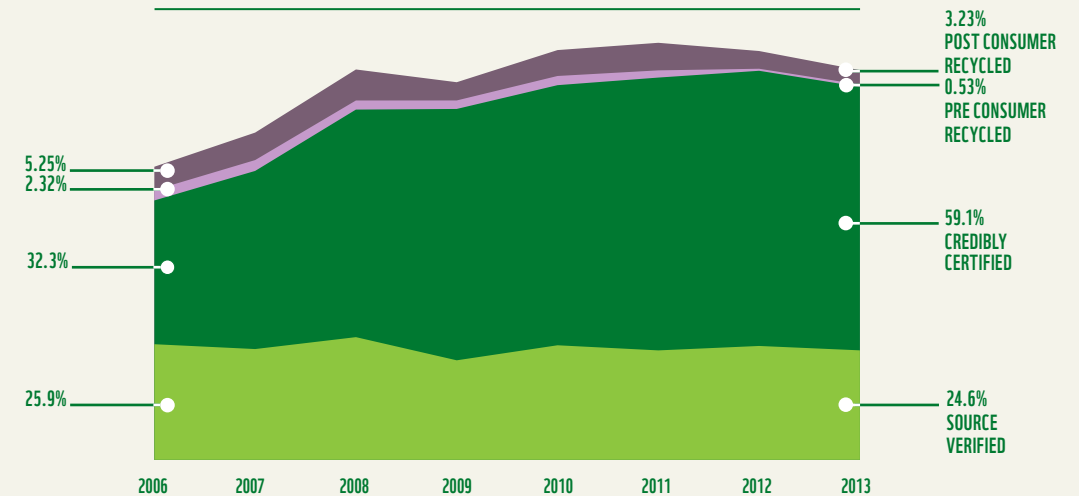
GFTN-UK participants have released individual performance statements annually since 2011, which you can find either from the GFTN-UK current participant web pages for each business, or on the companies' own websites. We're in the process of evolving this report so it provides a better understanding of how each business has progressed on its own journey. We hope this will be reflected in the individual reports next year.

We can gain a snapshot of the performance of the GFTN as a whole from 'like-for-like' figures against the GFTN reporting categories. This is based on figures from all members that have reported to GFTN-UK each year since 2005.

The chart provides the trend of performance among this part of the group, through average percentages for the participants covered (18 of 28 participants).

FOREST PRODUCTS TRADED BY PARTICIPANTS

(Like for Like participants, 2006 - 2013)



In total, GFTN-UK participants have reported against 8.5 million cubic metres of RWE in the 2013 reporting year (excluding advocates). We consider that any material not shown here in the 'like-for-like' group as source assessed – amounting to 12.51% for this group – is subjected to due diligence and risk mitigation for legality, as required by law.

GFTN focuses on the commitment made by participants to find ways to progressively increase the share of sources from well-managed forests across their full supply chains. For reporting purposes we assume that any goods not in these reported categories are subject to due diligence and risk mitigation for legality, as required by law.

WE'VE TAKEN UP THE CHALLENGE – LET'S DELIVER TRANSFORMATION

Over the past year, all of our GFTN participants have been working hard to include actions on responsible forest trade in their day-to-day business activities. Here, some of them share their thoughts about ambition and action on this agenda.



LEND LEASE

In 2013, our construction projects did a brilliant job at making sure the timber they procured met our

requirements: 97% of it was FSC-certified or recycled.



Ian Dodd,
environmental
operations manager,
Lend Lease, Europe,
Middle East and Africa

After our disappointing performance in 2012, when we procured just 82% that complied with our policy, we can truly celebrate this increase in performance. This is thanks to the commitment of our teams, more training, and a revision of all our documents.

We have also secured a European FSC supply of cross-laminated timber for our Elephant and Castle development, which is a global first. And we have increased the proportion of species and country of origin data we record to just over 50% in both aspects.

At Lend Lease we consider the environmental, social and economic impacts of every decision we make. We construct carbon-zero, green-rated buildings, create long-term job opportunities for local communities, and set international benchmarks in performance. We set targets for each business unit and project type to foster a culture of collaboration and ensure we all share best practice while continually driving performance improvements.

One of our global objectives is to use more timber in construction, to lower our embodied carbon impact while using industry-leading products and techniques. This makes the type of timber we use even more important. By using only the most sustainable sources, we can have a positive impact and hope we'll help improve standards and practices beyond our own industry. We are recording and reporting our sustainability data in a way that will enable us to compare the performance of our businesses across the globe.

This year we plan to continue increasing the data we collect on 'country of origin' and 'species', and to procure more timber from Britain. This will help us to avoid high-risk timber and to support local economies and industries. Our systems are being reviewed so we hope to be able to report office supplies data soon, which would allow us to expand the scope of our GFTN membership. Our involvement with the Grown in Britain campaign, GFTN and the UK Contractors Group encourages timber reporting and sets a best practice example to our competitors.

97%
"LEND LEASE
PROCURED 97%
FSC-CERTIFIED
OR RECYCLED
TIMBER IN 2013"



PUREPRINT

Pureprint is one of the leading printers of marketing and corporate communications in the UK. As we employ 275 staff

producing a turnover of £38 million and using over 8,000 tonnes of paper a year, our potential for high-risk environmental damage is significant.



Richard Owens,
director,
Pureprint

But for 25 years Pureprint has developed an approach to environmental management that has been recognised three times with a 'Queen's Award for Enterprise: Sustainable Development' and has been a main driving force behind the company's strong growth over the last 10 years as we have turned sustainable printing from a niche product to a mainstream business choice.

Responsible businesses are increasingly looking for responsible suppliers. Pureprint's adoption of best practice sustainability while developing innovative production solutions for marketing and communication professionals is proving to be a winning combination.

Pureprint has been a member of GFTN in the UK for over 10 years and today we are an active advocate. Responsible paper purchasing is not only a cornerstone of Pureprint's environmental management but also forms part of the sustainable printing best practice model we promote to our customers and market place.

Helping our customers make more sustainable choices while producing beautiful and cost-effective printed communications is part of the extra knowledge we are able to offer.

"OVER THE LAST 10 YEARS WE HAVE TURNED SUSTAINABLE PRINTING FROM A NICHE PRODUCT TO A MAINSTREAM BUSINESS CHOICE"

CASE STUDY: PUBLISHING JONATHON PORRITT'S *THE WORLD WE MADE*

Jonathon Porritt's upbeat, dynamic book is about how through innovation we create a very sustainable world by 2050. Pureprint was asked to make sure the book itself was produced to the highest environmental standards across its entire lifecycle.

It's printed on 100% recycled paper, approved by the FSC. This reduced the environmental impact by 17,120kg of landfill, 371,887 litres of water, 35,013kWh of electricity, 3,105kg of greenhouse gases, and 27,817kg of wood when compared to paper made from virgin wood fibre. We selected high-bulk, low-weight paper that reduces resource and distribution costs and which was delivered into one production facility.

The book was printed with vegetable oil-based inks. No isopropyl alcohol was used during printing, to reduce ground-level ozone.

The book's footprint is only 1.8kg of CO₂ per book – a US figure suggests most books are 4kg of CO₂. We have offset these remaining emissions through ClimateCare, with an investment in the Lifestraw Carbon for Water Project in Kenya's Western Province, a UN-endorsed undertaking that cuts carbon emissions and provides clean drinking water for 4.5 million people.

HOME RETAIL GROUP

Argos and Homebase have been GFTN members in the UK since 2009 and 1992 respectively.

Acting responsibly is important to us, as the impact that our business has is far reaching: we employ 47,000 people directly but we also influence

the lives of many more in local communities and in our supply chains, as well as the millions of customers we serve every year.

A surprisingly wide range of our products contain timber in some form. So we source timber and wood-based products from certified or otherwise known and legal sources, or from recycled materials. Every year we review the supply chains of all products that contain timber. To go beyond compliance we identify potential risks and opportunities to increase our volume of certified timber.

In the past year, we've also analysed our path of improvement in responsible forest trade, to help us identify targets to maintain progress over the next couple of years. This has given us confidence that our processes will translate into change towards sustainability.

Our investment in this work has paid off as we have again seen tangible results and have increased the percentage of FSC timber used in both Argos and Homebase for 2013.

In the early '90s garden furniture was highlighted as at risk of coming from illegal or unsustainable tropical forest sources. There is still good reason to pay careful attention to our sources of this product line, as tropical forests are most at risk of illegal logging, deforestation and degradation. For the last five years we've ensured all Homebase's garden furniture is 100% FSC certified. We want to maintain this performance to demonstrate that we are taking responsibility for customer concerns, making positive impacts on forests, and ensuring our reputation.

And this year we again printed all our publications, including the Argos catalogue, on recycled paper or paper from certified sources. We remain committed to a traceable and well-managed supply chain that allows us to source our products with care for the environment and make the right choices to help us meet our goals for timber.



Mark Hobson, products and supply chain manager, Home Retail Group

STEINBEIS

Steinbeis joined GFTN a few months ago as an advocate member.



Julie Downey, Steinbeis country manager of the UK, Australia and New Zealand

As I lead this engagement, I hope to share my knowledge and enlighten businesses on the value of recycled papers and the positive contribution this can make – not only for forests but equally for the environment.

Today, issues such as energy transition, resource efficiency and zero waste are on the agenda at EU level. We firmly believe that dispensing with primary raw materials as a driver of growth is a principle that can be applied in all sectors of trade and industry to achieve long-term competitiveness and marketability. It will also ensure the continued availability of these materials. At Steinbeis, ecology and economy are no longer mutually exclusive.

Steinbeis is committed to the protection of biodiversity and ecological balance, to the safeguarding of natural habitats, but also to the sustainability of our economy for the future. Using only secondary raw material in the form of recovered paper is our contribution to a market that supports this balance.

Right now, approximately 90% of the UK copy paper market is supplied with virgin papers. Our ambition is to migrate some of this virgin paper consumption on to 100% recycled paper.

Evidence suggests that on average it's more energy- and resource-intensive to produce virgin paper than recycled paper. Compared with conventional virgin-fibre paper production, the European recycled paper industry now uses up to 83% less water, up to 72% less energy, and produces up to 62% less carbon dioxide – while using fibre that's already in the system from previous uses since harvesting.

At Steinbeis we're successfully manufacturing high-quality products in an eco-friendly, resource-efficient and economical manner – but we do this profitably. Ours is a success that needs to be replicated worldwide as emerging markets grow rapidly and the world requires more raw materials.

“WE USE ONLY SECONDARY RAW MATERIAL IN THE FORM OF RECOVERED PAPER”

YOU NEED FORESTS, FORESTS NEED YOU

If we're to achieve a positive future for forests, they need action from you. Here's a brief reminder why as well as forests needing us, we need them.

PEOPLE

FOREST PRODUCTS MAKE A SIGNIFICANT CONTRIBUTION TO SHELTERING AT LEAST 1.3 BILLION PEOPLE, OR 18% OF THE WORLD'S POPULATION

ECONOMY

THE TOTAL GLOBAL TRADE IN FOREST PRODUCTS HAS INCREASED TO OVER US\$400BN (ALMOST 1% OF GDP), FROM ABOUT US\$60BN IN 1983

NATURE

FORESTS ARE CRITICAL TO LIFE ON EARTH. ALMOST NINE OUT OF EVERY 10 SPECIES FOUND ON LAND LIVE IN FORESTS. THEY INCLUDE THE LARGEST SHARE OF THREATENED SPECIES ON THE PLANET

FOOD

MILLIONS OF PEOPLE DEPEND ON FOOD FROM FORESTS AND ONE IN THREE PEOPLE COOK WITH WOODFUEL - OR ABOUT 40% OF THE POPULATION OF LESS DEVELOPED COUNTRIES

WATER

FORESTS PROVIDE NATURAL FILTRATION AND STORAGE SYSTEMS THAT SUPPLY AN ESTIMATED 75% OF USABLE WATER GLOBALLY

CLIMATE

FORESTS LOCK UP VAST AMOUNTS OF CARBON AND HELP REGULATE CLIMATE. FOR EXAMPLE THE TREES OF THE AMAZON CONTAIN UP TO 140 BILLION TONNES OF CARBON - SIMILAR TO THE GLOBAL EMISSIONS GENERATED BY HUMANS IN 100 YEARS

WHATEVER KIND OF BUSINESS YOU ARE, YOU CAN HELP

Do you buy and sell timber from the UK, Europe, or more widely? Or do you buy panels? Do you purchase furniture? Are you importing packaging? Does your business use a lot of paper? Do you sell paper? More important, if so, do you know anything about where these products originated?

Most businesses will have clocked the European Timber Regulation (EUTR) which since 2013 has required businesses that trade in timber and timber products to establish that illegal timber isn't entering the European market. But we know many businesses still need to pay attention to the products they buy that come from forest sources, and make sure they are sustainable.

If you have doubts as to whether your business has got to grips with the regulation, or why sustainability for forest goods matters so much, don't despair. The critical thing is to start taking steps to find out more, and then make necessary changes in a manageable way.

GFTN shares tools that can help any business, of any size, wherever they are on the journey towards purchasing timber and timber products more sustainably. We can help you understand what to do and how to know if you've made a better choice. And how to confirm you've ended up with what you asked for. We offer a guide to the timber regulation, information on how to check and select papers, material to help you understand what to ask for and how to check if you have the right confirmation about your goods and their credentials. And many other tools that can help you appraise the risk of purchasing products which you'd be better off avoiding – for your own business reputation, and because of the detrimental impacts they have.

And it's worth noting that WWF recognises Forest Stewardship Council (FSC) certified products as the gold standard. Buying FSC means you can be confident of a full chain of custody from your supplier, which is the best way to confirm that you're contributing to a positive future for forest resources and habitats.

You can find this information on our website, at wwf.org.uk



DIFFERENTIATING FOR GOOD

Why differentiating your products in the market, and being transparent, can be great for your business.

We can't take our forests for granted, because in the coming years they'll come under pressure like never before. Forest certification was developed as a means to verify that critical practices – whether related to environmental, social or economic factors – were being addressed and delivered at the forest level. This ensures that a customer buying timber and timber products would know their purchase didn't contribute to illegal logging or unsustainable forest management practices.

It's this need that has led to the differentiation of products in the market. And it's not only the case for timber – products used in many other everyday commodities have similar certification systems. Suppliers, too, are able to differentiate themselves – which can be a business opportunity, or can help businesses to build confidence in their supply chain networks' ability to help deliver on sustainability commitments.

Transparency and credibility

Differentiation is inherently linked to transparency. You can't make a claim about a product unless you distinguish it in some way. And to do so, you have to reveal details. You can't build credibility as a responsible business capable of helping others on their sustainability journey if you don't share information that enables them to validate your business credentials in this area.

When businesses are willing to share precise and verifiable information and communications on their performance journey towards a more sustainable footprint through trade, it makes it easier to build bridges between those who are looking for ways to improve their supply chain networks, and those who are looking for on-the-ground solutions to sustainability challenges.

Vague, imprecise or misleading information doesn't help a customer in a changing market, where regulatory requirements, market preferences and potential constraints mean that they need to know more about their options before making the best decisions. But it's common to see headline claims about a product's sustainability and

a commitment to good practice with no clear concise information to back them up. It's a huge reputational and business risk to make such claims without being able to deliver on the promise.

Keeping up the pressure

How do we motivate forest management to the highest possible environmental and social standards? WWF differentiates between forest certification schemes on the basis of their systems, standards and performance – because at the heart of differentiation is the need to keep pressure on those who make promises that our consumption won't negatively impact on resources, people and nature. To ensure that they improve their practices.

Maintaining our remaining forests in the long term isn't going to be easy. So we need a clear picture as to what actions are making good on the promise of a secured, sustainable future for forests. It's also a big responsibility to embed the necessary safeguards for people and for nature in any business venture, but especially where valuing their contributions to society may be challenging, or where they may not easily fit the common metrics that drive economies and decision making. Forest certification's most important role is recognising and safeguarding these contributions, which must be valued.

Campaigning for business action

As WWF begins a campaign for sustainable forest trade, we want more businesses actively to consider the credentials of forest products they're purchasing. And to confirm they're from sustainable sources – don't settle for soft assurances that all is well, but build real understanding of your exposure to risk and your role in changing the future for forest resources.

Let others know that you're doing this. There's no shame in starting the process and sharing where you've got to. It can help you to identify where you can make more progress and find solutions in areas that may be harder. The only shame will be in never starting – that way, we'd continue to lose and degrade forests worldwide.

GFTN-UK ANALYSED
75 GLOBAL
COMPANIES THAT
SELL SOME KIND
OF CERTIFIED
PACKAGING. ONLY
NINE DIVULGED
CLEAR CONCISE
INFORMATION ON
HOW MUCH OF THEIR
FIBRE SUPPLY AND/
OR PRODUCTS WERE
CERTIFIED

THE COMING YEAR

The work of GFTN will supply WWF's forest campaign – which launches in autumn 2014 – with a foundation for engaging with more businesses on responsible forest trade in the UK. The campaign asks that businesses sign up and pledge to prioritise buying timber and timber products from sustainably-managed forests by 2020. And we're asking businesses to support WWF's call for the EU to close loopholes in the EUTR so that all timber and timber products must be from legal sources. The campaign is also calling on the UK government and the EU to complete the transition to a market in sustainable timber and timber products by 2020.

Progress on an individual basis for participants, and parallel work to encourage sector peers and forest certification schemes to raise their own performance bars, will be a large part of our work. We hope that these committed companies will see themselves far down their journey of contributing positively to global forest debates and changes. We'll carry on learning from each other and sharing knowledge to help us all make better decisions.

Forests are part of our present. Let's make sure their future is a positive one.



Forest trade in numbers

100%
RECYCLED



X3

WWF's *Living Forests* report predicts that global demand for wood will triple by 2050

59%

The EU Timber Regulation doesn't cover 59% of the value of timber and timber products coming into the EU



30%

30% of the world's forests are primarily used for production of wood and non-wood products

63%

GFTN-UK participants averaged 63% credibly-certified (FSC) and recycled wood and wood products in their 2013 reports



Why we are here

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

wwf.org.uk