



Annual Review 2006

Sustainable Forest Management

is based on environmentally, socially beneficial and economically viable management of forests for present and future generations.

PEFC Council

Programme for the Endorsement of
Forest Certification schemes



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Chairmen and Secretary General

Chairman	Michael Clark
1st Vice Chairman	Antti Sahi
2nd Vice Chairman	Bob Simpson
Secretary General	Ben Gunneberg

Board of Directors

Björn Andrén	Hans Köpp
Kathy Bradley	Luis Leal
Hans Drielsma	William Luddy
Andrey Frolov	Felix Montecuccoli
Sébastien Genest	Paul Wooding

Photos Courtesy:

(front cover) © Getty Images (lumber industry, home) Puuinfo Oy (staircase), iStockphoto.com/Lari Kemiläinen – Media Cabinet (page 8 mushrooms and berries)

A letter from the Chairman Michael Clark and the Secretary General Ben Gunneberg



Michael Clark



Ben Gunneberg

Two years ago PEFC had about 50 million hectares, now we are close to the 200 million mark, a fourfold increase. The availability of certified wood has increased exponentially. United Nations statistics show that some 25% of the world's industrial roundwood production is currently certified and about two thirds of all certified forests are certified to PEFC endorsed certification systems.

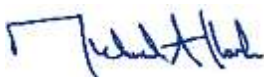
Much has been achieved for the sustainable management of the world's forests. However, PEFC is determined not to halt at this point or become complacent with the results, but to advance the positive trend. Forward-thinking decisions and actions have been taken since the PEFC Council General Assembly in Oregon last October, to further strengthen PEFC in international markets and at national level. A recent strategy workshop in Paris, where PEFC was founded just over 7 years ago, allowed the organisation to undertake a comprehensive review of its vision, mission and objectives and to develop appropriate strategies for the years ahead. The recognition of PEFC certified products and increased market access remain central to all of PEFC's activities.

A new PEFC promotion initiative in China, a key area in international globalization, has been prepared during the last year, complementing the existing initiatives in the UK and Japan, and will further contribute to PEFC's position in Asian markets. 2006 saw the first PEFC Chain of Custody certificates being awarded to companies in China and Malaysia.

It is encouraging to see that leaders in responsible procurement – governments and private enterprises alike – are sourcing and providing certified paper and timber products. The governments in Belgium, Denmark, France, Germany, Japan, Switzerland, the United Kingdom and New Zealand recommend PEFC in their public procurement policies and the list continues to grow.

The same is true for corporate policies and during the last year PEFC engaged in cooperation with internationally renowned companies who have decided to demonstrate their corporate social responsibility by using the PEFC logo on their certified products. The companies' marketing and sales representatives have been trained as to the benefits and advantages of PEFC certified paper and timber products and now are in the position to better inform trading partners and consumers on forest certification, and responsible purchasing.

A global resource of certified wood raw material has been successfully created and forest certification is now firmly established as a main stream requirement for all those wishing to trade internationally. PEFC will continue to drive for increased certification and focus on promoting forest certification in the market place, encouraging companies and users of certified products to do the same.



Michael Clark
Chairman



Ben Gunneberg
Secretary General

List of PEFC Council Members

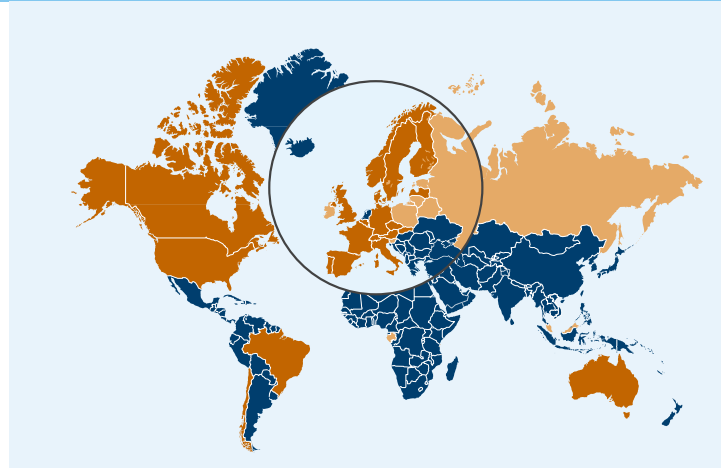
Country	Member organisation	Website
Australia	Australian Forestry Standard Ltd	www.forestrystandard.org.au
Austria	PEFC Austria	www.pefc.at
Belarus	Belarusian Association of the Forest Certification System*	
Belgium	WoodNet asbl	www.pefc.be
Brazil	INMETRO (on behalf of CERFLOR)	www.inmetro.gov.br/english
Canada	CSA International	www.pefccanada.org
Chile	CERTFOR Chile	www.certforchile.cl
Czech Republic	PEFC Czech Republic	www.pefc.cz
Denmark	PEFC Denmark	www.pefc.dk
Estonia	Estonian Forest Certification Council	
Finland	Finnish Forest Certification Council	www.ffcs-finland.org
France	PEFC France	www.pefc-france.org
Gabon	PAFC Gabon*	
Germany	PEFC Deutschland e.V.	www.pefc.de
Ireland	PEFC Council of Ireland*	
Italy	PEFC Italia	www.pefc.it
Latvia	PEFC Latvia Council	
Lithuania	PEFC Lithuania Council*	www.forest.lt
Luxembourg	PEFC Luxembourg	www.pefc.lu
Malaysia	Malaysian Timber Certification Council*	www.mtcc.com.my
Norway	PEFC Norway	www.pefcnorge.org
Poland	PEFC Polska*	
Portugal	Conselho da Fileira Florestal Portuguesa	www.pefc-portugal.cffp.pt
Russia	Partnership on the Development of PEFC Forest Certification*	
Slovak Republic	Slovak Forest Certification Association	www.pefc.sk
Slovenia	Institute for Forest Management (Slovenia)*	www.pefc.si
Spain	PEFC España	www.pefc.es
Sweden	Svenska PEFC ek. för.	www.pefc.se
Switzerland	HWK-Zertifizierungsstelle	www.wvs.ch
United Kingdom	PEFC UK Ltd	www.pefc.co.uk
United States of America	Sustainable Forestry Board (on behalf of SFI and ATFS*)	www.sfiprogram.org

Note: * The national certification system is not endorsed by the PEFC Council. Only PEFC endorsed certification systems can trade their certified wood, paper and timber products as PEFC certified.

PEFC Council Milestones in 2006

PEFC – Global platform for the mutual recognition of forest certification systems

There are 31 countries from 6 continents which are part of the PEFC Council. National forest certification systems in 22 of these countries have gone through the rigorous PEFC assessment and endorsement process and have successfully implemented equally high standards for forest certification systems, in their countries. Only PEFC endorsed certification systems can participate in the global trade of PEFC certified products and use the PEFC logo on their products.



PEFC's Global Growth and Developments

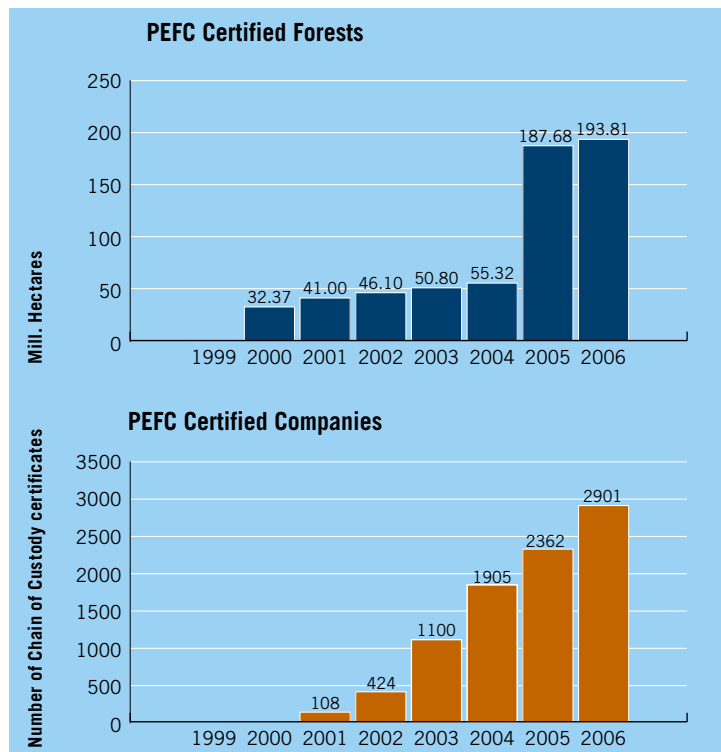
The area of PEFC certified forests reached nearly 200 million hectares (480 million acres) globally in 2006.

The PEFC certified forest area increased by more than 6 million hectares in 2006 alone.

PEFC is the world largest resource of certified wood accounting for nearly 70% market share of the area supply.

A fast growing number of companies with paper and timber products have chosen a PEFC Chain of Custody certification for their businesses. In 2006 the number increased by another 600 enterprises, with a total of about 3,000 globally now, an increase of nearly 20%.

A new trend was the certification of processing and trading companies in Asia and Africa, which became PEFC certified. Countries included China, Malaysia and Morocco.



Examples of PEFC certified and labelled products available in the market. Details of all PEFC certified companies are available at the PEFC Statistics Database at www.pefc.org.



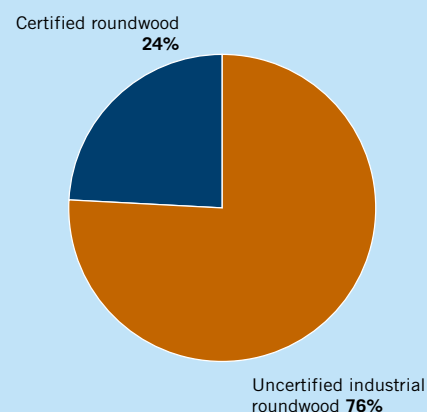
PEFC – World's largest resource of certified wood

Two thirds of all certified forests globally have received endorsement by PEFC. This makes PEFC the world's largest resource of certified wood. The Forest Products Annual Market Review 2005-2006 of the United Nations Economic Commission for Europe UNECE estimates the roundwood production from certified forests in the UNECE region at about a quarter of the global production, an estimated 370 million m³ (2006).

PEFC / Countries	Endorsed certified forest area (ha)	Chain of Custody certificates
Australia	5 734 737	3
Austria	3 374 000	276
Brazil	762 657	0
Belgium	248 789	75
Canada (CSA)	73 970 018	36
Chile	1 531 239	14
China*	0	3
Czech Republic	1 957 051	238
Denmark	26 880	16
Finland	22 144 082	113
France	4 341 176	928
Germany	7 193 844	597
Hungary*	0	2
Italy	637 846	44
Japan*	0	21
Latvia	37 860	3
Luxembourg	20 207	3
Malaysia*	0	1
Morocco*	0	1
Netherlands*	0	21
Norway	9 231 700	6
Portugal	50 012	4
Slovak Republic	336 396	0
Spain	518 320	67
Sweden	6 943 403	65
Switzerland	380 846	45
United Kingdom	0	319
USA and Canada (SFI)	54 376 769	0
Total	193 817 835	2 901

Note:* A number of timber and paper processing or trading companies in the country hold the international PEFC Chain of Custody certification where there is no national PEFC endorsed certification system. All PEFC certified companies are listed in the PEFC Council database, which is publicly available at www.pefc.org.

Global Industrial Roundwood Production Certified



The certified roundwood production in 2006 was an estimated 370.8 million m³.

All PEFC certified companies are listed in the PEFC Council database, which is available at www.pefc.org.

The database contains:

- Forest and chain of custody certificate holders
- PEFC logo users
- PEFC notified certification bodies
- Summary information by country



PEFC Council Membership and Endorsements

PEFC Council Extraordinary Members

The European Tissue Symposium ETS became an Extraordinary Member of the PEFC Council in October 2006.


The following international associations hold PEFC Council Extraordinary Membership:

- Confederation of European Forest Owners (**CEPF**)
- Confederation of European Paper Industries (**CEPI**)
- European Confederation of Woodworking Industries (**CEI-Bois**)
- European Federation of Community Forests (**FECOF**)
- European Landowners' Organisation (**ELO**)
- European Network of Forest Entrepreneurs (**ENFE**)
- European Timber Trade Association (**FEBO**)
- European Tissue Symposium (**ETS**)
- Manufacturers of Educational and Commercial Stationery European Association (**MECSEA**)
- Union of European Foresters (**UEF**)
- Union of Silviculturalists of Southern Europe (**USSE**)



PEFC Re-endorsement

Five certification systems underwent their first periodic review and revision process all PEFC endorsed systems have to undergo every 5 years and were re-endorsed by the PEFC Council after a several months-long assessment process undertaken by external assessors. The Swiss Q-Label certification system was re-instated to the endorsed status at the beginning of 2006, after a temporary suspension.

-  Austrian Forest Certification Scheme
-  Czech Forest Certification Scheme
-  French Forest Certification Scheme
-  Swedish Forest Certification Scheme
-  Norway Living Forests Standards
-  Swiss Q-Label Wood Certification Scheme

Details on all PEFC endorsed certification systems and the independent assessors' full reports, on which the PEFC Council members based their decisions for re-endorsement, are available at www.pefc.org > Members & Schemes.

Russian Forest Certification Initiatives join under PEFC

Following mediated talks through PEFC, the two national initiatives for forest certification in Russia came together under a new umbrella in the PEFC Council. The National Council of Voluntary Forest Certification in Russia (RSFC) and the Russian Council for Forest Certification in Russia (RNCF) will be represented in PEFC through the organisation "Partnership on the Development of PEFC Forest Certification".

PEFC takes leadership role in the continuous development of forest certification

PEFC's new Guide for the Avoidance of timber from Controversial Sources

To help timber and paper companies prevent wood from controversial sources finding its way into their products, the PEFC Council has published a new mandatory guidance for the Avoidance of Controversial Sources. The document introduces safeguard mechanisms against procuring illegally logged wood and complements the international PEFC Chain of Custody wood tracking system. The new guidance is available at www.pefc.org > Documentation > Technical Documentation > Annex 4 > Appendix 7.



Non Wood Forest Products now in PEFC certification

PEFC now provides a new option for Non Wood Forest Products (NWFP), as part of PEFC's International Chain of Custody. The new PEFC requirements allow companies to market products, such as berries and mushrooms, which come from PEFC certified forests, with the PEFC logo. NWFP do not include forest related services, such as tourism and sports. Neither are tangible or non tangible products and raw materials, whose origin cannot be linked to a specific forest property, such as animals, birds, air and water, able to be marketed under the new option. The requirement is available as a new Appendix 8 to PEFC's Chain of Custody, at www.pefc.org > Documentation > PEFC Technical Document > Annex 4.



PEFC prepares ground for certification in ITTO countries

The PEFC Council adopted the following ITTO guidelines (International Tropical Timber Organization) as a benchmark for the endorsement of forest certification systems in tropical countries:

ITTO guidelines on the sustainable management of natural tropical forests (1992)

ITTO guidelines on the conservation of biological diversity in tropical production forests (1993)

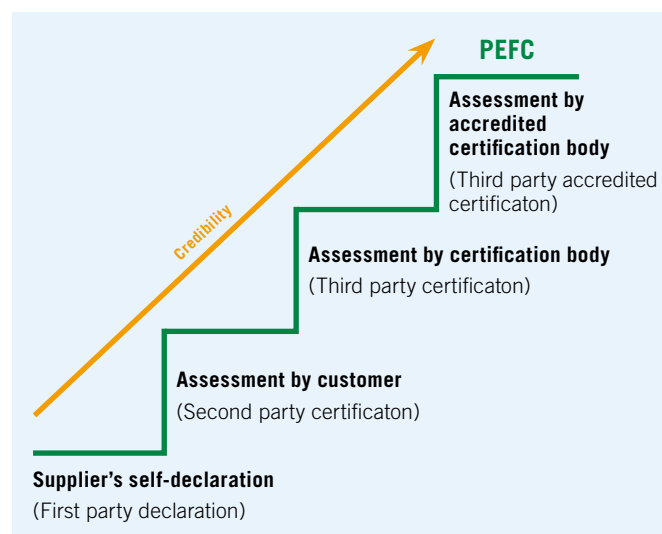
ITTO guideline for the establishment and sustainable management of planted tropical forests (1993)

The PEFC Council decision was based on a study by Savcor Indufor, comparing the ITTO Guidelines with the PEOLG (Pan European Operational Level Guidelines).



PEFC Position Paper on a Phased Approach to Forest Certification

As a contribution to the ongoing debate, on how developing countries can participate in international forest certification systems and demonstrate their gradual compliance with the standards through a series of pre-determined steps and timelines, the PEFC Council published a PEFC Position Paper in January 2006. The paper describes key issues and requirements needed for such an approach to be successful and meaningful. For details see www.pefc.org > Documentation > PEFC Position Papers.



Sweden Sami Reindeer Herding

Indigenous peoples' issues continue to be an important part in PEFC's requirements. Following the publication of PEFC's Position Paper on Indigenous People in 2005, the Swedish member organisation in 2006 published a special policy on Sami Reindeer Herding, to ensure a balance between forestry and reindeer herding interests in the Swedish PEFC certification system. The policy defines how dialogue and collaboration between reindeer herders and the forestry sector takes place. The policy can be downloaded at www.pefc.se (in Swedish and English).



New PEFC Council Standards and Requirements

As part of its continuous improvement, the PEFC Council regularly develops and amends its extensive requirements that forest certification systems need to fulfil for their PEFC endorsement. In 2006 the following new guidelines were published:

- Interpretation of the PEFC Council Requirements for Consensus in the Standard Setting Process (GL 5/2006)
- PEFC Notification of certification bodies operating chain of custody certification in countries without a PEFC National Governing Body (GL 6/2006)
- Nomination for election of Chairman, Vice Chairmen and members of the Board of Directors (GL 3/2006)
- Methods for calculating the PEFC Membership Fee (GL 4/2006)

The PEFC Technical Document and Annexes were also reviewed and updated, primarily for clarifications on wording and other editorial changes. Copies of all new documents are publicly available at www.pefc.org > Documentation > PEFC Technical Documentation.

New Promotional materials

PEFC Promotion Seminar for the trading and processing sector

The PEFC seminar series “Responsible Procurement – Why PEFC certification is good for Business” was a great success. This year’s events for paper and timber trading and processing companies focussed on the Netherlands and the United Kingdom, as major import markets. The seminars are for companies, that are not yet PEFC certified but who want to learn more about the advantages and benefits of PEFC certification. The number of PEFC Chain of Custody certificates significantly increased in both countries in 2006. The PEFC seminar series is planned to continue in more PEFC member countries in 2007.



PEFC Council Information CD-ROM

PEFC developed a new version of its Information CD-ROM containing introductory and promotional material on PEFC certification. The content of the CD is available at the PEFC Council website www.pefc.org and is updated regularly.



PEFC leaflets and brochures

The PEFC leaflets for consumers and companies are now available in English, Japanese, Slovak and Slovenian. A wide range of promotional and information material was also developed by the PEFC national member systems in their respective languages. More information is available from the PEFC national offices.



PEFC Product databases for certified products

A number of national PEFC databases have been developed where consumers and customers can search for PEFC certified products.

The following sites are currently available:

Austria: www.pefc-einkaufsratgeber.at

Belgium: www.pefc.be

France: www.pefc-france.org

Germany: www.pefc.de

Luxembourg: www.pefc.lu

Canada and USA: www.certifiedwoodsearch.org



PEFC Council Events

Annual meeting of the National Secretaries of PEFC Council member countries

National Secretaries of the PEFC Council member countries met for a training, information and experience exchange workshop in Madrid, Spain, in May 2006. This year's agenda included financing and fund raising for the PEFC national offices and the further development of PEFC in the areas of Non Wood Forest Products and the safe sourcing of uncertified materials. The three day meeting conclude with a trip to Spanish PEFC certified forests.

Forest Certification Systems meet for PEFC Council's General Assembly 2006

Guest speakers, invited guests, representatives of international organisations as well as PEFC Council Extraordinary Members and national delegates of the 31 member countries gathered for the 10th PEFC Council General Assembly in Portland, Oregon (USA). In his keynote speech, Mr Peter Seligmann Co-founder, Chairman of the Board, and CEO of Conservation International, underlined the importance of forest certification and the use of certified products to promote the sustainable management of forests.

Mr Seligmann emphasised forest certification's capacity to reach out to society and at the same time ensuring the well being of local peoples. The real challenge for the environment in general was to involve everyone and he congratulated PEFC for its successful involvement of all stakeholders in its processes.

The PEFC Council General Assembly was hosted by the US American PEFC member organisation, the Sustainable Forestry Board and its two national certification systems, the American Tree Farm System (ATFS) and the Sustainable Forestry Initiative (SFI). A PEFC Council Chairman's Reception was held at the World Forestry Centre in Portland, sponsored by the international wine barrel producer and first PEFC Chain of Custody holder in the USA, Seguin Moreau.

The outgoing Founding Chairman and Vice Chairman, Henri Plauche Gillon and Hannu Valtanen (in absentia) were honoured in a ceremony during the General Assembly. The PEFC Council members thanked the two chairmen for their long service since 1999 and their achievements for PEFC.



Peter Seligmann, Chair of Conservation International, speaking at the PEFC Council General Assembly in Portland



Alban Petiteaux (Seguin Moreau), Michael Virga (SFI) and Lance Spears (Seguin Moreau Napa Valley) at the PEFC Council Chairman's Welcoming Reception with a PEFC certified wine barrel



Henri Plauche Gillon with farewell gift and PEFC Certificate of Recognition



**Outgoing
First Vice Chairman,
Hannu Valtanen
of the PEFC Council**

PEFC Council Elections for the Board of Directors

At this year's General Assembly, the PEFC Council members elected:

Michael CLARK

Chairman

Term of Office 2006-2009

Michael Clark is a Senior Advisor for Sustainability and Environmental Affairs within the Finnish *M-real* corporation. He is a member of the PEFC Council Board's Market Acceptance Committee and has been responsible for managing the PEFC strategic communications project in the UK. He served two years on the PEFC Council Board of Directors and continues on the board of PEFC UK Ltd, having served as chairman in 2005/06.



Antti SAHI

Vice Chairman

Term of Office: 2006-2007

Antti Sahi is the Forest Director of the Finnish Central Union of Agricultural Producers and Forest Owners *MTK*. He is a representative of family forest owners in several national and international forest policy bodies and organisations. He is a graduate forester from the University of Helsinki. He has worked for *MTK* since 1995 and became its Forest Director in 2003.



Björn ANDRÉN

Director

Term of Office: 2006-2009

Björn Andrén is Managing Director of *Holmen Skog AB* with responsibility for Forestry and Wood Supply to the Swedish Holmen Industries. He serves as the Chairman of the Forest Committee of the Swedish Forest Industries, and as Director on the Boards of the Forest Research Institute, *Skogforsk*; the Forest Faculty of the Swedish University for Agricultural Sciences *SLU*; and PEFC Sweden. He is a member of the Royal Swedish Academy of Agriculture and Forestry, *KSLA*.



J. Hans DRIELSMa

Director

Term of Office: 2006-2009

Hans Drielsma is Executive General Manager of *Forestry Tasmania*, the government owned business enterprise which manages Tasmania's State forests. He was Chair of the Australian Forestry Standard (*AFS*) Steering Committee established to develop the *AFS*, and subsequently Chair and then Director of *AFS Ltd*. He is a professional forester with post-graduate qualifications in forest policy and natural resources sociology, and a Fellow of the Institute of Foresters of Australia.



Andrey V. FROLOV

Director

Term of Office: 2006-2008

Andrey Flolov is Vice President of the *Union of Timber manufacturers and exporters of Russia*, Member of the Union board and has been involved in the PEFC process in Russia since 2001. He is Chairman of the *Partnership on the Development of PEFC Forest Certification*, which represent the two Russian forest certification initiatives in the PEFC Council, the *National Council of Voluntary Forest Certification in Russia (RSFC)* and the *Russian National Council for Forest Certification (RNCFC)*.



Sébastien GENEST

Director

Term of Office: 2006-2008

Sébastien Genest is the Chairman of *France Nature Environnement* the French National Federation of some 3,000 local and regional environmental NGOs. A member of the *High Council for Forestry, Forest Products and wood processing* and its Committee on Forest policy, Sébastien is also on the Board of the National Office of Forests *ONF* and is a director of PEFC France.



Felix MONTECUCCOLI

Director

Term of Office: 2006-2009

Felix Montecuccoli studied forestry and has worked in different positions in the Austrian Federation of Land and Forest Owners Association (*Land & Forst Betriebe Österreich*) and in 2005 he was elected its president. Mr Montecuccoli is a forest owner and forest manager of a family forest estate of about 940 hectares and has been involved in various aspects of forest certification.



Paul WOODING

Director

Term of Office: 2006-2008

Paul Wooding is Manager, Certification and Market Support with *Canadian Forest Products Ltd.* based in Vancouver, Canada. He is a member of the *Canadian Standards Association* Sustainable Forest Management Technical Committee, which is responsible for the development of Canada's national forestry standard. He chairs the Forest Products Association of Canada's Certification Working Group. He holds a B.Sc. in Forestry from the University of British Columbia and is a Registered Professional Forester.



What others say about PEFC

Governments choose PEFC for their Public Timber Procurement Policies

The governments of Belgium, Japan and the United Kingdom in 2006 chose PEFC certification as proof of legal and sustainable sourcing of certified products in their Public Timber Procurement Policy. PEFC certified products receive preferred status compared to uncertified materials in public tendering processes in several countries, among them Belgium, Denmark, France, Germany, Japan, Switzerland, New Zealand and the United Kingdom.



Governmental Shopper's Guides recommend PEFC to public

Governmental Shopper's Guides for consumers and public procurement makers have been published in Belgium, Germany and the United Kingdom recommending PEFC to consumers and public procurement makers as source of legal and sustainable timber products.



European Parliament recommends PEFC to consumers

The European Parliament in February 2006 passed a resolution recommending PEFC certification as "suitable ... to give consumers assurances concerning sustainable forest management".



European Toy Producers recommend PEFC

The Federation of the European Play Industry FEPI confirmed its commitment to certification of Sustainable Forest Management. In an open letter FEPI President Mr Thomas Berfenfeldt announced that "FEPI officially and formally recommends that the minimum requirement for wood used in playgrounds is that the wood should be certified and meet the requirements of either FSC or PEFC. FEPI declares that both certifications meet in an equal manner the basic requirements that ensure environmentally responsible, socially beneficial and economically viable management of forests and should therefore receive identical treatment on a non-discriminatory basis." For details see www.fepi-play.org.



Industry Leaders endorse PEFC and other credible certification systems

More than 60 company CEOs and association presidents, representing some of the largest pulp, paper and wood companies in the world, signed a leadership statement on sustainability at the event of the International Council of Forest and Paper Associations (ICFPA) Global CEO Roundtable in Rome in June 2006. The CEO Leadership statement gives criteria for the credibility of forest certification systems as also applied by PEFC and states: "We endorse certification systems that have the following characteristics:



Conforming with generally accepted rules applicable to certification and accreditation; Consistent with internationally-recognised SFM criteria; Employing a third-party independent certification process; Developed and implemented in a transparent manner with input from stakeholders; Promoting continuous improvement.”
 The statement and the list of signatories are available at ICFPA’s website www.icfpa.org.

Trade Union Foundation praises PEFC for its social criteria

The *Stiftung Soziale Gesellschaft – Nachhaltige Entwicklung*, a Foundation for Social Society – Sustainable Development of the German trade union IG BAU, undertook a comparative study in 2006, which praised PEFC for its social criteria. The foundation tested ten different eco-labels in Germany in the areas of food, cut flowers as well as timber and construction materials. PEFC was rated as “good” regarding social issues. PEFC was especially praised for its high social criteria, namely in its demand to offer places to train in companies, which, according to the foundation, is only specifically required by PEFC. The focus of the assessment was issues of social sustainability. For details on the foundation see www.stiftung-soziale-gesellschaft.de.

Some PEFC certified paper and timber products





promoting sustainable forest management

PEFC the right choice for

people
environment
forests
certification

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Web : www.pefc.org

