



PEFC ANNUAL REVIEW 2010

Integrating society
in sustainable forest management

MISSION STATEMENT

Our Vision:

A world in which people manage forests sustainably.

Our Mission:

To give society confidence that people manage forests sustainably.

Our Purpose:

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



ABOUT PEFC

The Programme for the Endorsement of Forest Certification (PEFC) is an international non-profit, non-governmental organization dedicated to promoting Sustainable Forest Management (SFM) through independent third-party certification.

PEFC works throughout the entire forest supply chain to promote best-practice in the forest and to ensure that timber and non-timber forest products are produced with respect for the highest ecological, social and ethical standards. Thanks to its eco-label, customers and consumers are able to identify products from sustainably managed forests.

PEFC is an umbrella organization. It works by endorsing national forest certification systems developed through multi-stakeholder processes, tailored to local priorities and conditions.

With some 30 endorsed national certification systems and more than 230 million hectares of certified forests, PEFC is the world's largest forest certification system.

PEFC is committed to conserving forests and their invaluable biodiversity, and supporting the communities and families that own, work, and live in and around forests.

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LETTER FROM THE CHAIRMAN AND SECRETARY GENERAL

As the first decade of the 21st century drew to a close, we decided that the time had come to take a step back and take stock of everything that PEFC has done since it was founded a little over 10 years ago. We asked ourselves what the organization has achieved in that time. The answer is: an awful lot!

Since its creation, PEFC has grown to become the world's largest forest certification organization. Today, there are more than 230 million hectares of forest certified to the PEFC standard and this area continues to expand. A growing number of national certification systems continue to seek PEFC endorsement. More companies and organizations continue to achieve Chain of Custody certification, with the selection of products carrying the PEFC logo becoming larger than ever.

These are all significant achievements. However, like any organization we cannot afford to rest on our laurels. This is particularly true given the growing

challenges to forests worldwide, which include climate change and related impacts, population growth, urbanization, land-use conversion, increased global trade and growing demand for wood and wood products.

Despite major strides in certification, only 9% of the world's forests have been certified and 90% of these are in Europe and North America. Similarly, despite some progress in alleviating poverty in the world, population growth means that in real terms the number of people living below the poverty line remains high – poverty is a major reason for deforestation and illegal logging. This situation is further complicated in rapidly emerging economies where land tenure rights have to date been ill-defined or may be weak and evolving. Certification is one mechanism that offers potential to improve livelihoods, particularly in developing countries, and to lift people out of poverty.

In light of this, PEFC decided to update its Sustainability Benchmarks, its core standards, to clarify and, where necessary, strengthen, existing

requirements, and to include a greater emphasis on social issues. The result is a set of revised standards which were adopted at the General Assembly in November 2010.

Concurrently, the organization chose to step up its efforts to increase coverage of PEFC certification in countries and regions where certification systems are new or in development. This is reflected in the projects that we implemented in 2010. You can read about these and several other initiatives in the following pages.

It just remains for us to thank you all for your continued support. We look forward to collaborating with you further as the second decade of the 21st century gets under way.

William Street

Ben Gunneberg

OVERVIEW OF 2010

For PEFC, 2010 was in many ways the “Year of Society.” PEFC’s activities were aimed at ensuring increased attention to social issues and greater inclusion of previously disadvantaged or disenfranchised stakeholders in sustainable forest management. It also saw renewed efforts to readjust the balance between the three pillars of sustainable development based on the lessons learned from previous years: environmental protection, economic viability and social equity.

In 2010, PEFC embarked on an important process of Standards Revision to widen their scope and integrate social concerns more fully in these documents. The four standards – Standard-setting Requirements, Group Certification Requirements, Sustainable Forest Management Requirements, and the Chain of Custody Standard – were all revised and adopted by the PEFC General Assembly at its Annual Meeting in November 2010.

The year was also characterized by an increase in outreach and advocacy activities. These were in part a by-product of the consultation and dialogue process instituted as part of the Standards Revisions process. Equally, these outreach activities were an attempt to give forest certification a new momentum and encourage uptake. These activities resulted in the adoption by the General Assembly of The Rio Forest Certification Declaration, a new document outlining framework conditions for forest certification.

Finally, the year also saw the development and strengthening of the implementation of several new field projects. The pages which follow offer a snapshot of these and other activities conducted by PEFC.



Zhigian Li/Dreamstime

PEFC continues to be the largest certification scheme in the world. Between 2009 and 2010, the area of PEFC-certified forest increased by 2.7%, or 6.1 million hectares, to over 229.6 million hectares. Significant increases occurred in Europe (+9.2 mio. Ha), Australia (+2.8 mio. ha), and Malaysia (+4.2 mio. ha).

Complete statistics:
<http://register.pefc.cz/statistics.asp>

The number of PEFC Chain of Custody certificates delivered increased by 24.7%. This growth is similar to the previous year, demonstrating continuing high demand for PEFC. Asia accounted for the greatest increase in the number of Chain of Custody certificates delivered (98%), followed by North America (24%) and Europe (20%).

Complete statistics:
<http://register.pefc.cz/statistics.asp>

As of 31 December 2010, the PEFC Council had 49 members, including 35 national members, 7 international stakeholder members, and 7 extraordinary members.

Complete list of members:
www.pefc.org/about-pefc/membership



Stephan Scherhag/Dreamstime

INTEGRATING SOCIETY IN SUSTAINABLE FOREST MANAGEMENT

Society, social issues, and increasing societal participation in forest management issues have been at the top of the agenda for PEFC in 2010. The organization contrived the process to revise and update its Sustainability Benchmarks to further integrate a wider range of stakeholders and social issues into its standards. These revisions reflect changes in expectations and understanding of best-practice in sustainable forest management that have taken place in recent years and are intended to ensure greater balance between environmental, economic and social considerations in sustainable forest management.

Social issues are integral to sustainable forest management, especially in the Global South where so many rely on the goods and services that forests provide for their livelihoods and where the potential of forest management to lift people out of poverty is greatest.

The Global South is also where the world's most vulnerable forests are located and certification is least advanced. By placing greater emphasis on social issues and highlighting the role of stakeholders in forest certification it is hoped to strengthen the sustainable management of vulnerable forests and protect and secure the livelihoods of those who depend upon them either directly or indirectly.

Revisions of PEFC Standards were the result of consultative and inclusive processes. Led by a multi-stakeholder working group, they involved workshops, expert meetings, webinars and dialogues including two Stakeholder Dialogues in Switzerland and Malaysia. These Dialogues followed a first Stakeholder Dialogue organized in 2009 which garnered strong interest.

INTERNATIONAL BENCHMARKS SECURE SUSTAINABILITY OF FOREST MANAGEMENT

PEFC's Sustainability Benchmarks

To qualify for PEFC endorsement, national forest certification systems have to meet or exceed PEFC's Sustainability Benchmarks, a set of globally-recognized principles, requirements and criteria defining essential elements in national forest certification systems. They underpin implementation of the PEFC system. The Benchmarks include standards for sustainable forest management, the standards-development process, requirements for group certification,

Chain of Custody certification, and logo usage. These all underwent revision in 2009-2010.

Revisions are undertaken periodically using a multi-stakeholder, consensus-driven process and in consultation with all interested parties, including forest owners, environmental groups, trade unions, indigenous people, the scientific community, industry and customers.

More information:

www.pefc.org/standards/national-standards

Sustainable Forest Management (SFM)

PEFC's Sustainable Forest Management standard builds and expands upon globally recognized principles, guidelines and criteria developed by international and intergovernmental bodies such as Forest Europe (previously known as the Ministerial Conference for the Protection of Forests in Europe – MCPFE), the International Tropical Timber Organization (ITTO), the International Union for Conservation of Nature (IUCN), and the African Timber Organization (ATO).

While still firmly rooted in recognized intergovernmental processes, the new standard further clarifies and defines specific key aspects of sustainable forest management. It now also includes references to the UN Declaration on Indigenous Peoples' Rights and the ILO Convention 169 on Indigenous and Tribal Peoples.

The standard also addresses requirements for:

- Recognition of free, prior and informed consent (FPIC);
- Provisions for consultation with local people and stakeholders;
- Respect for property and land tenure rights as well as customary and traditional rights;
- Compliance with all fundamental ILO conventions;
- Increasing attention to occupational health and safety;
- Encouragement of local employment;
- Prohibition of forest conversions;
- Protection of ecologically important forest areas;
- Prohibition of the most hazardous chemicals;
- Prohibition of genetically modified trees;
- Exclusion of certification of plantations established by conversions; and
- Adherence to all applicable laws.



PEFC was the first global forest certification standard requiring respect for the core ILO Conventions everywhere. By expanding its scope and making special provisions for specific stakeholders such as Indigenous and Tribal Peoples, and an extended number of issues with potential impacts on society and particularly local communities, the PEFC standard has now become the most far-reaching and inclusive global forest certification standard.

More information: www.pefc.org/standards/sustainable-forest-management

STANDARDS-SETTING PROCESS

While the concept of sustainable forest management is global in nature, its implementation is local. It must therefore be tailored to the needs of the specific forest ecosystems present in a particular country; the legal and administrative frameworks; and the socio-cultural context.

Consequently, sustainable forest management standards that strive to obtain PEFC endorsement must be developed by local stakeholders.

PEFC is the only global certification system that requires all standards to be independently developed with the open participation of all interested stakeholders at national level in a consensus-driven decision-making process. This ensures that the standard best meets local requirements with local stakeholders taking ownership, whilst meeting international benchmarks through PEFC's endorsement process.

The requirements that standard-setting at national level are expected to comply with are defined in a separate standard that was also revised in 2009-2010.

PEFC's revised standard-setting requirements now include improved measures to involve key and disadvantaged stakeholders in the process. In particular, the revised document recognizes the nine Major Groups defined by Agenda 21 (Commission on Sustainable Development (CSD) Major Groups) of the UN Conference on Environment and Development (UNCED) as the stakeholder groups involved in or concerned by forest management.

The nine CSD Major Groups include:

1. Business and industry
2. Children and youth
3. Forest owners
4. Indigenous people
5. Local authorities
6. NGOs
7. The scientific and technical community
8. Women
9. Workers and trade unions

Thanks to these revisions, PEFC requirements for the standard-setting process are now among the most inclusive and appropriately balanced of any forest certification system.

More information: www.pefc.org/standards/national-standards/guidance





GROUP CERTIFICATION (ALSO “REGIONAL CERTIFICATION”)

Forest tenure rights have an important impact on sustainable forest management. Although the lion's share of the world's forest resources are under public ownership, 25% of the world's forest resources are managed by families, communities and indigenous peoples. These forest holdings constitute an important area of forest and are considered crucial for the promotion of sustainable forest management.

The small, sometimes fragmented nature of forest holdings can act as a barrier to certification, especially where forest owners or managers lack the capacity and resources to undergo third-party audits and verification. For this reason, PEFC has popularized the concept of Group Certification. Under this mechanism, several forest owners or managers can come together as a Group entity and obtain a Group Certificate, provided they all meet the necessary criteria and benchmarks.

Group Certification has the advantage of spreading the costs among several owners and managers. It also provides an incentive for all members of the Group to maintain the highest standards and best-practices in sustainable forest management.

PEFC's requirements for Group Certification have now been revised, combining the previously separate approaches of “Group” and “Regional” certification to further clarify the responsibilities and requirements of the group entity and group participants.

More information:
www.pefc.org/standards/sustainable-forest-management/approaches-to-certification



Pix2000/Dreamstime

CHAIN OF CUSTODY CERTIFICATION

Chain of Custody certification enables the tracking of certified material throughout the production process, from the forest to the consumer and allows producers and vendors to give assurances about the origins of the wood used in their goods. It can also be accompanied by a logo used on products and in product marketing.

Traditionally, Chain of Custody certification has been a management tool detailing the flow of certified material within companies, the associated documentation needed and the necessary skill set required by people responsible for implementing and maintaining the Chain of Custody.

The Chain of Custody standard has been revised to incorporate the experiences gained and lessons learned from implementing the requirements in thousands of companies globally over the last ten years. In addition, a number of elements have also been streamlined to improve efficiencies. Furthermore, provisions for the treatment of recycled material have been updated to better reflect business realities, and the project-based approach to Chain of Custody certification has been integrated.

Crucially, the revised standard now implicitly includes requirements for social, health and safety criteria, based on the ILO Declaration on Fundamental Principles and Rights at Work (1988). With their inclusion in Chain of Custody certification, PEFC has moved forest certification to a new level. These social requirements provide an additional layer of confidence to consumers and buyers that fundamental rights of workers in companies along the supply chain have been respected.

Given PEFC's history in promoting social rights in forest management, it is no surprise that PEFC has become the first global forest certification system to positively respond to the demand for improved workers' rights.

In addition to these social criteria, PEFC has also strengthened the standard through the interim update of its Due Diligence System (DDS), which is scheduled to undergo a comprehensive revision in 2011/12.

More information: www.pefc.org/standards/chain-of-custody

To qualify for Chain of Custody certification organizations now need to demonstrate that:

- Workers are not prevented from associating freely, choosing their representatives, and bargaining collectively with their employer;
- Forced labour is not used;
- Workers who are under the minimum legal age, the age of 15, or the compulsory school attendance age, whichever is higher, are not used;
- Workers are not denied equal employment opportunities and treatment;
- Working conditions do not endanger safety or health.



LOGO USAGE

The PEFC logo and labels are globally trusted trademarks, assisting businesses, consumers, forest owners and managers, and other stakeholders in identifying and promoting merchandise and goods from forests that are managed sustainably.

Using the logo and label enables companies and forest owners to demonstrate commitment to sustainable development and corporate social responsibility, attract environmentally and socially-minded customers and consumers, help generate demand for products from PEFC-certified forests, and highlight engagement in sustainable forest management.

The requirements for use of the PEFC logo and label have been updated to reflect the changes to the Chain of Custody standard. PEFC remains the only global forest certification system that requires a minimum of 70% certified material in a product to be eligible to use the logo. PEFC is now researching conditions to increase this threshold to 100% and eliminate non-certified material from labelled products.



Efforts to achieve this will focus on the following:

1. Existing and potential supply chain limitations currently preventing PEFC from achieving its vision of 100% certified content.
2. How these limitations might be addressed.
3. Demand-side requirements surrounding the certified and uncertified content of labeled products.
4. Appropriate actions required for the elaboration of a stepwise approach to achieving the vision in line with findings of the research.

More information:

www.pefc.org/standards/logo-use

PROJECTS & DEVELOPMENT

During 2010 a number of new projects were developed and positioned for full implementation in 2011. The broad focus of PEFC's projects is on raising awareness and scaling up lessons learned with a view to replicating and rolling them out in other parts of the world. During 2011, the organization will focus on implementing its portfolio of projects as part of efforts to encourage sustainable forest management and uptake of certification globally. There is a need to extend the coverage of PEFC certification, especially in those regions where certification is absent or where local legislation to protect forest resources and the livelihoods of those who rely on them is lacking or poorly enforced. Broadly speaking PEFC's projects fall into three categories: Promotions, Collaborations, and Partnerships.

PROMOTIONS

These are projects intended to raise awareness and promote forest certification in countries where standards are absent, in development or in their infancy. Promotion initiatives are uniquely designed to advance PEFC certification – Chain of Custody, Forest Certification, or both – within the current context of a given country or region.

Asia promotions

Established in 2005 this initiative seeks to promote awareness of PEFC certification in Asia, and specifically in China and Japan, primarily through growing Chain of Custody certification. The Initiative has established offices in Beijing and Tokyo. Increasing the coverage of PEFC systems and certification in these two countries is strategically important for PEFC globally in light of the volume of wood imported to Asia and the huge exports of wood products to international markets.

Russia promotions

In partnership with PEFC's national member in Russia, this initiative supports the local organization to undertake promotional activities to raise awareness of Chain of Custody and Sustainable Forest Management certification in Russia. The Russian Federation is home to extensive forest cover and supplies the global market with important volumes of wood and fibre. It is therefore a strategic priority for the growth of PEFC. The country achieved endorsement of one of its national standards in 2009. The first PEFC forest management certificate was issued in February 2010 in Leningrad Province, northeast of St. Petersburg.

South America promotions

Within South America, PEFC members are present in Argentina, Brazil, Chile and Uruguay. PEFC-endorsed standards and certified forests currently exist in Chile and Brazil. In collaboration with national members in the region and others, this regional initiative is focused on encouraging the development of national standards, expanding the area of certified forests in the region and enhancing trade links with international markets. In conjunction with PEFC's General Assembly in Rio in November 2010, the partners organized a workshop to bring together different stakeholders in South America to share progress and experience on Standards development.



COLLABORATION FUND

Approved at the General Assembly in 2010 as part of the “think global, act local” philosophy, the Collaboration Fund is a small grants programme through which PEFC will seek to support members and other partner organizations in efforts to advance sustainable forest management and forest certification throughout the world. Recognizing innovative ideas and solutions at a local level can often be scaled up for global application, the fund seeks to catalyze this interaction.

More information:

www.pefc.org/about-pefc/collaboration-fund

EXTERNAL PARTNERSHIPS

As part of efforts to extend forest certification to less well-represented regions of the world, PEFC has formed partnerships with other organizations and is participating in projects funded and implemented in collaboration with external partners.

Group certification project

This project, initiated by PEFC in collaboration with a number of partner organizations, will seek to explore options for group certification of forests beyond European borders.

Group certification has gained ground in Europe where forest owners have created strong associations of many individual owners, developed systems for sustainable management across their collective forest areas and achieved sustainable practices through forest certification. This in turn has yielded improved market access and rural livelihood opportunities. Efforts should now focus on extending and sharing

these experiences and benefits in other parts of the world.

Using a collaborative global learning approach, this project will gather lessons, experience and best-practice gained from forest owners who have implemented group certification in Europe. Based on this, pilot projects and bilateral exchanges will be organized in a number of countries where certification is not as yet widespread, to better understand the potential for implementing group certification in different contexts in the developing world.

The project seeks to catalyze and stimulate growth of forest certification in a number of countries around the world with a priority focus on empowering small landholders and contributing to rural livelihood generation.

Other participants in the project include the Confederation of European Forest Owners (CEPF), the International Family Forest Association (IFFA) and the Global Alliance of Community Forestry (GACF).

Increasing Sustainability of European Forests: Modelling for Security against Invasive Pests and Pathogens under Climate Change (ISEFOR)

PEFC is participating in ISEFOR, a project funded by the European Commission. Climate change and alien invasive species and pathogens resulting from changes in global trade patterns are placing unprecedented pressure on European forests. If unchecked, these threats could compromise European forests' productive capacity and even threaten the existence of some highly vulnerable plant species resulting in local extinctions.

The ISEFOR project will seek to address these problems and devise solutions through modelling, prediction, and risk management of invasive pest and pathogen attacks under different climate change scenarios. PEFC will support the dissemination of results to forest owners and managers throughout Europe.





Wong Sze Yuen/Dreamstime

Developing PEFC in the Congo Basin

Under this project, PEFC is looking at ways to extend PEFC certification in Africa and particularly in the Congo Basin region. Although national standards development has been slow to progress, PEFC is committed to supporting these important processes as there is an urgent need to protect what are among the world's most valuable forests so that they can continue to yield much needed climate, societal and livelihoods benefits.

PEFC is now a member of the Congo Basin Forest Partnership (CBFP), a network that aims to contribute to the protection of the region's biodiversity, promotion of good forest governance, and improve the population's living standards.

In 2011, PEFC and partners throughout Central Africa will embark on implementing a unified strategy for the region.

ECOFORAF project

PEFC is a participant in ECOFORAF (Appui à l'éco-certification des concessions forestières en Afrique centrale), an initiative funded by the French Fund for the Global Environment aimed at encouraging and enhancing sustainable forest management in Central Africa and extending forest certification, especially in the Congo Basin region. The 3-year project is aimed at local communities and forest managers, NGOs and corporations. It is intended to improve forest management in the region and enhance the livelihoods of those who depend upon them.



Eva-christiane Wilm/Dreamstime

THE RIO FOREST CERTIFICATION DECLARATION

The Rio Declaration, the main output of the 1992 United Nations Conference on Environment and Development (UNCED) in Brazil, included five main documents. One of these was the “Forest Principles.” Despite a preamble stating that “Forests are essential to economic development and the maintenance of all forms of life” and the relevance to the concept of sustainable development, governments were unable to agree on a globally enforceable framework for sustainable forestry. Over time, forest certification has become one of the most important tools to promote sustainable forest management. Yet not withstanding their importance, much of the world’s forests, especially in developing regions, remain uncertified.

Endorsed at the 14th General Assembly of the PEFC Council in Brazil in 2010, The Rio Forest Certification Declaration is an attempt to inject new impetus into forest certification. It has a strong emphasis on social issues. It is now open for signature by interested parties. The Declaration will be delivered to the United Nations Conference on Sustainable Development (Rio+20) due to take place in 2012.

Preamble: The challenge of safeguarding the environmental, social and economic benefits that the world’s forests provide is critical for life on Earth. It requires a world in which people manage forests sustainably, a world that recognizes the integral and interdependent nature of our planet, a world that acknowledges and values the significance of rural communities, indigenous peoples, and families that depend on forests for their livelihoods.

PRINCIPLE 1:

Human beings are at the centre of sustainable forest management

Public and private policies designed to promote sustainable forest management can only succeed if they enhance the quality of life of people who live in and/or depend upon forests.

Application: Forest certification systems and all stakeholders must act to protect and promote forest-dependent populations, local communities, smallholder forest owners, workers, family foresters, women, youth and children, and indigenous peoples all of whom are entitled to a healthy and productive life in harmony with the forests on which they depend.

PRINCIPLE 2:

Recognize and respect national sovereignty in the design and implementation of sustainable forest management policies and standards

In accordance with the Charter of the United Nations, the Rio Forest Principles, and the principles of international law, all states have both the sovereign right and obligation to develop their own sustainable forest management objectives. States must act to ensure that activities within their jurisdiction or control do not cause environmental, social, or economic damage to areas and people beyond the limits of their national jurisdiction or violate international protocols and conventions.

Application: Forest certification systems, forest stakeholders, especially Major Groups and OECD countries, must respect each nation’s chosen path to promote sustainable development, the Millennium Development Goals, and sustainably managed forests in their actions, policies and guidelines.

PRINCIPLE 3:

Protect the complexity of forest ecosystems, forest-dependent economies, and rural culture by adopting integrated forest management plans and policies

In order to promote sustainable forest management, forest certification standards, national forest policy, and private and public procurement guidelines must meet the needs of present and future generations by promoting economically viable, ecologically sound, and socially just outcomes based on the national and/or local context.

Application: Forest certification standards, public policy and procurement guidelines must integrate competing demands in order to meet the needs of all stakeholders to deliver balanced socially, economically and environmentally sustainable solutions.

PRINCIPLE 4:

Contribute to poverty reduction through empowerment of the poor

Peace, social justice, global economic equity, and environmental protection are interdependent and indivisible. Poverty reduction is an indispensable requirement for sustainable forest management; it is an integral part of the development process and cannot be considered in isolation from it. The linkage between deforestation and poverty is strong, compelling, and in need of specific attention. Measures diminishing forest resources to increase agricultural resources to contribute to food security must directly contribute to the sustainable livelihoods of those affected.

Application: Forest certification systems, Major Groups and governments may contribute to mitigate deforestation and promote afforestation within their boundaries and jurisdictions and seek to safeguard forest resources. Standards and policies must promote the efficient use of forest resources, good forest management, and provide for increased wealth retention in rural communities through partnerships with smallholders, community-owned forests, and indigenous peoples’ organizations, in addition to maximizing formal employment opportunities.

Sign the Declaration:
www.rioforestcertificationdeclaration.org
www.rfcd.org

PRINCIPLE 5:

Open and accessible stakeholder processes are essential

Sustainable forest management is best achieved through the empowerment of all stakeholders in open and accessible processes. Special outreach must occur for those groups lacking a tradition of involvement or lacking the resources required.

Application: Forest certification governance systems, private and public procurement entities, and standards development processes must seek to ensure the involvement of Major Groups and governments in a multi-stakeholder, consensus-driven process, respecting the right to self-identification and self-determination while avoiding governance systems and decision-making processes designed to restrict the voice or participation of any stakeholder.

PRINCIPLE 6:

Transparency, inclusiveness, and collaboration are fundamental prerequisites for global sustainability

Expanding sustainable forest management to all of the world's forest requires cooperative and transparent processes among all stakeholders and governments. Promoting division, competition, and exclusivity among and between different approaches to sustainable forest management wastes limited resources, encroaches on stakeholder-driven processes, diverts attention from areas where deforestation and unsustainable forest management are still common practices, and fails to expand the total volume of global well-managed forest area.

Application: Certification schemes, procurement guidelines, and those seeking to protect forests must promote standards, policies, and practices, which are inclusive and recognize the superiority of all types of sustainably managed forests and certification systems as a tool to promote sustainable development.

PRINCIPLE 7:

Utilize the benefits of renewable and climate-smart forest-based products

Sustainable forest management must adapt to complex societal challenges such as climate change, population growth and increasing resource shortages caused by unsustainable patterns of production and consumption, especially those that are high-carbon emitting. Recognizing the unique attributes of forest products from sustainably managed forests both in terms of carbon sequestration, other ecosystem services, and development values is critical for public and private policy makers, including climate policy negotiators.

Application: Forest certification systems, governments, and procurement entities must recognize and use all tools available to support forests to adapt and thrive with these challenges including adaptive silvicultural practices, promotion of recycled and forest-based products for their unique attributes in terms of carbon sequestration, other ecosystem services, and development values.

PRINCIPLE 8:

Rely on science, local experience, and traditional forest-related knowledge to advance sustainable forest management

Sustainable forest management will be most successful when it is based on scientific, local experience and traditional forest knowledge, as well as international protocols and processes. Improving scientific understanding through exchanges of scientific, local and traditional forest-related and technological knowledge, and the development, adaptation, diffusion and transfer of technologies, is critical to the delivery of a balanced approach to sustainable forest management. Indigenous peoples have a vital role in sustainable forest management because of their knowledge and traditional practices.

Application: Forest certification systems, governments and procurement entities must develop standards based on the best available science, local and traditional knowledge and be structured such that developing countries, communities and small forest landowners have a clear path to meet the forest management standards.

These approaches must be independently verifiable, using guidelines and requirements in compliance with internationally respected organizations such as ISO. Conflicts of interests between governmental procurement entities, standard-setting bodies, certification organizations, accreditation bodies, and auditors must be handled accordingly in order to provide legitimacy to the process.

PRINCIPLE 9:

Use a precautionary approach to prevent irreversible damage

In order to best safeguard forest resources, precautionary approaches must be widely applied by all stakeholders where there are imminent threats of serious or irreversible damage.

Application: Forest certification systems, governments, and procurement entities must strive for continuous improvement while remaining aware of the consequences of their programmes and standards for all stakeholders.

PRINCIPLE 10:

Promoting global acceptance of sustainable forest management through voluntary programmes and education is the fastest path to healthy forests and vibrant rural communities

Achieving sustainable forest management is a major challenge in many parts of the world. Voluntary forest certification and private and public procurement policies are important tools to protect forests and forest-dependent populations.

Application: Forest certification systems, Major Groups and governments have an obligation to make available and use, for the advancement of sustainable forest management, their respective areas of expertise, influence and power. Policies, standards and tactics that negatively affect forest-dependent people, deny markets to sustainably managed forests, and create development obstacles, lead to inefficiencies in the allocation of resources, and are a barrier to advancing sustainable forest management globally and locally.

MARKETING, COMMUNICATIONS & ADVOCACY

During 2010, PEFC International stepped up its outreach activities as part of its efforts to promote uptake of forest certification, especially in areas where coverage and demand for PEFC certification remain low. These activities also facilitated increased engagement with a wide range of different stakeholders in line with PEFC's commitment to inclusiveness and transparency. The overall goals of PEFC's marketing, communications and advocacy activities are to enhance market access and acceptance in support of growth in forest management and Chain of Custody certification.

PEFC activities in this area benefit from support from PEFC stakeholders globally, including international and regional advisory and working groups.

ADDING VALUE TO ORGANIZATIONS AND BRANDS

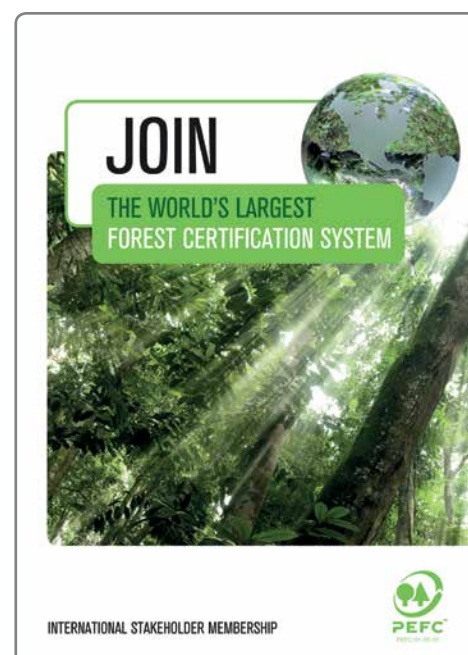
Sustainable consumption is gaining ground in more and more countries. Businesses globally are responding to this trend, often as part of a company's overall commitment to corporate social responsibility.

The simple act of sourcing or purchasing a PEFC-labeled product can already have far-reaching positive implications. PEFC Chain of Custody certification has become a major focus for many companies, not just among those who require it in order to provide customers with certified material, but also for entities at the end of the supply chain as it enables them to promote their commitment to sustainable forest management in a more effective manner.

In 2010, members of PEFC's International Secretariat participated in more than 100 one-on-one meetings with key stakeholders and customers to highlight the strength of PEFC and PEFC certification and to advise companies on how best to use their certification for communication and marketing purposes. This included meetings with multinational companies, international institutions and organizations, national authorities, financial institutions, paper companies, publishers, trade associations, traders, and certification bodies.

PEFC also presented at and attended a number of internationally relevant business conferences, trade shows and exhibitions to provide information and expertise about PEFC to specific audiences.

During 2010, PEFC began to develop new materials to assist companies in their communications and marketing efforts. These include the PEFC Showcase, a collection of hundreds of images of PEFC-labelled products from a wide range of sectors. The Marketing Toolkit, originally designed to support PEFC members, has been in high demand by external stakeholders and formed the basis for marketing webinars for sales staff that PEFC hosted for certified companies. The Toolkit was updated throughout the year and will be comprehensively revised in 2011. The PEFC Logo Use Toolkit was modified in 2010 to reflect the changes made to the revised label usage requirements. An online Logo Generator is expected to be launched in early 2011.



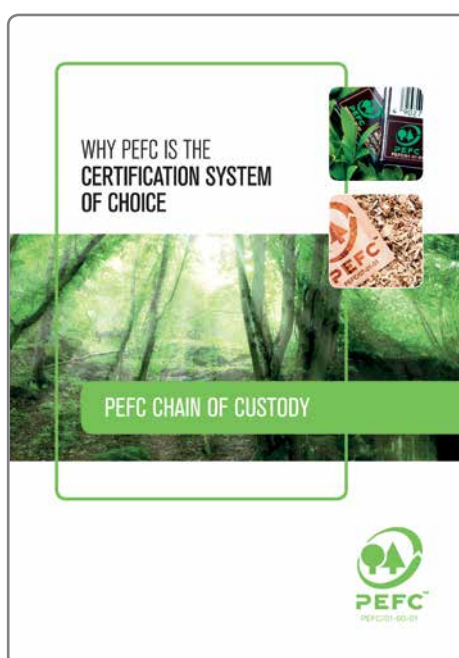
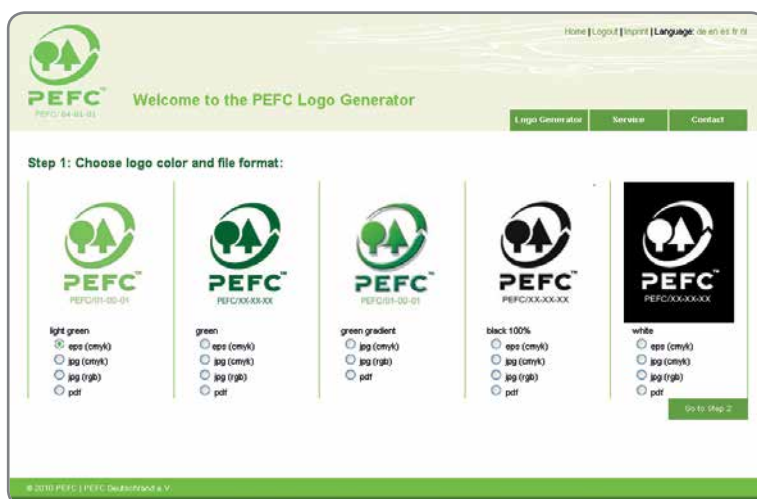
CONTRIBUTING TO POLITICAL PROCESSES AND VOLUNTARY INITIATIVES

Procurement policies, legislation and other activities requiring or encouraging the use of certified timber are effective tools for promoting sustainable forest management, with forest certification offering assurances that these policies and actions are being implemented and adhered to.

PEFC has ramped up its advocacy activities to encourage inclusive approaches to certification to ensure wide acceptance of all credible global forest certification systems.

As part of these advocacy efforts, PEFC participated in several events including meetings to discuss the EU Due Diligence System and other EU conferences on topics including retail and construction. It also participated in meetings to discuss collaboration with public procurement policies in the UK, the Netherlands, Belgium, Denmark, Germany, and Finland. PEFC also participated in several private initiatives such as the green building councils, the drafting of financial sector guidelines, and green investment funds, among others.

At the intergovernmental and non-governmental level, PEFC continued to engage with organizations including the United Nations Forum on Forests (UNFF), the Forest and Agricultural Organization (FAO), the United Nations Economic Commission for Europe (UNECE), the International Tropical Timber Organisation (ITTO), the International Union for Conservation of Nature (IUCN), and the International Family Forestry Alliance (IFFA).



UTILIZING ONLINE COMMUNICATIONS AND SOCIAL MEDIA

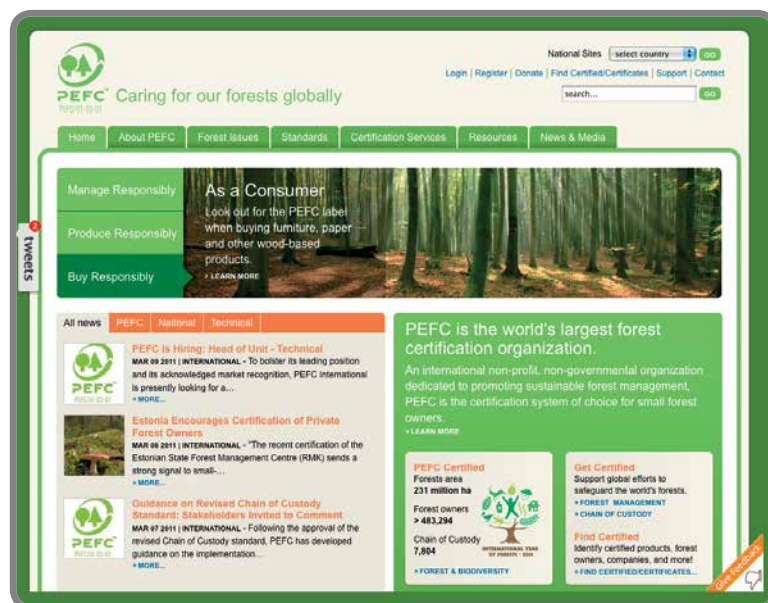
Online and social media are today among the most effective tools for communications and outreach. PEFC has therefore strengthened this vehicle to better disseminate its messages and engage with stakeholders.

In early 2010, PEFC launched its new website, which is becoming the key platform for information on sustainable forest management and PEFC certification. During 2010, more than 100 news articles were distributed through online media along with regular newsletters, brochures, and publications.

As part of the re-design of its web presence, PEFC launched a new Online Consultation Tool to facilitate participation by stakeholders in PEFC global public consultations. PEFC is the first global forest certification system to implement such a mechanism.

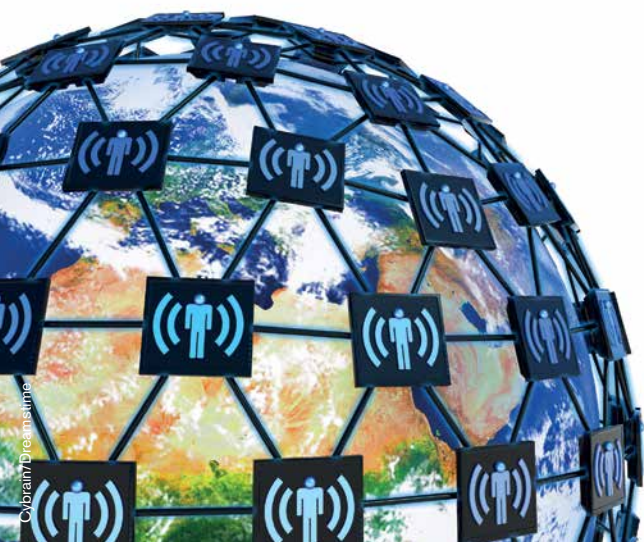
More information:

www.consultations.pefc.org/consult.ti/system/homepage



Throughout the year, PEFC continued to increase its presence on social media to facilitate active engagement and widespread dissemination of information, including:

- **Twitter**
www.twitter.com/PEFC
- **LinkedIn**
www.linkedin.com/company/programme-for-the-endorsement-of-forest-certification-pefc-
- **Facebook**
www.facebook.com/PEFCInternational
- **Youtube**
www.youtube.com/user/pefcinternational
- **Scribd**
www.scribd.com/PEFCInternational



INVOLVING STAKEHOLDERS AND BUILDING CAPACITY

During 2010 PEFC organized several formal meetings to foster engagement with stakeholders, including:

- “Social Issues in Forest Management,” Workshop, February 2010, Paris, France.
www.pefc.org/resources/organizational-documents/stakeholder-engagement/item/606
- “Biodiversity and forest resources’ protection,” Workshop, March 2010 Munich, Germany.
www.pefc.org/resources/organizational-documents/stakeholder-engagement/item/494
- “Revision of PEFC Requirements for Forest Certification Systems,” Stakeholder Dialogue, May 2010, Geneva, Switzerland.
www.pefc.org/resources/organizational-documents/stakeholder-engagement/item/604
- “Development of Forest Certification in Asia Pacific & Revision of PEFC Requirements for Forest Certification Systems,” Stakeholder Dialogue, June 2010, Kuala Lumpur, Malaysia.
www.pefc.org/resources/organizational-documents/stakeholder-engagement/item/603
- “Advancing Forest Certification in the Tropics,” Stakeholder Dialogue, November 2010, Rio de Janeiro, Brazil.
www.pefc.org/index.php/news-a-media/general-sfm-news/news-detail/item/647-event-reminder-expanding-forest-certification-in-the-tropics-rio-de-janeiro-10-november-2010
- “Opportunities for National Forest Certification Schemes,” November 2010, Rio de Janeiro, Brazil.
www.pefc.org/index.php/news-a-media/general-sfm-news/news-detail/item/652-pefc-open-dialogue-highlights-opportunities-for-national-forest-certification-schemes

PEFC also continued the development and implementation of training activities intended to build capacity among stakeholders for forest certification activities. Activities implemented in 2010 included:

- Training sessions for assessment consultants to enhance their capacity to assess and make recommendations concerning the endorsement of national certification standards;
- Training session for Panel of Experts members;
- Training and provision of technical support for PEFC members and potential members in scheme revision and scheme administration;
- *Ad hoc* training sessions for Chain of Custody certification auditors. In addition, a new, systemic training programme based on PEFC/IAF documents is in development and will shortly be rolled out.
- Several webinars and web-based capacity-building activities.

PEFC membership/status

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

- United Nations Economic and social Council – ECOSOC (Consultative Status)
- United Nations Framework Convention on Climate Change – UNFCCC (Observer)
- International Union for Conservation of Nature – IUCN (Member)
- International Accreditation Forum – IAF (Association Body Member)
- International Family Forestry Alliance – IFFA (Member)
- Forest Europe (Observer)
- Congo Basin Forest Partnership (Member)



PEFC FACTS & FIGURES

PEFC CERTIFIED FOREST AREA (AS OF 31 DECEMBER 2010)

COUNTRY	HECTARES
Australia	10,146,869
Austria	1,955,799
Belarus	6,018,100
Belgium	278,236
Brazil	1,276,081
Canada	112,662,732
Chile	1,913,521
Czech Republic	1,883,149
Denmark	232,802
Estonia	51,468
Finland	20,786,936
France	5,114,066
Germany	7,390,955
Italy	502,046
Luxembourg	27,496
Malaysia	4,221,571
Norway	9,115,902
Poland	317,289
Portugal	205,030
Russia	177,396
Slovak Republic	1,253,708
Spain	1,288,217
Sweden	7,796,028
Switzerland	261,150
UK	1,298,047
USA	33,490,804
TOTAL	229,666,398

ENDORSEMENTS IN 2010

New PEFC Endorsements

- Belarusian Association of Forest Certification

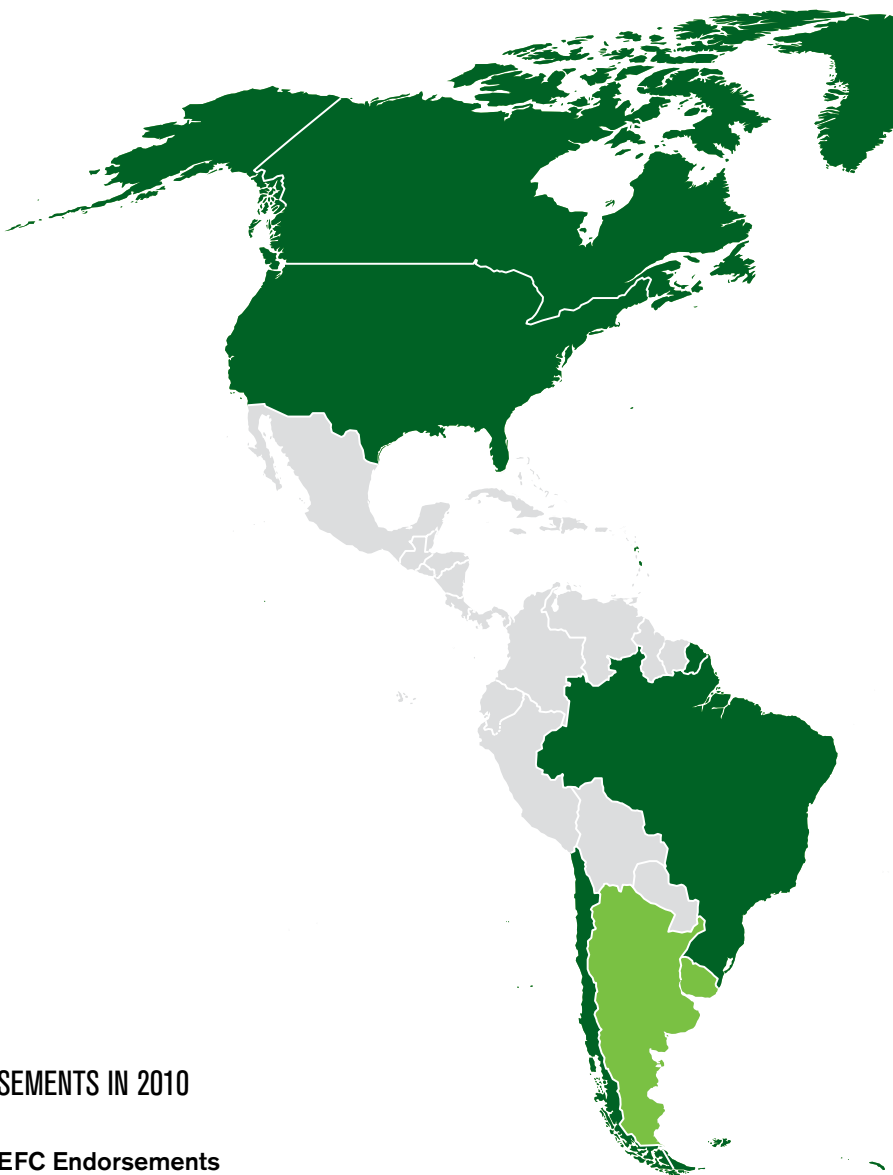
PEFC Re-Endorsements

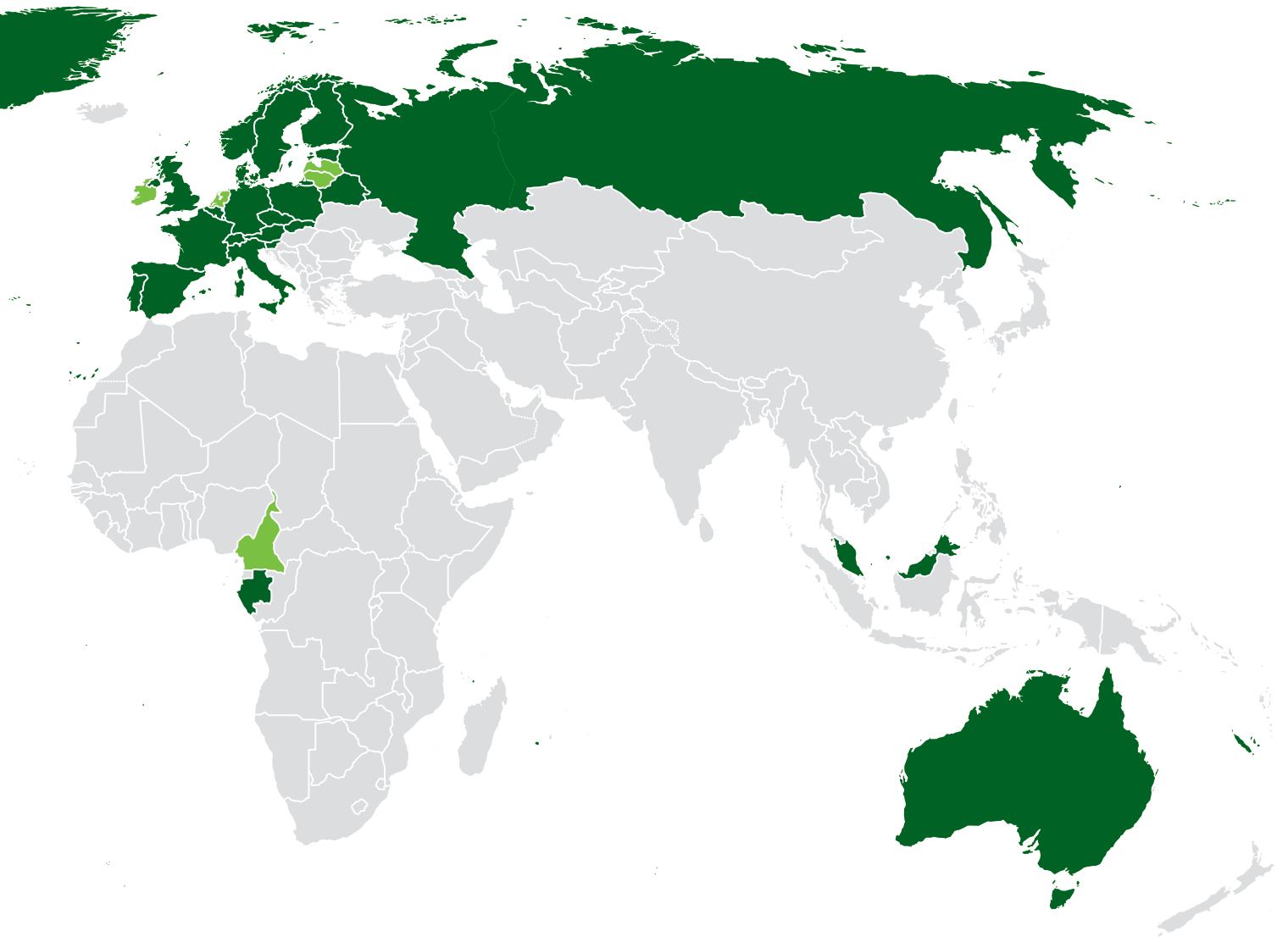
- PEFC Finland
- PEFC Germany
- PEFC Italy
- PEFC Luxembourg
- PEFC Norway
- PEFC Portugal
- Slovak Forest Certification Association

CHAIN OF CUSTODY CERTIFICATES

Top three countries with the most Chain of Custody certificates (as of 31 December 2010)

COUNTRY	CERTIFICATES
France	1,735
UK	1,307
Germany	1,126
... and 49 other countries	3,527
TOTAL	7,695





PEFC members with
endorsed systems

PEFC members with
systems **not endorsed** yet



BOARD MEMBERS



CHAIRMAN

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

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

Term of Office until: 2012





Vue/Dreamstime

VICE-CHAIRMAN



Antti Sahi is Forest Director of the Finnish Central Union of Agricultural Producers and Forest Owners (MTK).

He represents family forest owners in several national and international forest policy bodies and organizations. He graduated in forestry from the University of Helsinki.

Term of Office until: 2013



Robert S. Simpson is Senior Vice President of the Forestry Programme of the American Forest Foundation (AFF). He is also the National Director of the American Tree Farm System, the oldest and largest third party forest certification system in the United States, with nearly 80,000 certified properties, totalling 35 million acres.

Term of Office until: 2011



BOARD MEMBERS



Karen Brandt is Vice President for Market Affairs of the Sustainable Forestry Initiative (SFI).

Ms Brandt has also worked as a Senior Manager with the British Columbia Ministry of Forests.

Term of Office until: 2013



Genevieve Chua has worked in the paper industry since 1990.

After working for KPMG as an Audit Supervisor, she was Chief Financial Officer for PaperlinX, Singapore, before assuming her current role as Managing Director for the same company.

Term of Office until: 2013



Minnie Degawan is a Project Coordinator for the International Alliance of Indigenous and Tribal People of the Tropical Forests, where she focuses on the rights of indigenous and local communities.

She is a graduate of the University of the Philippines, and has a BSc in Biology.

Term of Office until: 2013



Julian Walker-Palin is a retail specialist working as Head of Sustainability for Asda, the UK arm of Walmart, since 2007.

He leads the Corporate Sustainability Team, which advises Asda on sustainability policy and strategy.

Term of Office until: 2013



Hans Drielsma is Executive General Manager of Forestry Tasmania, a government-owned business enterprise.

A professional forester by training and Fellow of the Institute of Foresters of Australia, he is also a Director of Australian Forestry Standard Ltd.

Term of Office until: 2012



Michael Proschek-Hauptmann is Managing Director of the Umweltdachverband, an umbrella organization for environmental NGOs in Austria.

He previously served as EU Policy Coordinator in Brussels and Vienna, and as a Policy Officer at WWF Austria.

Term of Office until: 2012



Sheam Satkuru is Director of the Malaysian Timber Council with responsibility for Europe.

She is a specialist in international trade with strong experience in legal and policy analysis relating to the timber and forest industries, communications and public relations.

Term of Office until: 2012



Sébastien Genest is the Chairman of France Nature Environnement (FNE), the French National Federation of some 3,000 local and regional environmental NGOs.

He is also on the Board of the National Office of Forests (ONF) and is a Director of PEFC France.

Term of Office until: 2011



Pierre Grandadam is Mayor of Plaine (Bas-Rhine) and Chairman of the community of communes of Haute-Bruche.

He has also held the positions of Chairman of the Forestry Communes Association of Alsace and Moselle, and Chairman and Vice Chairman of the European Federation of Forestry Communes.

Term of Office until: 2011



Natalie Hufnagel-Jovy is currently on the Board of the International Family Forest Alliance (IFFA) and a Senior Policy Advisor to the Consortium of the German Forest Owner Associations.

She was Secretary General of the Confederation of European Forest Owners (CEPF) for eight years.

Term of Office until: 2011

INTERNATIONAL STAFF



Ben Gunneberg, Secretary General

A forestry graduate of Aberdeen University with an MBA, Ben has spent most of his working life in forestry.

After completing his studies he joined the University of Wales as a researcher in Forest Economics and later occupied various positions including Technical Director in the Timber Growers Association in the UK specializing in technical and policy aspects of forestry. Ben has been the Secretary General of PEFC since 1999.

COMMUNICATIONS UNIT



Thorsten Arndt, Head of Communications

Thorsten worked at the World Business Council for Sustainable Development (WBCSD) as Communications Manager before joining PEFC.

After finishing his Masters in Public Affairs at the University of Minnesota, Minneapolis, Thorsten began his professional life at the United Nations Development Programme (UNDP).



Will Ramsay, Communications Officer

Will has worked in the environmental field for over five years, and joined PEFC at the beginning of 2009. Prior to this, he worked at Green Cross International in Communications.

Will is fluent in French and holds a BA in International Environmental Policy from the Open University.

PROJECTS & DEVELOPMENT UNIT



Sarah Price, Head of Projects & Development

Sarah has worked in several forestry organizations including The Forest Trust (TFT) and The Forests Dialogue (TFD).

A graduate of Yale University and the University of British Columbia, she has over ten years' field experience in the forests of South America, Southeast Asia and North America.



Caroline Stein, Projects & Development

Caroline joined PEFC to replace Sarah Price during her maternity leave. Caroline previously worked for The Forest Trust and the Forest and Timber Section of the United Nations Economic Commission for Europe (UNECE) in Geneva.

Caroline is a graduate in Forest Policy and specialized in “Market and Marketing of the Forestry Faculty” in Freiburg, Germany.

TECHNICAL UNIT



Jaroslav Tymrak, Head of Technical Unit

A forester by profession, Jaroslav has spent much of his professional life with PEFC.

Before becoming Head of PEFC's Technical Unit, he served as National Secretary for PEFC Czech Republic.



Christian Kämmer, Technical Officer

Christian joined the organization full-time as a Technical Officer after working as a Research Assistant on a temporary basis.

Christian graduated as a Forest Engineer from the University of Applied Science in Göttingen, Germany.

FINANCE & ADMINISTRATION



Gill Parker, Finance & Administration Manager

Gill is responsible for the bookkeeping and administration of the organization. Trained in accounting, she has worked for a number of organizations in the UK including several international membership organizations.

Gill has been with PEFC for 10 years, having helped to establish the first office in Luxembourg and later in Geneva.



Natalie Faulkner, Office Manager

Natalie joined PEFC International having returned to Europe following 22 years spent in the US and Mexico working for several multinational companies.

She is Office Manager and Executive Assistant to the Secretary General, and is fluent in English, French and Spanish.

PEFC INTERNATIONAL MEMBERS

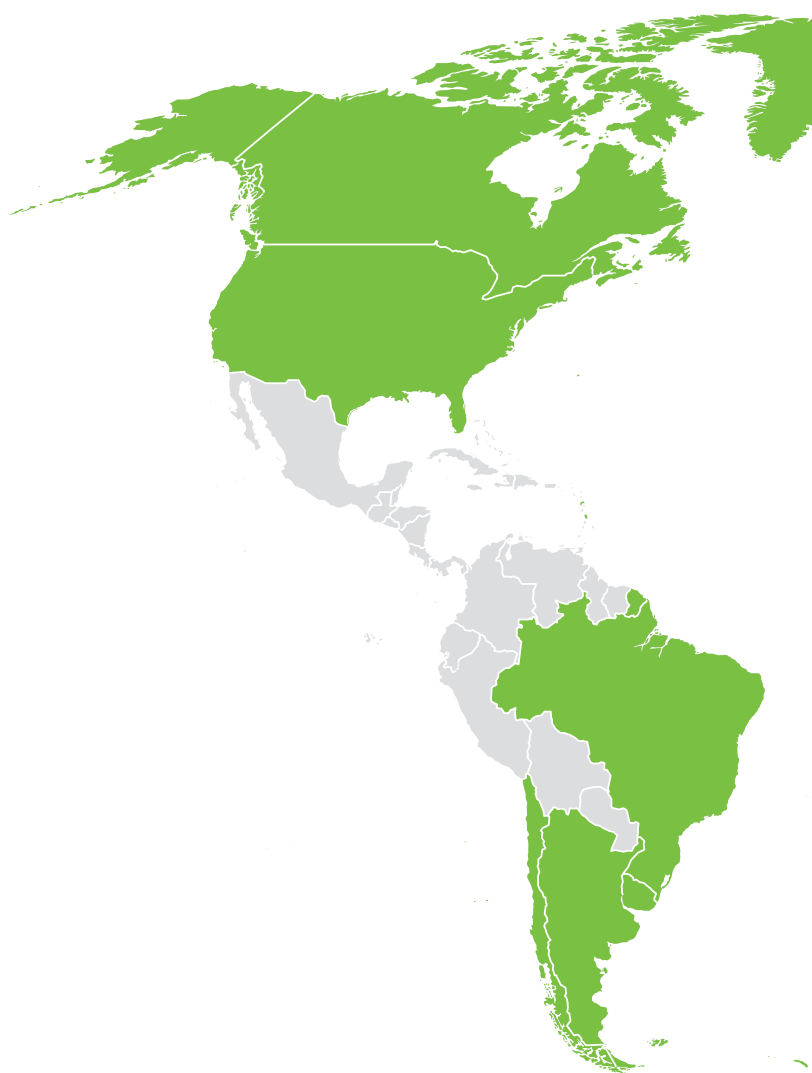
NATIONAL PEFC MEMBERS

COUNTRY	NAME
Argentina	Argentine Forest Certification System
Australia	Australian Forestry Standard
Austria	PEFC Austria
Belarus	Belarusian Association of Forest Certification
Belgium	PEFC Belgium
Brazil	Brazilian Forest Certification Programme (CERFLOR)
Cameroon	Cameroonian Association of Pan African Forestry Certification
Canada	PEFC Canada
Chile	Chile Forest Certification Corporation (CERFOR)
Czech Republic	PEFC Czech Republic
Denmark	PEFC Denmark
Estonia	Estonian Forest Certification Council
Finland	PEFC Finland
France	PEFC France
Gabon	PAFC Gabon
Germany	PEFC Germany
Ireland	PEFC Ireland
Italy	PEFC Italy
Latvia	PEFC Latvia Council
Lithuania	PEFC Lithuania
Luxembourg	PEFC Luxembourg
Malaysia	Malaysian Timber Certification Council (MTCC)
Netherlands	PEFC Netherlands
Norway	PEFC Norway
Poland	PEFC Poland
Portugal	PEFC Portugal
Russia	National Council of Voluntary Forest Certification in Russia Russian National Council of Forestry Certification
Slovak Republic	Slovak Forest Certification Association
Slovenia	Institute for Forest Certification

Spain

Extraordinary members

- Union of Silviculturalists of Southern Europe (USSE)



Spain	PEFC Spain
Sweden	PEFC Sweden
Switzerland	PEFC Switzerland
United Kingdom	PEFC UK
United States	American Tree Farm System (ATFS) Sustainable Forestry Initiative (SFI)
Uruguay	Sociedad de Productores Forestales del Uruguay



Brad Colkins/Dreamstime

Belgium

International stakeholders

- Confederation of European Forest Owners (CEPF)
- Confederation of European Paper Industries (CEPI)
- European Tissue Symposium (ETS)
- International Family Forestry Alliance (IFFA)

Extraordinary members

- European Confederation of Woodworking Industries (CEI-Bois)
- European Landowners' Organization (ELO)
- European Timber Trade Association (FEBO)

Finland

International stakeholders

- Metsäliitto Group
- StoraEnso

Germany

International stakeholders

- European Network of Forest Entrepreneurs (ENFE)

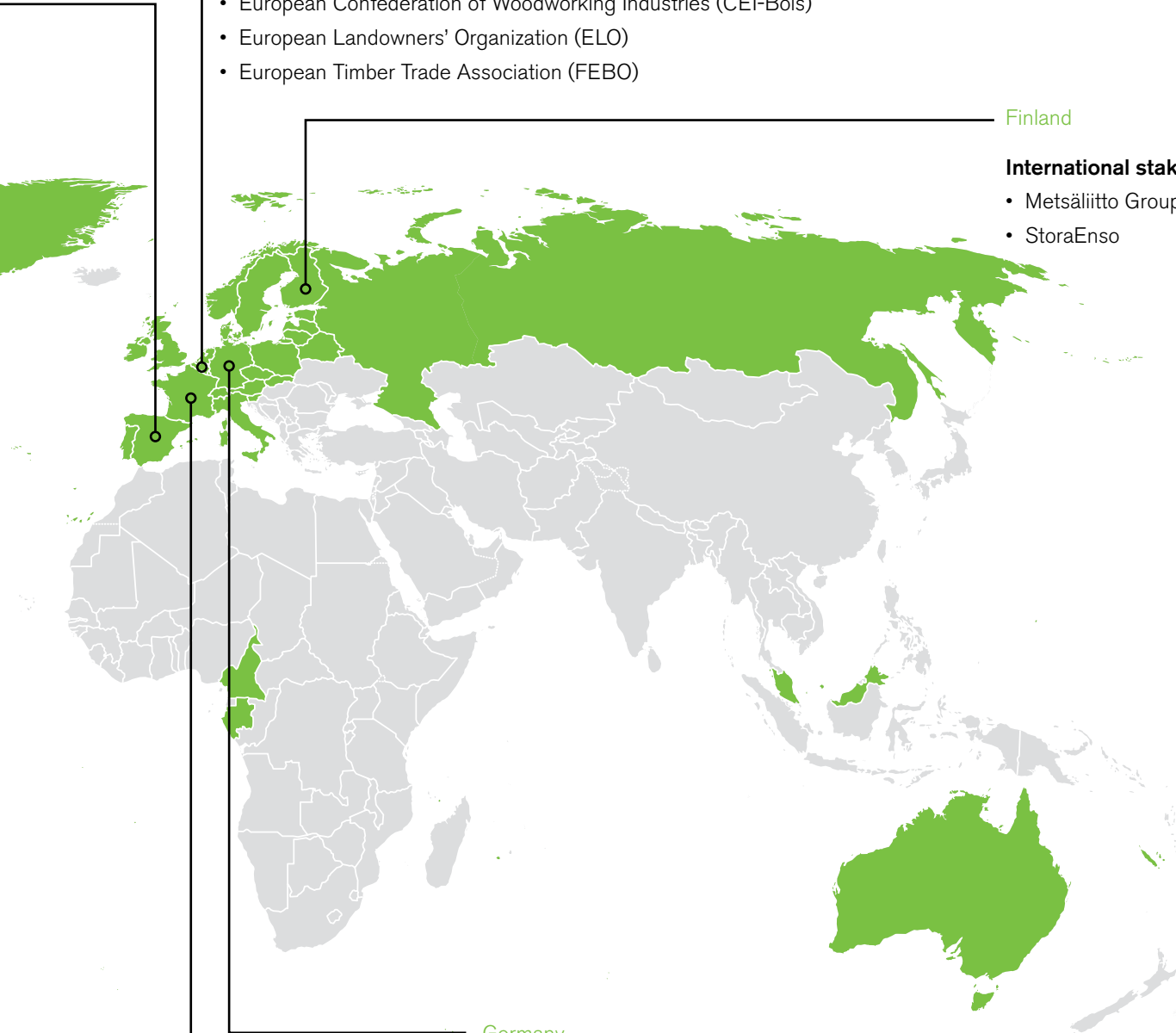
Extraordinary members

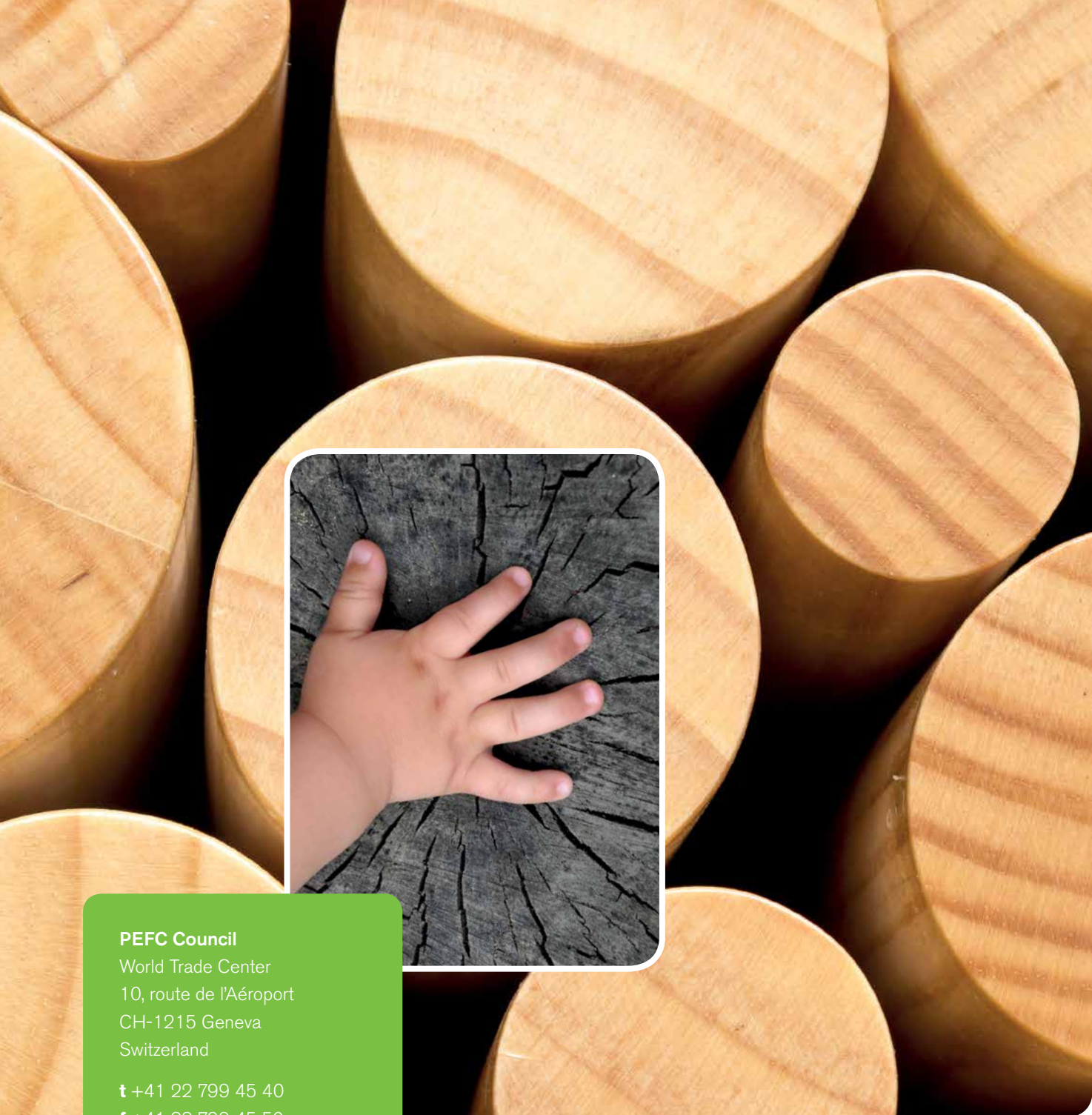
- Union of European Foresters (UEF)

France

Extraordinary members

- Fédération Européenne des Communes Forestières (FECOF)
- Manufacturers of Educational & Commercial Stationery European Association (MECSEA)





PEFC Council

World Trade Center
10, route de l'Aéroport
CH-1215 Geneva
Switzerland

t +41 22 799 45 40

f +41 22 799 45 50

e info@pefc.org

www.pefc.org