



FORESTS MEAN BUSINESS

GFTN-UK ANNUAL REPORT 2015-16



“A wise business will always look after the resources it relies on. Yet for decades most businesses have been taking forests for granted. As global demand for timber increases, businesses should act to keep their supply and prices as stable as possible, so they remain resilient. One way to achieve this is to invest in sustainable forest management. For 25 years, the Global Forest & Trade Network has been collaborating with business to create a market that has a positive impact on forests. It continues to inspire us all to treat this urgent agenda as a top priority. This report provides insights into why it makes sound business sense to do so.”

Deborah Meaden, WWF Fellow

THE ECONOMICS OF FORESTS



Forest resources are an asset. We should appreciate their value and manage them so they remain viable for the future – for whoever depends on them, and in whatever way. Our understanding of the critical role that forests and timber play in economic activity is incomplete. This needs to be addressed and factored into government and business decision making. To date, it's largely been environmental and social concerns that have driven commitments to trade forest products responsibly. But the world's forests contribute massively to the economy, too – so UK businesses should pay greater attention to their connection to the sustainable forest trade agenda.

Read more of our 2016 analysis of the economic case for forests in our report, *100% sustainable timber markets: the economic and business case*.
wwf.org.uk/100percentsustainabletimber



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STABILITY AND PROSPERITY



Sustainable timber markets can preserve existing economic activity. Timber industries make an important contribution to economies across the globe: they support domestic industries and international trade. A sustainable supply of timber generates revenue, supports employment and contributes to economic activity – which improves the international economic outlook. Sustainable timber supplies also help to alleviate local poverty, which drives political stability and economic prosperity.

The value of forests, including the ecosystem services they provide, is estimated to be US\$17.6 trillion a year. This is equivalent to around a quarter of global GDP. Timber provision accounts for around 10% of this. Managing such value for the long term makes economic, as well as cultural and environmental sense.



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RESOURCE
SCARCITY



UK businesses need to consider the wider role of forests, but the most pressing concern for many of them is to secure an affordable, reliable and long-term supply. There are a number of countries from which it's a challenge to source legal and sustainable timber, and where supplies are dwindling. In the face of increasing pressures on forests, sustainable timber markets are crucial to maintain supply in the long term.

A large volume of the timber we use in the UK is imported. So we have a responsibility to help tackle deforestation overseas, particularly where the threats are greatest. Companies can support positive change by developing stable relationships within their supply chains, and by promoting sustainable forest management in countries where deforestation is a problem. This can reduce the UK's ecological footprint in these countries, and it can help to retain forest cover.



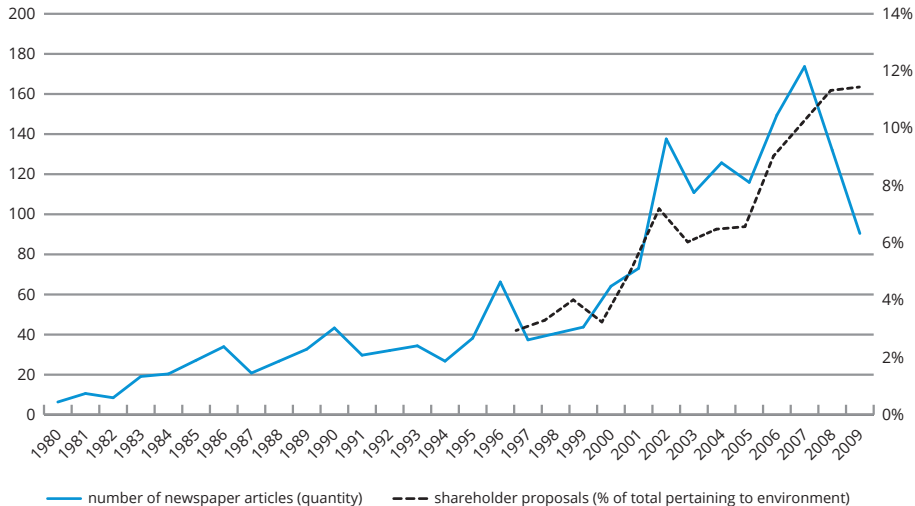
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SHAREHOLDERS CARE

EVOLUTION OF MEDIA ATTENTION AND SHAREHOLDER PROPOSALS RELATED TO ENVIRONMENTAL CORPORATE SOCIAL RESPONSIBILITY



Recent initiatives in the banking industry are a sign that awareness of the material and reputational risks of deforestation is reaching financial institutions. Such initiatives will make it more difficult to secure investment from traditional sources of private capital – unless a firm can legitimately claim that it understands the impact its procurement activities have on other people and on the natural environment.

This is also true for companies that want to raise capital through public trading. Shareholders and investors are showing increasing interest in companies' attitudes towards environmental sustainability. This is evident in the increasing proportion of shareholder-sponsored corporate responsibility proposals that relate to sustainability. The proportion has risen from about 1% in 1980 to almost 12% in 2010, and continues to grow.



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FOCUSING ACTION



Most of the softwood imported into the UK comes from within the EU. But hardwoods, particularly premium hardwoods, often come from further afield, and from places where less is known about the conditions of harvest – and where there may be a greater risk of illegality or unsustainable practices.

So where should businesses focus their efforts to support responsible forest trade? They should consider the nature of supply relationships between the UK and the countries where timber comes from. Forests are more likely to be managed sustainably if supply relationships between countries are stable and provide a guaranteed income within those source countries. In turn, this stabilises future supplies for businesses.

Such stable supply relationships secure the wider economic health, stability and resilience of businesses. And they benefit local producers and wildlife.



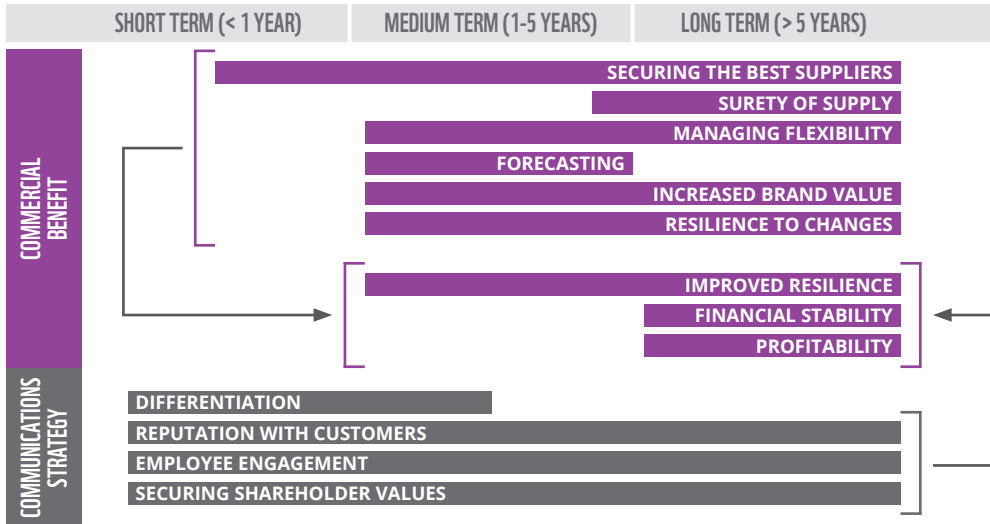
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COMMERCIAL BENEFITS

BUSINESS BENEFITS OF SUPPORTING SUSTAINABLE TIMBER MARKETS: COMMERCIAL AND COMMUNICATION STRATEGY BENEFITS OVER DIFFERENT TIMEFRAMES



UK businesses can benefit both commercially and in terms of their communication strategy if they advocate for sustainable timber markets. The benefits operate on different timescales and are interconnected. Most are felt in the medium to long term, though some are experienced sooner – particularly the benefits directly relevant to communication strategy (as you'll see on the front of this card).

Such benefits are rarely valued – but they become very clear when a business incurs direct costs as a result of interruptions to supply, or losses due to regulatory changes or reputational issues. Businesses should actively consider the financial benefits of a sustainable supply chain for timber and timber products.



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TOGETHER
WE CAN DO IT



There are strong ethical arguments for committing to sustainable timber, in order to preserve forests for the local people and wildlife that depend on them. But there is also a strong business case that permeates organisations that rely on timber. It starts with securing supply to keep costs low, ensuring business health and the ability to create value in the future.

Some businesses are starting to report net financial gain by addressing sustainability in their organisation, including sustainable sourcing of timber.

At WWF, we want to see zero net deforestation and forest degradation – meaning no further loss in the quantity or quality of the world's forests. Our target is to achieve this by 2020, and maintain it from then on, so we're encouraging UK businesses to shift 100% of their trade in timber and wood products to legal, sustainable sources by this date. There's an urgent need to achieve this, but we believe with concerted action on policy and markets, together, we can do it.



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COUNTING
ON YOU



Maintaining our remaining forests in the long term isn't going to be easy – but ignoring the challenges won't make them go away. There will be some difficult trade-offs as we try to balance competing pressures and demands. The way we access and use land and resources for fuel, food and fibre will need to change to prevent forests from being squandered. We will need to mobilise investment and support at a global scale to improve governance. And it'll require more efficient and less impactful choices that tackle waste and make our diets and our energy choices more sustainable.

Strategies need to be sensitive to diverse perspectives at national, local and community scales – to ensure that measures don't diminish people's welfare. Businesses that understand the drivers of deforestation and degradation are more likely to become part of the solution, and position themselves on the right side of these trade-offs.

It's healthy to have conversations within your business about your role in creating sustainable forests and sustainable business futures – and to discuss wider risks and benefits. This can inform how you plan and fund appropriate investments in supply chain actions that secure the resilience of your business and that of forests worldwide.



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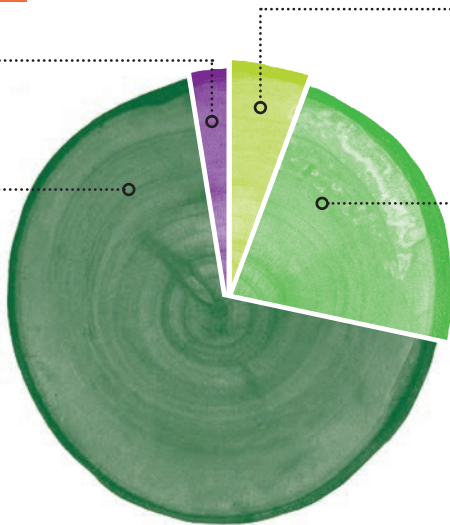
GFTN PERFORMANCE

PRE AND POST- CONSUMER RECYCLED

verified as such.

CREDIBLY CERTIFIED

as timber originated in forests independently assessed and certified as being legal and managed in an environmentally responsible, socially beneficial and economically viable manner. Currently, only the Forest Stewardship Council satisfies WWF's criteria for this category.



SOURCE ASSESSED

as timber legally traded, as required by the laws and regulations of the country of origin.

SOURCE VERIFIED

as timber where a third party has evaluated the legal and environmental and social aspects of the forest management and issued verification, for example FSC Controlled Wood; PEFC; other forest certification schemes; forest operations in stepwise certification programmes.

Each year GFTN-UK reports progress against our shared goal of eliminating illegal, controversial or otherwise undesirable timber sources from the market. All our participants are required to release their forest product report figures on an individual basis. We also review a selection of the results independently to confirm they're complete and accurate.

For the 2015 reporting year, current participants reported against a purchase of 17.48 million cubic metres of roundwood equivalent (RWE m3) of forest products. A further 2.79 million RWE m3 of forest products was managed by our advocate participants (who continuously maintain a high performance bar of over 95% sourcing of credibly certified and recycled goods in their business). This brings the total RWE m3 volume covered by GFTN-UK in 2015 to 20.27 million RWE m3. By comparison, total UK timber imports in 2014 were around 63.5 RWE m3.

For 2015, our control group of participants showed an average of 69.13% credibly certified and 1.97% recycled forest products. As responsible businesses send the message that they want only goods from well-managed forests or recovered sources in the long term, it influences more suppliers in many countries to change their sourcing practices.

Details of the individual performance of GFTN-UK participants are available from their own websites and from our participant pages, at wwf.org.uk/gftn



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**YOU NEED FORESTS;
FORESTS NEED YOU**



A big team of like-minded businesses are taking the journey towards supply chains for their timber and timber products that support sustainable forest management. The business case is there for companies with the foresight to assign resources (at a level they can afford) to build sustainable timber supply chains.

Forests are critical to creating value in the UK and global economies – not just as a source of timber, but for the myriad other ecosystem services they provide.

Existing and new markets for timber in the UK and worldwide are an ideal opportunity to build sustainability into timber markets – in fact, this is a necessity. Because you need forests. And if they are to be sustained, forests need you.



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TOGETHER WE CAN DO IT

We can conserve most of life on Earth by protecting the most exceptional ecosystems and habitats. The business community has a vital role to play in tackling the biggest environmental challenges facing the planet.

COMMITMENT

Globally, participants in WWF's Global Forest & Trade Network (GFTN) programme commit to increasing the availability of forest products from well-managed forests. They help each other to benefit and profit from sustainable forest management, and to end the purchase of forest products from illegal and controversial sources.

ACTION

Every year, participants outline their progress in improving the nature of forest goods in their supply chains.

TRANSFORMATION

We're using the growing support for sustainable forest management as a springboard to transform the global marketplace into a positive force that can save the world's most valuable and threatened forests.

CURRENT GFTN-UK PARTICIPANTS

ARGOS BOOTS BUILDERS MERCHANTS FEDERATION B&Q
CANAL & RIVER TRUST CARILLION CO-OPERATIVE RETAIL
FOREST ENTERPRISE HOMEBASE IMMEDIATE MEDIA
KIMBERLY-CLARK LENDLEASE MARKS & SPENCER MBNA
NETWORK RAIL NOBIA OFFICE DEPOT PEARSON
PENGUIN RANDOM HOUSE PUREPRINT REDROW RIBA
SAINSBURY'S SAINT-GOBAIN BUILDING AND DISTRIBUTION
STEINBEIS TRAVIS PERKINS WILLIAMS LEA



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