

Forest Stewardship Council UK

Annual Report 2012-2013



Strengthening the System

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This year's theme of Strengthening the System is an ambition born of necessity. The need is not so much to improve the robustness of FSC's forest management, chain-of custody and labelling standards: generally speaking the requirement for quinquennial review ensures that most of these bread and butter documents reflect the latest balance between social, environmental and economic pressures. Rather the theme focuses on the need to re-assess FSC's contribution to the parallel mechanisms which allow our standards to operate efficiently and fairly across the globe.

Several factors over the past year have driven FSC to re-examine the responsibility to support the implementation of its standards in practical ways. One is simply the ever-rising number of certificate holders (increasing by close to 3000 just during the period covered by this report). Quite straightforwardly, additional numbers create additional risks to the integrity of FSC's offer, which need to be mitigated by new techniques. Then there has been the introduction of the European Timber Regulation, which has demanded higher levels of assurance, particularly concerning legality and origin of harvest, than had been written into FSC's standards heretofore. There has also been the occasional incident of (non-UK, one must add) companies attempting to circumvent FSC's standards through the falsification of paperwork, resulting in time-consuming efforts to get to the heart of problems often some months after the event.

Three measures to strengthen these parallel responsibilities are worth recording in the UK context.

The first is the introduction of the Online Claims Platform (OCP), which essentially requires certain details of every transaction involving FSC certified materials to be entered on to a cloud-based database by certificate holders. Each transaction is then verified by the other party as being correct. This is not as onerous as it sounds; considerable efforts are being made to automate this process wherever possible. The advantage of the OCP is that what are called origination errors (either accidental or deliberate) will quickly come to light, which can be rapidly and incontrovertibly traced to their source.

Combined with the OCP are the efforts being made by FSC to improve its ability to analyse samples of forest-derived products using the latest scientific techniques. Fibre-testing and DNA analysis is developing rapidly, with the 'libraries' of reference materials, in particular from the tropics, building apace. FSC has negotiated a contract with the US Forestry Service Laboratories, and some testing has already taken place. In time, the OCP will tell us what claims are being made for the origin and composition of a product - where there may be doubt, scientific analysis will confirm whether or not the claim is true.

The contribution to strengthening the system in the UK context comes much closer to home. A major study conducted by PricewaterhouseCoopers over the reporting period examining the strengths and weaknesses of FSC concluded that national offices such as FSC UK should be

given more resources and, where necessary, greater authority to intervene on behalf of 'the system'. Much of the detail is yet to be finalised. However, I would hope, for example, to see FSC UK being able to spend more staff time on bearing down on trademark abuse by those companies who operate completely outside FSC's ambit.

The next article contains some thoughts by the new Director General on the challenges faced by FSC in the coming years. I have no doubt of Kim Carstensen's determination to get to grips with these. Working together with the international team under his leadership, I am completely confident that FSC UK can play its part in strengthening the system on which we all rely so much.



A handwritten signature of Charles Thwaites in black ink.

Charles Thwaites MBE

**Executive Director
FSC UK**

Meet the New Director of FSC International



Kim Carstensen began his role as FSC Director General in October 2012, bringing to the organisation an extraordinary track record in multi-stakeholder leadership on complex social and environmental issues. He is an international specialist in conservation and

development who in recent years has focused on global climate issues, a topic of critical importance to FSC.

What drew you to the role of FSC Director General?

One of the most important moments in my career was taking part in the UN Conference on Environment and Development in Rio de Janeiro in 1992. Many of us who were there felt that we were taking the first steps on a route towards achieving sustainable development.

Over two decades where global government processes have seldom delivered on the promises from Rio, FSC has evolved as one of the most important institutions embodying the principles of sustainable development. I find the three-chamber democratic structure of FSC truly fascinating, and I'm deeply impressed with the rate of global success FSC has managed to achieve as a forum for dialogue and consensus across the three chambers and their widely divergent interests.

I was therefore extremely happy and honoured to be offered the chance to work with this three-chamber democracy in making FSC an even stronger factor in achieving responsible forest management all over the world.

You have had an extensive professional career working with WWF, does this mean that your focus is primarily environmental?

I am trained as a sociologist, and when I joined WWF Denmark in 1989 it was to help them integrate considerations for local populations in their conservation projects, primarily in Africa. I've always been very interested in working on the social impacts of natural resource management, and I believe FSC is a perfect vehicle for that interest.

In your opinion, what are the key challenges and opportunities currently facing FSC?

I believe the main, immediate challenge is to cope with the sheer number of important processes that have been started over the past few years. These include the International Generic Indicators, the Controlled Wood system revision, the strengthening of the FSC Network through the Motion 8 process, the Brand Positioning initiative and several more. We need to lead these processes to good results in the lead-up to the next General Assembly in Spain in September 2014. It is my hope and ambition that the General Assembly can

then agree to not set in motion new reform processes, but point us in the direction of strengthening our work on some of the medium-term challenges facing us. These include, I believe, a re-vitalisation of the membership engagement in FSC in the countries where we have been established longest, and where I sense some level of fatigue in parts of the membership. We must also develop a set of new initiatives to achieve more and better certification in natural forests in the tropics, and we must begin a dedicated effort to become a stronger factor in the domestic markets of emerging economies like China, India, Indonesia, Mexico and Brazil.

To date, what has been your best moment at FSC International?

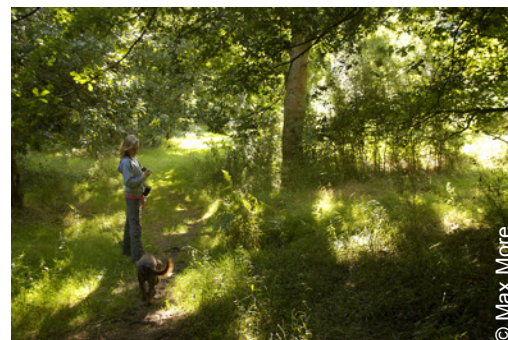
During my first months in FSC, I have travelled a lot and visited many of the FSC Network Partners around the world. Seeing the dedication of our representatives around the world has been extremely inspiring, and I believe that FSC has an enormous asset in its global network. Strengthening and growing this network is one of my main ambitions.

My absolute best moment was during my first visit to FSC Finland, where I had meetings with members of the three chambers of FSC Finland. In the social chamber I met with a representative of the Forest Workers' Trade Union and a representative of the indigenous Sami population, who were both completely enthusiastic in telling me real-life stories about how FSC certification in Finland had led to significant improvement for their constituencies. Getting such stories

about how FSC makes a difference on the ground can keep me going for weeks!

What is your favourite thing to do in a forest?

When I'm not working, I love to just be quiet in a forest, alone or with my wife, on a bike or on foot, just taking in the sights, listening to the sounds of birds and other animals, and finding out what plants there are. In the season, I love to go around to find berries or mushrooms.



© Max More

When working, I find it extremely interesting to visit forests together with FSC forest experts, who can show me what FSC certification of a forest means in practice. Seeing the difference with my own eyes gives so much meaning to all the long working hours I have to spend outside of forests.

Outstanding Contribution Awards

The FSC UK awards for outstanding contribution are presented to organisations that have worked, through a particular project or activity, to promote responsible forestry within the UK.

Smurfit Kappa

Smurfit Kappa UK was presented with an FSC UK award following its nationwide support for FSC's international awareness day, FSC Friday.



Executive Director of FSC UK, Charles Thwaites, presented the award in February 2013 to Mike Fadden, Smurfit Kappa Regional Director East who received it on behalf of Smurfit Kappa UK.

Smurfit Kappa was chosen to receive the FSC UK award in recognition of the educational and awareness raising activities it undertook on FSC Friday 2012 and has been commended for its success in reaching out to local communities and helping to spread the FSC message with imagination and enthusiasm.

A total of thirty-five Smurfit Kappa sites took part in celebrating FSC Friday, many working with local schools and communities to educate the children on the importance of responsible forestry. Internal communications and activities were also organised in order to spread the message to the staff.

Without the enthusiasm of Smurfit Kappa and others like them in buying FSC certified materials, telling their customers the value of this and then doing something special on top, our global cause would be very much less effective. We are particularly grateful for the company's outreach to young people – the consumers of the future – and for the civic involvement and associated publicity.

Charles Thwaites, Executive Director, FSC UK

M&S Cheshire Oaks



An award for outstanding contribution to the work of FSC in the UK was presented to Marks and Spencer for the construction of their Cheshire Oaks retail outlet.

The Cheshire Oaks store has been awarded full FSC project certification (TT-PRO-003615) under the contractor, Simons Group (FSC-C106846). It is one of only a handful of retail buildings in the country to have met the strict FSC project criteria. Several subcontractors had to become FSC certified themselves specifically for the Cheshire Oaks project.

Impressively, almost 100% of the timber delivered to the site was FSC certified, sending a positive message to others that it is possible to place FSC at the heart of such large-scale construction projects.

The award was presented to Richard Gillies, M&S Director of Plan A, CSR and Sustainable Business, at the store on 5 October 2012. Also in attendance were Paul Hodgkinson CBE, Chairman of Simons Group and Ed Dixon, M&S Property Plan A Project Manager.

We're very proud of our long-standing work with FSC and are honoured to have won this award. M&S Cheshire Oaks aims to build a strong bank of knowledge and experience in sustainable building practices, including the use of FSC timber in large-scale construction projects. We're thrilled that we've been recognised for our efforts.

Richard Gillies, M&S Director of Plan A, CSR and Sustainable Business

Events and Campaigns

Ecobuild 2013

Ecobuild is the world's largest event for sustainable design, construction and the built environment.

More than just an exhibition, Ecobuild brings together communities from across diverse sectors to learn, share, innovate, experience and discover the future of sustainable building and construction.

FSC UK shared a stand with Ecochoice, enabling staff to meet stakeholders and answer questions on specifying and sourcing FSC timber, chain of custody certification, project certification, use of the trademarks and the European Timber Regulation.

We at Ecochoice are delighted the FSC UK team once again accepted our invitation to join us at stand S1106 at this year's Ecobuild. It is such an honour to share ideas and projects on responsibly forested timber in the same space, especially this year, with the introduction of EUTR rules.

Mike Bekin, Managing Director, Ecochoice

Spring Festival

Visitors loved our FSC UK stand at the Royal Welsh Spring Festival 2012. The event for smallholding, gardening and sustainable living takes place annually in Builth Wells and the FSC UK display was one of many within the Green Horizons Sustainable Exhibition.

Visitors were invited to tell us why they love forests and to enter a code-breaker competition. We had numerous entries and awarded an FSC certified owl construction kit to the lucky winner.

Having a presence at the event raised awareness of the FSC logo and this was heightened by the stickers that were given to competition entrants to wear while wandering around the festival, which had nearly 25,000 visitors.



Innovation Hub

Staff working at Marks & Spencer's headquarters were invited to learn more about FSC through our winter exhibition within the "Innovation Hub". As well as factsheets and case studies, FSC UK illustrated the range of labelled products now available, including many on sale at M&S.



Updating Stakeholders

Once again FSC UK took advantage of the large number of stakeholders in the capital for London Pulp Week and held a Question and Answer session on the Thursday afternoon of this annual event.

For the second consecutive year, the main topic was the European Timber Regulation and the changes that FSC is making in order to ensure compliance with the new legislation. Representatives from a wide range of sectors attended and received updates from UK and International FSC staff.

Change our Fibreboards



FSC launched the *Change Our Fibreboards* campaign in 2012, aiming to make the demand for FSC certified fibreboards visible to the market. The results of the campaign confirmed that market demand is indeed substantial. Fifty three companies from all over Europe joined the campaign and registered 482 needs for different types of fibreboards. We hope that the report and results will increase the awareness of the business potential for certified fibre materials, in producer countries, thus in the long run increasing the area of responsibly managed forests.

The campaign shows that there is a clear business potential for FSC certified fibreboards in Europe. We hope that producers and manufacturers of fibreboard will seize the opportunity to fill this market gap by bringing more FSC certified fibreboard on to the market.

Ida Rehnström, Coordinator of the 'Change our Fibreboards' campaign.

Network Meetings

Global Network Meeting

FSC UK staff attended the European Network Meeting in Padua, Italy and the Global Network Meeting in Bonn, Germany. Both provided ideal opportunities to network with colleagues from around the world and to discuss key developments within the FSC system. A wide range of issues was discussed, from trademark protection to retailer engagement, the EU Timber Regulation and legality to global branding.



At the Global Meeting Charles Thwaites led a seminar on the proposed structured partnership programme, aimed at companies wishing to have a closer relationship with FSC. The Deputy Director, Rosie Teasdale, co-presented a workshop on a new procedure for the use of the trademarks by FSC itself. This procedure was developed by FSC UK, in conjunction with other National Offices, in response to growing demand for clear rules on how FSC as an organisation uses its own trademarks.

Smallholder Meeting

The FSC Network of European Smallholders held their fourth annual meeting in the picturesque town of Våxjö in Sweden over two days in October 2012. FSC UK was represented by Liaison Officer, Jo Arponen.

Topics discussed included the role of the International Generic Indicators, the Smallholder Support Programme and the Social Policy Programme. The Vision of the FSC Network of European Smallholders was agreed with the twin aims of the network being recognised as a prime source of expertise and information on best practices to help more smallholders gain certification in Europe and to make the FSC system more smallholder-friendly.



Protecting Trademarks

Trademark Licensing

Non-certified companies wishing to promote FSC products or services can apply for a trademark licence. In the year to March 2013 the number of licences issued increased by 30% and by the end of the reporting period 64 UK companies held licences. Trademark licenses are held by companies large and small including major retailers such as Early Learning Centre, Sainsbury's, Marks and Spencer, John Lewis, Tesco, Hamleys and Boots and by brands including Cawston Vale and Ecover.

The **co-operative**
food

ECOVER

Argos

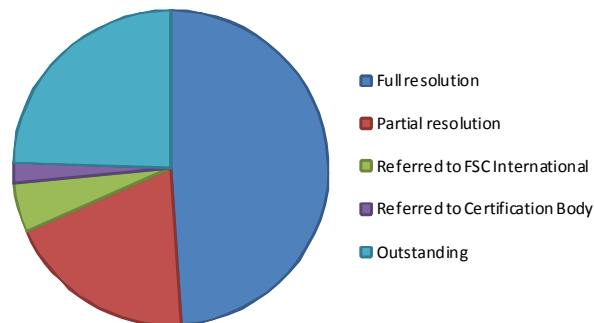


Wickes

Sainsbury's

Trademark Protection

Trademark Infringements 2012



Misuse of the FSC trademarks, either through ignorance of the system or deliberate flouting of the rules, is not uncommon. Ninety-eight companies were contacted in 2012 regarding unauthorised use of the trademarks. Almost half these cases were fully resolved, nineteen partially resolved and thirty one remain outstanding. Of those outstanding five have been handed to FSC's legal department and two having been forwarded to their relevant accredited certification body. Where appropriate, we approached Trading Standards Offices to consider regulatory action under the relevant misrepresentation legislation.

FSC Friday

FSC Friday 2012 was the most widely celebrated FSC Friday to date. FSC UK initiated FSC Friday in 2008 and since then our global celebration of responsible forestry has been enthusiastically taken up by businesses, schools, groups, forest owners and individuals across the UK and the world. In 2012 we chaired the international committee, providing resources for the whole of the network and managing the FSC Friday website and social media feeds.

Events took place across the country, with FSC UK providing promotional resources, including posters, flyers and T-shirts. We ourselves hosted sustainability students from a local college, educating them on the role of FSC.



Many certified businesses held awareness-raising activities for staff and customers with a range of activities, including coffee breaks with FSC themed cakes, staff talks, and light-hearted quizzes. Customers were offered discounts and many businesses used social media to spread the word about their FSC Friday activities.

Numerous schools and groups celebrated with FSC Friday assemblies, forest walks and forest-themed arts and crafts. Tree planting also took place in conjunction with local businesses.

The award for most innovative event in the UK was presented to Raft Furniture for their installation on Tottenham Court Road illustrating the story behind their FSC recycled teak.



Be Modern was awarded the prize for the best FSC Friday 2012 Photograph for the image below of their visit to Houghton Community Nursery School in Houghton Le Spring.



Forestry Commission England linked their annual Forest Discovery Day with FSC Friday, thereby also helping to spread the FSC message to forest visitors.

Each year we see more businesses using FSC Friday to promote their use of responsibly sourced timber and to celebrate the world's forests. 2012 was no exception, with retailers, manufacturers, forest owners, schools and community groups taking part across the UK and around the globe.

Charles Thwaites, Executive Director, FSC UK

FSC Friday events were held around the UK

58 schools,
nurseries and
colleges
celebrated

Promoted by
132 libraries

Activities took
place across 128
business sites



Membership

FSC is an international membership association, governed by its members. These members may be organisational or individual. Members are from diverse backgrounds and include representatives of environmental and social NGOs, the timber trade, forestry companies, indigenous people's organisations, community forestry groups, retailers, manufacturers and forest certification bodies, as well as individual forest owners and interested parties.

FSC UK is pleased to announce that three new members joined the UK Membership in 2012. Confor, LendLease EMEA and B&Q have all joined the economic chamber.

Confor is a membership organisation that promotes sustainable forestry and low-carbon businesses.

The UK is world-leading in market demand for assurances of sustainable and legal supplies of wood, and there is constant pressure to introduce new systems. It is vital, therefore, for the sector to be active and influential in key fora such as FSC and CPET, which advises government on its procurement of timber.

Stuart Goodall, Confor

Over the past years we have worked very closely with WWF, GFTN, and FSC and can point to some remarkable achievements: the Olympic Village in East London is the largest ever project to achieve 100% FSC certification and our UK construction business has consistently achieved over 90% FSC on all projects. We are continuing to drive increased use of FSC materials on all of our projects.

Pascal Mittermaier, LendLease EMEA

LendLease is a global property company at the forefront of some of the most sustainable buildings and developments worldwide, including the London 2012 Olympic Village.

B&Q is the largest home improvement and garden centre retailer in the UK and Europe and the third largest in the world. B&Q is dedicated to sourcing timber from responsibly managed forests.

As a membership-driven organisation FSC can only survive on the vitality and engagement of organisations and individuals that make up its three chambers. I am delighted to welcome our three new members, and confident they will play their full part in taking FSC forward.

Charles Thwaites, FSC UK

New FSC UK Trustees



We are delighted our new Trustees bring a wealth of experience in a wide range of sectors, including financial management and strategic development, managing sustainability programmes in construction and development projects - a growing sector for FSC - and heading up corporate strategy for responsible procurement. We look forward to working with them to build on FSC's success over the coming years.

Meriel Robson, Chair, FSC UK Board of Directors

FSC UK is governed by its trustees, who are also known as the FSC UK Board of Directors. The trustees serve a three year term and are assigned to one of the three chambers, meaning that the balance of interest is reflected in the governing board of FSC UK.

During 2012-13 three new trustees joined the Board: Colin Bradford, Sainsbury's Head of Technology & Sourcing Practices (non-food), Allen Mawby (Treasurer), formerly Amcor Limited's European Finance Director and Pascal Mittermaier, LendLease EMEA's Head of Sustainability.



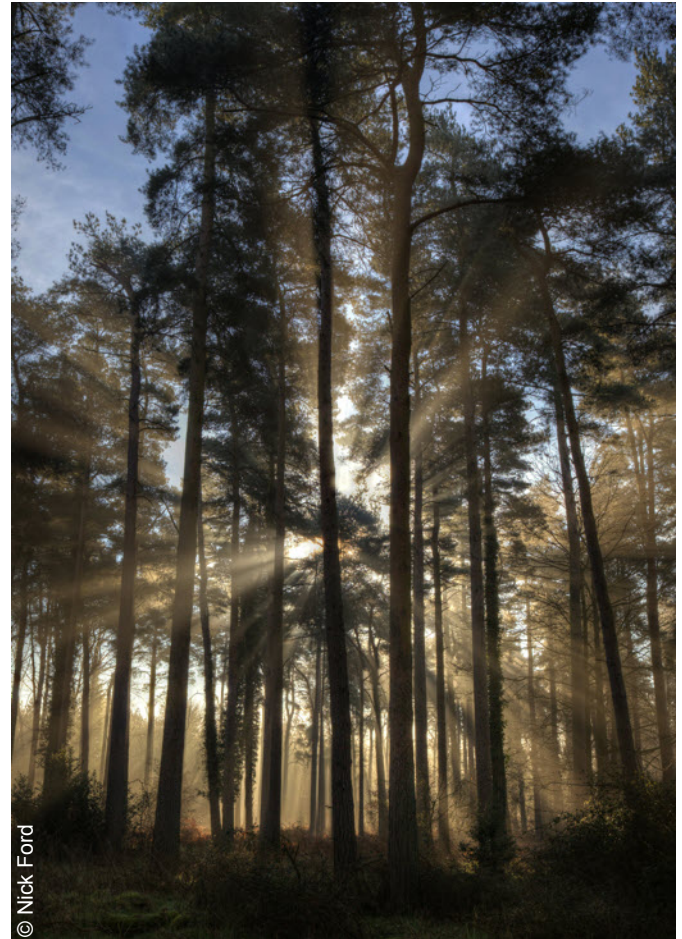
Advice and Factsheets

FSC UK provides a free basic advisory service and a technical helpline service for more detailed enquiries and ongoing support. Enquiries come from businesses, the general public, the public sector and NGOs and cover many aspects of FSC certification and responsible procurement.

In response to the enquiries FSC UK develops up-to-date factsheets on all aspects of the FSC system. These can be found in the Business Document Centre on the FSC UK website (www.fsc-uk.org) or obtained as hard copies from FSC UK.

During the reporting period FSC UK created four new factsheets:

- *How to check if a product is FSC certified* – A step by step guide to making sure that the product you have received is FSC certified.
- *How can I use the trademarks?* - A flowchart to help determine whether chain of custody certification or a trademark licence is required.
- *Become a Member of FSC* – An introduction to the benefits of becoming an FSC Member.
- *Welcome to Membership* – A factsheet to welcome individuals or organisations to FSC Membership.



© Nick Ford

Forests First

The international Forests First awareness campaign invites consumers across the world to draw their own tree (using their computer mouse) which is then planted in a virtual FSC Forest.

The FSC virtual forest already has over 4,000 trees planted in it, which covers an area comparable to Laken Park in Brussels. By drawing your own tree on the Forests First website (www.forestsfirst.org) you can help the forest to grow in size. We need 6,600 trees to create a forest comparable in size to the Vatican City.



The website's powerful message enables individual consumers to be a part of something much larger, through their own actions - just as a forest is composed of 1000s of individual trees. One person buying forest products with the FSC label may not seem to have a significant impact, but when millions of consumers take action together it has a profound impact.

Visitors to the website can also learn more about the FSC system and discover what FSC means in dozens of 'real life' examples.



Competitions

In 2012 FSC UK ran Photographic, Code-Breaker, and Art Competitions and gave away tickets to the closing ceremony of the Olympic Games through a Twitter competition.

Till receipts to toilet rolls

Artistic skills were employed by many in response to our plea for drawings, or paintings, of the FSC label in situ. It was wonderful to see the array of FSC certified products that were depicted, including packaging such as Ribena, Innocent and Tropicana cartons, Kleenex and Morrisons tissues, a Sainsbury's Christmas card, Andrex toilet paper, Royal Mail literature and even school diaries and FSC certified toilet seats.

The grand prize winner was Rebecca from Kent with her cartoon (above right) of how FSC fits into busy family life.



Tweeting for Tickets

In August 2012, we ran a Twitter competition offering the grand prize of tickets to the London 2012 Olympic Games, kindly donated by Ecochoice Ltd. We asked fellow tweeters to tell us why they choose to pick forest products with the FSC logo and we had an amazing response.

One of the winning tweets was from Kathleen Hoops: “@FSCUK I choose products with the #FSC tick because they leave a lasting legacy for the next generation... just like the Olympics! #FSCcomp”

It's been great fun judging this competition. I'm delighted to think that it has made so many young people think about how very important it is to try to preserve and renew the world's resources as best we can. I'm sure all the entrants will bear this in mind when making their own purchasing choices in the future, and that can only be to the benefit of us all.

Anne Fine, Award-Winning Author, 2nd Children's Laureate and FSC UK Art Competition Judge

Photo Winners

In this year's photographic competition we asked entrants to submit photos in one of six categories. Once the judging panel had chosen the winners and runners-up in each category the images were put to a public vote.

The winning shot in the **Woodland Wildlife** category can be seen gracing the cover of this report and was taken by Odette Barber. The photo is of fox cubs playing in Rockingham Forest. Odette also won the public vote and is now the proud owner of an FSC certified camera nest box.



The **FSC Forest** category was won by Nick Ford's composition of a conifer forest catching rays of light, taken in Swaffham Woods (see page 16). First prize in the **Changing Seasons** category was awarded to Phil Croucher for his photograph of new growth in Harling Wood. In the **My FSC category**, Richard Allen's colourful photo of FSC certified pencils (below left) took top place. The winning image in the **Forest Plants & Fungi** category was taken at Dyfi Woodland by Nick Young of a squirrel-



nibbled nut with a tiny toadstool growing through it. Eleanor Bennett's striking composition of a face framed with leaves (above), taken in Lyme Park, won the **Places for People** section.

Schools



In order to meet the increasing demand for educational resources aimed at children aged 11+, FSC UK has developed a range of new lesson plans. Where our primary school resources could afford to be more cross-curricular in nature, we have tried to link these new resources to specific subject topics to ensure that the lesson plans really address the needs of teachers, whether this is in English, Geography, Design Technology or Art.

As sustainability is such a key aspect of secondary school education, we are confident that these resources will prove popular and help us spread the FSC message to the consumers of the future.

Details of our educational resources can be found at www.fsc-uk.org/education. USB sticks containing the lesson plans and associated resources are available free of charge to all schools. FSC UK would like to thank Cuprinol for their sponsorship of the Keystage 3 lesson plans.

In 2011 we successfully worked with FSC Russia to twin a Russian school with a school in the UK, thereby linking the FSC certified forest source with the UK market for the products. We succeeded in twinning more schools in conjunction with FSC Friday 2012, with pupils writing each other postcards. One of the UK schools is still corresponding with the Russian school with which they were twinned.

Writing to children in Tver, Russia has been very motivating for the class. After we exchanged letters about the forests, we then wrote about our cities. This is an ongoing project with the children continuing to write after the holidays. The Russian children who wrote first, inspired others in their school to write too so we extended the project to our P6 classes too. We now have over ninety pupils writing to Russian pen friends. Some are corresponding by email too. This project covers five of the seven principles of the Curriculum for Excellence in Scotland – relevance, coherence, depth, challenge and enjoyment and personalization and choice.

Judy Duncan, teacher at Kingswells Primary School

Supporting Stakeholders

The FSC chain of custody system has, to date, been primarily a paper-based system. However, in an era when robust accountability, comprehensive information storage and rapid traceability are naturally expected of any worthwhile distribution system, FSC believes that this is the appropriate moment to introduce the Online Claims Platform (OCP).

FSC certificate holders at all levels of the supply chain will be expected to use a cloud-based accounting system when trading in certified products and wishing to make an FSC invoice claim. At its simplest, the Platform allows for an 'electronic handshake' to take place as a customer receives goods from a supplier, and the detail of this transaction is stored in case it needs to be made available to those with the appropriate authority to request it. The OCP does not ask for any new information that certificate holders are not already recording, except for the additional data requirements of the EU Timber Regulation. The difference is that, instead of documenting transactions on paper, these will now have to be recorded on-line.



Automating the Chain of Custody in this manner will ensure that details of both the customer and supplier records of any transaction can be made available to certification body auditors for matching purposes. The OCP also has the capacity to store data such as species and country of origin, even as products are progressively mixed into complex composites.

To reflect different systems of accounting, especially at the forest-end of the chain of custody, the OCP will accept an initial entry either from the forest manager, the contractor or the receiving mill. From this point onwards, the Platform relies on the electronic handshakes of both supplier and receiver, which can be made either singly or en bloc. The system is flexible enough to receive data by email, spreadsheet or by direct connection to the certificate holder's stock control system. A particular refinement which is hoped will make life considerably easier for many users is the OCP's ability to calculate volume summaries.

FSC UK has been working to ensure that UK certificate holders have the opportunity to input into the development of the platform, with the OCP being the main subject of the November stakeholder event in London (see page 9). We anticipate a continuing supporting role as the OCP is rolled out over the coming year or so.

European Timber Regulation

European Union Timber Regulation (EUTR)

FSC has worked extensively to ensure that FSC certification is a valuable tool for those companies subject to the EUTR.

Operators (first-placers of timber or derived products) are required to implement a Due Diligence System (DDS) to minimise the risk of placing illegally harvested timber on the EU market.

The Regulation states that “*any voluntary chain of custody mechanism*” can be the basis for a DDS, as long as it fulfils the requirements of the Regulation. FSC evaluated its compliance with the relevant requirements and concluded that it meets or assists in meeting all of them following the introduction of the Advice Notes discussed below.

The former FSC system did not automatically require suppliers to provide information about country/concession of harvest or species. FSC therefore published an Advice Note that obliges certified suppliers to provide their customers with such information upon request.

The FSC Chain of Custody Standard had previously not required compliance with trade and customs legislation by certificate holders. FSC therefore issued an Advice Note requiring them to have procedures in place that ensure compliance with these laws.

Certification is not accepted as automatic proof of compliance within the EUTR. Nevertheless forest certification schemes can play a major role in establishing a “negligible” (the lowest level of risk recognised by the Regulation) risk of illegal timber in the supply chain and are an important consideration in risk assessment and mitigation.

This is because purchasing certified timber or timber products with all the associated documentation, together with evidence on species and country of harvest, is commonly accepted as one of the most straightforward routes to mitigate risk to that all-important negligible level.



PAS 2021: Guide to Regulation (EU) No 995/2010

The standards organisation BSi and WWF-UK Global Forest & Trade Network (GFTN) have launched a new good practice guidance to support industry efforts in the responsible sourcing of forest goods and sustainable forest management.

The new guidance, known as *PAS 2021: Exercising Due Diligence in Establishing the Legal Origin of Timber and Timber Products – Guide to Regulation (EU) No 995/2010* has been sponsored by GFTN and developed to help the timber industry meet the EU Timber Regulation (EUTR) which came into effect on 3 March 2013.

Despite global work to promote responsible forest management, the trade in wood and paper from illegal or controversial sources continues - hence the introduction of the EUTR.

Developed by consensus and through a steering group of industry experts, including FSC UK, PAS 2021 aims to:

- help organisations identify if they are affected by the new regulation and their obligations
- help organisations develop and implement a due diligence system to minimize the risk of illegal timber in supply chains
- describe good practices for responsible trade in timber and timber products that go beyond the minimum requirements of the Regulation

PAS 2021 is of significance to any organisation that places timber or timber products (including materials made from pulp and paper) on the EU market, or any organisation that sells and buys such products already available within the EU.

“Those organisations which use PAS 2021 will find guidance that helps them understand their legal obligations and operate good practice. The Standard encourages organisations to put a microscope on their business processes to ensure they minimize the risk of illegal timber in the supply chain,” said Shirley Bailey-Wood, Director of Publishing at BSi.

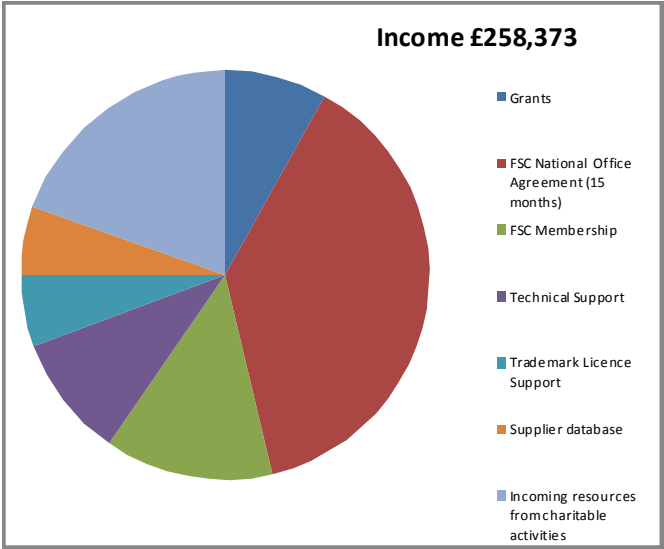
Chief Executive, WWF-UK, David Nussbaum said: “This new standard builds on WWF’s collaboration with businesses in the UK to eliminate illegal and unsustainable timber and timber products from their global supply chains. A thriving legal timber market, that helps to protect the environment as well as the resources it provides, is the best way to support those investing in sustainable commodities. It will take many stakeholders to play their part to achieve this, and the PAS 2021 standard is another tool to help them do so”.

As part of the steering group which assisted in the development of PAS 2021, FSC UK can recommend this document as a very useful and practical resource, with a particular focus on certification in the context of the EUTR.

Income

Over the financial year under review income has exceeded expenditure by £78,078. We began the year with an opening balance from the previous period of £103,446 and have ended with a carry forward of £181,524.

We are maintaining our decreasing reliance on grant income. Grants received from charitable foundations totalled £20,827, whereas income from other sources (including donations for special projects amounted to £237,546, mainly reflecting increasing sales and subscriptions and the growing importance of our agreements/contracts with FSC International.



Reserves

The Steering Group examined the charity's requirements for reserves in light of the main risks to the organisation. It has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be equivalent to three months' of expenditure. It was also agreed that a reserve fund should be established by means of a monthly contribution. The reserves are needed to meet the working capital requirements of the charity and the Steering Group is confident that, at the equivalent to three month's expenditure, the charity would be able to continue at worthwhile activity levels in the event of a significant drop in funding.

Forecast expenditure for 2013/14 is approximately £261,847, giving a target of just over £65,000 held in reserves. At the end of the reporting period, reserves had reached £45,000, meaning that at the end of 2013/14 these will stand at £57,000 (the Charity contributes £1000 per month into reserves). Assuming no currently unforeseen need to draw on reserves, at that point FSC UK should be within striking distance of meeting its long wished-for Reserves Policy.

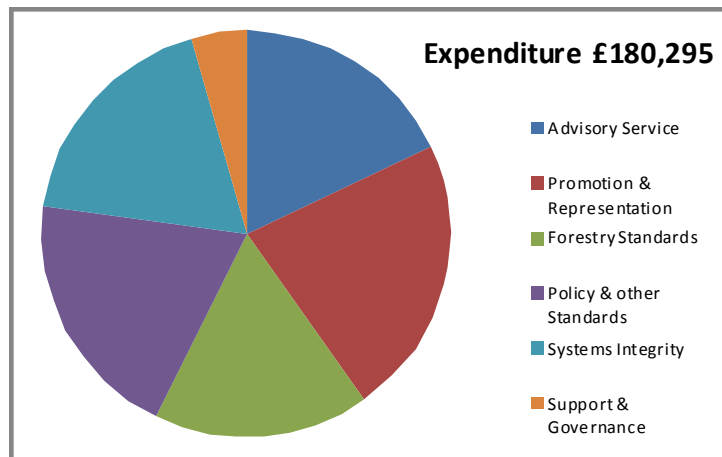
Expenditure

Expenditure at £180,295 this year was very similar to the previous period. It is worth noting that the expenditure forecast at the beginning of the period was for £219,754; the actual figure was significantly lower. Two members of staff requesting maternity leave (for a long period simultaneously during the year) was the main reason for this overestimate.

Future Developments

Two conflicting forces make predicting the continued rise in the level of income over expenditure a risky exercise. In the expenditure paragraph above we recorded that, for most of the period, two members of staff were absent on maternity leave, which resulted in lower employment costs for the charity. Both have now returned to work, albeit initially in a part-time capacity. Nevertheless, the charity's wages bill will inevitably increase from its static nature of the last three reporting periods (between £115,000 and £128,000), especially after the recruitment of a dedicated (although part-time) Forest Standards Manager. Even so, on current levels of income, we believe any increase is manageable, with revenue continuing to exceed total expenditure.

The early signs are that FSC UK could be a major beneficiary of what is known as Motion 8: the 2011 General Assembly's wish for the Network to receive a greater proportion of the total funds available to FSC as a whole. No figures are available at present, and it is not clear when the new revenue-sharing mechanism will commence. But it is already known that a key Motion 8 recommendation is that national offices should receive a greater return from the accreditation fees accruing from each certificate registered on their soil; hence those countries with a large number of these, such as the UK, could possibly do quite well.



FSC Personnel and Administrative Information

Trustees

Meriel Robson (Chair from 01/01/11) (Joined Board 01/05/09; re-elected 10/10/12)
Nicola Baird (Joined Board 01/05/09; re-elected 10/10/12)
Mark Barthel (Joined Board 01/05/09; re-elected 10/10/12)
Colin Bradford (Appointed 02/05/12; elected 10/10/12)
Rachel Bradley (Joined Board; re-elected 10/10/12; resigned 05/01/13)
Hubert Kwisthout (Joined Board; elected 29/09/10)
Pascal Mittermaier (Appointed 23/01/13)
Allen Mawby (Treasurer) (Appointed 02/05/12; elected 10/10/12)
Hannah Scrase (Joined Board 01/05/09; re-elected 10/10/12)

FSC UK Personnel

Charles Thwaites MBE (Executive Director)
Rosie Teasdale (Deputy Director)
Tallulah Chapman (Communications Manager)
Tess Sutton (Membership Officer)
Jo Arponen (Liaison Officer)
Olivia Davies (Business Advisor)

Independent Auditors

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Chartered Accountants,
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Newtown, Powys SY16 2NY

Bankers

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UK Based Members to March 2013

Social Chamber

Hubert Kwisthout (individual)
Constance Lynn McDermott (individual)
National Trust
Dawn Robinson (individual)
Ben Vickers (individual)

Environmental Chamber

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Greenpeace UK Ltd
Florin Ioras (individual)
Anna Jenkins (individual)
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Soil Association
The Woodland Trust
WWF UK

Economic Chamber

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Blueline Office Furniture
Boots the Chemist
Bound Oak Ltd
Chartwell PM Ltd
Confederation of Forest Industries (CONFOR)
CDP Print Management
Germain Djontu (individual)
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The Forest Company
Home and Leisure International Ltd
Hubertus van Hensbergen (individual)
Kingfisher plc
Lend Lease EMEA
Mondi plc
Premium Timber Products



© Odette Barber (FSC UK Competition Winner)

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Charity No. 1130203 Company No. 6792524

Thank You

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