

GLOBAL FOREST & TRADE NETWORK PARTICIPATION RULES

1. INTRODUCTION

The Global Forest & Trade Network (GFTN) is a WWF initiative to eliminate illegal logging and drive improvements in forest management. By strengthening the links between companies committed to achieving and supporting responsible forestry, GFTN creates market conditions that help conserve forests while providing economic and social benefits for the businesses and people that depend on them. The GFTN considers independent, multi-stakeholder-based forest certification a vital tool in driving responsible forest management and responsible trade of wood products throughout the supply chain. The goal of the GFTN is to mainstream responsible forest management and trade by 2020.

These Participation Rules apply to **all** GFTN Participants, except GFTN “Graduates” (their participation is governed by a separate set of rules).

GFTN programme is governed by signatory WWF offices through the Program Implementation Agreement while its global programme management is designated to the GFTN Support Unit of WWF International. At any time, the national GFTN Manager or Participant may request the engagement of the GFTN Support Unit as program management overseer, or where this engagement is pre-agreed with the national GFTN office.

2. PARTICIPANTS

2.1 Organizations eligible for participation

Participation in GFTN is open to the following types of organizations:

- **Forest Managers:** Companies, communities or other entities with responsibility for managing forests for the production of timber.
- **Processors:** Sawmills, plywood and veneer mills, pulp & paper mills.
- **Manufacturers:** Manufacturers of forest products.
- **Traders:** Retailers, importers, exporters and other distributors of forest products.
- **Specifiers:** Architects, engineers and other entities that specify forest products.
- **End-users:** Companies or organizations that ultimately use forest products and construction companies.

2.2 Categories of Participants

An organization may participate in GFTN as a **Forest Participant, Trade Participant or both** (see definitions in Section 14). A Participant whose operations span both categories must meet the requirements for both Trade and Forest Participants.

2.3 Participation via agreement with the host organization for a GFTN Local Office

Participation in the GFTN commences when a Participation Agreement is signed with the host organization of a GFTN local office. The Participation Agreement incorporates and requires compliance with these rules.

The GFTN local office is the office covering the country or region in which the Participant is headquartered or in which the Participant conducts a significant volume of its trade in forest products.

Where a Trade Participant operates in several countries, the Participant has the option of joining GFTN via a single GFTN local office, or via several GFTN local offices, provided a Participation Agreement is signed with the host organization of each of those offices.

Where a Forest Participant operates in several countries, the Participant must enter a Participation Agreement with the host organization of each GFTN local office that is responsible for a geographical area in which the Participant owns or manages a FMU included within the scope of participation in GFTN.

3. PROCESS FOR BECOMING A PARTICIPANT

Upon receipt of a written invitation to participate in the GFTN from the Manager of a local GFTN office, an organization may apply to participate in the GFTN by submitting a completed application form to the relevant national GFTN Manager.

The following steps are required prior to an Applicant achieving GFTN Participant status.

3.1 Define the Participation scope

The Applicant must specify which forest management units (FMUs), processing facilities, factories, trading businesses and forest products are to be within the scope of its participation in the GFTN. Over time, the Participant is expected to expand the scope to cover additional FMUs, processing facilities, factories, trading businesses and product ranges as agreed with the Manager or required to comply with these Participation Rules.

3.2 Baseline Appraisals and Action Plans for FMUs that are not credibly certified

Prior to signing a Participation Agreement, an Applicant to become a Forest Participant must submit a statement of intent regarding the certification of its FMUs and undergo a third-party baseline appraisal and prepare an action plan for each FMU within the proposed scope of participation that is not credibly certified. These requirements are detailed under Section 5.

3.3 Baseline Appraisals and Action Plans for responsible purchasing

Prior to signing a Participation Agreement, an Applicant to become a Trade Participant must prepare a purchasing policy, undergo a baseline appraisal and prepare an action plan, as detailed under Section 6.

3.4 Identify a participation signatory

The Applicant must identify a senior executive who will be accountable for fulfillment of commitments made by the Participant. If the same person will not be responsible for day-to-day contact with the GFTN, the Participant must identify another individual to support implementation and ongoing communication. The Participant must notify the Manager in writing of any changes to these designations.

3.5 Acceptance via Participation Agreement

Following evaluation of the application, the Manager, may recommend acceptance of the Applicant as a Participant in the GFTN to the Head of GFTN. Upon acceptance of this recommendation by the Head of GFTN, the host organization of the local GFTN office may formalize the participation by signing a Participation Agreement with the Applicant.

If the Manager or Head of GFTN elects not to accept an Applicant as a Participant, the Manager must inform the Applicant of the reasons why and any actions to be completed before the Applicant could re-apply for participation in the GFTN.

3.6 Period of participation

The Participation Agreement will be valid for a minimum of two years from the date of signing, subject to compliance with these Participation Rules. The Agreement may be extended for additional periods as agreed in writing with the Participant.

4. REQUIREMENTS FOR ALL PARTICIPANTS

A Participant is required to:

4.1 Comply with the communications code

The Participant must comply with the GFTN Communication Code of Practice (see Section 13).

4.2 Pay cost share for participation

The Participant must contribute to GFTN operating costs in the form of an annual cost-share payment. The payment amount, method of payment and due date for successive annual payments shall be determined by the local GFTN office.

4.3 Comply with competition laws

The Participant must respect the competition and anti-trust laws in the countries in which it operates and not use any forum arranged under the auspices of the GFTN to discuss customers, suppliers or activities in any way that may be construed as anti-competitive.

4.4 Report Annually

The Participant shall provide annual progress reports according to the template provided, including progress on the Action Plans submitted under Sections 5.2 or 6.2, and updates to information within the Public Information Document (see Section 12). The annual progress report must include the following data on forest products within the scope of participation that are purchased by the Participant and timber harvested in the FMUs of the Participant that are within the scope of participation:

- **Species** or merchantable group of timber harvested in each FMU or in the products purchased.
- **Volume** of each timber species or merchantable group harvested in each FMU or in the products purchased.
- **Form and Volume** of all timber-based primary materials (logs, sawn timber, machined timber, pulp, paper, etc.) supplied or purchased.
- **Environmental status** of all timber in the products purchased.
- **Country of Harvest** of all timber in the products purchased.

The Participant must permit review/verification visits from the Manager or a GFTN nominated assessor, who may be an independent third party, for the purpose of verifying the annual progress reports.

5. SPECIFIC REQUIREMENTS FOR *FOREST APPLICANTS* AND *PARTICIPANTS*

A *Forest Applicant* is required to:

5.1 Provide a statement of intent regarding the certification of its FMUs

Prior to signing a Participation Agreement, the Applicant must submit a public written statement to the Manager, detailing its commitment and intended actions with regards to the certification of the FMUs it owns or manages in all countries where GFTN operates, including the outcomes specified in Section 5.5 below.

5.2 Develop an action plan for each uncertified forest management unit (FMU)

For each FMU within the scope of participation that is not credibly certified, the Applicant must:

- (a) Arrange a baseline appraisal to be carried out by a third-party auditor using a suitably qualified and experienced assessment team to assess:
 - whether the Applicant has a *legal right to harvest* in the FMU. Where the Applicant's *legal right to harvest* is disputed by another party, the Applicant must either provide evidence of prior resolution of the dispute through a voluntary settlement or court order; or undertake to satisfactorily resolve the dispute within 12 months, subject to the right of the Manager to suspend the Applicant if the undertaking is not fulfilled,
 - whether the FMU is managed in compliance with the relevant standard for *credible forest certification* and areas of non-compliance (also called gaps, preconditions or major non-compliances) that the Applicant would need to address to achieve credible certification.
- (b) Submit an Action Plan with time-bound progress objectives to achieve credible forest certification for the FMU and a chain of custody system from the forest to the first point of sale within the time-frames specified under Section 5.5.

5.3 Provide copies of forest certificates and related reports

For each certified FMU covered by the scope of participation, the Applicant must submit a copy of the following documents to the Manager:

- (a) a valid forest management certificate from a *credible forest certification* scheme,
- (b) the *main certification report*,
- (c) reports of any monitoring visits carried out by the certification body.

Once an Applicant has become a Participant, they must continue to submit to the Manager any newly issued certificates or reports of monitoring visits carried out by the certification body.

A *Forest Participant* is required to:

5.4 Comply with relevant laws

The Participant must –

- (a) Supply only timber that has been *legally harvested*; and
- (b) Pay all *harvesting charges* as they become due; and

- (c) For each FMU that is within the scope of participation, not credibly certified and located in an area of high risk with respect to legality according to the FSC Global Forest Registry, supply only timber that is *verified legal* for a period beginning no later than the end of the first year of participation and continuing until the FMU is credibly certified.

5.5 Achieve certification of forest management units (FMUs)

The Participant is required to achieve the following certification outcomes with respect to the FMUs it owns or manages, within the time limits specified:

- (a) Maintain the certification of each FMU that is already credibly certified at the date of commencement of participation or becomes certified thereafter,
- (b) Achieve credible forest certification for at least one FMU within a maximum of five years from the date of commencement of participation,
- (c) Achieve credible forest certification for all FMUs within the scope of participation within a maximum of ten years from the date of commencement of participation,
- (d) For each FMU within the scope of participation, establish a chain of custody system from the forest to first point of sale within one year of the FMU coming into the scope of participation,
- (e) For each uncertified FMU within the scope of participation, implement the Action Plan submitted under Section 5.2 and meet the progress objectives specified therein.

6. SPECIFIC REQUIREMENTS FOR TRADE APPLICANTS AND PARTICIPANTS

A *Trade Applicant* is required to:

6.1 Commit to responsible sourcing of forest products

The Applicant must submit to the GFTN local office a public written policy statement relevant to its operations expressing its commitment to responsible purchasing of forest products.

6.2 Develop a responsible purchasing action plan

The Applicant must:

- (a) Undertake a baseline appraisal according to the GFTN template to evaluate the Applicant's current wood sourcing processes, policies and procedures, and to determine the GFTN Environmental Status Categories of all timber volumes used in forest products purchased by the Applicant that are within the proposed scope of participation. The Applicant will be notified by the Manager regarding whether the baseline appraisal is to be conducted by a 2nd or 3rd party auditor.
- (b) Submit an Action Plan applicable to the scope of participation that sets out time-bound targets and steps to realize the following commitments:
 - Eliminate the purchase or use of products identified to contain wood originating from *unwanted sources* by ensuring that these products meet the requirements for the Environmental Status Category *Source Assessed* within one year joining GFTN. Once potential unwanted sources have been identified, Environmental Status Category *Source Verified* must be achieved within one year.
 - i. Progressively increase the proportion of timber that originates from credibly certified and recycled sources. The hierarchy of environmental status used to assess supply chains and track progress is shown below in order from lowest to highest:

- *Limited knowledge of forest source,*
- *Source assessed,*
- *Source verified,*
- *Credibly certified or recycled.*

A *Trade Participant* is required to:

6.3 Comply with relevant laws

- (a) Comply with all laws governing trade in forest products in the countries in which the Participant operates.
- (b) For each *primary processing facility* within the scope of participation that is sourcing from an area of high risk with respect to legality according to the FSC Global Forest Registry, supply only timber that is verified legal or credibly certified. The Participant must achieve compliance with this requirement before the end of the first year of participation.

6.4 Implement the Action Plan

Implement the Action Plan submitted under Section 6.2 and meet the progress targets specified therein.

6.5 Commit to certification of chain of custody

This section applies to Participants that own or manage facilities that are used to process, transform or make non-retail sales of forest products.

The Participant must maintain the chain of custody certificates it holds at the date of commencement of participation, or achieves thereafter.

The Participant must achieve *credible chain of custody certification* for all such facilities within the scope of participation. The Participant must achieve chain of custody certification for one such facility or product group within one year of becoming a Participant and all other such facilities within a maximum of five years of the facility coming into the scope of participation. The Participant must submit copies of all chain of custody certificates it obtains and be prepared to provide reports of any monitoring visits carried out by the certification body in respect of those certificates.

7. SUSPENSION OF PARTICIPANTS

7.1 Grounds for Suspension

The Manager will temporarily suspend a Participant from the GFTN on any of the following grounds:

- (a) Any performance based action items and relevant targets that are directly within the participant's control are not completed or achieved, except where the Participant provides adequate evidence that this is due to circumstances beyond the control of the Participant. In such a case, a deferral may be granted.
- (b) A Participant's forest or chain of custody certification is suspended.
- (c) The Participant breaches the GFTN Communication Code of Practice or makes misleading statements on the nature or effect of its status as a Participant in GFTN, except where this is corrected by suitable retractions or other appropriate remedial measures by the Participant.
- (d) The Participant provides inaccurate information to the Manager.
- (e) The Participant fails to pay a cost share for participation by the due date.

- (f) The Participant is otherwise in breach of the Participation Rules.

See Section 8.5 for the effects of suspension.

7.2 Notice of Suspension

Where satisfied that there are grounds for doing so, the Manager will, by written notification to a Participant, suspend the Participant from the GFTN with 30 days notice. The notification must specify the reasons for suspension and indicate the conditions upon which the suspension will be lifted and time scale within which the suspension will be applied. A Participant may lodge an appeal in respect of the issuing of the suspension notice (see Section 9).

7.3 Review of Suspension

A suspended Participant may apply for the suspension to be lifted by submitting a letter to the Manager outlining how the conditions upon which the suspension may be lifted have been fulfilled.

7.4 Decisions concerning Suspension

If the conditions upon which the suspension was issued are not fulfilled within the timeframe specified by the Manager, the participation will be terminated. Where the Manager is satisfied that a suspended Participant has fulfilled the conditions upon which the suspension will be lifted, the Manager will lift the suspension by notification in writing to the Participant.

7.5 Costs borne by the Participant

All reasonable costs incurred by WWF Country/Region, GFTN or its contractors, in suspending and reinstating a Participant will be borne by the Participant.

8. TERMINATION OF PARTICIPATION

8.1 Grounds for Termination

The host organization of the local GFTN office may terminate participation in the GFTN on any of the following grounds:

- (a) The Participant fails to fulfill the conditions for lifting of suspension specified in the notice of suspension or identifies itself as a Participant during the period of suspension.
- (b) The term of a Participation Agreement has expired and the Manager has reasonable grounds to believe the Participant no longer meets the Participation Rules.
- (c) Due to management or ownership changes, the Participant organization cannot confirm their commitment according to the GFTN Participation Rules.
- (d) The local GFTN office ceases to exist.
- (e) The Manager believes that activities of the Participant, or an associate of the Participant, within or outside of the scope of participation, pose significant risk to the mission, integrity, brand or reputation of WWF or GFTN, in circumstances (but not limited to) where the Participant or its associates breach or violate social and environmental laws or regulations, such as those relating to human rights or labour rights, and are not satisfactorily addressing such breaches.
- (f) If a Participant goes out of business it will be assumed that participation has effectively terminated and the Participant will automatically be removed from GFTN Participant listings.

8.2 Notice of Termination

Where satisfied that there are grounds for doing so, the Manager will, by written notification to a Participant, terminate its participation in GFTN with 30 days notice. The notification must specify the reasons for termination. A Participant may lodge an appeal in respect of the issuing of the termination notice (see Section 9). A terminated Participant may reapply for participation in the GFTN after a period of not less than 12 months has elapsed from the date of the notice of termination.

8.3 Resignation

A Participant may resign from the GFTN at any time with 30 days notice by notification in writing to the Manager.

8.4 Cost-share payment forfeited upon termination

In cases of suspension, termination or resignation, there will be no full or part reimbursement of the cost-share payment paid by the Participant.

8.5 Effect of Suspension, Termination and Resignation

A suspended Participant is not entitled to communicate their participation in the GFTN for the duration of the suspension period, and shall remove any materials containing the GFTN logo and reference already used in the channels as described in Section 13. Suspended and terminated Participants will be removed from the list of Participants on the GFTN website. The reason for the termination or resignation will be summarized on the GFTN website.

9. APPEALS & ARBITRATION

9.1 Appeals procedure

A Participant may appeal the issuing of a notice of suspension or termination within seven days of receipt, by giving written notice of an intention to appeal to the Manager.

Within fourteen days after notifying an intention to appeal, the appellant will provide a written statement of the grounds of appeal, supported by relevant facts and data for consideration during the Appeals Procedure.

The Manager will forward the appellants' appeal documents, and a statement and documents in support of the decision to suspend or terminate, to the Head of the GFTN.

9.2 Appeals decisions

Prior to making a decision on an appeal, the Head of the GFTN may call for arbitration and/or request additional information from the appellant or the Manager.

The decision of the Head of the GFTN is final and binding on both the appellant and the Manager. Once the decision regarding an appeal has been made, no counter-claim by either party in dispute can be made to amend or change this decision.

9.3 No compensation available if appeal succeeds

Where the appeal succeeds, no claim can be made against the Manager, his employer or contractors, for costs or losses incurred as a result of the suspension or termination notification.

10. DEFERRAL FOR FOREST PARTICIPANTS

10.1 Deferral procedure

Where a Forest Participant anticipates that it will be unable to meet a time limit for achieving an outcome specified in 5.5 of these Participation Rules, due to circumstances beyond its control, the Participant may apply for a deferral of the date by which the Participant is required to achieve the outcome.

An application for deferral must be made in writing to the Manager at least 60 days in advance of the due date for achieving the relevant outcome, and must be accompanied by a statement and relevant supporting documents of the external facts and circumstances that are preventing the achievement of the outcome.

An application for deferral must identify the actions that the Participant will take to address and monitor the relevant external facts and circumstances.

A deferral may be granted for a maximum of one year at a time.

10.2 Deferral decisions

The Manager has the discretion to deny an application for a deferral or make a recommendation to the Head of the GFTN to grant the deferral. If the Manager elects to deny the deferral, the Manager must notify the Participant of this in writing and specify the reasons why.

The Head of the GFTN may refuse or accept a recommendation from a Manager to grant a deferral and must notify the Participant in writing of the decision and the rationale for it. The deferral may be granted subject to compliance by the Participant with conditions that are specified in the notice. Where a deferral is granted, the deferral notice will be included in the Public Information Document related to GFTN participation.

11. COMPLAINTS

11.1 Making a complaint

If a Participant or other stakeholder is aggrieved by the conduct of the GFTN or its contractors, the party may invoke the complaints procedure, by sending a letter of complaint to the Manager.

If the complaint is made against the Manager, the letter of complaint may be addressed to the Head of the GFTN, in which case an assigned staff member of the GFTN Support Unit will perform the functions of the Manager in the complaint procedures described below.

If the complaint is made against the GFTN Support Unit or the Head of the GFTN, the letter of complaint may be addressed to the Director of the Forest Programme at WWF International, in which case an assigned staff member of the Forest Programme will perform the functions of the GFTN Support Unit or the Head of the GFTN in the complaint procedures described below.

11.2 Complaints Procedure

The Manager will arrange for the complaint to be placed in a complaints file and investigate the matters alleged in the letter of complaint.

The Manager will inform the complainant that the complaint is being dealt with. Where necessary, contact may also be made to determine the full nature and extent of the complaint, and to obtain any additional information.

The Manager will inform the complainant of the outcome of the investigation and any action being taken as a result.

12. PUBLIC INFORMATION AND CONFIDENTIALITY

12.1 Public Information Document

Prior to signing a Participation Agreement, the Applicant and the Manager must jointly agree the content of a Public Information Document about the Applicant and its participation in the GFTN, and the Applicant must provide such information as is reasonably requested by the Manager for this purpose. The approved content is public information that may be published or posted on the internet.

12.2 Annual Update to Public Information Document

The Public Information Document must be updated annually to include summary information on the Participant's progress in implementing action plans and other obligations under these Rules.

12.3 Change in circumstances

A Participant must notify the Manager of any material change in the facts and circumstances described in the Public Information Document within 60 days of the change occurring. The Manager may amend the Public Information Document to reflect the change.

12.4 Confidential information

To protect business confidentiality, a Participant may request WWF, GFTN staff and contractors to sign additional confidentiality agreement, provided it does not conflict with these Participation Rules and the Participation Agreement. The confidentiality agreement cannot prevent GFTN or WWF from disclosing the information required by the Public Information Document.

13. GFTN COMMUNICATION CODE OF PRACTICE

GFTN Participants play an important role in promoting responsible forest management and trade around the world. To ensure integrity and consistency of communication about GFTN engagement worldwide, WWF has developed the following communication rules.

WWF and GFTN Participants acknowledge that participation in the GFTN is not a substitute for credible certification of forest products, but rather a vehicle by which this goal may be reached. To that end, WWF and GFTN Participants will endeavor to ensure that GFTN participation does not, in any way, cause confusion in the marketplace with credible certification statements and labels.

13.1 Off-product Public claims by Participants

(a) Participants may communicate about their Participant status in off-product public and business-to-business statements, and promotional material. All such communication must include the scope of participation in GFTN and must be approved in writing by the Manager prior to publication. The communication may not be repurposed in other documents without consent from the Manager.

The off-product use of the GFTN logo is governed by clear rules as described in (b).

USE

DESCRIBING THE RELATIONSHIP BETWEEN WWF AND PARTICIPATING COMPANIES:

Not Allowed

Do not describe your relationship with WWF as a *partnership* or *partnering*, as WWF reserves these terms to describe specific forms of bilateral

A GFTN PARTICIPANT may communicate its partnership.
participation using the following statements:

"[Company name] is a participant in the WWF Global Forest & Trade Network with respect to its global purchasing and forestry operations in (country/region). The GFTN is WWF's initiative to eliminate illegal logging and drive improvements in forest management. Participants are committed to promoting responsible forestry and credible certification. For more information on the GFTN see www.gftn.panda.org"

" <organisation name> became a participant in WWF's Global Forest & Trade network in <month, year>, as part of which it is committed to source responsibly harvested wood products for <businesses under the scope of the agreement>."

" <organisation name>, as a GFTN participant, is committed to a stepwise approach towards responsible purchasing and forestry practices which means: buying from legal and known sources, excluding controversial sources and aiming for credibly certified sources such as FSC."

"<organisation name> is a participant in WWF's Global Forest & Trade Network and is committed to responsible forest management and trade through <define scope of work>"

"Through participation in GFTN, <organisation name> has successfully managed to reduce wood sources from unwanted sources in its supply chain to achieve x% of timber from assessed sources, and has increased certified timber supply from <x percent> to <y percent within the last x years/since year x>."

or a statement with similar meaning approved in advance in writing by the Manager.

IN REFERENCE TO PURCHASING FROM ANOTHER GFTN PARTICIPANT:

"<organisation name> participates in WWF's Global

Forest & Trade network and buys <product range x> only from other GFTN participants in <region x>. GFTN participants promote responsible forest management and trade and follow a stepwise approach: buying from legal and known sources, excluding controversial sources and aiming for credibly certified sources such as FSC.

or a statement with similar meaning approved in advance in writing by the Manager.

(b) GFTN participation in itself does not entitle a Participant to GFTN logo use in the public arena. Only with the written approval of the Manager, the GFTN Communications Manager, and the WWF Business & Industry or Corporate Relationship manager, or the local equivalent thereof, the GFTN logo may be used in Participants' communication materials if the Participant has demonstrated significant and sustained verifiable progress as outlined in the Action Plan. Such communication must clearly describe the range of measurable results that have been achieved to date and must clearly state the company's operation that is within the scope of participation.

A GFTN Participant may not, under any circumstances, use the GFTN logo without prior written approval from the Manager, GFTN Communications Manager, and WWF Business & Industry or the Corporate Relationship manager, or the local equivalent thereof. It is strongly encouraged that the GFTN logo be accompanied by a quote from a WWF staff member about the progress and impact achieved through GFTN participation.

Only after prior written approval, the use of the GFTN logo is allowed in the following channels only in the context of informing about and promoting its environmental commitments and in no way to sell, market or promote its products or services:

- Online:
 - Company website and or Extranet: In the CSR or Environmental policy section
 - Company Intranet: In the context of GFTN participation
- Publications:
 - CSR or Sustainability report
 - Annual report: In the CSR or Environmental policy section
 - Publications with a focus on sourcing and supply of forest derived products
- Exhibits & Presentations:
 - Stands and banners at exhibits, tradeshowes and fairs, but only in the case of business to business events.
 - In business to business presentations

The use of any claims about its Participant status, WWF or the GFTN, including use of either the WWF Panda logo or any GFTN logo is explicitly not allowed in any:

- product marketing or advertisement
- product packaging or product inserts
- corporate promotional give-aways

The approval is valid during the term of the Participation Agreement.

13.2 On-product Claims by Participants

A Participant is not allowed to make any on-product claims about its Participant status, WWF or the GFTN, including use of either the WWF Panda logo or any GFTN logo.

13.3 Claims by Applicants

An Applicant is not allowed to make any on-product or off-product public or business-to-business claims about its Applicant status, WWF or the GFTN.

13.4 Use of the Participation Agreement

A GFTN Participant may reproduce the Participation Agreement issued by a GFTN local office, which contains the GFTN logo, without a licensing or partnership agreement.

14. DEFINITIONS

The GFTN local office will provide guidance on local interpretation of these definitions where required.

Applicant means an organization, which has entered the process of becoming a GFTN Participant as described in Section 3.

Business to business (B2B) claim is a claim made about the product to other businesses (e.g. a statement on an invoice) as opposed to other groups, such as individual consumers.

Claim means a statement made by an organization to promote its products, policies, or practices.

Consumer means a buyer of a product who has no special knowledge of the environmental issues. For example, a customer who buys from a retailer (not a *professional buyer*).

Credibly Certified means -

Criteria

- The source forest is certified as well managed under a *credible forest certification system*. Currently WWF considers the Forest Stewardship Council (FSC) the only credible certification system to ensure environmentally responsible, socially beneficial, and economically viable management of forests.
- Or, the material is 3rd party certified post-consumer recycled.

Requirements

- Confirmation that the source forest is covered by a forest management certificate issued under a credible forest certification system at the time of harvesting.

- Confirmation that supplier has a valid chain of custody certificate number and product group list, issued by an accredited certification body under a credible forest certification system.
- Material is 3rd party certified post-consumer recycled.

Credible chain of custody certification means certification of specified products as traceable back through the production or handling facility to source material or components by a third party auditor (for example, an accredited certification body). For verification requirements see above under “credibly certified”.

Credible forest certification means certification of a forest as well-managed by a third party auditor under a certification system that WWF considers to adequately meet the following criteria (from *A Framework For Assessing Credible Forest Certification Systems/Schemes*, WWF/World Bank July 2006):

- Compatibility with international frameworks for certification accreditation and standard setting
- Compatibility with globally applicable principles that balance economic, ecological and equity dimensions of forest management and meet Alliance Requirements
- The meaningful and equitable participation of all major stakeholder groups in governance and standard setting
- Avoidance of unnecessary obstacles to trade
- Objective and measurable performance standards that are adapted to local conditions
- Certification decisions free of conflicts of interest from parties with vested interests
- Transparency in decision making and public reporting
- Reliable and independent assessment of forest management performance and chain of custody
- Delivery of continual improvement in forest management
- Accessibility to and cost-effectiveness for all parties
- Voluntary participation

Environmental status means the source category designation of the timber in a given product. GFTN recognizes the following categories:

- Limited knowledge of forest source
- Source assessed: Forest source evaluated for basic legality and traceability criteria
- Source verified: Forest source 3rd party verified for basic social and environmental criteria
- Credibly certified/recycled: Forest source meets highest social and environmental standards, or material is recycled.

First-party auditor means an organization that conducts an assessment itself. In other words, it is a self-assessment.

FMU means a forest management unit

Forest Participant means a GFTN Participant who is a forest owner or manager.

Forest product means any product made from or containing timber.

Genetically-modified means organisms resulting from in vitro nucleic acid techniques, including recombinant deoxyribonucleic acid (DNA) and direct injection of nucleic acid into cells or organelles, or fusion of cells beyond the taxonomic family, and their descendants. This definition does not apply to any other cases. Organisms bred using accelerated techniques, mutagenesis, genetic markers and information from gene sequences are not genetically-modified unless the breeding process also involved in vitro nucleic acid techniques or cell fusion. (From: An Explanatory Guide to the Cartagena Protocol on Biosafety, IUCN Environmental Policy and Law Paper No.46 (2003), published by the IUCN Environmental Law Centre).

GFTN local office refers to a national or regional branch of the GFTN (e.g. “GFTN-Indonesia”, “GFTN North America”)

Harvesting charges means the charges due to the resource owner or official body such as regional or national government, arising as a result of the harvesting of forest resources e.g. concession area tax and royalty payments.

Head of the GFTN programme is a WWF International employee. Their primary role is to provide strategic leadership and management of GFTN programmatic activities, ensuring the delivery of GFTN’s Global Strategy objectives through consistency of programme implementation across the WWF network.

High Conservation Values (as defined by the Forest Stewardship Council) means any of the following values -

- Areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).
- Areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.
- Areas that are in or contain rare, threatened or endangered ecosystems.
- Areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).
- Areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).
- Areas critical to local communities’ traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

If the purchaser is made aware of any dispute over any supplying entity’s legal right to harvest, the purchaser should enquire into the status of the dispute. An entity’s claimed right to harvest, should not be regarded as having been verified, while legal proceedings are in progress alleging that the entity is in breach of the law governing the acquisition of regulatory approval (i.e. a permit, licence or similar instrument) for the harvesting of timber.

Legally harvested means harvested -

- pursuant to a legal right to harvest timber in the forest management unit in which the timber was grown, and

- in compliance with national and sub-national laws governing the management and harvesting of forest resources.

Legally traded means the timber, or product made from the timber, was-

- exported in compliance with exporting country laws governing the export of timber and timber products, including payment of any export taxes, duties or levies,
- imported in compliance with importing country laws governing the import of timber and timber products, including payment of any import taxes, duties or levies or in contravention of exporting country laws governing the export of timber and timber products, including payment of any export taxes, duties or levies
- traded in compliance with legislation related to the Convention on International Trade in Endangered Species (CITES), where applicable.

Legal right to harvest means authorization to harvest in the forest management unit -

- from the resource owner(s), and
- under a valid permit, licence or similar instrument issued pursuant to the laws and regulations governing the management and harvesting of forest resources.

Limited knowledge of forest source means-

Material

- Country of Harvest is known for direct imports and/or first placer on the market (US/EU context).
- Origin (forest source) may be unknown.
- Under evaluation for **unwanted material** such as HCV, conflict timber, illegal timber, conversion timber, human rights violations, GMO.

Systems

- No documentation to establish supply chain traceability to sub-national region (State/Province) or forest source.
- No systems in place, or insufficient systems, to confirm authenticity of information provided by supplier about the source.
- No 2nd or 3rd party verification of information about source.

Manager means the manager of the relevant GFTN local office.

Off-product claim is a *claim* which seeks to promote the *brand reputation* of the seller made by the seller of the product. The primary audience for the claim is the *consumer*. The claim is in no way associated with specific products. The claim is not made at the *point of sale*.

On-product claim means a *claim* made at the *point of sale and / or on the packaging or product itself* by the seller of the product where the primary audience for the claim is the *consumer*. The purpose of the claim is to promote the environmental characteristics of the product, to increase sales, or to improve the *brand reputation* of the seller.

Point of sale means the physical location at which goods are sold to customers. For example, a shelf in a store, adjacent to a product description, or picture in a catalogue or website, on or in connection with an invoice.

Post consumer recycled material means material that is reclaimed from a consumer or commercial product that has been used for its intended purpose by individuals, households, or by commercial, industrial and institutional facilities in their role as end-users of the product.

Pre consumer recycled material means material that is reclaimed from a process of secondary manufacture or further downstream industry, in which the material has not been intentionally produced, is unfit for end use and not capable of being re-used on-site in the same manufacturing process that generated it. (e.g. mill and printers paper broke, paper with defects that is returned to the mill before use, saw dust, any by-product of the production process, anything that is manufactured and not used by the consumer or the intended end-user and re-utilized to make a new product.)

Primary processing facility means a processing plant where the first transformation of logs retrieved from a forest management unit into other products takes place (e.g. sawmill, veneer plant or otherwise).

Protected area means an area of forest especially dedicated to the protection and maintenance of biological diversity, and of natural and associated cultural resources, and managed through legal or other effective means.

Resource owner(s) means the holder(s) of property and usufruct rights over the land and/or trees within a forest management unit, including legally-recognized rights held according to customary law.

Second party auditor means an organization or individual that conducts an assessment and has an interest in the organization being assessed (for example, a customer of the organization). An assessment of an Applicant or organization conducted by the Manager is a second-party assessment.

Source refers to a combination of the supplying entity and place from which the timber in a product originates. The source comprises the location where the timber was grown and the entity that was responsible for harvesting the timber.

Source assessed means the forest source has been evaluated for basic legality and traceability criteria-

Criteria

- So far as the purchaser is aware, the source or sources are not *unwanted*.
- Evidence has been assessed to demonstrate that the timber originates from an entity or entities that have a legal right to harvest timber.
- Where required to mitigate risk of potential illegality, a 3rd party has evaluated the legality of the source and issued verification against a legality standard.
- Due diligence approach is verified internally within the purchasing entity (1st party) or with a 2nd party.

Requirements

- Source forest(s) are identifiable to a degree of precision that is commensurate with the risk that the source may be unwanted - e.g. the location could be as broad as a district

where the risk is low, or where risk is higher, the specific forest management units (FMUs) should be identifiable.

- Documentation is provided that allows confirmation of the source locations via a fully traceable supply chain to a degree of precision that is commensurate with the risk that the source may be unwanted.
- The purchaser (1st party) and/or 2nd party have systems in place that periodically check the authenticity of this documentation.

Other inclusions

- Material sourced from: GFTN Forest Participants (from FMUs within the scope of participation)
- Participants in stepwise certification programs.
- Pre or post consumer recycled or recovered material that has not been independently verified.

Source verified means that the forest source has been 3rd party verified for basic social and environmental criteria-

Criteria

- A 3rd party has verified that the material does not contain unwanted sources. For example, FSC Controlled Wood
- *Or*, the material is verified as pre-consumer recycled or recovered from another process.

Requirements

- Certificate from independent 3rd party documenting the verification and unbroken chain of custody from the purchaser back to the source entity or entities.
- Where applicable, confirmation that a valid chain of custody certificate number, issued by an accredited certification body under a credible forest certification system, is printed on the relevant invoices and attached to the product.
- Material is verified as pre-consumer recycled or recovered.

Third party auditor means an organization or individual that conducts an assessment and is independent of the Applicant or Participant organization that is being assessed and independent of the GFTN. Payment for the services of the auditor by the GFTN, Applicant or Participant organization does not affect the independence of the third party.

Timber means wood, fibre and other woody materials harvested from trees.

Trade Participant means a GFTN Participant who is a processor, manufacturer, trader, specifier or end-user of forest products.

Unwanted source means a source that falls within one or more of the following categories -

- The source forest or one or more of the source forests (where there are several sources) are known to contain High Conservation Values, except where -
 - The forest is certified or in progress to certification under a credible certification system, or
 - The forest manager can otherwise demonstrate that the forest and/or surrounding landscape is managed to ensure those values are maintained.



- The source forest or one or more of the source forests (where there are several sources) are suspected of containing High Conservation Values and no assessment has been carried out during a period of 18 months from date of commencement of participation by the Participant sourcing the product.
- The source forest or one or more of the source forests (where there are several sources) are being actively converted from natural forest to a plantation or other land-use, unless the conversion is justified on grounds of net social and environmental gain, including the enhancement of high conservation values in the surrounding landscape.
- Some or all of the timber was illegally harvested or traded.
- Some or all of the timber is conflict timber (i.e. it was traded in a way that drives violent armed conflict or threatens national or regional stability).
- The harvesting or processing entity or entities, or a related political or military regime, are violating human, civil and traditional rights.
- Some or all of timber is from genetically-modified trees.
- The source forest or forests are unknown.

Verified legal means timber coming from a source that has a documented legal right to harvest, all relevant harvest charges have been paid and the timber was legally traded, pursuant to the laws and regulations of the government of the jurisdiction. Supplies of verified legal timber must follow and maintain documented chain-of-custody systems. Examples include FLEGT timber licensing schemes, or independent verification such as Verified Legal Compliance.