



GLOBAL FOREST & TRADE NETWORK PARTICIPATION RULES

1. INTRODUCTION

The Global Forest & Trade Network (GFTN) is WWF's initiative to eliminate illegal logging and drive improvements in forest management. By facilitating trade links between companies committed to achieving and supporting responsible forestry, the GFTN creates market conditions that help conserve the world's valuable and threatened 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.

These Participation Rules apply to all GFTN Participants.

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 that ultimately use forest products and construction companies.

2.2 Categories of Participants

The GFTN has two principal categories of participation - **Forest Participants** and **Trade Participants** (see definitions in section 14). A Participant whose operations span both categories is required to join as both a Forest and Trade Participant and 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 GFTN must be formalized by the Participant entering into a participation agreement with the host organization of a GFTN local office. The participation agreement must incorporate and require compliance with these rules.

2.4 GFTN Local Office

For the purpose of Section 2.3, the GFTN local office is the office covering the country or region in which the Participant is headquartered or in which it conducts the majority of its trade in forest products.

Where a Trade Participant operates in several countries, the Participant has the option of joining GFTN via a participation agreement with a single GFTN local office, or via parallel participation agreements with several GFTN local offices.

 GLOBAL FOREST & TRADE NETWORK	Title: Participation Rules version 6.0 Issue Date: 1 July 2008 Valid Until: 30 June 2010 Page 2 of 20
--	---

Where a Forest Participant operates in several countries, the Participant must enter a participation agreement with 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. REQUIREMENTS FOR ALL PARTICIPANTS

A Participant is required to -

3.1 Define the Participation scope:

The Participant must specify which FMUs, processing facilities, factories, trading businesses and forest products are within the initial scope of its participation in the GFTN and, over time, expand this scope to cover such additional FMUs, processing facilities, factories, trading businesses and product ranges as is agreed with the GFTN local office manager (“the Manager”) or required to comply with these Participation Rules.

3.2 Nominate a senior manager:

The Participant must nominate a senior manager who will be responsible for realization of commitments made by the Participant and who has sufficient seniority to do so. The Participant may choose to identify another person for day-to-day contact with the GFTN.

3.3 Comply with the communications code:

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

3.4 Pay participation fees:

Where the GFTN local office levies participation fees, the Participant must pay the applicable fees by the due date.

3.5 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. SPECIFIC REQUIREMENTS FOR *FOREST PARTICIPANTS*

A stepwise approach to *credible forest certification* is fundamental to this set of requirements. A *Forest Participant* is required to:

4.1 Provide copies of forest certificates and related reports:

For each certified FMU covered by the scope of participation, the Participant must submit a copy of a valid forest management certificate from a *credible forest certification* scheme, the main certification report and reports of any subsequent monitoring visits carried out by the certification body.



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

The Participant must submit a public written statement of its commitment and intended actions with regards to the certification of all FMUs it owns or manages in countries where GFTN operates, including the outcomes specified in Section 4.3.

4.3 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 five years from the date of commencement of participation,
- (c) Achieve credible forest certification for all FMUs in countries where GFTN operates within ten years from the date of commencement of participation,
- (d) For each FMU within the scope of participation, establish a timber tracking system from the forest to first point of sale within one year of the FMU coming into the scope of participation.

4.4 Implement an action plan in each uncertified forest management unit (FMU):

For each uncertified FMU within the scope of participation, the Participant 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 –
 - the FMU's compliance with the relevant standard for *credible forest certification* and to identify areas of non-compliance (also called gaps, preconditions or major non-compliances) that the Participant would need to address to achieve credible certification,
 - whether the Participant has a *legal right to harvest* in the FMU. Where the Participant's *legal right to harvest* is disputed by another party, the Participant 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 Participant if the undertaking is not fulfilled.
- (b) Submit an Action Plan with time-bound progress objectives for achieving credible forest certification within five years and to establish a timber tracking system from the forest to first point of sale within one year.
- (c) Implement the Action Plan and meet the progress objectives specified therein.
- (d) Provide annual progress reports on action plan implementation. The reports must be supplied in a format agreed with the Manager and be prepared by a suitably qualified and experienced team following a site-based assessment. In addition, the Participant must permit inspections from the Manager or his/her nominated assessor for the purpose of verifying the claims made in the progress reports.



4.5 Comply with relevant laws:

The Participant must supply only timber that has been *legally harvested*; and pay all *harvesting charges* as they become due.

4.6 Report production volumes:

The Participant must provide an annual summary of its timber production. This data must be supplied in a format agreed with the Manager, and will include data, for each FMU within the scope of participation, on:

- **Species** or merchantable groups of timber harvested.
- **Volume** of each species or merchantable group.
- **Form and Volume** of all timber sold or transferred.

5. SPECIFIC REQUIREMENTS FOR *TRADE PARTICIPANTS*

A stepwise approach to responsible purchasing is fundamental to this set of requirements. A *Trade Participant* is required to:

5.1 Commit to responsible sourcing of forest products:

The Trade Participant 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.

5.2 Eliminate timber from unwanted sources:

In respect of forest products purchased by the Participant and within the scope of participation, the written policy statement submitted under paragraph 5.1 must include a commitment by the Participant to –

- (a) Eliminate, within five years, the use of timber that originates from *unwanted sources*, and
- (b) Progressively increase the proportion of timber that originates from sources with higher levels of environmental status in the following hierarchy (shown in order from lower to higher) –
 - *known*,
 - *known licensed*,
 - *progressing toward certification*,
 - *credibly certified or recycled*.

For definitions of the above, see Section 14.

5.3 Implement a responsible purchasing action plan and meet time-bound targets:

The Participant must –

- (a) Arrange and submit a baseline appraisal to be carried out by a third-party auditor using a suitably qualified and experienced assessment team to determine the environmental status categories of all timber used in forest products purchased by the Participant that are within the scope of participation. The Manager may approve the use of a first or second party auditor in which case the Participant must permit inspection by the Manager or his/her nominated assessor for the purpose of verifying the claims made in the baseline appraisal.



- (b) Submit an Action Plan that sets out time-bound targets and steps to be taken to implement the Participant's policy for responsible purchasing of forest products. The initial Action Plan may recognize that further work is required to achieve higher levels of transparency and auditability.
- (c) Implement the Action Plan and meet the progress targets specified therein.
- (d) Provide annual progress reports in a format agreed with the Manager. The Participant must permit inspections from the Manager or his/her nominated assessor for the purpose of verifying the claims made in the progress reports.

5.4 Commit to certification of chain of custody:

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

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 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 reports of any monitoring visits carried out by the certification body in respect of those certificates.

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

For each facility that does not have chain of custody certification, the Participant must –

- (a) Arrange and submit a baseline appraisal to determine whether the chain of custody system is eligible for certification and to identify all areas of non-compliance with requirements of chain of custody certification. The appraisal must be carried out by a third party auditor (for example, an accredited certification body) using a suitably qualified and experienced assessment team.
- (b) Submit an Action Plan that sets out time-bound targets and steps to be taken to achieve chain of custody certification.
- (c) Implement the Action Plan and meet the progress targets specified therein.
- (d) Provide annual progress reports on action plan implementation in a format agreed with the Manager. The Participant must permit inspections from the Manager or his/her nominated assessor for the purpose of verifying the claims made in the progress reports.

5.5 Report data on forest products purchased:

The Participant must provide an annual summary on its purchasing of forest products within the scope of participation. This data must be supplied in a format agreed with the Manager, and will include data on:

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

6. APPLICATION TO PARTICIPATE

An organization may apply to participate in the GFTN by submitting a completed application form to the relevant Manager.

The Manager must exercise due diligence prior to accepting the application and may reject an organization's application on any of the following grounds:

- (a) Risk to the mission, integrity, brand or reputation of WWF or GFTN associated with the organization becoming a Participant in the GFTN.
- (b) Inability of the organization to comply with these Participation Rules.
- (c) Poor alignment between the organization's business and the strategic priorities of the GFTN.

6.1 Applicant status

The Manager will notify an organization whether it has been accepted and registered as an Applicant to participate in the GFTN. If the Manager elects not to accept and register the organization as an Applicant, the Manager must specify the reasons why.

6.2 Baseline Appraisals and Action Plans for uncertified FMUs

Prior to signing a participation agreement, an Applicant to become a Forest Participant must undergo a baseline appraisal and prepare an action plan, as required under Section 4.4, for each FMU that is covered by the proposed initial scope of participation and that is not credibly certified.

6.3 Baseline Appraisals and Action Plans for responsible purchasing

Prior to signing a participation agreement, an Applicant to become a Trade Participant must undergo a baseline appraisal and prepare an action plan, as required under Section 5.3. The initial Action Plan may recognize that further work is required to ensure higher levels of transparency and auditability.

6.4 Acceptance via Participation Agreement

Where the Manager is satisfied that -

- (a) The Applicant satisfies these Participation Rules, and
- (b) WWF's relationship with the Applicant, through the Applicant's participation in GFTN, would contribute to and not undermine the attainment of WWF's mission and/or WWF's brand, reputation and integrity,

the Manager may accept the Applicant as a Participant in the GFTN and formalize the participation by signing a Participation Agreement with the Applicant.

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



6.5 Period of participation

The Participation Agreement will be valid for a mutually agreed period specified therein and may be extended for additional periods by written notification to the Participant by the Manager based on compliance with these Participation Rules and performance in implementing relevant actions plans.

7. SUSPENSION OF PARTICIPANTS

7.1 Grounds for Suspension

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

- (a) Action plan activities of an uncertified Forest Participant or a Trade Participant are not adequately completed or targets not achieved within the specified time-frame, except where the Participant provides adequate evidence that this is due to circumstances beyond the control of the Participant.
- (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 participation fees by the due date.
- (f) The Participant is otherwise in breach of the Participation Rules.

7.2 Notice of Suspension

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

7.3 Effect of Suspension

A suspended Participant is not entitled to any of the services or privileges associated with participation in the GFTN, and is not entitled to identify itself as a Participant. Suspended Participants will be removed from the list of Participants on the GFTN website.

7.4 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.

7.5 Lifting of Suspension

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

7.6 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 Manager 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 Participant goes out of business.
- (c) The term of a Participation Agreement has expired and the Manager has reasonable grounds to believe the Participant no longer meets the Participation Rules.

8.2 Notice of Termination

Where satisfied that there are grounds for doing so, the Manager may, by written notice to a Participant, terminate its participation in GFTN. The notice must specify the reasons for termination. Terminated Participants will be removed from the list of Participants on the GFTN website. A Participant may lodge an appeal in respect of the issuing of the termination notice (see Section 9 below). 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 by notice in writing to the Manager.

8.4 Fees forfeited upon termination

In cases of suspension, termination or resignation, there will be no full or part reimbursement of participation fees paid by the Participant.

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.

 GLOBAL FOREST & TRADE NETWORK	Title: Participation Rules version 6.0 Issue Date: 1 July 2008 Valid Until: 30 June 2010 Page 9 of 20
--	---

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 Participant or Applicant anticipates that it will be unable to meet a time limit for achieving an outcome specified in Section 4 of these Participation Rules, due to circumstances beyond its control, the Participant or Applicant 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 or Applicant will take to address and monitor the relevant external facts and circumstances.

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 or Applicant 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 or Applicant in writing of the decision and the rationale for it. The deferral may be granted subject to compliance by the Participant or Applicant with conditions that are specified in the notice. Where a deferral is granted, the deferral notice is a public document.

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 intending Participant and the Manager shall jointly agree the content of a Public Information Document about the Participant and its participation in the GFTN, and the Participant must provide such information as is reasonably requested by the Manager for this purpose. The approved content is public information that may be published, posted on the internet or released to third parties at the discretion of Manager.

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 a confidentiality agreement, provided it does not conflict with these Participation Rules and the Participation Agreement.

The content of the Public Information Document will not be treated as confidential information.

13. GFTN COMMUNICATION CODE OF PRACTICE

13.1 Introduction

This Code of Practice relates to claims and communications concerning participation in GFTN.

GFTN participation should not, in any way, cause confusion in the marketplace, especially for consumers, with credible certification statements and labels. For that reason, no on-product claims may be made and neither the WWF nor any GFTN logo may be used on-product. 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.

It is also essential to the long-term credibility of the GFTN, that claims relating to Applicant and Participant status are adequately controlled, to ensure that they are accurate and verifiable. This

Code of Practice defines obligations of the GFTN management and Participants with regard to their external communication.

This Code of Practice is based upon standard ISO 14020 and the UK Government Green Claims Code, such that permitted communication relating to GFTN participation should be “*verifiable, accurate and not misleading*”.

The UK Green Claims Code can be obtained from:
<http://www.defra.gov.uk/environment/consumerprod/gcc/>

13.2 Use of WWF licensed material including the Panda Trademark

GFTN Participants must not use WWF copyrighted or trademarked material as part of their trade names or otherwise to characterise their business.

GFTN Participants do not have the right to use the WWF Panda Logo or any other WWF copyrighted or trademarked material without the permission of WWF.

Permission to use a WWF trademark may be granted to a company entering into a separate licensing or partnership agreement with WWF International or a WWF National Office.

Where a company wishes to enter a licensing agreement with a WWF National Office, the company should contact the marketing department of the WWF National Office.

Where a company wishes to enter a licensing or partnership agreement with WWF International, covering use of the WWF trademark in multiple countries, the company should contact the marketing department of WWF International based in Gland, Switzerland.

Full reproduction of a Participation Agreement or certificate issued by a GFTN local office, which contains the WWF panda logo as part of the GFTN logo, is permitted without the need for a licensing or partnership agreement.

13.3 Claims by Applicants and Participants

An Applicant must not make any on-product or off-product public or business to business claims about its Applicant status.

A Participant may make on-product claims only as provided under Subsection 13.4.

A Participant may make off-product claims about its participant status, trading relationships and products as provided under Subsections 13.5, 13.6 and 13.7.

13.4 On-product Claims

A Participant must not make any on-product claims about its participant status.

A Participant may make on-product claims about the environmental status of the timber material in a product (e.g. that the product is made from timber from a known licensed source) where a *third party auditor* (e.g. an accredited certification body) has confirmed the environmental status and the integrity of the chain of custody documentation and controls at all critical points along the chain where mixing with products from other sources could occur. Such claims may not make any reference to Applicant or Participant status, WWF, or the GFTN.



13.5 Off-product public claims: Participation

Communication of participant status is limited to off-product public, and business to business statements; and promotional material. A Participant may claim that it is a Participant in the GFTN and committed to responsible purchasing and/or responsible forestry with respect to operations that are within the scope its participation in the GFTN. All claims must be approved prior to use by the Manager in writing.

Communication of this type is permitted in:

- annual corporate environmental reports
- the corporate environmental policy section of websites or company promotion material such as
 - company folders and catalogues (but not next to products)
 - *ad hoc* written business to business letters and presentations
 - questionnaires from NGOs and customers
 - banners or posters in-store or at trade show
- other uses as approved by the Manager.

In all such communication there should be a reference to the GFTN website.

Example

"[Company name] is a participant in the WWF Global Forest & Trade Network (GFTN) through GFTN (country/region) 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"

13.6 Off-product public claims: Trading relationship

A Participant which is purchasing forest products from other Participants may make a public, off-product, claim about this worldwide. Such claims must specify a product scope and be approved prior to use by the Manager in writing.

Written communication of this type is permitted in:

- annual corporate environmental reports
- the corporate environmental policy section of websites or company promotion material such as
 - company folders and catalogues (but not next to products)
 - *ad hoc* written business to business letters and presentations
 - banners or posters in-store or at trade show
 - questionnaires from NGOs and customers
- other uses as approved by the Manager.

In all such communication there must be a reference to the GFTN website.

Example

"We preferentially purchase [forest products] from sources that are credibly certified or making verifiable progress towards credible certification with the GFTN. For more information on the GFTN see www.gftn.panda.org"



13.7 Off-product B2B claims: Products

A Participant may communicate, off-product, written descriptions of the environmental status category of *products* it is buying or selling worldwide. Environmental status category terminology should be strictly according to GFTN-approved definitions. The environmental status category must be verified by a competent third party auditor (e.g. an accredited certification body). Such claims must specify the products to which the claim refers and be approved prior to use by the Manager in writing.

Written communication of this type is permitted in *ad hoc* written business to business letters, and presentations and questionnaires from NGOs and customers but not at *point of sale*. In all such communication there must be a reference to the GFTN website.

Example 1

"Our company's wood material supply base comprises 95% "known licensed sources" as defined by the GFTN. For more information on the GFTN see www.gftn.panda.org. This claim is confidential and may not be further communicated to third parties."

Example 2

"We purchase/supply [name of range of products] from sources that have been independently verified as [environmental status category] according to the GFTN approved definitions. For more information on the GFTN see www.gftn.panda.org. This claim is confidential and may not be further communicated to third parties."

14. DEFINITIONS

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

Applicant means an organization, which has been registered and accepted under Section 6.2 as an Applicant to become a Participant in the GFTN and has not yet been accepted as a Participant in the GFTN through the signing of a participation agreement under Section 6.5.

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.

Brand reputation means the promotion of the company's values with respect to environmental or corporate social responsibility issues.

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.

Verification 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 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.

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:

- Unknown or unwanted
- known
- known licensed
- in progress to certification
- credibly certified
- 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.

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

- Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia).
- Forest 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.
- Forest areas that are in or contain rare, threatened or endangered ecosystems.
- Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control).
- Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).
- Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

Known source means -

Criteria



- The purchaser knows where all of the timber was grown and can identify the harvesting entity or entities.
- So far as the purchaser is aware, the source or sources are not unwanted.

Verification requirements

- The source forests or forests 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.
- The timber can be traced along an unbroken chain of custody from the purchaser back to the source entity or entities.
- Documentation is provided that identifies the source locations, the source entities and each intermediary in the supply chain.
- The purchaser has systems in place that periodically check the authenticity of this documentation.

Known licensed source means -

Criteria

- The purchaser knows where the timber was grown and can identify the harvesting entity or entities.
- The timber originates from an entity or entities that have a legal right to harvest timber in the forest management unit(s) where the timber was grown.

Verification requirements

- The timber can be traced along an unbroken chain of custody from the purchaser back to the source entity or entities.
- Each delivery of timber products to the purchaser is supported by documentation that identifies the source forest management units and source entities and each intermediary in the supply chain.
- The purchaser has documentation demonstrating the source entities' legal right to harvest.
- The purchaser, and/or its suppliers, have systems in place that periodically check the authenticity of the documentation and integrity of the chain of custody control points.

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.

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* 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.

Progressing toward certification means –

Criteria

- The source or sources are all known licensed sources.
- The source entity or entities have all made a public commitment to achieve credible certification of the source FMU(s).
- Site inspections have been carried out by a suitably qualified and experienced assessment team to determine whether all source FMUs are certifiable and to identify all areas of non-compliance with certification requirements.

Each source entity –



- has agreed to a time-bound, stepwise action plan to achieve certification of the source FMU,
- provides periodic progress reports on implementation of its action plan, and is open to third party inspection to verify that progress is being made as reported,
- is participating in a credible forest certification support and stepwise progress monitoring initiative (for example the entity could be – a Forest Participant in the GFTN or a project of the Tropical Forest Trust).

Verification requirements

- Confirmation from information issued by the certification support initiative that these criteria are satisfied with respect to a given source.
- All the timber or fibre can be traced along an unbroken chain of custody from the purchaser back to the source entity.
- A second or third party auditor has confirmed the integrity of the chain of custody documentation and control points.

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.

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.

Note: This definition is based on “ISO/IEC 17000: 2004 Conformity assessment - Vocabulary and general principles”

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.

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



- The purchasing organization does not know where all or part of the timber or fibre was grown and cannot identify the harvesting entity. The source forest or one or more of the sources forests (where there are several sources) are not 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 unit (FMU) should be identifiable.
- All or part of the timber or fibre cannot be traced along an unbroken chain of custody from the Participant back to a source entity.
- Documentation has not been provided that identifies all source locations, source entities and each intermediary in the supply chain.
- The Participant does not have systems in place that periodically check the authenticity of this documentation.

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 rights.
- Some or all of timber is from genetically-modified trees.
- The source forest or forests are unknown.

Verified legal means –

Criteria

- The source or sources are all known licensed source.
- The source entity or entities all legally harvested the timber.
- All harvesting charges have been duly paid.



- All timber was legally traded, including payment of applicable fees, taxes or other charges e.g. export duties.

Verification requirements

- A third party auditor has confirmed that all the timber or fibre was legally harvested, legally traded and that all harvesting charges were duly paid
- All the timber or fibre can be traced along an unbroken chain of custody from the purchaser back to the source entity or entities.
- A third party auditor has confirmed the integrity of the chain of custody documentation and control points.