



PRECIOUS WOODS

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Update

News, impressions, aspects and opinions

Biodiversity on trial

The United Nations declared the year 2010 to be the International Year of Biodiversity. All 168 countries that signed the Convention on Biodiversity during the United Nations Conference on Environment and Development (Rio "Earth Summit" 1992), are now drawing a balance and will define future strategies to preserve the biodiversity. The International Year of Biodiversity is a unique opportunity to significantly increase the engagement of the community of states for the conservation and protection of biodiversity and a healthy environment. Let's take a look at the biodiversity of the people, animals and flora in the forests of Precious Woods. How can sustainable forest management contribute to the protection of biodiversity? How can a company like Precious Woods take leadership and combat the biodiversity loss?

Protection through sustainable use

Living systems like forests possess important regional and worldwide smoothing functions that are crucial for water balance, sound soils and the reduction of CO₂. Over-usage, destruction of habitats, climate change, invasive plants and animal species, as well as depletion are the main risk factors for biodiversity in tropical forests.

Precious Woods conducts its core business – sustainable forest management – according to the standards and extensive criteria of the Forest Stewardship Council (FSC). The company implements the strict FSC regulations and therefore safeguards the natural wealth of tropical forests through a gentle and sustainable use of the forests. Precious Woods is one of the few timber companies in the tropics that is FSC certified in all its operating



Observation deck for forest elephants in the forest concession of Precious Woods Gabon

Dear readers



„Update“ delivers you insight information about Precious Woods: short reports, opinions and interviews, as well as impressions and

pictures. We are looking very much forward to your reaction.

We would like to take the "UN year of Biodiversity" as opportunity to acquaint you with our rich chain of economic value added. Our ancestral business is selling tropical timber and additionally services. "Precious Woodsolutions" is the slogan: tailored customer solutions based on an ample technical know-how about more than 30 marketable timber species. Precious Woods is also a pioneer in the utilization of forest biomass to produce electrical energy, used to replace diesel generators in rural areas and generating CO₂ certificates. Our FSC certified forest operations conserve the high value of biodiversity in tropical forest – a value that is not yet tradable, but supports a selected philanthropic assistance. REDD (see article in this newsletter) could depict a way on how biodiversity services of tropical forests could be compensated with a market price in the near future.

Ernst A. Brugger

Ernst A. Brugger
Chairman and CEO a.i.

countries and all the business activities it's conducting.

Sustainable use of forests implies the protection of flora and fauna, as well as the genetic diversity. The conservation of high conservation value forests (HCVF) is anchored into the 9th principle of the Forest Stewardship Council (FSC), to which Precious Woods is bound. HCVF distinguish themselves through significant concentrations of biodiversity, landscapes, ecosystems and ecosystem services. Equally

important is the consideration of the needs of local village communities and their traditional and cultural identity.

Biological diversity is the pillar upon all living on earth builds. The sound functioning of intact ecosystems guarantees us access to ecosystem goods and services providing oxygen, food, fresh water, medicines, resources for energy and building materials. We need a healthy, adaptable biodiversity for a sustainable development, human well-being and good quality of life.

Biodiversity has no price tag yet

There is no market and therefore no price for many biodiversity achievements. The REDD concept might be a door opener and create new opportunities here (see comments of Dr. C. Martin). Pilot projects such as the biodiversity fund in Costa Rica try to find ways to compensate biodiversity achievements. We are at the beginning of an important process to give biodiversity a higher valuation and enhancement.

Patrick Mauron und Ernst A. Brugger, Precious Woods Holding

Precious Woods Europe our company joined GEVEL 2010 exhibition

GEVEL is the architecture platform for facades in the Netherlands and takes place every two years. GEVEL 2010 exhibition was held from January 27 to 29, 2010 in Ahoy Rotterdam. The theme of this years' edition was 'World Architecture' and was meant to represent both the diversity of building materials used around the globe, as well as the common international community trends. Exhibitors were companies supplying siding and wall systems, windows, doors, roof and other building materials. Leading architects from the Netherlands, as well as architects from Belgium visited the fair; over 12'000 visitors attended the three-day exhibition. Among the numerous visitors at Precious Woods Europe's exhibition



Precious Woods' exhibition booth at GEVEL 2010 trade fair

booth were mostly architects, but also clients and woodworkers. The demand for FSC tropical hardwoods for new projects was surprisingly high and a pleasant signal for future busi-

ness developments. These projects are mainly initiated by governmental organisations, like schools and hospitals, whereas the house-building sector remains still weak. About 350 facade brochures were distributed by the professionals of Precious Woods Europe. About fifty visitors asked for more information or expressed interests in visiting the Precious Woods site in Nieuwerbrug a/d Rijn. Precious Woods Europe hopes to be able to build up collaborations from the leads gained at the exhibition. The GEVEL 2010 exalted the company's expectations and therefore Precious Woods Europe plans to attend the next GEVEL in 2012.

Stijn Hemel, Precious Woods Europe



Due to the support of the government, new construction projects for schools and hospitals have been initiated

Precious Woods Gabon

Xavier Jaffret, Managing Director of Precious Woods Gabon, comments



The veneer factory (TGI) of Precious Woods Gabon was awarded Forest Stewardship Council (FSC) certification for the chain of custody end of January 2010. Together with the successful audit for the FSC certification for its forestry activities, this represents a milestone for the company.

PWG is now one of the few 100% FSC certified forest companies in Gabon. How important is this achievement for the company?

XJ: "PWG has always been a pioneer and promoter of sustainable forest management in Gabon. The FSC achievement for our company is a logical success as CEB has been managing its forest concession for now ten years in a sustainable way. This FSC label puts the political aspects, the strategy and of course the conviction of our company in a concrete form. This success is the result of human efforts, financial and material investments. That is why the entire team is really proud to having achieved such a significant milestone.

This label allows us to be a strategic supplier, as we are able to sell FSC logs but also FSC manufactured wood like veneer, sawn wood and moulded

wood. In the actual context and the overall situation of tropical wood markets, it is undeniable that FSC is a real asset and unique selling proposition."

Do you think the certification will help you to gain additional market share and increase your customer base?

XJ : "Of course, yes. For example, in Gabon there are timber industry companies who are now FSC certified but who do not have forest concessions. Thanks to our FSC certificate, we become a strategic log supplier if they want to perverse the chain of custody of their products.

As for the veneer, we now are able to sell FSC products which is a real asset because today the veneer market is willing to buy FSC. The FSC demand on sawn wood and moulded timber is also growing."

How were the reactions of customers?

XJ: "The FSC certification was very well received by our customers and will help us to strengthen our position as supplier of a diversified range of certified timber products."

What is the added value of FSC certified timber products?

XJ: "Clients are increasingly demanding high quality timber products from trustworthy companies. Through the chain of custody certificate, the FSC certification guarantees that products come from a legal and controlled source. The certification ensures that ecological and social objectives are measured against FSC performance criteria and monitored through yearly audits that are conducted by independent certification bodies."

How is the surcharge for FSC certified timber products justified?

XJ: "FSC certified products will be sold with a surcharge because the certification process demands an important investment with concrete measures on infrastructure, social welfare or environmental actions, just to name a few. Customers get certainty of a liable business partner and products from a legal source in exchange – so it is a return on investment for both sides."

Interview: Patrick Mauron, Precious Woods Holding



Production of Okoume veneer at TGI

Biodiversity II: Gabon

Inexhaustible plant diversity

Since 2005, Precious Woods Gabon, in collaboration with the faculty of Agronomics of the University Gembloux (Belgium) and the NGO "Nature +", are studying the natural conduct like growth and regeneration of commercially used timber species. In the company's own tree nursery, a total of 18'900 seedlings of 35 different tree species have been raised. Thereof, 3'000 have been planted into selected harvesting locations within the forest concessions to document their growth in the forest. The results of this research are promising. Some of the tree species achieved an impressive growth: after 30 months, Ailéle seedlings reached a diameter of 10 cm and a height of approximately 5 meters. Lesser used timber species are planted as well – their fruits represent a very important food source for wild animals and on



Biologist Frans Breteler takes a close look at unknown species in the forest concession

the same time, enrichment for the biodiversity.

The tropical rainforests in Gabon shelter a very rich flora: over 7'000 species and an endemic share of 20%. Accord-

ing to scientific studies, some of the areas within the forest concessions belong to the most species-rich in the country. Representatives of the national Herbarium (Herbier National du Gabon) and renowned biologists like Frans



Forest elephants and buffalos enjoy a mud-bath and feed on mineral and salt rich water along the streambed



Measuring a Moabi tree, 30 months after the planting

Breteler of the University Wageningen (Holland) visit Precious Woods' forest operations on a regular basis, taking the opportunity to collect new plants and documenting the Gabonese flora.

Conservation of endangered animals

The forest concessions of Precious Woods border on the Ivindo National Park and are home to an array of endangered animal species like forest elephants, gorillas and chimpanzees. Their protection and conservation is an integral part of the preservation of biodiversity, which is menaced by illegal trade with bush meat and poaching. Together with NGOs like WCS (Wildlife Conservation Society) in Gabon and the

Belgian organisation Nature +, projects for the scientific documentation and exploration of the population are being conducted. In order to facilitate those studies, on spots often frequented by mammals like elephants and buffalos, observation decks have been installed. In addition, the local village communities are sensitized to the conservation through awareness training and prevention work.

*Patrick Mauron,
Precious Woods Holding*

Biodiversity III: Brazil

Non-timber forest products from Precious Woods' forests

The AVIVE consortium (Associação Vida Verde da Amazônia) is specialised in the development of techniques for the sustainable extraction of essential oils of medicinal and aromatic native plant species like the Aniba or the Puxuri plant. AVIVE was founded by women to defend and preserve the local environment and culture, while also working to improve the quality of life of local people and give them an economic alternative through the production of natural glycerine based soaps, candles and incense sticks made from native aromatic plants. Products are sold to tourists and local consumers in the AVIVE store, as well as exported and sold by WWF Brazil, which ensures the continuity of the project. Concerned about the environmental and economic challenges in the Amazon, Precious Woods Brazil offers its FSC certified forest area of approximately 80'000 hectares to AVIVE, in order that they can use non-timber forest products. Non-timber forest products such as nuts, fruits, oils, resins, essences, pigments, flours and handicrafts, all represent essential products that trees pro-



AVIVE shop in the village of Silves

vide in addition to timber. The Puxurim project is a public-private partnership project that aims to benefit 220 families in nine communities of Silves, all located along the rivers Aneb, Vulture, Marupá, Amazon and Sanabani. It uses sustainable production technologies with a low impact on the environment and the biodiversity. The Puxurim project in Silves is a cooperation result between the sector Enterprise (PSE), promoted by the German Agency for Technical Cooperation (GTZ) and the Association AVIVE Green Life Association of Amazon and the Institute of Agricultural Development and Sustainable Forestry in the State of Amazonas – IDAM.

Nubia Lentz, Precious Woods Amazon

Good to know

IUCN – Endangered species

According to IUCN (International Union for Conservation of Nature) 2008 approximately 869 animal species became extinct – 17'000 additional species could meet the same destiny. The UN convention goals to protect the diversity of species may not to be achieved. Currently, some 45'000 species are listed on the so called red list of endangered species.

Here some facts:

- 17'291 species out of 47'677 so far assessed are threatened with extinction.
- Of the world's 5'490 mammals, 79 are extinct or extinct in the wild, with 188 critically endangered, 449 endangered and 505 vulnerable.
- 1'895 of the planet's 6'285 amphibians are in danger of extinction, making them the most threatened group of species known to date.
- More than 70'000 plant species are used in traditional and modern medicine.

Source: IUCN
www.iucnredlist.org

Precious Woods Central America First sale of teak clones

High quality seedlings are a crucial success factor for premium quality plantations. The teak clones used so far have been undertaken to several analyses during recent years and the long-time field trials have been re-evaluated. Due to these examinations Precious Woods Central America disposes of a portfolio of superior clones, which will enhance the quality of future plantations.

In parallel, close attention was given to the optimization of the production of vegetative reproduced plants. Precious Woods Central America gradually increased the production capacity by improving



Teak clone

processes, expansion and more efficient utilization of the infrastructure.

Today, it's not only possible to plant the yearly replanting area with clones; there is even a surplus for the first time ever. Several countries in Latin America are currently invest-

ing in teak plantations – some of those plantations are cropped with seeds from PWCA, which enjoy a good reputation and realise good prices. There is increasingly demand not only for seeds, but also interest in clones with a documented performance record. PWCA therefore last year started to offer third parties teak clones alongside teak seeds.

Beginning of 2010, we concluded a contract containing a delivery quantity of several ten thousand seedlings, which will be produced and supplied within the coming months.

*Christoph Buholzer,
Precious Woods Holding*

Biodiversity IV: REDD

An opportunity for sustainable forest management

Deforestation in the tropics accounts for 17%–20% of the greenhouse gas emissions worldwide. The UN's goal to contain global warming to a max. of 2°C (a goal already set prior to the climate conference in Copenhagen in December 2009), will not be achieved if emissions from deforestation and forest degradation are not reduced drastically. In 2005, some developing countries suggested to use market and financial incentives as compensation for avoided deforestation. Meanwhile, the REDD mechanism ("Reducing Emissions from Deforestation and Forest Degradation") is in advanced elaboration and during the Climate Conference in Copenhagen, several donor countries have given their warranty to invest USD 3.5 billions for an initial financing from 2010–2012.

Until the REDD mechanism will be fully applicable, the United Nations Framework Convention on Climate Change



Sound tropical rain forest in Gabon

(UNFCCC) needs to overcome a number of challenges. The mechanism implies a clear reference level that will serve as basis for the calculation of the actual deforestation, preventing the punishment of countries that have already been taking care of their forests and have conserved them in the past.

It also needs to be decided who will be compensated: the governments, single projects or communities. An unwanted shift of deforestation into

other regions (leakage) must be avoided and a reliable monitoring systems needs to be put in place and additionally, expertise knowledge should be fostered in the respective countries.

Despite the unsolved issues, REDD could have additional benefits aside the potential of emission reduction. REDD calls for programmes that create forest protection zones, promote sustainable and certified forest operations, enhance existing forests and increase forest cover. Those pro-

grammes are called REDD+ and currently, some 40 developing countries are taking part in the preparatory phase of the REDD+ Design.

*Dr. Claude Martin,
Member of Board of Precious Woods*

Precious Woods Brazil

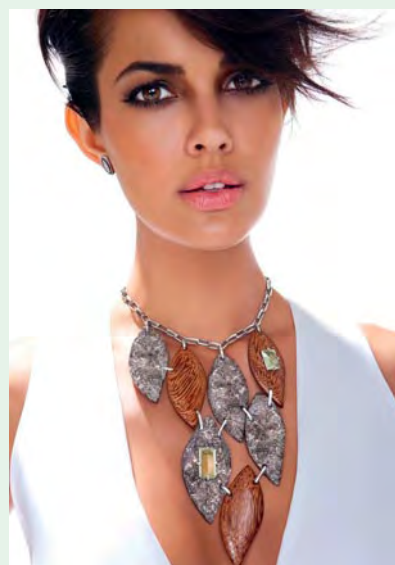
Italian Designer creates jewellery using certified wood from Amazon forest

Inspired by the elements of nature, jewellery designer Fabrizio Giannone launched his "Amazon Collection 2010", consisting of jewellery pieces made of Precious Woods Brazil's certified wood and precious gem stones.

The partnership between Fabrizio Giannone and Precious Woods Brazil aims at the promotion of the use of certified wood gained from forests under sustainable management. The combination of precious stones and metals like gold and silver, blond beach, black heart and red angelim are the trademarks of his new collection. Fabrizio sourced the Brazilian



Christian Marzari, Managing Director Precious Woods Brazil (left); Designer Fabrizio Giannone (middle), Eugenio Toledo, CFO Precious Woods Brazil (2nd from right.)



stones on European markets. Fabrizio Giannone visited the Amazon Region and became fascinated with the beauty of the forest, the legends, the people and cuisine and felt that the best way to contribute to the conservation of the Amazon Region was to embrace the cause and play an active role in its conservation.

He decided to support the projects of the Precious Woods Foundation by allocating 7.5% of the earnings of his Amazon Collection to projects focusing on education, health, environment, recovery and training of the

forest workers and the local communities. "The Amazon must be known to the world. There is much wealth and great beauty in the forest. That's what I want to show through my work," said Fabrizio Giannone.

The Amazon Collection Spring/Summer 2010 relies on the mix of natural materials such as fur, skins and certified wood, as well as Brazilian gem stones sourced from legal markets.

*Nubia Lentz,
Precious Woods Amazon*

We are looking forward to receiving your comments and suggestions.

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