

UNECE Timber Committee Market Discussion, Oct 3, 2006



THE SUSTAINABLE FOREST PRODUCTS INDUSTRY, CSR, CARBON & CLIMATE CHANGE

KEY MESSAGES for policy-makers



World Business Council for
Sustainable Development



Agenda – James Griffiths, WBCSD

1. World Business Council for Sustainable Development

- Who we are
- Our connection to the forest industry CSR and Energy & Climate debate and policy

2. Sustainable Forest Products Industry, carbon and climate

- Key messages for policy makers

3. Discussion



What is the WBCSD?

Coalition of 192 leading global companies with a shared commitment to Sustainable Development.

- Development that does not compromise future generations
- Balancing economic growth, ecological balance & social progress

Membership statistics

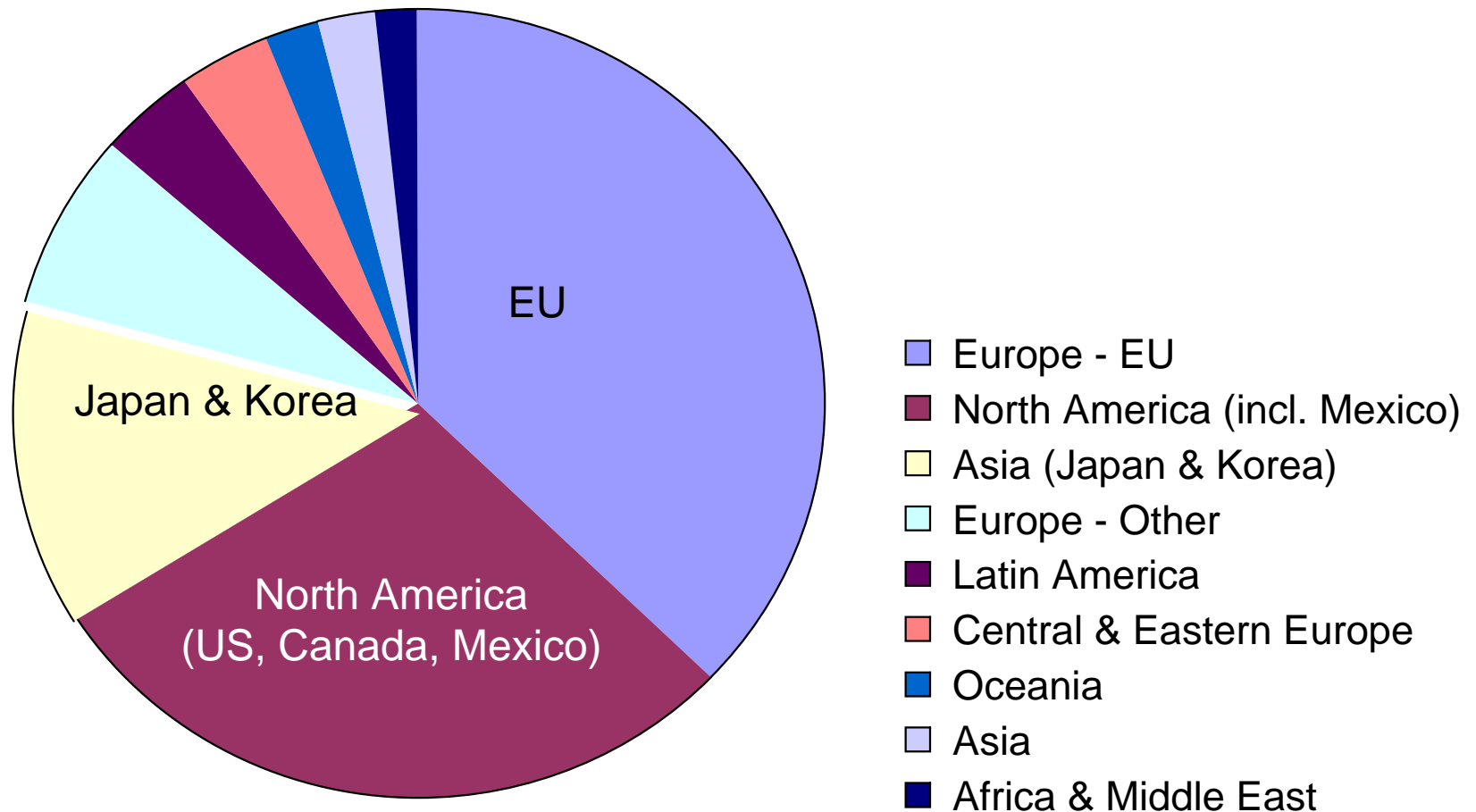
- Total turnover: US\$ 5,200 billion
- Market capitalization = US\$ 5,400 billion
- Member company employees = 12.2 million



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Geographic distribution of members



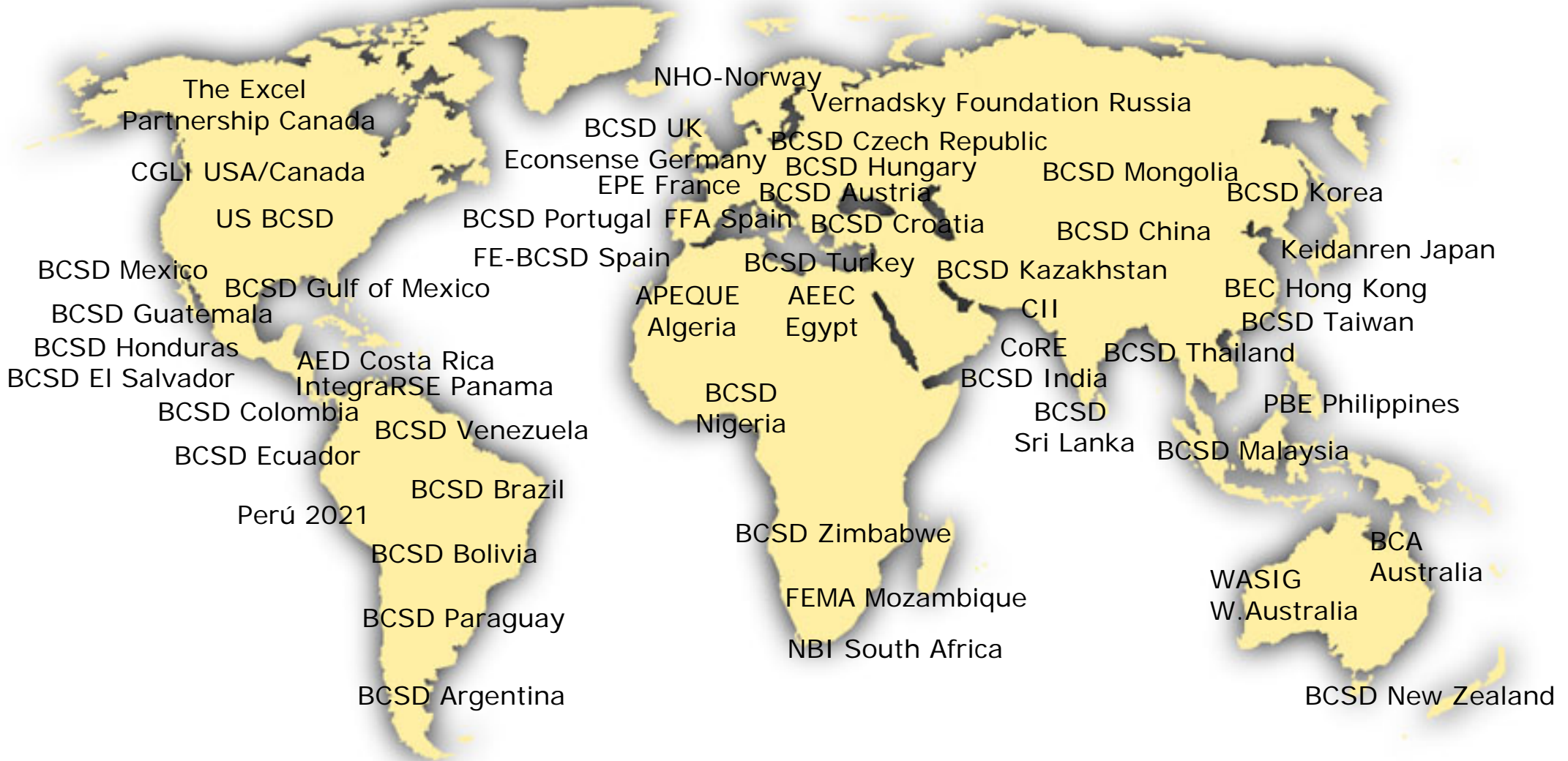
EU, NA, Japan and Korea: 76%
Regional Network: a counterbalance



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Regional Network

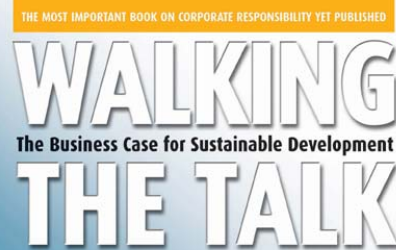




Mission



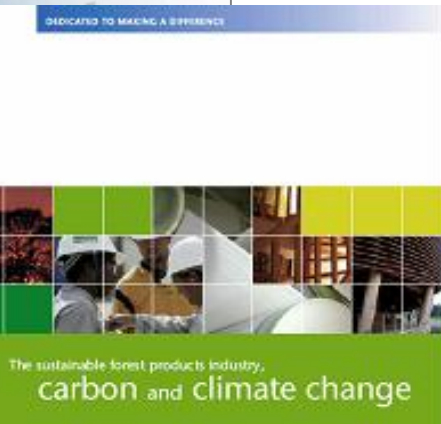
CHANGING COURSE



THE MOST IMPORTANT BOOK ON CORPORATE RESPONSIBILITY YET PUBLISHED

WALKING THE TALK

The Business Case for Sustainable Development



Key messages for policy-makers

- Provide business leadership as a catalyst for change toward sustainable development
- Support the business license to operate, innovate and grow



World
Sustain



Technical content developed by
ncasi



Why companies join.

- Provides **a business vision** on SD
An antenna for emerging issues and trends
- Advocates **the business case** for SD
Influencing the debate and public policy
- Brings **a collective business voice**
“We can punch above our weight”
- Provides **a platform for leading companies** and senior level decision makers
- Delivers **learning by doing and by sharing**





How we work



- Focus Areas
 - Energy & Climate
 - Development
 - Role of Business
- Projects e.g.
 - Sustainable Forest Products Industry
- Initiatives e.g.
 - Sustaining Ecosystems Initiative




$$\text{SD} = \text{CSR} + \text{SRI} + \text{CRR} + \text{MSD} + \text{GRI} \\ + \text{CF} + \text{PEFC} + \text{SFI} \dots$$

Communicating & verifying that a **sustainable company** has a different operational approach and mindset on:

- **Stakeholders**

- Beyond employees, investors & customers

- **Impacts**

- Lifecycle, value chain, footprint, social + environmental

- **Timeframe**

- Long term, intergenerational, current and future legacies





Sustainable Forest Products Industry (SFPI) Working Group

Participants: 50 % global sales (US \$ 171 billion in 2005)*

- Aracruz, Grupo Portucel Soporcel, International Paper, MeadWestvaco, Metsäliitto, Mondi International, Nippon Paper, Norske Skog, Oji Paper, SAPPI, Siam Pulp & Paper, Stora Enso, UPM, Weyerhaeuser
- Caterpillar, Global Forest Partners, Kimberly-Clark, P & G, EKA, Time Inc

* Source: PwC 2006 Forest, Paper & Packaging Industry Survey

Mission:

- Global platform for leading companies to collaboratively define sustainability in the forest products industry – by focusing on
 - Sustainable Forest Management, Wood & Fiber sourcing
 - Energy, Carbon emissions & sequestration

Approach:

- Collaborative relationships; Catalyze consensus building with other stakeholders; Individual and joint company leadership & action



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SFPI & current “CSR” projects

1. SFM & multi-stakeholder processes

- The Forests Dialogue on contentious issues:
 - Intensively managed planted forests; Poverty alleviation & commercial forestry, Combating illegal logging
- Global Partnership on Forest Landscape Restoration – restoring forest functions and catalyzing sustainable management & use
- High Conservation Values Resource Network – critical ecosystem definitions for deployment in the field

2. Responsible Procurement of forest products

- B2B customer guide on approaches with WRI
 - 21 approaches – voluntary & regulatory; private, civil society & governmental





SFPI & current “CSR” projects

3. Sustainability Reporting – principles & responsibilities

- **Defining the performance baseline for member companies:**
 - **Management & governance, Resource management, Fiber sourcing, Eco-efficiency & Emissions reduction, Climate change mitigation, H & S, Community Well being & Stakeholder engagement, Human rights & labor standards; SD reporting**

4. Carbon & Climate change:

- **Key industry messages for global climate change negotiators**





The Sustainable Forest Products Industry, carbon and climate change – key messages for policy-makers

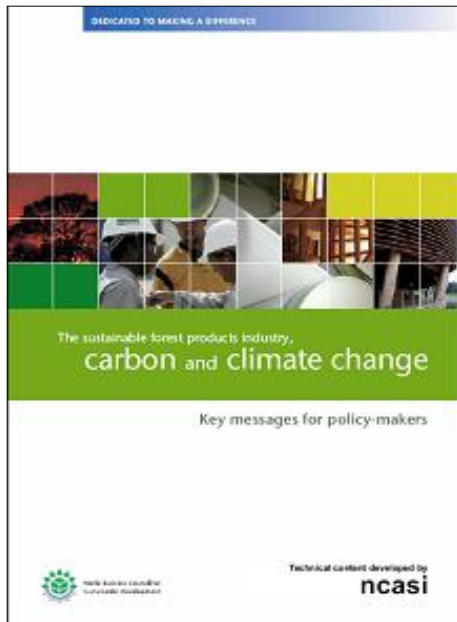
**Prepared & presented at COP 11 of
UNFCCC, Dec 2005**



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SFPI publication - objectives

- Advocacy tool for UNFCCC 2005/2007
 - but also other energy & climate policy frameworks & processes e.g. G8
- Focus on the sustainable forest products industry
 - Sustainable forest management, forest products value chain & life cycle; carbon cycle
- Clear statement of key messages from the global companies that drive our SFPI project
- Prepared by NCASI – independent, non-profit research institute specializing in air and water quality improvements by the forest products industry





Biomass fuels are carbon neutral

“Biomass fuels are fundamentally different from fossil fuels because biomass fuels recycle carbon to the atmosphere whereas fossil fuels introduce ‘new’ carbon to the atmosphere. This is why biomass fuels are called ‘carbon-neutral’.”

**John Luke Jr., MeadWestvaco, and Elisabet Salander Björklund, Stora Enso
Co-chairs, WBCSD Sustainable Forest Products Industry working group**



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The Sustainable Forest Products Industry Responsible Managers of Carbon

We supply products that:

- **store carbon**
- **require lower energy inputs during their life cycle than most alternative non-wood products, and**
- **are highly recyclable.**

We use forest resources sustainably and efficiently.

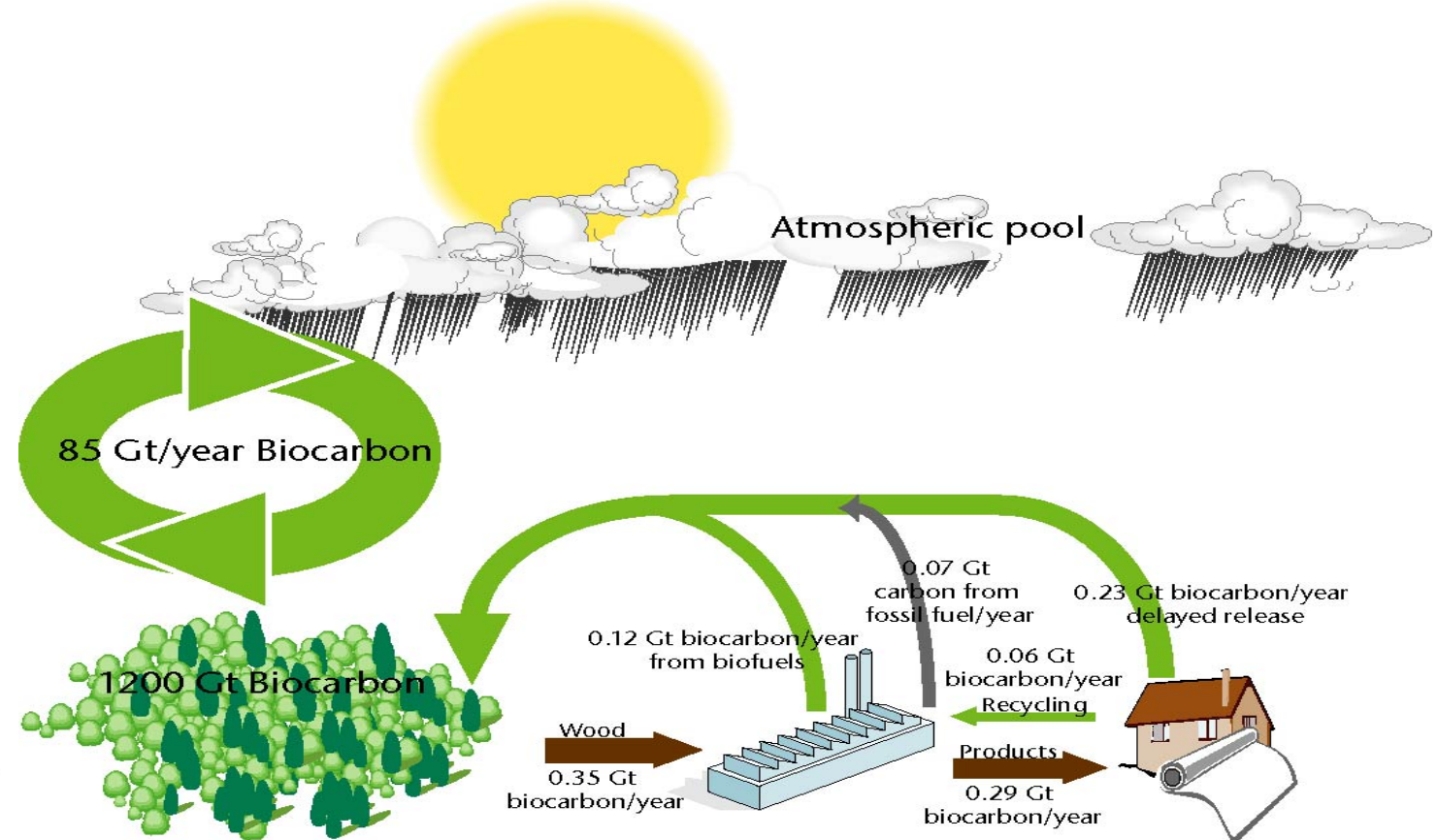
We are energy intensive, but meet most of our energy needs with carbon-neutral biomass fuels.



Forests & forest products carbon cycle

Sustainably managed forests are a renewable natural resource.

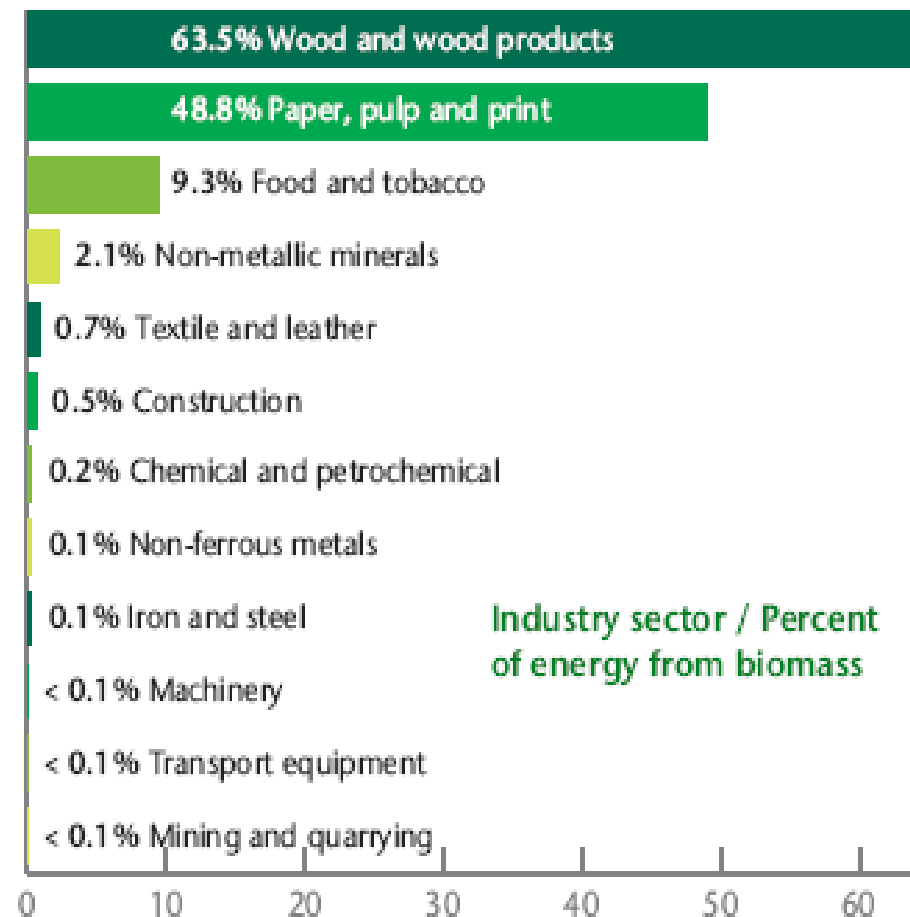
Carbon removals from forests by the forest products industry is 0.5 % of carbon recycled between the forests and the atmosphere annually, and less than 0.03 % of the carbon stored in the world's forests.



Forest products compared to other industries

The forest industry is energy intensive, but meets most of its needs with carbon-neutral biomass fuels.

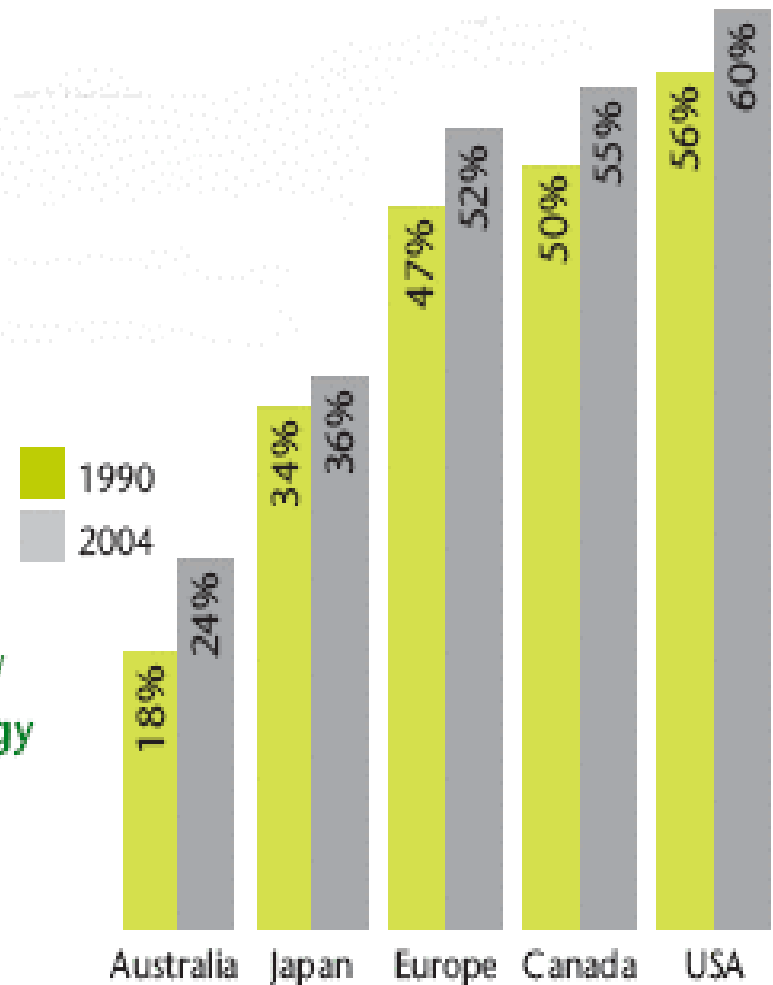
- The forest products industry derives a greater fraction of its energy requirements from biomass than any other industry.
 - 50% in OECD countries



Increasing use of biomass fuels

Renewable, carbon neutral energy is supplying an increasing share of the energy required by the pulp & paper industry.

Paper industry /
Percent of energy
needs met by
biomass fuels

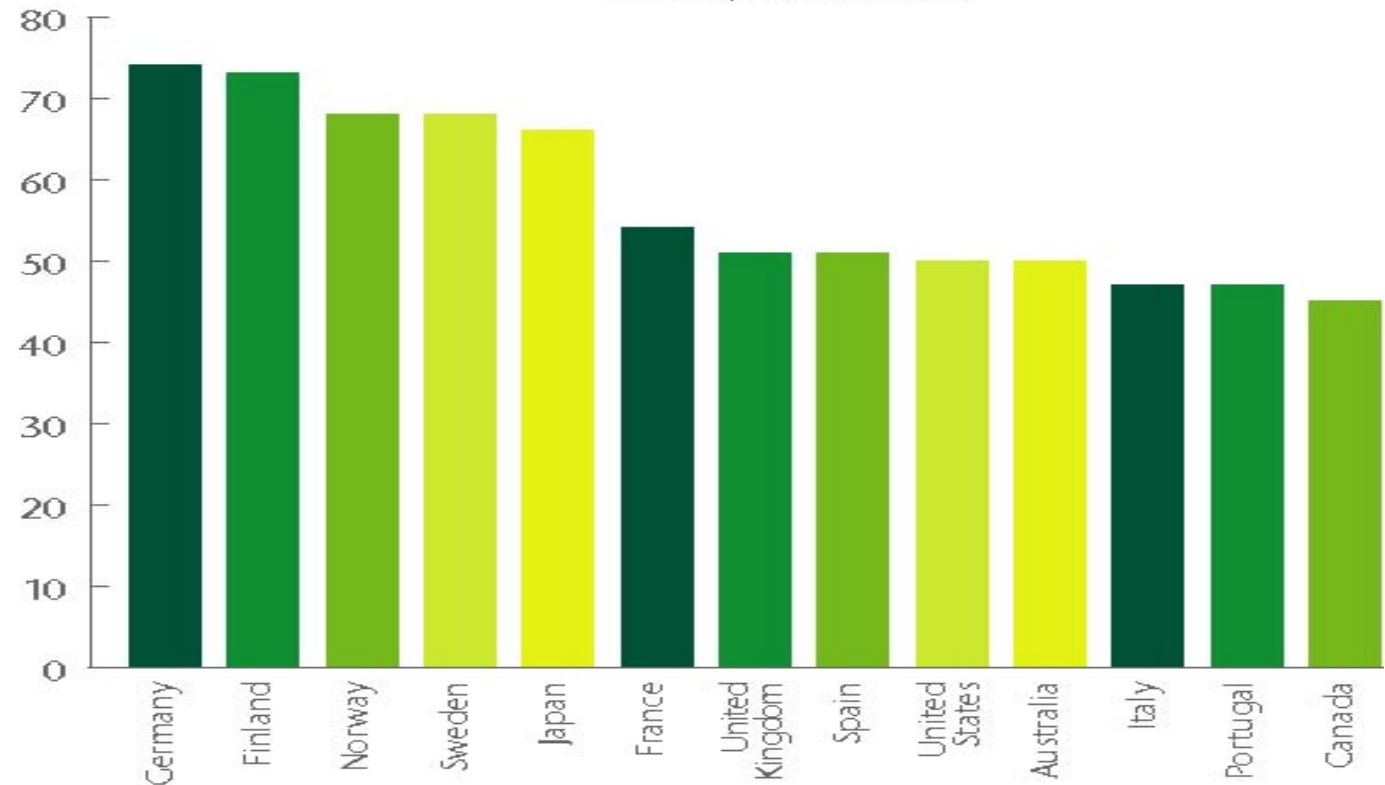




Paper recovery is high in OECD countries

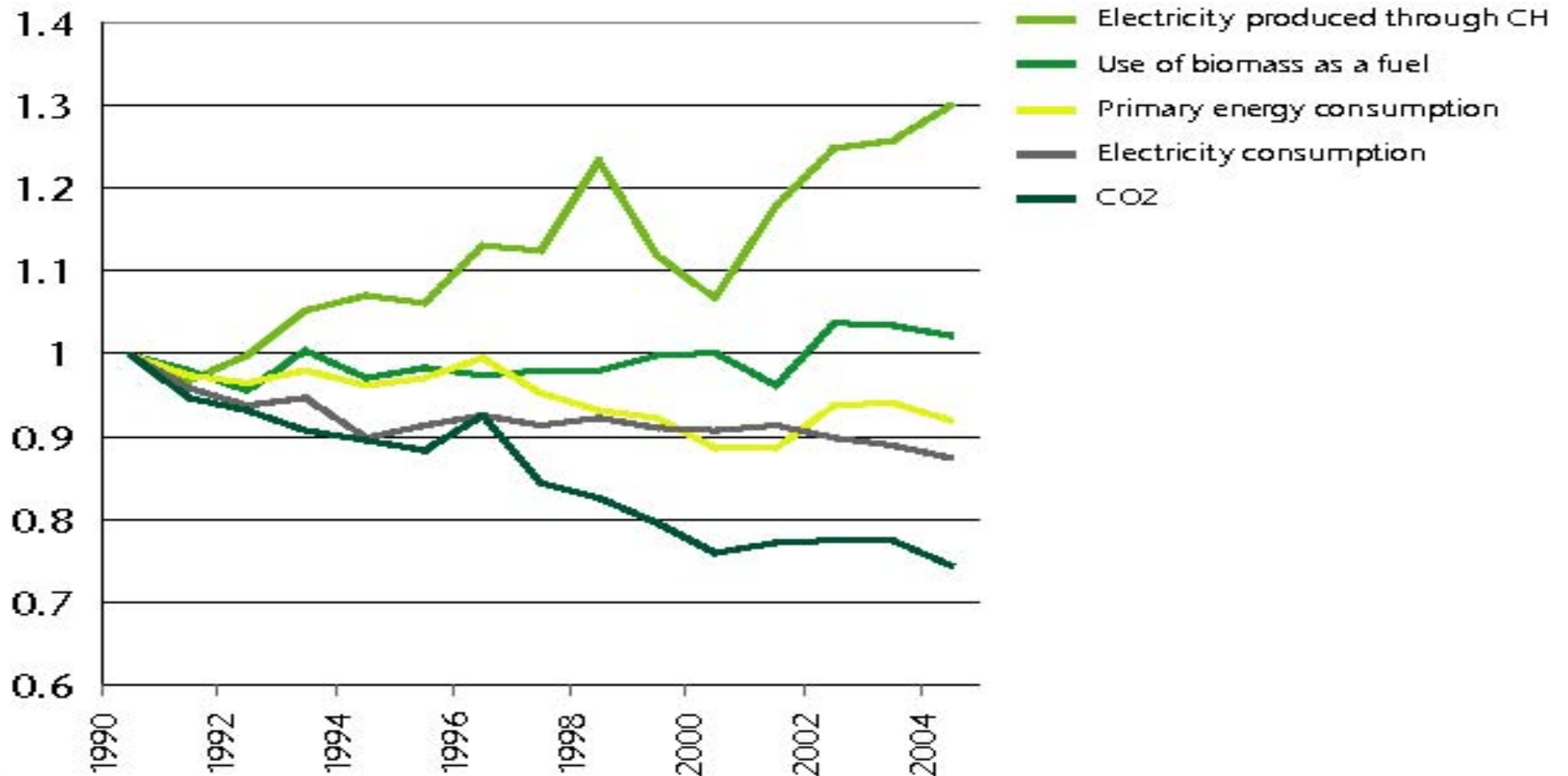
In many industrialized countries over one-half of the paper is recovered for recycling, allowing forest fiber to serve repeated uses – in products and then again as energy.

Paper recovery rates in selected developed countries



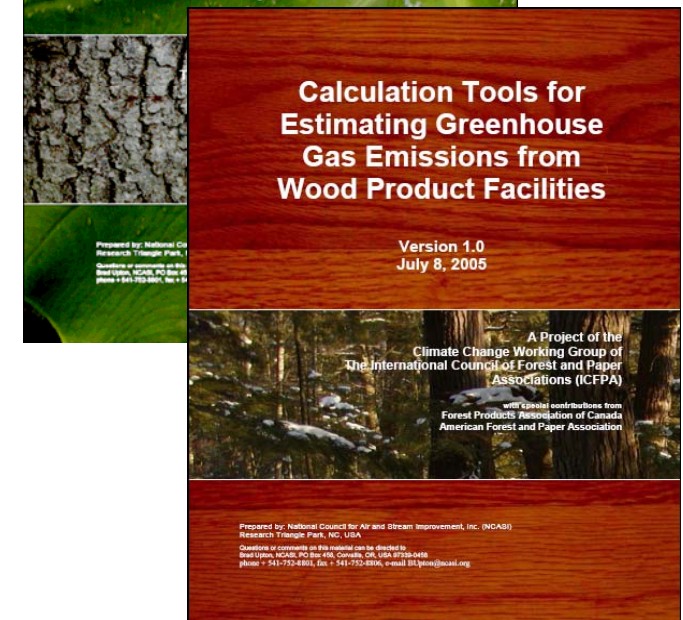
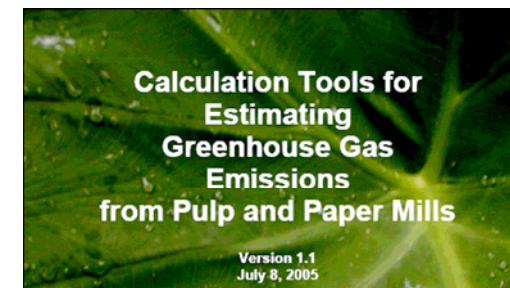
Reducing direct GHG emissions

Based on greater use of Combined Heat and Power and Biomass as a fuel, and improved energy efficiency
(Data: CEPI – European market pulp, paper and board)



Managing GHG Emissions

- Tools have been developed for calculating GHG emissions from pulp and paper and from wood product manufacturing.
 - Facilitated by International Council of Forest and Paper Associations (ICFPA)
- Adopted for use under WRI/WBCSD GHG Protocol.





Our Carbon Challenges

The connections between our industry and the global carbon cycle are complex, and hastily enacted climate change policies can have unintended consequences on our industry's future.

We are capital intensive, making it difficult and expensive to change technology in response to short-term policy measures.





Our Carbon Opportunities

Breakthrough technologies are needed to significantly reduce energy consumption within the industry.

To assist in the efforts to reduce society's energy use and greenhouse gas emissions, the forest products industry can:

- Become more energy efficient and increase its share of biomass in energy production;**
- Strive to increase the use of recycled fiber;**
- Help supply society with increasing amounts of wood and fiber for use as a raw material and for bioenergy.**



Sustainable Forest Products Industry's Role

- **The industry can become more energy efficient and increase its use of biomass for energy.**
 - Increased use of biomass is a central element of all of these commitments.
- **The industry can strive to increase recycled fiber use.**

Organization	Energy Use Commitments	Recycling Goals
European pulp & paper	25% increase biomass share for heat & power; increase biomass in primary energy from 49% to 56% by 2010	56% paper/board products recycled by 2005
AF&PA	12% reduction GHG intensity by 2012	55% recovery all paper by 2012
Canada pulp & paper	22% reduction GHG emissions 1990-2000	55% recovery rate by 2010
Japan Paper Asso.	13% energy intensity & 10% CO ₂ reduction by 2010	60% wastepaper utilization by 2005





Sustainable Forest Products Industry's Role

The industry can help supply society with increasing amounts of sustainably produced fiber for use as a raw material and for bio-energy.

The forest-based industry is finding ways to increase forest productivity while protecting their environmental value.





Our Policy Recommendations

The forest products industry supports the ongoing recognition of biomass as a low-impact, renewable and CO₂ neutral energy source.

We also believe that the most efficient and effective long-term greenhouse gas mitigation policies are those that consider the emissions profile of a product over its entire life cycle.

The industry can make significant contributions toward meeting the world's climate goals if certain policy recommendations are effectively implemented.





Our Policy Recommendations

- 1. Improvements in energy- and carbon-intensity can be accelerated by public policies that promote faster turnover of capital stock.**
- 2. Biomass energy is an important component of policies to control atmospheric CO₂, but unless they are balanced, these policies could significantly impact the forest products industry. Policies must secure:**
 - a. Adequate supplies of fresh fiber;**
 - b. The carbon life cycle benefits associated with forest products;**
 - c. An increase in the recovery of used wood and fiber.**



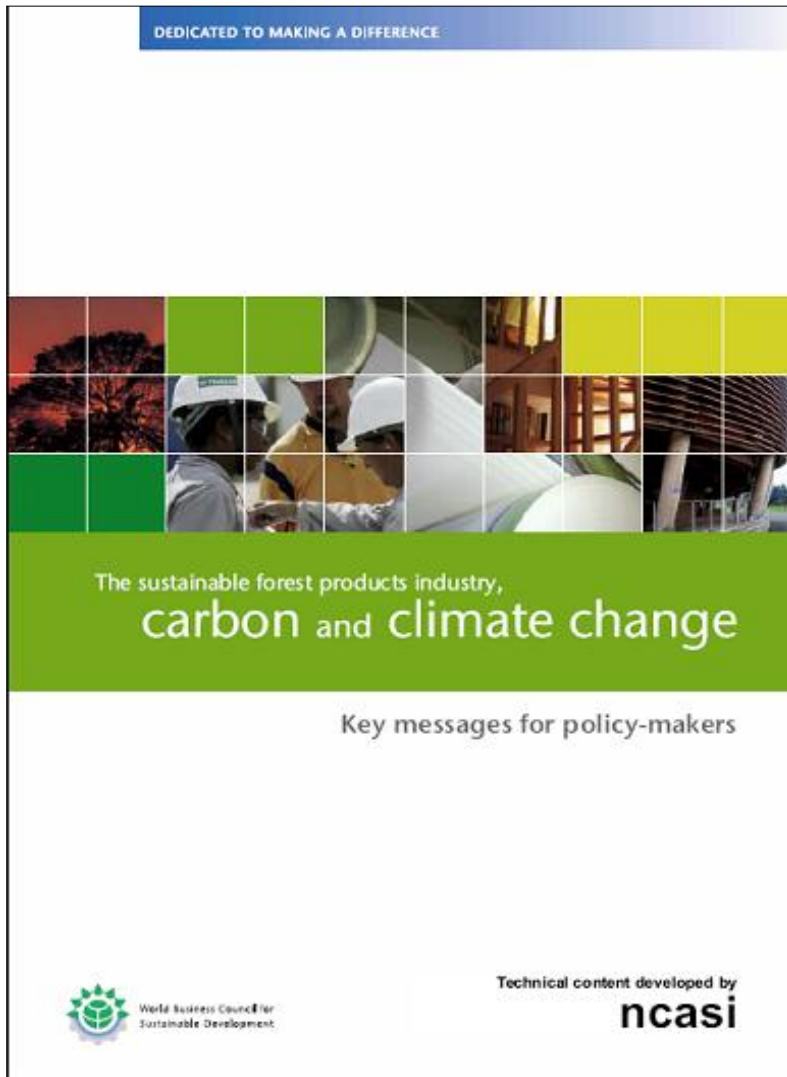


Summary

- The Sustainable Forest Products Industry is a **Responsible Manager of Carbon**
 - Sustainably managed forests are a renewable natural resource
 - We are energy intensive, meet most of our needs with carbon neutral biomass fuels – and are increasing biomass fuel energy efficiency
 - We are highly resource efficient – using forest fiber for products and fuel
 - Our products store carbon
 - Our products are highly recyclable and forest fiber can be repeatedly reused - as products or energy
- We are part of the **solution** to **climate change**
- **Avoid unintended policy impacts** that limit our ability to contribute to **the world's climate goals**



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Discussion



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