International Day of Forests

Private Forest Sector Responses to the Water Challenge
Who is the Forest Solutions Group?

- **Global leadership** platform for **strategic collaboration** among value chain partners
- About **35% of global** forest, paper and packaging sales
- 280’000 employees worldwide
- Operations and sales in 120 countries
- Bring more of the world’s **forests under sustainable management** and **expand markets** for responsible forest products
- Joint forces to address global challenges and transform forest challenges into **value added solutions**
Who is the Forest Solutions Group?
Publications, Tools & Dialogue
From principles to performance measurement

**Where to begin?**
- FSG membership principles
- Challenge to report sustainability along the value chain
- Need to bridge varying legislations, different reporting requirements and regional impacts
- Companies stand at different stages of the value chain & supply different products into the market

**What can we measure together?**
- What indicators fulfill the right criteria?
  - Global relevance
  - Significance to external stakeholders and the companies
  - Grounded in the FSG membership principles
  - Measurability

**What to prioritize?**
- 5 priority areas:
  - Landscape management and forest certification,
  - Waste management
  - Energy & Climate
  - Water stewardship
  - Social impact

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  - Energy & Climate
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Resource efficiency: Renewable, recyclable & low carbon

- Wood is a **renewable raw material**
- Wood & products derived from it are **resource efficient** because they are renewable, **widely recyclable**
- To produce wood on a renewable basis **sustainable forest management** practices are **vital**
Foundation of responsible business in the forest sector

- More than **20 million hectares** of land under management
- Forests are managed without compromising **environmental** and **social safeguards**
- **93% forests certified** for sustainable management
- **62% total volume of wood, fiber** and other products intake **certified**
- Working to ensure that the supply of **sustainably managed wood & fiber** continues to increase to meet growing demand
Reducing climate change impacts & striving towards a low-carbon economy

• **Forests absorb carbon** in trees and the ground
• **Renewable energy mitigates carbon emissions**
• **63%** of our **energy consumption** is from **renewable sources** → mainly biomass
• **19’335 gigawatt-hours** of **renewable energy supplied** to **third-parties**
  → More than the annual energy consumption of the city of Washington D.C.
Social impact with multi-stakeholder engagement

• 10 year engagement with The Forests Dialogue
  • A neutral, international, multi-stakeholder driven engagement initiative to reconcile competing interests over forest-related issues worldwide

• Supported and active in:
  • 15 different initiatives
  • 65 international dialogues
  • More than 2’500 stakeholders

• Established strong stakeholder relations
• Understood local concerns
• Drive inclusive business strategies
Maximizing the value of each harvested tree

• Committed to the **efficient use** of all raw materials
• Continuous improvements in **reducing waste & reuse of resources**
• About **two-thirds of waste** for **beneficial reuse** in energy generation or provision of industrial raw material
• Only **21%** of solid waste was **sent to landfill**
Health & Safety – a cornerstone of responsible business

• Total workforce of more than 280’000 people
• **Continuous improvement** in occupational health and safety is key
• **Systematic & consistent assessments** of safety risks, goals and adequate indicators, performance measurement
• 2014 average lost-time accident frequency rate was 3.0 per 1 million hours worked
• 7 fatalities of directly employed workers
Water stewardship is key

Quantity

• Water is a critical resource in the pulp & paper production process
• Water stewardship is important given increasing water insecurity in certain regions of the world
• 93% water running through our production facilities is returned to the water source, supply or third parties for reuse → in at least the same quality as it was withdrawn

Quality

• Chemical Oxygen Demand (COD) is a water quality measure, indicating the efficiency of the water treatment process
• On average 5kg COD per tonne of saleable production was reported by FSG members in 2014, reflecting low levels of oxygen consumed to degrade the organic content of the effluent.
Water stewardship is key

FORESTED WATERSHEDS REDUCE THE COST OF WATER TREATMENT SIGNIFICANTLY

<table>
<thead>
<tr>
<th>% OF WATERSHED THAT IS FORESTED</th>
<th>WATER TREATMENT COST (US$ Per Million Gallons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>$115</td>
</tr>
<tr>
<td>20%</td>
<td>$93</td>
</tr>
<tr>
<td>30%</td>
<td>$73</td>
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<td>40%</td>
<td>$58</td>
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<tr>
<td>50%</td>
<td>$46</td>
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<td>60%</td>
<td>$37</td>
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3X BY 2050
The stock of renewable and non-renewable natural resources (plants, animals, air, water, soil, minerals etc..) that combine to yield a flow of benefits to people.

What is natural capital?
What is measurement and valuation?

**Measure**
To measure the amount, extent and condition of natural capital in physical terms
- *e.g. tons of CO2, m3 of water consumed*

**Value**
To estimate the relative importance, worth or usefulness (to people or to business), within a particular context.
- Qualitative: “high, medium or low”
- Quantitative: “10,000 or 20,000 people affected”
- Monetary: “$10,000 or $20,000 worth of damage”
The Natural Capital Protocol

The Natural Capital Protocol is a standardized framework for business to measure and value its direct and indirect impacts and dependencies on natural capital.

• WBCSD is leading the technical development of the Protocol on behalf of the Natural Capital Coalition

• The first draft was released for consultation in Nov 2015

• Global launch is in July 2016
Natural Capital Protocol Conceptual Model
Mapping ES

Forest wetland ecosystem services scores
## 10 things you should know

### Sourcing and legality aspects
- **Origin**
  - Where do the products come from?
- **Information accuracy**
  - Is information about the products credible?
- **Legality**
  - Have the products been legally produced?

### Environmental aspects
- **Sustainability**
  - Have forests been sustainably managed?
- **Special forests**
  - Have special forests been protected?
- **Climate change**
  - Have climate issues been addressed?
- **Environmental protection**
  - Have appropriate environmental controls been applied?
- **Recycled fiber**
  - Has recycled fiber been used appropriately?
- **Other resources**
  - Have other resources been used appropriately?

### Social aspects
- **Local communities and indigenous peoples**
  - Have the needs of local communities or indigenous peoples been addressed?
Our commitment to the future

- **Report** on our KPIs **annually**
- **Review** and **update** the FSG membership principles and related KPIs on water
- Identify **additional water metrics** that can be measured together and deliver on joint priorities
- Continue to **engage with stakeholders**, share learnings and improve processes related to water
- Develop a **leadership statement on water, forests and forest products**
For more detailed information, contact:

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