

**PwC 20th Annual Global Forest & Paper Industry  
Conference: May 10, Vancouver BC**



**Defining & Implementing Sector Sustainability**

**Briefing on a WBCSD project  
Björn Stigson, President**



World Business Council for  
Sustainable Development



# Agenda today

## 1. The Global SD agenda

- The WBCSD perspective

## 2. Sustainability & the Forest Products Industry

- PwC survey of CEOs viewpoints
- WBCSD sector project actions

## 3. Future SD challenges for the Industry



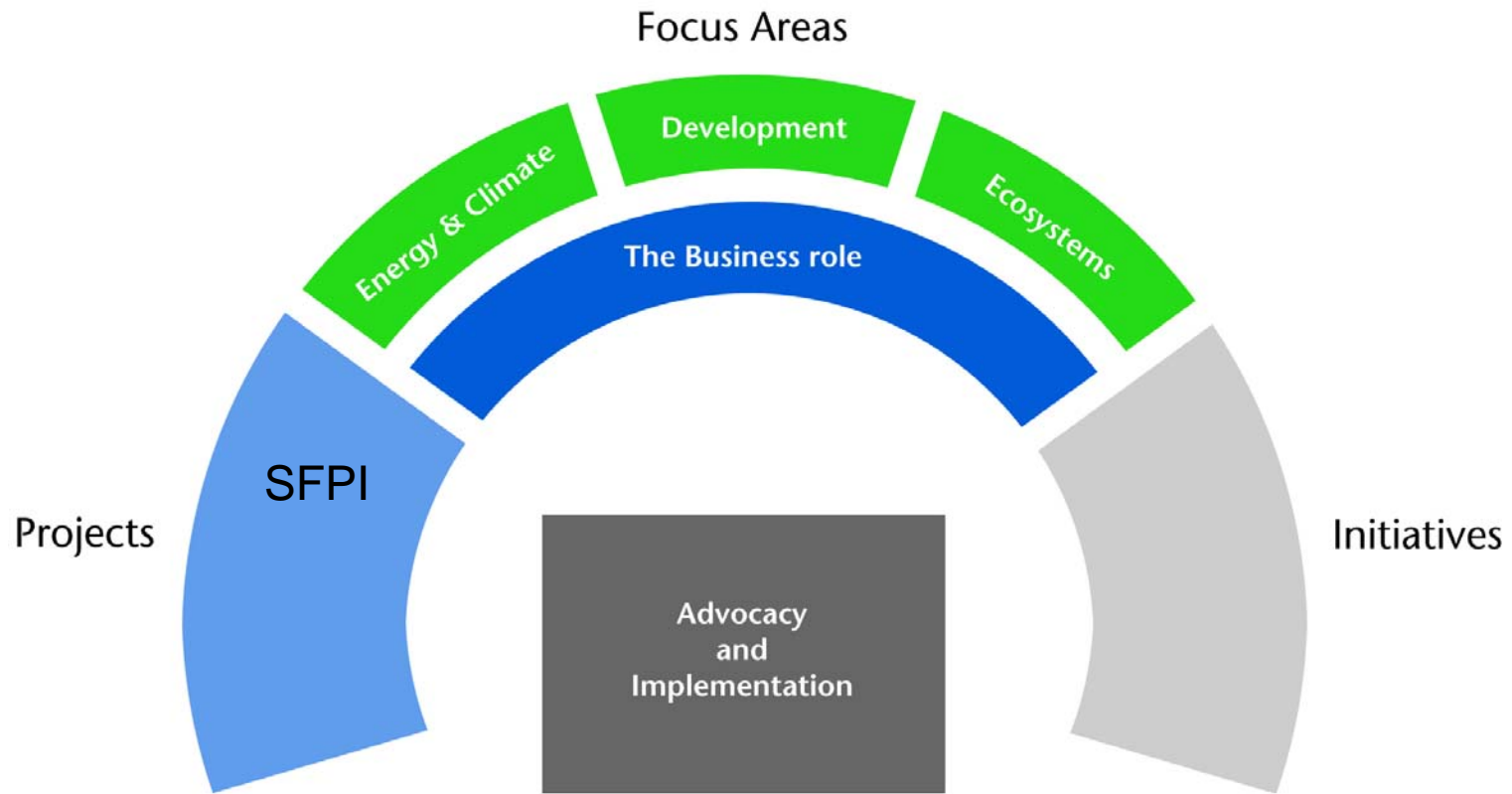
## Coalition of 190 leading companies

- Market capitalization: USD 6 trillion
- Total turnover: USD 5,2 trillion
- Total member company employees: 12 million
- Global outreach
  - ✓ *3 billion consumers **per day** buy a product or service from a WBCSD member company*
- Regional Network in 60 countries





# WBCSD Work Program



## Sustainable Forest Products Initiative (SPFI)

- Platform for a cluster of 14 core (and 7 associate) global forestry and forest product member companies to focus on sector sustainability
- Cluster accounts for @ 55 % global sales (US \$ 175 billion, 2005)





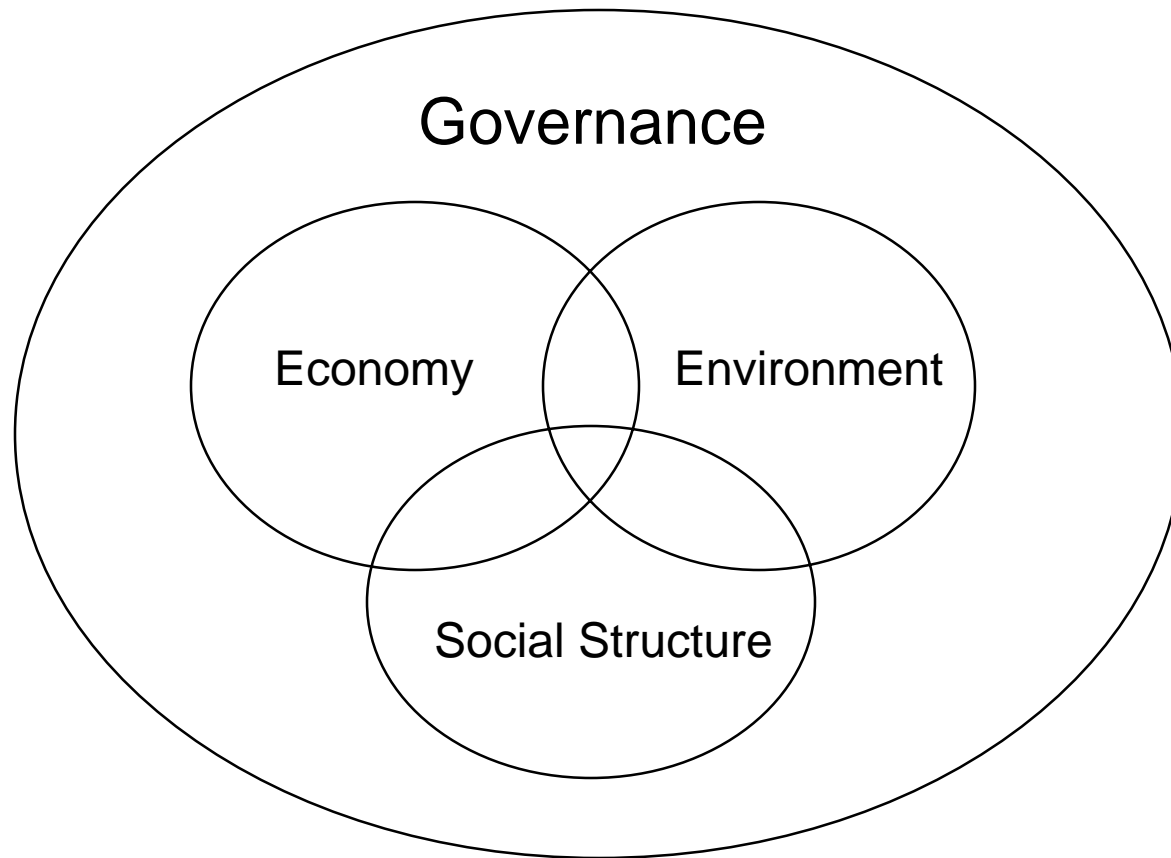
## SFPI Working Group established 2002

- **CORE – global leaders**  
Aracruz, Grupo Portucel Soporcel, International Paper, MeadWestvaco, Metsäliitto, Mondi International, Nippon Paper, Norske Skog, Oji Paper, SAPPI, SCG Paper, Suzano Papel, Stora Enso, Weyerhaeuser
- **ASSOCIATE – global customers & value chain service suppliers**  
Caterpillar, Global Forest Partners, Kimberly-Clark, P&G, EKA, Time Inc, PwC
- **OBSERVERS – key partners and specialist advisors**  
The Forests Dialogue, National Council for Air and Stream Improvement, International Council of Forest & Paper Association



# The Global SD Agenda

*A world increasingly shaped by  
Sustainable Development issues*



World Business Council for  
Sustainable Development



# Key Drivers for SD

## « The Top »

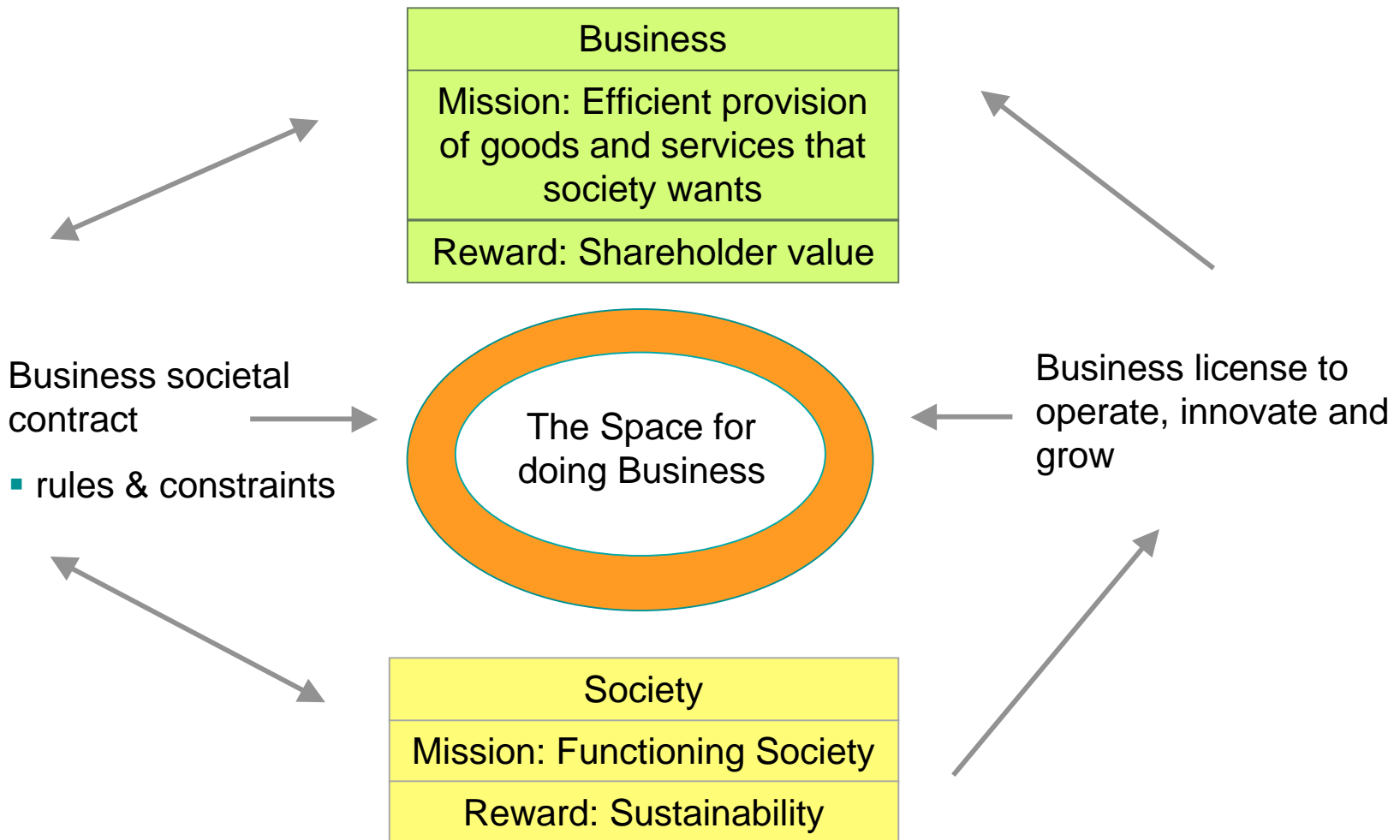
- Globalization
- China and India
- Energy & Climate
- Water

## « Others »

- Ecosystems
- Demographics
- Urbanization
- Poverty alleviation, especially in Africa
- Trust and transparency
- Media
- Financial Markets



# Business and Sustainable Development





## 2. PwC CEO perspectives survey

**Sustainability** one of 4 key observations:

- Critical factor to ensure long term success
- Balancing short & long term objectives & drivers





## PWC – Questions for reflection

- Sufficient stakeholder engagement?
- Work with or from a distance to NGO's – what is best for company reputation?
- Fully understand & effectively manage environment regulations?
- Origin of all fiber used and has it been sustainability managed?





# *Towards a Sustainable Paper Cycle* report

- “First ever” global multi-stakeholder assessment of the SD impacts of the pulp and paper industry -- Conducted for WBCSD by IIED in 1994-96
- Defined a range of sustainability challenges e.g.
  - Carbon cycle, recycling, plantations, certification, deforestation
  - Key stakeholder groups had different views on what SFM is
- Urged open stakeholder dialogue on these critical issues aiming at improving understanding and consensus building
- Report noted:
  - Overall lack of forest industry cohesiveness or leadership platform
  - Absence of any global forum for stakeholder consultation or discussion





# The SFPI strategy – 4 examples

1. The Forests Dialogue
  - Building consensus with stakeholders
2. Combating Illegal Logging
  - Practical solutions for companies
3. Energy & Climate debate
  - Part of the solution
4. Customer Procurement Guide
  - Helping customers with proliferation





# 1. The Forests Dialogue (TFD)

- A unique “standing” multi-stakeholder forum and processes housed at Yale University
  - Established in response to IIED report by WBCSD, WB & WRI
  - Thought and action leaders from business, NGO’s and international agencies
- Active dialogues on critical and contentious SFM issues – sharing perspectives and seeking consensus on:
  - Forest Certification
  - Illegal logging
  - Intensively Managed Planted Forests
  - Poverty alleviation, sustainable livelihoods and commercial forestry
- Provides members a platform for building relationships with key stakeholders and intelligence to inform company and sector responses





## 2. Combating illegal logging

- Policy paper defining the scope of company effectiveness in addressing illegal logging – built on:
  - Two TFD events in 2005 that discussed the roles of different actors and reviewed response options
  - WBCSD & WWF International joint statement
  - Wood tracing system piloted and developed with WWF Latvia and 5 member companies
- Supply chain management based on effective wood procurement policies and - when sourcing from high risk regions - 3rd party audited wood tracing systems
  - Fed into the European North Asia Forest Law Enforcement & Governance (FLEG) & reflected in Ministerial statement, Nov 05





## 3. Responsible Managers of Carbon

- More effectively & credibly position the SFPI as part of the solution to climate change and carbon emissions reduction
- Advocacy document developed with NCASI (independent, not-for-profit research organization) launched at COP 11 (Montreal, Dec 05) and being updated for COP 13 (Bali, Dec 07)
- Key messages for policy makers:
  - Independent information on sectors carbon/energy benefits – e.g. energy efficiency, use of biomass, fiber recovery, renewable resources
  - Protect GHG neutrality of products and processes
  - Avoid fiber competition by subsidized the renewable energy sector
- Reinforced within WBCSD's broader Energy & Climate program e.g. Policy Directions to 2050 advocacy publication just released





## 4. Customer Guide – late May release

- “Sustainable Procurement of Forest Products: An Intro Guide”:
  - Under development with World Resources Institute, a highly credible information NGO
  - Responding to customers requests on how to use the 24 existing approaches to “responsible” procurement
  - Developed via an extensive research & review process
- Will provide procurement executives who are not SFM experts with:
  - Framework of 8 FAQ on critical forest industry SD issues
  - Consistent independent information on scope, elements, management and resources of existing tools/systems
- Assist customers use appropriate approaches with confidence and help expand the market for sustainable forest products



- SFPI Membership Principles & Responsibilities:  
March 2007 - Code of conduct & a condition of project participation
  - Informed by The Forests Dialogue process since 2002
  - Shaped by development & review process involving key stakeholders throughout 2006 – NGO's, Assoc., IGO's
- Companies reporting on progress via their SD reports





## 3. Your future SD Challenges

- Climate change
  - « Combatting deforestation » has surfaced as a key mitigation action. However, big debate about the climate impact of forests.
  - Renewable energy – biofuels – competition for fibre
  - Forest preservation as income source for local communities
- Water
  - Role of forests for water management
- Ecosystems management
  - How to integrate value of ecosystem services in economic decisions? Biodiversity concerns.





# Your future SD Challenges (cont'd)

- **Social issues**
  - On the rise, especially with new projects in Developing Countries.
  - Forests as income sources for local communities.
- **Financial sector**
  - Very interested in the sustainability of your entire business
- **Reporting**
  - Greater - not less - reporting & independent verification





## Your future SD Challenges (cont'd)

- Industry cooperation is not easy
  - Global companies are intensely competitive and busy
  - SD is increasingly a company differentiator
  - Cooperation can be quickly de-stabilized by market developments, management & strategy changes
- Getting multi-stakeholder stakeholder buy-in, building trust and reaching consensus take considerable time & effort, especially between NGO's and industry





**Thank you**

**[www.wbcasd.org](http://www.wbcasd.org)**



World Business Council for Sustainable Development